

ASHFIELD DISTRICT COUNCIL



Council Offices,
Urban Road,
Kirkby in Ashfield
Nottingham
NG17 8DA

Agenda

Audit Committee

Date: **Monday, 27th November, 2017**

Time: **6.30 pm**

Venue: **Committee Room, Council Offices, Urban Road,
Kirkby-in-Ashfield**

For any further information please contact:

Lynn Cain

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01623 457317

AUDIT COMMITTEE

Membership

Chairman:

Councillor Kevin Rostance

Councillors:

Lee Anderson
Rachel Bissett
Jackie James

Chris Baron
Tom Hollis
Robert Sears-Piccavey

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SUMMONS

You are hereby requested to attend a meeting of the Audit Committee to be held at the time/place and on the date mentioned above for the purpose of transacting the business set out below.



R. Mitchell
Chief Executive

AGENDA

Page

1. **To receive apologies for absence, if any.**
2. **Declarations of Disclosable Pecuniary or Personal Interests and Non Disclosable Pecuniary/Other Interests.**
3. **To receive and approve as a correct record the minutes of the meeting of the Committee held on 25th September, 2017.** 5 - 12
4. **KPMG: Annual Audit Letter 2016/17.** 13 - 20
5. **Anti-Fraud and Corruption - Updated Policies and Procedures.** 21 - 90
6. **Audit Progress Report.** 91 - 104

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AUDIT COMMITTEE

Meeting held in the Committee Room, Council Offices, Urban Road, Kirkby-in-Ashfield,

on Monday, 25th September, 2017 at 6.30 pm

Present: Councillor Kevin Rostance in the Chair;

Councillors Lee Anderson, Chris Baron,
Jackie James, Christine Quinn-Wilcox and
Robert Sears-Piccavey.

Officers Present: Lynn Cain, Ruth Dennis, Joanne Froggatt,
Sharon Lynch and Craig Scott.

In Attendance: John Cornett (KPMG), Mandy Marples (CMAP),
Hannah McDonald (CMAP) and Councillor
Paul Roberts.

AC.06 Declarations of Disclosable Pecuniary or Personal Interests and Non Disclosable Pecuniary/Other Interests

There were no declarations of interest made.

AC.07 Minutes

RESOLVED

that the minutes of the meeting of the Audit Committee held on 24th July,
2017, be received and approved as a correct record.

Committee Membership

Officers were asked if any changes had been made to the Committee
Membership following CMAP advice (through a Member training session) that
the Audit Committee membership should be independent of both the executive
and scrutiny functions. Committee were advised that appropriate advice had
been given to Group Leaders.

AC.08 Presentation by the Corporate Finance Manager (and Section 151 Officer) - Statement of Accounts 2016/17

The Corporate Finance Manager (and Section 151 Officer) gave a
presentation to the Committee in relation to the content of the audited 2016/17
Statement of Accounts.

AC.09 Audited Statement of Accounts 2016/17 including Letter of Representation

The Corporate Finance Manager (and Section 151 Officer) presented the audited 2016/17 Statement of Accounts and highlighted the primary changes made following the outcome of the external audit as follows:-

1. Restatement of the 2015/16 Expenditure & Funding Analysis and the Comprehensive Income & Expenditure Accounts to ensure consistency and comparable figures;
2. Addition of a 'Note' regarding Assets Held as Lessor to restate the gross value of assets held for use in operating leases;
3. A paragraph was added to the Statement of Accounting Policy in relation to Measurement;
4. A reclassification of long term debtors as short term debtors following a debtors' review;
5. Addition of a 'Note' to insert a paragraph into the 'Participation in Pension Schemes' section;
6. Addition of a 'Note' at the bottom of the Group Movement in Reserves Statement;
7. Addition of two paragraphs into the Annual Governance Statement.

Members' attention was also drawn to the draft letter of representation which outlined the fundamental issues and considerations in preparation of the accounts. The letter was submitted for Members to consider and approve.

To conclude, the Chairman took the opportunity to thank those involved in compiling the draft accounts for their continued hard work and commitment.

RESOLVED that

- a) the findings of the Statement of Accounts external audit, be received and noted;
- b) the audited Statement of Accounts for 2016/17 including the Annual Governance Statement and the associated Letter of Representation, be approved.

Reason:

To comply with statutory and constitutional requirements.

AC.10 KPMG: Report to those charged with Governance (ISA 260) 2016/17

John Cornett, KPMG's Director, presented the ISA 260 report to those charged with governance for 2016/17. KPMG had carried out an audit of the Council's Statement of Accounts which was now substantially complete.

The headline messages were as follows:-

Proposed Audit Opinion

KPMG were anticipating issuing an unqualified opinion on the Council's financial statements by the end of September 2017.

Audit Risks

Two significant audit risks had been identified in relation to significant changes to pension liability due to the LGPS Triennial Valuation and bringing Ashfield Homes Limited back under the control of the Authority. Work had been undertaken with officers in relation to the risks and no matters of any significance had arisen as a result of the audit work undertaken in the two areas.

Fraud Risks

Two presumptive fraud risks in relation to Revenue Recognitions and Management Override of Controls had been evaluated and no matters had arisen from the work that needed to be brought to the Council's attention.

Audit Focus

One area of audit focus was identified in relation to disclosures associated with retrospective restatement of CIES, EFA and MiRS. This was not considered to be a significant risk and changes had been duly made to the Statement of Accounts to address the issue.

Key Judgements

Levels of prudence were considered within key judgements in the 2016/17 financial statements and accounting estimates and a score level of 3 (balanced) had been achieved which was within the acceptable range.

Accounts Production

The Council currently had good practices in place for the production of the accounts and good quality supporting working papers. KPMG wished to place on record their thanks to the finance team for their hard work and commitment towards producing the accounts (the Chairman concurred with this sentiment and additionally thanked the finance officers for their ongoing commitment and dedication towards their duties).

VFM Conclusion and Risk Areas

KPMG concluded that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. One risk had been identified regarding financial resilience in the local and national economy but suitable arrangements were deemed to be in place to ensure the Council took properly informed decisions with partners and third parties to achieve planned and sustainable outcomes.

To conclude, the Committee's attention was drawn to the key issues and recommendations, as outlined in the report, which had been previously agreed with management for consideration and implementation over the forthcoming year. Members were advised that the total audit fee would be slightly higher than previously estimated due to some additional work being carried out in relation to the CIES restatement, the transfer of Ashfield Homes and the triennial revaluation. The Council would be advised of the final figure once it had been agreed.

RESOLVED

that the ISA 260 report for 2016/17, as presented to Committee by KPMG, be received and noted.

(Following consideration of this item, the Chairman of the Committee duly signed off the Council's Audited Statement of Accounts and the Letter of Representation for 2016/17.)

AC.11 Update Report: Housing Benefit - Estimating HB Expenditure and Subsidy

Craig Scott, the Council's Corporate Manager for Revenues & Customer Service, presented an information/update report in relation to how the Council currently estimated housing benefit expenditure and subsidy.

The Council had a statutory duty to administer Housing Benefit (HB) on behalf of the Department of Work and Pensions (DWP) and made payments directly to tenants (private sector) and rent accounts (Council tenants). The payments were funded by Housing Benefit Subsidy payments received monthly from the DWP.

Estimates of HB entitlement were provided by the Council in January each year to the DWP based on actual payments from the current year. However, the actual amount paid always differed due to deductions for overpayments, offsetting of underpayments/overpayments and adjustments. National growth forecasts were provided by the DWP but the Council was not currently in line with national trends due to the number of claimants in Ashfield decreasing at a noticeably slower rate than the national average. The Council had experienced a £624k variance (underspend) during 2016/17 due to reduced HB claims and entitlement.

To conclude, the Committee were advised that accurately estimating HB expenditure and subsidy was a difficult task that was influenced by a number of factors. However, the Council would be utilising a slightly different methodology for estimating HB expenditure and subsidy for the forthcoming year and this would hopefully mitigate against such a large budget variance in the future.

RESOLVED

that the update report, be received and noted.

AC.12 Update Report: Welfare Reform

Craig Scott presented a further update in respect of the changes to the benefits, tax credits and social care system.

The over-occupancy tax or 'bedroom tax' as it was more commonly known, had affected 835 households across the Ashfield District since its introduction. The Council had been pro-active in assisting tenants caught by the bedroom tax and to date, 78 households had been supported whilst downsizing to smaller properties.

A benefits cap had been introduced in 2013 which limited the amount a working age person could receive from welfare benefits. Originally the limit for a married couple was £26k with £22k for a single parent but this was reduced further in November 2016 to £20k for married couples/single parents and a limit of £257.69 per week for single persons without children.

130 Ashfield tenants had originally been affected by the cap but many had since found work and avoided any further capping restrictions. Larger families were more affected by the cap and DHP funding was available to assist households in need of financial support.

The 2017/18 DHP allowance had increased from 218k up to 304k and by the end of August 2017, the Council had received 604 applications for support with 501 being successful in receiving DHP assistance. The DHP budget was also able to assist households with any removal costs for downsizing to a smaller property. The Council continued to work with partners to offer ongoing support and guidance to families and households affected by the benefit changes.

RESOLVED

that the update report, be received and noted.

(During the update, Councillor Lee Anderson left the meeting at 7.32 p.m.)

AC.13 Corporate Risk Register

The Corporate Performance and Improvement Manager presented the Corporate Risk Register to the Committee and outlined the analysis of movement in strategic risk and any mitigating actions in respect of the same.

The Register contained identified potential risks, obstacles and weaknesses that exist and could work against the Council in delivering its Corporate Plan. The Corporate Leadership Team were charged with monitoring and reviewing the Council's corporate risk on a quarterly basis with Directors being responsible for escalating risks as appropriate.

The significant risks remaining (* mitigatable and remaining significant over the last 12 months) were outlined as follows:-

- Failure to have adopted LDF
- Introduction of universal credit
- Ethical framework *
- Impact of 1% rent reduction*
- Failure to make required savings as identified in MTFs*
- Ability to achieve efficiencies and compliance in procurement*
- Failure to support and safeguard vulnerable people.

An Internal Audit of risk had been undertaken during 2016/17 and the various recommendations made had been assessed and actioned without any undue delay.

The up to date position as of August 2017, had indicated that levels of

significant risks had continued to reduce whilst the total number of Corporate Risks had also reduced.

RESOLVED

that the Corporate Risk Register and progress against current corporate risks, be received and noted.

Reason:

To prioritise and manage the mitigation of risk in order that the Council can achieve its objectives.

AC.14 Audit Progress Report

Mandy Marples, CMAP's Audit Manager, presented the report and summarised the audit progress from 1st July, 2017 until 31st August, 2017 with 5 assignments having been completed during this period with a further 3 being issued in draft since publication of the report.

Members were briefly taken through the completed assignments. Members' attention was drawn to the External Wall Insulation Project (EWI) audit which had been a short piece of work that had focused on the EWI grant, specifically considering the finances associated with the project and how the records were being maintained. An assurance rating was not applicable in this instance and no issues had been raised in respect of this review.

As mentioned at the last meeting the Responsive Maintenance/Voids review had been carried out as an agile audit. This was a new method which involved carrying out the audit over a shorter period and engaging management throughout the process.

Committee were informed that with the agreement of the Council's Director of Legal and Governance (and Monitoring Officer), a change had been made to the agreed Internal Audit Plan. Arising from the Council's Anti-Fraud and Corruption Strategy Group it had been determined that a review of the Council's current arrangements would be prudent prior to management developing a revised strategy document.

To accommodate this change the Procurement audit had been withdrawn from the 2017/18 Plan and the time originally assigned to the audit would be used to undertake the Anti-Fraud and Corruption Audit.

CMAP's Audit Performance graph as outlined in the report, had indicated that they were slightly below target for achieving completion of the Plan in the allotted time frame but this had been due to staff holidays and annual leave requirements.

To conclude, Members briefly considered recommendation tracking and progress including the status of the two audit legacy recommendations which remained outstanding in relation to Ashfield Homes Limited. It was acknowledged by the Committee that CMAP were pleased with the progress being made in relation to the implementation of recommendations as required.

The Chairman took the opportunity to reiterate that the permanent presence of the CMAP officer (formerly the Council's Senior Audit Officer) at the Council offices had proven to be an effective way of working and that the officer was greatly contributing towards the successful delivery of the Council's internal audit service in partnership with CMAP.

RESOLVED

that audit assignment progress as at 31st August, 2017, as presented to Committee, be received and noted.

Reason:

To ensure Members are kept fully informed of progress against the agreed Audit Plan.

The meeting closed at 7.54 pm

Chairman.

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Annual Audit Letter 2016/17

Ashfield District Council

kpmg.com/uk

October 2017



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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact [Engagement Lead name], the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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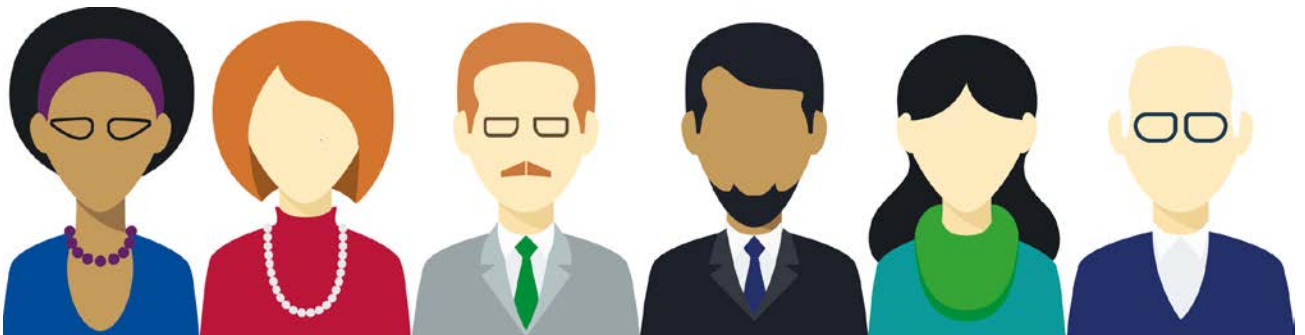
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Section one

Summary

This Annual Audit Letter summarises the outcome from our audit work at Ashfield District Council in relation to the 2016/17 audit year. Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.



VFM conclusion

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 29 September 2017. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

VFM risk areas

We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.

Our work identified the following significant matters:

Financial Resilience in the local and national economy

- We reviewed the Authority's financial governance, financial planning and financial control arrangements. This included monitoring the Authority's financial position in year and reviewing the Authority's progress in delivering its budget as part of its wider arrangements to secure financial resilience in the short and medium term;
- We reviewed the arrangements for assuring delivery of the Authority's savings programme and reviewed the delivery of the saving plans to date including actions taken by the Authority where savings were not achieved in line with the plan. In addition, we reviewed the Authority's MTFS and evaluated the arrangements the Authority has in place in identifying further savings for future years; and
- The MTFS highlights the increasingly difficult financial challenges that the Authority is going to be facing. Members will be required to make some difficult decisions which may require them to become less risk averse.

Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 29 September 2017. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include the Authority's Group, which consists of the Authority itself and Ashfield Homes Ltd for part of the year.

Section one

Financial statements audit

Our audit of the Authority's financial statements did not identify any audit adjustments which impacted on the bottom line figures reported in the core statements. We did, however, identify a number of presentational issues. The Authority amended the statements for all such issues identified. We also noted further improvements that could be made to enhance the audit process and raised a number of recommendations as detailed in Appendix 1.

Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.

Whole of Government Accounts

The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.

High priority recommendations

We raised one high priority recommendation and one medium priority recommendation as a result of our 2016/17 audit work. These are detailed in Appendix 1 together with the action plan agreed by management. We will formally follow up these recommendations as part of our 2017/18 work.

Certificate



We issued our certificate on 29 September 2017. The certificate confirms that we have concluded the audit for 2016/17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

Audit fee

Our fee for 2016/17 was £59,841 compared to a planned fee of £56,036, excluding VAT. The increase in fee is due to additional work undertaken in relation to the CIES restatement, review of TUPE staff and data migration as a result of the transfer of Ashfield Homes Limited (AHL). Further detail is contained in Appendix 3.

Our fees are still subject to final determination by Public Sector Audit Appointments.

