



Borough of Tamworth

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AUDIT AND GOVERNANCE COMMITTEE

20 October 2021

Dear Councillor

A meeting of the Audit and Governance Committee will be held in **Council Chamber, Marmion House, Lichfield Street, Tamworth, B79 7BZ on Thursday, 28th October, 2021 at 6.00 pm.** Members of the Committee are requested to attend.

Yours faithfully

A handwritten signature in black ink, appearing to be 'AOS', followed by a long horizontal line.

CHIEF EXECUTIVE

A G E N D A

NON CONFIDENTIAL

- 1 Apologies for Absence**
- 2 Minutes of the Previous Meeting (Pages 5 - 8)**
- 3 Declarations of Interest**

To receive any declarations of Members' interests (pecuniary and non-pecuniary) in any matters which are to be considered at this meeting.

When Members are declaring a pecuniary or non-pecuniary interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a pecuniary or non-pecuniary interest in respect of which they do not have a dispensation.

4 Appointment of External Auditor - re Accounts Commencing 2023/2024
(Pages 9 - 36)

(Report of the Executive Director Finance)

5 Risk Management Quarterly Update - Quarter 2 (Pages 37 - 52)

(Report of the Assistant Director, Finance)

6 Counter Fraud Update (Pages 53 - 140)

(Report of the Audit Manager)

7 Internal Audit Quarterly Progress Report - Quarter 2 (Pages 141 - 164)

(Report of the Audit Manager)

8 Audit and Governance Committee Timetable (Pages 165 - 170)

(Discussion Item)

9 Exclusion of the Press and Public

To consider excluding the Press and Public from the meeting by passing the following resolution:-

“That in accordance with the provisions of the Local Authorities (Executive Arrangements) (Meeting and Access to Information) (England) Regulations 2012, and Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public”

At the time this agenda is published no representations have been received that this part of the meeting should be open to the public.

10 Future High Streets Fund Risk Management (Pages 171 - 180)

(Report of the Assistant Director, Regeneration and Growth)

11 Update on the Audit Findings Report

(Grant Thornton)

A Private Meeting of the Members and the External Auditor and Internal Auditors will follow this meeting

Access arrangements

If you have any particular access requirements when attending the meeting, please contact Democratic Services on 01827 709267 or e-mail democratic-services@tamworth.gov.uk. We can then endeavour to ensure that any particular requirements you may have are catered for.

Filming of Meetings

The public part of this meeting may be filmed and broadcast. Please refer to the Council's Protocol on Filming, Videoing, Photography and Audio Recording at Council meetings which can be found [here](#) for further information.

If a member of the public is particularly concerned about being filmed, please contact a member of Democratic Services before selecting a seat

FAQs

For further information about the Council's Committee arrangements please see the FAQ page [here](#)

To Councillors: M Summers, R Ford, J Chesworth, A Cooper, M J Greatorex,
Dr S People and P Thurgood

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MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 16th SEPTEMBER 2021

PRESENT: Councillor M Summers (Chair), Councillors R Ford (Vice-Chair),
M J Greatorex, Dr S Peale and P Thurgood

Officers Lynne Pugh (Assistant Director Finance), Zoe Wolicki
(Assistant Director People), Joanne Sands (Assistant
Director Partnerships), Andrew Wood (Audit Manager)
and Jodie Small (Legal, Democratic and Corporate
Support Assistant)

Visitors William Guest (Grant Thornton) and Mark Stocks (Grant
Thornton)

Apologies received from: Councillor(s) J Chesworth and A Cooper

23 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on the 28th July 2021 were approved and signed
as a correct record.

(Moved by Councillor Dr S Peale and seconded by Councillor P Thurgood)

24 DECLARATIONS OF INTEREST

There were no declarations of Interest.

25 REVIEW OF THE ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2020/21

The Assistant Director, Finance presented the Annual Report on the Treasury
Management Service and Actual Prudential Indicators 2020/21 prior to Council on
21st September 2021.

Members were asked to consider the report and highlight any proposed changes for recommendation to Cabinet. Following questions no changes were proposed

Committee Thanked staff for their excellent performance.

(Moved by Councillor M Summers and seconded by Councillor R Ford)

26 LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW 2020/21

The Assistant Director, People advised the committee of the contents of the Local Government and Social Care Ombudsman's Annual Report Letter for the year ended 31st March 2021 in relation to complaints against Tamworth Borough Council

RESOLVED

That the Committee;

1. Endorsed the content of the Ombudsman's Annual Review Letter
2. Noted the summary of complaints, enquiries and decisions made during 2020/ 21

(Moved by Councillor M Greatorex and seconded by Councillor P Thurgood)

27 MODERN SLAVERY STATEMENT 2020/21

The Assistant Director Partnerships updated Members on the Council's Modern Slavery and Human Trafficking Statement 2020/21.

RESOLVED

That Committee

Endorsed the Modern Slavery and Human Trafficking Statement 2020/21 for approval by Cabinet

(Moved by Councillor Dr S Peuple and seconded by Councillor M Summers)

28 AUDIT AND GOVERNANCE COMMITTEE TIMETABLE

The Committee reviewed and noted the timetable and the Chair also reminded members of the training session on the 28th September.

29 MANAGEMENT REPRESENTATION LETTER 2020/21

The Assistant Director, Finance summarised the management representation letter highlighting the salient points within the letter.

RESOLVED That the Committee;

Approved authorisation for the Chair of Audit & Governance Committee and the Executive Director, Finance to sign off the management representation letter.

(Moved by Councillor R Ford and seconded by Councillor Dr S Peaple)

30 FEE INCREASE LETTER

The Fee increase Letter of Grant Thornton (External Auditor) was considered

RESOLVED: That Members endorsed the Fee increase Letter.

(Moved by Councillor M Summers and seconded by Councillor M Greatorex)

31 AUDIT FINDINGS REPORT 2020/21

Will Guest from Grant Thornton, the Council's external auditors, summarised the Audit findings report.

RESOLVED That the Committee;

Endorsed the Audit Findings Report 2020/21.

(Moved by Councillor M Summers and seconded by Councillor M Greatorex)

32 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: That Members of the press and public be excluded from the meeting during consideration of the following item on the grounds that the business involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

(Moved by Councillor M Summers and seconded by Councillor M Greatorex)

33 AUDIT FINDINGS REPORT 2020/21

Mark Stocks, From Grant Thornton, joined the meeting and presented the exempt part of the Audit Findings Report to Committee. Following discussion it was agreed that this item would be discussed further at the next Audit and Governance meeting following the obtaining of legal advice on these matters.

Chair

draft

THURSDAY, 28 OCTOBER 2021

REPORT OF THE EXECUTIVE DIRECTOR FINANCE (S151)

APPOINTMENT OF EXTERNAL AUDITOR - RE ACCOUNTS COMMENCING 2023/2024

EXEMPT INFORMATION

None.

PURPOSE

To advise Members of the options process and legislative requirement to appoint External Auditors for the Accounting Periods from 2023/2024 and to seek Member endorsement of the recommended option for Cabinet & Council approval.

RECOMMENDATIONS

That Members endorse;

1. That Cabinet recommends to Council that the Authority opts into the appointing person arrangements made by the Public Sector Audit Appointments (PSAA) for the appointment of External Auditors; and
2. That the Executive Director Finance (S151) confirms our interest in undertaking the opt in appointing process following ratification by Council and has delegated powers in relation to the appointing process.

EXECUTIVE SUMMARY

Local Authorities are required under legislation to appoint their own External Auditors. The Local Audit and Accountabilities Act 2014 requires Local Authorities to decide between opting from one of the following two options available, namely;

1. Utilising the Public Sector Audit Appointments (PSAA), under the appointing persons regime, Local Audit (Appointing Person) Regulations 2015, or
2. Running our own procurement exercise.

Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt-in must be made by Full Council.

Reasons for Proposed Decision

Option 1: Sector led Procurement Exercise Utilising PSAA

This is the least resource demanding of the two options available to the Authority. The use of PSAA provides for a procurement exercise undertaken on a larger scale than an Authority led procurement exercise and will ensure that the most competitive rates are obtained. This will result in a larger interest from the Audit Sector Partners and result in a reduced cost for undertaking the procurement exercise (establishing an audit panel, advertising and interview costs) as procurement exercise costs will be shared by the number of Authorities opting for this option.

Option 2: Running our own procurement exercise

This would require the establishment of an auditor panel and conduct our own procurement exercise. Undertaking our own procurement exercise will involve disproportionate use of resources (cost and management time) and would not deliver economies of scale/bulk buying power which the sector led procurement process would deliver. In light of the benefits that the sector led procurement option undertaking our own procurement exercise is not recommended.

For the reasons stated above Option 1 is recommended option as it provides the best opportunity to deliver Value for Money.

RESOURCE IMPLICATIONS

Option 1 provides the most cost effective procurement option. Cost of undertaking our own procurement process would be higher than the PSAA route and offers greater opportunity in achieving a lower audit base fee due to economies of scale and buying power available under joint procurement.

Until the procurement exercise is completed it is not possible to identify the financial impact of the process and Audit Fees for 2023/2024. However, as stated the PSAA option should deliver a reduced cost than Option 2 as there is greater opportunity through using PSAA and any increase will be minimised with better quality options.

LEGAL/RISK IMPLICATIONS BACKGROUND

The principal risks are that the Authority:

- fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or
- does not achieve value for money in the appointment process.

These risks are considered best mitigated by opting into the sector-led approach through PSAA.

The process as set out above and the recommendation should ensure compliance with the Local Audit and Accountability Act 2014.

EQUALITIES IMPLICATION

None.

SUSTAINABILITY IMPLICATIONS

None.

BACKGROUND INFORMATION

The Council opted-in to the last procurement exercise undertaken by PSAA in 2017, as agreed by Full Council on 13th December 2016 and under this agreement External Audit services have been supplied through the PSAA procurement route for the accounts since 2018/2019. This arrangement will end for the accounts for 2022/2023 and PSA is undertaking the next procurement exercise for the external audit of the accounts from 2023/2024 for a period of 5 years.

A decision to become an opted-in authority must be taken in accordance with the Regulations, that is by the members of an authority meeting as a whole, i.e. in Full Council.

An eligible body that has decided to join the scheme must inform PSAA by returning the Form of Acceptance Notice (issued with the opt-in invitation) no later than midnight on Friday 11th March 2022.

The LGA has provided further information (attached at Appendix 1 – including links to the PSAA website containing the procurement strategy and FAQs) in relation to procuring External Auditor services through PSAA and a number of the same arguments apply as at the time of the last procurement:

- A council procuring its own auditor or procuring through a joint arrangement means setting up an Audit Panel with an independent chair to oversee the procurement and running of the contract.
- The procurement process is an administrative burden on council staff already struggling for capacity. Contract management is an ongoing burden.
- Procuring through the appointing person (PSAA) makes it easier for councils to demonstrate independence of process.
- it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement
- Procuring for yourself provides no obvious benefits:
 - The service being procured is defined by statute and by accounting and auditing codes
 - Possible suppliers are limited to the small pool of registered firms with accredited Key Audit Partners (KAP).
 - Since the last procurement it is now more obvious than ever that we are in a 'suppliers' market' in which the audit firms hold most of the levers.
- PSAA has now built up considerable expertise and has been working hard to address the issue that have arisen with the contracts over the last couple of years:
 - PSAA has the experience of the first national contract. The Government's selection of PSAA as the appointing person for a second cycle reflects MHCLG's confidence in them as an organisation.
 - PSAA has commissioned high quality research to understand the nature of the audit market.
 - It has worked very closely with MHCLG to enable the government to consult on changes to the fees setting arrangements to deal better with variations at national and local level, hopefully resulting in more flexible and appropriate Regulations later this year

REPORT AUTHOR

Stefan Garner – Executive Director Finance (S151)
stefan-garner@tamworth.gov.uk

LIST OF BACKGROUND PAPERS

APPENDICES

Tamworth Borough Council PSAA Invitation – Appendix 1
PSAA Prospectus – Appendix 2

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22 September 2021

To: Mr Barratt, Chief Executive
Tamworth Borough Council

Copied to: Mr Garner, S151 Officer
Councillor Summers, Chair of Audit Committee or equivalent

Dear Mr Barratt,

Invitation to opt into the national scheme for auditor appointments from April 2023

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

Appendix 1

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at ap2@psaa.co.uk. We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to ap2@psaa.co.uk, and we will respond to you.

Yours sincerely

Tony Crawley
Chief Executive

Encl: Summary of the national scheme

Why accepting the national scheme opt-in invitation is the best solution

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

The national scheme for appointing local auditors

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

Appendix 1

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in [the scheme prospectus](#).

Opting in

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

Local Government Reorganisation

We are aware that reorganisations in the local government areas of Cumbria, Somerset, and North Yorkshire were announced in July 2021. Subject to parliamentary approval shadow elections will take place in May 2022 for the new Councils to become established from 1 April 2023. Newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations 2015. These Regulations also set out that a local government body that ceases to exist is automatically removed from the scheme.

If for any reason there is any uncertainty that reorganisations will take place or meet the current timetable, we would suggest that the current eligible bodies confirm their acceptance to opt in to avoid the requirement to have to make local arrangements should the reorganisation be delayed.

Next Steps

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on [our website](#) and in [the scheme prospectus](#).

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PROSPECTUS

The national scheme for local auditor appointments

All eligible bodies

September 2021

www.psaa.co.uk

About PSAA

Public Sector Audit Appointments Limited (PSAA) is an independent company limited by guarantee incorporated by the Local Government Association in August 2014.

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing auditors and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme, overseeing issues of auditor independence and monitoring compliance by the auditor with the contracts we enter into with the audit firms.

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Introduction

PSAA has issued its formal invitation to all eligible bodies to opt into the national scheme for local auditor appointments for the second appointing period, which will provide external audit arrangements for the period commencing from the financial year 2023/24.

This prospectus is published to provide details of the national scheme and to assist eligible bodies in deciding whether or not to accept PSAA's invitation. The scheme has been shaped by [your feedback to the June 2021 consultation](#) on our draft prospectus. The key areas of our approach that have been refined in response to consultation feedback are set out later in this prospectus.

In relation to appointing auditors, eligible bodies have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

A decision to become an opted-in authority must be taken in accordance with the Regulations, that is by the members of an authority meeting as a whole, i.e. in Full Council, except where the authority is a corporation sole, such as a police and crime commissioner, in which case this decision must be taken by the holder of that office.

An eligible body that has decided to join the scheme must inform PSAA by returning the Form of Acceptance Notice (issued with the opt-in invitation) **no later than midnight on Friday 11 March 2022**.

An eligible body that does not accept the opt-in invitation but subsequently wishes to join the scheme may apply to opt in only after the appointing period has commenced, that is on or after 1 April 2023. In accordance with the regulations, as the appointing person, PSAA must: consider a request to join its scheme; agree to the request unless it has reasonable grounds for refusing it; and notify the eligible body within four weeks of its decision with an explanation if the request is refused. Where the request is accepted, PSAA may recover its reasonable costs for making arrangements to appoint a local auditor from the opted-in body.

Audit does matter

The purpose of audit is to provide an independent opinion on the truth and fairness of the financial statements, whether they have been properly prepared and to report on certain other requirements. In relation to local audit the auditor has a number of distinctive duties including assessing the arrangements in place to deliver value for money, and dealing with electors' objections and issuing public interest reports.

Good quality independent audit is one of the cornerstones of public accountability. It gives assurance that taxpayers' money has been well managed and properly expended. It helps to inspire trust and confidence in the organisations and people responsible for managing public money.

“The LGA set up PSAA to provide a way for councils to meet the legislative requirements of audit procurement without unnecessary bureaucracy and to provide leverage for councils by collaborating in a difficult market. It is now more important than ever that councils work together to ensure we get what we need from the audit market.”

James Jamieson. Chairman of the Local Government Association

Context: changes in the audit market

In 2014 when the Local Audit and Accountability Act received Royal Assent the audit market was relatively stable. In 2017 PSAA benefitted from that continuing stability. Our initial procurement on behalf of more than 480 bodies (98% of those eligible to join the national scheme) was very successful, attracting very competitive bids from firms. As a result, we were able to enter into long term contracts with five experienced and respected firms and to make auditor appointments to all bodies. However, although we did not know it at the time, this was the calm before the storm.

2018 proved to be a very significant turning point for the audit industry. A series of financial crises and failures in the private sector gave rise to questioning about the role of auditors and the focus and value of their work. In rapid succession the Government commissioned four independent reviews, all of which have subsequently reported:

- Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator;
- the Competition and Markets Authority review of the audit market;
- Sir Donald Brydon's review of the quality and effectiveness of audit; and
- Sir Tony Redmond's review of local authority financial reporting and external audit.

In total the four reviews set out more than 170 recommendations which are now at various stages of consideration by Government with the clear implication that a series of significant reforms could follow. Indeed, in some cases where new legislation is not required, significant change is already underway. A particular case in point concerns the FRC, where the Kingman Review has inspired an urgent drive to deliver rapid, measurable improvements in audit quality. This has already created a major pressure for firms and an imperative to ensure full compliance with regulatory requirements and expectations in every audit they undertake.

By the time firms were conducting 2018/19 local audits, the measures which they were putting in place were clearly visible in response to a more focused regulator that was determined to achieve change. In order to deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain higher levels of assurance. However, additional work requires more time, posing a threat to firms' ability to complete all of their audits by the target date for publication of audited accounts (then 31 July) - a threat accentuated by growing recruitment and retention challenges, the complexity of local government financial statements, and increasing levels of technical challenges as bodies explored innovative ways of developing new or enhanced income streams to help fund services for local people.

This risk to the delivery of timely audit opinions first emerged in April 2019 when one of PSAA's contracted firms flagged the possible delayed completion of approximately 20 audits. Less than four months later, all firms were reporting similar difficulties, resulting in more than 200 delayed audit opinions.

2019/20 audits have presented even greater challenges. With Covid-19 in the mix both finance and audit teams have found themselves in uncharted waters. Even with the benefit of an extended timetable targeting publication of audited accounts by 30 November, more than 260 opinions remained outstanding. The timeliness problem is extremely troubling. It creates disruption and reputational damage for affected parties. There are no easy solutions, and so it is vital that co-ordinated action is taken across the system by all involved in the accounts and audit process to address the current position and achieve sustainable improvement without compromising audit quality. PSAA is fully committed to do all it can to contribute to achieving that goal.

Delayed opinions are not the only consequence of the regulatory drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been received than in prior years and audit costs have increased.

None of these problems are unique to local government audit. Similar challenges have played out throughout other sectors where, for example, increased fees and disappointing responses to tender invitations have been experienced during the past two years.

All of this paints a picture of an audit industry under enormous pressure, and of a local audit system which is experiencing its share of the strain and instability as impacts cascade down to the frontline of individual audits. We highlight some of the initiatives which we have taken to try to manage through this troubled post-2018 audit era in this prospectus.

We look forward to the challenge of getting beyond managing serial problems within a fragile system and working with other local audit stakeholders to help design and implement a system which is more stable, more resilient, and more sustainable.

Responding to the post-2018 pressures

MHCLG's¹ Spring statement proposes changes to the current arrangements. At the time of writing, a formal consultation on the proposals in the Spring statement is underway and is due to close on 22 September 2021. The significant work to reform audit in the wake of the four independent reviews is underway. Further wide-ranging change is almost certain to occur during the next few years, and is very likely to have an impact during the appointing period that will commence in April 2023. Organisations attempting to procure audit services of an appropriate quality during this period are likely to experience markedly greater challenges than pre-2018.

Local government audit will not be immune from these difficulties. However, we do believe that PSAA's national scheme will be the best option to enable local bodies to secure audit services in a very challenging market. Firms are more likely to make positive decisions to bid for larger, long term contracts, offering secure income streams, than they are to invest in bidding for a multitude of individual opportunities.

We believe that the national scheme already offers a range of benefits for its members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency and value for money;
- on-going management of any independence issues which may arise;
- access to a dedicated team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members;
- collective savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- a sector-led collaborative scheme supported by an established advisory panel of sector representatives to help inform the design and operation of the scheme;

¹ Immediately prior to the publication of this document it was announced that MHCLG has been renamed to Department for Levelling Up, Housing and Communities (DLUHC). The document refers to the department as MHCLG.

- avoiding the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- providing regular updates to Section 151 officers on a range of local audit related matters and our work, to inform and support effective auditor-audited body relationships; and
- concerted efforts to develop a more sustainable local audit market.

The national scheme from 2023/24 will build on the current scheme having listened to the feedback from scheme members, suppliers and other stakeholders and learning from the collective post-2018 experience.

Since 2018 we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties including:

- commissioning an independent review undertaken by Cardiff Business School of the design of the scheme and implementation of our appointing person role to help shape our thinking about future arrangements;
- commissioning an independent review by consultancy firm Touchstone Renard of the sustainability of the local government audit market, which identified a number of distinctive challenges in the current local audit market. We published the report to inform debate and support ongoing work to strengthen the system and help to deliver long term sustainability;
- proactively and constructively engaging with the various independent reviews, including the significant Redmond Review into Local Authority Financial Reporting and External Audit;
- working with MHCLG to identify ways to address concerns about fees by developing a new approach to fee variations which would seek wherever possible to determine additional fees at a national level where changes in audit work apply to all or most opted-in bodies;
- establishing the Local Audit Quality Forum, which has to date held five well attended events on relevant topics, to strengthen engagement with Audit Committee Chairs and Chief Finance Officers;
- using our advisory panel and attending meetings of the various Treasurers' Societies and S151 officer meetings to share updates on our work, discuss audit-related developments, and listen to feedback;
- maintaining contact with those registered audit firms that are not currently contracted with us, to build relationships and understand their thinking on working within the local audit market;
- undertaking research to enable a better understanding of the outcomes of electors' objections and statements of reasons issued since our establishment in April 2015; and
- sharing our experiences with and learning from other organisations that commission local audit services such as Audit Scotland, the NAO, and Crown Commercial Services.

As a member of the newly formed Local Audit Liaison Committee (established by MHCLG as outlined in its Spring statement), we are working closely with a range of local audit stakeholders including MHCLG, FRC, NAO, ICAEW, CIPFA and the LGA to help identify and develop further initiatives to strengthen local audit. In many cases desirable improvements are not within PSAA's sole gift and, accordingly, it is essential that this work is undertaken collaboratively with a common aim to ensure that local bodies continue to be served by an audit market which is able to meet the sector's needs and which is attractive to a range of well-equipped suppliers.

