

## Notice of Meeting

# Audit & Governance Committee

**Date & time**

Friday, 22 May 2020  
at 10.30 am

**Place**

Remote Meeting

**Contact**

Joss Butler  
Room 122, County Hall  
Tel 020 8541 9702

joss.butler@surreycc.gov.uk

**Chief Executive**

Joanna Killian

We're on Twitter:  
[@SCCdemocracy](https://twitter.com/SCCdemocracy)

Please note that due to the Covid-19 situation this meeting will take place remotely. Please be aware that a link to view a live recording of the meeting will be available on the Audit and Governance Committee page on the Surrey County Council website. This page can be accessed by following the link below:

<https://mycouncil.surreycc.gov.uk/ieListMeetings.aspx?CId=168&Year=0>

**Members**

Mr David Harmer (Chairman), Mr Keith Witham (Vice-Chairman), Mr Edward Hawkins, Dr Peter Szanto, Mr Stephen Spence and Mr Stephen Cooksey

**Ex Officio:**

Mr Tim Oliver (Leader of the Council), Mr Colin Kemp (Deputy Leader), Mr Tony Samuels (Chairman of the Council) and Mrs Helyn Clack (Vice-Chairman of the Council)

## **AGENDA**

### **1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

### **2 MINUTES OF THE PREVIOUS MEETING - 29 JANUARY 2020**

(Pages 1  
- 4)

To agree the minutes as a true record of the meeting.

### **3 DECLARATIONS OF INTEREST**

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter

- (i) Any disclosable pecuniary interests and / or
- (ii) Other interests arising under the Code of Conduct in respect of any item(s) of business being considered at this meeting

#### **NOTES:**

- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest
- As well as an interest of the Member, this includes any interest, of which the Member is aware, that relates to the Member's spouse or civil partner (or any person with whom the Member is living as a spouse or civil partner)
- Members with a significant personal interest may participate in the discussion and vote on that matter unless that interest could be reasonably regarded as prejudicial.

### **4 QUESTIONS AND PETITIONS**

To receive any questions or petitions.

#### **Notes:**

1. The deadline for Member's questions is 12.00pm four working days before the meeting (18 May 2020).
2. The deadline for public questions is seven days before the meeting (15 May 2020).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

### **5 RECOMMENDATIONS TRACKER**

(Pages 5  
- 10)

To review the Committee's recommendations tracker.

### **6 REMOTE MEETINGS REGULATIONS**

(Pages  
11 - 26)

To explain the impact of the emergency regulations produced by Government in response to the coronavirus pandemic on how Surrey County Council will run its committees.

- 7 ETHICAL STANDARDS ANNUAL REVIEW** (Pages 27 - 50)
- To enable the Committee to monitor the operation of the Members' Code of Conduct over the course of the last year.
- 8 RISK MANAGEMENT BASELINE REVIEW** (Pages 51 - 58)
- To provide an overview of the recent risk management baseline review to enable the Committee to meet its responsibilities for monitoring the development and operation of the council's risk management arrangements
- 9 INTERNAL STRATEGY AND ANNUAL AUDIT PLAN 2020/21** (Pages 59 - 86)
- The purpose of this report is to present the Internal Audit Strategy and Annual Internal Audit Plan for 2020/21 to the Committee.
- 10 INTERNAL AUDIT PROGRESS REPORT - QUARTER 3 (01/10/19 - 31/12/19)** (Pages 87 - 102)
- The purpose of this progress report is to inform members of the work completed by Internal Audit between 1 October 2019 and 31 December 2019.
- 11 SURREY COUNTY COUNCIL COUNTER FRAUD STRATEGY** (Pages 103 - 126)
- The purpose of this progress report is to provide details of the main changes and rationale for updating and amending the Council's Counter Fraud Strategy (attached to this report as Appendix A).
- 12 DATE OF NEXT MEETING**
- The next meeting of Audit & Governance Committee will be on 31 July 2020.

**Joanna Killian**  
**Chief Executive**  
Published: Thursday, 14 May 2020

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**MINUTES** of the meeting of the **AUDIT & GOVERNANCE COMMITTEE** held at 10.30 am on 29 January 2020 at Members' Conference Room, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its next meeting.

**Elected Members:**

\*= in attendance

Mr David Harmer (Chairman)\*

Mr Edward Hawkins\*

Dr Peter Szanto\*

Mr Stephen Spence\*

Mr Keith Witham

**Substitute Members:**

Mr Will Forster\*

**1/20 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]**

Apologies were received from Keith Witham and Stephen Cooksey.  
Will Forster acted as a substitute for Stephen Cooksey.

**2/20 MINUTES OF THE PREVIOUS MEETING - 17 DECEMBER 2019 [Item 2]**

The Minutes were approved as an accurate record of the previous meeting.

**3/20 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**4/20 QUESTIONS AND PETITIONS [Item 4]**

There were none.

**5/20 RECOMMENDATIONS TRACKER [Item 5]**

**Declarations of interest:**

None

**Witnesses:**

David John, Audit Manager

Anna D'Alessandro, Director – Corporate Finance

**Key points raised during the discussion:**

1. In regards to Action A2/19, the Audit Manager confirmed that the report was underway and was likely to receive reasonable assurance. It was expected to be circulated in February 2020.
2. In regards to Action A11/19, the Director – Corporate Finance confirmed that a report would be considered by the Committee following consideration by the Corporate Leadership Team. The report would consider the risk culture in the Council following a series of

interview sessions with relevant Members and Officers. The Chairman highlighted the importance of providing appropriate training on risk.

3. In regards to Action A15/19, David Harmer, Edward Hawkins and Peter Szanto confirmed that they had attended Select Committees since the last meeting. In regards to the budget scrutiny process, Members made the following comments:
  - Members felt that they had no influence over the Council's budget due to time constraints.
  - Members felt that budgets reports should have been made available earlier to allow for proper consideration.
  - It was suggested that the pre-scrutiny period of the Council's budget should have taking place from at least October 2019.
  - A Member of the Committee felt that the process of Select Committee Chairman reporting to Cabinet on their respective Select Committee scrutiny findings was not ideal as it did not allow for enough time for their comments to be fed into the budget proposals.
  - A Member of the Committee stated that the period of time between Cabinet and Council approval of the Budget did not allow for an alternative budget to be created by opposition Members.

The Chairman of the Committee informed Members that he would write and circulate a summary of how he believed the budget scrutiny process should have been conducted. The Chairman of the Committee also stated that he would discuss his findings with the Chairman of the Budget and Asset Task Group.

4. In regards to Action A16/19, The Chairman confirmed that the portfolio holder had provided reassurance that Local and Joint Committees conducted proper risk management.
5. The Chairman requested that Action A17/19 remain on the tracker.

**Action/Further information to note:**

None.

**RESOLVED:**

That the committee noted the report.

**6/20 TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21 [Item 6]**

**Witnesses:**

Ms Anna D'Alessandro, Director – Corporate Finance

Mark Hak-Sanders, Strategic Capital Accountant

**Key points raised during the discussion:**

1. The Chairman introduced the report and noted that the Committee had received training on the Treasury Management Strategy on 22 January 2020.
2. The Director – Corporate Finance provided a brief overview of the Strategy and highlighted that the Council intended to fully utilise the Council's treasury advisors. Members noted that frequent meetings would take place to monitor the strategy and ensure it would continue to be suitable.

**Actions/ further information to be provided:**

None.

**Resolved:**

The Audit and Governance Committee approved the Treasury Management Strategy Statement (TMSS) for 2020/21 including the Prudential Indicators.

**7/20 GRANT THORNTON: 2019/20 EXTERNAL AUDIT PLAN [Item 7]****Witnesses:**

Tom Beake, Grant Thornton

Ciaran McLaughlin, Grant Thornton

Ms Anna D'Alessandro, Director – Corporate Finance

**Key points raised during the discussion:**

1. The representative from Grant Thornton introduced the report and provided a brief summary. Members noted that headline risks were listed on page 45 of the agenda. The representatives highlighted that 'management override of controls' was listed in the report as a significant risk but that it was something considered every year. Members also noted that there were additional audit fees due to an increased level of work required by Grant Thornton.
2. A Member of the Committee asked why concerns related to the Brightwells Yard development were not included in the report. Representatives from Grant Thornton stated that this was because no significant risks had been identified relating to the developments. The representatives further clarified that the audits focused on whether an appropriate decision making process was followed and whether correct advice was provided. It was advised that the Member discuss their concerns with the relevant Director within the Council. Following on from this, Members highlighted a need to monitor and reappraise investments to ensure that they meet expected outcomes, and to ensure plans are adapted when they meet challenge. The Director – Corporate Finance reassured Members that this was a process that was being discussed with relevant officers and that there was an intention to strengthen the relationship between the Finance Service and the Property Service.
3. A Member of the Committee stated that they were concerned that there was no scrutiny of the Council's property portfolio.

**Actions/ further information to be provided:**

None.

**Resolved:**

The Audit and Governance Committee approved the Audit Plan.

**8/20 DATE OF NEXT MEETING [Item 8]**

The date of the meeting was noted to be on 24 April 2020.

Meeting ended at: 11:41am

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**Chairman**





Audit & Governance Committee  
22 May 2020

## RECOMMENDATIONS TRACKER

### **PURPOSE OF REPORT:**

For Members to consider and comment on the Committee's recommendations tracker and bulletin.