Key issues and recommendations

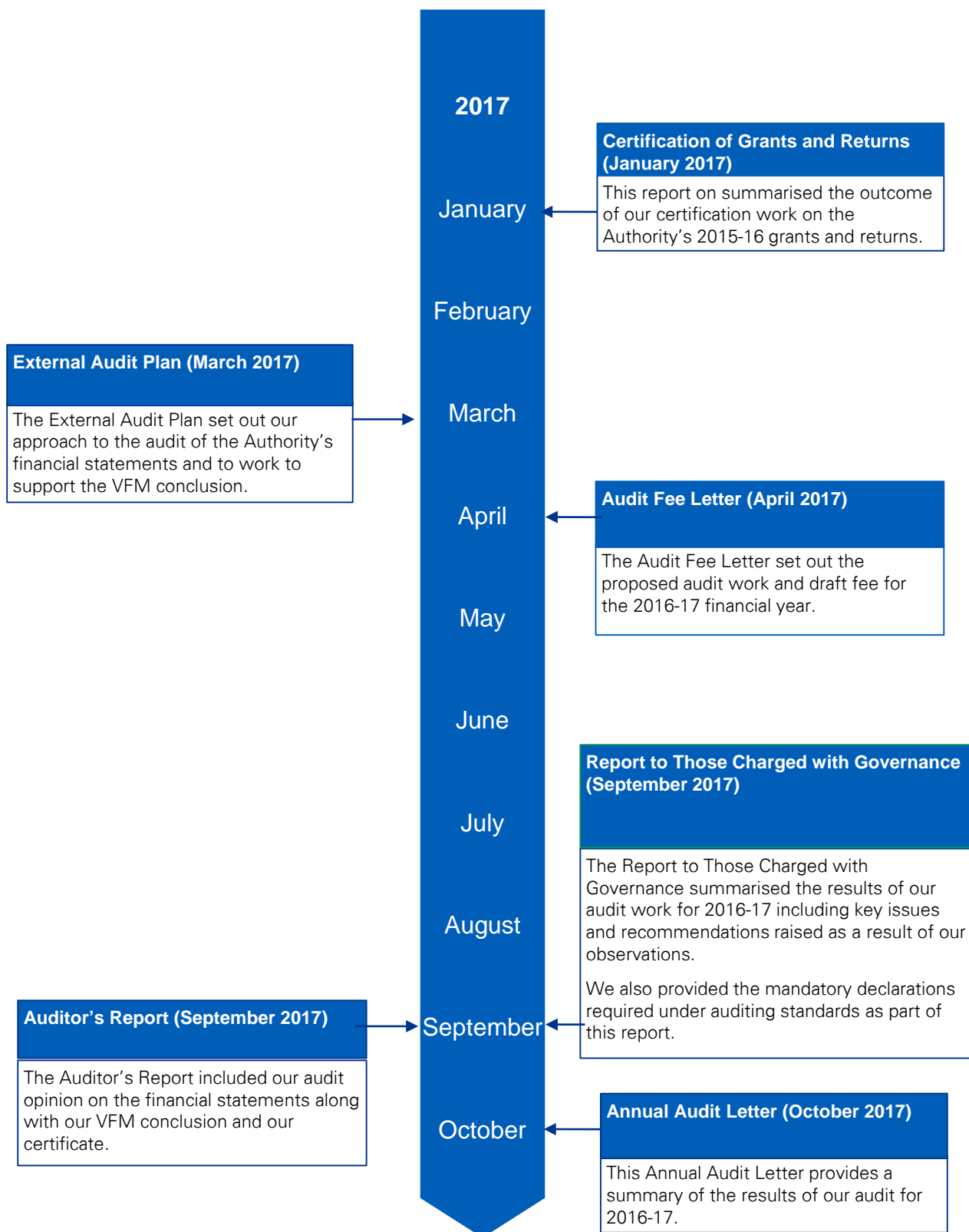
No.	H/M/L	Issue and recommendation	Management response/responsible officer/due date
1		<p>Asset Verification Exercises</p> <p>The Authority does not conduct regular verification exercises for the infrastructure assets, as a result assets worth £866k were written off due to lack of evidence over their existence. Thus there is an increased fraud risk that fictitious assets are added on to the Fixed Assets Register and are then subsequently written off.</p> <p>Recommendation</p> <p>We recommend that the Authority reviews its asset verification procedures, to ensure every asset is verified on a regular basis.</p>	<p>Management Response</p> <p>Accepted</p> <p>Owner</p> <p>Principal Accountant – Capital & Treasury Management</p> <p>Deadline</p> <p>Immediately</p>
2		<p>Working papers and audit process</p> <p>We experienced a number of delays due to the absence of key staff, which made it difficult at times to plan and complete work. As a result of this, not all of our audit work was completed within the timescales expected. Whilst this has not unduly delayed the audit, there is scope to coordinate the audit work with staff availability for future years.</p> <p>Recommendation</p> <p>The Authority should coordinate the audit work with staff availability to ensure there are no delays in meeting the earlier deadlines from 2017/18.</p>	<p>Management Response</p> <p>Although some leave was granted, we feel that there was sufficient resource and knowledge within the team to respond to queries. These matters will be discussed between ADC and KPMG in the de-brief to determine if there are lessons to be learnt.</p> <p>Owner</p> <p>Corporate Finance Manager (Section 151 Officer)</p> <p>Deadline</p> <p>October 2017</p>

Follow up of previous recommendations

As part of our audit work we followed up on the Authority’s progress against previous audit recommendations. We are pleased to report that the Authority has taken appropriate action to address the issues that we have previously highlighted through high priority recommendations.

Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.



Appendix 3

Audit fees

This appendix provides information on our final fees for the 2016/17 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2016/17 planned audit fee.

External audit

Our final fee for the 2016/17 audit of Ashfield District Council was £59,841. This compares to a planned fee of £56,036. The reasons for this variance are:

- an increased fee for the audit of the financial statements reflecting additional costs incurred in carrying out the final accounts audit of £3,805 over and above our initial estimate. The increase in fee is due to additional work undertaken in relation to the CIES restatement, data migration following the transfer of Ashfield Homes Limited (AHL) and some delays in the audit.
- Our fees are still subject to final determination by Public Sector Audit Appointments.

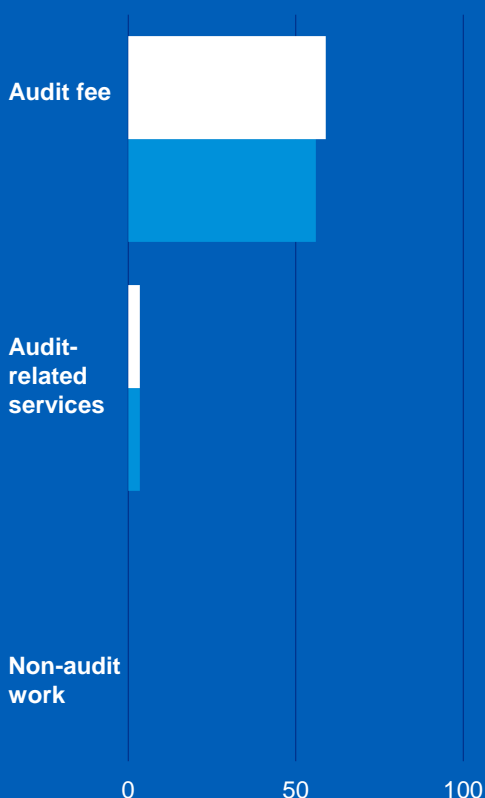
Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still on-going. The final fee will be confirmed through our reporting on the outcome of that work in January 2018.

Other services

We charged £3,500 for additional audit-related services for the certification of the Housing Pooling Capital Receipts claim which is outside of Public Sector Audit Appointment's certification regime.

External audit fees 2016/17
(£'000)



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Designed by CREATE | CRT086038

Report To:	AUDIT COMMITTEE	Date:	27 NOVEMBER 2017
Heading:	CORPORATE GOVERNANCE - ANTI-FRAUD AND CORRUPTION – UPDATED POLICIES AND PROCEDURES		
Portfolio Holder:	LEADER		
Ward/s:	N/A		
Key Decision:	N/A		
Subject to Call-In:	N/A		

Purpose Of Report

Robust Corporate Governance ensures organisations are doing the right things in the correct manner in an open, honest, inclusive and accountable way. Good governance leads to good management, performance and outcomes.

The Council has a framework of policies and procedures in place which collectively make up its governance arrangements. The Council should have in place various policies and procedures which set out its approach to preventing, detecting and investigating fraud and corruption. These policies and procedures have been updated and Committee is being asked to consider and approve the draft policies and procedures and recommend them for approval by Cabinet.

Recommendation(s)

Committee is asked to:

- 1. approve the following policies and procedures and to recommend the same for approval by Cabinet:**
 - Anti-Fraud and Corruption Strategy**
 - Anti-Bribery Policy**
 - Anti-Money Laundering Policy Statement and Procedures**
 - Fraud Response Plan**
 - Prosecution Policy**
 - Local Code of Corporate Governance**
- 2. endorse the proposed approach to embed the Council’s corporate approach to fraud and corruption across the organisation which will be overseen by the Committee and the Anti-Fraud and Corruption Strategy Group made up of relevant officers;**
- 3. note the requirement to carry out an assessment of fraud risks the Council may experience and that the consequential Fraud Risk Register will be reported to the next meeting of the Committee.**

Reasons for Recommendation(s)

Fraud and Corruption are serious issues which can affect the services the Council provides, undermine the achievement of corporate objectives and impact upon the public's confidence in the integrity of Council Officers and Elected Members. The Council is therefore committed to the prevention, detection and investigation of all forms of fraud and corruption whether these are attempted from within or external to the organisation.

The Council is committed to creating an environment that is based on the prevention of fraud and corruption. This is achieved by promoting openness and honesty in all Council activities.

The suite of policies recommended to Committee set out the Council's proposed approach in relation to fraud and how the Council goes about preventing, detecting and enforcing identified fraudulent activity.

The periodic review of policies and procedures ensures the Council's approach is up to date and accords with current thinking and best practice.

Alternative Options Considered (With Reasons Why Not Adopted)

To not approve the draft policies and procedures is not recommended as the Council's current arrangements are out of date and inadequate and may leave the Council at greater risk of experiencing fraudulent activity and/or it to go undetected.

Members may make suggested amendments to the policies and procedures provided these are in line with legislation and best practice.

Detailed Information

Background

Responsibility for the management of the Council's internal audit function passed as part of the recent Corporate Leadership Team restructure to the Director of Legal and Governance (Monitoring Officer). As part of the transition, the Director of Legal and Governance has asked CMAP to carry out a baseline audit of the Council's Anti-Fraud and Corruption measures particularly in light of recent changes to the Council's internal audit provision, the housing management function returning to in-house provision, the transfer of the benefit fraud officers to DWP and the introduction of new CIPFA guidance relating to the Code of Corporate Governance.

The baseline audit is nearing completion and has already identified that a number of policies require updating particularly in light of the above mentioned changes. The policies collectively underpin the way the Council approaches the risks from fraud the Council faces, and its approach to prevention, detection and investigation of potential fraudulent acts and therefore it was considered prudent to update these policies as soon as possible and not await the final audit report. By approving refreshed policies at an early opportunity enables the Council to proceed with improving its approach to fraud and corruption and embedding revised processes and procedures corporately without delay.

Policies

The following policies and strategies are appended to the report and are recommended for approval:

- **Anti-Fraud and Corruption Strategy**

The strategy explains that as custodian of the public purse, the Council has a duty to ensure public money is protected from fraud and corruption. Fraud is the intentional distortion of financial statements or other records by persons internal or external to the Authority, which is carried out to conceal the misappropriation of assets or otherwise for gain. Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any other person.

The Council is therefore committed to creating an environment that is based on the prevention of fraud and corruption. This is achieved by promoting openness and honesty in all Council activities. The strategy explains what the Council does to prevent, detect and investigate fraud. The strategy sets out the reporting processes for potential fraud and corruption. The strategy also incorporates the Housing Benefit and Council Tax Support Anti-Fraud Policy.

- **Anti-Bribery Policy**

Bribery is an inducement or reward offered, promised or provided to gain personal, commercial or contractual advantage which is done either directly or via a third party. Bribery is a criminal offence.

The Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose. The Council does not, and will not, accept bribes or improper inducements.

The Council is committed to the prevention, deterrence and detection of bribery. This policy provides a framework to enable the Council's employees, Elected Members and other relevant persons to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach.

- **Anti-Money Laundering Policy Statement and Procedures**

Money laundering describes offences involving the integration of the proceeds of crime or terrorist funds into the mainstream economy. Money laundering is the channelling of "bad" money into "good" money in order to hide the fact the money originated from criminal or terrorist activity.

The procedure explains what an employee or an Elected Members should do if they know or suspect that money laundering activity is taking, or has taken place. The Council must have a Money Laundering Reporting Officer (MLRO) and the procedure explains that this is now the Monitoring Officer. The procedure set out what the MLRO does if a report of money laundering is made.

- **Fraud Response Plan**

The Fraud Response Plan has been developed to provide assurance of a consistent, thorough and effectively managed response to any allegations of fraud affecting the Council.

The Monitoring Officer is responsible for overseeing investigations of suspected fraud or corruption. The plan sets out how the Monitoring Officer will manage investigations, how evidence will be collected and retained, the interviewing of witnesses and what happens at the conclusion of the investigation.

- **Prosecution Policy**

This policy sets out broad principles that will guide prosecutions. It also seeks to provide consistent guidelines for making decisions to prosecute. It is not intended to be prescriptive or exhaustive. The Council will exercise its discretion when appropriate, about the extent of involvement or action (as applicable) required, looking at each case individually.

A two-stage test will be undertaken prior to a decision to prosecute being made. First, an assessment of the available evidence (**“the evidential test”**) to determine whether or not there is enough evidence to secure a realistic prospect of conviction, will be undertaken. The second part of the test is an assessment of the interests of justice (**“the public interest test”**) i.e. understanding the extent the public interest needs to see that justice is seen to be done. Only where **both** the evidential and public interest tests are satisfied will a prosecution ever follow.

- **Local Code of Corporate Governance**

Governance ensures organisations are doing the right things in the correct manner in an open, honest, inclusive and accountable way. Good governance leads to good management, performance and outcomes.

The Council has a framework of policies and procedures in place which collectively make up its governance arrangements including the policies presented for approval with this report. This Local Code of Corporate Governance sets out the Council’s arrangements and is based on the guidance “Delivering Good Governance in Local Government” published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in 2016.

The CIPFA/SOLACE guidance identifies seven core principles and various sub principles; the recommended Local Code of Corporate Governance is based on these seven core principles. The seven principles are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the Council’s capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Local Code of Corporate Governance informs the Annual Governance Statement.

The Council also has in place the Whistleblowing Policy which sets out a process for people to confidently report concerns, such as fraud. This policy makes it clear that people can report their concerns without fear of reprisals. The Whistleblowing Policy is reviewed and monitored annually by the Standards and Personnel Appeals Committee. It will be reviewed in March 2018 and the Committee will be updated on any complaint made pursuant to this policy during the preceding year.

The Contract Procedure Rules set out of the Council procures its good and services to ensure transparency and avoid potential fraud, corruption or bribery. These Rules are regularly reviewed and approved by Council. The Rules will be reviewed separately during 2018.

Publication

Once the strategies, policies and procedures have been approved by the Audit Committee and Cabinet, they will be published.

Training

Appropriate training will be rolled out to both Elected Members and Officers in respect of the new policies and procedures.

Fraud Risk Register

The Council needs to identify more clearly its current fraud risk areas and control measures. The Anti-Fraud and Corruption Strategy Group (see below) will lead on the exercise of completing an assessment of the Council's current fraud and corruption risks; once completed this will identify the highest risk areas and the group will put in place an action plan to deal with mitigations to those risks. The Fraud Risk Register will be reported to the next Committee.

Going forward, it is expected that the Annual Assessment of Fraud Risk will be reported annually to the Corporate Leadership Group and the Audit Committee. This will form part of the assurance process carried out in order to inform the Annual Governance Statement.

Anti-Fraud and Corruption Strategy Group

In order to ensure the Council takes a corporate approach to dealing with fraud and corruption, the Anti-Fraud and Corruption Strategy Group made up of officers will be reformed in terms of its membership and terms of reference. The Group will consist of Director of Legal and Governance (Monitoring Officer) and representatives from Finance, Legal, Estates, Revenues and Benefits, Housing, CMAP, Communications, Procurement and Human Resources with other officers brought on to the group as necessary. The Group will be responsible for implementing an improvement action plan.