One of PSAA's most important obligations is to make an appropriate auditor appointment to each and every opted-in body. Prior to making appointments for the second appointing period, commencing on 1 April 2023, we plan to undertake a major procurement enabling suppliers to enter into new long term contracts with PSAA.

In the event that the procurement fails to attract sufficient capacity to enable auditor appointments to every opted-in body or realistic market prices, we have fallback options to extend one or more existing contracts for 2023/24 and also 2024/25.

We are very conscious of the value represented by these contract extension options, particularly given the current challenging market conditions. However, rather than simply extending existing contracts for two years (with significant uncertainty attaching to the likely success of a further procurement to take effect from 1 April 2025), we believe that it is preferable, if possible, to enter into new long term contracts with suppliers at realistic market prices to coincide with the commencement of the next appointing period.

MHCLG has recently undertaken a consultation proposing amendments to the Appointing Person Regulations. We have set the length of the next compulsory appointing period to cover the audits of the five consecutive financial years commencing 1 April 2023.

PSAA is well placed to lead the national scheme

As outlined earlier, the past few years have posed unprecedented challenges for the UK audit market. Alongside other stakeholders PSAA has learned a great deal as we have tried to address the difficulties and problems arising and mitigate risks. It has been a steep learning curve but nevertheless one which places us in a strong position to continue to lead the national scheme going forward. MHCLG's Spring statement confirmed Government's confidence in us to continue as appointing person, citing our strong technical expertise and the proactive work we have done to help to identify improvements that can be made to the process.

The company is staffed by a team with significant experience of working within the context of the regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees. All of these roles are undertaken with a detailed, ongoing, and up-to-date understanding of the distinctive context and challenges facing

both the sector and a highly regulated service and profession which is subject to dynamic pressures for change. Where appropriate we have worked with MHCLG to change our regulations where they are preventing efficiency.

We believe that the national collective, sector-led scheme stands out as the best option for all eligible bodies - especially in the current challenging market conditions. It offers excellent value for money and assures the independence of the auditor appointment.

Membership of the scheme will save time and resources for local bodies - time and resources which can be deployed to address other pressing priorities. Bodies can avoid the necessity to establish an auditor panel (required by the Local Audit & Accountability Act, 2014) and the need to manage their own auditor procurement. Assuming a high level of participation, the scheme can make a significant contribution to supporting market sustainability and encouraging realistic prices in a challenging market.

The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the NAO²), the format of the financial statements (specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements.

The scope of public audit is wider than for private sector organisations. For example, for 2020/21 onwards it involves providing a new commentary on the body's arrangements for securing value for money, as well as dealing with electors' enquiries and objections, and in some circumstances issuing public interest reports.

Auditors must be independent of the bodies they audit to enable them to carry out their work with objectivity and credibility, and to do so in a way that commands public confidence. We will continue to make every effort to ensure that auditors meet the relevant independence criteria at the point at which they are appointed, and to address any identified threats to independence which arise from time to time. We will also monitor any significant proposals for auditors to carry out consultancy or other non-audit work with the aim of ensuring that these do not undermine independence and public confidence.

The scheme will also endeavour to appoint the same auditor to bodies involved in formal collaboration/joint working initiatives, if the parties consider that a common auditor will enhance efficiency and value for money.

² MHCLG's Spring statement proposes that overarching responsibility for the Code will in due course transfer to the system leader, namely ARGA, the new regulator being established to replace the FRC.

PSAA's commitments

PSAA will contract with appropriately qualified suppliers

In accordance with the 2014 Act, audit firms must be registered with one of the chartered accountancy institutes - currently the Institute of Chartered Accountants in England and Wales (ICAEW) - acting in the capacity of a Recognised Supervisory Body (RSB). The quality of their work will then be subject to inspection by either or potentially both the RSB and the FRC. Currently there are fewer than ten firms registered to carry out local audit work.

We will take a close interest in the results of RSB and FRC inspections and the subsequent plans that firms develop to address any areas in which inspectors highlight the need for improvement. We will also focus on the rigour and effectiveness of firms' own internal quality assurance arrangements, recognising that these represent some of the earliest and most important safety nets for identifying and remedying any problems arising. To help inform our scrutiny of both external inspections and internal quality assurance processes, we will invite regular feedback from both audit committee chairs and chief finance officers of audited bodies.

PSAA will support market sustainability

We are very conscious that our next procurement will take place at a very difficult time given all of the fragility and uncertainties within the external audit market.

Throughout our work we will be alert to new and relevant developments that may emerge from the Government's response to the Kingman, CMA and Brydon Reviews, as well as its response to the issues relating specifically to local audit highlighted by the Redmond Review. We will adjust or tailor our approach as necessary to maximise the achievement of our procurement objectives.

A top priority must be to encourage market sustainability. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work which suppliers must undertake, firms will be informed as to which developments should be priced into their bids. Other regulatory changes will be addressed through the fee variation process, where appropriate in the form of national variations.

PSAA will offer value for money

Audit fees must ultimately be met by individual audited bodies. The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies.

We believe that the most likely way to secure competitive arrangements in a suppliers' market is to work collectively together as a sector.

We will seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies. We will also continue to seek to minimise our own costs (which represent approximately 4% of overall scheme costs). We are a not-for-profit company and any surplus funds will be returned to scheme members. For example, in 2019 we returned a total £3.5million to relevant bodies and, more recently, we announced a further distribution of £5.6m in August 2021.

We will continue to pool scheme costs and charge fees to opted-in bodies in accordance with our published fee scale as amended from time to time following consultations with scheme members and other interested parties. Pooling is a key tenet of the national collective scheme.

Additional fees (fee variations) are part of the statutory framework. They only occur if auditors are required to do substantially more work than anticipated, for example, if local circumstances or the Code of Audit Practice change or the regulator (the FRC) increases its requirement on auditors.

Audit developments since 2018 have focused considerable attention on audit fees. The drive to improve audit quality has created significant fee pressures as auditors have needed to extend their work to ensure compliance with increased regulatory requirements. Changes in audit scope and technical standards, such as the requirement in the new Code of Audit Practice 2020 for the auditor to provide a VFM arrangements commentary, have also had an impact. Fees are rising in response to the volume of additional audit work now required.

The outcome is awaited of MHCLG's recent consultation on changes to the regulations, designed to provide the appointing person with greater flexibility to allow a fee scale to be set during the audit year (rather than before it starts). If implemented, these changes will enable approved recurring fee variations to be baked into the scale fee at an earlier date so the scale fees are more accurate and the volume of fee variations is reduced.

It is important to emphasise that by opting into the national scheme you have the reassurance that we review and robustly assess each fee variation proposal in line with statutory requirements. We draw on our technical knowledge and extensive experience in order to assess each submission, comparing with similar submissions in respect of other bodies/auditors before reaching a decision.

Procurement Strategy

Our [procurement strategy](#) sets out the detail and scope of the procurement to deliver contracts from which the auditor appointments will be made for eligible bodies that decide to accept the invitation to opt into PSAA's scheme.

Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

We expect to initiate a new procurement for audit services in February 2022 and, subject to a satisfactory outcome, to award contracts in August 2022. Subject to consultations with opted-in bodies and audit firms, we plan to make auditor appointments by 31 December 2022 (as required by the regulations).

Response to consultation feedback

PSAA consulted with eligible bodies and other stakeholders on our draft prospectus for the national scheme for local auditor arrangements from April 2023, and with the audit services market on important features of its procurement strategy. The insight provided from both these important consultations has helped to shape the arrangements that PSAA will implement from 2023/24. Key areas are highlighted below.

Evolution of the Local Audit Framework

The consultation responses highlight the need for system-wide change. In many areas it is not within PSAA's remit to effect the significant change required.

The newly formed Local Audit Liaison Committee (as outlined in MHCLG's Spring statement), has enabled PSAA to highlight the need for a range of actions to tackle the identified issues that are essential to support a more stable, more resilient, and more sustainable local audit system. Sometimes the actions can be taken by individual organisations, but more frequently responsibility lies collectively across the system. The Liaison Committee and its members are now taking actions forward, including:

- All stakeholders to communicate the importance of audit timeliness as a consistent message to audit firms;
- PSAA to work with the FRC to develop the approach to quality evaluation of tenders;
- MHCLG and other stakeholders to understand the extent of potential increased audit costs for all eligible bodies and to consider how these might be met;
- All stakeholders to consider ways in which to attract new entrants (firms and Key Audit Partners) into the market;
- Central government departments to provide clarity on the direction of local audit policy to inform firms' consideration ahead of next procurement;
- The NAO and FRC to work together to consider how they can provide clarity about the future direction of the Code of Audit Practice to firms ahead of the next procurement; and
- MHCLG, CIPFA and the LGA to consider how to support finance departments with accounting and audit requirements.

In the vast majority of the areas consulted on which were within PSAA's remit, responses were supportive of our proposals for the national scheme from 2023/24 which is very encouraging. Areas where we have revisited and evolved our approach are highlighted below.

Minimum Audit Fees

Audit fees are rising in all sectors in response to increased regulatory requirements for audit quality and changes in audit scope and technical standards. Striving to ensure realistic fee levels is a vital prerequisite to achieving a more sustainable and stable local audit market.

Where individual audits currently attract scale fees that do not cover the basic costs of the audit work needed for a Code-compliant audit, we propose to implement a minimum fee level at the start of the next appointing period, for the audit of the 2023/24 accounts. Our independent research indicates a minimum fee level of £31,000 should apply, based on the 2020/21 scope of audit work, to any opted-in body (a police and crime commissioner and a chief constable constitute one body for this purpose).

We cannot anticipate scale fees for the next appointing period at this stage, because they will depend on the prices achieved in the procurement and any changes in audit requirements. Where any price increase means that the scale fee for a body does not reach the floor set by the minimum fee, the fee for that body would increase to reach the minimum level. It is likely, given current expectations, that the introduction of a minimum fee specifically would lead to an increase in fees for a relatively small number of local bodies. PSAA consults each year on the fee scale and will consult in 2023 on the 2023/24 fee scale.

Introducing a minimum fee is a one-off exercise designed to improve the accuracy of the fee scale for the next appointing period. Fee variations would continue to apply where the local circumstances of an audited body require additional audit work that was not expected at the time the fee scale was set.

Standardised fee variations

Current local audit regulations allow PSAA to approve fee variation requests only at individual bodies, for additional audit requirements that become apparent during the course of an audit year. MHCLG has announced the intention to amend the regulations, following a consultation, to provide more flexibility. This would include the ability for PSAA to approve standardised fee variations to apply to all or groupings of bodies where it may be possible to determine additional fees for some new requirements nationally rather than for each opted-in body individually. Where it is possible to do this, it would have the effect of reducing the need for local fee variations.

Approach to social value in the evaluation of tenders

We plan to retain our original proposal of a 5% weighting but to broaden the criteria by asking bidders to describe the additional social value they will deliver from the contract, which could include the creation of audit apprenticeships and meaningful training opportunities. Bidders will also be asked to describe how their delivery of social value will be measured and evidenced.

Contract Management

The quality of the audit services received by opted-in bodies is very important to both the bodies themselves and to PSAA. Our intention is therefore to focus a significant majority of the quality assessment of tender submissions on resourcing, capacity and capability (including sector knowledge) and on client relationship management and communication. Correspondingly, we intend to apply a lesser weighting to those criteria that are regularly assessed by the regulator. We will seek the views of the regulator in developing the detail of our approach.

We will also review the contract terms used in 2017 ahead of the next procurement of audit services. In particular we will consider the potential to introduce enhanced performance management arrangements aligned to the greater emphasis on quality within the tender evaluation process. Any such revision must ensure continued compliance with the FRC's Ethical Standard which prevents audit fees from being "*calculated on a predetermined basis relating to the outcome or result of a transaction, or other event, or the result of the work performed*".

Information and Communication

Following the success of the webinars held to support the recent consultation, PSAA will be running a series of webinars starting in October 2021. The webinars will provide eligible bodies with the opportunity to hear and ask questions about specific areas of scheme arrangements and PSAA's work, and our progress to prepare for the second appointing period. Details of the [webinar series](#) can be found on our website.

Eligible Principal Bodies in England

The following bodies are eligible to join the proposed national scheme for appointment of auditors to local bodies:

- county councils
- metropolitan borough councils
- London borough councils
- unitary councils
- combined authorities
- passenger transport executives
- police and crime commissioners for a police area
- chief constables for an area
- national park authorities for a national park
- conservation boards
- fire and rescue authorities
- waste authorities
- the Greater London Authority and its functional bodies
- any smaller bodies whose expenditure in any year exceeds £6.5m (e.g. Internal Drainage Boards) or who have chosen to be a full audit authority (Regulation 8 of Local Audit (Smaller Authorities) Regulations 2015).

Board Members

Steve Freer (Chairman)

Keith House

Caroline Gardner CBE

Marta Phillips OBE

Stephen Sellers

PSAA Board members bring a wealth of executive and non-executive experience to the company. Areas of particularly relevant expertise include public governance, management and leadership; local government and contract law; and public audit and financial management.

Further information about PSAA's Board can be found at <https://www.psaa.co.uk/about-us/who-we-are/board-members/>

Senior Executive Team

Tony Crawley, Chief Executive

Sandy Parbhoo, Chief Finance Officer

Andrew Chappell, Senior Quality Manager

Julie Schofield, Senior Manager Business & Procurement

Within the PSAA senior executive team there is extensive and detailed knowledge and experience of public audit, developed through long standing careers either as auditors or in senior finance and business management roles in relevant organisations.

Further information about PSAA's senior team can be found at <https://www.psaa.co.uk/about-us/who-we-are/executive-team/>

Annex - Procurement Options

Our Preferred Option

A 5 year contract with the fallback of the right to extend one or more of the current contracts if there are insufficient or unaffordable bids.

Other Options Considered and Rejected

Option 1

Extending the existing contracts for 2 years and deferring the procurement. We want to secure 5 year contracts if we can because we believe this option is more attractive to the market.

Option 2

A 5 year contract with a commitment not to extend the existing contracts. We need the back stop of the right to extend the existing contracts if there are insufficient bids to allow us to make auditor appointments to all opted in bodies or if any of the bids received propose unacceptable prices.

Option 3

A 5 year contract with pre-determined prices for years 1 and 2 thereby avoiding the need for firms to price in the value of the right to extend the existing contracts. We believe such an arrangement will be unattractive to the market. Firms should be able to offer their own prices for years 1 and 2.

AUDIT AND GOVERNANCE COMMITTEE

Thursday, 28th October 2021

REPORT OF THE ASSISTANT DIRECTOR FINANCE

RISK MANAGEMENT QUARTERLY UPDATE

Purpose

To report on the Risk Management process and progress for Quarter 2 of the 2021/22 financial year

Recommendations

- **That the Committee endorses the Corporate Risk Register.**

Executive Summary

One of the functions of the Audit & Governance Committee is to monitor the effectiveness of the Authority's Strategic risk management arrangements. The report includes the actions taken to manage those risks. Corporate risks are identified, managed and monitored by the Corporate Management Team (CMT) on a quarterly basis.

Now the revised Strategic Risk reporting format has been approved, the work has started on developing a revised approach for considering operational risks. An element of this will be to establish a link between operational and strategic risk reporting.

During the last quarter the development of the Risk champions group has been started and this will be moved forward with a workshop to be led by the Zurich Municipal risk consultant. Once established the group will meet quarterly, prior to the Strategic reporting timetable, to raise any operational risk issues that may need to be included for comment in the Strategic report.

The group will also discuss significant corporate risks on a multi-disciplinary basis. The topics have yet to be established but could include;

- Hot Works
- Tree management policy
- Contract management
- Homeworking DSE management

In addition to this, the group will look at the current operational risk recording within service units, look for consistency of recording, and offer advice where appropriate. There will be other areas of operational risk to be considered as the group becomes more established.

A copy of the current Corporate Risk Register is attached as **Appendix 1**. There has been no significant changes in the Strategic risks faced by the Authority in the last quarter with the recovery from the COVID lockdown and its effect on the community and impact on the budgets being the most significant. The recovery and reset programme will be looking to minimise the negative effects of the lockdown period and where possible maximise any positive aspects.

The national shortage of HGV drivers has not had a direct impact on services but it is likely that it could compound the likely price increases for supplies that are required for building or construction/maintenance works. There are also likely to be price rises for energy supplies. This will not have an immediate effect as supplies are bought in market price 'baskets' negotiated between Oct and March for units rates charged for the year commencing April. It is likely that the basket rates next year will experience a significant increase unless the current situation changes.

Options Considered

None.

Resource Implications

None.

Legal / Risk Implications

There are no direct legal implications from this report but failure to manage strategic risks could lead to issues in delivering strategic priorities.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Roger Bennett ext. 246

LIST OF BACKGROUND PAPERS

None


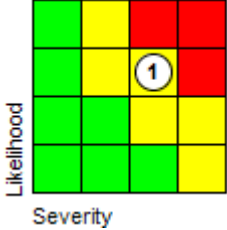

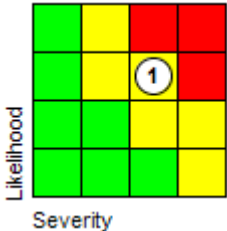
APPENDICES

Appendix 1 Corporate Risk Register

Corporate Risks Summary Page

Generated on: 18 October 2021


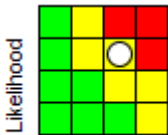
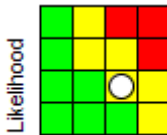
Corporate Risk Heading	Status	Status	Current Risk Matrix	Executive Leadership Team
Finance/Financial stability		Warning		Stefan Garner
Modernisation and commercial agenda		OK		Anica Goodwin
Governance		Warning		Anica Goodwin
Community Focus		Warning		Rob Barnes

Corporate Risk Heading	Status	Status	Current Risk Matrix	Executive Leadership Team
Economic Growth and Sustainability		Warning		Stefan Garner
Organisational Resilience		Warning		Rob Barnes

1. Finance/Financial Viability

Generated on: 18 October 2021

Corporate Risk To ensure that the Council is financially sustainable as an organisation

Original Matrix		Current Risk Matrix		Target Risk Matrix	
Severity	4	Severity	3	Severity	3
Likelihood	4	Likelihood	3	Likelihood	2
Risk Score	16	Risk Score	9	Risk Score	6
		Date Reviewed	08-Oct-2021	Target Date	

Causes Page 41	* Austerity cuts/Major variances to the level of grant/subsidy * The uncertainty and financial disruption from External economic influences - mainly on income levels and current cost / inflationary pressures (and potential contractual cost increases) * Poor Procurement practices and weak or ineffective Contract Management meaning VFM not maximised and TBC exposed to unnecessary liabilities.	Consequences	* Inability to plan long term due to uncertainty over future Local Government funding. The planned funding reforms, Fair Funding Review, business rates reset and the revised business rates retention scheme has been deferred again although no timescales have been released. * Unplanned cost reductions / savings requirements * Financial issues leading to the Authority being taken over by Government appointed officers
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Risk Control Measure	Risk Control Measure Due Date	Risk Control Measure Status	Risk Control Measure Note	Assistant Director
Manage impact of Welfare benefit reforms	31-Mar-2022			Tina Mustafa
Maximise Business rate retention including equalisation reserves	31-Mar-2022			Lynne Pugh
Monthly budget management	31-Mar-2022			Lynne Pugh
Recovery and Reset Programme	31-Mar-2025			Tina Mustafa
Robust monitoring process for MTFS in place and Quarterley Healthcheck update to Members	31-Mar-2022			Lynne Pugh

Latest Note

Announcements as part of Spending Round 2020 that the Review of the distribution methodology, the 'Fair Funding Review' as well as the planned Business Rates Reset will be now be deferred again although no timescales have been released. Further updates are expected following the Spending Review (27th October 2021) and Provisional Local Government Finance Settlement publication (December 2021)

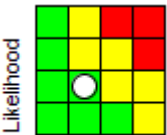
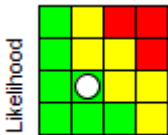
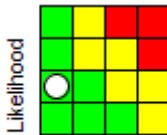
Corporate Priority affected

- To be financially stable
- To ensure our decisions are driven by evidence and knowledge
- To facilitate sustainable growth and economic prosperity

2. Modernisation and Commercialisation Agenda

Generated on: 18 October 2021

Corporate Risk	Failure to Develop and implement Continuous Service improvement and develop employees to perform the right work
-----------------------	--

Original Matrix		Current Risk Matrix		Target Risk Matrix	
Severity	2	Severity	2	Severity	1
Likelihood	2	Likelihood	2	Likelihood	2
Risk Score	4	Risk Score	4	Risk Score	2
		Date Reviewed	05-Oct-2021	Target Date	
Causes	<ul style="list-style-type: none"> * Slow or no progress on commercial investment strategy * Under utilisation of Assets * The uncertainty and financial disruption from External Economic influences and current cost / inflationary pressures (and potential contractual cost increases. * Failure to have the organisational structure and a skilled and motivated workforce 		Consequences	<ul style="list-style-type: none"> * Tamworth not seen as a positive place to live or invest in * Lack of economic and commercial growth * General community malaise * Unable to deliver agreed strategies 	

Risk Control Measure	Risk Control Measure Due Date	Risk Control Measure Status	Risk Control Measure Note	Assistant Director
Continue with channel shift to digital across all departments and Implement Corporate customer portals	31-Mar-2022			Zoe Wolicki
Corporate Project Management	31-Mar-2022			Zoe Wolicki
Delivery of the planned commercialisation strategy	31-Mar-2022			Lynne Pugh
Management of Assets - deliver Corporate Capital Strategy and Asset Management Strategy actions	31-Dec-2021			Paul Weston
Workforce Planning	31-Mar-2022			Zoe Wolicki

Latest Note

Corporate Priority affected

To be financially stable

To ensure our employees have the right skills and culture to help our residents, visitors and businesses

To ensure our service delivery is consistent, clear, and focused

To ensure our decisions are driven by evidence and knowledge


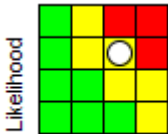

To facilitate sustainable growth and economic prosperity

To create a new and developing vision for the continued evolution of Tamworth, including a Town Centre fit for the 21st century

3. Governance

Generated on: 18 October 2021

Corporate Risk	Avoid bad practices and contravention of legislative requirements and ensure the authority is held to account
-----------------------	--