### **INTRODUCTION:**

A recommendations tracker recording actions and recommendations from previous meetings is attached as Annex A, and the Committee is asked to review progress on the items listed.

### **RECOMMENDATION:**

The Committee is asked to monitor progress on the implementation of recommendations from previous meetings in Annex A.

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**REPORT CONTACT:** Joss Butler, Committee Manager  
[joss.butler@surreycc.gov.uk](mailto:joss.butler@surreycc.gov.uk) or 020 8541 9702

**Sources/background papers:** None

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## Audit & Governance Committee Recommendations Tracking

### Recommendations (ACTIONS)

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A2/18	22/01/2018	Business Continuity	To discuss timings for future reports once training for Members has taken place on Business Continuity.	Chairman	<p>April 2018 – Member Development session titled ‘Introduction to Emergency Planning’ took place on 30 April 2018. The session provided Members with an overview of the response structures in place for emergency situations, as well as some of the key risks facing both Surrey County Council and local authorities more widely.</p> <p>July 2018 – The Chairman highlighted that he intended to request a report on business continuity and emergency management towards the end of the Council’s transformation.</p> <p>July 2019 – The Committee agreed to keep this item ongoing until further information is received.</p>

## Audit & Governance Committee Recommendations Tracking

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A2/19  <b>(reinstated)</b>	07/02/19  (originally marked as complete at the April 2019 Committee)	Internal Audit Progress Report - Quarter 3 (01/10/18 - 31/12/18)	The Committee to receive an update on the findings and the progress on agreed actions for the Children's Families & Learning Care Assessments audit at the Committee meeting in September 2019.	Audit Manager	<p>August 2019 – The Audit Manager reported that the follow-up audit to the CFLC Care Assessments audit would not be ready for September's meeting. However a verbal update would be provided in due course.</p> <p>18/11/2019 - The Audit Manager to update the Committee.</p> <p>17/12/2019 - Audit Manager informed the Committee that the follow-up audit was in its draft phase and officers hoped to circulate a final version by February or March 2020. Members noted that there had been improvements in the service and that the follow-up audit was expected to be positive. The Chairman asked that the action remain on the Actions Tracker.</p> <p>29/01/20 - the Audit Manager confirmed that the report was underway and was likely to receive reasonable assurance. It was expected to be circulated in February 2020.</p>

## Audit & Governance Committee Recommendations Tracking

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A11/19	26/09/2019	Levels of risk maturity - Interviews	Findings on the levels of risk maturity assessed through a series of interviews with stakeholders across the organisation, would be collated at the end of November with the aim of reporting back to the Committee's December meeting.	Cath Edwards, Service Improvement and Risk Manager	17/12/19 - The Interim Strategic Finance Manager informed Members that the risk review was completed in November 2019 and conducted by Gallagher Bassett. A final report was in the process of being collated and officers expected it to be part of the April 2020 committee agenda. This would follow consideration by the Council's Corporate Leadership Team. 29/01/20 - the Director – Corporate Finance confirmed that a report would be considered by the Committee following consideration by the Corporate Leadership Team. The report would consider the risk culture in the Council following a series of interview sessions with relevant Members and Officers.
A15/19	26/09/2019	Select Committee meetings – Members to attend	When possible, Members to attend and/or watch the webcast of the four select committee meetings as part of their governance review over scrutiny.	Members	October- The Chairman and Mr Hawkins attended the Resources and Performance Select Committee.  December – the Chairman attended the Resources and Performance Select Committee and the Children, Families, Lifelong Learning and Culture Select Committee. Mr Szanto attended a Task Group of the Resources and Performance Select Committee  January - David Harmer, Edward Hawkins and Peter Szanto confirmed that they had attended Select Committees since the last meeting. Comments provided by Members are outlined in the 29 January 2020 meeting's minutes.

## Annex A

## Audit &amp; Governance Committee Recommendations Tracking

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A17/19	17/12/19	Action Tracker	The Committee Manager to circulate confirmation on whether a non-Select Committee Member was able to join a Select Committee's Task Group.	Committee Manager	Confirmation was circulated to Members that non-Select Committee Members are able to join Task Groups although it is at the discretion of the Task Group Chairman.  29/01/20 – The Chairman asked that this action remain on the Actions Tracker.

## COMPLETED RECOMMENDATIONS/REFERRALS/ACTIONS – TO BE DELETED

A16/19	17/12/19	Actions Tracker	The Chairman agreed to speak to the Cabinet portfolio holder responsible for Local and Joint Committees to ensure Local Committees reviewed risks when appropriate.	Chairman	The Chairman confirmed that the portfolio holder had provided reassurance that Local and Joint Committees conducted proper risk management.
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Audit & Governance Committee  
22 May 2020

## Remote Meetings Regulations

### Purpose of the report:

To explain the impact of the emergency regulations produced by Government in response to the coronavirus pandemic on how Surrey County Council will run its committees.

### Recommendations:

It is recommended that:

1. The Committee reads this report in conjunction with the new regulations and the letter from Ministry of Housing, Communities & Local Government to Local Government Chief Executives (annexes 1 & 2);
2. The Committee understands how these regulations have superseded the council's interim arrangements; and
3. The Committee reviews the decisions made under delegation in the period before the new regulations were enacted

### Introduction:

4. The UK Government's response to coronavirus has meant that public meetings of committees at County Hall or elsewhere could not continue.
5. To manage decision making Surrey County Council agreed changes to its constitution at its 17 March 2020 council meeting. These changes put in place decision making by the Leader (in consultation with two Cabinet Members) and Proper Officers (in consultation with the relevant committee chairman) to take decisions in lieu of committees of the council. Decisions have been taken using remote meeting technology as formal public meetings could not take place in the usual way.

### Remote Meeting Regulations

6. Under the Coronavirus Act 2020 new regulations have been created enabling local authorities to hold meetings remotely before 7 May 2021,

they have removed the requirement for an Annual General Meeting (AGM) and postponed all local elections until 6 May 2021.

7. These new regulations remove obstacles to local decision making being done remotely. Up until now this was not possible hence the council's decision in March to operate through the executive powers of the Leader and delegate non-executive powers to the relevant Proper Officer on an interim basis.

### **What the new regulations mean for committee meetings**

8. A local protocol was developed to offer guidance on the operation of these delegations. However, in future this protocol will only be used when absolutely necessary as the new regulations came into force on 4 April 2020 meaning that committees can now meet as before to take decisions albeit remotely.
9. Committees will meet as usual using technology to do so remotely. The conditions that must be required for these meetings to be compliance with regulation are:
  - 9.1 Advance notification is still required in advance (5 days unless under urgency procedures)
  - 9.2 Members must be able to hear and (where practicable) see and be heard and (where practicable) be seen by other members in attendance at the meeting. This full requirement also extends to members of the public attending to exercise a right to speak at the meeting. Members of the public observing the meeting must as a minimum be able to hear (but if practicable be seen as well).

### **The Council's Constitution**

10. As a result of these regulations the Council's Constitution has been reviewed and Officer Scheme of Delegation has been updated to ensure that it reflects the current organisational structure.
11. The Council's Standing Orders will be reviewed to ensure that public participation and representation rules are compatible with the new regulations and the IT solution to allow meetings to take place remotely.

### **What next?**

12. Democratic Services and IT & Digital have identified Microsoft Teams as the software that will be used to deliver remote meetings for Surrey County Council. Testing of the software to meet the demands of the regulations including making them open to the public has been undertaken. Streaming of remote public meetings conducted using Microsoft Teams will be done using the existing webcasting service provided by Public-I. This is over and above what the council had in place to run meetings informally without public access.
13. Guidance has been drafted (annexe 3 to this report) for Members and Officers on how remote meetings will operate. The guidance covers



common meeting procedures and the implications of working in this way. Members can sign up for 1:1 training sessions on how to use the software and Democratic Services will be instigating full committee pre-meetings for all committees to allow Members to prepare sufficiently for virtual public meetings.

14. The regulations allow for committee appointments to remain in place until 2021 and there is no requirement for an annual meeting. Surrey County Council will have to decide whether or not to adopt this approach.

<b>Decisions taken under delegation (agendas published up to 4 April 2020)</b>
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15. Leader and Cabinet Members Meeting as Cabinet (31 March 2020)

- **Surrey County Council Response to COVID-19**

Decision:

1. That the latest public health situation with regard to COVID-19 and Surrey's response and acknowledge the impact on Surrey's residents and the Council be noted.
2. That the changes to Local Authority powers and duties introduced by the Coronavirus Act be noted and that authority be delegated to the relevant Executive Director in consultation with the relevant Cabinet member to amend service provision in accordance with the Council's statutory duties as these may be varied by the Act, regulations and guidance made thereunder be noted.
3. That the initial assessment of the impact on Surrey County Council's short and medium-term financial position be noted.
4. That the development of a COVID-19 package of support for key suppliers and service providers and the Voluntary, Community and Faith Sector in Surrey, delegating authority to the Executive Director of Resources and Executive Director of Transformation, Prosperity and Partnerships in consultation with the Leader to determine the detail of the scheme was approved.
5. That the re-prioritisation of services and transformation programmes due to the impact of COVID-19, acknowledging it is a fast-changing situation that will require regular review of priorities be agreed.
6. That the establishment of economic stimulus measures for businesses to support their survival and recovery from COVID-19, delegating authority to the Executive Director of Resources and Executive Director of Transformation, Prosperity and Partnerships in consultation with the Deputy Leader and Cabinet Member for Finance to determine the detail of the scheme be agreed.