Implications

Corporate Plan:

Transparent and Accountable

We will be open and transparent in our decision making. We will be trustworthy and honest in how we deal with our residents and be accountable to them for our actions. We will promote positive and respectful behaviour, treating people fairly and respectfully.

The Council has committed to ensuring effective community leadership, through good governance, transparency, accountability and appropriate behaviours.

Legal:

Each of the policies deals with the relevant legislative frameworks.

Finance:

Budget Area	Implication
General Fund – Revenue Budget	<p>Whilst there are no direct financial implications, if such policies are not in place and adhered to, there is potential for fraud and financial loss to the Council.</p> <p>There is a budget of £10k which is specifically for the purposes of costs associated with fraud which falls to the Monitoring Officer to release and monitor; the budget has no spending against it so far during 17/18.</p>
General Fund – Capital Programme	As above
Housing Revenue Account – Revenue Budget	As above
Housing Revenue Account – Capital Programme	As above

Risk:

Risk	Mitigation
<p>The Council has out of date policies and procedures in place which potentially increase the risk of fraudulent activity taking place which affects the Council, or that the Council is not able to effectively deter or detect fraudulent activity taking place.</p>	<p>New policies Baseline Audit to identify systems weakness Action plan to improve systems and processes Anti-Fraud and Corruption Strategy Group to oversee implementation of the action plan Fraud Risk Assessment exercise Roll out of training Publication of policies</p>

Human Resources:

Training will be rolled out to relevant employees. All employees will be made aware of the policies and will be accessible to all for future reference.

Equalities *(to be completed by the author):*

The policies themselves do not highlight any equality issues. Any equalities issues will be identified as part of the implementation and addressed by the officer group.

Other Implications:

None.

Background Papers

None.

Report Author and Contact Officer

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ASHFIELD DISTRICT COUNCIL

ANTI FRAUD AND CORRUPTION STRATEGY

**Director of Legal and Governance
(Monitoring Officer)**

APPROVED:
Audit Committee - 27 November 2017
Cabinet – 30 November 2017

REVIEW:
November 2019

Version Control

Version Number	Date Issued
Original	April 2009
Revised V1	February 2011
Revised V2 & Website	January 2014
Revised V3	Nov 2017

Introduction

Fraud and Corruption are serious issues which can affect the services the Council provides, undermine the achievement of corporate objectives and impact upon the public's confidence in the integrity of Council Officers and Elected Members.

Ashfield District Council takes its duty to ensure stewardship of public money very seriously and has a zero tolerance to all forms of fraud and corruption. The Council is therefore committed to the prevention, detection and investigation of all forms of fraud and corruption whether these are attempted from within or external to the organisation.

For the purpose of this document fraud and corruption are defined as follows:

Fraud: 'The intentional distortion of financial statements or other records by persons internal or external to the Authority, which is carried out to conceal the misappropriation of assets or otherwise for gain.'

Fraud is a deliberate act by an individual or group of individuals. Fraud is therefore always intentional and dishonest.

Corruption: The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any other person.

The Anti-fraud and Corruption Strategy consists of a series of procedures designed to deter and detect any attempted fraudulent or corrupt act and covers:

- Culture
- Prevention
- Detection and Investigation
- Training

Where effective and efficient, a pro active strategy will be adopted within the Council. The Revenues and Customer Services team has a bespoke strategy (see Appendix C) which incorporates a number of measures and processes to prevent and detect fraud. The Central Midlands Audit Partnership (CMAP) evaluate the risk of fraud when developing the strategic audit work plan and designing appropriate test programmes.

Culture

Ashfield District Council is committed to creating an environment that is based on the prevention of fraud and corruption. This is achieved by promoting openness and honesty in all Council activities.

The Council requires all individuals and organisations associated in whatever way with the Council to act with integrity and that Elected Members, employees and representatives, at all levels, will lead by example in these matters.

The Council's Elected Members and employees play an important part in creating, maintaining and promoting this culture. They are encouraged to voice any serious

concerns about any aspect of the Council's activities. The Council has an Anti Money Laundering Policy and also a Whistleblowing Policy, which ensures any concerns raised will be properly investigated in a professional and confidential manner. Both of these policies are available on the Council website:

WWW.ASHFIELD.GOV.UK

The effectiveness of our culture will be measured through the monitoring of incidents reported and through periodic surveys of general public, employee and Member perceptions.

Prevention

Employees

The Council recognises that a key preventative measure in the fight against fraud and corruption is to recruit employees who have high standards in terms of propriety and integrity. The Council strives to achieve this through effective recruitment policies and procedures which include:

- i) Obtaining written references prior to appointing staff, including those employed on a temporary or contract basis.
- ii) Undertaking Disclosure and Barring Service checks for designated posts.
- iii) Pre-employment checks such as identity confirmation, right to work, qualifications

Upon appointment all employees are issued with the Employees' Code of Conduct and are required to sign a statement to the effect that this has been read and understood. The Employees' Code of Conduct details the standards all employees must uphold to maintain the integrity of the Council's activities. The Code includes rules regarding relationships, personal interests, gifts and hospitality and confidentiality.

All employees must operate and adhere to the Council's Financial Regulations and Contract Procedure Rules. These documents are introduced as part of the induction process and training courses are provided. They can also be accessed on the Council website and intranet.

Employees are expected to comply with the National and Local Scheme of Conditions of Service and the ethics and standards associated with the professional body to which they may belong.

The Council has Disciplinary Procedures which will be used where the outcome of an investigation indicates improper behaviour by employees.

Elected Members

All Elected Members have a duty to the citizens of Ashfield to ensure that the Council uses its resources prudently and in accordance with the law. As such they are required to operate and adhere to the Council's Constitution incorporating the Members' Code of Conduct. The Code includes rules regarding relationships, personal interests, gifts and hospitality and confidentiality.

All Elected Members must operate and adhere to the Council's Financial Regulations and Contract Procedure Rules.

The Monitoring Officer and Chief Finance Officer

The Monitoring Officer and Chief Finance Officer have key roles in providing advice to all Elected Members and employees about issues relating to the powers of the Council, maladministration, financial impropriety, probity and policy framework and budget issues.

The Monitoring Officer encourages the promotion and maintenance of high standards of conduct within the Council, particularly through the provision of support to the Standards and Personnel Appeals Committee.

The Chief Finance Officer undertakes the statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements for the administration of the Council's financial affairs. This role is supported by work undertaken by CMAP.

Systems

Each Director is responsible for the successful implementation of controls designed to prevent and detect fraud within their Directorate.

Management at all levels are responsible for ensuring that their teams are aware of the Council's Financial Regulations and Contract Procedure Rules and that the requirements of each are being met.

Directors are responsible for ensuring that adequate and appropriate training is provided for employees and that checks are carried out from time to time to ensure that proper procedures are being followed.

Working with others

Arrangements are in place and continue to develop to encourage the exchange of information between the Council and other Agencies on national and local fraud and corruption activity in relation to Local Authorities. These include:

- Chartered Institute of Public Finance and Accountancy (CIPFA)
- Nottinghamshire and Midland Chief Auditor Groups
- Police
- National Anti-Fraud Network
- Cabinet Office (for NFI)

Internal Audit

The Accounts and Audit Regulations 1996 and 2009 requires the Council to maintain an adequate and effective system of internal audit. CMAP independently review the adequacy, efficiency and effectiveness of internal controls within the Council's systems by undertaking a comprehensive programme of work targeted at key risk areas.

Any weaknesses in internal control are reported to management with proposed recommendations to address the issues raised. It is the responsibility of management to ensure that corrective action is taken. The independent review of systems and the

implementation of agreed recommendations contribute to the prevention and detection of fraud and corruption.

External Audit

Independent external audit is an essential safeguard of the stewardship of public money. All external auditors are required, under the Local Government Finance Act 1982, to carry out their audits in accordance with the Code of Practice.

This code emphasises management's role in preventing and detecting fraud and corruption. External Audit review the Council's arrangements in meeting this objective.

Detection and Investigation

The preventative measures undertaken by the Council, particularly the implementation of sound control systems, have been designed to deter fraud and provide indicators of fraudulent activity.

It is often the alertness of employees and the public to such indicators that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may be in progress.

The Council aims to have a proportionate pro-active strategy towards fraud prevention and detection. Fraud discovery is also generated by chance or 'tip-off' and the Council has in place arrangements to enable such information to be properly dealt with. Where fraud, theft or corruption is suspected either by employees, Elected Members or members of the public, reporting procedures exist as indicated below:

Appendix A explains the procedures to be followed by an **employee** of the Council

Appendix B explains the procedures to be followed by an **Elected Member** of the Council

Appendix C explains the procedures to be followed by a **member of the public / outside organisation**

The Anti-Fraud and Corruption Strategy, Housing Benefit and Council Tax support is set out in **Appendix D**

The investigation of any other suspected fraud or corruption is normally carried out by CMAP. Upon completion of the investigation, an audit report is issued to the Monitoring Officer who, with the Chief Executive, has joint responsibility for determining what further action to take. A copy of the report will also be issued to the Director concerned and the Chief Finance Officer.

The reporting procedure is essential as it ensures:

- i) The consistent treatment of information regarding any suspected fraud and/or corruption
- ii) An effective investigation by an experienced audit team

- iii) The proper implementation of a structured response to any suspected act of fraud and/or corruption
- iv) Ensure the investigation will be undertaken in accordance with the Regulations of Investigatory Powers Act (if relevant)

Depending on the nature and anticipated extent of the allegations, CMAP will normally work closely with the Monitoring Officer and other agencies such as the Police to ensure that all allegations and evidence are properly investigated and reported upon.

The Council will request the Police to charge offenders where financial impropriety is discovered. The decision on impropriety is a matter for the Monitoring Officer in consultation with the Chief Executive and the Chief Finance Officer.

The Council's Disciplinary Procedures will be used where the outcome of the audit investigations indicates improper behaviour has occurred regardless of whether this has been referred to the Police.

TRAINING

The Council recognises that the continuing success of the Anti-Fraud and Corruption Strategy, and its credibility, will depend largely on the effectiveness of employees throughout the organisation.

Senior Management will be responsible for ensuring that all employees are properly trained in the procedures that they should follow when undertaking their duties.

Elected members will also receive training in relation to anti-fraud and corruption.

CONCLUSION

The Council has in place a clear network of systems and procedures to assist in the fight against fraud and corruption and hence protect public funds and assets.

The Council maintains a continuous overview of such arrangements through its employees, particularly through CMAP, the Monitoring Officer and the Chief Finance Officer.

EMPLOYEE FRAUD REPORTING PROCEDURE

If you suspect a fraud, theft or corruption is being committed within the Council or committed against the Council, there are a few simple guidelines that should be followed:

1. Make an immediate note of your concern

Note all relevant details:

- what was observed;
- details of conversations;
- date, time and name of the parties involved.

Do not attempt to investigate the matter yourself.

2. Convey your suspicions to your Section Manager or Director

In accordance with Financial Regulations C.11 if a manager becomes aware of or suspects a fraud, theft or corruption he/she must immediately notify the Chief Executive, the Chief Finance Officer and the Monitoring Officer. Upon receipt of such notification these officers shall take steps considered necessary. This will usually include one or more of the following actions:-

- The matter being investigated by CMAP
- Referral to the Police
- Referral to the External Auditor

Alternatively, due to the seriousness and sensitivity of the issue and who is thought to be involved, you may take the matter directly to one of the following:

- Chief Executive Officer
- Monitoring Officer (Director of Legal and Governance)
- Chief Finance Officer

The Council has a Whistleblowing Policy which provides protection for employees against harassment or victimisation where concerns have been raised in good faith.

3. Report the matter promptly, if you feel your concerns are warranted

Any delay may cause the Council to suffer further financial loss.

The above demonstrates a number of ways in which your concerns can be raised within the Council. If you are not satisfied with the action taken, you may wish to take the matter outside the Council. The following are contact points:

- A Member of the Council
- Your Trade Union, relevant professional bodies or regulatory organisations.
- The Nottinghamshire Police non-emergency line 101

If you do take the matter outside the Council, you need to ensure that you do not disclose confidential or privileged information.

ELECTED MEMBER FRAUD REPORTING PROCEDURE

If you suspect a fraud, theft or corruption is being committed within the Council or committed against the Council, or have had concerns raised with you, there are a few simple guidelines that should be followed:

1. **Make an immediate note of your concern**

Note all relevant details:

- what was observed;
- details of conversations;
- date, time and name of the parties involved.

Do not attempt to investigate the matter yourself.

2. **Convey your suspicions**

Report your concerns to the Chief Executive or the Monitoring Officer

3. **Report the matter promptly**

Any delay may cause the Council to suffer further financial loss.

The above demonstrates a number of ways in which your concerns can be raised within the Council. If you are not satisfied with the action taken, you may wish to take the matter outside the Council. The following are contact points:

- The Nottinghamshire Police non-emergency line 101

If you do take the matter outside the Council, you need to ensure that you do not disclose confidential or privileged information.

MEMBER OF THE PUBLIC - FRAUD REPORTING PROCEDURE**What should you do if you suspect fraud, theft or corruption?****1. Make an immediate note of your concern**

Note all relevant details:

- what was observed;
- details of conversations;
- date, time and name of the parties involved.

Do not attempt to investigate the matter yourself.

2. Convey your suspicions in writing marked CONFIDENTIAL to the following:

Chief Executive or the Monitoring Officer
Ashfield District Council
Urban Road
Kirkby-in-Ashfield,
NOTTINGHAM
NG17 8DA

If the suspected fraud relates to Housing Benefit/Council Tax Benefit, forward your suspicions in writing marked CONFIDENTIAL to:

Revenues and Customer Services Manager
Revenues and Customer Services
Ashfield District Council
Urban Road
Kirkby-in-Ashfield
NOTTINGHAM
NG17 8DA

The service can be contacted during normal working hours on (01623) 450000 or Contact the National Benefit Fraud Hotline on 0800 854 440.

The above demonstrates a number of ways in which your concerns can be raised to the Council. If you are not satisfied with the action taken, you may wish to take the matter outside the Council. The following are contact points:

- A Member of the Council
- The Nottinghamshire Police on a non-emergency line 101



Anti-Fraud and Corruption Policy

Housing Benefit and Council Tax Support

Version Control

Version Number	Date Issued
Original	December 2004
Revised V1	April 2005
Revised V2	October 2006
Revised V3	April 2009
Revised V4	April 2012
Revised V5 Website	March 2014
Revised V6	November 2017

Housing Benefit and Council Tax Support - Fraud Prevention

1. Statement of intention

Ashfield District Council (the Council) is committed to the delivery of a high quality Housing Benefit and Council Tax Support service to its citizens. Benefits are for those who are the most vulnerable in society and should be assessed and paid within Government guidelines in an efficient and effective manner.

The Council is committed to ensuring that its citizens receive the benefits and support to which they are entitled to and will strive to ensure that those people, who need to access the service, do so.

However, the Council recognises that some people will attempt to obtain support to which they have no entitlement. Occasionally this is done with planning and intention. Where intention and planning is involved, then the Council will consider the background to the incident and, where appropriate, initiate proceedings under appropriate legislation.

2. Working Practices to prevent and detect fraud

Verification of Housing Benefit/Council Tax Support claims

Information provided by the claimant on the application form will be verified by Housing Benefit/Council Tax Support Officers. All supporting evidence will be scanned onto the W2 document management system and retained as evidence to support the claim. All supporting documents will be verified as original documents by the Benefits Officers before the claim is assessed for entitlement (in so far as can reasonably be achieved).

Full use of the DWP's CIS (Customer Information System), in accordance with the Memorandum of Understanding signed by Ashfield District Council and the DWP, is also required in order to verify customer income details.

In addition, Housing Benefit staff may also use Real Time Information (RTI), relating to HMRC earnings information, in connection with the processing of Housing Benefit and Council Tax Support claims. Use of this information is not permitted for any other purpose.

Benefit Officers have the power to make reasonable requests for evidence to support benefit applications to ensure that any potential fraud and error is minimised before any payment of Housing Benefit or Council Tax Support is made.