Original Matrix		Current Risk Matrix		Target Risk Matrix	
Severity	4	Severity	3	Severity	
Likelihood	3	Likelihood	3	Likelihood	
Risk Score	12	Risk Score	9	Risk Score	
		Date Reviewed	05-Oct-2021	Target Date	
Causes	<ul style="list-style-type: none"> * Failure of democratic process * Non-adherence to legislation - Ultra-vires actions and decisions * Cyber Attack due to lack of preparedness * No horizon scanning of legislative changes 		Consequences	<ul style="list-style-type: none"> * Prosecution of individuals * Loss of reputation * Authority taken over by Government appointed officers * Increase in costs, Legal and settlement 	

Risk Control Measure	Risk Control Measure Due Date	Risk Control Measure Status	Risk Control Measure Note	Assistant Director
Audit and Scrutiny Committees	31-Mar-2022			Lynne Pugh
Cyber Security	31-Mar-2022			Zoe Wolicki
Data Protection	31-Mar-2022			Zoe Wolicki
Policies and Procedures	31-Mar-2022			Zoe Wolicki
Undertake Peer review	31-Mar-2022			Anica Goodwin

Latest Note

Corporate Priority affected

To ensure our employees have the right skills and culture to help our residents, visitors and businesses

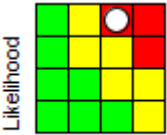
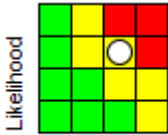
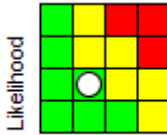
To ensure our service delivery is consistent, clear, and focused

To ensure our decisions are driven by evidence and knowledge

4. Community Focus

Generated on: 18 October 2021

Corporate Risk Safety, health and wellbeing of the citizens of the borough

Original Matrix		Current Risk Matrix		Target Risk Matrix	
Severity	3	Severity	3	Severity	2
Likelihood	4	Likelihood	3	Likelihood	2
Risk Score	12	Risk Score	9	Risk Score	4
		Date Reviewed	08-Jul-2021	Target Date	

Causes	<ul style="list-style-type: none"> * Lack of Community cohesion and engagement * Children & Adults at Risk of Abuse & Neglect * Modern Slavery * Lack of Affordable homes 	Consequences	<ul style="list-style-type: none"> * Increase in crime and disorder * Increased tensions in the community * Death or serious injury * Poor and overcrowded housing * Increased demand for social housing
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Risk Control Measure	Risk Control Measure Due Date	Risk Control Measure Status	Risk Control Measure Note	Assistant Director
Financial Inclusion policy	31-Mar-2022			Tina Mustafa
Partnership Groups around Vulnerability	31-Mar-2022			Joanne Sands
Partnership Working	31-Mar-2022			Joanne Sands
Training for Staff and Members	31-Mar-2022			Zoe Wolicki


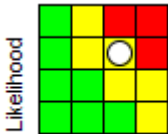
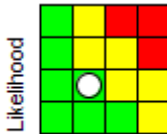
Latest Note

Corporate Priority affected	<ul style="list-style-type: none"> To ensure our service delivery is consistent, clear, and focused To ensure our decisions are driven by evidence and knowledge To meet housing needs through a variety of approaches and interventions To facilitate sustainable growth and economic prosperity
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5. Economic Growth and Sustainability

Generated on: 18 October 2021

Corporate Risk	Lack of economic growth and sustainability in the Borough at the levels required
-----------------------	---

Original Matrix		Current Risk Matrix		Target Risk Matrix	
Severity	4	Severity	3	Severity	2
Likelihood	3	Likelihood	3	Likelihood	2
Risk Score	12	Risk Score	9	Risk Score	4
		Date Reviewed	08-Oct-2021	Target Date	

Causes	<ul style="list-style-type: none"> * Lack of investment in the Borough * General downturn in the economy due to factors beyond our control * Failure to recognise economic changes 	Consequences	<ul style="list-style-type: none"> * Economic prosperity declines * Deprivation * Reduced Business Rates income
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Risk Control Measure	Risk Control Measure Due Date	Risk Control Measure Status	Risk Control Measure Note	Assistant Director
Develop a Master plan for the Town Centre & delivery of a co-ordinated Town Centre Programme	31-Mar-2022			Anna Miller
Longterm Investment / Prepare a viable deliverable plan that delivers the regeneration of Gungate	31-Mar-2022			Anna Miller
Support to local business	31-Mar-2022			Anna Miller

Latest Note	<i>The project for the town centre regeneration financed by the Future High street fund and being undertaken in conjunction with the Tamworth College represents a major contribution to the town centre programme and therefore a high profile risk area</i>
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Corporate Priority affected

To be financially stable

To ensure our employees have the right skills and culture to help our residents, visitors and businesses

To ensure our service delivery is consistent, clear, and focused

To ensure our decisions are driven by evidence and knowledge

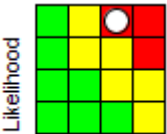
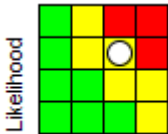
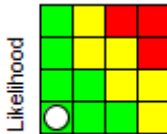
To facilitate sustainable growth and economic prosperity



To create a new and developing vision for the continued evolution of Tamworth, including a Town Centre fit for the 21st century

6. Organisational Resilience

Generated on: 18 October 2021

Corporate Risk	Failure to provide services or maintain the continued wellbeing and operations within the Borough
-----------------------	--

Original Matrix		Current Risk Matrix		Target Risk Matrix	
Severity	3	Severity	3	Severity	1
Likelihood	4	Likelihood	3	Likelihood	1
Risk Score	12	Risk Score	9	Risk Score	1
		Date Reviewed	08-Jul-2021	Target Date	
Causes	<ul style="list-style-type: none"> * Significant event outside of our control e.g. major disaster, pandemic etc. * Staff not aware of action to be taken in the event of an emergency/disaster * Lack of sufficient agile operational options 		Consequences	<ul style="list-style-type: none"> * Services not delivered * Life and property put in harms way * Reduced 'economic attractiveness' * Loss of reputation 	

Risk Control Measure	Risk Control Measure Due Date	Risk Control Measure Status	Risk Control Measure Note	Assistant Director
Business Continuity Planning	31-Mar-2022			Paul Weston
Emergency Planning	31-Mar-2022			Tina Mustafa

Latest Note	
-------------	--

Corporate Priority affected

To be financially stable

To ensure our employees have the right skills and culture to help our residents, visitors and businesses

To ensure our service delivery is consistent, clear, and focused

To ensure our decisions are driven by evidence and knowledge

To meet housing needs through a variety of approaches and interventions

To facilitate sustainable growth and economic prosperity

To create a new and developing vision for the continued evolution of Tamworth, including a Town Centre fit for the 21st century

THURSDAY, 28 OCTOBER 2021

REPORT OF THE AUDIT MANAGER

COUNTER FRAUD UPDATE

EXEMPT INFORMATION

None.

PURPOSE

To provide Members with:

- An update of counter fraud work completed this financial year, including an updated fraud action plan and fraud risk register;
- Endorse the updated Counter Fraud & Corruption Strategy;
- Endorse the updated Whistleblowing Policy; and
- Endorse the updated Anti Money Laundering Policy

RECOMMENDATIONS

That the Committee:

1. Notes this update report, including the updated fraud action plan at **Appendix 1** and the fraud risk register at **Appendix 2**.
2. Endorse the refreshed Counter Fraud & Corruption Policy Strategy at **Appendix 3**.
3. Endorse the refreshed Whistleblowing Policy at **Appendix 4**.
4. Endorse the refreshed Anti Money Laundering Policy at **Appendix 5**.

EXECUTIVE SUMMARY

Counter Fraud Update

Counter fraud work this financial year, April to September 2021, has included counter fraud 'Spotlight' checks on Covid-19 related grant applications i.e., small business/hospitality & leisure/discretionary grant awards.

In addition, new matches continue to be received through the National Fraud Initiative (NFI), the Cabinet Office's national data matching service. This year, 2021/2022, there is an exercise on Council Tax Single Person Discount and Electoral Register, these data submissions are required to be provided as soon as possible after 29th November 2021 and no later than 28th January 2022. The Audit Manager and Counter Fraud Officer will liaise with management to ensure that a timely return is made.

Routine counter fraud work including NNDR, Council Tax Reduction, Single Persons Discount, illegal sub-letting and non-residence of council housing has continued. A summary of results to the end of September 2021 is as shown in the table below;

Type of fraud case	Number of cases investigated	Number of cases proven	Value
Council Tax reduction	10	6	£2,094.15
Revenues – Single Person Discount (SPD)	13	3	£1,485.83
Housing - sublet	3	0	0
Housing – non residence	4	0	0
COVID- 19 NFI Upload File	432	0	0
NFI SPD check – NFI Dataset	2,274*	0	0
NFI – Other dataset	95*		
NFI Spotlight checks	44	0	0
Total		9	£3,579.98
Notes * relate to reviewed and closed dataset matches			

In addition to the above, proactive checks have been undertaken on 59 housing related applications (48 Right to Buy, 8 waiting list and 3 credit checks) at application stage.

As the Committee is aware, in line with good practice, a fraud response plan and fraud risk register is maintained and reviewed on a regular basis. The latest fraud action plan is detailed at **Appendix 1** and the fraud risk register at **Appendix 2**.

Counter Fraud & Corruption Policy Strategy

The Counter Fraud & Corruption Strategy has been reviewed and updated for minor changes. These have been included updating job titles and contact details for the Audit Manager.

The Strategy has been produced for the Committee's endorsement at **Appendix 3** and shows changes highlighted in the attached document. A further full review will be completed prior to November 2022 and Committee's approval will be sought as part of the 3 year policy review process.

Whistleblowing Policy and Anti Money Laundering Policy

The Whistleblowing Policy at **Appendix 4** and Anti Money Laundering Policy at **Appendix 5** have been reviewed and updated for minor changes. These changes have been included updating job titles and contact details for the Audit Manager.

RESOURCE IMPLICATIONS

None.

LEGAL/RISK IMPLICATIONS BACKGROUND

Without sufficient counter fraud arrangements in place, the risk of fraud/corruption is increased. This can lead to a loss of Council assets/resources/fines and associated reputational damage.

EQUALITIES IMPLICATION

None.

SUSTAINABILITY IMPLICATIONS

None.

BACKGROUND INFORMATION

None.

REPORT AUTHOR

Andrew Wood – Audit Manager

andrew-wood@tamworth.gov.uk

Ext: 234

LIST OF BACKGROUND PAPERS

APPENDICES

Appendix 1	Fraud Action Plan 2021/2022
Appendix 2	Fraud Risk Register
Appendix 3	Counter Fraud & Corruption Strategy
Appendix 4	Whistleblowing Policy
Appendix 5	Anti Money Laundering Policy

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Fraud Action Plan 2021/22

Report Author: Andrew Wood / Andrea Isaac

Date: March 2021

Fraud Response Area	Creating an Anti-Fraud Culture			
Description	To build an anti-fraud culture through the adoption of various measures to promote counter fraud awareness.			
Risks	Failure to make staff, member and the public that their suspicions will be treated confidentially, objectively and professionally			
Actions	Action Notes	Due Date / Responsibility	Completed Date	
Issue of the counter fraud and corruption policy and whistleblowing policy to raise all staff awareness via Astute	All staff email issued 13/10/20. To issue again for Virtual Fraud Session as Below	April 2021 / Counter Fraud Officer (CFO)	Completed. All staff email issued 31/03/2021	
Provide drop in sessions to staff and members as required promoting counter fraud	Fraud drop in day completed November 2019. Virtual session planned for after Easter 2021	April 2021/ CFO	Completed. Fraud awareness open morning conducted 21/04/2021	
Fraud Response Area	Deterring and Preventing Fraud			
Description	Deterring fraud through proactive communications. Preventing fraud by ensuring that relevant policies are in place and fraud risks are identified.			
Risks	A lack of robust strategic approach to deterring fraud can undermine actions to build an anti-fraud culture			
	A lack of understanding as to the stance the authority takes against fraud			

	Out of date policies and procedures which do not cover relevant legislation.			
Actions	Action Notes		Due Date	Completed Date
Regular attendance at service team meetings to promote counter fraud work	On-going		31 March 2022 / CFO	
Active participation in Staffordshire Counter Fraud Partnership	Joined the Staffordshire Counter Fraud Partnership early 2021. Continue to engage with the partnership and the Audit Manager to evaluate benefits.		31 March 2022 / CFO, Audit Manager (AM)	Ongoing, meeting attended 21/07/2021
Produce and issue prevention of the facilitation of tax evasion policy statement and procedures	CMT approved 15/10/20, A&G Committee approval sought 29/10/20. Audit Manager to complete risk assessment required and then issue of the policy to all staff via the Astute system and provision of targeted training to finance and business support staff.		30 June 2021 / AM	Ongoing, risk assessment to be completed.
Ensure all counter fraud policies and procedures and Financial Guidance are reviewed by their review date / or change of key legislation / best practice.	All policies and procedures are currently in date. Next review cycle November 2021 to completed.		30 October 2021 / AM	Counter Fraud Policy and Strategy reviewed.

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Fraud Response Area	Detecting Fraud			
Description	Detecting fraud through proactive investigations			
Risks	If not undertaken, there is a risk that the opportunity to abuse a system weakness may be heightened as the risk of being caught maybe deemed negligible by the perpetrator.			
	If not undertaken, there is a risk that fraud could go undetected			
Actions	Action Notes		Due Date	Completed Date
Participating and undertaking NFI checks	Regular ongoing activity. In addition, 2020 is a national exercise year – data uploads being prepared for Dec 2020 deadline. Checking to take place once matches received		31-Mar-2022 / CFO	Ongoing Data uploads conducted – NFI matches checked and continue to be checked.

Undertake local proactive exercises through data & intelligence analysis at the Authority as agreed with the Executive Director—Finance	On-going	31-Mar-2022 / CFO	
Internal audit programme includes review of counter fraud and corruption controls.	Plan on target	31-Mar-2022/ AM	

Fraud Response Area	Investigations		
Description	Investigate fraud in accordance with laid down policies and procedures.		
Risks	The risk of not investigating is that fraud goes unpunished and there is no resulting deterrent effect thus increasing the prevalence of fraud further		
	The staff (or others) making the allegation feel they are not taken seriously and referrals cease to be made.		
Actions	Action Notes	Due Date	Completed Date
Fraud referrals investigated	On-going	31-Mar-2022 / CFO	Ongoing

Fraud Response Area	Sanctions		
Description	Apply sanctions correctly and consistently		
Risks	If sanctions are not imposed there is no deterrence of fraud.		
Actions	Action Notes	Due Date	Completed Date
Ensure that sanctions are applied correctly and consistently (including internal disciplinary, regulatory & criminal)	On-going	31-Mar-2022/ CFO	Ongoing

Fraud Response Area	Redress		
Description	To ensure that redress is calculated correctly		
Risks	Fraudsters may not realise that any and all measures will be taken to recover any money lost to		

	fraud.		
Actions	Action Notes	Due Date	Completed Date
Maintain comprehensive records of time spent on each investigation so that this can be included in any compensation claim. Identify and maintain a record of the actual proven amount of loss so that appropriate recovery procedures can be actioned.	On-going	31-Mar-2022 / CFO	Ongoing




























Fraud Response Area	Strategic Work		
Description	To maintain mandatory counter fraud arrangements.		
Risks	Failure to ensure the completion of mandatory strategic work may mean that the professional knowledge and skills are not maintained to a high standard		
Actions	Action Notes	Due Date	Completed Date
Attendance at relevant fraud forums/meetings to ensure that professional knowledge and skills are maintained	On-going	31-Mar-2022/ CFO, AM	Ongoing Attended Midland Fraud group meeting 07/07/21 and Staffordshire Counter Fraud group meeting 21/07/2021
Attendance at relevant training as required	On-going	31-Mar-2022 / CFO, AM	Ongoing
Regular reporting of counter fraud work	Update to A&G Committee – October 2021	31-Mar-2022 / CFO, AM	28 October 2021
Regular meetings with the Chief Executive	On-going	31-Mar-2022 / CFO, AM	Ongoing





















Fraud & Corruption Risk Register

Report Type: Risks Report
























Report Author: Andrew Wood/ Andrea Isaac

Date: 30 September 2021








Risk Title	Risk Description	Gross Risk	- Assessment	Current Risk	- Assessment	Last Review Date
Staffing (internal)						
Credit Income	Misappropriation of income		4 significant-unlikely		2 significant-very unlikely	30-Sep-21
Assets	Theft of fixed assets		9 serious-likely		2 minor-unlikely	30-Sep-21
Assets	Theft of Council information/intellectual property		12 major - likely		8 major - unlikely	30-Sep-21
Assets	Inappropriate use of Council assets for private use		8 significant - very likely		2 minor-unlikely	30-Sep-21
Petty cash/imprest accounts	Theft of takings disguised by manipulation of accounts		2 minor-unlikely		2 minor-unlikely	30-Sep-21
Expenses claims	Inflated claims		6 significant-likely		2 minor-unlikely	30-Sep-21
Corruption	Disposal of assets - land and property		6 serious-unlikely		3 serious-very unlikely	30-Sep-21
Corruption	Award of planning consents and licences		9 serious-likely		4 significant-unlikely	30-Sep-21
Corruption	Acceptance of gifts, hospitality, secondary employment		6 significant-likely		4 significant-unlikely	30-Sep-21
Car parking	Theft of takings		9 serious-likely		2 minor-unlikely	30-Sep-21
Treasury management	Falsifying records to gain access to loan or investment monies		12 major - likely		4 significant-unlikely	30-Sep-21
Money laundering	Using the council to hide improper transactions		8 major - unlikely		4 significant-unlikely	30-Sep-21
ICT fraud	Improper use of council ICT equipment		12 major - likely		4 significant-unlikely	30-Sep-21

Risk Title	Risk Description	Gross Risk	- Assessment	Current Risk	- Assessment	Last Review Date
Employee - general	Abuse of flexi system Falsification of car loans		6 significant-likely		4 significant-unlikely	30-Sep-21
Payment of grants to the public	Grants fraudulently claimed		12 major - likely		4 significant-unlikely	30-Sep-21
Loans & Investments	Misappropriation of funds Fraudulent payment or investment of funds		12 major - likely		4 significant-unlikely	30-Sep-21
Regeneration development corruption	Regeneration development corruption		12 major - likely		4 significant-unlikely	30-Sep-21
Financial statements	The financial statements may be materially mis-stated due to fraud		6 serious-unlikely		4 significant-unlikely	30-Sep-21
New starter	Fraudulent job application		9 serious-likely		4 significant-unlikely	30-Sep-21
IT abuse	Improper use of IT equipment		9 serious-likely		4 significant-unlikely	30-Sep-21
Benefits fraud - internal	Fraudulent claim by member of staff		9 serious-likely		4 significant-unlikely	30-Sep-21
Cash theft	Theft of takings disguised by manipulation of accounts		4 significant-unlikely		2 significant-very unlikely	30-Sep-21
Cash theft	Theft of cash without disguise		4 significant-unlikely		1 minor - very unlikely	30-Sep-21
Payroll	Payment to non existent employees		2 significant-very unlikely		3 serious-very unlikely	30-Sep-21
Payroll	Over claiming hours worked		6 significant-likely		2 minor-unlikely	30-Sep-21
Payroll	Manipulation of standing data		6 serious-unlikely		2 significant-very unlikely	30-Sep-21
Assets	Theft of current assets		6 significant-likely		4 significant-unlikely	30-Sep-21
Procurement & Contract Management						30-Sep-21
Selection process	Senior staff influencing junior staff involved in a selection process		6 serious-unlikely		4 significant-unlikely	30-Sep-21

Risk Title	Risk Description	Gross Risk	- Assessment	Current Risk	- Assessment	Last Review Date
Lack of awareness of the procurement process	Lack of awareness of risks and issues in the procurement process		6 significant-likely		4 significant-unlikely	30-Sep-21
Lack of anti fraud culture	No antifraud culture - no due diligence/risk registers		6 significant-likely		2 significant-very unlikely	30-Sep-21
Contract awarded prior to specification being agreed	Contract awarded prior to specifications being fully agreed and developed; meaning the organisation becomes responsible for additional development and training expenses		6 significant-likely		4 significant-unlikely	30-Sep-21
Manipulation of preferred bidders list	Manipulation of preferred bidders list		4 significant-unlikely		2 significant-very unlikely	30-Sep-21
No formal contract in place	No formal contract in place		8 significant - very likely		4 significant-unlikely	30-Sep-21
Prices reworked	Prices reworked to enable the successful bidder to move up the proposal list following initial bidding		6 significant-likely		4 significant-unlikely	30-Sep-21
Value of contract disaggregated	Value of contract disaggregated to circumvent organisation/EU regulations		12 serious - very likely		4 significant-unlikely	30-Sep-21
Inappropriate high value purchase	Inappropriate high value purchase for an unauthorised purpose		6 significant-likely		4 significant-unlikely	30-Sep-21
Inappropriate use of single tender acceptance	Inappropriate use of single tender acceptance		6 significant-likely		4 significant-unlikely	30-Sep-21
Using agency staff or consultants			4 significant-unlikely		1 minor - very unlikely	30-Sep-21
Initial commercial consultations	Procurement staff being sidelined during initial		12 major - likely		4 significant-unlikely	30-Sep-21

Risk Title	Risk Description	Gross Risk	- Assessment	Current Risk	- Assessment	Last Review Date
	commercial consultations and subsequently being presented with a "done deal".					
Contract signing	Contracts signed by member of staff not authorised to do so		12 major - likely		4 significant-unlikely	30-Sep-21
Diversion of funds	Diversion of funds: the risk that a member of staff diverts funds through the set up of non-existent supplier/freelancer		12 major - likely		4 significant-unlikely	30-Sep-21
Bogus vendor	An individual could authorise the set up of a bogus vendor and raise and authorise a purchase order		16 major - very likely		4 significant-unlikely	30-Sep-21
Sale of confidential information	A member of staff could disclose information on bids to other contract bidders		12 major - likely		4 significant-unlikely	30-Sep-21
Creditor payments	Fraudulent requests for creditor payments		9 serious-likely		4 significant-unlikely	30-Sep-21
Fraudulent use for one off payment	Staff use the cheque payment process to send to a bogus vendor		6 serious-unlikely		2 significant-very unlikely	30-Sep-21
Declaration of interests	Lack of declarations of interests		9 serious-likely		4 significant-unlikely	30-Sep-21
Housing tenancy/homelessness						30-Sep-21
Housing allocations	Housing allocated for financial reward fraudulent allocation of property		9 serious-likely		4 significant-unlikely	30-Sep-21
Illegal sub letting	Illegal sub letting of council property		4 significant-unlikely		2 minor-unlikely	30-Sep-21
Homelessness	False claim of homelessness		6 significant-likely		2 minor-unlikely	30-Sep-21
Right to Buy	Fraudulent claim of right to buy discount		6 significant-likely		4 significant-unlikely	30-Sep-21

Risk Title	Risk Description	Gross Risk	- Assessment	Current Risk	- Assessment	Last Review Date
Council Tax						30-Sep-21
Single Persons Discount	Single persons discount fraudulently claimed		6 significant-likely		6 significant-likely	30-Sep-21
Discounts/exemptions	Discounts and exemptions falsely claimed		3 minor-likely		2 minor-unlikely	30-Sep-21
Refund fraud			3 minor-likely		2 minor-unlikely	30-Sep-21
Suppressed recovery action	Suppressed recovery action		3 minor-likely		2 minor-unlikely	30-Sep-21
NNDR						30-Sep-21
Void exemption	Void exemption falsely claimed		6 significant-likely		4 significant-unlikely	30-Sep-21
Occupation dates	Occupation dates incorrectly notified		6 significant-likely		4 significant-unlikely	30-Sep-21
Changes to property	Changes to property increase the rateable value		6 significant-likely		4 significant-unlikely	30-Sep-21
Insurance						30-Sep-21
Insurance claims	Claiming for non existent injuries Claiming at another establishment for the same injury overclaiming		9 serious-likely		4 significant-unlikely	30-Sep-21
Other						30-Sep-21
Elections	Fraudulent voting Fraudulent acts by canvassers		12 major - likely		4 significant-unlikely	30-Sep-21
External funding	Fraudulently claiming/using external funding		1 minor - very unlikely		1 minor - very unlikely	30-Sep-21
Housing Benefits/Council Tax Reduction Scheme						30-Sep-21
Benefits fraud -	Claimant fraudulently claims		12 serious - very likely		6 significant-likely	30-Sep-21

Risk Title	Risk Description	Gross Risk	- Assessment	Current Risk	- Assessment	Last Review Date
claimant	benefits					
Benefits fraud - third party eg landlord	fraudulent claim by third party		4 significant-unlikely		4 significant-unlikely	30-Sep-21
Cyber	Risk of loss, disruption or damage to the reputation of the Authority from some sort of failure of Information Technology systems				6 serious-unlikely	30-Sep-21
Cyber risk			6 serious-unlikely		6 serious-unlikely	30-Sep-21
Sheltered schemes	Theft of customer monies		4 significant-unlikely		2 significant-very unlikely	30-Sep-21

COUNTER FRAUD AND CORRUPTION POLICY STATEMENT,
STRATEGY & GUIDANCE NOTES

Document Status: **Draft**

Originator: A Struthers

Updated: **A Wood**

Owner: **Audit Manager**

Version: **01.01.08**

Date: **October 2021**

Document Location

This document is held by Tamworth Borough Council, and the document owner is **Andrew Wood, Audit Manager**.