- **Returning the Countryside to Residents**

Decision:

1. That the variation of the agreement with Surrey Wildlife Trust (SWT) for the management of the Countryside Estate in accordance with the

proposals detailed in the report, noting the cost implications outline in paragraphs 34-38 of the submitted report be agreed.

2. That authority be delegated to the Executive Director for Environment, Transport and Infrastructure and the Executive Director for Resources in consultation with the Cabinet Member for Community Safety, Fire & Resilience and the Cabinet Member for Finance to:
  - a. enter into final negotiations with Surrey Wildlife Trust and complete the variation to the agreement, including the surrender of Phase 1 and 2 leases and re-grant of lease.
  - b. agree the implementation of transitional arrangements with Surrey Wildlife Trust for the management of Countryside Visitor Services and property management responsibilities pending completion of the variation.
  - c. transfer the responsibilities for visitor services to Surrey County Council on the 1 April 2020 subject to 'call-in' arrangements.

- **Greener Futures Investment Programme**

Decision:

1. That the proposed investment in our Greener Futures Investment Programme was endorsed.
2. That officers will further develop the pipeline capital schemes so that they are fully scoped and costed, refining the information contained in Annex 2. Individual schemes will be brought to Cabinet for approval when they are developed to business case stage be noted.

- **Digital Strategy 2025**

Decision:

1. That the Digital Strategy 2025 be approved.
2. That the Digital Strategy 2025 sets the direction for the Digital Transformation Programme, ensuring that resources deployed on the programme are core contributors to the delivery of the strategy was noted.

- **Commercial Programme (Waste) Update**

Decision:

This Part 2 report contained information which is exempt from Access to Information requirements by virtue Information relating to the financial or business affairs of any particular person.

## 16. Appointment Sub-Committee (7 April 2020)

- **Senior Appointment of Director of Environment**

The Executive Director for Environment, Transport & Infrastructure, in consultation with the People, Performance & Development Committee Appointment Sub-Committee, agreed to appoint Carolyn McKenzie to the role of Director of Environment.

### **Conclusions:**

17. The new regulations have made it possible for remote council decision making that is open to the public and that remote meetings will count towards Members' attendance record.
18. The delegations and protocol agreed to manage decision making in the period prior to the publication of these regulations will in future only be used if a remote committee decision is not possible and any decisions will be reported to future Audit & Governance meetings.
19. The council will implement arrangements, including training, to conduct its public committee meetings remotely using the Microsoft Teams application in conjunction with the existing Public-I web streaming contract.

### **Financial and value for money implications**

20. No costs have been identified yet although this may change depending on the option chosen to run meetings remotely.

### **Equalities and Diversity Implications**

21. No negative implications identified.

### **Risk Management Implications**

22. Meeting the regulations for remote meetings is dependent on a suitable IT solution that offers reliable public access. Unreliable technology could cause issues for transparency and legitimacy of decision making. Officers will be undertaking a robust assessment of the options and ensuring that rigorous testing is done alongside the provision of support for Members of committees.

### **Next steps:**

The Audit & Governance to monitor the operation of committees remotely and feed back to the Executive as required.

**Report contact:** Ross Pike, Committees Business Manager, Democratic Services

**Contact details:** 020 8 541 7368 / [ross.pike@surreycc.gov.uk](mailto:ross.pike@surreycc.gov.uk)

### **Sources/background papers:**

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and

Wales) Regulations 2020, available at:  
<http://www.legislation.gov.uk/uksi/2020/392/contents/made> (as accessed 08/04/20)  
Annexe 1: ASDO/LLG Remote Meetings Protocol and Procedure Rules  
Annexe 2: MHCLG Letter to Local Authorities  
Annexe 3: Surrey County Council Remote Meeting Guidance, Rules and Etiquette

## REMOTE MEETINGS PROTOCOL AND PROCEDURE RULES

This document is produced by Lawyers in Local Government (LLG) and the Association of Democratic Services Officers (ADSO) for the purpose of assisting authorities and highlighting changes required to standing orders in consequence of The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020 No.392 ('the Regulations'). It does not constitute legal advice and should not be relied upon in that capacity.

### Introduction and Application of the Remote Meetings Procedure Rules

This Protocol and accompanying Procedure Rules provide the means and guidance for the conduct of any remote meeting of the Council, and its various Committees and Sub-Committees, held under the provisions of the Regulations.

This Protocol and Procedure Rules should be read in conjunction with the Authority's Standing Orders and Procedure Rules within the Constitution. The Regulations, made under section 78 of the Coronavirus Act 2020, apply notwithstanding any other legislation or current or pre-existing standing orders or any other rules of the Authority governing meetings and remain valid until 7<sup>th</sup> May 2021. This means that, wherever there is a conflict, these Remote Meetings Procedure Rules take precedence in relation to any remote meeting.

The effect of the Regulations on the Authority's Constitution is to insert what are, in effect, mandatory standing orders for those authorities that wish to hold meetings remotely, either wholly or partially. We have therefore written these up as such and included them alongside the procedural guidance contained in this Protocol, highlighted in boxes below, together with a cross reference to the Council Standing Orders and Procedure Rules contained in the '*Modular Constitution 2000*'<sup>1</sup>. This should allow you to produce them as additional or amending standing orders (procedure rules) either separately or absorbed into your own authority's equivalent rules. The standing orders exist only on a temporary basis, having effect between 4<sup>th</sup> April 2020 and 7<sup>th</sup> May 2021.

It is our view that the Regulations, and therefore the standing orders, have an automatic amending effect on an authority's existing rules and can be applied immediately in order to run committee and cabinet meetings remotely. Nonetheless it

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<sup>1</sup> This is the Model referred to in the Statutory Guidance issued under the then s.38 of the Local Government Act 2000 'New Council Constitutions'. This can now be found in the National Archives. It should be noted that the Model was little changed from the preceding model council standing orders it was based on (issued by the Ministry of Housing and Local Government in 1963 and reprinted in 1973 and itself based on the LGA 1933).

is good practice, even with express mandatory standing orders, to have these adopted formally by the full authority at the first opportunity to do so.

The Protocol also includes guidance and suggestions as to best practice in establishing procedures for remote attendance as they have so far been collated.

In adopting any parts of the Protocol directly, authorities will need to amend it or produce additional material specific to the technologies employed. In doing so, it is important for authorities to ensure that the needs of members of the public and members with disabilities who will wish to remotely access or attend a meeting are taken into account when considering the practicalities of establishing remote meetings.

The Protocol is an immediate response to the Regulations and is based on the information available at this point. We are learning all the time as practice develops across the country and remote meetings are conducted, and conducted differently, within differing authorities and utilising different technologies. This document will therefore be updated and reproduced in due course.

## 1. Annual Meeting

- 1.1 Following the now cancelled local elections for those that were due, holding an Annual Meeting during what would have been the normal 2020/21 municipal year is now a matter of choice.
- 1.2. Whether to continue to hold an Annual Meeting is a political decision, although usually called under the auspices of the Civic Mayor or Council Chair by the proper officer. This may still be the case or it may be that the leading politicians may have decided that it is better at this time to delay the meeting for several months or perhaps entirely this year and re-insert the meeting in the calendar after the delayed elections have been held next May. If the latter, there is still the possibility that some Members will call for an earlier Annual Meeting and this prospect should be recognised and catered for through the possibility of a vote at an ordinary or extraordinary meeting.
- 1.3 It should be noted that, where an Annual Meeting is delayed, all appointments from the 2019 Annual Meeting continue.

### **1A No Requirement to Hold an Annual Meeting**

The requirement to hold an Annual Meeting is to be disregarded and, prior to 7<sup>th</sup> May 2021, an Annual Meeting of Council may only take place:

- (a) where called by the Chair; or

- (b) following a resolution calling for an Annual Meeting being passed at an ordinary or extraordinary meeting of Council.

**Amends Model Council Standing Order 1.1 (Annual Meeting)**

## 2. How will notice of Meetings and papers be provided?

- 2.1 The proper officer will give the requisite notice to the public of the time of the meeting, and the agenda, together with details of how to join the meeting which needs be available on the Authority's website (or that of the principal council in the case of a local council without a website or ability to do so).  
*[insert link to relevant part of your website].*
- 2.2 Members will be notified of a remote meeting by email and all agenda papers will be available on the Authority's website and via the agenda software or other electronic means as appropriate.
- 2.3 The 'place' at which the meeting is held may be at an Authority building or may be where the organiser of the meeting is located or may be an electronic or a digital or virtual location, a web address or a conference call telephone number; or could be a number of these combined. The meeting may also be held in a meeting room or Chamber with a proportion of the membership and any participating public additionally attending remotely.

### 2A Access to Information

For all purposes of the Constitution, the terms "notice", "summons", "agenda", "report", "written record" and "background papers" when referred to as being a document that is:

- (a) "open to inspection" shall include for these and all other purposes as being published on the website of the council; and
- (b) to be published, posted or made available at offices of the Authority shall include publication on the website of the Authority.

