



Public Document Pack

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

When calling please ask for:

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Date: 1 June 2022

Membership of the Audit Committee

Cllr Peter Marriott (Chairman)

Cllr Jerome Davidson (Vice Chairman)

Cllr Sally Dickson

Cllr Jan Floyd-Douglass

Cllr John Gray

Cllr Richard Seaborne

Cllr George Wilson

Dear Councillors

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

DATE: MONDAY, 13 JUNE 2022

TIME: 7.00 PM

PLACE: Council Chamber

The Agenda for the meeting is set out below.

Please note that due to current Covid restrictions, seating in the public gallery is extremely limited. The meeting can be viewed remotely via [Waverley Borough Council's YouTube channel](#) or by visiting www.waverley.gov.uk/webcast.

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 28 March 2022 and published on the Councils Website.

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.

5. **QUESTIONS FROM MEMBERS**

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

PART I - RECOMMENDATIONS TO THE COUNCIL

There were no matters falling within this category.

PART II - MATTERS OF REPORT

6. **AUDIT FINDINGS REPORT - FOR INFORMATION** (Pages 1 - 28)

Committee to note the final Audit Findings Report. Please note there are no

material change from the version considered by the Committee last November.

7. ANNUAL GOVERNANCE STATEMENT - CONSIDERATION OF POTENTIAL GOVERNANCE ISSUES.

To enable the Committee to raise any potential emerging governance issues that may need to be addressed.

Recommendation

The Committee is invited to raise any potential emerging governance issues for consideration.

8. REVIEW OF PROGRESS IN THE IMPLEMENTATION OF INTERNAL AUDIT ACTIONS (Pages 29 - 38)

To inform the Audit Committee of Senior Management's progress in implementing the actions 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 considers the information contained and, following discussion at the Audit Committee meeting identifies any action it wishes to be taken.

9. REVIEW OF THE PROGRESS IN ACHIEVING THE AUDIT PLAN 2021/22 (Pages 39 - 56)

The Committee's Terms of Reference include provision for the Committee to approve, monitor and comment on the progress made in the achievement of the Internal Audit Plan. An update on the current position of the internal audit reviews is attached.

Recommendation

It is recommended that the Committee notes the contents of the Internal Audit Progress report as attached.

10. ANNUAL INTERNAL AUDIT REPORT (Pages 57 - 76)

Purpose and summary of the report.

The Accounts and Audit Regulations 2015 (Part 2 s3) require local authorities to have a sound system of internal control and Internal Audit is part of this system of internal control. Part 2 (s5) of the Regulations state that an authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. This report is a summary of the work carried out by Internal Audit during the financial year 2020-21 and also provides an audit opinion to support the Annual Governance Statement on

the organisation's control environment.

Recommendation

It is recommended that the Audit Committee considers and notes the annual internal audit report and audit opinion for 2021-22.

11. REVISED COUNTER FRAUD STRATEGY & RELATED POLICIES V7.1
(Pages 77 - 136)

This report is being presented to the committee to obtain endorsement of the revised policies enabling these to be published on the councils intranet and where applicable on the website to cascaded and provide awareness to all members of staff, members, partners, the Council's suppliers, thus reinforcing Waverley's stance of zero tolerance to Fraud and Corruption. These documents will provide a guide to enable the appropriate action to be taken where concerns arise.

Recommendation

It is recommended that the Audit Committee

1. endorse the revised Strategy and Policies as detailed below:

Counter Fraud Strategy
Counter Fraud Policy
Fraud Response Plan
Anti- Bribery Policy
Prosecution Policy

2. instructs that officers cascade these documents using suitable media to publicise these documents to the appropriate recipients.

12. FRAUD INVESTIGATION SUMMARY (Pages 137 - 142)

The report provides an update to the Committee 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 fraud investigation activity.

13. AUDIT COMMITTEE RECURRENT ANNUAL WORK PROGRAMME (Pages 143 - 144)

The Committee's annual recurrent work programme is attached. 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.

Recommendation

The Audit Committee is invited to note its recurrent annual work programme.

14. 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).

15. 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
Kimberly Soane, Democratic Services Officer, on 01483 523258 or by
email at Kimberly.soane@waverley.gov.uk**

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The Audit Findings for Waverley Borough Council

Year ended 31 March 2021

May 2022
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Section

1. Headlines
2. Financial statements
3. Value for money arrangements
4. Independence and ethics

Appendices

- A. Action plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
- D. Fees

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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 Council 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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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Waverley Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2021 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Our audit work was completed remotely during October-November. Our findings are summarised on pages 5 to 16. We have identified adjustments to the financial statements that have resulted in a £2.98m adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unmodified.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. We expect to issue our Auditor's Annual Report by June 2022. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not yet identified any risks of significant weakness at this stage.

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Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and the Audit Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We anticipate issuing an unqualified audit opinion.

Acknowledgements

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

2. Financial Statements



Our approach to 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.

We have revised the performance materiality due to the lower gross expenditure in the draft 20/21 financial statement, resulting in a review of the appropriateness of the materiality figure.

We detail in the table below our determination of materiality for Waverley Borough Council.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	1,466k	1,465k	This is based on 2% of your gross expenditure for the year 2020/21, based on your draft accounts.
Performance materiality	1,026k	1,025k	This is based on 70% of the materiality benchmark.
Trivial matters	73k	73k	This is based on 5% of materiality and represents the level above which uncorrected omissions or misstatements are reported to those charged with governance. Items below this are deemed to be 'trivial' for this purpose.



2. Financial Statements - Significant risks

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. This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non rebuttable presumed risk that the risk of management override 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>As part of our work we:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals analysed the journals listing and determined the criteria for selecting high risk unusual journals identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness <p>Our audit work has identified a weakness for the design effectiveness of management controls over journals. This is due to there being no documented authorisation process for journals prior to their posting.</p> <p>We have undertaken detailed testing on journal transactions in the year by extracting 'unusual' entries for further review.</p> <p>Our audit work has also identified that a user by passed user access controls to the finance ledger, in the absence of authorised access, by preparing journals which where subsequently uploaded by other members of the team.</p> <p>Other than the issue identified above our audit work on journals has not identified any issues in respect of management override of controls.</p>
<p>The revenue cycle includes fraudulent transactions (rebutted)</p> <p>Under ISA (240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue 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>The initial assessment in our audit plan remains appropriate. Having considered the risk factors set out in ISA240 and nature of the revenue streams at Waverley Borough Council and the group, we determined that the risk of fraud arising from revenue recognition would 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>

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Valuation of land and buildings (including investment properties)

The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£540.7 million) and the sensitivity of this estimate to changes in key assumptions.

Additionally, management will need to ensure the carrying value in the Council and group financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.

We therefore identified valuation of land and buildings and investment properties, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

Commentary

As part of our audit work we:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- discussed with the valuer to confirm the basis on which the valuation was carried out;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding of the Council's valuer's report and the assumptions that underpin the valuation;
- tested revaluations made during the year to see if they had been input correctly into your asset register; and
- evaluated 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 at year end.

Our audit work has not identified any issues in respect of the valuation of land and buildings.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Valuation of pension fund net liability

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£81m in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.

We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.

Commentary

As part of our audit work, we:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- obtained assurances from the auditor of Surrey Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Our audit work has not identified any issues in respect of valuation of the pension fund liability.

2. Financial Statements – new issues to communicate

Whilst the recognition and presentation of grant income has not been identified as a significant audit risk in our plan, we set out below our testing and findings in this area due to material nature of new grants awarded in 2020/21 due to Covid-19.

Issue	Commentary
<p>Recognition and Presentation of Grant Income</p> <p>The government as provided a range of new financial support packages to the Council and all local authorities throughout the Covid-19 pandemic. These included additional funding to support the cost of services or offset other income losses, and also grant packages to be paid out to support local businesses.</p> <p>The Council has needed to consider the nature and terms of each of the various Covid-19 measures in order to determine the appropriate accounting treatment, including whether there was income or expenditure to be recognised in the Comprehensive Income and Expenditure Statement (CIES) for the year.</p> <p>In doing so, management have considered the requirements of section 2.3 of the Code of Practice for Local Authority Accounting which relates to accounting for government grants, as well as section 2.6 which describes how the accounting treatment for transactions within an authority's financial statements shall have regard to the general principal of whether the authority is acting as a principal or agent, in accordance with IFRS 15.</p> <p>The three main considerations made by management in forming their assessment were:</p> <ul style="list-style-type: none"> • Where funding is to be transferred to third parties, whether the Council was acting as principal or agent, and therefore whether income should be credited to the CIES or whether the associated cash should be recognised as a creditor or debtor on the balance sheet • Whether there were any conditions outstanding at year-end, and therefore whether the grant should be recognised as income or a receipt in advance • Whether the grant was awarded to support expenditure on specific services or was in the form of an un-ringfenced government grant – and therefore whether associated income should be credited to the net cost of services or taxation and non-specific grant income 	<p>We have assessed management's judgement considering:</p> <ul style="list-style-type: none"> • We are satisfied that management have effectively evaluated whether the Council is acting as the principal or agent for each relevant support scheme, which has determined whether any income is recognised. With the exception the Local Restrictions Support Grant (LRSG), which had not been separated into the open and closed tranches. As such the full LRSG balances were treated as agent. Where as the LRSG open element should have been accounted for as principal. An immaterial adjustment has been made in respect of this, as detailed in Appendix C. • We have evaluated the completeness and accuracy of the underlying information used to determine whether there were conditions outstanding (as distinct restrictions) at the year-end that would determine whether the grant should be recognised as a receipt in advance or income. Our assessment identified that the Additional Restrictions Grant (ARG) has been accounted for in full as 20-21 income. However, due to the conditions of the grant presenting a return obligation, unspent funds should have been a receipt in advance. An material adjustment has been made in respect of this, as detailed in Appendix C. We have concluded that the remaining grants have been recognised appropriately in our assessment • We have considered management's assessment, for grants received, whether the grant is specific or non-specific grant (or whether it is a capital grant) – which impacts on were the grant is presented in the CIES. We are satisfied that the presentation in the CIES is appropriate • Management's disclosure of the Council's accounting treatment for grant income excluded disclosure note reporting of amounts credited to the CIES – which is inconsistent with CIPFA code 2.3.4.1. An updated disclosure has been added to the revised financial statements and audited accordingly. <p>Our audit work has not identified any other issues relating to the recognition and presentation of Grant Income</p>

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant judgement or estimate

Summary of management's approach

Audit Comments

Assessment

Land and Building –
Council Dwellings
£465.2m

The Council owns a number of dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.

The Council has engaged its internal valuer to complete the valuation of these properties. As the dwellings are valued as at 1 April the Council then applies an appropriate indexation to reflect movements in value to 31 March.

The year end valuation of Council Housing was £465.2m, a net increase of £35.4m from 2019/20 (£429.8m), resulting largely from the significant increase in revaluation in year (£29m).

Local authority valuations are increasingly important given the significance of the amounts involved in the context of our overall materiality. Because of this we are taking a more challenging approach to the audit and many councils are finding that they need to strengthen their valuation arrangements in response.

- There have been no changes to the valuation method this year.
- Disclosure of the estimate in the financial statements is considered adequate
- We have considered the movements in the valuations of assets, which identified that the Council have indexed assets as appropriate in line with the auditor recommendations and findings from 19/20 audit.

Our audit work to date has not identified any issues in this area.

TBC

2. Financial Statements – key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Land and Building – other £75.4m</p>	<p>Other land and buildings comprises £20.3m of specialised assets such as leisure centre, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£55.1m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council engage an independent valuer to value their assets as at 31 March 2021 on a five yearly cyclical basis, where in alternative years, the assets are reviewed and indexed where appropriate by the Councils internal valuer.</p> <p>In line with RCIS guidance, the Council's valuer have removed the 'material valuation uncertainty' which the 19-20 valuations were subject to.</p>	<p>Local authority valuations are increasingly important given the significance of the amounts involved in the context of our overall materiality. Because of this we are taking a more challenging approach to the audit and many councils are finding that they need to strengthen their valuation arrangements in response.</p> <ul style="list-style-type: none"> • There have been no changes to the valuation method this year. • Disclosure of the estimate in the financial statements is considered adequate • No issues noted with assets not formally revalued in year. We carried out our own procedures to gain assurance that the values of properties not revalued in the year were not materially misstated. <p>Our audit work to date has not identified any issues in this area.</p>	TBC

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
Net pension liability – £80m	<p>The Council's net pension liability at 31 March 2021 is £80m (PY £66.2m) comprising the obligations under the Surrey Pension Fund Local Government pension scheme. The Council uses Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 31 March 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £13.5m net actuarial loss during 2020/21.</p>	<p>We have:</p> <ul style="list-style-type: none"> Assessed management's expert Assessed the actuary's approach taken, and deemed the approach reasonable Used PwC as auditors expert to assess actuary and assumptions made by actuary – use table to compare with Actuary assumptions <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2% p.a.</td> <td>1.95% to 2.05% p.a.</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.85% p.a.</td> <td>2.8% to 2.85% p.a.</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>3.75% p.a.</td> <td>CPI to CPI plus 1% p.a. (i.e. 2.8% to 3.8%)</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>87.3</td> <td>85.4 to 87.7</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>89.7</td> <td>88.2 to 89.9</td> <td>●</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Confirmed the completeness and accuracy of the underlying information used to determine the estimate Confirmed there have been no changes to valuation method Confirmed the reasonableness of increase in the estimate Confirmed the adequacy of disclosure of estimate in the financial statements <p>There were no issues arising from our work in respect of assessing the assumptions used by the actuary, considering the work of our auditor's expert PwC.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2% p.a.	1.95% to 2.05% p.a.	●	Pension increase rate	2.85% p.a.	2.8% to 2.85% p.a.	●	Salary growth	3.75% p.a.	CPI to CPI plus 1% p.a. (i.e. 2.8% to 3.8%)	●	Life expectancy – Males currently aged 45 / 65	87.3	85.4 to 87.7	●	Life expectancy – Females currently aged 45 / 65	89.7	88.2 to 89.9	●	TBC
Assumption	Actuary Value	PwC range	Assessment																								
Discount rate	2% p.a.	1.95% to 2.05% p.a.	●																								
Pension increase rate	2.85% p.a.	2.8% to 2.85% p.a.	●																								
Salary growth	3.75% p.a.	CPI to CPI plus 1% p.a. (i.e. 2.8% to 3.8%)	●																								
Life expectancy – Males currently aged 45 / 65	87.3	85.4 to 87.7	●																								
Life expectancy – Females currently aged 45 / 65	89.7	88.2 to 89.9	●																								

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, including specific representations in respect of the Group, which is appended.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to financial institutions with whom the Council holds cash and investment balances. This permission was granted and the requests were sent. All of the confirmation requests were returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements - other communication requirements



Our responsibility

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 entity’s ability to continue as a going concern” (ISA (UK) 570).

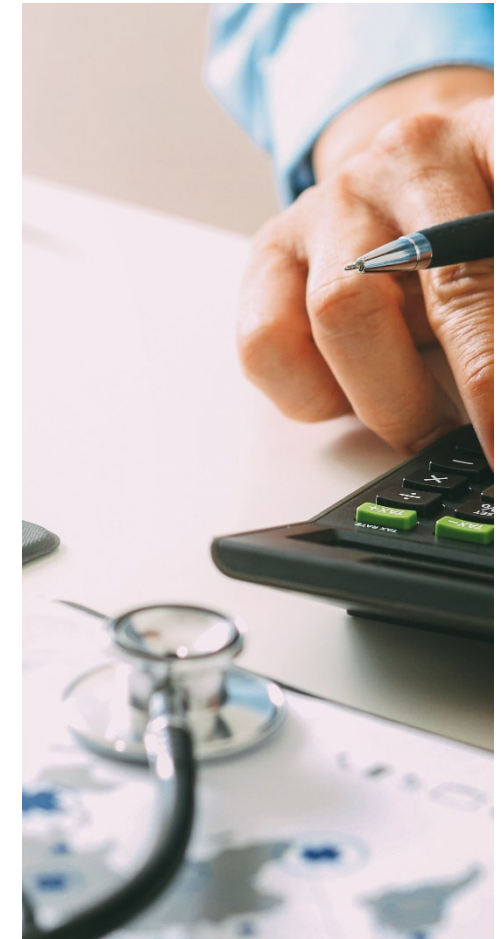
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Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Council and the environment in which it operates the Council’s financial reporting framework the Council’s system of internal control for identifying events or conditions relevant to going concern management’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements, including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: <ul style="list-style-type: none"> if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, if we have applied any of our statutory powers or duties. We have nothing to report on these matters.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Note that work is not required as the Council does not exceed the threshold.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2020/21 audit of Waverley Borough Council in the audit report due to incomplete VFM work.

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3. Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria.
- Auditors undertaking sufficient analysis on the Council's VFM arrangements to arrive at far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. We expect to issue our Auditor's Annual Report by June 2022. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any risks of significant weakness at this stage.