Printed documents may be obsolete. An electronic copy will be available on Tamworth Borough Councils Intranet. Please check for current version before using.

Revision History

Revision Date	Version Control	Summary of changes
1/3/12	1.01.01	Scheduled review
30/07/13	1.01.02	Scheduled review
15/08/15	1.01.03	Scheduled review
22/08/17	1.01.04	Scheduled review
04/07/18	1.01.05	Minor changes
26/09/2018	1.01.06	Scheduled review
14/10/19	1.01/07	Scheduled review
October 2021	1.01.08	Minor changes

Approvals

Name	Title	Approved
Audit & Governance Committee	Committee Approval	
CMT	Group Approval	
Andrew Wood	Audit Manager	

Document Review Plans

This document is subject to a scheduled 3 yearly review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

Distribution

The document will be available on the Intranet and the website.

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TAMWORTH BOROUGH COUNCIL

COUNTER FRAUD AND CORRUPTION POLICY STATEMENT

- 1.0 Tamworth Borough Council fully recognises its responsibility in relation to the spending of public money (Protecting the Public Purse) and is committed to the fullest support for Councillors and Employees in upholding the reputation of the Council and maintaining public confidence in its integrity. It also recognises its responsibilities under the Proceeds of Crime Act 2002, The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Bribery Act 2010.
- 2.0 The Council acknowledges the threats of fraud and corruption and the harm that they can cause. The Council is committed to maintaining an ethical culture which does not and will not tolerate any form of fraud and corruption. Any such issues will be thoroughly investigated and, if confirmed, dealt with rapidly in the strongest possible way. We will seek the strongest possible sanctions against those who seek to defraud the Council. This includes taking appropriate action against employees, Councillors, contractors, external individuals and organisations.
- 3.0 To deliver the Council's corporate priorities, aims and strategic objectives we need to maximise the financial resources available to us. In order to do this we must reduce the risk of fraud to an absolute minimum.
- 4.0 This Policy Statement, together with the Counter Fraud & Corruption Strategy and Guidance Notes, is intended to provide advice and information to Employees and Councillors but suppliers, contractors and the general public are also encouraged to use this advice and guidance.



Chief Executive



Leader of the Council

COUNTER FRAUD AND CORRUPTION STRATEGY

1.0 Introduction

1.1 This strategy is a key element of the Council's overall corporate governance arrangements which aim to ensure the Council is well managed and does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable way. The Council has a range of other interrelated policies and procedures that provide a corporate framework to counter fraud activity. These have been formulated in line with appropriate legislative requirements and include, for example, the anti-money laundering policy, whistleblowing policy, constitution, financial guidance and codes of conduct.

1.2 All references to fraud within this document include any type of fraud-related offence. Fraud, bribery and corruption are defined as follows:

Fraud by false representation or failure to disclose information when there is a legal duty to do so, or by abuse of position. Fraud Act 2006

Bribery – Broadly, the Bribery Act defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith.

Corruption - is a form of dishonesty or criminal activity undertaken by a person or organization entrusted with a position of authority, often to acquire illicit benefit.

1.3 A dishonest act or fraudulent activity may be, but is not limited to, an act or activity that is unethical, improper, or illegal such as:

- theft of an asset including, but not limited to, money, tangible property, intellectual property etc;
- misappropriation, misapplication, destruction, removal, or concealment of property;
- false claims and/or misrepresentation of facts;
- alteration or falsification of paper or electronic documents, including the inappropriate destruction of paper or electronic documents;
- inappropriate use of computer systems including hacking and software piracy;
- embezzlement;
- bribery, or corruption of any kind;
- unlawful or undeclared conflict of interest; and
- unauthorised use or misuse of Council property, equipment, materials or records.

- 1.4** Although a dishonest or fraudulent act may have criminal and/or civil law consequences, the Council is not required to use a determination by a criminal or civil body as the basis for determining whether an act is dishonest or fraudulent, nor must the act rise to the level of a crime or violation of civil law in order to constitute a violation of the Council's Conduct and Capability Policy.
- 1.5** The Council also expects that individuals and organisations (e.g. partners, suppliers/contractors and service users) which it comes into contact with, will act towards the Council with integrity and without actions involving fraud or corruption. The Council in turn will endeavour to ensure that all of its dealings will be on the same basis.
- 1.6** In administering its aims and responsibilities the Council is totally committed to deterring fraud and corruption, whether it is attempted on or from within the Council, and is committed to an effective counter fraud and corruption strategy designed to:
- limit, as far as possible, the opportunities to commit fraudulent acts - **prevention**,
 - enable any such acts to be **detected** at an early stage, and
 - deal with any subsequent **investigations** in a prompt, thorough and professional manner.
- 1.7** Overall responsibility for dealing with fraud and corruption rests with the Executive Director - Finance, who is the nominated Section 151 Officer having a statutory duty under Section 151 of the Local Government Act 1972 to ensure that there are proper arrangements in place to administer the Council's financial affairs. He is therefore the principal contact for all Councillors and employees.
- 1.8** Internal scrutiny of the Council's various activities occurs as a result of:-
- the Executive Director - Finance Section 151 responsibilities and Section 114 Local Government Finance Act 1988 responsibilities,
 - the establishment of sound Internal Audit arrangements in accordance with the Accounts and Audit Regulations 2015, and
 - the responsibilities placed on the Monitoring Officer under Section 5 of the Local Government and Housing Act 1989.

1.9 External scrutiny of the Council's various activities occurs as a result of involvement by:-

- Local Government Ombudsman,
- External Auditor,
- Central Government Departments and Parliamentary Committees,
- HM Revenues and Customs,
- The Department for Work and Pensions
- The general public.

1.10 This Counter Fraud and Corruption Strategy is based on a series of comprehensive and inter-related procedures designed to deter any attempted fraudulent or corrupt act. These cover:-

- Culture,
- Prevention,
- Detection and Investigation,
- Recovery, Sanction and Redress,
- Training and Awareness,
- Sharing Information,
- Implementing the Strategy.

2.0 Objectives

2.1 The key objectives of this Counter Fraud and Corruption Strategy are to:

Increase awareness of the counter-fraud responsibilities at all levels within and outside the Council;

Further embed and support the effective management of fraud risk within the Council;

Set specific goals for improving the resilience against fraud and corruption through the support of counter-fraud activities across the Council; **and**

Minimise the likelihood and extent of loss through fraud and corruption.

2.2 All of the above will directly support the achievement of the Council priorities whilst ensuring that statutory responsibilities are met.

3.0 Roles and Responsibilities

3.1 Roles and responsibilities for identifying and mitigating against the risk of fraud must be clearly understood and embraced effectively.

3.2 The risk of fraud and corruption is considered in the Council's corporate risk management arrangements. Chief Officers must therefore ensure that:

Their risk registers accurately reflects the risk of fraud and corruption including any emerging risks;

Controls, including those in the digital environment and for new systems and procedures, are effective and are properly maintained and documented;

There is compliance with the Council's Financial Guidance and any other relevant codes of practice;

Those engaged in countering fraud and corruption, have the appropriate authority, skills and knowledge to undertake this work effectively;

That the necessary framework agreements to counter fraud are in place where the Council is working with other organisations either by way of contract or partnership. The Council will not knowingly enter into any contractual agreement with an organisation that fails to comply with its Code of Practice and/or other related procedures; and

Findings from fraud investigations may lead to relevant system changes.

4.0 Culture

4.1 The Council has determined that the culture and ethics of the Authority is one of honesty and openness in all its dealings, with opposition to fraud and corruption. This strategy forms part of the governance arrangements for the authority.

4.2 The Council's Councillors and employees play an important part in creating and maintaining this culture. They are encouraged to raise any matters that concern them relating to the Council's methods of operation in accordance with this Counter Fraud & Corruption Strategy or the Council's Whistleblowing Policy.

4.3 The Council is committed to driving down Benefit Fraud. Both public perception and organisational culture play key roles in achieving this aim. All Councillors and Employees are therefore required to report any known material changes affecting Benefit claims to the Department of Works & Pensions (DWP). This specifically includes your own entitlement and of any tenants or sub-tenants that you may have. Failure to do so will result in the Councillor or Employee being subject to the Benefits (CTR) Prosecution Policy and Conduct and Capability Procedures. In addition, it is also a requirement that the timely transfer of information you receive in your normal business activities relating to

any other customer who has alerted you to a fact that affects Benefit awards is completed.

- 4.4** The Council's Whistleblowing Policy ensures that those raising concerns know they will be treated seriously and properly investigated in a confidential and impartial manner. In raising concerns employees can be assured that they will be protected if the disclosure is made in the public interest and will not affect their employment situation or future prospects with the Council.
- 4.5** Employees can raise their concerns in the first instance with their line manager but where employees feel unable to raise concerns with their immediate line manager/supervisor they can deal direct with any of the following:-
- the Section 151 Officer (Executive Director - Finance),
 - the **Audit Manager**,
 - the Chief Executive,
 - any member of Executive Leadership Team or Corporate Management Team,
 - the External Auditor, or
 - any Trade Union Representative.
- 4.6** Elected Councillors, suppliers, contractors, and the general public are also encouraged to report concerns through any of the above routes.
- 4.7** Unless there are good reasons to the contrary, any allegations received by way of confidential letters or telephone calls will be taken seriously and investigated in an appropriate manner. All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish. At the appropriate time, however, you may need to come forward as a witness, but this will be discussed with you, as to whether and how the matter can be proceeded with.
- 4.8** The Nolan Committee set out the seven guiding principles that apply to people who serve the public. The Council will develop our working behaviour around these principles, which are attached as Appendix 1.

5.0 Prevention

5.1 Employees

- 5.1.1** The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees, in terms of their propriety and integrity. In this regard temporary, agency and contract employees should be treated in the same manner as permanent employees. Chief Officers are

responsible for ensuring agencies engaged for the supply of temporary employees have rigorous vetting processes and that references are sought direct from previous clients with regard to the suitability and integrity of the candidate.

- 5.1.2 Employee recruitment is required to be in accordance with procedures laid down by the Council. Written references covering the known honesty and integrity of potential employees and where required, evidence of a licence to practice must always be obtained. All qualifications will be verified. There will be an open and fair policy of recruitment with no 'canvassing' or 'favouritism'.
- 5.1.3 Employees of the Council are expected to follow any Code of Conduct relating to their personal Professional Body and also abide by the terms and conditions of employment as set out in the Contract of Employment and the National Scheme of Conditions. The Council will report any known impropriety to the relevant Institution for them to consider appropriate disciplinary action.
- 5.1.4 Employees are reminded that they must comply within Section 117 of the Local Government Act 1972 which requires any interests in contracts that have been or are proposed to be entered into by the Council to be declared. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration. Details are described within the Code of Conduct.
- 5.1.5 Managers are required to observe the formal Conduct and Capability Procedures.
- 5.1.6 All employees are required to declare in a public register (held by the Monitoring Officer) any offers of gifts or hospitality (accepted or not) which are in any way related to the performance of their duties in relation to the Authority. Employees should also declare private work (paid or unpaid) etc., which if permitted must be carried out during hours when not employed on Council work, and should not be conducted from Council premises or use any Council equipment/assets.
- 5.1.7 The above matters are brought to the attention of employees via induction training and subsequently by internal procedures, policies and / or communications.
- 5.1.8 Management at all levels are responsible for ensuring that employees are aware of the Authority's Financial Regulations and Standing Orders, and that the requirements of each are being met. They are also responsible for ensuring that appropriate procedures are in place to safeguard the resources for which they are responsible, which include accounting control procedures, working manuals and operating procedures. Management must ensure that all employees have

access to these rules and regulations and that employees receive suitable training.

- 5.1.9 Managers should strive to create an environment in which employees feel able to approach them with concerns they may have about suspected irregularities. If managers and employees are unsure of the appropriate action they should consult with the Internal Audit Section.

5.2 Councillors

- 5.2.1 Councillors are required to operate within: -

- Sections 49 - 52 of the Local Government Act 2000,
- Local Authorities (Members' Interest) Regulations 1992 (S.I. 618)
- The National Code of Local Government Conduct
- Any local code or amendments agreed and
- The Council's Standing Orders and Financial Regulations.

- 5.2.2 These matters are specifically brought to the attention of elected Councillors at their induction and subsequent training. Councillors are required to provide the Monitoring Officer with specific information concerning their disclosable pecuniary interests and to keep that information up to date, as required by sections 29-34 of the Localism Act 2011. The Members Interests Register is held by the Monitoring Officer.

5.3 Systems

- 5.3.1 The Council's Scheme of Delegation, Standing Orders and Financial Regulations place a duty on all Councillors and employees to act in accordance with best practice when dealing with the affairs of the Council.

- 5.3.2 The Executive Director - Finance has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure proper administration of financial affairs. Various Codes of Practice outlining systems, procedures and responsibilities are widely distributed to employees.

- 5.3.3 The Internal Audit Section regularly assesses the level of risk within the Council with a view to preventing fraud and corruption. Such assessments are discussed with Chief Officers and, where appropriate, incorporated into work and/or training plans.

- 5.3.4 Significant emphasis has been placed on thorough documentation of financial systems, and every effort is made to continually review and

develop these systems in line with best practice to ensure efficient and effective internal controls and to include adequate separation of duties. The adequacy and appropriateness of the Council's financial systems are independently monitored by both the Internal Audit Section and External Audit. Any weaknesses identified in internal control will be reported to management whose duty it will be to ensure that corrective and / or preventative action is taken. The Section 151 Officer will use his statutory power to enforce the required changes if necessary.

- 5.3.5 Chief Officers will ensure that internal controls, including those in a computerised environment, are effectively maintained and documented and will investigate any potential weaknesses.
- 5.3.6 Chief Officers must ensure that proportionate counter fraud measures are applied to new systems/procedures.
- 5.3.7 It is evident across the country that an increasingly wide variety of frauds are being perpetrated. The larger frauds may involve the creation of multiple identities and false addresses, and involve different agencies. Employees are therefore encouraged to liaise with those other agencies, exchanging information, where possible and appropriate to help prevent and detect such fraud. It is important that arrangements exist, and are developed, to encourage the exchange of information with other agencies including:-
- other local and statutory authorities,
 - Chief Financial Officer Group,
 - local, regional and national Auditor networks,
 - government departments,
 - police forces,
 - the External Auditor,
 - the National Anti-Fraud Network, and
 - any other Fraud Networks/Forums.
- 5.3.8 The Council has established formal procedures to respond to complaints received about any aspect of service delivery. Issues relating to fraud and corruption will be passed directly to the Executive Director - Finance. Specific guidance has also been issued to all employees in relation to Proceeds of Crime and Money Laundering. The Monitoring Officer acts as the Council's Money Laundering Reporting Officer.
- 5.3.9 The Council will involve the police to prosecute offenders where fraudulent or corrupt acts are discovered. This will be a matter for the Executive Director - Finance, Monitoring Officer and the Chief Executive to decide, in consultation with the relevant Chief Officer.

6.0 Detection and Investigation

- 6.1** The Council's preventative systems, particularly internal control systems, provide indicators of fraudulent activity and are designed to deter any fraudulent activity.
- 6.2** It is often the alertness of elected Councillors, council employees, and the general public to the possibility of fraud and corruption, that enables detection to occur and appropriate action to take place.
- 6.3** Many frauds are discovered by chance, 'tip-off' or general audit work and arrangements are in place to enable such information to be properly dealt with.
- 6.4** Chief Officers are required by Financial Regulations to report all suspected instances of fraud and corruption to the Executive Director - Finance. Early reporting is essential to the success of this strategy, and;
- ensures the consistent treatment of information regarding fraud and corruption,
 - facilitates a thorough investigation of any allegation received by an independent unit (Internal Audit), and
 - ensures maximum protection of the Council's interests.

Suspicious that any transaction or dealing may involve the proceeds of crime should be reported to the Monitoring Officer, who will ensure such suspicions are reported to the appropriate authorities as required by the relevant Act.

- 6.5** The investigating officer will be appointed by the Executive Director - Finance. The investigating officer will usually be the Corporate Anti-Fraud Investigations Officer. The investigating officer will;-
- deal promptly and confidentially with the matter,
 - have unhindered access to employees, information and other resources as required for investigation purposes
 - record all evidence received,
 - ensure that evidence is sound and adequately supported,
 - ensure security of all evidence collected,
 - liaise as necessary and appropriate with the relevant Chief Officer,
 - liaise as necessary with external agencies e.g. Police,
 - notify the Council's insurers if appropriate.
- 6.6** The Council can be expected to deal swiftly and thoroughly with any employee who attempts to defraud the Council or who is corrupt. The Council will deal positively with fraud and corruption or suspicions

thereof. Where appropriate, the Council's disciplinary procedures will be implemented.

- 6.7** There is a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.
- 6.8** When it is found that fraud or corruption has occurred due to a break down in the Council's systems or procedures, Chief Officers will ensure that appropriate improvements in systems of control are promptly implemented in order to prevent a reoccurrence.
- 6.9** Depending on the nature and anticipated extent of the allegations, the Internal Audit section will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.
- 6.10** The Council's Conduct procedure will be used where the outcome of the audit investigation indicates improper behaviour.
- 6.11** The Council will normally wish the police to independently prosecute offenders where financial impropriety is discovered.
- 6.12** Any Councillor who is the subject of allegations of wrong doing will be referred to the Monitoring Officer to the authority (details on the website), who will determine what action should be taken.
- 6.13** All contractors, consultants and organisations receiving funding from the Council who are accused of wrong doing will be the subject of an investigation and where appropriate an independent decision may be taken to terminate the agreement/grant.
- 6.14** The Council's External Auditor has a responsibility to review the Council's arrangements for the prevention, detection and investigation of fraud and corruption and report accordingly.

7.0 Recovery, Sanctions & Redress

- 7.1** Where the Council identifies fraud then it will:

Recover, prosecute or apply other sanctions to perpetrators, where appropriate.

- 7.2** Where fraud or corruption by employees is indicated, then action will be taken in accordance with the Council's Conduct and Capability Policy. This may be in addition to any civil recovery action or sanctions.
- 7.3** The Council aims to be effective in recovering any losses incurred to fraud using, as appropriate, criminal and/or civil law. Success rates will be monitored routinely as an indicator and part of the quality process.

7.4 Wherever possible, redress should be applied. This ensures that the Council is seen as recovering money lost to fraud.

8.0 Training & Awareness

8.1 The Council recognises the importance of training in the delivery of high quality services. The Council supports the concept of fraud awareness training for managers and for employees involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. Chief Officers are responsible for training employees and promoting awareness of fraud issues.

8.2 Investigation of fraud and corruption centres around the Council's Internal Audit section. Employees engaged in this section, for the detection and prevention of fraud, are properly and regularly trained in all aspects of it. The training plans of the section will reflect this requirement.

8.3 Employees who ignore such training and guidance may face the possibility of disciplinary action.

8.4 Regular training seminars will be provided for Councillors on a wide range of topics including declarations of interest and the Code of Conduct as detailed in the Constitution.

8.5 The Council will maintain an up to date awareness of the types of fraud that it may be exposed to, especially given the ongoing financial situation and the resourcefulness of potential fraudsters. It will review national developments and strengthen systems and procedures accordingly using the following key sources of information:

National Fraud Reports
National Anti-Fraud Network
Midlands Fraud Forum
Staffordshire Counter Fraud Partnership
Local Networking
Any other sources of fraud awareness/updates etc.