**Amends Model Council Standing Order 6 (notice and summons to meeting) and Model Access to Information Procedure Rule 5 (access to agenda and reports before the meeting), etc.**

## 3. How will remote access to Meetings be provided?

- 3.1 Members and members of the press and public will be encouraged to use any video conferencing facilities provided by the Council to attend a meeting remotely.

- 3.2 If this is not possible, attendance may be through an audio link or by electronic means as referred to in Regulation 5(6)(c) of the Regulations.
- 3.3 Remote access for members of the public and Members who are not attending to participate in the meeting together with press facilities, will need to be provided through webcasting, live audio streaming, or others means.
- 3.4 If technology fails for a wholly remote meeting, and the meeting is no longer open to the public, any decisions made could be challenged as unlawful.
- 3.5 It is important to note that the public accessing the meeting by remote means, as described here, is different from the public attending to exercise a right to speak. A technological failure removing the ability for the public to access the meeting by remote means renders the whole meeting incapable of proceeding (as described above). A member of the public who attends to exercise their right to speak and is unable to do so renders only their item incapable of proceeding (This is set out paragraph 5 below).

### **3A Remote Access to Meetings**

- (a) For all purposes of the Constitution the term “meeting” is not limited in meaning to a meeting of persons all of whom, or any of whom, are present in the same place, for which purposes any reference to:
- (i) “place” is to be interpreted as where a meeting is held, or to be held, includes reference to more than one place including electronic, digital or virtual locations such as internet locations, web addresses or conference call telephone numbers: and
  - (ii) “open to the public” includes access to the meeting being through remote means including (but not limited to) video conferencing, live webcast, and live interactive streaming and where a meeting is accessible to the public through such remote means the meeting is open to the public whether or not members of the public are able to attend the meeting in person; and
- (b) If the Chair is made aware that the meeting is not accessible to the public through remote means, due to any technological or other failure of provision, then the Chair shall adjourn the meeting immediately. If the provision of access through remote means cannot be restored within a reasonable period, then the remaining business will be considered at a time and date fixed by the Chair. If he or she does not fix a date, the remaining business will be considered at the next ordinary meeting.

**Amends Model Council Standing Order 6 (notice and summons to meeting) and Model Access to Information Procedure Rule 3 (rights to attend meetings)**



## 4. Management of Remote Meetings for Members

- 4.1 Any Member participating in a meeting remotely, must when they are speaking, be able to be heard (and ideally seen) by all other Members in attendance, and the remote participant must, in turn, be able to hear (and ideally see) those other Members participating.
- 4.2 In addition, a remote participant must be able to be heard by, and in turn hear any members of the public entitled to attend the meeting and who exercise a right to speak at the meeting.
- 4.3 The Chair will normally confirm at the outset and at any reconvening of a committee or cabinet meeting that they can see and hear all participating members (this is unlikely to be practical for a meeting of full council). Any Member participating remotely should also confirm at the outset and at any reconvening of the meeting that they can see and hear the proceedings and the other participants
- 4.4 The attendance of those members at the meeting will be recorded by the Democratic Services Officer.
- 4.5 The normal quorum requirements for meetings as set out in the Authority's Constitution will also apply to a remote meeting.
- 4.6 In the event of any apparent failure of the video, telephone or conferencing connection, the Chair should immediately determine if the meeting is still quorate:
  - if it is, then the business of the meeting will continue; or
  - if there is no quorum, then the meeting shall adjourn for a period specified by the Chair, expected to be no more than ten or fifteen minutes, to allow the connection to be re-established.
- 4.7 Should any aspect of an individual's remote participation fail, the Chair may call a short adjournment of up to five minutes or so to determine whether the connection can quickly be re-established, either by video technology or telephone in the alternative. If the connection is not restored within that time, the meeting should continue to deal with the business whilst this happens, providing the meeting remains quorate and the public are able to hear.
- 4.8 In the event of connection failure, the remote Member(s) will be deemed to have left the meeting at the point of failure and if the connection cannot be re-established to those Member(s) before the end of the meeting, then the presumption will be that the meeting should continue to deal with the item/s.



- 4.9 If the connection is successfully re-established, then the remote Member(s) will be deemed to have returned at the point of re-establishment.
- 4.10 If a connection to a Member is lost during a regulatory meeting, the Chair will stop the meeting to enable the connection to be restored. If the connection cannot be restored within a reasonable time, the meeting will proceed, but the Member who was disconnected will not be able to vote on the matter under discussion as they would not have heard all the facts.
- 4.11 Etiquette at the meeting is referred to further below.

#### **4A Members in Remote Attendance**

- (a) A Member in remote attendance is present and attends the meeting, including for the purposes of the meeting's quorum, if at any time all three of the following conditions are satisfied, those conditions being that the Member in remote attendance is able at that time:
- (i) to hear, and where practicable see, and be so heard and, where practicable, be seen by, the other Members in attendance.
  - (ii) to hear, and where practicable see, and be so heard and, where practicable, be seen by, any members of the public entitled to attend the meeting in order to exercise a right to speak at the meeting; and
  - (iii) to be so heard and, where practicable, be seen by any other members of the public attending the meeting.
- (b) A Member in remote attendance will be deemed to have left the meeting where, at any point in time during the meeting, any of the conditions for remote attendance contained in (a) above are not met. In such circumstance the Chair may, as they deem appropriate;
- (i) adjourn the meeting for a short period to permit the conditions for remote attendance of a Member contained in (a) above to be re-established;
  - (ii) count the number of Members in attendance for the purposes of the quorum; or
  - (iii) continue to transact the remaining business of the meeting in the absence of the Member in remote attendance.

**Amends Model Council Standing Order 8 (quorum)**

## 5. Remote Attendance of the Public

- 5.1 Any member of the public participating in a meeting remotely in exercise of their right to speak at Council or in regulatory or other meetings must meet the same criteria as members of the Council. Members of the public attending a meeting remotely must, likewise, when they are speaking be able to be heard (and ideally be seen) by all other Members in attendance, and the remote participant must, in turn, be able to hear (and ideally see) those other members participating be so heard and, where practicable, be seen by any other members of the public attending the meeting.
- 5.2 A process for determining access to the meeting is recommended to be conducted, which should include requiring advance notification from members of the public wishing to attend remotely. For those items of business, an invitation to participate in the remote technology can then be sent out in advance.
- 5.3 Alternatively, for those authorities unable to provide a technological solution, standing orders will need to be produced that replace existing public speaking rights with public participation by receipt of representations in writing only. Submissions, petitions or questions received from the public can then be read out by the Chair or a supporting officer.
- 5.4 The Democratic Services Officer or meeting facilitator (see below) should be able to mute the member of the public once they have spoken, and remove them from the remote meeting on the instruction of the Chair, in order to maintain the good administration of the meeting or to retain order.
- 5.5 A breakdown of the technology should not disadvantage the member of the public in remote attendance wherever possible.

### **5A Remote Attendance by Members of the Public**

- (a) A member of the public entitled to attend the meeting in order to exercise a right to speak at the meeting is in remote attendance at any time if all three of the following conditions are satisfied, those conditions being that the member of the public in remote attendance is able at that time:
  - (i) to hear, and where practicable see, and be so heard and, where practicable, be seen by, Members in attendance;
  - (ii) to hear, and where practicable see, and be so heard and, where practicable, be seen by, any other members of the public entitled to attend the meeting in order to exercise a right to speak at the meeting; and

- (iii) to be so heard and, where practicable, be seen by any other members of the public attending the meeting.
- (b) A member of the public in remote attendance will be deemed to have left the meeting where, at any point in time during the meeting, any of the conditions for remote attendance contained in Standing Order 5A(a) above are not met. In such circumstance the Chair may, as he or she deems appropriate:
  - (i) adjourn the meeting for a short period to permit the conditions for remote attendance contained in Standing Order 5A(a) above to be re-established;
  - (ii) suspend consideration of the item of business in relation to the member of public's attendance until such time as a following item of business on the agenda has been transacted and the conditions for the member of the public's remote attendance have been re-established or, on confirmation that this cannot be done, before the end of the meeting, whichever is the earliest; or
  - (iii) continue to transact the remaining business of the meeting in the absence of the member of the public in remote attendance.

Amends Model Council Standing Order 10 (questions by the public),  
Amends any scheme for public participation in respect of planning, licensing and other committees and  
Model Executive Procedure Rule 2.2

## 6 Meeting Procedures

- 6.1 A meeting facilitator, who may be the Democratic Services Officer but preferably in addition to, is encouraged to be enlisted. Their role will be to control the video, telephone or conferencing technology employed for remote access and attendance and to administer the public and Member interaction, engagement and connections on the instruction of the Chair.
- 6.2 The Authority will endeavour to put in place a technological solution that will enable Members participating in meetings remotely to indicate their wish to speak via this solution, replacing the physical practices or rules concerning raising one's hand or standing to be recognised or expressing a desire to speak.
- 6.3 In respect of key committees and at Cabinet meetings, it will assist the meeting if those Members who wish to speak on a particular item could indicate their wish to speak to the Chair and to the Democratic Services Officer in advance of the start of the meeting where possible. Political groups are also encouraged to co-ordinate this activity wherever possible in respect of full Council/Authority meetings and other meetings likely to result in a high

number of requests to speak. This is particularly important if Members are unable to participate via video conference.