4. Independence and ethics

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 confirm that we, as a firm, and each covered person, 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 May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Audit and non-audit services

Page 9 For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing capital receipts grant	3,000	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 £3,000 in comparison to the total fee for the audit of £64,494 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 all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Housing Benefit Claim	21,500	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 £21,500 in comparison to the total fee for the audit of £64,494 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 all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

Appendices

A. Action plan – Audit of Financial Statements

We have identified one recommendation for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
	<p>We reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy. A control weakness was noted as there is no documented authorisation process for journals prior to their posting. As a result our sample testing of journals was increased but did not identify errors to impact on our opinion.</p> <p>We recommend the Council introduces a documented approach to journal review and authorisation covering all journals to reduce the risk of self review and override of controls.</p>	<p>Management response</p> <p>Management have agreed and the process will be revised in December 2021.</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Follow up of prior year recommendations

We identified the following issues in the audit of Waverley Borough Council's 2019/20 financial statements, which resulted in eight recommendations being reported in our 2019/20 Audit Findings report.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Management assurances – PPE valuation</p> <p>Management are required to ensure that they have the assurance that they require that the accounts are free from material misstatement. This would include assurances over the work of management's experts, including the valuer and the actuary. This is the second successive year where there has been a material adjustment to PPE valuation.</p>	<p>We note the enhancements made to the process for reviewing the work of management experts employed relating to PPE valuations. We can conclude that this issue is now resolved.</p>
✓	<p>Segregation of duties – Property valuation</p> <p>A member of the finance team on secondment from finance was closely involved in the decision making process of the internal valuer. Whilst clear separation of roles can be difficult for relatively small councils, in future greater demarcation of these respective roles should be put in place, as the valuation expert should be objective and separate from the preparation of the financial statements.</p>	<p>Management has resolved the Segregation of Duties risk by appropriately transferring the team member to the estates team on a permanent basis. We have reviewed the 20/21 journals listing and can confirm that post this move, no journals were entered by the individual. We can conclude that this issue is now resolved.</p>
✓	<p>HRA debtors</p> <p>The Council was unable to provide a breakdown of approximately £300k of historic balances within the HRA debtors but did provide an explanation that the issue was a result of timing differences. This led us having to carry out alternative testing to get assurance over the overall debtors balance.</p>	<p>Management have implemented an additional reconciliation process to identify differences between Orchard and Agresso systems, which has significantly reduced the historic balances below triviality.</p>
✓	<p>Land and buildings not revalued in the year</p> <p>Management were unable to provide supporting evidence for how they had considered the year end value of properties that have not been valued and the potential change in valuation. Therefore we carried out our own procedures to gain assurance that the values of properties not revalued in the year were not materially misstated.</p>	<p>We note the enhancements made to the process for reviewing the work of management experts employed relating to PPE valuations. We can conclude that this issue is now resolved.</p>

Assessment

- ✓ Action completed
- x Not yet addressed

B. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Narrative Report</p> <p>The disclosures in the Narrative Report could be enhanced by further details on the following areas:</p> <ul style="list-style-type: none"> • Details of the performance indicators used by the Council and its performance against them • Detailing the financial performance in line with the EFA and management accounts format, including budgetary information. • The Medium Term Financial Plan section could include details of the budget gaps in future years to emphasise the challenges faced by the Council. 	Management has included the detailed suggested in the previous year into the 2020/21 narrative report.
✓	<p>Heritage assets valuation</p> <p>The last insurance revaluation on one of the Council's heritage assets (on which its value is based in the accounts) was in 2011.</p>	Management have agreed to revalue heritage assets on a more appropriate valuation frequency and the asset mentioned was revalued in 2021.
✓	<p>Expenditure and income analysed by nature</p> <p>The analysis of the Council's expenditure and income in Note 7 was extremely difficult to agree and included double counting of recharges in fees and charges (£448k) and other service expenditure (£2.1m).</p>	Management have improved their analysis workings behind Expenditure and income analysed by nature. We can conclude that this issue is now resolved
✓	<p>Agreement of the trial balance to the financial statements</p> <p>The agreement of the trial balance to the Consolidated Income and Expenditure Statement includes lots of manual adjustments, including for recharges, investment property, reserve movements and revenue grants. The level of manual adjustment also meant what should be a straight forward audit task took much longer that we would expect.</p>	Management has improved their analysis workings behind the Consolidated Income and Expenditure Statement. In the few instances where manual adjustments were made, the trail is well documented and reconciles to journal adjustments made. We can conclude that this issue is now resolved

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Assessment

✓ Action completed

✗ Not yet addressed

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2021.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000
Negative Cash and Bank balance recorded as negative assets		DR Current Assets - Cash and Cash Equivalents 3,443
		CR Current Liabilities - Cash and Cash Equivalents (3,443)
Grant Income - LRSG (Open) should be accounted for as Principal under IFRS	DR Income 128	
	CR Expenditure (128)	
ARG unspent revenue adjustment to a receipt in advance (Per return obligations)	CR Income (1,967)	DR Creditors – Receipt in Advance 1,967
Pension liability update following revised IAS19 report	CR Income (1,017)	DR Pension Liability 1,017
Overall impact	(2,984)	£2,984

C. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Auditor recommendations	Adjusted?
Grants	Management's disclosure of the Council's accounting treatment for grant income excluded disclosure note reporting of amounts credited to the CIES - which is inconsistent with CIPFA code 2.3.4.1. An updated disclosure has been added to the revised financial statements and audited accordingly	✓
Related Parties	Management's disclosure of the Council's related parties duplicated figures accounted for elsewhere as government grants on a cash basis, which could cause confusion to readers as grants are reported on an accrual's basis. In addition, the note detailed grants paid out which are immaterial to the authority. An updated disclosure has been added to the revised financial statements to remove the cash reporting of government grants and summarise grants paid out, this has been audited accordingly	✓
Accounting Standards that have been issued but have not yet been adopted	The CIPFA year end closure bulletin advises to not include IFRS16 as it has been adopted and is in the code, just deferred and therefore should not be included in the section for accounting standards not adopted. The disclosure has been removed from the revised accounts	✓
Audit Fee	Audit fee for external audit should be 64k per the audit plan. An updated disclosure has been added to the revised financial statements.	✓

Impact of unadjusted misstatements

We have no unadjusted misstatements to report to you.

C. Audit Adjustments

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2019/20 financial statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Reason for not adjusting
The pension liability in the financial statements and the figure in the actuary's IAS19 report were different, which was due to the Council reflecting actual cumulative payments to the fund.		586	This difference was not material and could not be estimated with certainty by the Council, who have now adjusted this in the 2020/21 accounts.
Pensions liability			
Pensions Reserve		(586)	
Our testing of the floor area source data used for the valuation of Haslemere Leisure Centre identified a discrepancy in the calculation.		331	This difference was not material. In 20/21 this was valued by Montague Evans in line with all other Leisure Centres to obtain an independent update and has been covered in our testing of Other Land and Buildings.
PPE	(331)		
CIES downwards valuation			
Overall impact	£331	£331	

D. Fees

We set out below our fees charged for the audit and provision of non-audit services.

Audit fees	2019/20	2020/21
Council Audit (excluding VAT)	£71,379	64,494

The Council will receive a grant to support additional fees for 2020/21 relating to new accounting standards and the change to the VFM audit. The Council's share of the £15m pot identified by MHCLG (now DLUHC) for 2020/21 is £21,390.

In addition, we note in August 2021 the PSAA has approved the distribution of surplus funds relating to 2020/21 to opted-in bodies. The Council's share of the surplus is £8,190.

Non-audit fees for other services	Proposed fee
Certification of Housing capital receipts grant	3,000*
Certification of Housing Benefit Claim	21,500*
Total non-audit fees (excluding VAT)	£24,500

* Estimated fees as work has not yet finished



WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

13TH JUNE 2022

Title:
PROGRESS ON THE IMPLEMENTATION INTERNAL AUDIT AGREED ACTIONS

Lead Councillor: Councillor Peter Marriott, Chairman of the Audit Committee

Head of Service: Graeme Clark, Strategic Director

Key decision: Yes

Access: Public

1. Purpose and summary

- 1.1 To inform the Audit Committee of Senior Management's progress in implementing the agreed actions 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 original agreed implementation date.

2. Recommendation/s

- 2.1 It is recommended that the Committee considers the information contained in **Annexe 1** and, following discussion at the Audit Committee meeting identifies any action it wishes to be taken and
- 2.2 Considers the Head of Service(s) justification for a request for a change in the agreed target date for the Management Actions (s) listed in **Annexe 2** and agree an appropriate implementation date(s).

3. Reason for the recommendation

To enable the Audit Committee to be informed of the status of agreed actions accepted by Heads of Service but not yet implemented or progress made to implement by the agreed implementation date.

4. Background

- 4.1 This report provides the Audit Committee with the latest position regarding the implementation of Internal Audit agreed actions.

5. Relationship to the Corporate Strategy and Service Plan

- 5.1 A financially sound Waverley, with infrastructure and services fit for the future.

6. Implications of decision

6.1 Resource (Finance, procurement, staffing, IT)

Internal audit work helps management in achieving good value for money and, individual agreed actions may have value for money implications and protect the council from financial risks.

6.2 Risk management

There is a risk that where weakness or non-compliance identified as part of audit reviews, if not actioned to strengthen the controls will not assist to prevent the materialising of the risks identified.

6.3 Legal

There are no direct legal implications, although good governance and probity are strengthened by attending to the matters raised within the audit agreed actions.

6.4 Equality, diversity, and inclusion

There are no direct equality, diversity, or inclusion implications in this report. Equality impact assessments are carried out, when necessary, across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

6.5 Climate emergency declaration

There are no direct implications in this report

7. Consultation and engagement

- 7.1 Heads of Service and SMT.

8. Other options considered

- 8.1 N/A

9. Governance journey

9.1 The minutes of the meeting will be included on the Council agenda.

Annexes:

Annexe 1 – provides the current position on agreed actions due for completion at the end of the month of the Audit Committee date.

Annexe 2 – provides the requests from Heads of Service for changes to the agreed action dates.

Background Papers

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

CONTACT OFFICER:

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Agreed and signed off by:
Legal Services: 23/05/2022
Head of Finance: 23/05/2022
Strategic Director:
Portfolio Holder: N/A

Agreed Internal Audit Actions overdue or due by 30 June 2022







Generated on: 30 May 2022

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



Head of Service Homewood, Richard

IA22/04.003.1 System Issues			
Action Code & Description	<p>The Data Protection Act requires that everyone responsible for using personal data has to follow 'data protection principles'. They include that data should be "accurate and, where necessary, kept up to date", "kept for no longer than is necessary" and "ensures appropriate security of the personal data".</p> <p>The Council maintains a list of residents who may put staff at risk – the Staff Safety Register (SSR). Possible new entries on to the SSR are proposed by staff via the ReportIt! E-form and assessed by the Health and Safety Team. We were advised that residents are informed in writing when they are added to the SSR, however our testing of five entries in the register found no evidence of this.</p> <p>The Health and Safety Team have responsibility to ensure that the SSR remains up to date and maintained in line with the principles of the Data Protection Act. We were advised that records have been subject to review by the Health & Safety Team during 2021, and at the time of our audit this was an ongoing task. The previous review was completed in August 2018.</p> <p>Based on the data provided there were 138 entries on the SSR.</p> <p>The recent review by the H&S team of the SSR has so far identified that 22 records, which had been marked for deletion in 2018, were still held within the SSR at the time of our discussions and therefore held for longer than necessary and remain openly available to all Officers of the Council.</p> <p>We were provided with a report from the SSR, and this showed that 91 out of 138 records had "N/A" entered into the review date field. The Emergency Planning, Resilience and Safety Officer advised that the N/A entries were historic.</p> <p>It is the responsibility of the H&S Team to maintain the SSR, however, the Team does not have the necessary access to do this. A formal request to enable the H&S team to be able to process records (add, amend, delete after review) within the SSR along with other risk assessment tools was submitted to the IT department in June 2021.</p>	Exit Meeting Date	27-Oct-2021
		Due Date	30-Jun-2022

	Additionally, during our testing we noted that there are no documented procedure notes for maintaining and processing data in the Staff Safety Register, nor are there clearly stated responsibilities to ensure that the register is in line with GDPR requirements and information recorded remains appropriate.					
Risk Level	Medium Priority				Risk RAG	
Audit Report Code and Description	IA22/04 Lone Working Policy					
Agreed Action	3.1 System issues outlined will be fixed by the creation of a new SSR. This has been commissioned by the H&S Team, but IT Department's work programme will not be complete until late March 2022.					
Status		In Progress	Progress	90%	Head of Service	Richard Homewood
All Notes	System issues outlined will be fixed by the creation of a new SSR This has been commissioned by the H&S team but It Department's work programme will not be complete until late March 2022					01-Mar-2022



	IA22/08.004.1 Relationship management					
Action Code & Description	We note that the resulting 'working together approach' appears to be working well with transparency on both sides to ensure service efficiency is maximised and disproportionate admin time spent in resolving smaller issues has ceased. (There have been no invoices received in 2021/22 from the contractor in respect of missed bin 'extra' collections).				Exit Meeting Date	25-Jan-2022
	We have seen evidence of a routine client / contractor meeting where these arrangements are partially evidenced. On a forward looking note this relationship management approach will need close monitoring to ensure that benefits continue to be realised but with the caveat that a balanced 'challenge' from the client continues with a particular eye on overall performance. There would be merit in formalising this partnership approach in a written 'principles of partnership and relationship management' document which would galvanise current arrangements and provide guidance for any new contract managers.				Due Date	30-Apr-2022
Risk Level	Low Priority				Risk RAG	
Audit Report Code and Description	IA22/08 Waste Management (Bins)					
Agreed Action	The working together approach will be reviewed at the next contract review meeting on 16 February and the effectiveness of the current position recorded and confirmed in the notes of the meeting.					
Status		Overdue	Progress	90%	Head of Service	Richard Homewood
All Notes	We are having regular meetings with Biffa to manage the recovery out of Covid and return to some sort of normality, but there are still Covid related issues affecting contract performance and delaying this recovery.					23-May-2022
	We are developing the document, but we have not yet agreed it and wish to concentrate on returning the service to as near normal as we can first. We would therefore ask for a further extension of time to the end of June for both of these actions.					
	Further discussion on refinement of relationship management on agenda for contract review meeting on 5 May 2022					27-Apr-2022
	Audit Committee Extension agreed at 28/03/2022 meeting to 30th April 2022.					29-Mar-2022
	Working relationship discussed at Contract Review meeting on 16 February. Written principles of partnership and relationship management being produced for joint agreement. Extension to due date to 30 April requested					01-Mar-2022

Action Code & Description	IA22/08.004.2 Exchange of Letters					
	We note that the resulting 'working together approach' appears to be working well with transparency on both sides to ensure service efficiency is				Exit Meeting Date	25-Jan-2022



	<p>maximised and disproportionate admin time spent in resolving smaller issues has ceased. (There have been no invoices received in 2021/22 from the contractor in respect of missed bin 'extra' collections).</p> <p>We have seen evidence of a routine client / contractor meeting where these arrangements are partially evidenced.</p> <p>On a forward looking note this relationship management approach will need close monitoring to ensure that benefits continue to be realised but with the caveat that a balanced 'challenge' from the client continues with a particular eye on overall performance. There would be merit in formalising this partnership approach in a written 'principles of partnership and relationship management' document which would galvanise current arrangements and provide guidance for any new contract managers.</p>	Due Date	31-May-2022
Risk Level	Medium Priority	Risk RAG	
Audit Report Code and Description	IA22/08 Waste Management (Bins)		
Agreed Action	At the subsequent contract meeting in May, when hopefully the impacts of Covid have eased it will be further reviewed, ongoing arrangements agreed and confirmed by an exchange of letters confirming the principles of relationship management.		
Status		Check Progress	Progress 50% Head of Service Richard Homewood
All Notes	<p>We are having regular meetings with Biffa to manage the recovery out of Covid and return to some sort of normality, but there are still Covid related issues affecting contract performance and delaying this recovery.</p> <p>We are developing the document, but we have not yet agreed it and wish to concentrate on returning the service to as near normal as we can first. We would therefore ask for a further extension of time to the 30 June 2022 for both of these actions.</p>		23-May-2022

Head of Service Smith, Andrew



	IA21/17.002.2 Annual WBC Safeguarding Report		
Action Code & Description	<p>The Safeguarding Children and Adults at Risk Policy sets out the following responsibilities:</p> <ul style="list-style-type: none"> . The Leader and Chief Executive are responsible for discharging the Councils Safeguarding responsibilities under the Care Act 2014, The Children Act 2004, and Working Together to Safeguard Children 2015. . Nominated Head of Service and Portfolio Holder responsible for coordinating, delivering and monitoring the Councils safeguarding responsibilities. . Internal Safeguarding Board - overseeing the Councils safeguarding responsibilities, including monitoring and evaluation of all safeguarding referrals. <p>However, the Board's Terms of Reference do not clearly set out reporting arrangements.</p> <p>Although during 2020-21 there was evidence of ad hoc reporting to the Management Board, such as the section 11 self-assessment, there were no regular reports of safeguarding referrals and activities or other performance monitoring to give assurance to the Leader/Chief Executive that safeguarding duties were being discharged effectively.</p> <p>The previous Internal Audit of Safeguarding in 2018 did highlight the lack of a formal agreed reporting framework as an issue and management actions were agreed; however, we found no evidence, aside from the introduction of the Internal Safeguarding Board, that actions relating to improved reporting have been implemented.</p> <p>Without an established reporting framework there is no mechanism to ensure that safeguarding responsibilities are discharged.</p>	Exit Meeting Date	27-Jul-2021
	Due Date	15-Apr-2022	