9.0 Sharing Information

9.1 The Council is committed to working with other agencies in the detection and prevention of fraud.

9.2 Information will be shared internally and with other government departments and other agencies e.g. insurance companies for the purposes of fraud prevention and detection. This information will be shared in accordance with the principles of the General Data Protection Regulation 2018 and other appropriate legislation.

9.3 The Council participates in national data sharing exercises, i.e. the National Fraud Initiative to enable the proactive detection of fraud.

10.0 Implementing the Strategy

10.1 Internal Audit will undertake an annual assessment of the effectiveness of existing counter-fraud and corruption arrangements against:

Fighting Fraud Locally Checklist

Other best practice/statutory guidance as required

The roles and responsibilities as set out in Appendix 2 of this strategy.

10.2 Internal Audit will regularly complete a Counter Fraud Work Plan and report this **annually** to the Audit & Governance Committee.

10.3 Internal Audit will report its findings to the Audit and Governance Committee who will consider the effectiveness of the counter-fraud risk management arrangements.

11.0 Conclusions

11.1 The Council's systems, procedures, instructions and guidelines are designed to limit, as far as is practicable, acts of fraud and corruption. All such measures will be kept under constant review to ensure that they keep pace with developments in prevention and detection techniques regarding fraudulent or corrupt activity.

11.2 The Council will maintain a continuous review of all its systems and procedures through the Executive Director - Finance and **Audit Manager**.

COUNTER FRAUD AND CORRUPTION GUIDANCE NOTES

1.0 Why Do We Need a Counter Fraud And Corruption Strategy?

1.1 Even though the vast majority of people working for the Council are honest and diligent, the Council cannot be complacent. Fraudulent or corrupt acts may include:

System issues	i.e. where a process/system exists which can be abused by either employees or members of the public (e.g. Housing Allocations)
Financial issues	i.e. where individuals or companies have fraudulently obtained money from the Council (e.g. invalid invoices/work not done)
Equipment issues	i.e. where Council equipment is used for personal use (e.g. personal use of council telephones)
Resource issues	i.e. where there is misuse of resources (e.g. theft of building materials/cash)
Other issues	i.e. activities undertaken by officers of the Council which may be: unlawful; fall below established standards or practices; or amount to improper conduct (e.g. receiving unapproved hospitality)

(This is not an exhaustive list.)

1.2 The prevention of fraud, and the protection of the public purse is **EVERYONES BUSINESS**. It is important that all employees know:

- how to recognise a fraud,
- how to prevent it, and
- what to do if they suspect that they have come upon a fraud.

1.3 This guidance has been drawn up to provide information to employees at all levels. The strategy and guidance attempt to assist employees and others with suspicions of any malpractice. The overriding concern is that it is in the public interest for the malpractice to be corrected and, if appropriate, sanctions and redress applied.

1.4 It is important that employees should be able to use any mechanism without fear of victimisation, and fully know that their concerns will be addressed seriously, quickly and discreetly.

1.5 It is important that the whole Council works together to reduce Benefit Fraud. All employees are therefore required to transfer relevant information gathered in their normal day to day activities about possible Benefit irregularities to the Single Fraud Investigation Service (SFIS) at the DWP. So, for example, if during a routine visit/interview you

become aware that a customer is working and “signing on” which they may be entitled to do so but you must tell the SFIS this information. The SFIS will assess the matter and investigate where appropriate. You are not expected to and must not delve any further.

- 1.6** The Council has determined that it should have a culture of honesty and openness in all its dealings, with opposition to fraud and corruption. The Council’s Whistleblowing Policy does this by :-
- making it clear that vigilance is part of the job. Knowingly not raising concerns may be a serious disciplinary offence,
 - recognising that early action may well prevent more worry or more serious loss/damage,
 - making it safe and simple to convey critical information ensuring that any concern in this area is seen as a concern and not a grievance,
 - encouraging information exchange, remembering that there are two sides to every story,
 - providing a way in which concerns can be raised in confidence and not necessarily via the nominated line manager or supervisor,
 - recognising the need for discretion,
 - ensuring the anonymity of the individual, where possible, should this be preferred by the employee, and by protecting employers from reprisals.
- 1.7** Under the Enterprise and Regulatory Reform Act 2013, any disclosure made using the Whistleblowing Policy, within reasonable belief of the worker making the disclosure will only be protected if it is made in the public interest. More detail is found in the Whistleblowing Policy.
- 1.8** There is a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.
- 2.0 Why Do We Need This Advice?**
- 2.1** It is important that you follow the advice given and do not try to handle the problem yourself, without expert advice and assistance. A badly managed investigation may do more harm than good. There are a number of internal and external processes which have to be followed to yield a satisfactory conclusion.
- 3.0 How To Recognise A Fraud**
- 3.1** Each employee must be aware of fraud and the areas within their responsibility where fraud may occur.

3.2 Fraud can happen wherever employees or independent contractors complete official documentation and can take financial advantage of the Council. The risk of fraud is enhanced where employees or contractors are in positions of trust or responsibility and are not checked or subjected to effective monitoring or validation. Consequently the following areas are susceptible to fraud:-

- claims for work done by independent contractors,
- travel and expense claims,
- cash receipts/ petty cash,
- payroll,
- ordering, and
- stocks and assets.

3.3 Fraud involves the falsification of records, failing to disclose information or abuse of position. Managers need to be aware of the possibility of fraud when presented with claims/forms/documentation etc. Issues which may give rise to suspicions are:-

- documents that have been altered, “Tippex” used thereon, or different pens and different hand writing,
- claims that cannot be checked, particularly if prior authorisation was not given,
- strange trends (use comparisons and reasonableness),
- confused, illegible text and missing details,
- delays in documentation, completion or submission, and
- no vouchers or receipts to support claims.

3.4 There are a number of indications of an employee being in a situation whereby they could be acting fraudulently. Common indicators could be:-

- living beyond their means,
- under financial pressure ,
- not taking annual leave, and
- solely responsible for a “risk” area and/or possibly refusing to allow another officer to be involved in their duties and/or have minimal supervision.

4.0 How To Prevent It

4.1 By establishing an adverse culture to fraud and corruption the Council can help to prevent its occurrence.

4.2 Managers need to :-

- Minimise the opportunity for fraud – this can be achieved by putting in place robust systems of internal controls and checks.

- Reduce the “Pay – Off” – this is achieved by increasing the chances of detection and increasing the penalty for the perpetrator so risks outweigh the benefits of getting “away with it”

4.3 There are 8 basic control types which management should concern themselves with: -

Supervision

Supervisory checks should be completed and recorded by the line manager on the work completed by his/ her team.

Organisation

Within each system, there should be policies/ procedures setting out how functions should be carried out. There should be clear structures/ rules which employees should work within.

Authorisation

Within a system there should be authorisation controls e.g. controls to authorise a payment (electronic/ physical signature), and the correct level of authority is used in decision making.

Employees

There should be clear roles and responsibilities and appropriate level of delegation. The right person should be doing the right job.

Segregation of Duties

Seek to avoid the sole ownership for the processing and control functions of any activity, by one employee.

Physical

This relates to physical controls e.g. access to monies, documents, security of premises etc should be appropriate and restricted where necessary. Where restricted access is necessary, access to keys/door numbers etc should be retained by the person granted access rights. They should not be left on the premises. Inventory checks ensure that assets are controlled.

Arithmetical Accuracy

Checks completed by another person to confirm the accuracy of data input/ independent reconciliations of cash floats etc.

Management Functions

Within the system there should be controls for monitoring and reporting upon activity e.g. the production of audit trail reports from systems etc. Monitoring to highlight irregularity/ non-compliance with rules and procedures and reporting – being accountable for actions.

- 4.4. Employees need to be aware of the possibility of fraud when presented with claims/ forms/ documentation, etc. They should also have an awareness of internal rules and procedures; i.e. financial regulations, standing orders, declarations of outside work, hospitality etc.
- 4.5 Deterrence and prevention is the primary aim and if managers implement and control areas as mentioned in 4.3, any deviation from the set procedure should be highlighted in a timely manner.

5.0 What To Do On Suspecting A Fraud

5.1 Action By Employees

- 5.1.1 The Council is committed to the highest possible standards of openness, probity and accountability. Any employee who believes such standards are being breached should report their suspicions. This can be done via the Council's Whistleblowing Policy or you can contact the Executive Director - Finance, **Audit Manager** or a Chief Officer.
- 5.1.2 You should report the matter immediately, make a note of your suspicions and provide as much factual information to support your concerns. Concerns are better raised in writing.
- 5.1.3 The background and the history of the concern, giving names, dates and places where possible, should be set out and the reason why the individual is particularly concerned about the situation. Those who do not feel able to put their concern in writing can telephone or meet the appropriate officer. The earlier the concern is expressed, the easier it is to take action. Individuals may invite their trade union or professional association to raise a matter on their behalf.
- 5.1.4 Do not try to carry out an investigation yourself. This may damage any investigation carried out by the Internal Audit section or an appointed investigator. Help the official investigators by providing information as and when requested and by giving a written statement when required.

5.2 Action By Managers

- 5.2.1 If managers become suspicious of any action by an employee or supplier or such suspicions are reported to them they should follow these simple rules.

- If possible establish if the irregularity (potential fraud, corruption or error) is a genuine error or possible fraud.
- Contact their Chief Officer or any other officer as identified in the Counter Fraud and Corruption Strategy, who will contact the Executive Director - Finance or the **Audit Manager**.
- Contact the Executive Director - Organisation, where there may be implications under the disciplinary procedures for officers.
- Do nothing else, except remain vigilant and await further instructions from the investigating team.

5.2.2 The Council is required to report any cases in which it is suspected that transactions involve the proceeds of crime. If employees or managers have any such suspicion, this should be reported immediately to the Monitoring Officer, who shall advise on the necessary action and ensure the matter is reported to the appropriate authorities.

5.2.3 Details of the relevant contacts can be found in Appendix 4.

6.0 What Happens To The Allegation

6.1 The Executive Director - Finance or his investigating officer, will normally carry out a full enquiry even where there is clear evidence of an offence following the Fraud Response Plan (Appendix 3). A full report will be copied and sent to:-

- the relevant Chief Officer, and
- the Chief Executive to consider if there needs to be any police involvement.

6.2 It is essential that the Executive Director - Finance investigation should be a complete one and the investigating officer to whom it is delegated is entitled to expect the fullest co-operation from all employees.

6.3 A full detailed report on any system control failures and recommended actions to address the failures will be issued to the relevant manager in the format of an internal audit report.

The Seven Principles of Public Life (Nolan Committee)

Selflessness

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

Integrity

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

Objectivity

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

Accountability

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

Openness

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

Honesty

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

Leadership

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

Statement of Expected Responsibilities

Stakeholder	Expected Responsibilities
Chief Executive	Ultimately accountable as Chief Executive for the effectiveness of the Council's arrangements for countering fraud and corruption as well as corporate governance.
Executive Director - Finance (Section 151 Officer)	The Executive Director - Finance has a statutory duty, under Section 151 of the Local Government Act 1972, Sections 114 and 116 of the Local Government Finance Act 1988 and Accounts and Audit Regulations 2011 to ensure the proper administration of the Council's financial affairs. This includes Internal Audit and Benefit (Council Tax Reduction) Fraud.
Audit Manager	Responsible for developing and implementing the Counter Fraud and Corruption Policy Statement, Strategy and Guidance Notes and investigating any issues reported under this policy. Reporting on the effectiveness of controls to the Audit and Governance Committee. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this Strategy and that action is identified to improve controls and reduce the risk of recurrence.
Monitoring Officer	<p>To advise Councillors and officers on ethical issues, standards and powers to ensure that the Council operates within the Law and Statutory Codes of Practice. The operation of the Council's Money Laundering Policy.</p> <p>Maintain a Register of Disclosable Pecuniary Interests Maintain a Register of Interests, Gifts & Hospitality.</p>
Executive Director - Organisation	To put in place a corporate recruitment and selection policy and monitor compliance against it.
Chief Officers	To ensure that fraud and corruption risks are considered as part of the Council's corporate risk management arrangements. To ensure that actions to mitigate risks in this area are effective. To notify the

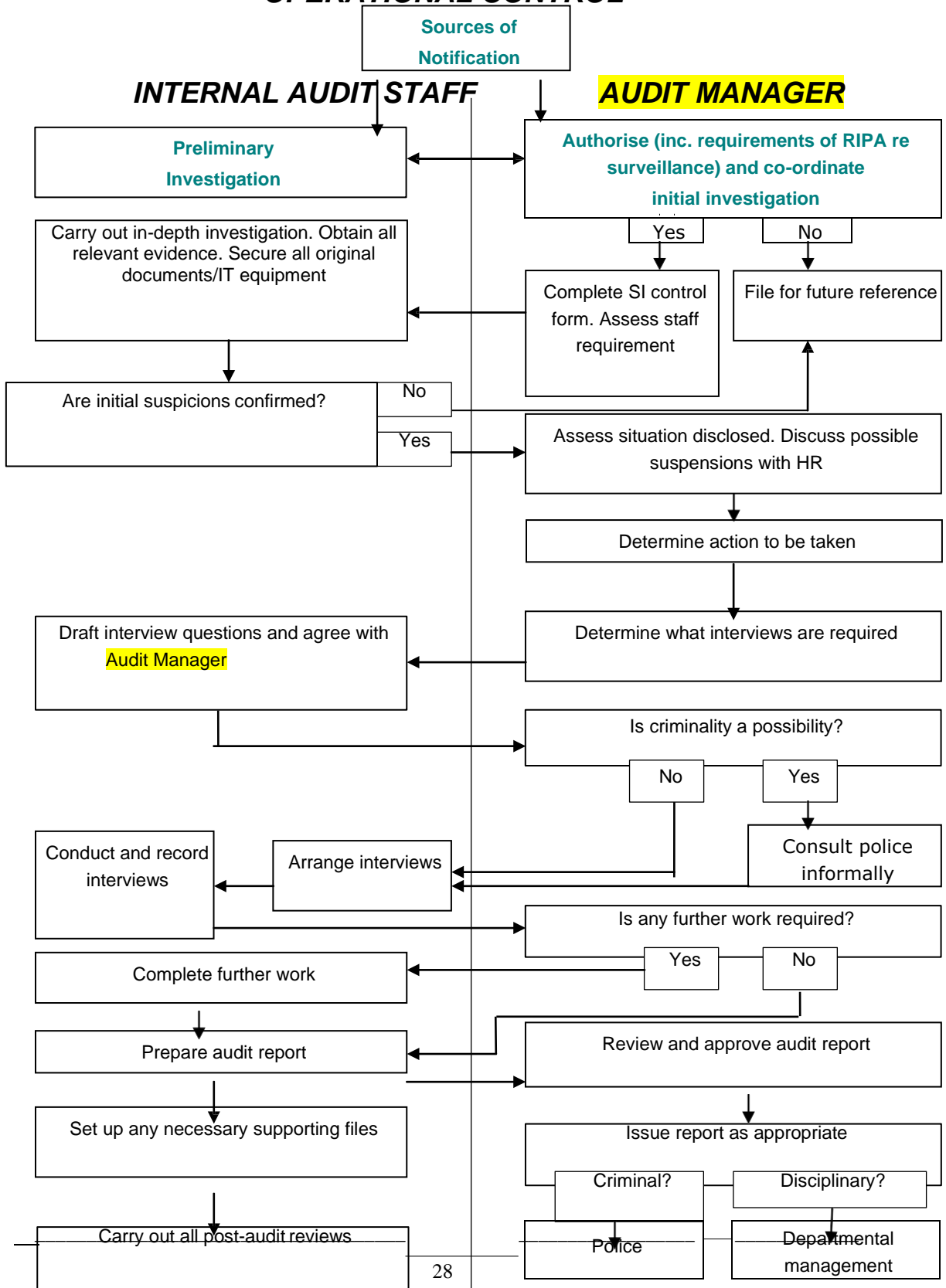
	<p>Executive Director - Finance of any fraud arising in a timely manner.</p> <p>To ensure all training is provided and fully attended that supports this policy</p>
Assistant Director - Partnerships	The operation of the Council's Regulation of Investigatory Powers Act (RIPA) 2000 Policies and Procedures
Executive Management Team	Challenge new policies and strategies to ensure that fraud and corruption risks have been taken into account. Review the corporate framework designed to promote an over-riding counter-fraud culture on a regular basis. This will include monitoring and evaluating arrangements to ensure effectiveness and compliance with best practice.
Audit and Governance Committee	<p>To monitor the Council's policies and consider the effectiveness of the arrangements for Counter Fraud and Whistleblowing.</p> <p>To exercise all the functions of the Council relating to Codes of Conduct as provided in the Localism Act 2011 except for those functions which under Chapter 7 of the Localism Act 2011 may only be exercised by the full Council.</p>
Deputy leader & Portfolio holder – Assets & Finance	To champion the Council's Counter Fraud & Corruption arrangements and promote them at every opportunity.
Elected Councillors	To support and promote the development of a strong counter fraud culture.
External Audit	Statutory duty to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud, corruption and theft.
Senior Managers	To promote employee awareness and ensure that all suspected or reported irregularities are immediately referred to Executive Director Corporate Services. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing robust internal controls.

Employees	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns to the appropriate management, the Chief Executive, the Executive Director - Finance or Internal Audit.
Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns or suspicions. To ensure that effective controls are in place to mitigate risks to the Council.

Tamworth Borough Council

Fraud Response Plan

OPERATIONAL CONTROL



**HOW TO REPORT ANY SUSPECTED FRAUDS, CORRUPTION, OTHER
IRREGULARITIES OR CONCERNS**

To contact Internal Audit Services

Contact: **Andrew Wood, Audit Manager**

Tel: 01827 709234 email: andrew-wood@tamworth.gov.uk

Write to **Audit Manager (Confidential)**
Tamworth Borough Council
Marmion House,
Lichfield Street
Tamworth
B79 7BZ

Or: Andrea Isaac, Corporate Anti-Fraud Investigations Officer

Tel: 01827 709541 email: andrea-isaac@tamworth.gov.uk

Alternatively you can contact:

Stefan Garner, Executive Director - Finance

Tel: 01827 709242 email: stefan-garner@tamworth.gov.uk

Andrew Barratt, Chief Executive

Tel: 01827 709453, email: andrew-barratt@tamworth.gov.uk

Anica Goodwin, Executive Director - Organisation

Tel: 01827 709225 email: anica-goodwin@tamworth.gov.uk

Rob Barnes, Executive Director – Communities

Tel: 01827 709447 email: rob-barnes@tamworth.gov.uk

To contact the Council's external auditor

Write to:

Grant Thornton UK LLP
Colmore Plaza
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

Tel: 0121 212 4000

To report Housing Benefit Fraud contact;

National Benefit Fraud Hotline 0800 854 440 or

text phone number 0800 320 0512 or

Write to NBFH, PO Box No. 224, Preston, PR1 1GP

Part 1 – Details		
What Policy/ Procedure/ Strategy/Project/Service is being assessed?	Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes	
Date Conducted	20/09/2021	
Name of Lead Officer and Service Area	Andrew Wood Audit Manager	
Commissioning Team (if applicable)	N/A	
Director Responsible for project/service area	Andrew Barratt	
Who are the main stakeholders	Employees, Citizens	
Describe what consultation has been undertaken. Who was involved and what was the outcome	CMT – review of existing policy	
Outline the wider research that has taken place (E.G. commissioners, partners, other providers etc)	N/A	
What are you assessing? Indicate with an 'x' which applies	A decision to review or change a service	
	A Strategy/Policy/Procedure	X
	A function, service or project	
What kind of assessment is it? Indicate with an 'x' which applies	New	
	Existing	X

	Being reviewed	
	Being reviewed as a result of budget constraints / End of Contract	

Part 2 – Summary of Assessment

Give a summary of your proposal and set out the aims/ objectives/ purposes/ and outcomes of the area you are impact assessing.

Review of existing policy in line with good practice

Who will be affected and how?

Employees, citizens – updated policy

Are there any other functions, policies or services linked to this impact assessment?

Yes X No

If you answered 'Yes', please indicate what they are?

Whistleblowing Policy

Part 3 – Impact on the Community

Thinking about each of the Areas below, does or could the Policy function, or service have a direct impact on them?

Impact Area	Yes	No	Reason (provide brief explanation)
Age		X	
Disability		X	
Gender Reassignment		X	
Marriage & Civil Partnership		X	
Pregnancy & Maternity		X	
Race		X	

Religion or belief		X	
Sexual orientation		X	
Sex		X	
Gypsy/Travelling Community		X	
Those with Caring/Dependent responsibilities		X	
Those having an offending past		X	
Children		X	
Vulnerable Adults		X	
Families		X	
Those who are homeless		X	
Those on low income		X	
Those with Drug or Alcohol problems		X	
Those with Mental Health issues		X	
Those with Physical Health issues		X	
Other (Please Detail)		X	

Part 4 – Risk Assessment

From evidence given from previous question, please detail what measures or changes will be put in place to mitigate adverse implications

Impact Area	Details of the Impact	Action to reduce risk

Part 5 - Action Plan and Review

Detail in the plan below, actions that you have identified in your CIA, which will eliminate discrimination, advance equality of opportunity and/or foster good relations.

If you are unable to eliminate or reduce negative impact on any of the impact areas, you should explain why

Impact (positive or negative) identified	Action	Person(s) responsible	Target date	Required outcome

Date of Review (If applicable)

WHISTLEBLOWING POLICY

Document Status: Final

Originator: A Struthers

Updated: A Wood

Owner: Audit Manager

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Date: 05.10.21

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Revision History

Revision Date	Version Control	Summary of changes
01/03/12	1.01.01	Scheduled review
29/07/13	1.01.02	Changes under the Enterprise and Regulatory Reform Act 2013
03/08/15	1.01.03	Scheduled review plus changes under The Public Interest Disclosure (Prescribed Persons) Order 2014 .
23/08/17	1.01.04	Scheduled review
04/07/18	1.01.05	Minor Changes (job titles)
26/09/2018	1.01.06	Scheduled review
14/10/19	1.01.07	Scheduled review
05/10/21	1.01.08	Minor changes (job titles)

Approvals

Name	Title	Approved
Audit & Governance Committee	Committee Approval	
CMT	Group Approval	Yes
Andrew Wood	Audit Manager	Yes

Document Review Plans

This document is subject to a scheduled 3 yearly review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

Distribution

The document will be available on the Intranet.