Fraud Prevention and Detection

Ashfield District Council's Revenues and Benefits Service undertake work to prevent or detect fraudulent claims for Housing Benefit, Council Tax Support. Work is also undertaken to detect fraudulent claims for certain Council Tax Discounts and Exemptions.

The following anti-fraud activities are built in to the normal working processes of the Revenues and Benefits Service.

Housing Benefit and Council Tax Support

✓ Verification Framework

The Council is committed to the principles of the Verification Framework. Secure and effective administration of the Housing Benefit and Council Tax Support scheme is encompassed within the Framework. The VF is guidance produced by the DWP to provide LAs with minimum standards for the collection of evidence and ongoing checks in both HB and CTS cases. The intention is that by adhering to the VF, the amount of fraud and error entering the system will be reduced, and any that does enter will be detected more readily.

Since the introduction of VF all new cases, reviews and change of circumstances have been subject to the VF and any fraudulent cases that have been detected have been passed for investigation and prosecutions and sanctions have been applied in appropriate cases.

✓ The DWP's Housing Benefit Matching Service (HBMS)

✓ National Fraud Initiative (NFI) – Data Matching Service

✓ Real Time Information (RTI) – earnings data matching cross-referencing internal benefits records

✓ Undertaking joint working with the DWP's Fraud and Error Service

✓ Undertaking home visits to help deter and detect fraud

✓ Operating the Royal Mail's "Do Not Redirect Service"

✓ CIS – DWP's Customer information System

- On-line access is available to benefit records held by the Department for Work and Pensions, thus ensuring details supplied by claimants can be verified instantaneously.

✓ Service Level Agreements/Joint Working Partnerships

To facilitate effective joint working between the Council and other organisations e.g. DWP's Fraud and Error Service (FES) and DWP's Operational Intelligence Unit (OIU).

✓ Benefit Fraud Hotline

Contact the National Benefit Fraud Hotline on 0800 854 440. Calls are free and confidential. Those reporting suspected fraud are not required to give their name and address. Lines are open Monday to Friday 8.00am to 6.00pm.

✓ Prosecution Policy

The Policy ensures a firm and consistent approach to dealing with those who abuse the system and also a meaningful deterrent to those who are contemplating doing so.

✓ Un-cashed Housing Benefit cheques

Checking of claims where Housing Benefit cheques remain un-presented for six months or more.

Council Tax and Business Rates – Fraud Detection

- Single Person Discount – biennial review to identify council tax discounts that should no longer be claimed.
- Empty Properties – biennial review to identify properties that are listed as unoccupied that are now occupied.
- Business Rates – Unreported changes affecting the Rateable Value (preventing Business Rates avoidance)

3. Training

New starters within the Revenues Services and the Customer Services will receive Fraud Awareness Training within the first three months of their arrival. All other Revenues and Customer Service Centre staff will attend refresher sessions as determined within the PDR process. This will help to ensure that the number and quality of referrals remains high.

In addition to this, employees from other Service Areas and Members can be provided with Housing Benefit Fraud awareness training on request.

Additional ad-hoc training will be provided as and when the need arises.

4. Integrity

The Council will require all employees involved in the administration of benefits to report to the Corporate Manager for Revenues & Customer Services details of any property that they are renting to tenants and any Housing Benefit / Council Tax Support claims with which they have some connection. An example would be where an employee is a landlord of a tenant who is in receipt of Housing Benefit from Ashfield District Council

If a revenues and benefits officer has knowledge of a claim where the claimant/claimant's partner is a close family member (as defined in Regulation 2 of the Housing Benefit (General) Regulations 1987) then the officer must report this case to the Corporate Manager for Revenues & Customer Services.

Gifts and hospitality offered to Council employees as a consequence of their role as an employee of the Council should be discouraged. Invitations, hospitality and gifts should only be accepted with the prior approval of the Corporate Manager for Revenues & Customer Services and should be registered in the Register of Declarations of Hospitality in accordance with agreed procedures.

Any employee found to be involved in an offence under the Social Security Administration Act 1992, or any other criminal offence involving claims to benefit/support either at this Council, or any other Local Authority or the Department for Work and Pensions, will be subject to the Council's disciplinary procedures and possible prosecution proceedings.

5. Suspected Fraud

All Housing Benefit assessors are required to be vigilant in carrying out their duties and, in the case of suspected Housing Benefit Fraud, to report the case to the DWP's Fraud and Error Service for full investigation.

Case Referral to DWP (Fraud and Error Service)

Staff with access to the Civica system who suspect fraud or irregularity with a Housing Benefit and/or Council Tax Support claim will:-

- Flag up their concerns about the claim to a Benefit Senior Officer to Benefit Team Leader
- The Claim will be reviewed by the Senior Benefit Officer and/or Team Leader to confirm that there appears to be a possible fraud

Once potential fraud has been confirmed then the following guidance will apply.

Fraud and Error Service HB fraud referrals – Housing Benefit Claims

Each local authority has nominated a SPOC (Single point of Contact) to manage the fraud referral and investigation process. The SPOC is responsible for ensuring that a fraud referral and supporting evidence is submitted to FES in the prescribed manner, responding to FES enquiries, and ensuring that appropriate action is taken at the conclusion of investigation or compliance activity.

In FES, the SPOC is the person that the local authority would contact if there was a query, or an issue to be resolved.

Any potential fraud identified through the administration of HB, including Housing Benefit Matching Service (HBMS), National Fraud Initiative (NFI) and Real Time Information (RTI) matches, should be referred to the Department for Work and Pensions Fraud and Error Service (DWP FES),

- The FES team will assess the referral and decide if Criminal Investigation or Low Level Fraud action is appropriate.
- Referrals from HBMS, NFI and RTI should be submitted to DWP on the Single Fraud Investigation (SFI) referral template.

- The template should be fully completed with the claimant's details, allegation type and HB claim details.
- For RTI identified referrals officers should include screenshots taken from the housing benefit system in the email with the SFI referral template.
- The screenshots should show the RTI data that supports the referral, including:
 - a. employer or pension provider name
 - b. start and end dates of earnings/pension income
 - c. amounts received.
- Where an LA is unable to provide screenshots, the data must be included in the SFI referral template.
- The template and any screenshots will then be emailed to the appropriate DWP FES Regional Email Inbox via secure email (GCSX)
- The information provided should be as comprehensive as possible, giving all relevant details in a clear, logical order.

In matters relating to Housing Benefit Administration and the investigation of potential fraudulent claims all ADC Housing Benefit Staff and DWP Fraud Investigators must adhere to relevant legislation and codes of practice.

The following is a list of relevant legislation (not exhaustive)

- The Theft Act 1968 (as amended 1978)
- The Magistrates Courts (taking of Witness statements) Act 1981
- The Police & Criminal Evidence Act 1984 (PACE)
- The Social Security Administration Act (1992)
- The Criminal Procedures and Investigation Act 1996
- The Social Security Administration (Fraud) Act 1997
- The Data Protection Act 1998
- The Human Rights Act 1998
- The Regulation of Investigatory Powers Act 2000
- The Freedom of Information Act 2000
- The Social Security Fraud Act 2001
- The Fraud Act 2006

6. Feedback

If a case is referred to the DWP's Fraud team and not investigated, for whatever reason, the DWP fraud Officer will provide an explanation as to why the case could not be taken to prosecution.

Feedback will also be given to staff at the end of an investigation, to advise them of the outcome. The overall aim of providing feedback is to encourage staff to make further referrals in the knowledge that they have helped stop or prevent a fraud.

7. IT and physical security

The Revenues Service as a whole, is housed in a secure environment with restricted access away from the general public.

Access to the Revenues IT system is kept secure by password protection. A clear audit trail is recorded on the system so that any abuse of trust can be identified back to the perpetrator.

The Revenues & Benefits team operates a clear desk policy, which means that any records containing personal information are locked away securely at the end of each day.

8. Sanctions

General

The Council is committed to protecting public funds through its action against fraud. To this aim, the Council's Benefit Fraud Prosecution Policy represents a robust stance against those perpetrating benefit frauds. The Corporate Manager for revenues and Customer Services is responsible for the implementation of the policy.

Although Housing Benefit fraud cases are no longer investigated by Local Authorities, responsibility for the Housing Benefit fraud remains with the local authority.

Range of Sanctions

The Council has a range of sanctions available if fraud is found. Once the DWP Investigating officer has determined a potential fraudulent claim they are required to recommend an appropriate sanction to the council.

The Benefits Service will consider each case on its own merits and will determine whether the DWP recommendation is accepted.

There are four options available:-

1. Prosecution

Criminal proceedings may be brought against alleged offenders and the case heard in Court with a view to obtaining a criminal conviction and an appropriate sentence.

Prosecution proceedings will usually be instigated only after the evidential and public interest tests are satisfied as detailed in the Code for Crown Prosecutors.

Prosecution will be considered where:

- a) It was not a first offence, or
- b) The fraud has been deliberate and calculated, or
- c) The fraud had continued over a long period; or
- d) The person has failed to attend an interview under caution; or
- e) There were other persons involved in the fraud, or
- f) The person has declined the offer of an Administrative Penalty or withdrawn agreement to pay and Administrative Penalty; or
- g) The person has declined the offer of an official caution

In these circumstances the council may prosecute. There will be no requirement to repay the overpayment.

The council may prosecute using our own legal service, the police or other agency solicitors who will all adhere to The Code for Crown Prosecutors.

The decision to prosecute is a serious step and has implications for all concerned. The council will ensure that decisions to prosecute are made in a fair, consistent and equitable manner. In exceptional circumstances an alternative to prosecution may be considered. Other factors will be taken into consideration before prosecution is recommended.

2. Formal Caution

A caution is an oral warning given in certain, less serious circumstances as an alternative to prosecution to a person who has committed an offence. It is intended to be a meaningful penalty and deterrent where other actions are not appropriate. If a person declines the offer of a caution the case will be recommended for prosecution.

A caution will be considered where the amount of the overpayment is up to £2,000 where the evidence indicates that:

- a) It was a first offence, or
- b) There was no planning involved, or
- c) There was no other person involved in the fraud, and
- d) The person's circumstances and demeanour towards the offence indicates that a caution would be the most appropriate action.

In these circumstances the council may issue an official Local Authority Caution and require full repayment of the overpayment.

3. Administrative Penalties

In accordance with Social Security legislation, Administrative Penalties will be considered as an alternative to prosecution in Housing Benefit fraud cases. A financial penalty amounting to a statutorily determined percentage of the gross adjudicated overpayment can be offered to a person where there is enough evidence to prosecute.

4. Overpayment Recovery and Civil Court Action

A strict requirement to repay monies fraudulently obtained is in itself another major deterrent to fraud, and may be additional to any other sanctions that are applied. Recovery may also include Civil Court action.

The Council has four options for prosecuting its cases:

- The Council's Legal Services
- DWP solicitors
- The Police and Crown Prosecution Service
- Agent solicitors

The Council would normally use its own Legal Services and would only use the Crown Prosecution Service for joint-working cases. The Police would only be involved in very serious cases and/or where there has been a need to have the alleged offender arrested.

9. Sanctions procedure

In a case where DWP Investigating officer considers a sanction should be considered they will forward the file to the council together with a fraud overpayment report recommending the appropriate sanction action. This will have followed either an interview under caution (IUC) or at least two failed attempts to IUC. The final appointment letter will usually be hand delivered to the relevant persons address and either given in person or posted through the letterbox.

The Benefits Service appointed officers will review the case and check for procedural and/or administrative errors and omissions. The recommendation will be checked to ensure that it is consistent with this policy, if necessary recommending an alternative sanction.

The Corporate Manager for Revenues and Customer Services has delegated authority allowing formal cautions and administrative penalties recommended by the DWP's Fraud and Error Service to be accepted.

All recommendations for prosecution proceedings will be referred to the Director for Resources and Business Transformation before formal acceptance is made.

10. Partnership Working

Department for Work & Pensions (DWP) – Fraud and Error Service

The Council is committed to Joint-Working with its counterparts at the Department for Work & Pensions Fraud and Error Service (FES). The Council is a signatory to the DWP Counter Fraud Joint Working Partnership Agreement and is committed to the achieving the minimum standards required.

Meetings with the local FES liaison officers ensure compliance with the agreement and any deviations from the standard can be resolved.

Nottinghamshire Police

The Council may involve itself in Community Action Days where there is a benefit fraud interest. Work is in progress to finalise the information sharing protocol (APAC)

11. Sharing good practice

Good practice forums

The Council will continue to actively participate with other Local Authorities and the DWP with regards to sharing good practice and benchmarking.

12. Overpayment recovery

The Council is committed to ensuring overpayments of Housing Benefit and Council Tax Support are recovered. Recovery action is viewed as an important element of the Council's counter fraud activity.

Where overpayments have arisen as a result of fraud as defined in Regulation 102 (3) of the Housing Benefit (General) Regulations 1987 then the Council will consider imposing the maximum rate of recovery from any ongoing entitlement to benefit.

Alternatively, debtors will be pursued to the point of obtaining an order of the County Court.

Landlords who receive Housing Benefit directly will, in appropriate circumstances, have overpayments recovered from any future Housing Benefit payable to their tenants. Each case will be considered on its merits. Landlords will be advised of this action.

13. Publicity

Statistics relating to the number and type of sanctions imposed will be reported to the Corporate Manager for Revenues & Customer Services on a monthly basis.

Information regarding successful prosecutions and sanctions will be supplied to the Council's Public Relations Officer for inclusion in internal and external publications.



ASHFIELD DISTRICT COUNCIL

ANTI-BRIBERY POLICY

**Director of Legal and Governance
(Monitoring Officer)**

APPROVED:
Audit Committee - 27 November 2017
Cabinet – 30 November 2017

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Policy Statement

Bribery is an inducement or reward offered, promised or provided to gain personal, commercial or contractual advantage which is done either directly or via a third party. Bribery is a criminal offence.

The Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose. The Council does not, and will not, accept bribes or improper inducements.

The Council is committed to the prevention, deterrence and detection of bribery. It has a zero-tolerance approach towards bribery.

The Council aims to make anti-bribery compliance business as usual, rather than a one-off exercise.

The Bribery Act 2010

There are four key offences under the Bribery Act 2010 (the Act):

- **Bribery by another person** - under Section 1 of the Act it is an offence to offer, promise or give a bribe.
- **Accepting a bribe** - Section 2 of the Act also makes it an offence to request, agree to receive, or accept a bribe.
- **Bribing a foreign official** - Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business.
- **Failing to prevent bribery** - A corporate offence is created by Section 7 of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by, or of, persons associated with the organisation. The Council fits the definition of a “commercial organisation”.

Penalties

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

- On conviction in a Magistrates’ Court, to imprisonment for a maximum term of 12 months, or to a fine not exceeding £5,000, or to both.
- On conviction in a Crown Court, to imprisonment for a maximum term of 10 years, or to an unlimited fine, or both

Organisations are liable for these fines and if found guilty of an offence under Section 7 of the Act are liable to an unlimited fine.

Public Contracts and Failure to Prevent Bribery

Under the Public Contracts Regulations 2015 (which gives effect to EU Law in the UK), a company is automatically barred from competing for public contracts where it is convicted of a corruption offence, including bribery. The Council will, in such cases, exclude organisations convicted of any such offences from participating in tenders for public contracts with it.

Objectives of this Policy

This policy provides a framework to enable the Council's employees and other "relevant persons" to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach.

Relevant Persons include those permanently and temporarily employed by the Council, agency staff, consultants, contractors, volunteers, partners and Elected Members.

The Council requires all relevant persons to:

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

Scope of this Policy

This policy applies to all the Council's activities. For partners, contractors, suppliers, Council owned companies and joint ventures, it will seek to promote the adoption of policies consistent with the principles set out in this policy.

Responsibility to control the risk of bribery occurring resides at all levels of the Council. It does not rest solely within assurance functions, but in all sections, Directorates and corporate functions.

This policy covers all relevant persons at all levels and grades.

The Council's Commitment to Action

The Council commits to:

- Setting out a clear anti-bribery policy and keeping it up to date
- Making all employees aware of their responsibilities to adhere strictly to this policy at all times
- Training all employees and Elected Members so that they can recognise and avoid occurrences of bribery by themselves and others
- Encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately

- Rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution
- Taking firm and vigorous action against individuals involved in bribery
- Provide information to all employees on how to report breaches and suspected breaches of this policy
- Include appropriate clauses in contracts to prevent bribery

Adequate Procedures

The Council will put in place adequate procedures which it will apply proportionately, based on the risk of bribery in the Council. The Council will base its procedures on the recommended six principles which are not prescriptive. The principles are intended to be flexible and outcome focused ensuring procedures are robust and effective.