Risk Level	Medium Priority				Risk RAG	
Audit Report Code and Description	IA21/17 Safeguarding					
Agreed Action	2.2 – Implement an Annual WBC Safeguarding Report – starting with 21/22 – for interim please see action 2.4.					
Status		Overdue	Progress	10%	Head of Service	Andrew Smith
All Notes	Due to serious staff sickness and the pressure resulting from the team responding to the Ukrainian crisis, it is proposed to defer the publication of the Annual Safeguarding Report to September 2022. The Safeguarding Board is scheduled to meet on Monday 6 June, where this proposal will be discussed and a further updated posted on Pentana confirming the deferral.					30-May-2022
	Report not scheduled for completion until April 22 as needs to be in line with the Councils financial and service plan year					01-Feb-2022
	Information being collated - report not required until April 22					12-Oct-2021


Head of Service Vickers, Peter


Action Code & Description	IA22/10.003.1 Monitoring Information					
	We were advised that due to covid and other additional work pressures that debt monitoring information has not been provided to Service Accountants since March 2021, in order that this can be taken to their monthly budget monitoring meeting to review and discuss with their Service contact.				Exit Meeting Date	22-Feb-2022
	Similarly, aged debt monitoring information has not been provided to the Management Board since March 2021. We were also unable to view an audit trail by email of the last time management information was issued to the Management Board because this is generally printed and taken to these meetings or presented. We observed that it may be preferable for Board members to have this management information ahead of Board meetings, to allow them time for review. Additionally, the Debt Management Panel which meets monthly to review debt chasing procedures and debt statistics, have not meet since January 2021.				Due Date	30-Jun-2022
Risk Level	High Priority				Risk RAG	
Audit Report Code and Description	IA22/10 Debt Management					
Agreed Action	Monitoring information will be supplied monthly to the service accountants to take to budget meetings					
Status		In Progress	Progress	0%	Head of Service	Peter Vickers
All Notes						

Action Code & Description	IA22/10.003.2 Monthly Debt Report					
	We were advised that due to covid and other additional work pressures that debt monitoring information has not been provided to Service Accountants since March 2021, in order that this can be taken to their monthly budget monitoring meeting to review and discuss with their Service contact.				Exit Meeting Date	22-Feb-2022
	Similarly, aged debt monitoring information has not been provided to the Management Board since March 2021. We were also unable to view an audit trail by email of the last time management information was issued to the Management Board because this is generally printed and taken to these meetings or presented. We observed that it may be preferable for Board members to have this management information ahead of Board meetings, to allow them time for review.				Due Date	30-Jun-2022



	Additionally, the Debt Management Panel which meets monthly to review debt chasing procedures and debt statistics, have not meet since January 2021.					
Risk Level	Medium Priority				Risk RAG	
Audit Report Code and Description	IA22/10 Debt Management					
Agreed Action	A monthly debt report will be provided to the Head of Finance and Property.					
Status		In Progress	Progress	0%	Head of Service	Peter Vickers
All Notes						

	IA22/10.003.3 Exception Report					
Action Code & Description	We were advised that due to covid and other additional work pressures that debt monitoring information has not been provided to Service Accountants since March 2021, in order that this can be taken to their monthly budget monitoring meeting to review and discuss with their Service contact.				Exit Meeting Date	22-Feb-2022
	Similarly, aged debt monitoring information has not been provided to the Management Board since March 2021. We were also unable to view an audit trail by email of the last time management information was issued to the Management Board because this is generally printed and taken to these meetings or presented. We observed that it may be preferable for Board members to have this management information ahead of Board meetings, to allow them time for review. Additionally, the Debt Management Panel which meets monthly to review debt chasing procedures and debt statistics, have not meet since January 2021.				Due Date	30-Jun-2022
Risk Level	Medium Priority				Risk RAG	
Audit Report Code and Description	IA22/10 Debt Management					
Agreed Action	Meetings of the Debt Management Panel will be replaced by an exception report in 3.2					
Status		In Progress	Progress	0%	Head of Service	Peter Vickers
All Notes						

	IA22/SP/01.015.1 Financial Accounts creation					
Action Code & Description	During the audit an attempt to create the financial accounts with the assistance of a member of the accountancy team was not possible. It was found that not only was the format of the accounts variable, but the coding of the service accounts was not consistent.				Exit Meeting Date	10-Jan-2022
	Previously the service accounts would have been prepared by the Homeownership Manager or an equivalent role in Housing and then verified as correct by the Internal Audit Service or latterly the Accountancy Team. The Audit identified that this has not been in place for many years which has added to the difficulties and raised Leaseholders concerns. Therefore, to enable assurance to be given to Leaseholders as they previously requested in 2016, with the assistance of accountancy team the accounts should be prepared for the last 10 years to evidence and inform the leaseholders of the balances on the service accounts and the Sinking Fund account.				Due Date	01-Apr-2022
Risk Level	High Priority				Risk RAG	
Audit Report Code and Description	IA22/SP/01 Sinking Funds					
Agreed Action	An exercise will be completed by the Accountancy Team to clearly present the position of the accounts over the last 10 years. The results will be communicated to both the leaseholders/shared ownership for Sycamore Court and Coxbridge Meadows by Finance and Housing team members. (PV)					

Status		Overdue	Progress	0%	Head of Service	Peter Vickers; Hugh Wagstaff
All Notes	Heads of Service request extension until 30 Sept 2022. Work has commenced but the investigation to prepare the accounts has taken longer than expected, staff absence has led to a delay in communications to residents and higher priority work currently to be completed within the teams. Action relates to £15k therefore reassessed as lower priority.					20-May-2022

Head of Service Wagstaff, Hugh

Action Code & Description	IA22/06.002.3 Review Interim Measure at 1.2					
	The Rent Recovery Procedure states that once a repayment agreement for debt has been reached with a Tenant that Orchard automatically produces a letter which they should send to the Tenant to confirm the commitment they have made. Through testing we confirmed that letters are not being sent to formalise repayment arrangements as part of the current process, instead arrangements are agreed verbally.			Exit Meeting Date	26-Nov-2021	
				Due Date	30-Jun-2022	
Risk Level	Low Priority			Risk RAG		
Audit Report Code and Description	IA22/06 Rent Recovery					
Agreed Action	Once a response is received from Orchard, we will review the interim measure at 1.2					
Status		In Progress	Progress	15%	Head of Service	Hugh Wagstaff
All Notes	System Administrator to review arrangement process April 2022					14-Feb-2022

ANNEXE 2

Requests for extension/s to previously agreed implementation date/s

Recommendation Ref No/s	IA22/08.004.1 & IA22/08.004.2
Justification for an extension	<p>We are having regular meetings with Biffa to manage the recovery out of Covid and return to some sort of normality, but there are still Covid related issues affecting contract performance and delaying this recovery.</p> <p>We are developing the document, but we have not yet agreed it and wish to concentrate on returning the service to as near normal as we can first. We would therefore ask for a further extension of time to the 30 June 2022 for both actions.</p>
Head of Service	Richard Homewood, Head of Environmental and Regulatory Services

Recommendation Ref No/s	IA21/17.002.2 Annual WBC Safeguarding Report
Justification for an extension	<p>Due to serious staff sickness and the pressure resulting from the team responding to the Ukrainian crisis, it is proposed to defer the publication of the Annual Safeguarding Report to September 2022. The Safeguarding Board is scheduled to meet on Monday 6 June, where this proposal will be discussed and a further updated posted on Pentana confirming the deferral.</p>
Head of Service	Andrew Smith, Head of Strategic Housing and Communities

Recommendation Ref No/s	IA22/SP/01.015.1 Financial Accounts Creation
Justification for an extension	<p>Heads of Service request extension until 30 Sept 2022. Work has commenced but the investigation to prepare the accounts has taken longer than expected, staff absence has led to a delay in communications to residents and higher priority work currently to be completed within the teams. Action relates to £15k therefore reassessed as lower priority.</p>
Head of Service	Peter Vickers, Head of finance & Property & Hugh Wagstaff, Head of Housing Operations.

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

13 JUNE 2022

Title:

PROGRESS ON THE INTERNAL AUDIT PLAN FOR 2021-22

Lead Councillor: Councillor Peter Marriott, Chairman of the Audit Committee

Strategic Director: Graeme Clark

Key decision: Yes

Access: Public

1. Purpose and summary

1.1 Purpose and summary of the report.

1.2 The Committee's Terms of Reference include provision for the Committee to approve, monitor and comment on the progress made in the achievement of the Internal Audit Plan. An update on the current position of the Internal Audit Plan for 2021-22 is presented for the Audit Committee to note progress being made.

2. Recommendation

It is recommended that the Audit Committee notes the contents of the:-

Internal Audit Plan 2021-22 progress report as attached in Annexe 1

3. Reason for the recommendation

To enable the Audit Committee to be informed of the work that has been completed to date to provide them with assurance that the control environment is working as intended.

4. Background

4.1 The progress report for 2021-22 is detailed in Annexe 1.

5. Relationship to the Corporate Strategy and Service Plan

5.1 A financially sound Waverley, with infrastructure and services fit for the future.

6. Implications of decision

6.1 Resource (Finance, procurement, staffing, IT)

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.

6.2 Risk management

The reviews included in this Plan have been risk assessed and are being necessary to provide management with assurance that the controls in place are sufficient to safeguard the authority's assets.

6.3 Legal

The Council must have an operational Audit Plan that covers 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 2015.

6.4 Equality, diversity and inclusion

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

6.5 Climate emergency declaration

There are no direct implications in this report

7. Consultation and engagement

7.1 Heads of Service, Management Board and the Chairman and Vice-Chairman of the Audit Committee were consulted on the content of the proposed draft Audit Plan.

8. Other options considered

8.1 N/A

9. Governance journey

9.1 The minutes of the meeting will be included on the next Council agenda.

Annexes:

Annexe 1 – Progress on the Internal Audit Plan for 2021-22

Background Papers

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

CONTACT OFFICER:

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Agreed and signed off by:
Legal Services: 23/05/2022
Head of Finance: 23/05/2022
Strategic Director:
Portfolio Holder: N/A

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1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as 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’.

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 that 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 achievement of the organisations’ objectives.

2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Audit Executive is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Internal Audit Manager’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The contractor has adopted the new CIPFA recommended standard terminology and definitions to be used in internal audit engagements across the whole Public sector and for a standard set of opinions and supporting definitions for internal audit service provider to use. This has resulted in minor amendments to those previously used by Southern internal Audit Partnership and adopted by the internal inhouse provision in accordance with best practice.

The recommended CIPFA classifications:-

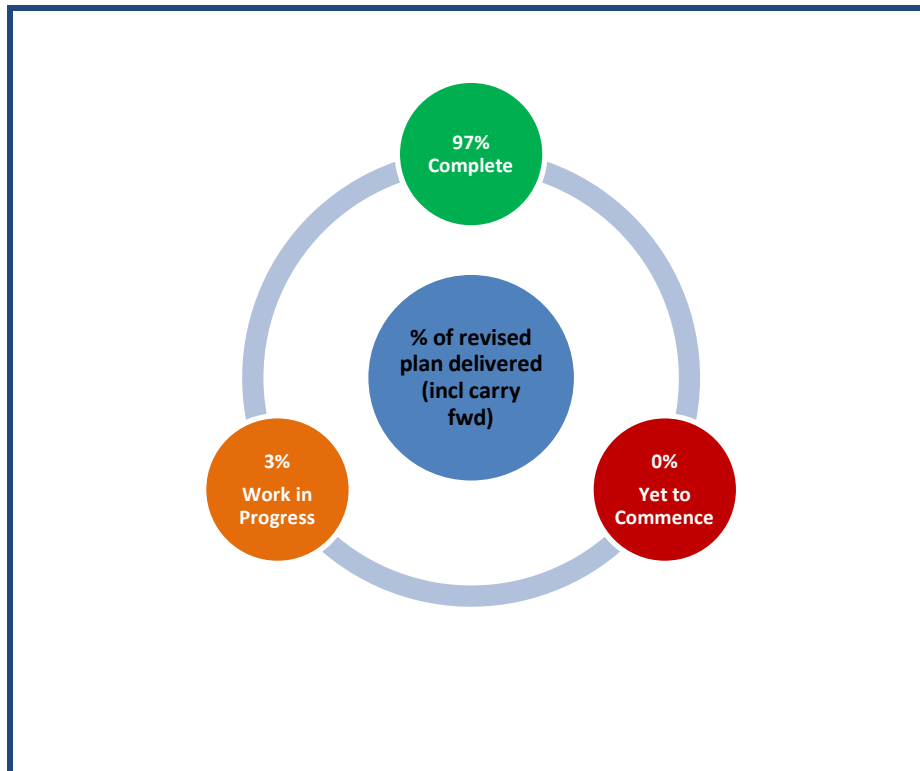
Substantial A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited

Limited Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited

No Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

3. Performance dashboard



% Includes those reviews completed by the contractor in 2021-22, excluding those reviews that have been deferred.

Compliance with Public Sector Internal Audit Standards



An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Completed' audit plan reviews

Audit Review	Final Report Issued Date	Audit Sponsor	Assurance Opinion	Management Actions						
				Total Action Reported	Not Accepted	Not Yet Due	Complete	Overdue Actions		
								L	M	H
Post Payment Business Grant Compliance	10/09/2021	HOF&P	Substantial	0						
IT Risk Assessment of our current environment (remote working and server capacity etc.)	14/10/2021	SD (151)	Advisory	0						
Responsive Repairs	08/10/2021	HOHO	Reasonable	6			6			
Treasury Management	08/10/2021	HOF&P	Substantial	2			2			
Lone Working Policy	27/10/2021	HOERS	Limited	13		1	12			
CHS Boiler Replacement	16/11/2021	HOHO	Advisory	5			5			
Rent Recovery	28/01/2022	HOHO	Reasonable	4		1	3			
Gas Safety Certificates	28/01/2022	HOHO	Substantial	0						

Audit Review	Final Report Issued Date	Audit Sponsor	Assurance Opinion	Management Actions						
				Total Action Reported	Not Accepted	Not Yet Due	Complete	Overdue Actions		
								L	M	H
Waste Management (Bins)	31/01/2022	HOERS	Limited	6		13	1	1	1	
Payroll re bank changes	16/02/2022	HOP&G	Advisory							
Climate Change Preparedness	03/03/2022	HOERS	Reasonable	4		2	2			
Debt Management	08/03/2022	HOF&P	Reasonable	8		6	2			
Sinking Fund	11/04/2022	HOHO	Advisory							
Freedom of information	03/05/2022	HOP&G	Advisory							
Corporate Criminal Offence	13/05/2022	HOF&P	Reasonable	0						

HOF&P	<i>Head of Finance and Property - Peter Vickers</i>	HOBT	<i>Head of Business Transformation - David Allum</i>
HOP&G	<i>Head of Policy and Governance - Robin Taylor</i>	HOHO	<i>Head of Housing Operations - Hugh Wagstaff</i>
HOCS&SP	<i>Head of Commercial Services - Kelvin Mills</i>	HOHD&C	<i>Head of Housing Delivery & Communities - Andrew Smith</i>
HOERS	<i>Head of Environmental and Regulatory Services - Richard Homewood</i>	HOP&ED	<i>Head of Planning and Economic Development – Zac Ellwood</i>
CEO	<i>Chief Executive - Tom Horwood</i>	SD Director/s	<i>Strategic Directors - Graeme Clark/Annie Righton</i>

5. Planning & Resourcing

The internal audit plan for 2021-22 was approved by the Audit Committee on 1st March 2021.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Section 7 details the reviews that have been added/removed/deferred to the original plan approved by the Audit Committee March 2021. Progress against the plan is detailed below in Section 6. This plan will be delivered within the budget allocated as detailed in Section 9 of this report.