WHISTLEBLOWING POLICY

1. Policy Statement

- 1.1 Tamworth Borough Council believes it is important to encourage a climate of openness and dialogue within the Council, where the free expression by staff of their concerns is welcomed by managers as a contribution towards improving services.
- 1.2 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.
- 1.3 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment it expects employees, and others that it deals with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns. It is recognised that most cases will have to proceed on a confidential basis.
- 1.4 This policy document makes it clear that you can do so without fear of victimisation, subsequent discrimination or disadvantage. *This Whistleblowing Policy is intended to encourage and enable anyone to raise concerns in the public interest, in good faith within the Council rather than overlooking a problem or 'blowing the whistle' outside.*



Chief Executive



Leader of the Council

2. Introduction

2.1 The Public Interest Disclosure Act 1998 became law in July, 1999. This Act, introduced the protection of whistle-blowers and removes the limits of financial liability to which an organisation is exposed should a whistle-blower receive unfair treatment. This policy document sets out the Council's response to the requirements of the Act.

2.2 Under the Enterprise and Regulatory Reform Act 2013, any disclosure made using the Whistleblowing Policy, within reasonable belief of the worker making the disclosure will only be protected if it is made in the public interest. It must also show one or more of the following:

(a) that a criminal offence has been committed, is being committed or is likely to be committed,

(b) that a person has failed, is failing or is likely to fail to comply with any legal obligation to which he is subject,

(c) that a miscarriage of justice has occurred, is occurring or is likely to occur,

(d) that the health or safety of any individual has been, is being or is likely to be endangered,

(e) that the environment has been, is being or is likely to be damaged, or

(f) that information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.

2.3 This policy is designed for workers. Workers include:

employees;
agency workers;
people that are training with an employer but not employed; and
self-employed workers, if supervised or working off-site.

2.4 Local Government employees have an individual and collective responsibility regarding their conduct and practices, which are always subject to scrutiny. As individuals, employees are required to work within the Code of Conduct for Tamworth Borough Council Employees and the

relevant codes of conduct including the standards appropriate to their professional organisations or associations. The Council's regulatory framework also includes Financial Guidance that must be met.

- 2.5 All employees have a duty to bring to the attention of management any deficiency in the provision of service and any impropriety or breach of procedure, in accordance with Financial Guidance.
- 2.6 These procedures are in addition to the Council's complaints procedures including the Grievance Procedure and the Dignity and Respect at Work Policy, and other statutory reporting procedures applying to some Services.
- 2.7 This policy has been discussed with the relevant trade unions and professional organisations and has their support.

3 Aims and Scope of this Policy

- 3.1 This policy aims to:
 - encourage you to feel confident in raising concerns that are in the public interest
 - provide avenues for you to raise those concerns and receive feedback on any action taken
 - ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied
 - reassure you that you will be protected from possible reprisals or victimisation if you have a reasonable belief that you have made any disclosure in good faith.
- 3.2 There are existing procedures in place to enable you to disclose particular concerns. These are:
 - The Authority's Grievance Procedure which enables you to lodge a grievance relating to your own employment;
 - The Authority's Counter Fraud and Corruption Policy Statement, Strategy & Guidance Notes, which outlines how you can disclose potential fraud, bribery, corruption and theft;
 - The Authority's Dignity and Respect at Work Policy, which enables you to disclose cases of potential harassment and bullying;
 - The Authority's Children & Adults at Risk of Abuse and Neglect Policy (which has its own Whistleblowing Policy in place), for disclosures regarding suspected mistreatment of children and adults at risk of abuse and neglect.

- 3.3 This policy does **not** replace the corporate complaints procedure or other existing policies for raising issues regarding your employment.

4 Safeguards

- 4.1 The Council is committed to good practice and high standards and shall be supportive of employees.
- 4.2 The Council recognises that the decision to report a concern can be a difficult one to make. If what you are saying is within reasonable belief, you should have nothing to fear because you will be doing your duty to your employer and those for whom you are providing a service.
- 4.3 The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern in good faith. It is a disciplinary matter to victimise a bone fide whistle-blower.

5 Confidentiality

- 5.1 All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish. At the appropriate time, however, you may need to come forward as a witness, but this will be discussed with you, as to whether and how the matter can be proceeded with .

6 Anonymous Allegations

- 6.1 This policy encourages you to put your name to your allegation whenever possible.
- 6.2 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council.
- 6.3 In exercising this discretion the factors to be taken into account would include:
- the seriousness of the issues raised
 - the credibility of the concern; and
 - the likelihood of confirming the allegation from attributable sources.

7 Untrue Allegations

- 7.1 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. If, however, you make

an allegation frivolously, maliciously or for personal gain, disciplinary action will be taken against you.

8 How to Raise a Concern

- 8.1 As a first step, you should normally raise concerns with your immediate manager or their superior. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if you believe that management is involved, you should approach the Chief Executive, Executive Director – Organisation, Executive Director -Finance, or **Audit Manager**. Where you feel unable to raise the concerns internally due to the nature of the disclosure you should contact the External Auditor who will then ensure that the disclosure is properly investigated.
- 8.2 To raise a concern in respect of Benefits Fraud, you can contact the National Benefit Fraud Hotline - telephone number 0800 854 440 or text phone number 0800 320 0512 or online www.gov.uk/report-benefit-fraud or write to them at NBFH, PO Box No. 224, Preston, PR1 1GP.

9 External contacts

- 9.1 While it is hoped that this policy gives you the reassurance you need to raise such matters internally, it is recognised that there may be circumstances where you can properly report matters to outside bodies, such as prescribed regulators, some of which are outlined at 9.7. If a worker chooses to go to the media, they can expect in most cases to lose their whistleblowing law rights. It is only in exceptional circumstances that a worker can go to the media without losing their rights. The Public Interest Disclosure Act 1998 gives more detail on this.
- 9.2 Concerns may be raised verbally or in writing. Staff who wish to make a written report are invited to use the following format:
- the background and history of the concern (giving relevant dates);
 - the reason why you are particularly concerned about the situation.
- 9.3 The earlier you express the concern the easier it is to take action and you will need to be able to demonstrate to the person contacted that there are reasonable grounds for your concern.
- 9.4 Contact points for advice/guidance on how to pursue matters of concern can be obtained from:
- Chief Executive – 709453

- Executive Director – Organisation 709225
- Executive Director - Finance – 709242
- Executive Director – Communities 709447
- Audit Manager – 709234

9.5 You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.

9.6 You may invite your trade union or professional association representative or a member of staff to be present during any meetings or interviews in connection with the concerns you have raised.

9.7 Examples of relevant Prescribed Regulators are as follows:

Proper conduct of public business, value for money fraud and corruption relating to provision of public services	Comptroller and Auditor General
Serious or complex fraud	Director of the Serious Fraud Office
Environmental issues	Environment Agency
Accounting, auditing and actuarial issues	Financial Reporting Council Limited
Health & Safety issues	Health & Safety Executive
Social Housing	Homes & Communities Agency
Data Protection & Freedom of Information	Information Commissioner
Corruption & Bribery	National Crime Agency
Child Welfare & Protection	Children's Commissioner NSPCC

The full list of prescribed regulators can be found in [The Public Interest Disclosure \(Prescribed Persons\) Order 2014](#).

10 How the Council Will Respond

- 10.1 The Council will always respond to your concerns. Do not forget that testing out your concerns is not the same as either accepting or rejecting them.
- 10.2 Where appropriate, the matters raised may:
- be investigated by management, internal audit, or through the disciplinary process
 - be referred to the police
 - be referred to the external auditor
 - form the subject of an independent inquiry.
- 10.3 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle which the Council will have in mind is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.
- 10.4 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 10.5 Within ten working days of a concern being raised, the **Audit Manager** will write to you:
- acknowledging that the concern has been received
 - indicating how the Council propose to deal with the matter
 - giving an estimate of how long it will take to provide a final response
 - telling you whether any initial enquiries have been made
 - supplying you with information on how the Council will support you if you think this is necessary, whilst the matter is under consideration, and
 - telling you whether further investigations will take place and if not, why not.
- 10.6 The amount of contact between the officers considering the issues and you will depend on the nature of the matter raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seek further information from you.
- 10.7 Where any meeting is arranged, off-site if you so wish, you can be accompanied by a trade union officer or professional association representative or a member of staff.

10.8 The Council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcome of any investigation.

11 The Responsible Officer

11.1 The **Audit Manager** has overall responsibility for the maintenance and operation of this policy. That officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Council.

12 How the Matter can be Taken Further

12.1 If you feel that the Council has not responded correctly at any stage, remember you can go to the other levels and bodies mentioned at paragraph 9.7. While it cannot be guaranteed that all matters will be addressed in the way that you might wish, it will always be the Council's intention to handle the matter fairly and properly. By using this policy, you will help achieve this

12.2 If you do take the matter outside the Council, you should ensure that you do not disclose confidential information. Check with the contact point about that.



Tamworth
Borough Council

Community Impact Assessment

Part 1 – Details		
What Policy/ Procedure/ Strategy/Project/Service is being assessed?	Whistleblowing Policy	
Date Conducted	05/10/2021	
Name of Lead Officer and Service Area	Andrew Wood Audit Manager	
Commissioning Team (if applicable)	N/A	
Director Responsible for project/service area	Andrew Barratt	
Who are the main stakeholders	Employees, Citizens	
Describe what consultation has been undertaken. Who was involved and what was the outcome	CMT – review of existing policy	
Outline the wider research that has taken place (E.G. commissioners, partners, other providers etc)	N/A	
What are you assessing? Indicate with an 'x' which applies	A decision to review or change a service	
	A Strategy/Policy/Procedure	X
	A function, service or project	
What kind of assessment is it?	New	

Indicate with an 'x' which applies	Existing	X
	Being reviewed	
	Being reviewed as a result of budget constraints / End of Contract	

Part 2 – Summary of Assessment

Give a summary of your proposal and set out the aims/ objectives/ purposes/ and outcomes of the area you are impact assessing.

Review of existing policy in line with good practice

Who will be affected and how?

Employees, citizens – updated policy

Are there any other functions, policies or services linked to this impact assessment?

Yes X No

If you answered 'Yes', please indicate what they are?

Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes

Part 3 – Impact on the Community

Thinking about each of the Areas below, does or could the Policy function, or service have a direct impact on them?

Impact Area	Yes	No	Reason (provide brief explanation)
Age		X	
Disability		X	
Gender Reassignment		X	
Marriage & Civil Partnership		X	
Pregnancy & Maternity		X	
Race		X	

Religion or belief		X	
Sexual orientation		X	
Sex		X	
Gypsy/Travelling Community		X	
Those with Caring/Dependent responsibilities		X	
Those having an offending past		X	
Children		X	
Vulnerable Adults		X	
Families		X	
Those who are homeless		X	
Those on low income		X	
Those with Drug or Alcohol problems		X	
Those with Mental Health issues		X	
Those with Physical Health issues		X	
Other (Please Detail)		X	

Part 4 – Risk Assessment

From evidence given from previous question, please detail what measures or changes will be put in place to mitigate adverse implications

Impact Area	Details of the Impact	Action to reduce risk

Part 5 - Action Plan and Review

Detail in the plan below, actions that you have identified in your CIA, which will eliminate discrimination, advance equality of opportunity and/or foster good relations.

If you are unable to eliminate or reduce negative impact on any of the impact areas, you should explain why

Impact (positive or negative) identified	Action	Person(s) responsible	Target date	Required outcome

Date of Review (If applicable)

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ANTI-MONEY LAUNDERING POLICY

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Updated: A Wood

Owner: Audit Manager

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Approved by Audit & Governance Committee

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Revision Date	Version Control	Summary of changes
	1.01.01	Scheduled review
30/07/13	1.01.02	Scheduled review
28/09/16	1.01.03	Scheduled review
08/02/18	1.01.04	Scheduled review
04/07/18	1.01.05	Minor Changes to job titles
30/09/19	1.01.06	Minor changes to job titles and addition on MLRO response at Appendix 2.
05/10/21	1.01.07	Minor changes to job titles

Approvals

Name	Title	Approved
Audit & Governance Committee	Committee Approval	Yes
CMT	Group Approval	Yes
Andrew Wood	Audit Manager	Yes

Document Review Plans

This document is subject to a scheduled review every 3 years. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

Distribution

The document will be available on the Intranet and the website.

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TAMWORTH BOROUGH COUNCIL

ANTI-MONEY LAUNDERING POLICY STATEMENT

- 1.0 Tamworth Borough Council fully recognises its responsibility in relation to the spending of public money (Protecting the Public Purse) and is committed to the fullest support for Councillors and Employees in upholding the reputation of the Council and maintaining public confidence in its integrity. It also recognises its responsibilities under the Proceeds of Crime Act 2002 (as amended by the serious organised Crime and Police Act 2005), Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR) and the Bribery Act 2010.
- 2.0 The Council acknowledges the threat of money laundering and the harm that it can cause. The Council is committed to maintaining an ethical culture which does not and will not tolerate any form of fraud and corruption. Any such issues will be thoroughly investigated and, if confirmed, dealt with rapidly in the strongest possible way. We will seek the strongest possible sanctions against those who seek to defraud the Council. This includes taking appropriate action against employees, Councillors, contractors, external individuals and organisations.
- 3.0 To deliver the Council's corporate priorities, aims and strategic objectives we need to maximise the financial resources available to us. In order to do this we must reduce the risk of fraud to an absolute minimum.
- 4.0 This document is intended to provide advice and information to Employees and Councillors but suppliers, contractors and the general public are also encouraged to use this advice and guidance.



Chief Executive



Leader of the Council

TAMWORTH BOROUGH COUNCIL ANTI-MONEY LAUNDERING POLICY

1. Introduction

Although local authorities are not directly covered by the requirements of the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR), guidance from CIPFA indicates that they should comply with the underlying spirit of the legislation and regulations.

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

The Council must apply customer due diligence measures if the person carries out an occasional transaction that amounts to a transfer of funds exceeding €1,000. **To address and prevent money laundering and terrorist financing the Council has set a cash payment limit of £1,000.**

This is not designed to prevent customers making payments for Council services but to minimise the risk to the Council of high value cash transactions. Best practice is to be encouraged – seek payment electronically from a UK clearing bank.

2. Scope of the Policy

This policy applies to all employees, whether permanent or temporary, and Members of the Council.

Its aim is to enable employees and Members to respond to a concern they have in the course of their dealings for the Council. Individuals who have a concern relating to a matter outside work should contact the Police.

3. Definition of Money Laundering

Money laundering is a general term for any method of disguising the origin of “dirty” or criminal money. This money may be the proceeds of any criminal activity including terrorism, drugs trafficking, corruption, tax evasion and theft. The purpose of money laundering is to hide the origin of the dirty money so that it appears to have come from a legitimate source. Unfortunately, no organisation is safe from the threat of money laundering, particularly where it is receiving funds from sources where the identity of the payer is unknown. It is, therefore, possible that Council may be targeted by criminals wishing to launder the proceeds of crime.

In addition, it is possible that the proceeds of crime may be received from individuals or organisations who do not realise that they are committing an offence. It is no defence for the payer or the recipient to claim that they did not know that they were committing an offence if they should have been aware of the origin of the funds. All staff therefore dealing with the receipt of funds or having contact with third parties from whom funds may be received need to be aware of the possibility of money laundering taking place.

Money laundering describes offences involving the integration of the proceeds of crime or terrorist funds into the mainstream economy. Such offences are defined under the Proceeds of Crime Act 2002 (“the Act”); the following are ‘prohibited acts’:

- Concealing, disguising, converting, transferring or removing criminal property from the UK
- Becoming involved in an arrangement which an individual knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- Acquiring, using or possessing criminal property
- 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 e.g. falsifying a document
- Tipping off a person(s) 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

Provided the Council does not undertake activities regulated under the Financial Services and Markets Act 2000, the offences of failure to disclose and tipping off do not apply. However, the Council and its employees and Members remain subject to the remainder of the offences and the full provisions of the Terrorism Act 2000.

The Terrorism Act 2000 made it an offence of money laundering 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.

Although the term ‘money laundering’ is generally used to describe the activities of organised crime, for most people it will involve a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.

Potentially very heavy penalties (unlimited fines and imprisonment up to fourteen years) can be handed down to those who are convicted of one of the offences above.

It is important therefore that staff are aware of the rules and procedures that the Council has in place to ensure that they comply with the relevant legislation and approach taken by the Council as set out in this policy.

4. Requirements of the Money Laundering Legislation

The main requirements of the legislation are:

- To appoint a money laundering reporting officer.
- Maintain client identification procedures in certain circumstances.
- Implement a procedure to enable the reporting of suspicions of money laundering.
- Maintain record keeping procedures.

5. The Money Laundering Reporting Officer (MLRO)

The Council has designated the Monitoring Officer as the Money Laundering Reporting Officer (MLRO). She can be contacted on 01827 709266 or by email nicola-hesketh@tamworth.gov.uk.

In the absence of the MLRO or in instances where it is suspected that the MLRO could be involved in suspicious transactions, concerns should be raised with the Section 151 Officer – Executive Director (Finance). He can be contacted on 01827 709242 or by email stefan-garner@tamworth.gov.uk.

6. Possible Signs of Money Laundering

It is not possible to give a definitive list of ways in which to spot money laundering but facts which tend to suggest that something “odd” is happening may be sufficient for a reasonable suspicion of money laundering to arise.

The following are the types of risk factors which *may*, either alone or cumulatively with other factors, suggest the possibility of money laundering activity:

- A new customer with no previous history with the Council.
- A secretive customer: for example one who refuses to provide requested information without a reasonable explanation.
- Concerns about the honesty, integrity or identity of a customer.
- Illogical third party transactions: for example unnecessary routing or receipt of funds from third parties or through third party accounts.
- Involvement of an unconnected third party without logical reason or explanation.
- Payment of substantial sum in cash.
- Overpayments by a customer.
- Absence of an obvious legitimate source of the funds.
- Movement of funds to and from overseas, particularly to and from a higher risk country.
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions is out of line with normal expectations.
- Cancellation or reversal of an earlier transaction.

7. Due Diligence Procedures

The Money Laundering Regulations require us to carry out “Customer Due Diligence”. Staff should therefore be alert to where Tamworth Borough Council (TBC) may be targeted by individuals trying to launder the proceeds of crime and/or finance terrorist activity.

Avoid alerting anyone dealing with TBC that they have a suspicion that they may be attempting to launder, or have laundered, the proceeds of crime; and to report any suspicions of money laundering. Any suspicions must be reported to the Money Laundering Reporting Officer.

Training will be provided to all relevant staff regarding money laundering to assist them in their awareness of how money laundering could take place and the appropriate method of dealing with this. In effect, any areas where money changes hands could therefore be at risk of money laundering attempts, i.e. Application fees for taxi licences, planning applications, payment of housing benefits etc.

The Council already has procedures in place to limit the amount of cash that it receives, with other payment methods being made available. To ensure however that the system is manageable, if a cash payment of less than £1,000 is received; no identification checks will be needed.

Where the £1,000 limit is exceeded, officers dealing with the matter will need to (1) establish the identity of the individual/company involved (2) seek advice from the MLRO (01827 709234) to ensure that the risk of receiving the proceeds of crime can be minimised.

For individuals, their passport or photo driving licence should be obtained, together with one of the following:

- Utility bills i.e. electricity, water etc. however mobile phone bills are not acceptable
- Mortgage/building society/bank statements
- Credit card statements
- Pension or benefit books

If passport or photo driving licence is not available, then two of the other items listed above will need to be produced.

For companies, a Companies House search should be undertaken to confirm the existence of the company and identify who the directors are. Personal identification should then be obtained for the representatives of the company together with proof of their authority to act on behalf of the company. Care should be taken if it becomes clear that the individual has only recently become a director of the company or if there has been a recent change in the registered office.

For any other type of organisation, for example a sole trader or partnership, personal identification should be obtained for the individuals together with documents indicating their relationship to the organisation.

Copies of any evidence provided in support of the identification of an individual or organisation should be kept on a central file so that it can be referred to later if necessary. Records should be kept for 6 years after the end of the transaction.

8. Land/Property Transactions

The Council has in place procedures to identify customers when Council land or property is being sold without the involvement of independent legal advice. The procedures will require the Council to:

- Identify customers and verify their identity on the basis of documents from a reliable and approved source;
- Identify where applicable the beneficial owner (see below) and take adequate measures on a risk sensitive basis to verify their identity;
- Maintain records of all checks.

“Beneficial owners” are the individuals who ultimately own or control have a legal interest in the asset or the person on whose behalf a transaction or activity is being conducted.

If satisfactory evidence of a customer’s identity at the outset cannot be obtained, then the business transaction CANNOT proceed any further.

All personal data collected will be kept in accordance with the General Data Protection Regulations.

9. Procedure for Reporting Suspicious Transactions

Any suspicious transactions which staff may become aware of in the course of their work must be reported to the MLRO immediately using the Council’s Internal Disclosure Form (see Appendix 2). Failure to make the appropriate report immediately will be regarded as gross misconduct and may result in dismissal without notice or pay in lieu of notice.

The 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 date(s) of such activity/ies.
- Whether the transactions have happened, are ongoing or are imminent.
- Where they took place (if applicable).
- How they were undertaken (if applicable).
- The (likely) amount of money/assets involved.
- Why, exactly, you are suspicious.

Along with any other available information to enable the MLRO to make a sound judgement as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable her to prepare a report to the National Crime Agency (NCA), where appropriate. You should also enclose copies of any relevant supporting documentation.

It is imperative, if staff have a suspicion concerning an individual or organisation with which they are dealing, that they do not alert them to that suspicion i.e. that no “tipping off” is done. Staff must, therefore, **not** make them aware that an internal disclosure report may be made. Once the report is made, the cash/cheques/other form of payment from this source should not be banked until clearance has been received from the MLRO. Such clearance may take up to seven days from the time when the initial report to the MLRO is made.

If the funds are banked in this period without getting clearance from the MLRO that staff members runs the risk of a fine and/ or imprisonment for up to 14 years.

10. Additional Guidance

If you require any additional information or guidance in relation to the contents of this policy and your responsibilities please contact the MLRO. An Aide Memoir has been prepared – Appendix 3, which can be used as a brief reminder to staff of their responsibilities.

11. Consideration of the disclosure by the Money Laundering Reporting Officer

Upon receipt of a report, the MLRO must note the date thereof and acknowledge receipt. She should also advise you of the timescale within which she expects to respond to you.

The MLRO will consider the report and any other available internal information she thinks relevant e.g.

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

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

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

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

Where the MLRO does so conclude, then she must disclose the matter as soon as practicable to the NCA on their standard report form and in the prescribed manner, unless she has a reasonable excuse for non-disclosure to the NCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).

Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, then she must note this accordingly; she can then immediately give her consent for any ongoing or imminent transactions to proceed.

In cases where legal professional privilege may apply, the MLRO must liaise with the Section 151 Officer to decide whether there is a reasonable excuse for not reporting the matter to the NCA.

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

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

All reports referred to the MLRO and reports made by her to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of six 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.

12. Training

Officers considered likely to be exposed to suspicious situations, will be made aware of these by their senior officer and provided with appropriate training. In effect, any areas where money changes hands could therefore be at risk of money laundering attempts ie. application fees for taxi licences, planning applications, payment of housing benefits etc.

Additionally, all employees and Members will be familiarised with the legal and regulatory requirements relating to money laundering and how they affect both the Council and themselves.

Notwithstanding the paragraphs above, it is the duty of officers and Members to report all suspicious transactions whether they have received their training or not.

13. Conclusions

The Council has put into place a number of arrangements to protect itself from the risk of money laundering. However in the current climate of change there are issues that will increase this risk. Changes in structure, changes in systems and the turnover of staff all contribute to our exposure to the risk of money laundering. To mitigate against this risk the Council will regularly review arrangements.

The Money Laundering Policy provides a framework for preventing and tackling money laundering acts against the Authority. The approval of the Policy by the Audit and Governance Committee and the Council demonstrates the Council's commitment to protecting public funds. Having made this commitment, it is imperative that the MLRO puts in place

arrangements for disseminating the Policy and promoting money laundering awareness, throughout the Council. The Council believes that this policy represents a proportionate response to the level of risk it faces from money laundering offences.

14. Review

This policy and associated procedure will be subject to a review every 3 years unless any changes or updates to any of the relevant legislation require that it is undertaken sooner.

Role of the Money Laundering Report Officer – “MLRO”

The duties of the Money Laundering Reporting Officer are:

- To ensure that the Council complies with the requirements of the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Proceeds of Crime Act 2002.
- To ensure that all relevant staff are aware of and comply with the Council's Anti-Money Laundering Policy.
- To ensure that the Council properly identifies all third parties dealing with the Council where there is a higher risk of the Council receiving the proceeds of crime and to ensure that copies of any documents taken as proof of evidence are kept on a central file by the Council.
- To ensure that all relevant staff receive training on how to identify, deal with and prevent money laundering.
- To ensure that all necessary disclosures to the National Crime Agency (NCA) are made and that they are made as soon as practically possible after the suspicion has been raised.
- To decide whether a suspicious transaction report requires a disclosure to be made to NCA.
- To liaise with NCA regarding the outcome of the disclosure and update staff accordingly.



MONEY LAUNDERING – INTERNAL REPORTING FORM

Money laundering legislation requires all individuals within the Council to report any knowledge or suspicions that they might have of money laundering (as defined in the Proceeds of Crime Act 2002) to the Council’s Money Laundering Reporting Officer. To assist individuals the following pro forma has been developed. Particular circumstances may require different information to be disclosed and this should be fully explained, if applicable.

Instructions for Completion

It is your legal duty and a requirement of your employment with Tamworth Borough Council that you report any suspicion concerning proceeds of crime to:

**Money Laundering Reporting Officer
 Tamworth Borough Council
 Marmion House
 Lichfield Street
 Tamworth
 Staffordshire
 B79 7BZ**

This should be marked **URGENT – **RESTRICTED** TO THE ADDRESSEE ONLY.**

You are also reminded that **“Tipping-Off”** is a criminal offence. You should therefore avoid discussing the content of this report with anyone other than the Money Laundering Reporting Officer.

Date of Report:		Date suspicion first aroused:	
Prepared by: Name & Dept:			
Disclosure Type:	(ie. Connections to crime/drugs/terrorism)		

Main Subject (Person)

Surname:		Forename(s):		Title:	
Date of Birth:		Gender:			
Occupation:		Employer:			
Address: (in full)		Postcode:	Home/Business /Registered	Current/Previous	

Or

Main Subject (Company)

Company Name:		Company No:	
Type of Business:		VAT No:	
Country of Reg:			
Address: (in full)		Postcode:	Home/Business /Registered

Bank Account Details

Account Name:		Sort Code:	
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Opened:		Account No:	
Closed:		Balance:	

Other Information

Any information/evidence held to confirm identification and/or address, ie. Passport/driving licence etc:

Connected Subject Person (if any)

Surname:		Forename(s):		Title:	
Date of Birth:		Gender:			
Occupation:		Employer:			
Address: (in full)		Postcode:	Home/Business /Registered	Current/Previous	

**Or
Connected Subject Company (if any)**

Company		Company No:	
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Name:			
Type of Business:		VAT No:	
Country of Reg:			
Address: (in full)	Postcode:	Home/Business/ Registered	Current/Previous

Bank Account Details

Account Name:		Sort Code:	
Opened:		Account No:	
Closed:		Balance:	

Other Information

Any information/evidence held to confirm identification and/or address, ie. Passport/driving licence etc:

Reason for the Suspicion

Please tick any or all of the following which might apply		
Drugs	Personal Tax Fraud	Vat Fraud
Crime	Company Tax Fraud	

Immigration	Tobacco/Alcohol Excise Fraud
Following on from above, please set out the reason for the suspicion:	
Please continue on separate sheet if required	
Names of all other colleagues (principals and staff) who have been involved in the case	

Declaration

The above is an accurate account of the facts that are available to me at the time of making the report. If I become aware of additional and/or changes in the information provided I will disclose these to the Money Laundering Reporting Officer in a timely manner. I am aware of the risks and penalties regarding “tipping-off” or frustrating in any way an investigation of the above or related matters by the authorities.

Signed: _____ Date: _____

Name in Full: _____ Position: _____

For Completion by the MLRO

Date received	
Date acknowledged	
Unique case ref	
Are there reasonable grounds for suspecting money laundering activity?	
If yes, confirm date reported to NCA	
Is consent is required from the NCA	

to any on-going or imminent transactions which would otherwise be prohibited by the act? If yes, please confirm full details	
Date consent received from NCA	
Date consent given to employee for transaction to proceed	
If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out the reasons for non disclosure	
Date consent given by you to the employee for transaction to proceed. Signed and dated	
This report to be retained for at least 6 years	

APPENDIX 3

MONEY LAUNDERING AVOIDANCE AIDE MEMOIR

1. No member of staff must accept cash of more than £1,000 from any member of the public.
2. If you are offered cash of more than £1,000 you should advise the person offering it to you that it is not Council policy to accept large amounts of cash of more than £1,000 and that you need to obtain guidance from a senior member of staff. You should then contact the Money Laundering Reporting Officer to obtain authorisation to take cash, if appropriate.
3. Any large cash sums should not be banked in the first instance. The Money Laundering Reporting Officer should be contacted to seek guidance as to how to deal with the funds. Forms to report the matter are included in the policy document at Appendix 2.
4. Whilst it is not acceptable to be suspicious of all cash based businesses, anyone whom you know to be associated with such a business should be dealt with using a higher degree of scepticism. If you have any reason to suspect the source of their funds then you should contact the Money Laundering Reporting Officer to discuss your concerns, even if the payment is not received in cash.
5. If you receive a complaint from a member of the public in relation to possible criminal activity being carried out by someone who may be a customer of the Council (i.e. a Council Tax or Business Rates payer, rent payer, licensee etc) you must pass this on to the Money Laundering Reporting Officer.

Part 1 – Details		
What Policy/ Procedure/ Strategy/Project/Service is being assessed?	Anti Money Laundering Policy	
Date Conducted	15/10/2019	
Name of Lead Officer and Service Area	Rebecca Neill Audit & Governance	
Commissioning Team (if applicable)	N/A	
Director Responsible for project/service area	Andrew Barratt	
Who are the main stakeholders	Employees, Citizens	
Describe what consultation has been undertaken. Who was involved and what was the outcome	CMT – review of existing policy	
Outline the wider research that has taken place (E.G. commissioners, partners, other providers etc)	N/A	
What are you assessing? Indicate with an 'x' which applies	A decision to review or change a service	
	A Strategy/Policy/Procedure	X
	A function, service or project	
What kind of assessment is it? Indicate with an 'x' which applies	New	
	Existing	X

	Being reviewed	
	Being reviewed as a result of budget constraints / End of Contract	

Part 2 – Summary of Assessment

Give a summary of your proposal and set out the aims/ objectives/ purposes/ and outcomes of the area you are impact assessing.

Review of existing policy in line with good practice

Who will be affected and how?

Employees, citizens – updated policy

Are there any other functions, policies or services linked to this impact assessment?

Yes X No

If you answered 'Yes', please indicate what they are?

Whistleblowing Policy

Part 3 – Impact on the Community

Thinking about each of the Areas below, does or could the Policy function, or service have a direct impact on them?

Impact Area	Yes	No	Reason (provide brief explanation)
Age		X	
Disability		X	
Gender Reassignment		X	
Marriage & Civil Partnership		X	
Pregnancy & Maternity		X	
Race		X	
Religion or belief		X	

Sexual orientation		X	
Sex		X	
Gypsy/Travelling Community		X	
Those with Caring/Dependent responsibilities		X	
Those having an offending past		X	
Children		X	
Vulnerable Adults		X	
Families		X	
Those who are homeless		X	
Those on low income		X	
Those with Drug or Alcohol problems		X	
Those with Mental Health issues		X	
Those with Physical Health issues		X	
Other (Please Detail)		X	

Part 4 – Risk Assessment

From evidence given from previous question, please detail what measures or changes will be put in place to mitigate adverse implications

Impact Area	Details of the Impact	Action to reduce risk

Part 5 - Action Plan and Review

Detail in the plan below, actions that you have identified in your CIA, which will eliminate discrimination, advance equality of opportunity and/or foster good relations.

If you are unable to eliminate or reduce negative impact on any of the impact areas, you should explain why

Impact (positive or negative) identified	Action	Person(s) responsible	Target date	Required outcome
	None arising			

Date of Review (If applicable)

THURSDAY, 28 OCTOBER 2021

REPORT OF THE AUDIT MANAGER

INTERNAL AUDIT QUARTERLY PROGRESS REPORT - QUARTER 2

EXEMPT INFORMATION

None.

PURPOSE

To provide Audit & Governance Committee with internal audit's progress report for the period to September 2021 (Quarter 2).

RECOMMENDATIONS

1. That the Committee endorse the attached progress report.
2. That the Committee endorse the attached Audit Needs Assessment in relation to IT Audit Plan for 2021/2022.

EXECUTIVE SUMMARY

The Accounts and Audit Regulations require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Audit Standards and guidance.

Progress during Quarter 2 of 2021/2022 is contained and detailed in **Appendix 1** to this report.

During Quarter 2 a procurement exercise was undertaken to provide both general auditor and IT audit services. TIAA – Business Services were procured for the general audit work. As part of the procurement exercise in relation to IT audit services we asked E-Tec Business Services to also complete an Audit Needs Assessment in relation to the development of an IT Audit Plan for 2021/2022 and moving forward. This Audit Needs Assessment is shown at **Appendix 2** of this report.

RESOURCE IMPLICATIONS

None.

LEGAL/RISK IMPLICATIONS BACKGROUND

Failure to report would lead to non-compliance with the requirements of the Accounts and Audit Regulations and Public Sector Internal Audit Standards.

EQUALITIES IMPLICATION

None.

SUSTAINABILITY IMPLICATIONS

None.

BACKGROUND INFORMATION

None.

REPORT AUTHOR

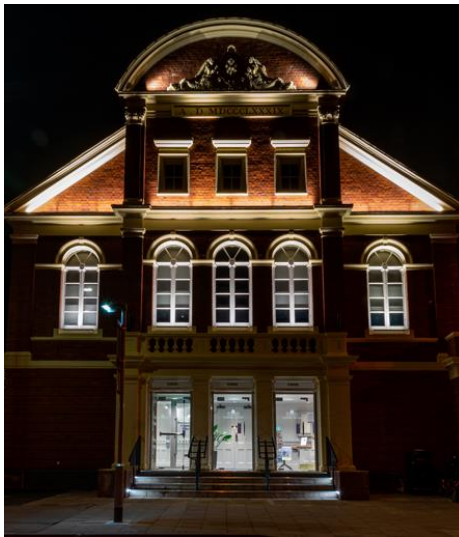
Andrew Wood – Audit Manager
andrew-wood@tamworth.gov.uk
Ext 234

LIST OF BACKGROUND PAPERS

APPENDICES

Appendix 1 Internal Audit Progress Report 2021/2022 (Quarter 2)
Appendix 2 IT Audit Needs Assessment

Internal Audit Progress Report (Quarter 2)
September 2021



Contents

- 01 Introduction
- 02 Internal Audit Work Undertaken
- 03 Opinion
- 04 Follow Up
- 05 Performance of Internal Audit

Appendices

- 01 Summary of Internal Audit Work Undertaken
- 02 Assurance and Recommendation Classifications

In the event of any questions arising from this report please contact Andrew Wood, Audit Manager andrew-wood@tamworth.gov.uk

The matters raised in this report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. This report was produced solely for the use and benefit of Tamworth Borough Council. The Council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

01 INTRODUCTION

BACKGROUND

This report summarises internal audit activity and performance for the period to 30 September 2021.

SCOPE AND PURPOSE OF INTERNAL AUDIT

The Accounts and Audit Regulations require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

This progress report and opinion forms part of the framework of assurances that is received by the Council and is used to help inform the annual governance statement. Internal audit also has an independent and objective consultancy role to help managers improve risk management, governance and control.

Internal Audit's professional responsibilities as auditors are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board.

ACKNOWLEDGEMENTS

Internal audit is grateful to the directors, heads of service, service managers and other staff throughout the council for their help during the period.

02 INTERNAL AUDIT WORK UNDERTAKEN

The internal audit plan for 2021/22 was approved by the Audit & Governance Committee at its meeting in March 2021. The plan was for a total of 17 audits.

Much of quarter two work has been centred on undertaking a procurement exercise for both general auditor services and IT Audit services. This exercise was completed in August 2021 and TIAA

Business Services and E-Tec Business Services were appointed. These appointments supplement the current audit resources available and also provide assurance that planned work will be completed within time and budget. We have additionally supported National Fraud Initiative (NFI) national data checks on Council Tax Single Person Discount. As outlined at Audit & Governance Committee in July 2021 a review of the audit plan and resources has been completed.

The audit findings of each review, together with recommendations for action and the management response are set out in our detailed reports. A summary of the reports we have issued this year is included at **Appendix 01**, together with the position regarding the remaining audit reviews has also been included.

03 OPINION

SCOPE OF THE OPINION

In giving an opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at an opinion, the following matters have been taken into account:

- The outcomes of all audit activity undertaken during the period.
- The effects of any material changes in the organisation's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.

- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation.
- What proportion of the organisation’s internal audit needs have been covered to date.

INTERNAL AUDIT OPINION

On the basis of audit work completed, the Audit Manager’s opinion on the council’s framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by audit work. These matters have been discussed with management, to whom recommendations have been made. All of these have been, or are in the process of being addressed.

Specific Issues

No specific issues have been highlighted through the work undertaken by internal audit during the period.

Fraud & Irregularity

No matters of fraud or irregularity have been reported during the period. Also see the fraud update on this Committee’s agenda.

Consultancy & Advice

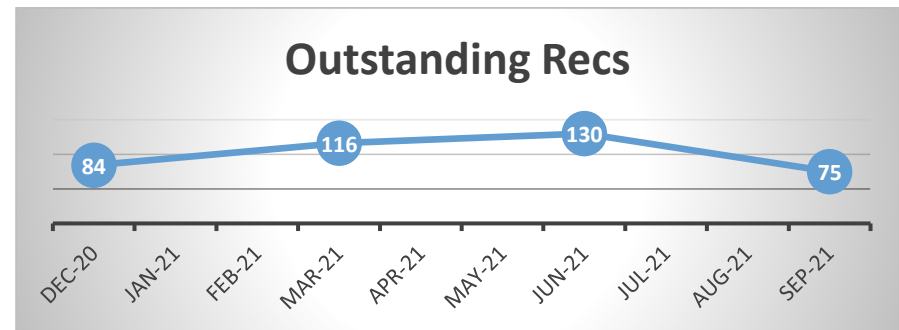
The audit team may be requested by managers to undertake consultancy and advice on governance, risk management and

internal control matters from time to time. No additional pieces of work were identified during Quarter 2 of 2021/22

04 Follow Up

As previously agreed by the Committee for 2021/2022, all high priority actions and those arising from no and limited overall assurance reports are followed up by audit, managers confirmation applies to the rest.

The total outstanding actions at the end of quarter two are 75 (24 high, 39 medium, 12 low). During Quarter 2 the Audit Manager held meetings with all Assistant Directors to review all outstanding recommendations as at 30 June 2021. There are currently 3 high priority recommendations which are overdue and these are being followed up by Audit. The review closed off a number of recommendations and this is reflected in the current number of outstanding recommendations. Where high priority recommendations were closed evidence was obtained from management to confirm implementation.



Of those audits which received a no or limited assurance opinion which require follow up, a summary of progress to date is given at **Appendix 01**.

06 PERFORMANCE OF INTERNAL AUDIT

Compliance with professional standards

We employ a risk-based approach in planning and conducting our audit assignments. Internal audit work has been performed in accordance with PSIAS.

Conflicts of interest

There have been no instances during the year which have impacted on internal audit's independence that have led to any declarations of interest.

Performance of Internal Audit

Internal audit quality assurance


To ensure the quality of the work internal audit performs, there is a programme of quality measures which includes:

- Supervision of staff conducting audit work.
- Review of files of working papers and reports by managers.
- Regular meetings of our networking groups, which issue technical and sector updates.

Performance Measures


- Complete 90% of the audit plan - **6%**
- 100% Draft reports issued within 6 weeks of start date - **100%**
- 100% Closure meetings conducted within 5 days of completion of audit work – **100%**
- 100% draft reports to be issued within 10 working days of closure meeting – **100%**
- 100% of all high priority actions are implemented at follow up – **83%**
- All no and limited assurance reports have a revised assurance rating of substantial or reasonable on follow up – **100%**
- Achieve an average customer satisfaction score of 4 or more – **4.75**
- Added value – **Annual measure**

Appendix 01: Summary of Internal Audit Work Undertaken

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
Core Financial Systems	Assets and Inventory	Risk based review covering the adequacy and effectiveness of controls regarding the Council's assets and inventory.	Q4		
	NNDR	Risk based review of NNDR including assurance over the adequacy of controls around the maintenance of systems recording taxable properties and liable persons, billing, discounts and reliefs, collection, refunds and write offs.	Q2 Scoped 15/9/2021 Terms of Ref 15/9/2021		
	Procurement	Risk based review of strategic procurement including policy and procedural review (including changes arising from Exit from the European Union), planning, high level spend and compliance with contract rules, contract management.	Q3		
	Creditors	Standard risk based review of creditors, including controls surrounding supplier set up, ordering, goods receipting, payment systems	Q2 Scoped 15/9/2021 Terms of Ref 21/9/2021		
Strategic & Operational Risks	Pandemic Risks	'Flash' audits of dynamic risks arising from the Council's pandemic response. To include, for example, thematic reviews over continuity and recovery arrangements, business	Q1-Q4	Governance Control measures to mitigate against the risk of potential governance failings arising from the Covid-19 crisis a year on from the start of the pandemic, were found to be adequate and	


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
		grants, productivity and performance.		<p>effective. A number of good practice areas were noted:</p> <ul style="list-style-type: none"> • The system implemented by the Authority for remote governance was in accordance with the Local Authorities and Police and crime Panels (Coronavirus) (Flexibility of Local authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020. • Remote meetings were set up quickly and effectively using Microsoft Teams Live. • Internal and external training was provided to staff and members providing an understanding of the system e.g. logging on, microphones etc. as well as etiquette during live meetings. The first live remote meeting took place on 9th June 2020 (Planning Committee). • Urgent decision arrangements are in place managed in line with the Constitution with further information provided on the Authorities website. There have been no urgent decisions between 1 April 2020 and 28 April 2021. • 'Remote Meetings Best Practice Procedures' were created setting out meeting procedures (before and during), exclusion of public and press, technical failures, etc. Additionally, reminder guidance is sent out to all Councillors prior to a meeting. • From the 7th May 2021 traditional face to face meetings will resume. This has been reflected in the work currently been undertaken by Health & Safety to ensure 	Substantial Assurance


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>updated Government guidance is being met. E.g. Risk Assessments for all venues including space requirements, desk layout, plastic screens etc.</p> <ul style="list-style-type: none"> • The Authorities website makes reference to ‘provisional’ meetings earmarked after 7th May with proposed venues e.g. Tamworth Assembly Rooms and Council Chambers. Hybrid meetings (live streaming of face to face meetings) are not yet set up but members of the public will be able to attend in person. • The Communications Team is on ‘stand by’ to release a statement on the Authorities Website and to Local Press once all details have been confirmed. Guidance notes are also being prepared for Councillors and Officers for the new arrangements. <p>With the continuation of Council meetings occurring albeit in a pre-Covid format the following areas are suggested as a forward focus:</p> <ul style="list-style-type: none"> • Covid specific risk assessments should be regularly reviewed and amended where new hazards are identified to ensure they are in line with Government Legislation. • As the Government is encouraging local authorities to provide remote access to the public until 21st June 2021, further investigation into the technology required to implement Hybrid Meetings will help reduce numbers attending meetings and ensure members and the public’s safety. <p>Productivity</p>	


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>Control measures to mitigate against the risk of productivity being adversely impacted by the Covid-19 crisis were found to be adequate and effective. A number of good practice areas were noted:</p> <ul style="list-style-type: none"> • Staff within Customer Services, Revenues and Housing adapted to remote working, with productivity being managed via 1-2-1's and weekly Teams meetings. Areas are informed of changes and staff encouraged to develop new ways of delivering their service. The website and phone messages have been updated, to provide customers with current information. • Performance monitoring has continued with monthly meetings held between management and higher management to discuss 'Monthly Performance Updates'. The introduction of new work streams such as grant / support payments, meant the Revenues Team were tasked with additional pressures to ensure businesses and the general public were supported quickly. Covid-19 grant schemes have been and continue to be administered effectively. KPI's are being monitored closely and data will help determine the direction of travel once the restrictions of the pandemic are lifted. • Where required, processes were amended i.e. daily lists for sheltered accommodation to ensure they were in line with Government guidelines as well as setting up a 'Tenant Working Group', which provided additional support whilst Tenant Regulations were placed on hold. 	 <p>Substantial Assurance</p>