- 6.4 The Chair will follow the rules set out in the Constitution when determining who may speak, as well as the order and priority of speakers and the content and length of speeches in the normal way.
- 6.5 The Chair, at the beginning of the meeting, will explain the protocol for member and public participation and the rules of debate. The Chair's ruling during the debate will be final.
- 6.6 Members are asked to adhere to the following etiquette during remote attendance at a meeting:
  - Committee members are asked to join the meeting no later than fifteen minutes before the start to allow themselves and the meetings facilitator or Democratic Services Officers the opportunity to test the equipment
  - Any camera (video-feed) should show a non-descript background or, where possible, a virtual background and members should be careful to not allow exempt or confidential papers to be seen in the video-feed.
  - Type their name on joining the meeting in full, e.g., "Cllr Joanne Smith" (where the technological solution employed by the authority enables this).
  - All Members to have their video turned off and microphones muted when not talking.
  - Rather than raising one's hand or rising to be recognised or to speak, Members should avail themselves of the remote process for requesting to be heard:

[e.g., where available]

    - Members are to use any chat facility to indicate to the chair that they wish to speak. Members will unmute their microphone and turn their cameras on when the Chair invites them to speak. **The chat facility must not be used for private conversations** between councillors.
  - Only speak when invited to by the Chair
  - Only one person may speak at any one time
  - Turn on the microphone and also the video-feed (if available or unless speaking to a diagram, presentation slide or drawing), then state your name before you make a comment
  - When referring to a specific report, page, or slide, mention the report, page, or slide so that all members have a clear understanding of what is being discussed at all times.

- 6.7 Where members of the public are exercising speaking rights at the meeting via remote attendance, the Chair will as part of their introduction explain the procedure for their participation which will reflect those relevant elements of the above. Members of the public must adhere to this procedure otherwise they may be excluded from the meeting.
- 6.8 When the Chair is satisfied that there has been sufficient debate and (if the rules of the meeting require) there is a proposer and seconder for the item being discussed the Chair will progress to making a decision. Unless a Recorded Vote is called, the method of voting will be at the Chair's discretion and will be by one of the following methods:
- a vote by electronic means; or
  - an officer calling out the name of each member present with:
    - members stating 'for', 'against', or 'abstain' to indicate their vote when their name is called
    - the Democratic Services Officer clearly stating the result of the vote and the Chair then moving onto the next agenda item
    - by the general assent of the meeting.
- 6.9 Details of how Members voted will not be kept or minuted unless a Recorded Vote is called. Where a Recorded Vote is requested the Chair will ask members in turn to signify verbally whether or not they support that request.

#### **6A Remote Voting**

Unless a recorded vote is demanded, [which may be confirmed by the requisite number of Members confirming the demand verbally when requested by the Chair,] the Chair will take the vote ...

- (a) [,by use of the electronic voting system[s] for Remote Voting and voting in the Chamber or where an electronic voting system is not working correctly or unavailable ...];
- (b) by the affirmation of the meeting if there is no dissent [by assent]; or
- (c) the Chair will take the vote by roll-call and the number of votes for or against the motion or amendment or abstaining from voting will be recorded.

**Amends Model Council Standing Order 17 (voting)**

## **7. Declaration of Interests**

- 7.1 Any Member participating in a remote meeting who declares a disclosable pecuniary interest, or other declarable interest, in any item of business that would normally require them to leave the room, must also leave the remote meeting. Their departure will be confirmed by the Democratic Services Officer of meeting facilitator, who will invite the relevant Member by link, email or telephone, to re-join the meeting at the appropriate time.

#### **7A Members excluded from the meeting**

Where a Member is required to leave the meeting, the means of remote attendance and access is to be severed whilst any discussion or vote takes place in respect of the item or items of business which the member or co-opted member may not participate.

**Amends Model Council Standing Order 21 (Member Conduct) and where authorities have made a standing order pursuant to s.31(10) of the Localism Act (interests at meetings).**

## **8. Exclusion of Public and Press**

- 8.1 There are times when council meetings are not open to the public, when confidential, or “exempt” issues (as defined in Schedule 12A of the Local Government Act 1972) are under consideration. Where the technology is available, the Democratic Services Officer or meeting facilitator will ensure that there are no members of the public in remote attendance or remotely accessing the meeting are able to hear or see the proceedings once the exclusion has been agreed by the meeting.
- 8.2 Each Member in remote attendance must ensure and verbally declare that there are no other persons present who are not entitled to be (either hearing or seeing) consideration of such items, and/or recording the proceedings.
- 8.3 Any Member in remote attendance who failed to disclose that there were in fact persons present who were not so entitled would, in our view and as stated in the Welsh Government’s statutory guidance<sup>2</sup>, be in breach of the Members’ Code of Conduct responsibilities.

## **9. Public Access to Meeting Documentation following the meeting**

- 9.1 Members of the public may access minutes, decision and other relevant documents through the Council’s website. The definition of access to information and available to the public is the same as at Rule 2A above.

<sup>2</sup> Statutory Guidance made under Section 4 of the Local Government (Wales) Measure 2011: Remote attendance at council meetings





Association of  
Democratic Services  
Officers

Requests for access to the list of background papers and other relevant documents should be by email or by post.

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**To raise comments or questions in respect of this document please contact:**

**ADSO – John Austin, Chair, [John.Austin@adso.co.uk](mailto:John.Austin@adso.co.uk) and**

**LLG – Helen McGrath, Head of Public Affairs, [Helen@llg.org.uk](mailto:Helen@llg.org.uk)**

**For more information visit:**

**ADSO** <https://www.adso.co.uk>

**LLG** [https://www.lawyersinlocalgovernment.org.uk/news\\_articles](https://www.lawyersinlocalgovernment.org.uk/news_articles)

**LGA** <https://www.local.gov.uk>

**CfPS** <https://www.cfps.org.uk/home-2/covid-19/>

**NALC** <https://www.nalc.gov.uk/>

**SLCC** <https://www.slcc.co.uk/>

We would like to thank the following who contributed significantly to the production of this document:

Jenni Swift	Democratic Services Team Leader, North Kesteven District Council
Philip McCourt	Director of Governance and Assurance, Wirral Metropolitan Borough Council
Paul Hanson	Northamptonshire County Council
Stephen Taylor	Deputy Monitoring Officer, Cornwall Council and the Council of the Isles of Scilly

**Dated: - 17<sup>th</sup> April 2020**





Ministry of Housing,  
Communities &  
Local Government

Monday 6 April 2020

Chief Executives  
Principal Councils in England

Dear Chief Executive,

I am writing to update you on emergency legislation that we are making to support local authorities in the vital work you are doing to respond to the Coronavirus pandemic whilst ensuring essential business and services continue.

We have in the last week made two sets of regulations under the Coronavirus Act 2020. The first set enables all local authority meetings before 7 May 2021 to be held remotely and removes the requirement for the annual meeting this year. The second set postpones until 6 May 2021 local by-elections and other polls, either scheduled or which would otherwise arise before that date. I am annexing a note explaining these regulations. I would be grateful if you could, as appropriate, ensure that parish and town councils in your area are aware of these.

The regulations aim to give local authorities greater flexibility to redeploy their resources to focus on meeting the many new challenges they face in responding to the pandemic whilst maintaining critical front-line services. The regulations on meetings will enable essential decision-making to continue whilst upholding democratic principles and enabling all to comply with the public health guidance. The elections regulations also ensure that unnecessary risks to voters, the officers who run polling stations and counts, and campaigners are avoided.

On behalf of the MHCLG team who have worked to make these regulations, I would like to thank you and your colleagues who have contributed to their development – the regulations are undoubtedly more comprehensive and workable as a result of your input.

In making these regulations we have been engaging with our counterparts in the Devolved Administrations who will be putting in place analogous arrangements in their countries where required. As with the whole approach to responding to the pandemic the Government is seeking to follow a four nation approach.

Paul Rowsell CBE  
Head of the Governance Reform and Democracy Unit  
Ministry of Housing, Communities and Local Government  
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2 Marsham Street, London SW1P 4DF

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Telephone 0303 444 2568

Further sets of regulations are intended to be made in the coming weeks including MHCLG regulations to relax the date for the completion and publication of annual accounts, and regulations by the Cabinet Office to make further election-related provisions.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Rowsell', with a horizontal line drawn underneath.

**P ROWSELL**

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## ANNEX

### **The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020**

These regulations enable all local authority meetings to be held remotely, including allowing remote access by members of the public, and they remove the requirement for the annual meeting this year.

The regulations are drafted very broadly, applying to different types of local authorities, and to different categories of meetings including annual meetings, cabinet and committee meetings.

Local authorities can decide not to hold the legally prescribed annual meeting. Where meetings are held, local authorities have the flexibility to hold them at any time of day and on any day, to alter how frequently they are held and to move or cancel them without further notice. Where a local authority does not hold an annual meeting, current appointments will continue until the next annual meeting of the authority or when the local authority determines.

Meetings may be held remotely including via telephone conferencing, video conferencing, live webchat and live streaming. Remote attendance by members counts for other purposes such as the six month rule on attendance, and for allowances. Members of the public and press may also access meetings remotely rather than in person.

The regulations are not prescriptive about how local authorities may facilitate remote meetings or related matters such as voting and access to documents by members and the public. Different solutions will be appropriate in different localities and local authorities may make appropriate standing orders.

The regulations also enable Police and Crime Panels in England and Wales to take place remotely, allowing Police and Crime Panels to continue undertaking their statutory duties.