6. Rolling Work Programme

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
INFORMATION TECHNOLOGY											
IT Risk Assessment of our current environment (remote working and server capacity etc.) (C)	HOBT	H	3	Q1	✓	✓	✓	✓	✓	Advisory	
APPLICATIONS SYSTEMS IN SERVICE AREAS											
Horizon Planning System (C)	HOP&ED	H	10	Q3-4	✓	✓	✓	✓		Reasonable	
Data Storage and Back-up (C)	ALL HOS	H	10	Q3-4	✓	✓	✓				
KEY FINANCIAL SYSTEM											
Post Payment Business Grant Compliance (C/F 2020-21) (C)	HOF&P	H	15	Q1	✓	✓	✓	✓	✓	Substantial	
Treasury Management (C)	HOF&P	H	7	Q1	✓	✓	✓	✓	✓	Substantial	

Internal Audit Plan Progress Report – April 2021 – May 2022

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Council Tax Reduction Scheme (IAM)	HOF&P	H	0	Q3-4							Defer to 2022-23
Debt Management (C)	HOF&P	H	10	Q2	✓	✓	✓	✓	✓	Reasonable	
Collection of Fees and Charges (C)	ALL HOS	H	7	Q3-4	✓	✓	✓				
Housing Rent Recovery (C)	HOHO	H	7	Q2-4	✓	✓	✓	✓	✓	Reasonable	
Payroll Transactions	HOP & G	H	5	Q3-4	✓	✓	✓			Advisory	
SERVICE AREAS											
Property Terrier (IAM)	HOF & P	H	0	Q3-4							Defer to 2022-23
Gas Servicing of boilers in council homes (IA)	HOHO	M	5	Q2	✓	✓	✓	✓	✓	Substantial	
Repairs Recharges for Void properties to vacating Tenants (C/F 2020-21) (C)	HOHO	M	1	Q3-4	✓	✓					Defer to July 2023
Responsive Repairs (C)	HOHO	M	10	Q1	✓	✓	✓	✓	✓	Reasonable	
Planning Housing Delivery Monitoring	HOP&ED	M	12	Q2-3	✓	✓	✓	✓		Reasonable	

Internal Audit Plan Progress Report – April 2021 – May 2022

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Process (CF 2020-21) (C)											
Sinking Funds Re Leaseholders (IAM)	HOHO	M	25	Q2-3	✓	✓	✓	✓	✓	Advisory	
Waste Management (Bin stocks and Stores controls and Missed Bin contractual terms) (C)	HOE&RS	M	10	Q3	✓	✓	✓	✓	✓	Limited	
Boiler Replacement (IAM)	HOHO	H	15	Q3	✓	✓	✓	✓	✓	Advisory	
CORPORATE/CROSS CUTTING											
Health & Safety (C)	HOS ALL	M	7	Q4	✓	✓	✓	✓		Reasonable	
Corporate Criminal Offence (C)	HOS ALL	H	7	Q3-4	✓	✓	✓	✓		Reasonable	
Lone Working Policy (C)	HOS ALL	H	7	Q1	✓	✓	✓	✓	✓	Limited	
Climate Change (Strategic plan, Policy etc.) (C)	HOS ALL	H	5	Q3-4	✓	✓	✓	✓	✓	Substantial	
Freedom of information (IAM)	HOGP	H	20	Q4	✓	✓	✓	✓	✓	Advisory	

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Payroll (incident) (IAM)	HOGP	H	17	Q2-3	✓	✓	✓	✓	✓	Advisory	
No of Audit Plan days allocated			215								
Days currently allocated to Southern Internal Audit Partnership			133								
Audit Plan Days currently completed by Internal Audit Manager			82								

7. Adjustments to the Internal Audit Plan

Audit reviews Proposed to be deferred to 2022-23 from the 2021-22 Audit plan	
Council Tax Reduction Scheme	12 Days
Repairs Recharges for Void properties to vacating Tenants	9 Days
Property Terrier	10 Days
Total 31 Days	

Audit reviews added to the 2021-22 Audit plan	
Boiler Replacements (IAM)	15 Days
Sinking Funds (IAM)	25 Days
Payroll Transactional Testing (C)	5 Days
Payroll Incident (IAM)	17 Days
Freedom of Information (IAM)	20 Days
Total 82 Days	

8. Other activities to be resourced from the Audit Service

National Fraud Initiative (NFI) - Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The data collections for the 2021/22 exercise were uploaded to the Cabinet Office. The data matching reports were obtained in January 2021. These are currently being investigated as time permits in conjunction with the assistance of third parties to whom the match relates to assist in resolving anomalies and errors to identify fraudulent activity. Not all matches are investigated but where possible all recommended matches are reviewed by either Internal Audit or the appropriate service area.

9. Budget Expenditure to date

Cost Centre R0202 Internal Audit	Current Approved Budget	Committed/Salaries and NI and Service Costs.	Balance at 31/03/2022	Number of Audit Days delivered (Incl. IAM)
Total Internal Audit Budget	£153,800	£119,900	33,900*	330 Days

*Underspent includes values to cover reviews deferred to 2022/23 financial year, any remaining balances are allocated to central savings budget.

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

13TH JUNE 2022

Title:

ANNUAL INTERNAL AUDIT REPORT FOR 2021-22

Lead Councillor: Councillor Peter Marriott, Chairman of the Audit Committee

Strategic Director: Graeme Clark

Key decision: Yes

Access: Public

1. Purpose and summary

1.1 Purpose and summary of the report.

1.2 The Accounts and Audit Regulations 2015 (Part 2 s3) require local authorities to have a sound system of internal control and Internal Audit is part of this system of internal control. Part 2 (s5) of the Regulations state that an authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. This report is a summary of the work carried out by Internal Audit during the financial year 2021-22 and also provides an audit opinion to support the Annual Governance Statement on the organisation's control environment.

2. Recommendation

It is recommended that the Audit Committee considers and notes the annual internal audit report and audit opinion for 2021-22.

3. Reason for the recommendation

To enable the Audit Committee to be informed of the work that has been completed to date to provide them with assurance that the control environment is working as intended.

4. Background

4.1 The 2021-22 Internal Audit Plan was approved at the March 2021 Audit Committee to be completed with a combination of the internal resource of the Internal Audit Manager and the external contractor Southern Internal Audit Partnership (SIAP)

provided a total of 330 audit days. With the continued occurrence of Covid-19 restrictions until December 2021, the scheduling of planned reviews were problematic as some staff were unavailable due to isolating etc. Overall the original agreed plan was to delivery of 20 Internal Audit reviews, however 5 additional reviews were added to the plan, which resulted in 3 reviews being deferred to 2022-23 Audit Plan.

- 4.2 There are 7 reviews still in progress that need to be concluded to final report stage, 4 have had their closure meeting and the remaining 3 are at draft report stage. The contents of these reviews indicate that there are no implications that will affect the annual opinion provided in this report.
- 4.3 Those reviews that were previously agreed at the March 2021 audit committee that have been deferred, have been included in the 2021-22 Audit Plan.

5. Relationship to the Corporate Strategy and Service Plan

- 5.1 A financially sound Waverley, with infrastructure and services fit for the future.

6. Implications of decision

6.1 Resource (Finance, procurement, staffing, IT)

Maintenance of an effective internal audit service to Waverley Borough Council that embraces the requirements of the CIPFA Code of Practice, the Public Sector Internal Auditing Standards and other professional internal audit institutes such as the IIA.

6.2 Risk management

The work completed by Internal Audit provides an independent assessment of the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

6.3 Legal

This report fulfils a legal requirement "to report the annual activity of the Audit Service" as contained in the Accounts and Audit Regulations.

6.4 Equality, diversity and inclusion

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

6.5 Climate emergency declaration

There are no direct implications in this report

7. Consultation and engagement

7.1 Heads of Service, Management Board and the Chairman and Vice-Chairman of the Audit Committee were engaged throughout the year on the internal audit activity.

8. Other options considered

8.1 N/A.

9. Governance journey

9.1 The minutes of the Audit Committee meeting will be included on the next Council agenda.

Annexes:

Annexe 1 – Annual Internal Audit Report for activity in 2021-22

Background Papers

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

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Agreed and signed off by:
Legal Services: 23/05/2022
Head of Finance: 23/05/2022
Strategic Director:
Portfolio Holder: N/A

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**Annual Internal Audit Report & Opinion
2021-2022**

Annexe 1

**Prepared by: Gail Beaton
May 2022**

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1. Role of Internal Audit

The Council is required by the Accounts and Audit (England) Regulations 2015, to

‘undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

In fulfilling this requirement, the Council should have regard to the Public Sector Internal Audit Standards (PSIAS), as the internal audit standards set for local government. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

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 that 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 achievement of the organisations’ objectives.



2. Internal Audit Approach

To enable effective outcomes, internal audit provides a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary. A full range of internal audit services is provided in forming the annual opinion.

As the Internal Audit Manager I determine the approach to each audit, and in conjunction with the contracting team (SIAP) apply our professional judgement considering the following key points:

- Level of assurance required.
- Significance of the objectives under review to the organisations' success.
- Risks inherent in the achievement of objectives.
- Level of confidence required that controls are well designed and operating as intended.

All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion to the Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.



Our contractor, the Southern Internal Audit Partnership (SIAP), who fulfil the majority of the Internal Audit Plan, maintain an agile approach to audit, seeking to maximise efficiencies and effectiveness in balancing the time and resource commitments of our clients, with the necessity to provide comprehensive, compliant and value adding assurance.

Working practices have been reviewed, modified and agreed with all partners following the impact and lessons learned from the COVID-19 pandemic and as a result we have sought to optimise the use of virtual technologies to communicate with key contacts and in completion of our fieldwork. However, the need for site visits to complete elements of testing continues to be assessed and agreed on a case-by-case basis.

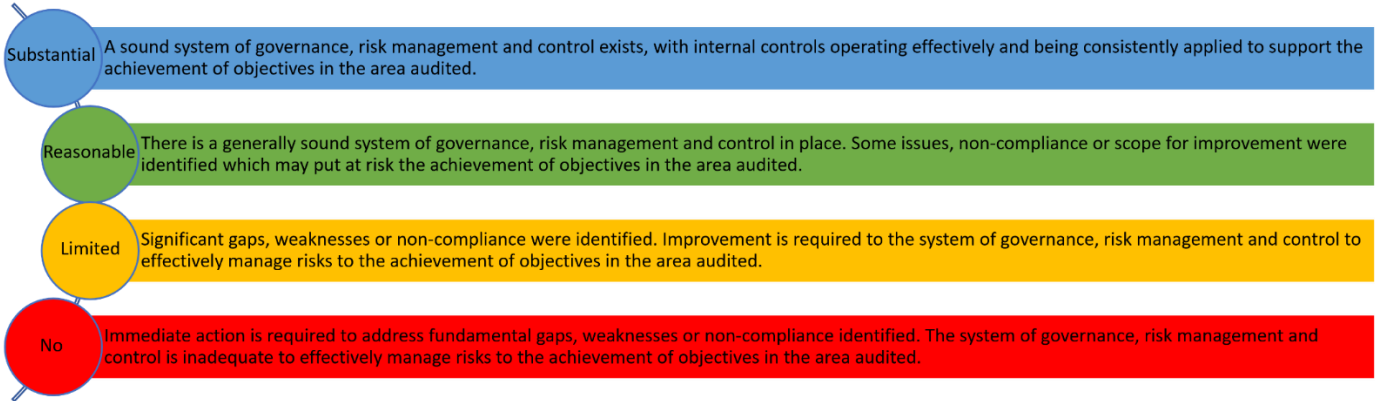
3. Internal Audit Coverage

The annual internal audit plan was prepared to take account of the characteristics and relative risks of the Council activities and to support the preparation of the Annual Governance Statement. Work has been planned and performed to obtain sufficient evidence to provide reasonable assurance that the internal control system is operating effectively.

The 2021-22 internal audit plan was considered by the Audit Committee in March 2021. It was informed by internal audit’s own assessment of risk and materiality in addition to consultation with management to ensure it aligned to key risks facing the organisation. The plan has remained fluid throughout the year to maintain an effective focus and ensure that it continues to provide assurance, as required, over new or emerging challenges and risks that management need to consider, manage, and mitigate. Changes made to the plan were agreed with the S151 Officer and endorsed and detail to the Audit Committee in the internal audit progress reports which were reviewed at each meeting.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

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4. Internal Audit Opinion

As Internal Audit Manager, I am responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform their annual governance statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisations' framework of governance, risk management and control.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, I have based my opinion on:

- written reports on all internal audit work completed during the course of the year (assurance & consultancy);
- results of any follow up exercises undertaken in respect of previous years' internal audit work;
- the results of work of other review bodies where appropriate;
- the extent of resources available to deliver the internal audit work;
- the quality and performance of the internal audit service and the extent of compliance with the Standards; and
- the proportion of the Council's audit need that has been covered within the period.

The contractors enjoy an open and honest working relationship with the Council. The planning discussions and risk-based approach to internal audit ensure that the internal audit plan includes areas of significance raised by management to ensure that ongoing organisational improvements can be achieved. I feel that the maturity of this relationship and the Council's effective use of internal audit has assisted in identifying and putting in place action to mitigate weaknesses impacting on organisational governance, risk and control over the 2021-22 financial year.

Annual Internal Audit Opinion 2021-22

I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the internal control environment.

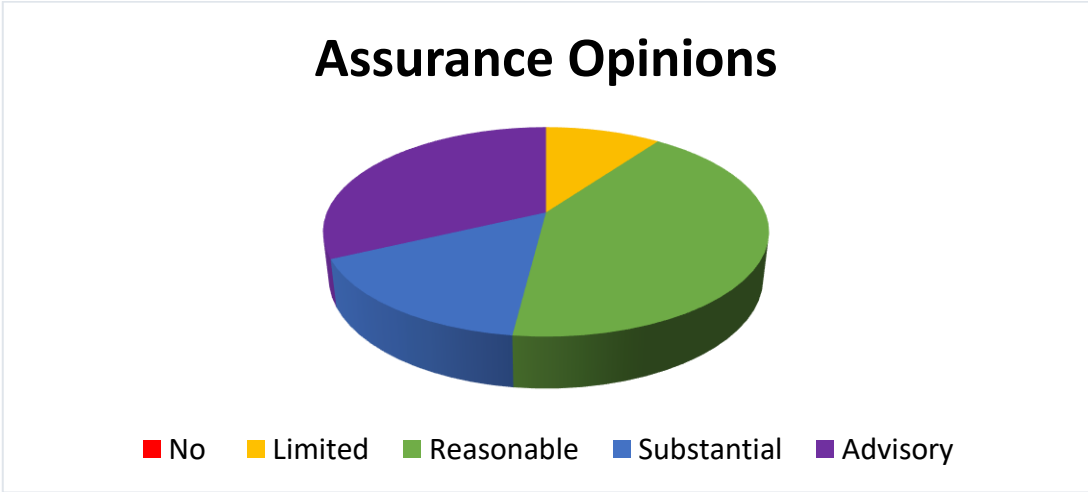
In my opinion frameworks of governance, risk management and management control are 'Adequate' and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

5. Governance, Risk Management & Control – Overview & Key Observations

Assurance opinions for 2021-22 reviews

The findings from our reviews have been reported to the Audit Committee throughout the year and a summary of the assurance opinions is outlined below. None of the reviews carried out during 2021/22 resulted in a 'no assurance' rating. Those shown as 'Advisory' are those reviews that are generally completed by the Internal Audit Manager at the request of services managers or senior management where internal audit input is required to complete an Internal Audit assessment of the system in operation. This year also included in the 2021/22 plan input from SIAP IT specialist to complete an Audit IT Needs assessment to inform future IT system reviews and another relating to payroll which were also advisory reviews.



Key Observations

In general, internal audit work found there to be a sound control environment in place across the majority of review areas that were working effectively to support the delivery of corporate objectives, however there were some areas identified that provide challenge to the organisations risk environment and were given a “limited” assurance, a summary of the issues raised can be found in Annexe1 to this report for those reviews assessed with assurance opinions of Limited, Reasonable and Substantial.

Governance

Anti-Fraud and Corruption

The Council is committed to the highest possible standards of openness, probity and accountability and recognises that the electorate need to have confidence in those that are responsible for the delivery of services.

A fraudulent or corrupt act can impact on public confidence in the Council and damage both its reputation and image. Policies and strategies are in place setting out the Council’s approach and commitment to the prevention and detection of fraud or corruption.

The Council maintains a suite of strategies and policies to support the effective management of the prevention, detection and investigation of fraud and corruption (including but not limited to Counter Fraud Strategy, Policy and Fraud Response Plan and Anti Bribery Policy).

Counter-fraud activity during the year has delivered a programme of proactive and reactive work to complement the internal audit strategy and annual plan focusing resource against assessed fraud risks in addition to new and emerging threats.

National Fraud Initiative (NFI) - The NFI is a statutory exercise facilitated by the Cabinet Office that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Public sector bodies are required to submit data to the National Fraud Initiative on a regular basis (every two years). Work has commenced on the matches we have received, and progress will be monitored.

As a member of the Surrey Counter Fraud Partnership, we work in collaboration as a partnership to share ideas and to implement strategies to raise awareness including a publicity campaign on tenancy fraud and provide opportunities for member of the public to raise concerns.

Control

In general, internal audit work found there to be a sound control environment in place across the majority of review areas included in the 2021-22 plan that were working effectively to support the delivery of corporate objectives.

We generally found officers and staff to be well aware of the importance of effective control frameworks and compliance, and also open to our suggestion for improvements or enhancements where needed. Management actions agreed, as a result of each review, are monitored facilitating the use of the Pentana system, to completion to ensure that the identified risks and issues are addressed.