The six principles are as follows:

- **Proportionate procedures** – procedures to prevent bribery should be proportionate to the bribery risks faced and the nature, scale and complexity of activities. They are also clear, practical, accessible, effectively implemented and enforced.
- **Top level commitment** – top level management should be committed to preventing bribery by persons associated with it. They foster a culture within the organisation in which bribery is never acceptable. The Council's Corporate Leadership Team, the Cabinet and the Audit Committee have all endorsed this policy.
- **Risk Assessment** – the Council assesses the nature and extent of its exposure to potential external and internal risks of bribery routinely and as an integral part of its usual procedures. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.
- **Due Diligence** – the Council applies due diligence taking a proportionate and risk based approach in respect of persons who perform, or will perform, services for, or on behalf of, the Council, in order to mitigate identified bribery risks.
- **Communication (including training)** – the Council seeks to ensure that its bribery prevention policies and procedures are embedded and understood through communication, including training that is proportionate to the risks it faces.
- **Monitoring and Review** – the Council monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary.

The Council is committed to the implementation of these principles.

Bribery is not tolerated

It is unacceptable to:

- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
- Give, promise to give or offer a payment, gift or hospitality to a government official, agent or representative to facilitate or expedite a routine procedure
- Accept payment from a third party where it is known or suspected that it is offered with the expectation that it will obtain a business advantage for them
- Accept a gift or hospitality from a third party where it is known or suspected that it is offered or provided with an expectation that a business advantage will be provided by the Council in return
- Retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy
- Engage in activity in breach of this policy

Facilitation Payments

Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

Gifts and Hospitality

This policy is not meant to change the requirements of the Council's gifts and hospitality policies for Members and officers.

Officers may, depending upon the circumstances, accept nominal gifts and hospitality. Officers must always exercise caution when accepting gifts and hospitality. Officers must declare the offer or acceptance of gifts and hospitality with a value over £25 as set out in the Employees' Code of Conduct.

Members may, depending upon the circumstances, accept gifts and hospitality. Gifts or hospitality offered or accepted with a value of over £50 must be declared as set out in the Members' Code of Conduct.

When deciding whether or not to accept an offer of a gift or hospitality the context is very important. An offer from an organisation seeking to do business with or provide a service to the Council or in the process of applying for permission or some other decision from the Council is unlikely to ever be acceptable, regardless of the value of the gift.

Responsibilities of Relevant Persons

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all Relevant Persons who are required to avoid activity which breaches this policy.

All Relevant Persons must:

- Ensure they read, understand and comply with this policy
- Raise concerns as soon as possible if they believe or suspect that a conflict with this policy has occurred, or may occur in the future
- As well as the possibility of civil legal action and criminal prosecution, employees who breach this policy will face disciplinary action, which could result in dismissal for gross misconduct.

Raising a Concern

The Council is committed to ensuring that there is a safe, reliable and confidential way of reporting any suspicious activity and wants Relevant Persons to know how to raise concerns.

All have a responsibility to help detect, prevent and report instances of bribery. If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance will help. The sooner it is brought to attention, the sooner it can be resolved.

There are various channels to help raise concerns. The Council's Whistleblowing Policy sets out how concerns may be raised. Preferably the disclosure will be made and resolved internally. Ideally, concerns should be raised initially with a line manager or Director. If this is not possible concerns may be raised with the Chief Executive, the Monitoring Officer, the Chief Finance Officer or the Central Midlands Audit Partnership. Alternatively, concerns may be raised with the External Auditor.

Raising concerns in these ways may be more likely to be considered reasonable than making disclosures publically, such as via the press or on social media. Concerns can be made anonymously. In the event that an incident of bribery, corruption or wrong doing is reported, the Council will act as soon as possible to evaluate the situation. It has clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in an investigation of this kind. This is easier and quicker if concerns raised are not anonymous.

Employees who raise concerns or report wrongdoing, including those staff who reject an offer made to them that could be perceived as bribery, may understandably be worried about the repercussions. The Council aims to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if this turns out to be mistaken.

The Council is committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith.

If you have any questions about these procedures, please contact the Monitoring Officer.

Other Relevant Policies

Further information on relevant Council policies and practice can be found in the following documents:

- The Constitution:
 - Financial Regulations
 - Contract Procedure Rules
 - Members' Code of Conduct
 - Employees' Code of Conduct
- Anti-Fraud and Corruption Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy
- Prosecution Policy

Useful Links

The Bribery Act 2010

Bribery Act Guidance

CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption

Local Government Fraud Strategy – Fighting Fraud Locally

Policy Review

The Monitoring Officer and the Audit Committee will ensure the continuous review and amendment of this policy to ensure that it remains compliant.

The policy should be reviewed biannually as a minimum.



ASHFIELD DISTRICT COUNCIL

ANTI-MONEY LAUNDERING POLICY STATEMENT AND PROCEDURES

**Director of Legal and Governance
(Monitoring Officer)**

APPROVED:
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Introduction

The Council is committed to the highest possible standards of conduct and has, therefore, put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

Scope of this Policy

This policy applies to those permanently and temporarily employed by the Council, agency staff, consultants, contractors, volunteers, partners and Elected Members.

Its aim is to enable those who work on behalf of, or with the Council and its Elected Members to respond to a concern they have in the course of their dealing for the Council. Individuals who have a concern relating to a matter outside of work should contact the Police.

This policy sits alongside the following Council policies:

- The Constitution:
 - Financial Regulations
 - Contract Procedure Rules
 - Members' Code of Conduct
 - Employees' Code of Conduct
- Anti-Fraud and Corruption Policy
- Whistleblowing Policy
- Anti-Bribery Policy
- Prosecution Policy

Failure by an employee to comply with the procedures set out in this policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy.

What is Money Laundering?

Money laundering describes offences involving the integration of the proceeds of crime or terrorist funds into the mainstream economy. Money laundering is the channelling of "bad" money into "good" money in order to hide the fact the money originated from criminal or terrorist activity.

The relevant legislation is the:

- Proceeds of Crime Act 2002
- Terrorism Act 2000
- Money Laundering Regulations 2007.

The Proceeds of Crime Act 2002 creates the following offences:

- Concealing, disguising, converting, transferring or removing criminal property from the UK

- Becoming involved in an arrangement which an individual knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- Acquiring, using or possessing criminal property
- Failure to disclose one of the offences listed above where there are reasonable grounds for knowledge or suspicion
- Doing something that might prejudice an investigation, for example, falsifying documentation
- Tipping off a person who is, or is suspected of being, involved in money laundering in such a way as to reduce the likelihood of, or prejudice, an investigation

The Terrorism Act 2000 makes it an offence to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism.

The risk of the Council contravening the money laundering legislation is low, however, it is still extremely important that all those working for the Council and its Elected Members are familiar with their responsibilities to report potential money laundering activities.

Potential or suspected money laundering activity should be reported to the Money Laundering Reporting Officer (MLRO).

Requirement of the Money Laundering Legislation

The main requirements of the legislation are:

- To appoint a money laundering reporting officer (MLRO)
- Implement a procedure to enable the reporting of suspicions of money laundering
- Maintain record keeping procedures

The Money Laundering Reporting Officer (MLRO)

The Council has designated the Monitoring Officer as the Money Laundering Reporting Officer (MLRO).

The Monitoring Officer can be contacted as follows:

By post: Council Offices, Urban Road, Kirkby-in-Ashfield,
Nottinghamshire, NG17 8DA
By telephone: 01623 457009
By e-mail: r.dennis@ashfield.gov.uk

In the absence of the Monitoring Officer, concerns should be raised with the Chief Finance Officer (s.lynch@ashfield.gov.uk).

Reporting Procedure

Where you know or suspect that money laundering activity is taking, or has taken place, or become concerned that your involvement in a matter may amount to a prohibited act under the legislation, you **MUST DISCLOSE THIS AS SOON AS PRACTICABLE TO THE MLRO**. The disclosure should be at the earliest opportunity not weeks or months later, any delay may make you liable to prosecution.

The disclosure report must include as much detail as possible including:

- Full details of the people involved
- Full details of the nature of their/your involvement
- The types of money laundering activity involved
- The dates of such activities
- Whether the transactions have happened, are ongoing or are imminent
- Where they took place
- How they were undertaken
- The amount of money/assets involved
- Why you are suspicious
- Attach copies of all relevant documentation

The MLRO must then consider if there are reasonable grounds for knowledge or suspicion of money laundering and if so, to prepare a report to the National Crime Agency (NCA).

Once a report has been made to the MLRO you must follow any directions she gives you. You must NOT make any further enquiries into the matter yourself. You must NOT take further steps in the transaction without authorisation from the MLRO. All Members and those working for the Council must cooperate with the MLRO and the NCA during any subsequent money laundering investigation.

At no time and under no circumstances should you voice any suspicions to the person whom you suspect of money laundering, otherwise you may commit an offence of “tipping off”.

Consideration of the Disclosure by the Money Laundering Reporting Officer

The MLRO must promptly consider the information provided and carry out other reasonable enquiries she thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to the NCA is required. The MLRO must consider if:

- There is actual or suspected money laundering taking place; or
- There are reasonable grounds to know or suspect that it is the case; and
- Whether she needs to seek consent from the NCA for a particular transaction to proceed.

If the MLRO considers that a report to the NCA is necessary, this must be done as soon as practicable and made on the NCA's standard reporting form and in the prescribed manner.

Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then she shall mark the report accordingly and give her consent for any ongoing or imminent transactions to proceed.

All disclosure reports made to the MLRO and the NCA should be kept confidential and retained for a minimum of 5 years.

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

Training

The Council will:

- Make all those working for the Council and its Elected Members aware of this policy and their responsibility to report potential money laundering activity
- Give targeted training to those most likely to encounter money laundering.

Policy Review

The Monitoring Officer and the Audit Committee will ensure the continuous review and amendment of this policy to ensure that it remains compliant.

The policy should be reviewed biannually as a minimum.



ASHFIELD DISTRICT COUNCIL

FRAUD RESPONSE PLAN

**Director of Legal and Governance
(Monitoring Officer)**

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INTRODUCTION

The Fraud Response Plan has been developed to provide assurance of a consistent, thorough and effectively managed response to any allegations of fraud affecting the Council.

REPORTING FRAUD

Employees and Members are required to report – to their line manager or a Nominated Individual – if they have concerns about possible fraud affecting the Council; This includes suspected fraud involving employees, Elected Members, Contractors, Suppliers, members of the public.

For purposes of reporting concerns about possible fraud or corrupt behaviour, the Nominated Individuals are:

- The Chief Executive
- The Monitoring Officer
- The Corporate Finance Manager (as Chief Finance Officer)
- The Head of the Central Midlands Audit Partnership

Line Managers or Nominated Individuals will consider any expression of concern and determine whether:

- (i) It is sufficiently well founded to merit a formal investigation; or
- (ii) No further action is required.

If (i) refer to the Monitoring Officer

If (ii) explain to the reporter the reason for the decision and retain a written note of the concern and the determination made.

MANAGING INVESTIGATIONS

The Monitoring Officer is responsible for overseeing investigations of suspected fraud or corruption. To discharge that responsibility she shall:

- Ensure that the Chief Executive is informed without delay of any allegations involving Elected Members or members of the Corporate Leadership Team
- Ensure that the Chief Executive is informed of allegations against other employees, suppliers or contractors where available evidence indicates that the allegation may be well founded;
- Consult with the Chief Executive and Monitoring Officer on the need to inform police, external audit or other parties – at the time of the initial referral or at any time during the investigation;
- Consider the need to comply with the Regulation of Investigatory Powers Act (RIPA); The Council has a RIPA Policy which sets out the process for carrying out investigations requiring compliance with RIPA.
- Appoint and provide Terms of Reference to an Investigating Officer;

- Ensure that the Investigating Officer has access to the resources required to conduct the investigation in line with the Terms of Reference;
- Ensure that the subject of any investigation receives timely and appropriate notification; and
- Advise the Head of the Central Midlands Audit Partnership of any investigation initiated who will enter the details on the Fraud Log.

The Investigating Officer shall be a senior officer of the Council or an appropriately qualified member of the Central Midlands Audit Partnership. The Investigating Officer shall:

- carry out the investigation in line with the Terms of Reference issued by the Monitoring Officer
- ensure that the investigation complies with the Council's Disciplinary Procedure;
- maintain a Diary of Events recording the progress of the investigation and any matters arising;
- keep the Monitoring Officer advised of the progress of the investigation;
- keep the Monitoring Officer advised of the resources committed to the investigation;
- ensure that the Monitoring Officer is informed without delay if new evidence indicates a need to inform the police or other parties; having gathered sufficient evidence for the purpose;
- gather sufficient evidence to support a conclusion as to whether or not the concern under investigation is well founded;
- issue a report recommending one or more of the following:
 - criminal proceedings be instituted by the Council;
 - evidence gathered be forwarded to the police;
 - internal disciplinary action;
 - no action be taken against individuals; and
- recommend, if appropriate, a review of aspects of the internal control framework.

The Investigating Officer shall, at a minimum, provide the Monitoring Officer with weekly updates on the progress of the investigation.

The Investigating Officer shall be provided with such advice and guidance as may be required by Legal Services and HR to ensure that there are no breaches of HR policies, employment law or other relevant legal requirements and to assist with the assessment of any potential criminal proceedings.

The Chief Executive shall determine the content and timing of any statements made to the media or to another third party about an instance of suspected fraud or corruption. No other employee shall make such a statement without the Chief Executive's express authority.

EVIDENCE GATHERING

The Investigating Officer shall be responsible for gathering, recording and for the secure custody of the evidence required for the investigation. The following guidance

shall be followed in the evidence gathering process to ensure that the Council can demonstrate that it takes a consistent approach to all investigations.

Physical Evidence

Physical evidence might include: written quotations, tenders and contracts; written correspondence; cheques, paying-in slips or other vouchers; items of Council property; CCTV footage and photographs.

Evidence is to be collected and secured without delay. The Investigating Officer shall record the date, time and location at which each item of evidence is secured and the individual securing the evidence. If evidence consists of several items, for example many documents, each one shall be tagged with a reference number corresponding to the written record. The Investigating Officer shall ensure that all evidence is held securely and record any individuals other than the Investigating Officer who are subsequently allowed access.

Where the Investigating Officer considers that the current condition of land, real property or other assets is relevant to an investigation, sufficient photographs shall be taken to evidence conditions at a time and date that the Investigating Officer shall certify. The Investigating Officer shall record the individual who takes any photographs commissioned and each photograph taken shall be annotated to show location; date and time taken; and the facts that it evidences (e.g. length of grass on an area of public open space; state of disrepair of a Council property; condition under which assets are stored).

Where photographs evidence the behaviour of the subject of the investigation (or other relevant parties) the Investigating Officer shall ensure and certify that they were obtained in a manner consistent with RIPA requirements.

Evidence Held in Electronic Format

If it is suspected that relevant information is held on a subject's official PC or laptop, the Investigating Officer shall:

- ensure that **no attempt is made to access such information** as this will change the data accessed and compromise its value as evidence;
- liaise with the ICT Manager to ensure that
 - the PC/laptop is isolated and placed in a secure container for transport to an appropriate forensic consultant;
 - the subject's access permission to be suspended to prevent any alteration of data held on shared areas; and
 - copies are secured of any relevant data held on shared areas.

If it is suspected that there is relevant information on the subject's business e-mail account, the Investigating Officer shall liaise with the ICT Manager to suspend the subject's e-mail account and arrange for the subject's e-mail transactions to be secured.

If it is considered that mobile phones or data recording media that have been issued to the subject by the Council for business purposes might hold relevant information, the Investigating Officer shall take custody of them. The Investigating Officer shall again ensure that **no attempt is made to access such information** and arrange for the secure transport of those items to an appropriate forensic consultant.

The Investigating Officer shall consult with the HR Manager and the ICT Manager if it is suspected that other employees may hold relevant information in electronic format.

The Investigating Officer shall consult with the Chief Executive and Monitoring Officer if it is suspected that relevant information may be held by an Elected Member in electronic format.