The regulations came into force on 4 April 2020 and apply to meetings taking place before 7 May 2021. We are able to legislate to bring forward this date if medical and scientific advice leads to the relaxation of social distancing rules.

You can find the regulations and supporting documents here on the legislation.gov website <http://www.legislation.gov.uk/ukxi/2020/392/contents/made>

## **The Local Government and Police and Crime Commissioner (Coronavirus) (Postponement of Elections and Referendums) (England and Wales) Regulations 2020**

The **Coronavirus Act 2020** postponed the scheduled local and mayoral elections and Police and Crime Commissioner elections due to take place on 7 May 2020 until 6 May 2021.

**The regulations** postpone to 6 May 2021 other polls, either scheduled or which would otherwise arise before that date, including local authority, mayoral and Greater London Authority by-elections, polls and referendums in England and by-elections for Police and Crime Commissioners in England and Wales.

Local and mayoral by-elections include to any county, district or London Borough Council, parish council, for a local authority directly elected mayor, a combined authority mayor, and for the Greater London Authority the Mayor of London or constituency member of the Greater London Assembly.

Other polls include local advisory polls, referendums on a local authority change of governance and neighbourhood planning referendums.

The regulations make other changes as a consequence of the postponement of polls. For example, to extend the period for collation of signatures on a governance referendum petition and to preserve the transitional election cycles set out in legislation following a local government electoral review or reorganisation of local government, such as in Buckinghamshire and Northamptonshire. Further regulations are to be made relating to the governance arrangements of the new Buckinghamshire Council and the shadow Northamptonshire authorities.

The regulations provide legal certainty for Returning Officers and ensure that they cannot be held criminally liable for any actions or omissions in relation to a poll that is scheduled to be held but not held. The regulations act retrospectively to cover polls that were required to be held, but were not held, in the period after 15 March 2020.

The regulations come into force on 7 April 2020 and apply to polls than would otherwise be scheduled between 15 March 2020 and 5 May 2021. We are able to legislate to bring forward this later date if medical and scientific advice leads to the relaxation of social distancing rules.

A further set of regulations on election-related matters will be made by the Cabinet Office.

You can find the regulations and supporting documents here on the legislation.gov website: <http://www.legislation.gov.uk/ukxi/2020/395/contents/made>

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Audit and Governance Committee  
22 May 2020

## ETHICAL STANDARDS ANNUAL REVIEW

### **Purpose of the report:**

To enable the Committee to monitor the operation of the Members' Code of Conduct over the course of the last year.

### **Recommendation:**

That the Audit and Governance Committee:

1. Notes the Monitoring Officer's report on recent activity in relation to the Members' Code of Conduct and complaints made in relation to member conduct.
2. Agrees to establish a working group to review possible changes to the Members' Code of Conduct in light of recommendations from:
  - a. Surrey County Council Internal Audit Report of Register of Interests/Gifts and Hospitality.
  - b. The Committee on Standards and Ethics 'Local Government Ethical Standards' report (2019).
  - c. The Local Government Association Model Code of Conduct (due to be published in June 2020).

### **Introduction:**

1. The Localism Act 2011 places the Council under a statutory duty to promote and maintain high standards of conduct by its Members and co-opted Members
2. The Council has a Code of Conduct governing elected and co-opted Members' conduct, when acting in those capacities. The Code also includes provisions for the registration and disclosure of pecuniary and other interests.
3. The Council has delegated to the Audit and Governance Committee the roles of:
  - monitoring the operation of the Members' Code of Conduct and;
  - promoting advice, guidance and training on matters relating to the Code of Conduct.

4. The Committee is also responsible for granting dispensations to Members relating to their disclosable pecuniary interests.

#### **The Code of Conduct**

5. At the Council meeting of 17 July 2012, Members agreed that they wanted to adopt a simple, high level code. The current Members' Code of Conduct is based on the Department of Communities and Local Government ("DCLG") "illustrative" text of a code of conduct for Members. There have been no revisions to the Code of Conduct since 2016.

#### **Independent Person**

6. The Act requires the appointment of at least once independent person who cannot be a councillor, officer or a relative or friend of any one of them. The County Council appointed Mr Bernard Quoroll as its Independent Person for a term of four years from December 2016. Mr Quoroll's term of office comes to an end in December 2020 and a new independent person will need to be appointed by this date.

#### **Arrangements for receiving and handling complaints**

7. The Act requires the Council to adopt arrangements for dealing with complaints of a breach of the Members' Code of Conduct. Any such complaints must be dealt with in accordance with those arrangements. Before any final decision is reached on a complaint that has been investigated, the Independent Person's views must be sought. Surrey County Council's (SCC) arrangements are designed to promote informal resolution rather than an adversarial approach.

#### **Register of Interests**

8. In July 2016, Council agreed to widen the registration requirement of its Members to include a new category of significant personal interests. This meant that Members were required to declare prejudicial interests and significant personal interests, in addition to disclosable pecuniary interests, at meetings of the council and its committees.
9. All Members are required to notify the Monitoring Officer, within 28 days of taking office, of two categories of interest, namely any disclosable pecuniary interests they have (including those of a spouse, civil partner or someone with whom the Member is living as husband and wife or as civil partner) and any of their own significant personal interests. The Council's register is published online in accordance with legal requirements.

#### **Training and Guidance for Members**

10. A training day took place in May 2017 as part of the new Council induction, covering code of conduct and register of interests. Following the training, new and returning Members received guidance in registering their interests, both pecuniary and personal, either on line or in hard copy. Any Members elected since then have received information on both the code of conduct and registering interests through tailored induction sessions.

#### **Code of Conduct Complaints**

11. The spreadsheet appended to this report shows the number of complaints received since January 2019. There have been no complaints alleging that a Member has

failed to disclose or declare a pecuniary interest (this being a breach of the code which could result in criminal prosecution of the Member). The number of complaints received is slightly lower than in previous years.

#### Internal Audit Review

12. The Council's Register of Interest and Gifts and Hospitality protocol was reviewed in January 2020 by the Internal Audit Team. The Auditors opinion was that **Reasonable Assurance** was provided, meaning that most controls are in place and are operating as expected to manage key risks to the council. The Audit report made a number of recommendations including:
  - i. To increase reminders to Members regarding the need to update their register of interests/gifts and hospitality forms. Reminders will now be sent on a 6 monthly basis, with the next reminder due in May 2020.
  - ii. To update the guidance and form for gifts and hospitality, including a column for Members to justify acceptances.
  - iii. To review the training offer for registering interests/gifts and hospitality and consider whether it should be a mandatory part of the induction process. This is being considered by the Member Services Manager as part of an overall review of the core induction modules.
  - iv. To reduce the value threshold of gifts and hospitality that needs to be registered, in line with the recommendations of the Committee on Standards in Public Life in January 2019, from £100 to £50.
  - v. To consider whether gifts and hospitality received by immediate family should be included on the register.
  - vi. To consider whether Members should record details of gifts and hospitality refused.
13. The Management Action Plan agreed that a discussion would need to take place with Members regarding actions iv, v, vi - as these would necessitate revising the Members Code of Conduct.

#### Local Government Association Model Code of Conduct

14. The Committee on Standards and Ethics in Public Life made a number of recommendations relating to the content of Member Code of Conducts in their 'Local Government Ethical Standards' report (2019). Democratic Services have reviewed these recommendations and conducted a gap analysis between them and the Council's current code of conduct. This gap analysis is attached at **appendix 2**.
15. The Local Government Association is also in the process of producing a model Code of Conduct, based upon the recommendations from the Committee on Standards and Ethics in Public Life. The Model Code is currently in consultation phase and is set to be launched in June 2020.

#### Member Working Group

16. It is recommended that a Member working group is established to review possible changes to the Members' Code of Conduct in light of recommendations from:
  - a. Surrey County Council Internal Audit Report of Register of Interests/Gifts and Hospitality.

- b. The Committee on Standards and Ethics 'Local Government Ethical Standards' report (2019).
- c. The Local Government Association Model Code of Conduct (due to be published in June 2020).

#### **Risk Management Implications**

- 17. The Council's Code of Conduct, Register of Interests and arrangements for dealing with complaints are statutory requirements and key elements of good governance. Guidance and training is intended to assist Members in observing the Code and so mitigate the risk of complaints about Members.

#### **Financial and Value for Money Implications**

- 18. An external investigation of a complaint costs in the region of £5,000. In the last year there were no investigations that required an external investigator.

#### **Equalities and Diversity Implications**

- 19. There are no obvious equalities and diversity implications to which the Committee needs to pay due regard.

#### **Appendices**

- a) Member Conduct Complaints (appendix a)
- b) Code of Conduct Gap Analysis (appendix b)

#### **Next steps:**

The Monitoring Officer will report any recommendations from this Committee to the Member Conduct Panel and will keep the Independent Person informed.

Should the Committee agree to set up a Member Working Group, Democratic Services will take steps to convene and support the groups work.