Management actions

Where our work identified risks that we considered fell outside the parameters acceptable to the Council, we agreed appropriate corrective actions and a timescale for improvement with the responsible managers.

Progress is reported to the Audit Committee throughout the year through the quarterly internal audit progress reports.

6. Quality Assurance and Improvement

The Standards require that providers of Internal Audit Services including our contractors Southern Internal Audit Partnership to develop and maintain a Quality Assurance and Improvement Programme (QAIP) to enable the internal audit service to be assessed against the Standards and the Local Government Application Note (LGAN) for conformance.

The QAIP must include provision for both internal and external assessments: internal assessments are both on-going and periodical and external assessment must be undertaken at least once every five years. In addition to evaluating compliance with the Standards, the QAIP also assesses the efficiency and effectiveness of the internal audit activity, identifying areas for improvement.

An 'External Quality Assessment' of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020.

In considering all sources of evidence the external assessment team concluded:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

7. Disclosure of Non-Conformance

In accordance with Public Sector Internal Audit Standard 1312 [External Assessments], I can confirm through endorsement from the Institute of Internal Auditors that:

'the Southern Internal Audit Partnership conforms to the Definition of Internal Auditing; the Code of Ethics; and the Standards'

There are no disclosures of Non-Conformance to report.

8. Quality Control

Our aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. In complementing the QAIP this was achieved in 2021-22 through the following internal processes:

- On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success.
- On-going development of a constructive working relationship with the External Auditors to maintain a cooperative assurance approach.
- A tailored audit approach using a defined methodology and assignment control documentation.
- Review and quality control of all internal audit work by professional qualified senior staff members.
- An independent external quality assessment against the IPPF, PSIAS & LGAN.

9. Internal Audit Performance

The following performance indicators are maintained to monitor effective service delivery:

Performance Indicator	Target	Actual 2021-22
Percentage of internal audit plan delivered	95%	98%
Positive customer survey response		
● Waverley Borough Council	90%	100%
● SIAP – all Partners	90%	99%
Public Sector Internal Audit Standards	Compliant	Compliant
Average no. of days between Contractor exit meeting and the issue of Draft Report to WBC (C)	30	29
Average number of days between the contactor issuing Draft report for WBC management agreed actions and the uploading of Final Report to Pentana (WBC)	30	45

***Customer satisfaction is an assessment of responses to questionnaires issued to a wide range of stakeholders including members, senior officers and key contacts involved in the audit process (survey date April 2022).*

10. Acknowledgement

I would like to take this opportunity to thank all those staff throughout the Council with whom we (Internal audit Manager and Southern Internal Audit Partnership) have made contact in the year. Our relationship has been positive, and management were responsive to the comments made both informally and through our formal reporting.

Gail Beaton
Internal Audit Manager

May 2022

Summary of Audit Reviews Completed 2021-22

Substantial

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Review area	Summary
Post Payment Business Grant compliance	There were no actions identified. Key observations assessed as working well included identifying those businesses eligible for grants, signposting them to the relevant areas, presented clearly eligibility criteria. Verification of eligibility was in place before payment were made, including obtaining Bank Statements re going concern, banks details check. Controls in place re logging those that received grants, those that were unsuccessful and why. Report were provided to the Central Government and reconciliations were completed.
Treasury Management	This review identified an improvement to ensure storage of investment information is held in a central area on the server. Key observations assessed as working well includes investments were clearly documented and decision making recorded. Monthly reconciliations were in place, and daily bank statement position to monitor funds available for investment, Access levels are set as agreed by the Strategic Director. Quarterly dash boards are presented to members and scrutiny committees.
Gas Safety Certificates	There were no actions identified. Gas safety certificates were present for the sample tested and had been provided by the contractor to Waverley for inclusion in the Keystone system record.

Reasonable

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Review area	Summary of actions
Responsive Repairs	Roles and responsibilities to be defined, produced, agreed and issued to staff. Scripts to be documented, produced, and issued to make decision making less subjective. Develop capture of price variations in new contract. Obtain accurate information to ensure all SOR included on order. Minimum value level to be considered.
Housing Rent recovery	Rent Account procedures to be reviewed and revised. Automated letters relating to repayment agreement for debt functionality to be rectified with the software supplier. be
New Planning System Horizon Planning System	This review focused on the functionality of new software system to ensure that the key elements of the planning system was operating and effective controls were in place. Actions have yet to be defined as this report is in draft report status.
Debt Management	Debt Management policies to be reviewed and revised, retain in central Finance area of the WBC intranet. Authority of officers will be clearly documented in the Financial Regulations re Writeoffs. Debt monitoring information will be improved and where debt suppression occur a monthly report will be generated.
Climate Change Preparedness	Actions as outcomes of the Climate Emergency Officers group will be summarised within the minutes and followed up at each meeting. Review of timescales will be carried out. Consideration to be given to the changing of the name of the plan to Delivery plan or Delivery programme rather than the Carbon Neutral Action Plan.
Planning Housing Delivery	This review focused on the compilation of the data relating to the Housing Delivery return and results communicated to members and government agencies. Actions have yet to be defined as this report is in draft report status.
Corporate Criminal Offence	Tax Strategy is in place and agreed by Executive, its covers background, controls and current arrangements.
Health & Safety	This review covered the framework around Health & Safety policies, roles and responsibilities, application of the policies. Actions have yet to be defined as this report is in draft report status.

Limited

Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

Review area	Summary
Lone Working	Highlighted that actions were required relating to:- Training for staff, maintain the register, data quality and volume of data recorded, accuracy of contact details recorded within StaySafe. Consistent application of related policies. Completeness and retention of information including Lone Working Risk Assessment.
Waste Management (Bin Stocks & Store Controls and missed bins	Highlight that actions were required relating to:- Improvements in stock records re issued/received and balance remaining. Contents of the contract by both parties, in relation to missed bin extra collections required. Formalising the partnership approach.

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WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

13 JUNE 2022

Title:

COUNTER FRAUD STRATEGY AND RELATED POLICIES

Lead Councillor: Councillor Peter Marriott, Chairman of Audit Committee

Strategic Director: Graeme Clark

Key decision: Yes

Access: Public

1. Purpose and summary

This report is being presented to the committee to obtain endorsement of the revised policies enabling these to be published on the council's intranet and where applicable on the website to cascaded and provide awareness to all members of staff, members, partners, the Council's suppliers, thus reinforcing Waverley's stance of zero tolerance to Fraud and Corruption. These documents will provide a guide to enable the appropriate action to be taken where concerns arise.

2. Recommendation

It is recommended that the Audit Committee

1. endorse the revised Strategy and Policies as detailed below:

- Counter Fraud Strategy
- Counter Fraud Policy
- Fraud Response Plan
- Anti-Bribery Policy
- Prosecution Policy

2. instructs officers to cascade and promote these documents using suitable media to publicise these documents.

3. Reason for the recommendation

To ensure that the contents of these documents remain up to date to reinforce our commitment to enable reports of any concerns relating to fraud to be recorded and investigated through strong documented governance arrangements to deal with these types of incidents.

4. Background

4.1 This report provides the Audit Committee with revised Counter Fraud Strategy and related policies to provide updated policies to meet the challenges of fraud related matters .

4.2 As part of good governance arrangements around the prevent and investigation of fraud frequent review of these policies ensures that they remain in line with current expectations and requirements to successfully promote raising of concerns and the investigation of related case.

5. Relationship to the Corporate Strategy and Service Plan

5.1 Internal audit work and other fraud initiatives contribute to the safeguarding of assets against loss and waste, this contributes to the protection of the public purse.

6. Implications of decision

6.1 Resource (Finance, procurement, staffing, IT)

Robust policies work helps management protect the council from financial risks and protect public monies. The resources within the council will be impacted for those cases that are taken to court or where the outputs from data matching exercises including NFI, are greater than expected. Any additional resource requirements will be discussed with the S151 Officer.

6.2 Risk management

By failing to update and maintain our fraud strategy and related policies would undermine our corporate governance framework and the social value held that Waverley has a zero tolerance to fraud. By cascading and promoting our strategy and policies relating to fraud provides a clear message of the action that will be taken against those that decide to perpetrate fraud against the council.

6.3 Legal

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 reassessing our processes against suggested best practice. By having “adequate procedures” in place this may support a credible defence against any possible prosecution action against the Council.

6.4 **Equality, diversity, and inclusion**

There are no direct equality, diversity, or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

6.5 **Climate emergency declaration**

There are no direct implications in this report.

7. **Consultation and engagement**

7.1 Monitoring Officer and S151 Officer

8. **Other options considered**

8.1 N/A

9. **Governance journey**

9.1 The minutes of the Audit Committee will be presented to Council.

Annexe:

Annexe 1 - Counter Fraud Strategy
Annexe 2 - Counter Fraud Policy
Annexe 3 - Fraud Response Plan
Annexe 4 - Anti – Bribery Policy
Annexe 5 - Prosecution Policy

Background Papers

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

CONTACT OFFICER:

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Agreed and signed off by:
Legal Services: 18/05/2022
Head of Finance: 23/05/2022
Strategic Director:

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Waverley Borough Council
Counter Fraud Strategy

Latest version number: V7.1
Latest publication date: 03/03/2019

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Approval & Publication:

Approving Body	Approval route requirement	Publication Type	Publication requirement	Review frequency	Document owner	Next Review Date
Audit committee then Council	Management Board, Audit Committee and Council	Internal/ External	There are no legal or constitutional requirements for publication.	Bi-annual	Internal Audit - Gail Beaton	January 2024

Version Control Information:

Version	Version Status (Draft, Approved /Published Internally or Externally)	Date	Version Comment	Version Author
V1	Published	2008		MH
V2	Published	2011		GB
V3	Published	2012		GB
V4	Published	2014		GB
V5	Published	2016		GB
V6	Published	2018		GB
V7	Published	03/03/2019	Approved by the Executive	GB
V7.1	Draft	13/04/2022	Bi-annual Revision of the document	GB
V7.2	Approved Draft		Approved by AC	
V7.3	Final Approval		Approved by the Executive	
V8	Published			

Impact Assessments and Consideration:

Impact Assessment Type	Required / Not Required	Date Completed	Impact Assessments and Considerations Comment	Assessment Owner
Equality Impact Assessment			Everyone will be treated equally in accordance with the law and the contents of the agreed fraud related policies	
Health in all Policies	NR			
Data Protection Impact Assessment			Information obtained will be treated in accordance with legal requirements.	
Climate Change	NR			

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Contents

- 1. Introduction**
- 2. Strategic Context**
- 3. Approach**
- 4. Where the council needs to be**
- 5. Strategic Action Plan**
- 6. Links to other Corporate Policies or relevant external/ legal documents**

Appendix A - Action Plan

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1. Introduction

Waverley Borough Council is committed to protecting public funds by the prevention and detection of fraudulent activity across the borough. In the current climate of reduced funding and financial hardship it is more important than ever that losses to the council as a result of fraud and corruption are kept to a minimum to ensure that our limited resources are used for their intended purpose.

The council also has a legal responsibility under the Accounts and Audit (England) Regulations 2015 for ensuring that financial management is adequate and effective and has a sound system of internal control which facilitates the effective exercise of functions which includes arrangements for the management of risk.

To deliver successfully against the Counter Fraud Policy the council's approach and key priorities for the next three years are confirmed in this strategy, which will be subject to regular review. Key actions have been identified and are set out in the Strategy Action Plan at Appendix A.

2. Strategy Context

The ongoing delivery of the strategy will be based upon comprehensive ongoing risk assessments in all areas of council activity, to reduce losses from fraud and corruption through:

- Reinforcing an organisational culture of zero tolerance to fraud and corruption
- Encouraging prevention
- Pro-actively detecting fraud and corruption
- The instigation of legal, disciplinary (council employees only) and recovery action against any individual found to have acted fraudulently or corruptly in their relationship and dealings with the council

This holistic approach to tackling fraud and corruption is an integral part of existing governance arrangements, policies and procedures. Providing a raft of measures and interventions designed collectively to deter would be offenders.

As a living document it is envisaged that this strategy will continually evolve as the council gains a better understanding of the potential threat from fraud and corruption and as new and existing partnerships develop. The strategic ambitions will be further supported in practical terms by an operational delivery plan.

The national picture

The Fighting Fraud and Corruption Locally Strategy 2020, a document produced for local government, suggests that one in three of all crimes committed nationally is fraud based. The Annual Fraud Indicator produced by Crowe Clark Whitehill estimates that the figure for fraud may be as high as £7.8bn in 2017 for Local Authorities. The

Government's Economic Crime Plan states that the numbers of fraud offences rose by 12% during 2018 to 3.6 million.

In addition to the scale of losses and potential losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes.

Why is it important to us to protect Waverley residents?

Any fraudulent or corrupt act committed against the council effectively constitutes theft of taxpayers' money. It is unlawful and deprives the council of resources that should be available to provide public services.

Fraudulent applications for housing, Right to Buy or succession of tenancy and subletting of property, has a direct impact on our residents, especially those in need of council or social housing. Around 1.15 million people in the UK are currently on the waiting list for a council or social housing home.

How does this strategy fit with the council's overall corporate plan?

Waverley Borough Council is committed to improving the lives of our residents and creating opportunity and prosperity for local people and businesses. The delivery of the council's vision, through its Corporate Plan 2020-2025 is governed our strategic priorities:

- ✓ Local, open participative government
- ✓ Supporting a strong resilient local economy
- ✓ Taking action on Climate Emergency and protection the environment
- ✓ Good quality housing for all income levels and age groups
- ✓ Effective strategic planning and development to meet the needs of our communities
- ✓ Improving the health and wellbeing of our residents and communities

These priorities however cannot be achieved without a sound financial future achieved by careful budgeting and a robust Medium Term Financial Plan. Fraud committed against the authority could impact on the financial situation of the council. Our priorities are underpinned by a number of outcomes that direct how we do business: our way of thinking, leadership style, values and behaviours and approach to designing and running services so we can provide high quality, low cost, customer focused services, ensure local, open and honest decision making and work with partners to support Waverley's communities. The Counter Fraud and Corruption Strategy supports these outcomes in seeking to ensure sound governance. In adopting this approach and culture the strategy supports the outcomes in enabling greater engagement with the community and partners, while protecting the public purse. As such this strategy is a key support for the delivery of the corporate plan.

3. Approach

Minimising fraud and irregularity is everyone's business. Whilst specialist teams have a key role, the Council expects the highest standards of probity, propriety and conduct from all Elected Members, employees and contractors. This includes a requirement to act lawfully and to comply at all times with the council's policies, procedures and regulations.

The council will fulfil its aim to reduce fraud and corruption to an absolute minimum through a strategic approach consistent with that outlined in the Local Government Fraud Strategy 'Fighting Fraud & Corruption Locally' and in the council's Counter Fraud Policy. We will continue to engage with internal and external stakeholders through various workshops in the promotion of this strategy, encouraging the reporting of all fraud and working where applicable with Social Housing partners and others to combat tenancy fraud.

Fighting Fraud and Corruption Locally 2020 is the updated counter fraud and corruption strategy for local government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top. The previous two strategies focused upon pillars of activity that summarised the areas local authorities should concentrate efforts on. These were 'acknowledge', 'prevent' and 'pursue'. These pillars are still applicable, however, another two areas of activity have emerged: 'govern' and 'protect'.

The pillar of 'govern' sits before 'acknowledge'. It is about having robust arrangements and executive support to ensure counter -fraud, bribery and corruption measures are embedded throughout the organisation. 'Protect' recognises the harm that fraud can cause in the community; for a local authority this will also cover protecting public funds, protecting the organisation from fraud and cybercrime and also protecting itself from future frauds.

GOVERN

Having robust arrangements and executive support to ensure counter fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is a key element of good governance.

ACKNOWLEDGE	PREVENT	PURSUE
Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.	Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.	Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.

PROTECTING ITSELF AND ITS RESIDENTS

Recognising the harm that fraud can cause in the community. Protecting itself and its' residents from fraud.

4. Where the Council needs to be

The ongoing development of this strategy will be informed through our understanding of the threat, emerging risks, trends and the savings that can be achieved by investing in counter fraud and corruption. This will focus on greater use of technology and interrogation of data to assess vulnerability and proactively target higher risk areas. We will also be focusing on raising staff awareness of the risks of fraud and corruption and what they can do to prevent or identify it.

Since 2014, the measures to prevent fraud and corruption have been strengthened through the establishment of a dedicated counter fraud housing investigation officer that has the capability and capacity to:

- Investigate allegations of Housing fraud and corruption
- Prosecute and sanction offenders
- Identify fraud prevention controls across the organisation

This role is line managed by the Internal Audit Manager who deals with allegations of all other types of fraud and corruption. As part of the work completed by the Internal Audit service any weaknesses in fraud prevention controls will be highlighted and appropriate action will be taken to address these.

Whistleblowing remains the most common way that fraud and corruption is detected in organisations. The council raises awareness and continually promote its Whistleblowing policy and other associated policies and procedures ensuring all reports of suspected fraud or corruption are treated seriously and acted upon, thereby developing a robust and proportionate response to counter any threats. The council will also ensure that people have confidence in the Whistleblowing Policy and its arrangements providing confidence in the process and staff are protected when raising issues.