Witnesses

The Investigating Officer shall seek to identify all potential witnesses to any matters under investigation. To do so:

- direct questions may be put to the individual raising the matter;
- processes may be analysed to determine individuals involved in relevant transaction flows (e.g. processing and certification of creditor invoices);
- office layouts may be analysed to identify individuals who might have witnessed events or overheard conversations;
- the subject of the investigation should (when interviewed) be given the opportunity to identify supporting witnesses.

The Investigating Officer should carry out preliminary enquiries to determine which – if any - potential witnesses can provide evidence useful to the investigation. It should be made clear to any reluctant witness that an employee's contractual obligations include a requirement to co-operate with any investigation of misconduct - except where there is a risk of self-incrimination.

Where the Investigating Officer determines that a witness can provide significant, relevant information a written statement shall be taken. Other than in exceptional circumstances, the Investigating Officer shall agree with the witness a time and date for the interview that allows:

- the Investigating Officer to plan the interview and identify the key themes to be pursued and the facts to be established;
- the Investigating Officer to ensure that someone is available to make a contemporaneous record of the interview; and
- the witness to refer to diaries or other prompts to memory.

Unless time pressures preclude doing so, the Investigating Officer shall provide the witness with a copy of the notes made of the interview and invite the witness to sign and return that copy if they are satisfied that the notes represent an accurate record of the interview.

Interview with Subject

Unless the evidence gathered from other sources makes it clear that the concerns under investigation are unfounded, the Investigating Officer shall interview the subject of the investigation. The purpose of any first interview shall be for information gathering purposes and the following general conditions should be met:

- the Investigating Officer shall prepare a written schedule of questions based upon an analysis of
 - the original concern referred to the Monitoring Officer;
 - the Terms of Reference issued;
 - evidence obtained; and
 - witness statementsto identify the information required from the subject.
- The HR Manager shall be advised of the intention to interview and given the opportunity to comment on the proposed schedule of questions and any employment law or issues of Council policy that need to be addressed.
- The Investigating Officer shall ensure that a second officer attends the interview for the purpose of maintaining a contemporaneous record of the questions posed and the subject's responses and any other statements. Audio recording equipment may be used if it is available and the subject agrees (in which case a copy will be provided to the subject).
- The Investigating Officer shall at the start of the interview tell the subject:
 - what is being investigated;
 - the role of the Investigating Officer;
 - the issues about which information/clarification are to be sought;
 - that the subject is not being interviewed under caution and that statements made during the interview would not be admissible for a criminal prosecution; but
 - that the recorded statement may be used as evidence in a disciplinary hearing

DISCIPLINARY ARRANGEMENTS

The outcome of an investigation may be one of the following:

- Evidence of criminal activity leading to a referral to the Police and subsequent prosecution(s): in such circumstances the Monitoring Officer shall consult with the HR Manager to determine whether it is appropriate to undertake disciplinary action in parallel with criminal proceedings.
- Evidence of criminal activity leading to a referral to the Police and a subsequent decision not to proceed with a prosecution: in such circumstances the Monitoring Officer shall determine whether the Council should mount a private prosecution. If the decision is taken to prosecute, the Monitoring Officer shall again consult with the HR Service to determine whether it is appropriate to undertake disciplinary action in parallel with criminal proceedings.
- Evidence provides assurance that there has been no criminal behaviour but indicates possible misconduct on the part of one or more employees: in such circumstances the Monitoring Officer shall consult with the HR Manager to

determine whether it is appropriate for the Investigating Officer to be involved in the disciplinary process.

- Evidence provides assurance that there has been no criminal behaviour but indicates possible misconduct on the part of one or more Elected Members: in such circumstances Monitoring Officer shall consult with the Chief Executive to determine what action is appropriate.
- Evidence provides assurance that there has been no criminal behaviour or misconduct: in such circumstances the Monitoring Officer shall notify the Head of the Central Midlands Audit Partnership, who will close the entry in the Fraud Log. The Monitoring Officer will also ensure that the subject of the investigation receives prompt notification of this outcome.

If the decision is taken that an employee may have a disciplinary case to answer, the investigative process to be followed must comply with the Council's Disciplinary Procedure.

RECOVERY PROCESS

The Monitoring Officer shall be responsible for commissioning and managing actions taken to limit losses suffered by the Council as a result of discovered fraud; to facilitate the recovery of such losses; and to mitigate risks arising from identified control deficiencies. The Monitoring Officer shall:

- consider on receiving a referral whether the potential materiality of losses is such as to require immediate action to stop losses. The Monitoring Officer shall keep the issue of action to stop loss under continuous review in light of progress reports from the Investigating Officer.
- consider on receiving a referral whether weaknesses in controls or supervision identified require immediate action to mitigate ongoing risks. The Monitoring Officer shall keep the issue of action to remedy control deficiencies under continuous review in light of progress reports from the Investigating Officer.

If investigations establish that the Council has suffered financial losses as a result of dishonesty, recovery options are, broadly speaking:

- to claim against the relevant insurance policy;
- to take civil action against the individual(s) responsible;
- to make a claim on an employee's accumulated superannuation benefits; or
- to agree recovery terms with the individual(s) responsible.

The Monitoring Officer shall ensure that the Council's Insurance Officer is made aware of potential losses and that any necessary notifications are made to the Council's insurers. The Monitoring Officer shall liaise with the Insurance Officer to ensure that the Council does not, by action or omission, invalidate its insurance cover. The Monitoring Officer shall liaise with the Insurance Officer to ensure that properly quantified claims can be made without delay and that the Council claims to the full extent of its insurance coverage.

The Monitoring Officer shall determine the civil recovery action most likely to remedy losses suffered by the Council.

- in the event that the individual(s) responsible make an offer of restitution issues to be considered would include: whether the amounts offered address fully the Council's losses and costs; and the impact of such an offer on criminal proceedings or proceedings by third parties.
- in the event that the individual(s) responsible are members of the Local Government Superannuation Scheme, the Scheme's Regulations provide for the forfeiture of pension rights after conviction.

REVIEW PROCESS

The Monitoring Officer has a responsibility for the maintenance of the Council's internal control framework. At the conclusion of any investigation of suspected fraud or corruption, the Monitoring Officer shall ensure that a review is undertaken to identify:

- whether there are fundamental weaknesses in the control framework that made that incident of fraud or corruption possible;
- whether there were any failures on the part of management to operate designated controls that allowed the fraud or instance of corruption possible; and
- whether there are any practical opportunities to address those control issues.

The Monitoring Officer will normally commission the Central Midland Audit Partnership to undertake such reviews and the results of any review will be reported to Audit Committee as part of the Annual Governance Statement.

REPORTING AND ACCOUNTABILITY

The Head of Central Midland Audit Partnership shall maintain a Fraud Log, recording all expressions of concern received by the Monitoring Officer and detailing the response to, and outcome of, each response. The Annual Governance Statement shall contain a summary of those referrals, the responses, and the outcomes. The Annual Governance Statement shall also summarise the results of the reviews commissioned by the Monitoring Officer.

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ASHFIELD DISTRICT COUNCIL

LEGAL SERVICES PROSECUTION POLICY

**Director of Legal and Governance
(Monitoring Officer)**

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Revised V3	Nov 2017

BACKGROUND

The Council has a variety of statutory and regulatory functions for which, within its administrative area, it is the relevant enforcing authority.

This policy sets out broad principles that will guide prosecutions. It also seeks to provide consistent guidelines for making decisions to prosecute. It is not intended to be prescriptive or exhaustive. The Council will exercise its discretion when appropriate, about the extent of involvement or action (as applicable) required, looking at each case individually.

This policy is intended to provide broad guidance to officers involved in the charging decisions and prosecution of regulatory offences. In either case, it enables officers to determine the appropriate course of action to take where criminal activity is involved.

POLICY STATEMENT

Ashfield District Council is committed to the highest possible standards of probity and accountability. It is committed to defending the public purse, and the public at large but subject to consideration of the factors set out in this policy.

The Council adopts a presumption in favour of prosecution against perpetrators of criminal conduct, if there is sufficient evidence to initiate a prosecution and taking such action is in the public interest. The Council will treat each case on its own merits.

The same broad principles apply equally to those matters for which the Council has a statutory or regulatory mandate to protect the interests of the wider public.

SCOPE OF THE POLICY

[Link to Other Local Policies](#)

A number of departments within the Council with statutory, regulatory or other enforcement powers have in place their own enforcement policies that focus on service specific operational considerations. It is not anticipated that the department policies will conflict with this policy, they are expected to complement this policy, providing detailed operational context specific to the enforcement remit of the relevant service(s) to which they relate. In the event, however, that a conflict may arise, clarification should be sought from the Director of Legal and Governance.

UNDERTAKING OUR OWN PROSECUTIONS

These arise from statutory or regulatory powers vested in the Council, as enforcing authority for specific statutory or regulatory crime within the administrative area of Ashfield. These powers will either arise by way of a power or a duty to act.

A power provides the Council with discretion over whether or not to investigate the commission of an offence. Whatever decision is arrived at must be capable of objective justification. In practice, this translates into assessing what the most appropriate action and/or sanction should be in the circumstances under consideration. Not every case would therefore result in an investigation, or prosecution.

A duty in the event of breach of regulatory or statutory provisions invariably means that there is no discretion afforded to the Council whether or not to investigate the commission of an offence. Therefore when there is a duty to act the Council must act.

Following an investigation, a two-stage test will be undertaken prior to a decision to prosecute being made. First, an assessment of the available evidence (**“the evidential test”**) to determine whether or not there is enough evidence to secure a realistic prospect of conviction, will be undertaken. This part of the two stage process is a professional assessment and in all cases will be undertaken by officers in Legal Services.

The second part of the test is an assessment of the interests of justice (**“the public interest test”**) i.e. understanding the extent the public interest needs to see that justice is seen to be done. This assessment will typically be undertaken jointly between officers of the Legal Service and relevant case officers from the service area involved in the investigation of the offence.

Only where **both** the evidential and public interest tests are satisfied will a prosecution ever follow. In coming to a decision the Code for Crown Prosecutors will also be applied.

SANCTIONS

There are a range of sanctions to be considered in deciding the action to take in relation to the public interest test. For each of the sanctions identified below, non-exhaustive examples are provided of the sort of considerations that may be taken into account:

Take No Action

The Council may consider taking no action in the following circumstances:

- it is a first offence;
- there was voluntary disclosure by the offender;
- the age of the offender (at the date on which action is being considered);
- there are significant physical, mental or other welfare considerations;
- there has been undue delay between the date of the offence and the date on which a decision on sanction is being made, unless the:
 - seriousness of the offence is significant
 - delay is caused wholly or partly by the offender
 - discovery of the offence is recent
 - investigation of the offence has, out of necessity, been lengthy and complex

The relevant test is determining whether the public interest would be best served by proceeding with a prosecution in the circumstances. Each case is to be determined on its own unique facts.

Issue a Local Authority Caution

The Council may consider issuing a caution in the following circumstances:

- it is a first offence;
- the offence is minor;
- the offence was committed as a result of a genuine mistake or misunderstanding, balanced against the seriousness of the offence;
- there was no planning involved/criminality was opportunistic;
- the offence was admitted during an interview under caution;
- genuine expression of remorse/regret by the offender;
- the public interest merit in prosecution is questionable e.g. there might be social, medical or other welfare factors which ordinarily mitigate against a decision to prosecute;
- the offender has put right the loss or harm caused (but care should be taken to ensure offenders do not avoid prosecution solely because they make recompense).

Although across relevant services, cautions may be administered by third tier officers or higher, they should only ever be offered where there is prior assessment by Legal Services that there is sufficient evidence available to secure a conviction. This is because where a caution is offered, and the offender refuses to accept the caution, the case must proceed to prosecution.

A service areal register of cautions administered by the Council is held by the Director of the appropriate service department.

Prosecution

A decision to prosecute will be made where there is sufficient admissible evidence, which has been properly obtained and there is a public interest to prosecute.

Other Options

Informal Warnings, cautions or fixed penalties. In appropriate circumstances, these may be suitable methods of disposal following an investigation. The enforcement of the service area policies will detail which alternative options are available to individual services within the Council. Their application in service specific contexts should not be construed as being inconsistent with this policy.

Appendix A contains a suggested checklist for use in assessing the appropriate sanction in any given case and explains the rationale to be used in assessing whether or not to refer a matter for prosecution. It should be noted that this list is not exhaustive.

LIAISON & COOPERATION WITH OTHER AGENCIES

The Council may liaise with other agencies as necessary (e.g. the Police, Crown Prosecution Service, Social Services) concerning a potential prosecution.

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. Examples include prosecutions where offences have been committed in neighbouring authorities.

Between the Council service or directorate involved in such initiative and the external organisation, arrangements 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.

MONITORING OF POLICY STATEMENT & GUIDANCE

This policy and guidance will be reviewed every three years by the Director of Legal and Governance.

Appendix A

Procedural Guidance

Introduction

This table below explains the rationale to be used in assessing whether or not to refer a matter for prosecution or, as may be the case, whether or not to prosecute.

Issue	Points to consider	Yes/No ¹
Evidence	Is there sufficient evidence to secure a realistic prospect of conviction	
	Is all the evidence admissible?	
	Has all the evidence been obtained appropriately?	
	Has the evidence been reviewed by Legal Services?	
Degree of criminality	How was the offence committed?	
	Was it opportunist?	
	How much planning went into the offence?	
	Was this a deliberate offence?	
	Was there collusion?	
Persistent offender	Has the offender previously been convicted of a similar or other relevant offence?	
	Has the offender previously committed a similar or other relevant offence, for which they received a sanction (other than conviction following a prosecution)?	
Position of Trust	Is the offender in a position of trust?	
Duration	How long did the offence continue?	

Voluntary disclosure	How did the offence come to the attention of the Council?	
	Was the offence admitted at the earliest opportunity?	
	Did the offender lie?	
Widespread offence	Is the offence part of a local trend?	
Social/Medical factors	Are there any mitigating personal circumstances?	
	Are there any mental or physical disabilities? (Evidence must be provided by a medical professional)	
	Is the perpetrator fit to stand trial? (Evidence will be required from a medical professional and may ultimately be a question for the court to determine)	
	Would sanction significantly impact on children or other vulnerable person(s)?	
Equality considerations Public Interest	Do the factual circumstances impact on one or more of the equality strands in the Equality Act 2010?	
	What value is there for the Council and/or the general public for a prosecution to proceed?	



ASHFIELD DISTRICT COUNCIL

LOCAL CODE OF CORPORATE GOVERNANCE

**Director of Legal and Governance
(Monitoring Officer)**

APPROVED:
Audit Committee - 27 November 2017
Cabinet – 30 November 2017

REVIEW:
November 2018

Version Control

Version Number	Date Issued
Original	November 2017

Introduction

Governance ensures organisations are doing the right things in the correct manner in an open, honest, inclusive and accountable way. Good governance leads to good management, performance and outcomes. It ensures the Council delivers the visions and priorities set out in its Corporate Plan.

Corporate governance is part of the overall control framework and contributes to the Council's robust governance arrangements.

Ashfield District Council is committed to good corporate governance. The Council has a framework of policies and procedures in place which collectively make up its governance arrangements. This Local Code of Corporate Governance sets out the Council's arrangements and is based on the guidance "Delivering Good Governance in Local Government" published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in 2016.

The Guidance assumes that each Council will develop its own approach to governance, ensuring its resources are directed to its individual priorities and in accordance with its own policies.

The fundamental principles of corporate governance are openness, inclusivity, integrity and accountability. The CIPFA/SOLACE guidance identifies seven core principles and various sub principles; the Council's Local Code of Corporate Governance is based on these seven core principles.

The seven principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the Council's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Code sets out the documents, systems, processes and actions the Council undertakes to fulfil its commitment to and compliance with this Code. The Code supports the Council's review of the effectiveness of its system of internal control and informs the Annual Governance Statement which accompanies the Annual Statement of Accounts.

The Cabinet in consultation with the Audit Committee is responsible for approving the Code. The Chief Executive and the Monitoring Officer are responsible for ensuring the Code is kept up to date and reviewed annually.