-----

**Report contact:** Paul Evans, Director of Law and Governance and Monitoring Officer

**Contact details:** 0208 541 9115 / [paul.evans@surreycc.gov.uk](mailto:paul.evans@surreycc.gov.uk)



Ref	Date complaint received	Complaint	Person Consulted	Status of complaint
(01/19)	11.01.2019	Failure to respond to communication	MO	Closed - no breach
(02/19)	04.02.2019	Paragraph 5 - Councillor not open, accountable or honest	MO	Closed - no breach
(03/19)	25.02.2019	Councillor breached of public service ethics	MO	Closed - no breach
(04/19)	27.02.2019	Paragraph 9 - Councillor not promoting high standards of conduct.	MO	Closed - no breach
(05/19)	16.03.2019	Councillor made inappropriate and misleading comments on social media.	MO	Closed - no breach
(06/19)	31.03.2019	Councillor made inappropriate and misleading comments on social media	MO	Closed - no breach
07/19)	02.04.2019	Councillor failed to respond to questions on social media	MO	Closed - no breach
08/19)	02.08.2019	Incident on property.	DMO	Closed - No breach
09/19)	12.11.2019	Paragraph 9 - Councillor not promoting high standards of conduct.	MO	Open
(10/19)	04.12.2019	Paragraphs 5, 8, 9 and 10.	MO	Closed - Resolved
(11/19)	09.12.2019	Paragraphs 5, 8, 9 and 10.	MO	Closed - Resolved
(12/19)	16.12.2019	Paragraphs 5, 8, 9 and 10.	MO	Closed - Resolved

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## Committee on Standards and Ethics in Public Life

### List of best practice – Gap Analysis

Recommendation	Current situation	Actions
1. Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.	Neither bullying nor harassment are mentioned in the Member Code of Conduct	Discuss with Member Working group and consider adopting.
2. Councils should include provisions in their code of conduct requiring councillors to comply with any standards investigation, and prohibiting trivial or malicious allegations by councillors	Not included in current Member Code of Conduct	As above.
3. Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.	Not current practice	Propose the Audit and Governance Committee conducts an annual review of the Code of Conduct and takes a view on how to engage others to provide a view.
4. An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises	A <a href="#">webpage</a> is published on the council's website and provides a link to the Code of Conduct. The Code is also published in the Constitution, also on the website.	No further action required.
5. Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV	The Members' gifts and hospitality register is maintained in hard copy format only. Updates are made immediately on receipt.	Decision to be taken on whether to publish the gifts and hospitality register.

6. Councils should publish a clear and straightforward public interest test against which allegations are filtered.	Not currently published	Consider developing public interest test to be developed and published in the Constitution
7. Local authorities should have access to at least two Independent Persons.	Only one Independent Person currently appointed.	Consider approaching Surrey districts and boroughs to explore sharing Independent Persons across authorities
8. An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.	This is set out in the arrangements for dealing with Member Conduct.  This element is not included in the arrangements.	Consider amending the arrangements to allow the Independent Person to review and comment on allegations.
9. Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied	This is already the practice	No action required.
10. A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes	A <a href="#">webpage</a> is published on how to make a complaint against a councillor and how complaints are handled.  Timescales are not set out for the process.	Review the guidance on arrangements for dealing with allegations of breaches of the Member Code of Conduct and add estimated timescales to the steps of the process
11. Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than	N/A	N/A

the clerk in all but exceptional circumstances		
12. Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work	N/A	N/A
13. A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation	Not included in the guidance.	Review the procedure for dealing with breaches to make sure this provision is included.
14. Councils should report on separate bodies they have set up or which they own as part of their annual governance statement, and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principles of openness, and publish their board agendas and minutes and annual reports in an accessible place.	Work currently ongoing to ensure the council's bodies comply with openness principles.	Monitor to make sure this is achieved.
15. Senior officers should meet regularly with political group leaders or group whips to discussion standards issues		Build this in to group and senior officer practices.

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## **The Local Government Association Model Member Code of Conduct Consultation Draft**

### **LGA introduction**

The LGA is providing this Model Member Code of Conduct as part of its work on supporting the sector to continue to aspire to high standards of leadership and performance.

The role of councillors is a vital part of our country's system of democracy. In voting for a local councillor, the public is imbuing that person and position with their trust. As such, it is important that councillors can be held accountable and adopt the behaviors and responsibilities associated with their role. The conduct of an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to and want to participate in. We want to attract individuals from a range of backgrounds and circumstances who understand the responsibility they take on and are motivated to make a positive difference to their local communities.

All councils are required to have a local Member Code of Conduct. This Model Member Code of Conduct has been developed in consultation with the sector and is offered as a template for councils to adopt in whole and/or with local amendments. The LGA will undertake an annual review of the Code to ensure it continues to be fit-for-purpose, particularly with respect to advances in technology, social media and any relevant changes in legislation. The LGA can also offer support, training and mediation to member councils and councillors on the application of the Code.

### **Introduction**

As a Councillor you represent local residents, work to develop better services and deliver local change. The public have high expectations of you and entrust you to represent everyone (in your ward/town/parish), taking decisions fairly, openly, transparently and with civility. You should also be treated with civility by members of the public, other councillors and council employees. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations.

### **Purpose**

The purpose of this Code of Conduct is to assist councillors in modelling the behaviour that is expected of them, to provide a personal check and balance, and to set out the type of conduct against which appropriate action may be taken. It is also to protect yourself, the public, fellow councillors, council officers and the reputation of local government. It sets out the conduct expected of all Members and a minimum set of obligations relating to conduct. The overarching aim is to create and maintain public confidence in the role of Member and local government.

### **Application of the Code**

The Code of Conduct applies to you when you are acting [or claiming or giving the impression that you are acting]<sup>i</sup> in [public or in]<sup>ii</sup> your capacity as a Member or representative of your council, although you are expected to uphold high standards of conduct and show leadership at all times. The Code applies to all forms of Member communication, including written, verbal, non-verbal, electronic and social media, [including where you could be deemed to be representing your council or if there are potential implications for the council's reputation.]<sup>iii</sup> Model conduct and expectations is for guidance only, whereas the specific obligations set out instances where action will be taken.

### **The seven principles of public life**

Everyone in public office at all levels – Ministers, civil servants, Members, council officers – all who serve the public or deliver public services should uphold the seven principles of



public life<sup>iv</sup>. This Code has been developed in line with these seven principles of public life, which are set out in appendix A.

### **Model Member conduct**

In accordance with the public trust placed in me, on all occasions I will:

- act with integrity and honesty
- act lawfully
- treat all persons with civility; and
- lead by example and act in a way that secures public confidence in the office of Councillor

In undertaking my role, I will:

- impartially exercise my responsibilities in the interests of the local community
- not improperly seek to confer an advantage, or disadvantage, on any person
- avoid conflicts of interest
- exercise reasonable care and diligence; and
- ensure that public resources are used prudently and in the public interest

### **Specific obligations of general conduct**

This section sets out the minimum requirements of Member conduct. Guidance is included to help explain the reasons for the obligations and how they should be followed. These obligations must be observed in all situations where you act [or claim or give the impression that you are acting] as a councillor [or in public], including representing your council on official business and when using social media.

As a Councillor I commit to:

#### **Civility**

1. Treating other councillors and members of the public with civility.
2. Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play.

Civility means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a civil manner. You should not subject individuals, groups of people or organisations to unreasonable or excessive personal attack.

In your contact with the public you should treat them courteously. Rude and offensive behaviour lowers the public's expectations and confidence in its elected representatives.

In return you have a right to expect courtesy from the public. If members of the public are being abusive, threatening or intimidatory you are entitled to close down any conversation in person or online, refer them to the council, any social media provider or if necessary, the police. This also applies to Members, where action could then be taken under the Member Code of Conduct.

### **Bullying and harassment**

3. Not bullying or harassing any person.

Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. The bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and not always be obvious or noticed by others.<sup>v</sup>

The Equality Act 2010 defines harassment as “unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual’s dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual”. The relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation.

### **Impartiality of officers of the council**

4. Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council.

Officers work for the council as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. Although you can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

### **Confidentiality and access to information**

5. Not disclosing information given to me in confidence or disclosing information acquired by me which I believe is of a confidential nature, unless I have received the consent of a person authorised to give it or I am required by law to do so.
6. Not preventing anyone getting information that they are entitled to by law.

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public except in certain circumstances. You should work on this basis but there will be times when it is required by law that discussions, documents and other information relating to or held by the council are treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

### **Disrepute**

7. Not bringing my role or council into disrepute.

Behaviour that is considered dishonest and/or deceitful can bring your council into disrepute. As a Member you have been entrusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on other councillors and/or your council.

### **Your position**

8. Not using, or attempting to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a Member of the council provides you with certain opportunities, responsibilities and privileges. However, you should not take advantage of these opportunities to further private interests.

### **Use of council resources and facilities**

#### **9. Not misusing council resources.**

You may be provided with resources and facilities by the council to assist you in carrying out your duties as a councillor. Examples include office support, stationery and equipment such as phones, and computers and transport. These are given to you to help you carry out your role as a councillor more effectively, not to benefit you personally.

### **Interests**

#### **10. Registering and declaring my interests.**

You need to register your interests so that the public, council employees and fellow Members know which of your interests might give rise to a conflict of interest. The register is a document that can be consulted when (or before) an issue arises, and so allows others to know what interests you have, and whether they might give rise to a possible conflict of interest. The register also protects you. You are responsible for deciding whether or not you should declare an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise.

It is also important that the public know about any interest that might have to be declared by you or other Members, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained. Discuss the registering and declaration of interests with your Monitoring Officer/Town or Parish Clerk and more detail is set out in appendix B.