The best way to fight fraud and corruption is to prevent it happening in the first place. The council will continually balance work towards counter fraud resources between investigation and prevention; ultimately, aiming to deter all would-be offenders.

The council has already established a robust framework of procedures and controls which provide the major elements of its counter fraud and corruption governance arrangements. This strategy is an integral part of a series of interrelated policies, procedures and controls designed to deter any attempted fraudulent or corrupt act.

These policies, procedures and controls include:

- Council Constitution including Financial Regulations
- Internal Control Systems and Procedures
- Standards Committee
- Code of Conduct for Councillors; for Employees
- Registers of Interest
- Gifts & Hospitality Procedure
- Contract Procurement Rules and Guidance
- Anti-Money Laundering Policy and Procedures
- Prosecution Policy
- Whistleblowing Policy
- Human Resources policies and procedures
- Information Technology Security Policy
- Information Sharing Protocols/Arrangements
- Information Technology Acceptable use Policy

A priority aim is to fully integrate this strategy into existing policies, procedures and controls, ensuring it becomes a key part of the council's governance and risk management framework. Preventative measures will be supported by ongoing assessment of those areas most vulnerable to the risk of fraud and corruption, in conjunction with risk management arrangements and risk based audit reviews.

A key feature in the drive towards preventing fraud and corruption at the outset will be the ongoing use and development of information sharing as well as better use of data to verify and validate transactions. The sheer diversity of the services the council and its partners provide and the multiplicity of systems used to manage them generates huge volumes of records and data. The council will re-engineer its fraud detection

processes by comparing data from a variety of its systems, improve information sharing across services, where possible and inform the risk management process.

The council is resolute that the culture and tone of the authority is one of honesty with zero tolerance towards fraud and corruption. This is already demonstrated through its behavioural framework and codes of conduct for employees and Members of the Council. The right organisational culture will be continually reinforced by:

- Raising awareness of this strategy to new and existing employees
- Publicising the results of all proactive work, and recovery of losses due to fraud and corruption increase and maintain the general public awareness of the facilities available to report concerns about fraud and corruption.

The council will seek to deter any fraudulent activity by publicising criminal convictions of those found to have committed fraud against it. Press releases will always follow successful prosecutions.

National schemes such as the National Fraud Initiative (NFI) are examples of national fraud detection tools that identify many frauds that might have previously gone unnoticed. This is achieved by matching data from numerous sources to identify discrepancies. Perceived irregularities are then forwarded to local authority and Department for Work and Pensions (DWP) counter fraud teams to carry out risk assessment exercises and ultimately to conduct investigations. Waverley Borough Council no longer deals with benefit fraud investigations as this activity was transferred to the DWP under its Single Fraud Investigation Service (SFIS) with effect from October 2015.

In response to the Coronavirus pandemic, the Government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors, delivered through the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund. An additional fund aimed at small businesses who were not eligible for the Small Business Grant Fund, the Retail, Leisure and Hospitality Fund or other forms of support, called the Local Authority Discretionary Grants Fund, was launched in May 2020. The payment of such grants carry a degree of risk of fraud. As no initial guidance was provide by the government, Waverley Borough Council implemented an application and verification process enabling preliminary checks to be undertaken prior to actual payment of the grant, aimed at minimising the risk of error and/or fraud and over payment.

In addition to specific counter fraud activity, all managers play a major role by regularly checking of work in areas of risk, thus assisting detecting fraudulent activity at the earliest opportunity. Any issues identified in the service areas are notified to the Internal Audit Manager and the Section 151 Officer. Exception reporting will further assist in achieving the identification of fraud.

We believe the best defence against fraud, corruption and bribery is to create a strong anti-fraud culture within the organisation. We promote the 'seven principles of public life'

(the Nolan Principles) and expect all our staff, including contractors, and councillors to make themselves aware of and to follow these principles and all legal rules, procedures and practices, and to protect our legitimate interests at all times.

These principles are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

We will commit to making efforts to proactively seek out instances of fraud and take effective action once it is identified. The Council will make best use of its communications strategy to highlight instances of fraud, for the purposes of seeking the maximum deterrence effect.

Fraud must not pay. Where fraud or corruption is discovered, the full range of sanctions will be deployed, including civil, disciplinary and criminal action. Every effort will be made to recoup losses and confiscate assets gained as a result of criminal activity. We will enhance our provision further by making best use of existing legislation, for example the Proceeds of Crime Act 2002, to ensure that where possible funds are recovered.

Criminal prosecutions deter offenders and reinforce a culture of zero tolerance towards fraud. Successful prosecutions require cases to be professionally investigated ensuring all evidence is collected within the law. Investigative staff must be adequately trained with the appropriate skills and access to specialist resources to secure effective prosecutions. Organised crime has no respect for boundaries and can cross a range of organisations and services. Effective co-operation and joint working between local authorities and with other agencies including the Police will be essential in the ongoing development of the Council's strategic response.

We are developing a communication strategy which will set out our detailed approach but this will be underpinned by our commitment to always be proactive in promoting our culture and approach to fraud and corruption, both internally to the council's staff and councillors, but also externally to the public, businesses and partners. We will publicise successful prosecutions. We will also listen to and take seriously all allegations.

Where money has been lost due to fraudulent activity, we will always seek to recover the money along with any penalties that may have been imposed, were possible.

5. Strategy Action Plan

Detailed below is a Strategic Action plan to ensure that Waverley continues to act to prevent and investigate fraudulent practices perpetrated against it that could harm the reputation of the council, incur financial loss to the public purse.

Key actions

Please refer to Annexe 1 of this Strategy. There may be some more realignment of existing resources in the terms of delivery of strategy but at this stage it is not anticipated that there will be any additional financial implications as a result of implementing this strategy.

Monitoring

The council's counter fraud policy, strategy and associated guidance forms part of the council's corporate governance arrangements. There is a requirement for the Council to monitor the outcomes of the strategy and to review its effectiveness.

Counter fraud arrangements will be evaluated through the implementation of the strategy and through the outcome of woodwork identified in the counter audit fraud plan. Progress will be monitored by the Audit Committee and be reported as part of the annual governance statement.

6. Links to other Corporate Policies or relevant external/ legal documents

This document should be read in conjunction with the council's counter fraud policy and associated procedures. The counter fraud policy, strategy and guidance forms part of the collective policies and procedures for safeguarding and protecting public funds.

Council's Counter Fraud Policy

Fraud Response plan

The Fraud Act 2006

The Bribery Act 2010

The Proceeds of Crime Act 2002

The Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014

The Prevention of Social Housing Fraud Act 2013

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

The Council welcomes comments and feedback on its policies and procedures. Please contact the Internal Audit Manager if you have any comments.

This strategy will be reviewed every year by the Internal Audit 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, after consultation with the Management Board.

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Strategy Action

APPENDIX A

Plan Govern: Priority 1 & 2

Key Actions	Responsible Service	Lead Officer	Timescales
Develop a communication strategy that sets out how we are to publicise and promote the Council's: - Counter Fraud and related policies.	Audit	Audit Manager	Counter Fraud Strategy, Policy and other related policies to be added to the audit area on the website and on the intranet where appropriate.
Enhance the webpage and intranet page for Counter Fraud	Audit	Audit Manager	Ongoing
Develop campaigns to run over the next three years,	Audit	Audit Manager	Ongoing
Continue to enhance the reporting mechanism of the counter fraud work to the Audit Committee.	Audit	Audit Manager	Already in place since 2015
Annual Review of Fraud Policy and Strategy	Audit	Audit Manager	July 2023
Bi Annual Reported to Audit Committee	Audit	Audit Manager	July 2024

Prevent / Acknowledge / Pursue: Priority 3

Key Actions	Responsible Service	Lead Officer	Timescales
Review the detailed key risks of fraud for the authority and identify the appropriate controls are in place to manage these risks.	All Services	Heads of Service supported by the Audit Manager	Corporate Fraud Risk Assessment to be revised by December 2022
Continuation in the participation in the National Fraud Initiative	All services	Audit Manager	Ongoing
Performance of tenancy checks as part of examination	Housing Services	Tenancy Management &	Ongoing

of, Right To Buy, Housing applications and a bye product re C/Tax liability (SPD)		Fraud Investigation Officer	
Attend Surrey Counter Fraud Group to share ideas and discuss the latest developments with regard to fraud identification and prevention.	Audit	Audit Manager	Ongoing
To explore closer working with neighbouring local authorities for fraud work.	Audit	Audit Manager	Ongoing

Protect Priority 1 & 4

Key Actions	Responsible Service	Lead Officer	Timescales
Develop fraud awareness e-learning module and roll out to staff.	All services	Audit Manager to explore with Surrey Counter Fraud Partnership	March 2023
Provision of Advice and Guidance to Service areas on internal controls for the prevention and detection of fraud.	All services	Audit Manager	Ongoing Annually as part of the Audit Plan
Inform staff and members of the public on the risks posed by serious and organised crime and updates on current IT scams.	Audit and IT Service	IT Cyber Security Manager -cyber security training and awareness	Ongoing via alerts re NAFN and National Crime Agency

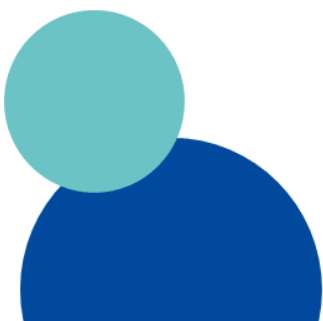
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Waverley Borough Council
Counter Fraud Policy

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V1	Published	2008		MH
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Equality Impact Assessment			Everyone will be treated equally in accordance with the law and the contents of the agreed councils fraud related policies	
Health in all Policies	NR			
Data Protection Impact Assessment			Information obtained will be treated in accordance with legal requirements.	
Climate Change	NR			

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- 2. Policy Statement**
- 3. Strategic Approach to Fraud**
- 4. Council Promises**
- 5. Outcomes and Priorities**
- 6. Links to other Corporate Policies or relevant external/ legal documents**

1. Introduction

The council recognises that detected fraud and corruption in local authorities is increasing and that has a statutory duty to minimise the risk of fraud and where possible prevent fraud and corruption occurring in the authority.

Fighting fraud and corruption locally 2020 is the updated counter fraud and corruption strategy for local government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities. The strategy outlines a governance framework that can for continued national and great regional collaboration on counter fraud under the fighting fraud and corruption locally umbrella. Aligning our own policy and strategy to this framework supports the development and maintenance of a culture in which fraud and corruption are unacceptable.

The aim of this policy and other antifraud measures put in place by the council is to develop and embed strong antifraud culture. This not only acts as a deterrent to potential perpetrators of such activity it will also assist the council and protecting vital services and managing its resources effectively.

As always be a small minority who consider fraud to be acceptable, the council put in place appropriate measures to prevent fraud from entering the system, but when it does occur, the council will act swiftly to detect, investigate and punish those going to have been involved in fraudulent activity. The council will utilise all available criminal civil regulatory and disciplinary sanctions and will seek to recover all losses where this is considered to be in the public interest and taking account of the resources available.

This policy applies to all:

- members and employees of the council
- agency workers and consultants engaged by the council
- the council's agents, partners, suppliers and contractors supplying goods or services to the council, or performing work and/or delivering services on behalf of the council
- members of the public in use of council services

there are three ways the council can discharge this duty. These are by making all members, employees and the public:

- i. aware of the council's views on fraud and corruption;
- ii. aware of their personal responsibilities in relation to the conduct;
- iii. aware of what action they should take if you become aware of fraud or corruption.

This policy document covers i), while the 'Fraud Response Plan' has been developed to cover ii) and iii) above

this policy supports the local code of corporate governance and promoting the values of good governance through the upholding of high standards of conduct and behaviour.

2. Policy Statement

The council is committed to the prevention and detection of fraud, bribery and/or corruption and associated activities whether it is perpetuated against or arises from within the council in order to protect public funds. Where fraud, bribery and/or corruption is suspected or identified the council will commission an investigation and take all reasonable steps to recover losses.

The council will use sanctions where the need is identified. This may include informing the police to pursue a prosecution (wherever relevant), and/or the use of disciplinary action against employees where fraud bribery and/or corruption is suspected or identified, whilst treating each case on its own merits and taking account of the public interest.

3. Strategic approach to fraud

One of the basic principles in the management of public sector organisations is to ensure the proper use of public funds. It is, therefore, important that all those who work in the public sector are aware of the risks of fraud, bribery, corruption and/or money laundering, along with the measures and its detection and prevention.

This policy sets out the council's position in respect of fraud, bribery and/or corruption, along with associated activities, involving dishonesty such as money laundering, tax avoidance and is applicable to all aspects of the council's business, employees, contractors and any person or organisation doing business with the council.

The council use of sanctions will be governed by this policy and the principles of the policy shall apply equally to any fraud against the council or against funds for which the council has responsibility. The council will not accept abuse of either its services or resources. Fraud, corruption and theft whether committed by staff (paid and volunteers), elected members, contractors, agents and/or other third parties will not be tolerated. All persons under suspicion will be treated fairly. This means that so far as it may be reasonable and/or appropriate to do so, the council will look to strike the right balance between preservation of personal rights and freedoms and the public interest need, to ensure justice which is achieved in any given case.

The council's fraud response plan, supports this policy provides further details on:

- definitions of fraud, bribery, corruption and money laundering
- what criminal offences relate to fraud, bribery, corruption and money laundering
- the council's approach to ensure adequate procedures in place to mitigate the risks
- general roles and responsibilities

- an overview of relevant contacts for advice or reporting concerns
- the range of sanctions available to the council as a deterrent fraud, bribery and associated offences

This policy is underpinned by a strategy that sets out how this policy will be implemented and delivered, with specific reference to the outcomes and priorities identified in this policy.

4. Council’s Corporate Priorities

Waverley Borough Council is committed to improving the lives of the residents and creating opportunity and prosperity for local people and businesses.

The delivery of the council’s vision through its corporate plan 2020 to 2025 is governed by the following priorities, including:

Corporate Priorities	
✓	Local, open, participative government
✓	Supporting a strong, resilient local economy
✓	Taking action on Climate Emergency and protecting the environment
✓	Good quality housing for all income levels and age groups
✓	Effective strategic planning and development management to meet the needs of our communities
✓	Improving the health and wellbeing of our residents and communities

5. Outcomes

This policy seeks to achieve the following Outcome:

Outcome - a zero tolerance to fraud, bribery, corruption and money laundering, with early detection and prompt investigation of fraud, bribery, corruption and money-laundering, thereby engendering confidence and trust in the governance arrangements of the council.

Strategy Action 1. – To promote to counter fraud culture and engage employees in combating fraud

Strategy Action 2. – Ensuring robust mechanisms for preventing, measuring and reporting on fraud

Strategy Action 3. – Assessment of fraud risk identification of the area’s most vulnerable to fraud

Strategy Action 4. – Sharing good practice to combat fraud

6. Links to other Corporate Policies or relevant external/legal documents

This policy should be read in conjunction with:

1. Counter Fraud Strategy
2. Fraud Response Plan
3. Anti-Money Laundering Policy
4. Whistleblowing Policy
5. Anti Bribery Policy

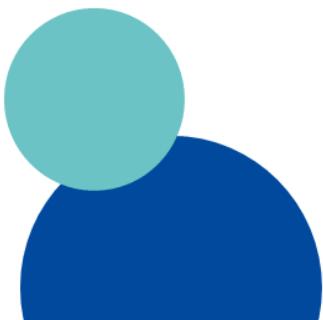
Many service areas within the council have statutory, regulatory or other enforcement powers in place and have their own service specific policies that focus on those specific operational considerations. These policies complement this policy, providing detailed operational context specific to the enforcement remit of the relevant services to which they relate. In the event, however, that conflict may arise, clarification should be sought from the Council’s Borough Solicitor.

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Waverley Borough Council
Fraud Response Plan

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V0.1	Draft	13/04/2022	Bi-annual Revision of the document	GB
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Appendix A – Dos and Don'ts

Appendix B – Internal Contact Details

Appendix C – External Contact Details

1. Introduction

- 1.1 Waverley Borough Council (the Council) has a responsibility to protect the public purse. In order to meet these responsibilities, the council has effective control measures in place to reinforce its culture of a zero tolerance towards fraud, corruption and Bribery.
- 1.2 The Council is committed to the prevention, deterrence, detection, investigation and redress of fraud and corruption as set out in the Counter Fraud Strategy and Fraud Policy.
- 1.3 This fraud response plan defines how the Council will respond to allegations and provides guidance for employees, Members and members of the public on reporting a suspected fraud.
- 1.4 Although this document specifically refers to fraud and corruption, it equally applies to any forms of malpractice that can reduce public confidence in the Council and its services, and may also include acts committed outside of official duties but which impact upon the Council's trust in the individual concerned.
- 1.5 The Council's elected Members and employees play an important role in creating and maintaining a culture of zero tolerance to fraud and corruption. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status, in the knowledge that such concerns will, wherever possible, be treated in confidence.
- 1.6 The public also has a role to play in the zero tolerance to fraud and corruption and should inform the Council if they feel that fraud or corruption may have occurred.
- 1.7 The Fraud Response Plan provides a checklist of actions and a guide to follow in the event that fraud is suspected. It covers:
 - Purpose
 - Legal Definitions
 - Aims and Objectives
 - Notifying suspected fraud
 - Actions by employees, managers and members of the public and other agencies
 - Reporting Suspicions
 - Dos and don'ts
 - Initiation of recovery action
 - Confidentiality

2. Purpose

- 2.1 The purpose of the Fraud Response Plan is to provide guidance to employees, managers and the public to define responsibilities for action and reporting lines in the event of suspected fraud or corrupt activity. The use of the plan should enable the

Council to prevent loss of public money, recover losses and establish and secure the evidence necessary for any civil, criminal or disciplinary action.