The Principles

The Council aims to achieve good standards of governance by:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Putting principles into effect

	Principle	This will be achieved by
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	<ul style="list-style-type: none"> • Corporate Plan • The Constitution • Member’s Code of Conduct • Employees’ Code of Conduct • Anti-Fraud and Corruption Policy & Strategy • Equalities policies • Whistle-blowing Policy • Anti-Bribery Policy Statement and Procedures • Anti-Money Laundering Policy Statement and Procedures • Member/Officer Protocol • Registers of Interests • Registers of Gifts and Hospitality • Officer and Member development strategies • Standards and Personnel Appeals Committee • Corporate Complaints procedures • Overview and Scrutiny function • Audit Committee • Licensing Committee • Planning Committee <p>Each of the statutory officers is able to operate with the appropriate independence; the organisational culture respects and supports their integrity and provides the staffing arrangements to support their work.</p>
B	Ensuring openness and comprehensive stakeholder engagement	<ul style="list-style-type: none"> • The Constitution • Corporate Plan • Community Engagement and Consultation Strategy • Forward Plan • Council Website – includes Meeting agendas and minutes of current and archived meeting and decisions • Publications Scheme • Overview and Scrutiny functions • Council Social Media • Citizens’ Panel • Engagement with Youth Forum • Ashfield Community Partnership • Co-location with DWP and Police • Partnership Protocols • Formal shared service arrangements

		<ul style="list-style-type: none"> • External audit assessment of Value for Money • Satisfaction Surveys • Budget consultation/engagement • The Council’s booklet “All About Ashfield”
C	Defining outcomes in terms of sustainable economic, social, and environmental benefits	<ul style="list-style-type: none"> • Corporate Plan • Forward Plan • Corporate report templates including legal, financial, Human Resource and risk appraisal • Corporate Risk Management framework • Audit Committee review of risks • MTFS • Performance management processes • Contract Procedure Rules • Procurement Strategy
D	Determining the interventions necessary to optimise the achievement of the intended outcomes	<ul style="list-style-type: none"> • The achievement of its Corporate Plan objectives are planned through a number of Programme Boards, which encompass: <ul style="list-style-type: none"> ○ Regeneration ○ Commercial Enterprise ○ Organisational Improvement ○ Health and Well Being ○ Place and Communities ○ Housing • Business cases • Project framework • Weighted Benefit Mode • MTFS, capital programme • Budget setting and monitoring processes • Corporate report templates including legal, financial, Human Resource and risk appraisal • Council’s website • Overview and Scrutiny functions • Consultation arrangements • Directors Service Plans • Weekly Corporate Leadership Team meetings • Regular Senior Leadership Team Meetings • Directorate Management Team meetings • 1-2-1 meetings • Performance framework and reporting • Value for Money assessment by external auditor

E	Developing the entity's capacity, including the capability of its leadership and the individuals within it	<ul style="list-style-type: none"> • Corporate Plan • The Constitution • Member's Code of Conduct • Employees' Code of Conduct • Equalities policies • Officer and Member development strategies • Personal Development Reviews • Officer Competency framework • Clearly defined roles – job descriptions, person specifications • Recruitment and selection procedures • Staff surveys • Cross Party Update Group • Peer Challenge
F	Managing risks and performance through robust internal control and strong public financial management	<ul style="list-style-type: none"> • Corporate Risk Register is regularly updated and considered by the Audit Committee • Directorate risk registers • Performance monitoring and reporting • Corporate report templates including legal, financial, Human Resource and risk appraisal • Overview and Scrutiny function • MTFS • Budget reporting and monitoring • Anti-Fraud and Corruption Policy & Strategy • Equalities policies • Whistle-blowing Policy • Anti-Bribery Policy Statement and Procedures • Anti-Money Laundering Policy Statement and Procedures • Emergency Planning and procedures and Business Continuity Plans • Information management policies and procedures • Publication Scheme • Procurement Strategy • Contract Procedure Rules • Assessment of Value for Money by external auditors

G	<p>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	<ul style="list-style-type: none"> • Council’s website and social media channels • Community Engagement and Consultation Strategy • Pay Policy published • Publication Scheme • Local Code of Corporate Governance – updated annually • Annual Governance Statement and Corporate Assurance Checklist are updated annually • Reporting of performance • Publication of Annual Report and Statement of Accounts • External auditors annual audit letter is published • Audit Committee • Peer Challenge
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Ashfield District Council – Audit Progress Report

Audit Committee: 27th November 2017



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Our Vision

Through continuous improvement, the central midlands audit partnership will strive to provide cost effective, high quality internal audit services that meet the needs and expectations of all its partners.

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Ashfield District Council – Audit Progress Report

Introduction

Role of Internal Audit

The Internal Audit Service for Ashfield District Council is now provided by the Central Midlands Audit Partnership (CMAP). The Partnership operates in accordance with standards of best practice applicable to Internal Audit (in particular, the Public Sector Internal Audit Standards – PSIAS). CMAP also adheres to the Internal Audit Charter.

The role of internal audit is to provide independent assurance that the organisation's risk management, governance and internal control processes are operating effectively.

Recommendation Ranking

To help management schedule their efforts to implement our recommendations or their alternative solutions, we have risk assessed each control weakness identified in our audits. For each recommendation a judgment was made on the likelihood of the risk occurring and the potential impact if the risk was to occur. From that risk assessment each recommendation has been given one of the following ratings:

- Critical risk.
- Significant risk.
- Moderate risk
- Low risk.

These ratings provide managers with an indication of the importance of recommendations as perceived by Audit; they do not form part of the risk management process; nor do they reflect the timeframe within which these recommendations can be addressed. These matters are still for management to determine.

Control Assurance Definitions

Summaries of all audit reports are to be reported to Audit Committee together with the management responses as part of Internal Audit's reports to Committee on progress made against the Audit Plan. All audit reviews will contain an overall opinion based on the adequacy of the level of internal control in existence at the time of the audit. This will be graded as either:

- **None** - We are not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks were not being well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Limited** - We are able to offer limited assurance in relation to the areas reviewed and the controls found to be in place. Some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Reasonable** - We are able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks were well managed, but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Comprehensive** - We are able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls were in place and operating effectively and risks against the achievement of objectives were well managed.

This report rating will be determined by the number of control weaknesses identified in relation to those examined, weighted by the significance of the risks. Any audits that receive a None or Limited assurance assessment will be highlighted to the Committee in Audit's progress reports.

Ashfield District Council – Audit Progress Report

Audit Coverage

Progress on Audit Assignments

The following table provides the Committee with information on how audit assignments were progressing as at 31st October 2017.

2017-18 Audit Plan Assignments	Type of Audit	Current Status	% Complete
Corporate Governance	Governance & Ethics Review	Fieldwork Complete	90%
Anti-Fraud & Corruption	Anti-Fraud/Probity/Investigation	Fieldwork Complete	90%
Capital Accounting	Key Financial System	Allocated	
Taxation	Key Financial System	Draft Report	95%
Fixed Assets	Key Financial System	Allocated	
Housing Benefit & Council Tax Support	Key Financial System	Allocated	
Right to Buy	Systems/Risk Audit	Final Report	100%
Depot Income	Systems/Risk Audit	Draft Report	95%
Development Control	Systems/Risk Audit	Draft Report	95%
Markets	Systems/Risk Audit	Allocated	50%
Housing Lettings/Allocations	Systems/Risk Audit	Allocated	
Contract Management	Procurement/Contract Audit	Allocated	
Rent Arrears	Systems/Risk Audit	Allocated	
Responsive Maintenance/Voids (Agile Audit)	Systems/Risk Audit	Final Report	100%
Health & Safety - Gas Safety	Systems/Risk Audit	Allocated	10%
External Wall Insulation Project – Grant Funding	Grant Certification	Complete	100%
Health & Safety	Governance & Ethics Review	Allocated	5%
ECINS Security Assessment	IT Audit	Allocated	25%
ICT Infrastructure	IT Audit	Allocated	
People Management	Systems/Risk Audit	Allocated	65%
Payroll	Key Financial System	Allocated	
Corporate Improvement/Transformation	Governance & Ethics Review	Allocated	
Audit Plan Assignments B/fwd from 2016-17			
Main Accounting Systems 2016-17	Key Financial System	Final Report	100%
xPress Security Assessment	IT Audit	Final Report	100%

5 more audit assignments finalised by August 2017 have already been reported to the Committee.

Audit Plan Changes

With the agreement of the Council's Director of Legal and Governance (& Monitoring Officer) in November 2017, changes were made to the Internal Audit Plan to address emerging risks identified by management.

- Internal Audit have agreed to provide additional resources to investigate a whistle blowing allegation. Additionally, time originally assigned to the Homelessness audit will also be utilised for the whistleblowing investigation and accordingly the Homelessness audit has been withdrawn from the 2017-18 Plan.

Ashfield District Council – Audit Progress Report

Audit Coverage

Completed Audit Assignments

Between 1st September 2017 and 31st October 2017, the following audit assignments reached their conclusion:

1. Main Accounting Systems 2016-17. **(Reasonable)**
2. xPress Security Assessment. **(Reasonable)**

Main Accounting Systems 2016-17

Overall Assurance Rating: Reasonable

The audit sought to provide assurance as to the robustness of controls in the processes for undertaking:

- Key reconciliations.
- Revenue budget monitoring.
- Processing of journals and virements.

From the 26 key controls evaluated in this audit review, 18 were considered to provide adequate control and 8 contained weaknesses. This report contained 7 recommendations all of which were considered to present a low risk. The following issues were considered to be the key control weaknesses:

1. The summary record for key control account reconciliations did not include all key reconciliations, and also included reconciliations which were no longer completed. **(Low Risk)**
2. Email evidence of the officer preparing the reconciliation had been retained within the Capital Team Accountant's email account; however it was not stored separately in a secure central location. **(Low Risk)**
3. Corporate Finance did not retain evidence that the reconciliations had been checked by a second officer for all of the reconciliations collected. **(Low Risk)**
4. There were no procedure notes in place on how to complete the payroll reconciliations. **(Low Risk)**
5. There were no scheduled budget monitoring meetings between Accountants and budget holders, and there was no requirement to forecast year-end spend. **(Low Risk)**
6. Records of training provided by Corporate Finance on the General Ledger, Purchase Ledger and budget setting had not been passed to the Training section for recording on the employees file. **(Low Risk)**
7. Testing identified one employee at a grade below Accountant who had been given access to authorise journals. **(Low Risk)**

The issues raised within this report were accepted. Management had taken action to address all issues by the time the final report was issued.

xPress Security Assessment

Overall Assurance Rating: Reasonable

The audit focused on the security, configuration and management of the Council's xPress (electoral management system) systems underlying server infrastructure, namely NODE48, the database server which hosted the xPress live and test databases, and NODE210, the application server which runs the xPress system.

From the 50 key controls evaluated in this audit review, 37 were considered to provide adequate control and 13 contained weaknesses. This report contained 9 recommendations, 7 of which were considered to present a low risk and 2 presenting a moderate risk. Another 2 minor risk issues were

Ashfield District Council – Audit Progress Report

highlighted for management's consideration. The following issues were considered to be the key control weaknesses:

1. A SQL script was exposing a privileged database account's password in plain text to a significant number of users. (Moderate Risk)
2. Neither logon success or logon failure auditing were enabled on NODE48 (the database server hosting the xPress databases). (Low Risk)
3. Access control lists for file shares on the xPress application server did not correspond with the list of actual users with access to the system, by a margin of almost 100 users, which may lead to privacy violations. In addition on some file shares on the server, non ICT staff had full control which may present additional opportunities for users to grant access to sensitive data. (Moderate Risk)
4. A small number of ex-employees still had active domain accounts and access to the sensitive electoral files on NODE210 at the time of testing, such as registration forms. (Low Risk)
5. The SQL Server service accounts on NODE48 were members of the domain administrators group which does not comply with Microsoft security best practices. (Low Risk)
6. A number of user and system databases (including tempDB) were located on the servers system drive, which can pose a performance and capacity risk which could impact all applications that rely on these databases, including xPress. (Low Risk)
7. 3 databases on NODE48 had auto-shrink configured which can cause database fragmentation, leading to performance issues and possibly service outages. (Low Risk)
8. Neither the live nor test xPress database had been subject to DBCC CHECKDB routine in almost 12 months, which does not comply with the Microsoft suggested best practice of checks every 2 weeks. (Low Risk)
9. Page verification had not been configured for 7 databases in line with best practice. (Low Risk)

All of the issues raised were accepted and action had already been taken to address 3 of the issues raised by the end of the audit. Three more of the issues were to be addressed by the 31st October 2017 and the final three low risk issues were to be addressed by 31st December 2017.

Ashfield District Council – Audit Progress Report

Audit Performance

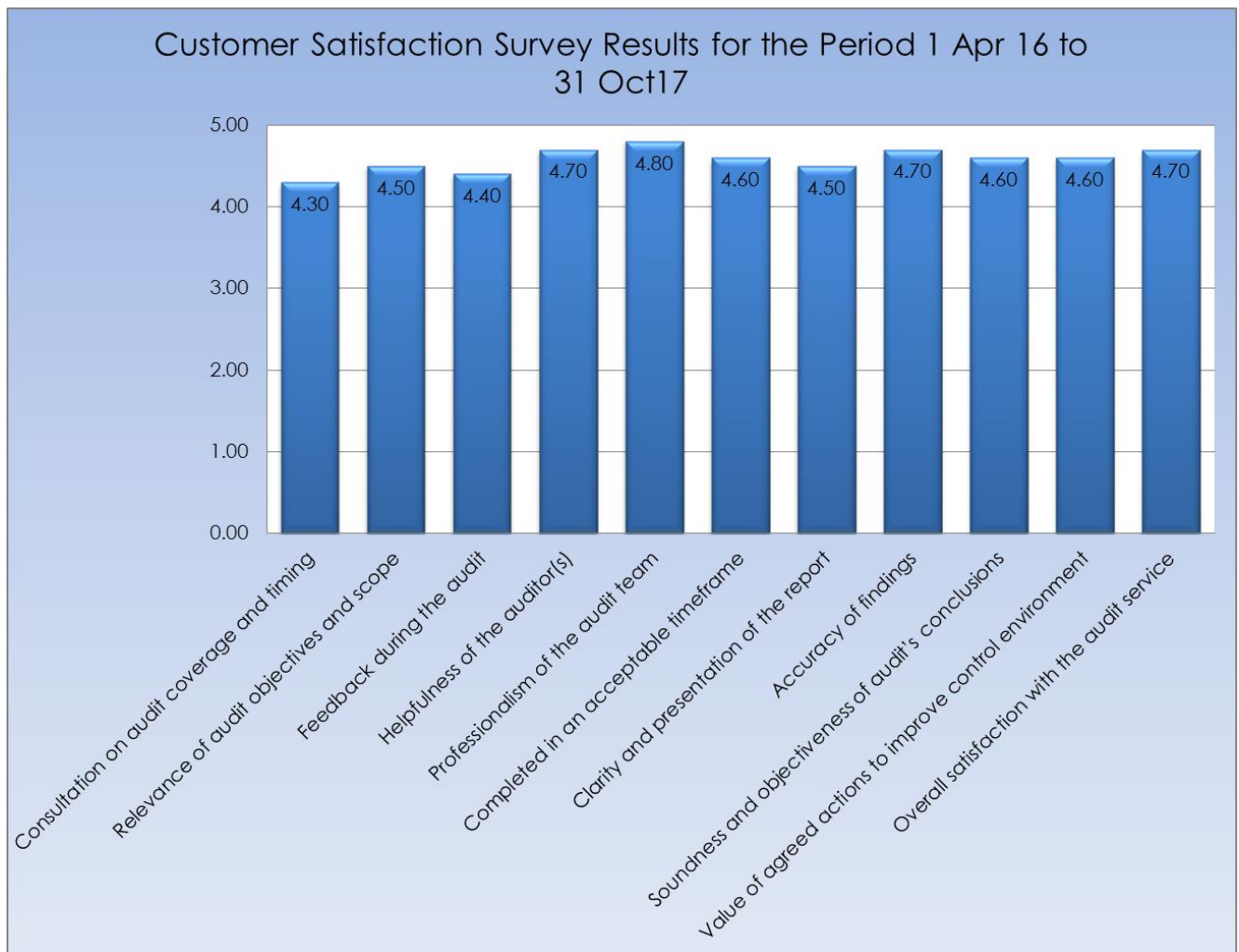
Customer Satisfaction

The Audit Section sends out a customer satisfaction survey with the final audit report to obtain feedback on the performance of the auditor and on how the audit was received. The survey consists of 11 questions which require grading from 1 to 5, where 1 is very poor and 5 is excellent. The chart across summarises the average score for each question from the 9 responses received between 1st April 2016 and 31st October 2017. The overall average score from the surveys was 50.4 out of 55.