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<ul style="list-style-type: none"> • An 'Activity App' has been rolled out in Customer Services which provides 'real-time' statistics and makes call handling simpler. Additionally, the implementation of a 'Self-Service Portal' is nearing completion, giving customers the opportunity to access information independently i.e. council tax balances etc. with the aim to reduce telephone traffic. • A suite of KPI's for each service area is monitored and reviewed on a regular basis by managers and assistant directors. During the peak of the first lockdown some KPI's for Revenues fell below target due to national government restrictions. Recovery action was placed on hold from March 20 resuming in August 20 and despite the initial backlog, target values are returning back to normal. KPI's for Customer Services and Housing show no concern even though there has been an increase in the demand for webchats, emails and telephone calls. • As part of the Authorities 'Reset and Recovery' arrangements, service areas have demonstrated the ability to deliver services remotely and continue to adapt and monitor their processes and procedures. <p>As the Covid Pandemic is still continuing, a forward focus is suggested on lessons learned to ensure service delivery is maintained with KPI's continuing to be reviewed. Additionally, 1-2-1's and weekly Teams meetings will ensure productivity is maintained and staff have a good level of</p>	

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				preparedness for additional pressures following the Governments 'Road Map out of Lockdown'. Service delivery will be discussed at Cabinet in July to ascertain the direction of travel.	
	Recovery and Reset	Programme assurance based review of Recovery and Reset programme. Programme assurance includes programme planning, governance structure and controls, delivery, change management, RAIDD management (Risk, Action, Issue, Decision, Dependency), testing and reporting.	Q4		
	Future High Street	Programme assurance review (as recovery and rest above) of progression towards transformation of the town centre following the £21.65m allocation of Future High Street Funding.	TBC		
	Preparedness for regulatory compliance arising from Housing White Paper	Risk based review of organisation preparedness for new regulatory inspection regime.	TBC		
	Climate Change	Risk based review looking at the Council's preparation to de-carbonisation / climate change agenda.	Q2		

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Partnerships	Risk based review of the Council's controls around strategic partnerships.	Q2	The system has some good controls in place to mitigate against key risks. There is a Partnership Coordination Group which is the accountable body for the delivery of all key partnership plans, all responsible bodies attend. For the partnerships reviewed as part of the audit, Terms of Reference were in place, which documented the roles and responsibilities of the partners and the aims, objectives and purpose of the partnerships. Regular meetings are held and adequate records retained. The work of the partnerships is reported to other groups/organisations for oversight. The weaknesses found within the partnership system include the lack of an up to date, central record of all partnerships across the council and the partnership policy being out of date. Implementation of the recommendations in the action plan will enhance arrangements and address these risks.	 Reasonable Assurance
	Shared Service	Risk based review of controls in place for effective delivery of shared services e.g. waste management, CCTV, legal services, building control, internal audit.	Q2	Audit in progress. Legal Services complete, currently reviewed Joint Waste Service	
	Assembly Rooms	Risk based review looking at key aspects of the Assembly Room's operations e.g. income, asset management, marketing, stock and inventory management, procurement, security and agility of operations on recovery. Audit carried forward from 2020/21.	Q3		
	Castle	Risk based review looking at key aspects of the Castle's operations e.g. income, asset management,	Q3 Scoped 20/9/2021		

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
		marketing, stock and inventory management, procurement, security and agility of operations on recovery. Audit carried forward from 2020/21.	Terms of Ref 22/9/2021		
ICT	IT Back Up and Recovery	Risk based review around new IT system implementation and the failure and/or unavailability of systems.	Q3		
	Payment Card Industry Standard (PCI DSS)	Risk based review of implementation and ownership.	Q4		
	Disabled Facilities Grant	Assurance statements to Staffordshire County Council / accounts preparation.	Q4		
	Municipal Charities		Q4		
	Counter Fraud	Work to support the mitigation of fraud risk, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations.	Q1-Q4		N/A
	Annual Governance Statement	Production of the AGS.	Q1-Q2	Complete	N/A
	Annual Audit Opinion	Production of the Annual Audit Opinion	Q1-Q2		N/A
	Management and Planning	Management, planning and assurance reporting to CMT and Audit & Governance Committee	Q1-Q4	Ongoing	N/A
	Ad hoc / Contingency / Consultancy	Contingency allocation to be utilised upon agreement of the Chief Finance Officer	Q1-Q4	Ongoing	N/A
Follow Up of No and Limited Assurance Opinion Audits	Housing Contracts	Limited Assurance follow up.	Q1	Originally 8 recommendations were made, and agreed to be implemented by management. The findings of the follow up review show 7 of the recommendations have been implemented and 1 has been superseded by a recommendation made in the 20/21 audit review of Planned Maintenance	 Reasonable Assurance

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Property Contracts - DFA	Limited Assurance follow up.	Q1	Originally 11 recommendations were made, and agreed to be implemented by management. The findings of the follow up review show 3 of the recommendations have been implemented, 1 has not been implemented and 7 are no longer applicable.	 Reasonable Assurance

Appendix 02: Assurance and Recommendation Classifications

Overall Assurance Opinion	Definition
Substantial	There is a sound system of internal control designed to achieve the organisation's objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.
Limited	Weaknesses in the system of internal controls are such as to put the organisation's objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied.
No	Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area.

Recommendation Priority	Definition
High	High priority recommendation representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
Medium	Medium priority recommendation representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
Low (Housekeeping)	Low priority (housekeeping) recommendation highlighted opportunities to implement a good or better practice, to add value, improve efficiency of further reduce the organisation's exposure to risk.

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PRIVATE AND CONFIDENTIAL



IT AUDIT NEEDS ASSESSMENT
TAMWORTH BOROUGH COUNCIL

SEPTEMBER 2021



*Providing Advice and Assurance
Over Information and Communication Systems*

1. INTRODUCTION

1.1 At the request of the Audit Manager we undertook an IT audit needs assessment at Tamworth Borough Council. The purpose of the assessment was to identify the key areas of risk associated with the provision of IT services and to develop a programme of work to provide assurance that these risks are being managed.

1.2 There is no such thing as a risk-free environment and compliance with any number of standards does not create such an environment. Building a strong internal control culture within Information Technology can help to:

- Ensure efficient and effective operations;
- Enhance risk management competencies and prioritisation of initiatives;
- Enhance overall IT governance;
- Enhance the understanding of IT amongst senior management and Executive;
- Optimise operations with an integrated approach to security, availability and processing integrity;
- Contribute to compliance with regulatory requirements in areas such as data security and privacy;
- Align project initiatives with business requirements; and
- Prevent loss of intellectual assets and the possibility of data breaches.

1.3 This report is based upon the high-level work completed at the time of the review and should not be seen as a comprehensive assessment of all IT operations or an evaluation of all areas of IT risk exposure. As such, no specific assurances are provided on the overall IT control framework or the level of risk exposure.

2. METHODOLOGY

2.1 Our approach to completing the IT audit needs assessment was to review the level of risk exposure in five core IT functional areas, as shown in the opposite diagram.



2.2 The level of risk in each area was evaluated and assessed to develop an IT audit plan for the period 2021-22, as

detailed in Section 3 of this report. We have also highlighted other areas that may warrant a review in future years at Section 4.

2.3 The risk evaluation was undertaken through discussions with the Head of Technology and Information Services, and:

- A review of the IT risk register;
- Consideration of the IT audit work completed in the last three years and the level of assurance provided by each review;
- Identification of any significant changes made or planned to the IT environment and/or business systems; and
- Our experience and knowledge of issues facing the sector and other similar organisations.

2.4 The IT audit plan should be reviewed annually to reflect any changes to technology, business systems or core IT infrastructure.

3. PROPOSED COMPUTER AUDIT PLAN 2021/22

Area	Audit	Justification	Key Risks	No of Days
Operations	IT Backup and Recovery	<ul style="list-style-type: none"> A new IT backup solution is being implemented. The failure and unavailability of IT systems and services is included on the IT risk register. 	<ul style="list-style-type: none"> Loss of data, leading to operational disruption due to the unavailability of line of business systems. 	10
Compliance	Payment Card Industry Data Security Standard (PCI DSS)	<ul style="list-style-type: none"> There is no clear ownership or roadmap for PCI compliance. 	<ul style="list-style-type: none"> Financial penalties as a result of cardholder data not being secured and safeguarded. 	10

4. Forward Plan

4.1 The following are potential areas for future IT audits, subject to an annual review.

Area	Audit	Justification	Key Risks
Cyber Security	Cyber Security	<ul style="list-style-type: none"> This remains an area of high risk to all organisations. 	<ul style="list-style-type: none"> Cyber-attack, leading to a data breach or loss of IT systems and services.
Compliance	GDPR	<ul style="list-style-type: none"> This is a high risk on the IT risk register. 	<ul style="list-style-type: none"> GDPR requirements are not met, leading to financial penalties and reputational damage.
Business Systems	Web Portals	<ul style="list-style-type: none"> A number of new web portals are being implemented to enhance online services. 	<ul style="list-style-type: none"> Poor security configuration, leading to unauthorised access to data.
Cyber Security	IT Disaster Recovery	<ul style="list-style-type: none"> This area has not been subject to any recent review. 	<ul style="list-style-type: none"> IT systems and services cannot be recovered within agreed timescales following a major incident.
Management	IT Strategy	<ul style="list-style-type: none"> A new IT Strategy has recently been approved for the period 2020-25. 	<ul style="list-style-type: none"> The IT Strategy does not have a clear and effectively managed implementation plan to ensure all stated objectives are achieved.

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PLANNED REPORTS TO AUDIT AND GOVERNANCE COMMITTEE 2021-2022

	Report	Committee Date	Report Of	Comments
1	Role of the Audit Committee	June	Grant Thornton	Presentation/training
2	RIPA Annual Report & Review of the RIPA Policy	June	Assistant Director - Partnerships	
3	Internal Audit Annual and Quarterly Update	June	Principal Auditor	
4	Public Sector Internal Audit Standards/Quality Assurance and Improvement Programme	June	Principal Auditor	
5	Annual Governance Statement and Code of Corporate Governance	June		
1	Audit Findings Report	July	Grant Thornton	
2	Management Representation Letter	July	Grant Thornton	
3	Annual Statement of Accounts	July	Executive Director	

			Finance	
4	Risk Management Quarterly Update	July	Assistant Director – Finance	
5	Internal Audit Quarterly Update	July	Audit Manager	
6	Update on Risk Based Verification Policy	July	Assistant Director, Finance	
	Private meeting of Internal and External Auditors and Committee members	July		
Page 166				
1	Audit Findings	September	Grant Thornton	
2	Management Representation Letter	September	Grant Thornton	
3	Fee Increase Letter	September	Grant Thornton	<i>Moved from March meeting</i>
4	Annual Treasury Outturn	September	Executive Director Finance	
5	Local Government Ombudsman’s Annual Review and Report 2020/21	September	Assistant Director – People	
6	Modern Slavery and Human Trafficking Statement	September	Assistant Director – Partnerships	

1	Internal Audit Quarterly Update	October	Audit Manager	
2	Appointment of External Auditors re Accounts commencing 2023/24	October	Executive Director Finance	
3	Risk Management Quarterly Update	October	Assistant Director – Finance	
4	Counter Fraud Update	October	Audit Manager	<i>Annual report in October</i>
5	Update on the Audit Findings Report'	October	External Auditors	<i>Exempt</i>
Page 167	Private meeting of Internal and External Auditors and Committee members	October		
1	Auditor's Annual Report	February	Grant Thornton	
2	Audit & Governance Committee update	February	Grant Thornton	
3	Fee Increase Letter	February	Grant Thornton	
4	Internal Audit Quarterly Update	February	Audit Manager	
5	Risk Management Quarterly Update	February	Assistant Director – Finance	

6	Audit Committee Effectiveness	February	Audit Manager	
1	Audit and Governance Committee update	March	Grant Thornton	
2	Audit Plan	March	Grant Thornton	
3	Informing the Audit Risk Assessment	March	Grant Thornton	
4	Review of the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement and the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report	March	Executive Director Finance	
5	Final Accounts – Accounting Policies and Action Plan	March	Assistant Director of Finance	
6	Internal Audit Charter and Audit Plan	March	Audit Manager	
7	Councillor Code of Conduct – following finalisation of LGA new Model Code	October	Monitoring Officer	
8	Review of the Constitution and Scheme of Delegation for Officers	March	Monitoring Officer	
9	Review of Financial Guidance	March	Assistant Director	

			Finance	
9	Annual Report of the Chair of A&G	March	Audit Manager / Chair	
	Private meeting of Internal and External Auditors and Committee members	March		

The Portfolio Holder for Finance and Customer Services

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THURSDAY, 28 OCTOBER 2021

REPORT OF THE ASSISTANT DIRECTOR - GROWTH AND REGENERATION**FUTURE HIGH STREETS FUND RISK MANAGEMENT****EXEMPT INFORMATION**

Appendix 1 of this Report is not for publication because it contains exempt information as defined in Paragraph 3 in Part 1 of Schedule 12A of the Local Government Act 1972

PURPOSE

To provide an update to the Committee to explain the approach to risk management for the Future High Streets Fund programme

RECOMMENDATIONS

It is recommended that:

1. The Committee notes the report

EXECUTIVE SUMMARY

In 2020 Tamworth Borough Council successfully applied to the Government's Future High Streets Fund for a grant of £21.65million to support a programme of structurally transformative regeneration projects in Tamworth town centre.

Throughout the process of applying to the Fund, and subsequently whilst managing the programme of projects, risks have been recorded and managed through the use of a risk matrix assessment document. This spreadsheet was created by the experienced regeneration consultants that supported the bid in line with industry best practices and has since been adapted to suit later stages of the programme. The risk matrix is a working document which has been updated regularly in a collaborative meeting between the core delivery team members so that there are a range of perspectives represented ensuring a wide range of risks are captured. Risks are scored on likelihood and impact which when multiplied provide a raw score of risk should no action be taken. Mitigation strategies are then devised and the scores are re-assessed taking these mitigation strategies into account. The full risk matrix assessment can be found at appendix A.

Risk is assessed, monitored and reported at a range of levels. The Terms of Reference, which set out the Future High Streets Fund governance structure, capture the role of each level of governance in managing risk and making decisions. Operational Officers working on the Future High Streets Fund on a day-to-day basis raise and assess risks as they arise. Risks of a minor nature are dealt with by these officers. Risks are collated in a dedicated meeting monthly and shared with the delivery team, a wider team of TBC officers, consultants and other key partners who have an operational role in delivery of the Future High Streets Fund programme. At the meeting risks which require input from the wider team can be discussed and managed.

Those deemed the highest risks to the programme are reported monthly to the Future High Streets Fund Programme Board for discussion and action where necessary. The board provides the strategic leadership of the programme and consists of senior officers including

all of the TBC executive leadership team, the Leader of the Council, and chief executives of key partners and stakeholders.

As of September 2021 Tamworth Borough Council have appointed McBains as Lead Consultants to provide the design and project management services required to deliver the Future High Streets Fund Programme. From this point onwards McBains will take a lead role in recording, monitoring and managing risk in collaboration with TBC officers.

RESOURCE IMPLICATIONS

There are no resource implications.

LEGAL/RISK IMPLICATIONS BACKGROUND

There are no legal or risk implications other than as discussed in the executive summary.

EQUALITIES IMPLICATION

There are no equalities implications.

SUSTAINABILITY IMPLICATIONS

There are no sustainability implications

BACKGROUND INFORMATION

None

REPORT AUTHOR

Anna Miller – Assistant Director – Growth & Regeneration
Tom Hobbs – Future High Streets Fund Project Officer

LIST OF BACKGROUND PAPERS

None

APPENDICES

APPENDIX A – RISK MATRIX ASSESSMENT

APPENDIX B – FUTURE HIGH STREETS FUND TERMS OF REFERENCE

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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TAMWORTH FHSF – PROGRAMME BOARD AND DELIVERY TEAM TERMS OF REFERENCE

Document Revision: Rev E 01/06/21

PROGRAMME BOARD TERMS OF REFERENCE

- 1.0** The Programme Board has a strategic role that includes several responsibilities and accountabilities:
- 1.1** To provide overall strategic direction and guidance, ensuring that wider factors beyond the scope of the project (such as synergies with other council partners' projects/interventions) are taken into account including the engagement of any key council stakeholders not identified by the Programme Delivery Team
 - 1.2** Ensures appropriate programme and project management systems, processes and procedures are implemented
 - 1.3** Is responsible for the overall success of the programme (i.e. delivery of programme and project outputs and outcomes)
 - 1.4** Approves the scope of the overall programme and projects as prepared by the Programme Delivery Team
 - 1.5** Monitors the master programme and overall programme budget following approval from TBC Cabinet and Full Council respectively
 - 1.6** Approves the expenditure of project budgets at key milestones including:
 - 1.6.1** Appointment of consultant team to undertake the project design and planning process
 - 1.6.2** Expenditure of costs associated with purchase of premises required for the completion of the FHSF Programme
 - 1.6.3** To commence the tender for enabling, restoration and new build projects in line with financial guidance
 - 1.6.4** To award contracts, in line with financial guidance, for the works related to enabling, restoration and new build projects;so long as expenditure is within the overall Programme budget. Is responsible for the commitment of internal council personnel resources as required to successfully complete the projects
 - 1.7** Signs off project plans at the completion of key design and tender stages including:
 - 1.7.1** RIBA Stage 2 or ahead of planning application

1.7.2 RIBA Stage 3 or ahead of main contract tender exercise

1.7.3 Ahead of award of the main contract for the works

1.8 Signs off the completion of each project stage (as detailed in item 1.7) and authorises the start of the next stage (milestone gateway approval)

1.9 Resolves escalated issues from the Programme Delivery Team (i.e. which cannot be resolved by the Programme Manager)

1.10 Sets project change authority levels. It is proposed that the following authority levels apply for this programme of works once the main contract budget is set at the end of RIBA Stage 3;

1.10.1 Individual changes up to a cap of £10,000 net cost, but within the overall project budget can be authorised by the Programme Manager/Programme Delivery Team

1.10.2 Individual Changes up to a cap of £250,000 net cost, but within the overall project budget can be authorised by the Programme Delivery Team so long as the change is properly costed by the external cost manager and a record of the change particulars is kept along with its approval at the monthly Programme Delivery Team meeting

1.10.3 Individual Changes over £250,000 net cost but within the overall project budget, and which do not fundamentally change the scope of the programme/outcomes, require the authorisation of the Programme Board prior to the change being incorporated into the programme scope

1.10.4 Any Change which would require expenditure beyond the approved budget would need approval from Council as there is no reserve budget for the Programme beyond the approved budget

1.10.5 Expenditure of contingencies within the overall budget is deemed to be expenditure of the approved budget and therefore will be governed by the same authority levels as detailed in items 1.10.1-1.10.4

1.11 Monitors major changes to the project scope and duration, following Cabinet or Full Council approval, which require a revision of the approved planning application or will result in prolongation of the programme completion date beyond that date approved in the master programme at completion of RIBA Stage 2

1.12 Approves the key stakeholder and public engagement strategy and programme

1.13 Approves the Project End Reports

2.0 The Programme Board is composed of:

Chair. Chief Executive Officer

Executive Director Organisation
Section 151 Officer
Executive Director Communities
Assistant Director Growth & Regen and programme lead
Chief Executive Stoke-on-Trent and Staffordshire LEP
Chief Executive South Staffordshire College
Leader of the Council

- 3.0** The Programme Board meets monthly unless agreed between attendees that the meeting is not required for any reason. The Programme Board will however meet at a minimum of quarterly intervals.
- 3.1** Should an urgent decision be needed which requires input from Programme Board an ad-hoc exceptional circumstances meeting will be arranged between the Programme Manager, Chief Executive, Section 151 Officer and Leader to table the urgent issue only, the outcome of which will then be raised for full ratification at the following Programme Board meeting.

PROGRAMME DELIVERY TEAM TERMS OF REFERENCE

- 4.0** The Programme Delivery Team manages the delivery at the operational level, which includes the following responsibilities:
- 4.1** Develops and maintains relevant programme and project management documentation, including:
- 4.1.1 Programme and project plans (tasks, milestones and dependencies)
 - 4.1.2 Programme and project budgets and spend profiles / cashflows
 - 4.1.3 Action logs
 - 4.1.4 Instruction forms
 - 4.1.5 Risk logs
 - 4.1.6 Request for change forms
 - 4.1.7 Highlight Reports
 - 4.1.8 Procurement and Fund Monitoring Evaluation Reports
 - 4.1.9 Committee Reports
- 4.2** Manages the delivery of the programme, projects according to the scope, programme and budget agreed by the Board

- 4.3 Manages the expenditure of project budgets in line with approvals detailed at item 1.6 above and approves all other project expenditure within the overall approved budget.
 - 4.4 Monitors and controls any change to the scope, budget and time at programme and project level and submits requests for change accordingly to the Programme Board in line with the change authority levels set out in item 1.10
 - 4.5 Refers any issues to the Programme Board– an issue is a threat to the project objectives that has happened and cannot be resolved by the Programme Manager
 - 4.6 Ensures risks are being tracked and mitigated as effectively as possible
 - 4.7 Ensures effective communication between project leads, delivery partners and key stakeholders
 - 4.8 Submits Quarterly Programme Progress Reports to the Board
 - 4.9 Submits six-monthly progress reports to MHCLG or at any other such interval as required once the FHSF reporting requirements become clear
- 5.0 The Programme Delivery Team is composed of:
- Assistant Director: Growth and Regeneration
 - Assistant Director: Finance
 - Head of Economic Development and Regeneration
 - Programme Manager
 - Project Officer (s)
 - External Lead Consultant
 - TBC – Communications
 - TBC – Administrative Support
- With sub-team members who will be included in all minutes distribution and invited to meetings as required including:
- SCC – Highways
 - TBC – Legal
 - TBC - Planning
 - TBC – Assets
 - TBC - Street Scene
 - TBC – Procurement

The intention of the Programme Delivery Team composition is that the core team members meet on a regular basis to update on the project progress and any key deliverables which require attention, and the sub-team members will provide ad-hoc support as required and will be continually updated on progress to allow them to input with their area of expertise where appropriate.

The Programme Delivery Team meets monthly with agendas set by the Programme Manager and minutes recorded by the elected minute taker. Project specific meetings will take place more frequently as required.

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