2.2 The Fraud Response Plan should also provide direction to take appropriate action against those responsible for any fraud or corrupt act.

3. Legal Definitions

Fraud

3.1 The Fraud Act 2006 describes fraud as the intention to make gain or cause loss under three main headings:

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

3.2 It is important to note that the Act determines that fraud shall be seen to have been committed where there is a dishonest intention to make gain, cause loss or a risk of loss to another. There is no requirement to actually gain or cause a loss, as long as the intention to do so can be established.

3.3 Further the Prevention of Social Housing Fraud Act 2013 (PoSHFA) creates new criminal offences and civil remedies. It also brings assured tenancies into line with secure tenancies regarding the loss of assured status when the tenant sublets or parts with possession. The Act creates offences of knowingly or dishonestly subletting in breach of the tenancy agreement. No offence is committed where the tenant knowingly sublets because of violence or threats of violence, or where the person occupying the property is a person who would be entitled to apply to have the tenancy transferred to them (most likely in practice a spouse, civil partner or cohabitee).

Theft

3.4 The Theft Act 1968 defines theft as follows:

‘A person is guilty of theft if he dishonestly appropriates (takes/removes) property belonging to another with the intention of permanently depriving the other of it’.

3.5 This could mean the theft of cash, equipment, data or vehicles. This does not simply relate to the theft of Waverley property and includes theft from colleagues.

Corruption

3.6 Corruption 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.

Bribery

- 3.7 The Bribery Act 2010 defines bribery as offering/promising or giving someone a financial or other advantage, to encourage that person to perform their functions or activities improperly, to reward a person for having already done so, in order to gain personal, commercial, regulatory or contractual advantage. It is the most common form of corruption.

Corporate Criminal Offence

- 3.8 The government introduced the Corporate Criminal Offence in September 2017, as part of the Criminal Finances Act 2017. Essentially it created two corporate Offences, one relating to the evasion of UK Tax and one relating to the evasion of foreign tax. The former being more appropriate to public bodies.

'Organisations which fail to prevent those acting for or on their behalf from facilitating UK tax evasion face becoming criminally liable themselves'.

- 3.9 This could mean that where the council makes payments to a third party without the appropriate reduction of that payment to ensure all taxes where appropriate are paid to HMRC, for example IR35 and any other types of payments where tax implications occur.

Money Laundering

- 3.10 Money laundering is defined as: The process of transferring or moving of 'dirty' money (money obtained through unlawful activity) into a legitimate organisation where it will appear, from that point onwards, as 'clean money' from a genuine source.
- 3.11 The Money Laundering Regulations 2007 (as amended by the Money Laundering (Amendment) Regulations 2012) have been replaced with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017), which came into force in June 2017 and transposes the EU 4th Anti-Money Laundering Directive in UK Law. These regulations, together with the Proceeds of Crime Act 2002 (POCA) and the Terrorism Act 2000 (TA) as amended by the Anti-Terrorism and Security Act 2001 and the Terrorism Act 2006, outline the preventative measures intended to eliminate the funding of terrorism and crime.
- 3.12 The 2017 Regulations are not legally binding on public authorities because they are neither 'relevant persons' (as defined in the MLR 2017) nor part of the 'regulated sector' (as defined in POCA 2002). There is however, a distinct reputational risk for any authority that does not have adequate policies and procedures in place. Following CIPFA's guidance, a "prudent and responsible" council will adopt "appropriate and proportionate" policies and procedures designed to "detect and avoid involvement in the crimes described in the legislation and regulations".

4 Aims & Objectives

4.1 The aims and objectives of the Fraud Response Plan are to:

- Prevent loss of funds or other assets where fraud has occurred and to maximise recovery of any loss;
- Minimise the occurrence of fraud by taking rapid action at the first signs of a problem;
- Deter people from committing fraud against the Council;
- Identify offenders and maximise the success of any disciplinary and/or legal action taken;
- Be open with members and the public about fraud;
- Demonstrate that the Council acts to protect the public purse when fraud is identified, which in turn will help minimise any adverse publicity for the Council; identify any lessons which can be acted upon in managing fraud in the future;
- Reduce adverse impact on the business of the Council.

5 Notifying Suspected Fraud

5.1 The Council relies on its employees, the public and its agencies to help prevent and detect fraud and corruption. Often employees are the first to realise there is something seriously wrong internally, as they are in positions to be able to spot any possible cases of fraud or corruption at an early stage.

5.2 Council employees and Members should report any concerns they may have regarding fraud, bribery and corruption, whether it relates to dishonest behaviours by council employees, Members or by others.

5.3 The action taken when a suspected case of fraud, bribery, or corruption is first found might be vital to the success of any investigation that follows, so it is important that employees' actions are in line with the information given in this document.

6 Action by Employees, Managers, Council Members, Members of the Public, or Other Agencies

Employees

6.1 When carrying out your duties, if you suspect fraud or a corrupt act is being committed in your service area (this includes a member of the public making a false application, failing to declare their true circumstances or a change in their circumstances), then under normal circumstances you should report the matter to your line manager. If it is not in your service area, or you feel you cannot report the matter to your line manager, then you should report the suspected fraud or corrupt act to the Internal Audit & Investigation Team by emailing internal.audit@waverley.gov.uk, online at [Waverley](#)

[Borough Council - Report fraud and corruption](#) or telephone the confidential reporting line on 01483 523586.

- 6.2 It is important that all Members and employees are able to report their concerns without fear of reprisal or victimisation and are aware of the means to do so. The Public Interest Disclosure Act 1998, (the “Whistle Blowing Act”), provides appropriate protection for those employees who voice genuine and legitimate concerns through the proper channels. The Council’s Confidential Reporting Code, (Whistle Blowing Policy), has been written to protect those reporting their concerns and encourages people to report any suspected incidents of fraud.
- 6.3 Whistleblowing is the term generally used when a worker passes on information concerning wrongdoing, but it can be applied to other parties who wish to report a concern. The wrongdoing will typically (although not necessarily) be something they have witnessed at work. It could be in relation to a criminal offence (this may include, for example, types of financial impropriety such as fraud) or other suspected wrongdoing such as failure to comply with an obligation set out in law, the endangering of someone’s health and safety or damage to the environment.
- 6.4 Fraud can be reported about another Council employee or an elected Member by a contractor, supplier or member of the public. Fraud could be spotted during or outside work and employees are expected to report any suspicions at the earliest opportunity. You should clearly record all activities you have witnessed or information you have received or are aware of that has led to your suspicion. It is important to record as much detail as possible.
- 6.5 Care should be taken, by any officer who suspects fraud and any officer to whom the suspicion is reported, to retain any evidence and make an immediate note of the issues and concerns.
- 6.6 If the suspicion relates to an information security issue, e.g. a theft, breach or exposure of confidential or client confidential data, the matter must also be reported to the Data Protection Officer.
- 6.7 If an allegation is made in bad faith or for personal gain, disciplinary action may be taken against the person making the allegation. The important thing is that you don’t ignore your suspicions or concerns. Seek advice and don’t be afraid to raise your concerns.
- 6.8 Employees with concerns should avoid discussing their suspicions with anyone other than the officer with whom they formally raised the issue. Under no circumstances should any employee attempt to investigate any matter on their own.
- 6.9 Remember, in cases of suspected money laundering, immediately advise the Council’s designated Money Laundering Reporting Officer (See the council’s separate **Anti-Money Laundering Policy**).

Senior Management

- 6.10 All Managers are responsible for ensuring that there is a system of internal control, which facilitates the effective exercise of the Council's functions. This will assist in reducing the risk of fraud and corruption. Senior Managers are required to ensure that such controls, including those in a computerised environment are properly maintained and documented.
- 6.11 In the first instance, any suspicions of fraud should be reported promptly to the Internal Audit & Investigation Team at the outset, by the manager receiving the disclosure. The team collates information on all suspected fraud, theft or corruption and its outcome, across the Council as part of its determination of the impact effectiveness of the Council's Counter Fraud and Corruption Strategy and the system of internal control, as a key part of the Council's assurance framework.
- 6.12 It is the responsibility of the Internal Audit Manager, as the Council's Chief Audit Executive to keep the Section 151 Officer, informed of any suspicions of fraud or corruption. Where appropriate, the Leader, the Chief Executive and the Audit Committee Chair and Vice Chair will be notified that an investigation is taking place. The Section 151 Officer has a statutory responsibility to ensure proper arrangements are in place for the conduct and administration of the Council's financial affairs. The Section 151 Officer has overall responsibility for financial matters in all Services within the Council.
- 6.13 Where an allegation involves an employee, HR will be consulted and included in the initial discussion with the service manager as to what, and by whom, action should be taken.
- 6.14 If you are made aware of any fraud, bribery, or corruption you should listen to the concerns of the employee and treat every report you receive seriously and sensitively. Get as much information as possible from the individual, including any notes and any evidence they have that may support the allegation. Do not interfere with any evidence and make sure it is kept in a safe place. Under no circumstances should you attempt to investigate any matter or dismiss it.

Council Members

- 6.15 Members have specific responsibility for the active promotion of the Council's counter fraud culture and are specifically required to operate within:
- Council Standing Orders
 - Council's Code of Conduct for Members
 - Regulatory Committees Probity Code
 - Local Authorities (Members Interests) Regulations 1992 (as amended)
 - Local Government Act 2000

6.16 Members of the Council have a responsibility to report any irregularity, or suspected irregularity to the Section 151 Officer, Head of Policy and Governance and the Internal Audit Manager. Concerns can also be raised via the Council email address at internal.audit@waverley.gov.uk

Member of the Public or Other Agencies

6.17 The Council encourages members of the public and other agencies who suspect fraud and corruption to report their concerns to the Council's Internal Audit and Fraud Investigations Team.

6.18 The Internal Audit and Fraud Investigations Team operates independently of all other council services, and includes trained fraud investigator.

6.19 Please see section, 'Reporting Suspicions' below.

6.20 A complaints procedure also exists if your concern does not relate to fraud and/or corruption. Please see '[making a complaint](#)' on the Council's website.

7 Reporting Suspicions Fraud & Corruption

7.1 Members, service users, suppliers, partner organisations and members of the public are encouraged to report concerns about fraud and corruption. Concerns can be reported to the Internal audit and Fraud Investigation Team in whichever way is favoured:

- Telephone: 01483 523586
- Email: internal.audit@waverley.gov.uk
- Online: https://www.waverley.gov.uk/Services/Pay-Report-Apply/Report-it/Report-fraud-and-corruption/Waverley_Borough_Council_-_Report_fraud_and_corruption
- Internal referral – Citrix, Web Applications, Report Fraud.
- In writing to:
Internal Audit and Fraud Investigation
Council Offices,
The Burys,
Godalming, GU7 1HR
(please mark your correspondence as Private and Confidential).

7.2 Whilst you can remain anonymous, it does help if your details are provided as concerns expressed anonymously are often much more difficult to investigate. For example, we may need to contact you to obtain further information or verify the information supplied. If appropriate and subject to legal constraints, feedback will be provided to the person who initially raised the concerns.

7.3 When considering an investigation into an anonymous complaint, the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources will all be taken into consideration. In certain circumstances,

anonymity cannot be maintained. This will be advised to the informant prior to any release of information.

- 7.4 Any concerns will be treated in the strictest confidence and wherever possible, every effort will be made not to reveal your identity. However, it must be appreciated that the investigation process may reveal the source of information without us directly revealing your identity.
- 7.5 Members of the public and external bodies can also raise concerns directly with any of the above officers and contact details included in Appendix B.
- 7.6 It is intended that the internal arrangements described above will give employees and members of the public etc., the reassurance that they need to raise concerns directly with the Council. However, if for any reason, an individual feels unable to report to anyone from within the Council, they can contact any of the following (contact details are given in Appendix C):
- The Council's External Auditor
 - The Police
 - Prescribed persons
- 7.7 If you do feel unable or uncomfortable to raise your concerns, through any of these routes, then you may wish to raise them through Public Concern at Work, a registered charity whose services are independent, free and strictly confidential. Contact details are also provided in Appendix C.

Money Laundering

- 7.8 The Money Laundering Reporting Officer is responsible for receiving disclosures regarding suspected Money Laundering activity, evaluating the information provided, and determining when to report suspicions of Money Laundering to the National Crime Agency (NCA).
- 7.9 The Money Laundering Reporting Officer (MLRO) for Waverley Borough Council is the Head of finance and Property.
- 7.10 In the absence of the MLRO, the Deputy Money Laundering Reporting Officer is the Internal Audit Manager, and must be contacted when the MLRO is not available.

8 Dos and Don'ts

- 8.1 To help ensure that the risk of fraud and corruption is minimised, Appendix A summarises the action that should be taken and what should not be done when fraud is suspected.

9 Initiation of recovery action

- 9.1 The Council will take appropriate steps, including legal action if necessary, to recover any losses arising from fraud, theft, corruption or misconduct. This may include action

against third parties involved in the fraud or whose negligent actions contributed to the fraud.

- 9.2 The Internal Audit Manager will make recommendations, in consultation with appropriate officers, on the most appropriate method of recovery of any losses. Use of the Proceeds of Crime Act 2002, where appropriate, will also be considered to maximise the penalty and level of recovery by the Council.
- 9.3 The Council will seek to recover any financial loss through the appropriate mechanism. This may involve either civil or criminal proceedings where it is cost effective to do so, the recovery from salary or accumulated pension benefits of staff, or a claim against the Council's insurers.
- 9.4 For internal investigations, the Council's Insurance Officer must be informed as soon as possible of any loss. It is the responsibility of the service manager, in consultation with the Investigation Officer, to do so. Where it is possible, details of the case should be given together with some indication of the likely loss and what recovery action is being attempted. This information has to be passed to the Council's insurers promptly to keep open the possibility of making a claim.
- 9.5 Disciplinary action will be taken against employees, where appropriate, and may be initiated independently of any decision to seek prosecution. The decision to initiate disciplinary action, prior to prosecution, or vice-versa as the case may be, will not preclude action in relation to the other being considered or started at a later date if the circumstances are deemed appropriate to do so. The decision to proceed with disciplinary action rests with Human Resources, in conjunction with the Head of Policy and Governance.
- 9.6 In the event of Member involvement in theft, fraud or corruption, the Member should expect the intervention of the Council's Monitoring Officer and the Standards Committee.

10 Confidentiality

- 10.1 Details of any investigation are strictly confidential and must therefore not be discussed or conveyed to anyone other than the relevant management representatives and the nominated investigation team.
- 10.2 If the media becomes aware of an investigation and attempts to contact members of the investigating team or any other employees, no disclosure of the alleged fraud and investigation can be given. All matters relating to statements to the media will be dealt with through the Council's Corporate Communications Team.

11 Liaison & Co-operation with other agencies

- 11.1 The Council may liaise with other agencies, as necessary (e.g. the Police, Crown Prosecution Service, Department of Works and Pensions, Her Majesty's Revenue & Customs) concerning a potential prosecution.

- 11.2 There will be occasions when it is necessary to undertake multi-agency investigations and/or prosecutions because criminal activity or statutory/regulatory breaches cut across the remit of other agencies in addition to the Council.
- 11.3 Between the Council service or directorate involved in such initiative and the external organisation, formalised arrangements need to exist to identify which authority will be the lead within the operation. Where the Council service is the lead, this prosecution policy will apply to the prosecution of offenders resulting from the operation.

This document should be read in conjunction with the Council's Fraud Strategy and related guidance, which forms part of the collective policies and procedures for safeguarding and protecting public funds.

This Fraud Response Plan will be reviewed every year by the Internal Audit Manager, 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.