The overall responses are graded as either:

- Excellent (scores 47 to 55)
- Good (scores 38 to 46)
- Fair (scores 29 to 37)
- Poor (scores 20 to 28)
- Very poor (scores 11 to 19)

Of the 10 responses received to date, 9 categorised the audit service they received as excellent and the other 1 as good.



Ashfield District Council – Audit Progress Report

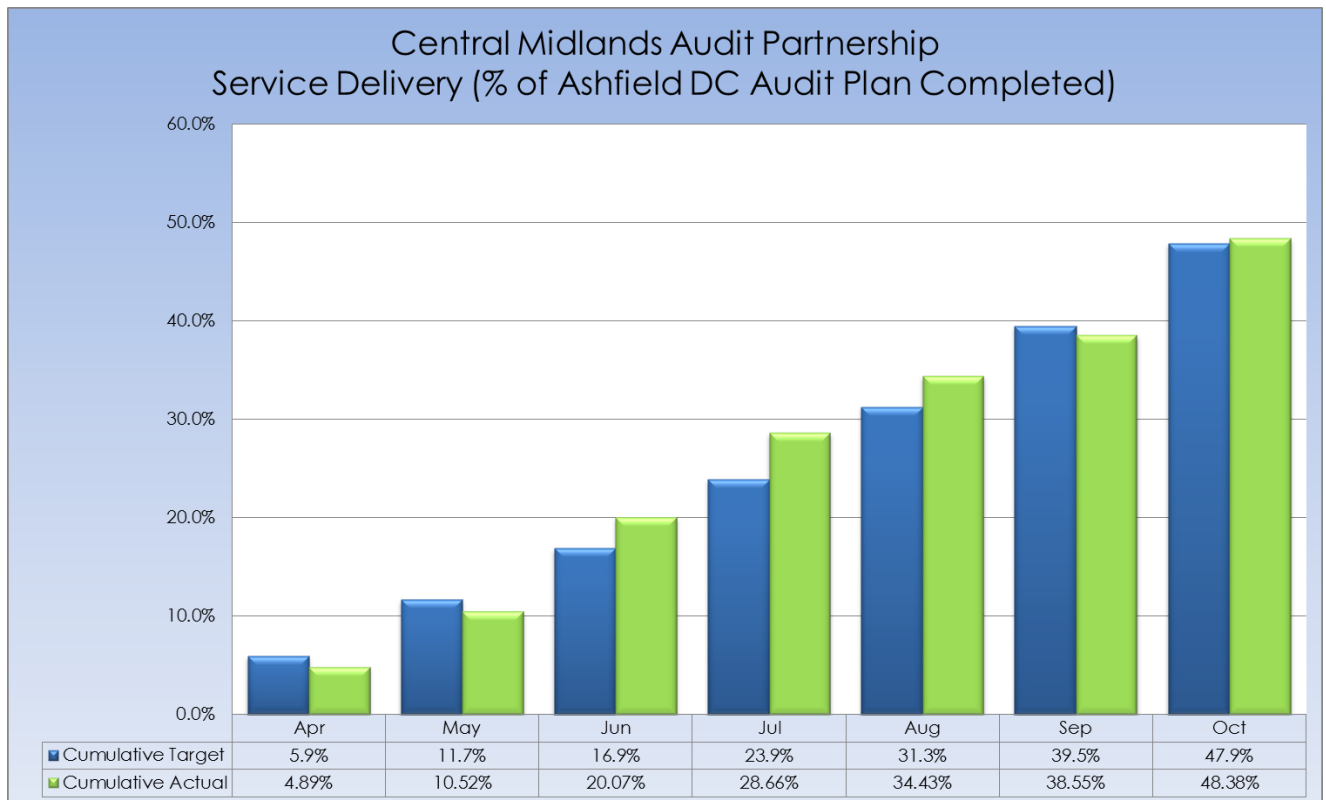
Audit Performance

Service Delivery (% of Audit Plan Completed)

At the end of each month, Audit staff provide the Audit Manager with an estimated percentage complete figure for each audit assignment they have been allocated. These figures are used to calculate how much of each Partner organisation's Audit Plans have been completed to date and how much of the Partnership's overall Audit Plan has been completed.

Shown below is the estimated percentage complete for Ashfield DC 2017-18 Audit Plan (including incomplete jobs brought forward) after approximately 7 months of the Audit Plan year.

The monthly target has been profiled to reflect the expected productive time available each month, but still assumes that time will be spent evenly over each partner organisation in proportion with their contributions which is not always the case.



Ashfield District Council – Audit Progress Report

Recommendation Tracking

Follow-up Process

The Council has operated its own procedure for monitoring the implementation of agreed Audit recommendations. This process will now be undertaken by Internal Audit.

Internal Audit has developed a bespoke system whereby emails, automatically generated by our recommendations database, can be sent to officers responsible for action where their recommendations' action dates have been exceeded. The emails request an update on each recommendation's implementation status, which will be fed back into the database, along with any revised implementation dates.

Each recommendation made by Internal Audit will be assigned one of the following "Action Status" categories as a result of our attempts to follow-up management's progress in the implementation of agreed actions. The following explanations are provided in respect of each "Action Status" category:

- **Action Due** = Action is due and Audit has been unable to ascertain any progress information from the responsible officer.
- **Future Action** = Action is not due yet, so Audit has not followed up.
- **Implemented** = Audit has received assurances that the agreed actions have been implemented.
- **Superseded** = Audit has received information about changes to the system or processes that means that the original weaknesses no longer exist.
- **Being Implemented** = Management is still committed to undertaking the agreed actions, but they have yet to be completed. (This category should result in a revised action date)
- **Risk Accepted** = Management has decided to accept the risk that Audit has identified and take no mitigating action.

Implementation Status Details

Reports to the Committee are intended to provide members with an overview of the current implementation status of all agreed actions to address the control weaknesses highlighted by audit recommendations made between 1st April 2016 and 15th November 2017:

	Implemented	Being Implemented	Risk Accepted	Superseded	Action Due	Future Action	Total
Low Risk	79	11	2	0	1	11	104
Moderate Risk	17	3	0	0	2	0	22
Significant Risk	0	0	0	0	0	0	0
Critical Risk	0	0	0	0	0	0	0
Totals	96	14	2	0	3	11	126

The table below shows those recommendations not yet implemented by dept.

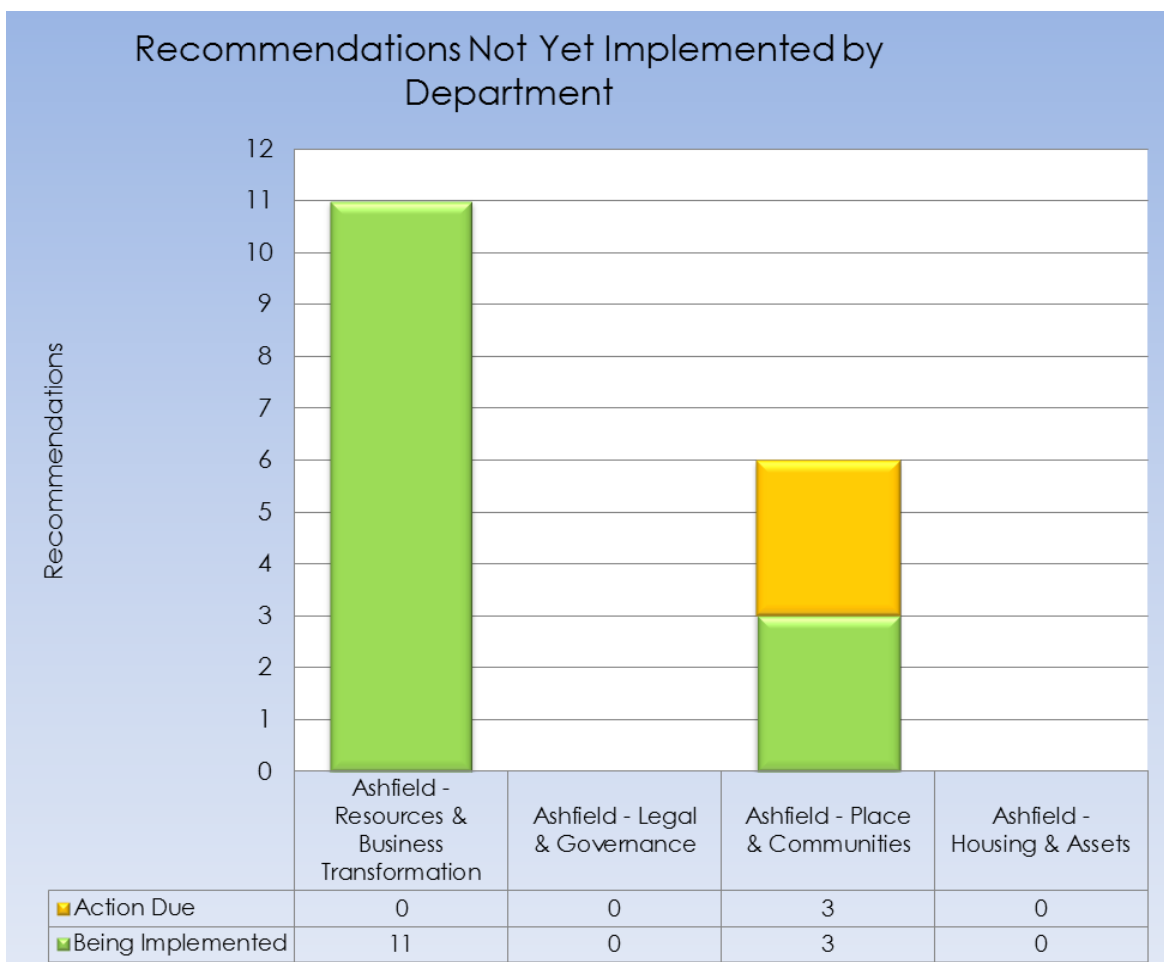
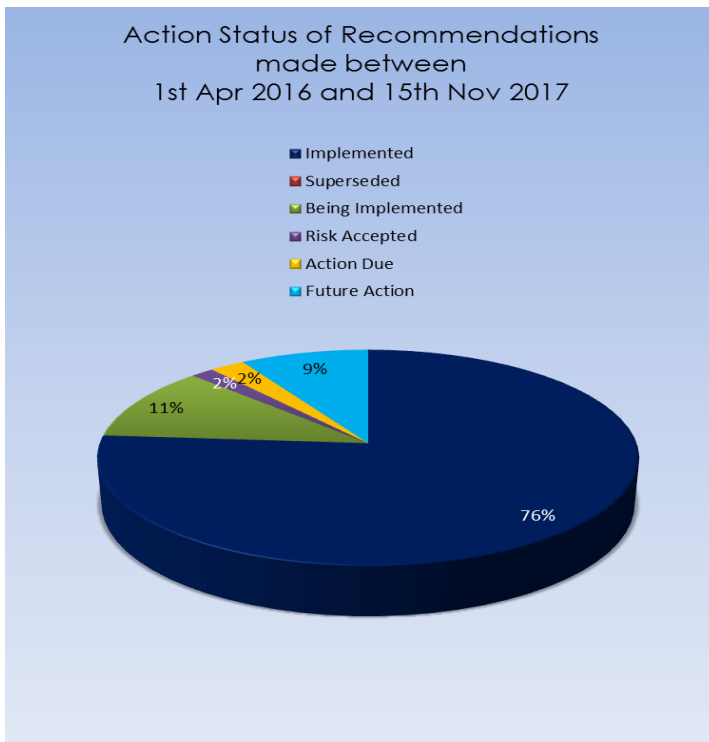
Recommendations Not Yet Implemented	Resources & Business Transformation	Legal & Governance	Place & Communities	Housing & Assets	Totals
Being Implemented	11	0	3	0	14
No progress information	0	0	3	0	3
	11	0	6	0	17

Internal Audit has provided Committee with summary details of those recommendations still in the process of 'Being Implemented' and those that have passed their due date for implementation. We will provide full details of any moderate, significant or critical risk issues where management has decided not to take any mitigating actions (shown in the 'Risk Accepted' category above). Both of the risk accepted issues shown above have already been reported to this Committee.

Ashfield District Council – Audit Progress Report

Recommendation Tracking

Implementation Status Charts



Ashfield District Council – Audit Progress Report

Recommendation Tracking

Highlighted Recommendations

We have included this section of this report to bring recommendations to your attention for the following reason:

- Any Moderate, Significant or Critical risk recommendations (either being implemented or with no response) that have passed their original agreed implementation date.
- Any Low risk recommendations still being implemented where it has been more than a year since the original agreed implementation date or those with no response where it has been more than 3 months since the original agreed implementation date.

Resources & Business Transformation

Business Continuity & Emergency Planning

Control Issue 2 - There were numerous Business Continuity Service Area Plans and Critical Plans that were not in place or up-to-date. The Business Continuity Plans for the Housing Services Directorate (formerly Ashfield Homes Ltd.) should have been reviewed at various dates in 2016, however this had not happened.

Risk Rating – Moderate Risk

Status Update - Nearly there with all BC service plans but now cross referencing the critical functions and identifying gaps. The exception report on BC service plans didn't go to CLT as was waiting for the Critical functions to be attached. There is a cross checking exercise matching the critical functions identified in BC Service plans against the actual plans and also where they have previously been rated (RAG). Despite repeated chasing plans are not forthcoming and therefore the programme of testing is being implemented - firstly to underpin the robustness of the BC programme but also to identify weaknesses and where additional plans may be required.

Original Action Date 30 Apr 17 **Revised Action Date** 31 Oct 17

Control Issue 4 - The red rated Critical Plans and Business Continuity Plans had not been included on the Resilience Direct Website.

Risk Rating – Moderate Risk

Status Update - Nearly there with all BC service plans but now cross referencing the critical functions and identifying gaps. The exception report on BC service plans didn't go to CLT as was waiting for the Critical functions to be attached. There is a cross checking exercise matching the critical functions identified in BC Service plans against the actual plans and also where they have previously been rated (RAG). Despite repeated chasing plans are not forthcoming and therefore the programme of testing is being implemented - firstly to underpin the robustness of the BC programme but also to identify weaknesses and where additional plans may be required.

Original Action Date 31 May 17 **Revised Action Date** 31 Oct 17

Place & Communities

Safeguarding

Control Issue 5 - Review of HR recruitment checks done for 10 new starters identified 3 cases where there was no evidence that the recruitment checking procedures had been followed.

Risk Rating – Moderate Risk

Status Update – Review of the recruitment strategy has been completed and the process for completing DBS checks has been changed. HR Advisers are currently progressing any checks that need renewing.

Original Action Date 31 Mar 17 **Revised Action Date** 30 Sept 17

Ashfield District Council – Audit Progress Report

New Cross Initiative

Control Issue 5 - Sensitive information was at risk of being emailed outside of the GCSX secure network, as Team leaders were unsure how and when to use it, potentially in breach of the Data Protection Act.

Risk Rating – Moderate Risk

Status Update - No Response Received

Original Action Date 1 October 17 Revised Action Date n/a

Ashfield District Council – Audit Progress Report

Status of Previous Audit Recommendations

Recommendations Not Implemented

There were a number of Audit Recommendations that were issued and agreed prior to Ashfield District Council joining the Central Midlands Audit Partnership. One legacy recommendation remains outstanding relating to Ashfield Homes Ltd. This will continue to be monitored and details are provided below.

Ashfield Homes Ltd – Outstanding Recommendations

Report	Recommendation	Responsible officer	Due date	Update
C Housing Maintenance 15/16-10	The full review of the in-house Schedule of Rates is given an end target date, and progress is monitored and reported to SMT.	Responsive and Voids Maintenance Manager & Support Services Manager	31/03/18	A full programme is in place to complete the review of the schedule of rates. Progress of this will be monitored through Senior Management Team Update 16/11/2016 Potentially looking at buy off the shelf paperless system and therefore changing the system altogether. Update 01/02/2017 – No further updates. Any action has been put on hold as there is a service review underway. Update 10/07/2017 – The full review of in-house Schedule of Rates is now in progress.

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