Do	DON'T
<p>Make a note of your concerns</p> <ul style="list-style-type: none"> • Write down the nature of your concerns • Make a note of all the relevant details, such as what is said over the telephone or any other conversations • Note the names and, if known, the position of those involved • Notes do not need to be overly formal, but should be timed, signed and dated • Notes should be held in a secure place • Timeliness is most important. The longer you delay writing up, the greater the chances of recollections becoming distorted and the case being weakened • Note the date and time when the suspicion was reported onwards 	<p>Be afraid of raising your concerns</p> <ul style="list-style-type: none"> • The Public Interest Disclosure Act provides protection to employees who raise reasonably held concerns through the appropriate channels. • The Council's Confidential Reporting Codes (whistleblowing) provides guidance on how to do this. • You will not suffer discrimination or victimisation as a result of following these procedures and the matter will be treated sensitively and confidentially. • The Public can report concerns in confidence to the Counter Fraud Team. Report your concerns promptly • In the first instance, for internal fraud report your suspicions to your line manager. If this action is inappropriate further guidance on disclosure can be found in the Confidential Reporting Code (whistleblowing). • If you are unsure who to report to, contact the Internal Audit for advice. • All concerns must be reported to the Internal Audit Manager. • External fraud concerns should be reported to the Internal Audit Manager. • There may be a perfectly reasonable explanation for the events that give rise to your suspicions. Spreading unnecessary concerns may harm innocent persons and the reputation of the Council. • Don't discuss your suspicions with anyone other than the officer you formally raised the issue with. Retain any evidence you may have • The quality of evidence is crucial and the more direct and tangible the evidence, the better the chances of an effective action. • Retain and keep all relevant records/evidence that may have been handed over or discovered as a result of the initial suspicion in a secure and confidential location. • Don't approach the person you suspect or try and investigate the matter. • There are special rules relating to the gathering of evidence for use in criminal cases and to protect human rights. Any attempt to gather evidence by persons who are unfamiliar with these rules may prevent appropriate action being taken. • Don't interfere with or alter any documentary or computer based evidence as a result of any suspicion. • Don't attempt to interview or question anyone unless authorised to do so.

INTERNAL CONTACT DETAILS

Contact	Details
Internal Audit and Fraud Investigation	Telephone: 01483 523260
	Email: Internal.Audit@waverley.gov.uk
Online	Report fraud and corruption
Confidential reporting line	01483 523586

EXTERNAL CONTACT DETAILS

Contact	Details
External Auditors	<p>Address:</p> <p>Grant Thornton 30 Finsbury Square LONDON EC2A 1AG</p> <p>Associate Director: Paul Cuttle e-mail: paul.cuttle@uk.gt.com</p> <p>Telephone: 020 7383 5100</p>
Police	<p>Station Address:</p> <p>Surrey Police 101</p>
Prescribed Persons	<p>A full list of prescribed persons can be found at:</p> <p>Whistleblowing: list of prescribed people and bodies - GOV.UK (www.gov.uk)</p>
Protect (previously (Public Concern At Work) THE WHISTLEBLOWING CHARITY	<p>Telephone Whistleblowing Advice Line: 020 3117 2520</p> <p>Online Website: https://protect-advice.org.uk/contact-us/ Media enquiries: press@protect-advice.org.uk</p> <p>Address The Greenhouse 244-254 Cambridge Heath Road London E2 9DA</p>



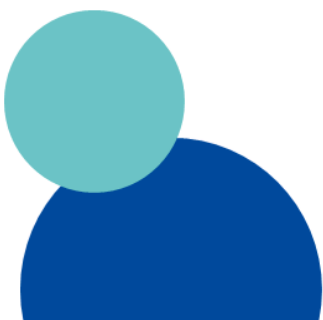
Waverley Borough Council

Anti-Bribery Policy

Latest version number: V7.1

Latest publication date: 19 March 2019

DRAFT



Approval & Publication:

Approving Body	Approval route requirement	Publication Type	Publication requirement	Review frequency	Document owner	Next Review Date
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Equality Impact Assessment			Everyone will be treated equally in accordance with the law and the contents of the agreed councils fraud related policies	
Health in all Policies	NR			
Data Protection Impact Assessment			Information obtained will be treated in accordance with legal requirements.	
Climate Change	NR			

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1. Policy Statement

This document demonstrates Waverley Borough Councils commitment to educate those that are employed, including those acting on behalf of the council and those that we do business, with our expectation and governance arrangements to report, deter acts of bribery and the action that will be taken if allegations of bribery are found to have substance.

2. Introduction

2.1 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 Counter Fraud 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

2.2 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.

3. 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. 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, license or other significant advantage.
3. A Member must register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50, within 28 days of receipt.

Officers

1. 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 authorised by your Head of Service, in advance where possible.
2. When hospitality is declined, those making the offer should be courteously but firmly informed of the procedures and standards operating within the authority.
3. 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 of the gift and where acceptance gives no danger of misinterpretation by a member of the public.

4. 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.
5. 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.
6. Gifts which fall outside the definition re insignificant items of token value 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.
7. If a gift is delivered to the office without prior warning, unless it falls within the scope of insignificant gifts (see 3 above), in consultation with your Head of Service, the gift should be returned.
8. 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.

4. 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.

5. 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:

- Joint Chief Executive 01483 523237
- Monitoring Officer: 01483 523108
- Internal Audit Manager: 01483 523260

The Council's Confidential Reporting (Whistleblowing) Policy 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.

The Council welcomes comments and feedback on its policies and procedures. This policy will be reviewed every year by the Internal Audit 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 presented for endorsement to the Audit Committee every two years. If you have any comments, please provide these to the Internal Audit Manager.

6. OTHER RELATED COUNCIL POLICIES/INFORMATION (ALL AVAILABLE ON THE INTRANET OR COUNCIL WEBSITE)

- Counter Fraud Strategy
- Counter Policy
- Fraud Response Plan
- 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

THIS POLICY IS NOT EXHAUSTIVE AND MAY BE SUBJECT TO CHANGE

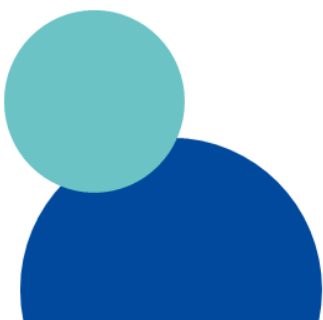
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Waverley Borough Council
Fraud Prosecution Policy

Latest version number: V7.1
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Audit committee then Council	Management Board, Audit Committee and Council	Internal/ External	There are no legal or constitutional requirements for publication.	Bi-annual	Internal Audit - Gail Beaton	January 2024

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V7.1	Draft	13/04/2022	Bi-annual Revision of the document delayed due to covid and other work committments	GB
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Equality Impact Assessment			Everyone will be treated equally in accordance with the law and the contents of the agreed councils fraud related policies	
Health in all Policies	NR			
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Climate Change	NR			

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2. General

3. Publicity

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1. Introduction

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 'Counter Fraud Strategy and Policy' in order to prevent and minimise its occurrence.

The Council will constantly review and monitor its systems and amend procedures as required.

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. 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.

3. 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 2018 (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 and the Internal Audit Manager, and where appropriate in consultation with the Joint Chief Executive, or another designated officer, will decide whether reporting the matter to the Police is appropriate. In exceptional circumstances the Internal Audit 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 or the Joint Chief Executive. 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 Section 151 Officer in consultation with the Internal Audit Manager and the Monitoring Officer/Borough Solicitor, 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.

In respect of Housing Benefit fraud, this type of fraud is now investigated by the DWP as part of the Single Fraud Investigation Service. One of the basic principles in the management of public sector organisations is to ensure the proper use of public funds. It is, therefore, important that all those who work in the public sector are aware of the

risks of fraud, bribery, corruption and/or money laundering, along with the measures and it's detection and prevention.

This policy sets out the council's position in respect of fraud, bribery and/or corruption, along with associated activities, involving dishonesty such as money laundering, tax avoidance and is applicable to all aspects of the council's business, employees, contractors and any person or organisation doing business with the council.

The council use of sanctions will be governed by this policy and the principles of the policy shall apply equally to any fraud against the council or against funds for which the council has responsibility. The council will not accept abuse of either its services or resources. Fraud, corruption and theft whether committed by staff (paid and volunteers), elected members, contractors, agents and/or other third parties will not be tolerated. All persons under suspicion will be treated fairly. This means that so far as it may be reasonable and/or appropriate to do so, the council will look to strike the right balance between preservation of personal rights and freedoms and the public interest need, to ensure justice which is achieved in any given case.

The council's fraud response plan, supports this policy provides further details on:

- definitions of fraud, bribery, corruption and money laundering
- what criminal offences relate to fraud, bribery, corruption and money laundering
- the council's approach to ensure adequate procedures in place to mitigate the risks
- general roles and responsibilities
- an overview of relevant contacts for advice or reporting concerns
- the range of sanctions available to the council as a deterrent fraud, bribery and associated offences

This policy is underpinned by a strategy that sets out how this policy will be implemented and delivered, with specific reference to the outcomes and priorities identified in this policy.

4. 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 other wrong doings. 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 Section 151 Officer will record the reasons for the publication, and the Monitoring Officer, will maintain a central register of the records.

5. Links to other Corporate Policies or relevant external/ legal documents

This policy should be read in conjunction with all other related polices including:

1. Counter Fraud Strategy
2. Counter Fraud Policy
3. Fraud Response Plan

A number of service areas within the council have statutory, regulatory or other enforcement powers in place and have their own service specific policies that focus on those specific operational considerations. These policies complement this policy, providing detailed operational context specific to the enforcement remit of the relevant services to which they relate. In the event, however, that conflict may arise, clarification should be sought from the Council's Borough Solicitor.

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WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

13 JUNE 2022

Title:

FRAUD INVESTIGATION SUMMARY FOR 2021-2022

Lead Councillor: Councillor Peter Marriott, Chairman of Audit Committee

Strategic Director: Graeme Clark

Key decision: Yes

Access: Public

1. Purpose and summary

The report provides an update to the Committee on the work being completed in investigating fraud, primarily focusing on Housing Tenancy fraud.

2. Recommendation

It is recommended that the Audit Committee notes the results of the fraud investigation activity, attached in: -

Annexe 1 covering the whole year for 01 April 2021- 31 March 2022.

3. Reason for the recommendation

To inform the Audit Committee of the work that has been completed to date in relation to fraud investigation matters.

4. Background

- 4.1 This report provides the Audit Committee with an update on the activity relating to fraud investigations. The success of the work completed has been supported by the Prevention of Social Housing Fraud Act 2013 where the maximum penalty for the offence of acting dishonestly in the subletting/parting with possession of a property is up to 2 years' imprisonment or a fine (or both).

- 4.2 In the period 01 April 2021 to 31 March 2022 successes included the recovery of 5 relinquished tenancies and the retention of 5 other properties held in the councils housing stock, 2 of which relates to a Right to buy application where the right to buy was stopped and the tenancy relinquished. The other 3 related to applications which were denied due to the inaccuracy of the information supplied when either applying to be included on our housing waiting list or applying for succession where succession conditions were not met.
- 4.3 Through this period care has been taken to protect members of the public and staff where reduced contact was necessary. Although this initially placed limitations on the normal activities taken to investigate cases, work continued to investigate allegations of misuse of council properties in breach of tenancy agreements terms and conditions.

5. Relationship to the Corporate Strategy and Service Plan

- 5.1 A financially sound Waverley, with infrastructure and services fit for the future supporting financial sustainability.

6. Implications of decision

6.1 Resource (Finance, procurement, staffing, IT)

The notional value of financial savings detailed in Annexe 1 for the cumulative period 1st April 2021- 31st March 2022 relates to the recovery of 5 relinquished tenancies and the retention of 5 other properties, 2 of which relates to a Right to buy applications and the other 3 were denied due to the inaccuracy of the information supplied when applying for a succession of a property. This provided a total value of £964,810 indicative savings to the council for this period, based on Cabinet Office figures relating directly to housing fraud casework and associated other activities.

These however are indicative values do not include the real value to Waverley Borough Council, as it costs on average £200,000 to build a new house. 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 and Waverley properties continue to be used as the sole residency of the tenancies in accordance with the terms of the tenancy agreement. By recovering and/or retaining these 10 properties in the housing stock helps Waverley to meet the needs of legitimate housing applicants.

6.2 Risk management

If the authority did not carry out this investigation work it would enable fraudsters to perpetrate fraud against the council and obtain services or financial benefit including housing that they are not entitled to and this work helps to protect council assets.

6.3 **Legal**

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 assessed on a case-by-case basis and are outweighed by the Council's stance that fraud perpetrated against the council and its taxpayers will not be tolerated, and the benefits (financial and otherwise) in pursuing these cases. There are tangible and intangible benefits to the recovery of HRA properties by stopping perpetrators from receiving services that they are not entitled to.

The Prevention of Social Housing Fraud Act 2013 contains two offences regarding the sub-letting or parting with possession of properties held under secure tenancies. The first is committed where the tenant no longer occupies the property as their only or principal home and sublets or parts possession of all or part of it in the knowledge that this is in breach of tenancy. A person convicted of this offence is liable on summary conviction to a fine of up to £5,000.

A more serious offence is committed if the tenant acts dishonestly in the subletting/parting with possession. A person convicted of this offence is liable to imprisonment for a term not exceeding 2 years or a fine (or both).

6.4 **Equality, diversity, and inclusion**

There are no direct equality, diversity, or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

6.5 **Climate emergency declaration**

There are no direct implications in this report.

7. **Consultation and engagement**

7.1 Head of Housing Operations and the Fraud Investigation Officer

8. **Other options considered**

8.1 N/A

9. **Governance journey**

9.1 The minutes of the Audit Committee will be presented to Council.

Annexe:

Annexe 1 – Provides the analysis of the caseload and cumulative outputs from the Fraud Investigation activity for the whole financial period 01 April 2021 to 31 March 2022.

Background Papers

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

CONTACT OFFICER:

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Position: Internal Audit Manager
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Agreed and signed off by:
Legal Services: 23/05/2022
Head of Finance: 23/5/2022
Strategic Director:

Authority	Waverley
Accumulative up to QUARTER	4

Record of cases investigated in the period covering 01 April 2021 to 31 March 2022

	Cases currently being investigated from previous years	Referrals received since 1 April 2021	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	10	33	43	30	13	4		4	Tenancy/ies Relinquished	372,000		
Housing Register Fraud		4	4	3	1	2			Housing Applications Rejected	6,480		
Homelessness Applications												
Right To Buy/Right To Acquire	0	35	34	34	1	2	2	1	Right to Buy stopped and/or Tenancy Relinquished	262,000		
Flexible Tenancy checks		28	28	28	0							
Mutual Exchange	0								Mutual Exchange denied/rejected	0		
Successions	0	14	14	14	2	3	3		No of Succession/s denied	279,000		
Sole to Joint Tenancy	1	4	5	4	0	1				3,240		
Recovered properties for others	0									0		
Council Tax Discount												
SPD & LCTRS (As result from Caseload above)		3	3	3	0	3				3,282		
Student Exemptions												
Disability												
Council Tax Support (benefit)												
CT overpayment identified during cases above										6,391		
Business rates												
NNDR	0									0		
HB overpayment identified during cases above										32,417		
Other (DFG)	0											
NFI exercise **												
2021/22 Year Total	11	121	131	116	17	15	5	5		964,810		
2020/21 Year Total	11	58	67	56	11	13	7	6		1,083,000		
2019/20 Year Total	18	65	83	73	9	15	0	6		879,976		
2018/19 Year Total	18	54	72	55	17	8	3	4		189,710	0	0
2017/18 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		
									Accumulative over 6 years	4,540,292		

Value of financial savings Re NFI Cabinet Office savings 01 April 2021

Tenancy Recovered (includes where successions not applicable and property available for new tenants) - £93,000
Housing/Homeless Application withdrawn - £3,240
Right To Buy/Right To Acquire withdrawn/terminated - £84,500 per application withdrawn
Council Tax Discount - Annual value of discount cancelled multiplied by two years
Council Tax Support - weekly reduction multiplied by 21 weeks.
Business Rates - actual figure per case
Housing Benefit Overpayment identified during investigation - actual figures 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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Agenda Item 13.

AUDIT COMMITTEE RECURRENT ANNUAL WORK PROGRAMME

Meeting	Item	Action	Responsibility
September 2022	Risk Management (if required)	Approve	Head of Finance and Property, Peter Vickers
	Review Audit Committee's Terms of Reference	Rec to Council, if necessary	Committee Services
	Audit Committee Annual Report	Note	Committee Services
	Annual Governance Statement	Approve	Head of Finance and Property, Peter Vickers and Head of Policy and Governance, Robin Taylor
October 2022 (Special Mtg)	Statement of Accounts	Approve	Head of Finance, Peter Vickers
	External Audit Findings Report	Note	External audit
November 2022	Risk Management	Approve	Head of Finance and Property, Peter Vickers
	Annual Governance Statement – Interim Review	Comment and instruct	Head of Finance and Property, Peter Vickers
March 2023	Internal Audit Plan	Approve	Internal Audit Manager, Gail Beaton
	Risk Management (if required)	Approve	Head of Finance, Peter Vickers
	Internal Audit Charter	Endorse	Internal Audit Manager, Gail Beaton
June/July 2023	Annual Governance Report	Endorse	External Audit
	External Audit Plan	Note	External Audit
	Annual Internal Audit Report (Activity of previous financial year)	Comment and Note	Internal Audit Manager, Gail Beaton
	Certification Report	Note	External Audit

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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