### **Gifts and hospitality**

#### **11. Not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.**

#### **12. Registering with the Monitoring Officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.**

You should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a Member. However, you do not need to register gifts and hospitality which are not related to your role as a Member, such as Christmas gifts from your friends and family, or gifts which you do not accept. However, you may wish to notify your Monitoring Officer of any significant gifts you are offered but refuse which you think may have been offered to influence you.

### **Breaches of the Code of Conduct**

Most councillors conduct themselves appropriately and in accordance with these standards. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations.

Section 27 of the Localism Act 2011 requires relevant authorities to promote and maintain high standards of conduct by Members and co-opted Members of the authority. Each local

authority must publish a code of conduct, and it must cover the registration of pecuniary

interests, the role of an 'Independent Person' to advise on and investigate alleged breaches, and sanctions to be imposed on any councillors who breach the Code.

The 2011 Act also requires local authorities to have mechanisms in place to investigate allegations that a Member has not complied with the Code of Conduct, and arrangements under which decisions on allegation may be made.

Failure to comply with the requirements to register or declare disclosable pecuniary interests is a criminal offence. Taking part in a meeting or voting, when prevented from doing so by a conflict caused by disclosable pecuniary interests, is also a criminal offence.

Political parties may have its own internal standards and resolution procedures in addition to the Member code of conduct that Members should be aware of.

Note – items in square brackets [x] refer to recommendations made by the Committee on Standards in Public Life and may be part of a future Government consultation. This includes possible future sanctions and appeals processes.

## **LGA Guidance and recommendations**

### **Internal resolution procedure**

Councils should have in place an internal resolution procedure to address conduct that is in breach of the Member Code of Conduct. The internal resolution process should make it clear how allegations of breaches of the Code of Conduct are to be handled, including the role of an Independent Person, the appeals process and can also include a local Standards Committee. The internal resolution procedure should be proportionate, allow for Members to appeal allegations and decisions, and allow for an escalating scale of intervention. The procedure should be voted on by the Council as a whole.

In the case of a non-criminal breach of the Code, the following escalating approach can be undertaken. If the breach is confirmed and of a serious nature, action can be automatically escalated.

1. An informal discussion with the Monitoring Officer or appropriate senior officer
2. An informal opportunity to speak with the affected party/ies
3. A written apology
4. Mediation
5. Peer support
6. Requirement to attend relevant training
7. Where of a serious nature, a bar on chairing advisory or special committees for up to two months
8. Where of a serious nature, a bar on attending committees for up to two months

Where serious misconduct affects an employee, a Member may be barred from contact with that individual; or if it relates to a specific responsibility of the council, barred from participating in decisions or information relating to that responsibility.

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<sup>i</sup> CSPL recommend that "Section 27(2) of the Localism Act 2011 should be amended to state that a local authority's code of conduct applies to a Member when they claim to act, or give the impression they are acting, in their capacity as a Member or as a representative of the local authority".

<sup>ii</sup> CSPL recommend that “councillors should be presumed to be acting in an official capacity in their public conduct, including statements on publicly accessible social media. Section 27(2) of the Localism Act 2011 should be amended to permit local authorities to presume so when deciding upon code of conduct breaches.”

<sup>iii</sup> Subject to footnotes 1 and 2 above

<sup>iv</sup> See CSPL website for further details <https://www.gov.uk/government/news/the-principles-of-public-life-25-years>

<sup>v</sup> acas’s definition of bullying.

DRAFT

## Code Appendix A

The principles are<sup>1</sup>:

### **Selflessness**

Holders of public office should act solely in terms of the public interest.

### **Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

### **Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

### **Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

### **Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

### **Honesty**

Holders of public office should be truthful.

### **Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

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<sup>1</sup> <https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life>



## Code Appendix B

### Registering interests

1. Within 28 days of this Code of Conduct being adopted by the council or your election or appointment to office (where that is later) you must register with the Monitoring Officer the interests which fall within the categories set out in Table A (Disclosable Pecuniary Interests) and Table B (Other Registerable Interests).
2. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest in Table A or B, or of any change to a registered interest, notify the Monitoring Officer.

### Declaring interests

3. Where a matter arises at a meeting which directly relates to an interest in Table A, you must declare the interest, not participate in any discussion or vote on the matter and must not remain in the room unless granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
4. Where a matter arises at a meeting which directly relates to an interest in Table B, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
5. Where a matter arises at a meeting which directly relates to your financial interest or well-being (and is not a Disclosable Pecuniary Interest) or a financial interest or well-being of a relative or close associate, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
6. Where a matter arises at a meeting which affects –
  - a. your own financial interest or well-being;
  - b. a financial interest or well-being of a friend, relative, close associate; or
  - c. a body covered by table 1 below

you must disclose the interest.

7. Where the matter affects the financial interest or well-being to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

Table 1: Interests described in the table below.

<b>Subject</b>	<b>Description</b>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the Council) made to the Councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a Councillor, or towards his/her election expenses.
	This includes any payment or financial benefit from a trade union within the meaning of the <a href="#">Trade Union and Labour Relations (Consolidation) Act 1992</a> .
Contracts	Any contract made between the Councillor or his/her spouse or civil partner or the person with whom the Councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the Council —
	(a) under which goods or services are to be provided or works are to be executed; and
	(b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the area of the Council.  'Land' excludes an easement, servitude, interest or right in or over land which does not give the Councillor or his/her spouse or civil partner or the person with whom the Councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the Council for a month or longer.
Corporate tenancies	Any tenancy where (to the Councillor's knowledge)—

	(a) the landlord is the Council; and
	(b) the tenant is a body that the Councillor, or his/her spouse or civil partner or the person with whom the Councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where—
	(a) that body (to the Councillor's knowledge) has a place of business or land in the area of the Council; and
	(b) either—
	(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or
	(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the Councillor, or his/her spouse or civil partner or the person with whom the Councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

\*'director' includes a member of the committee of management of an industrial and provident society.

\*\*'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

#### Table B

- (i) Any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council;
- (ii) Any body—
  - (a) exercising functions of a public nature;
  - (b) directed to charitable purposes; or
  - (c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

of which you are a member or in a position of general control or management.

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Audit & Governance Committee  
22 May 2020

## Risk management baseline review

### Purpose of the report:

To provide an overview of the recent risk management baseline review to enable the committee to meet its responsibilities for monitoring the development and operation of the council's risk management arrangements.

### Recommendations

It is recommended that the committee consider the contents of the report and confirm they are satisfied with the next steps.

### Baseline review

1. The attached slides (Annex A) provide an overview of the key findings and recommendations from the recent risk management baseline review that was undertaken by risk management consultants Gallagher Bassett.

### Implications

#### Financial and value for money implications

2. Risk management arrangements, including effective controls and timely action, supports the achievement of the council's objectives and enables value for money.

#### Equalities and Diversity Implications

3. There are no direct equalities implications in this report.

#### Risk Management Implications

4. Embedded risk management arrangements leads to improved governance and effective decision-making.

**Report contact:** Cath Edwards, Risk Manager, Finance  
**Contact details:** 020 85419193 or [cath.edwards@surreycc.gov.uk](mailto:cath.edwards@surreycc.gov.uk)

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# A Risk Management Baseline

March 2020

# Context

- Risk management consultants Gallagher Bassett have undertaken a baseline review of the Council's Strategic Risk Management arrangements at the end of 2019
- The review was based on the 'Risk Management assessment framework: a tool for departments' (HM Treasury, July 2009) and involved:
  - A series of interviews with key stakeholders; and
  - A desk-top review of key risk documents
- Overall finding - The council demonstrates a **fundamental commitment to embrace risk management** as an essential management practice and embed it within the organisational culture
- Recommendations are divided into **Operational** and **Strategic** Risks
- **Operational** risks we will drive forward internally
- For **Strategic** risk management we will be looking to secure a partner to support the implementation



# Key Findings

1. Council is considered to be **'risk averse'** in its approach
2. Level of **risk management knowledge, experience and expertise varies** across the Council - need to develop a consistent understanding and approach
3. Risk management **successes and failures are not publicised** regularly
4. Lack of a view on risk management standards or how they should be applied to **partnerships**
5. Responsibility for managing risks **not embedded into HR&OD strategies and programmes**
6. Risk management is **not formally aligned to business planning practices**
7. The Risk Management Strategy and Framework should **seek to ensure a common understanding of terminology and process**
8. Consideration of risk management issues by all Members could be **enhanced**
9. In some parts of the Council, risk management is considered to be purely **negative** rather than an enabler
10. Internal risk reporting requirements are generally complied with but there is **scope to achieve greater levels of assurance through deep dives of key risks (A&G)**

# Recommendations

## Operational Risks

Ensure risk management is **embedded into HR strategies and programmes**

Consider improving the ability to **learn lessons and publicise risk management successes**

Consider strengthening the role of the **Audit and Governance Committee** through deep dives on **key risks**

**0-6 months**

## Strategic Risks

Ensure appropriate formal mechanisms in place for **managing risks within partnerships**

Consider formally expanding the focus of risk management to **include opportunity risk as well as threats**

Consider providing further clarity on the **Council's risk appetite**

Consider developing **risk management training programmes**

Ensure risk management is **consistently applied/strategically joined-up across business planning activities**

Ensure the **Risk Strategy and Framework** is **appropriate & reviewed regularly**

Consider developing **risk indicators** to enhance performance measurement and assurance

**6 – 12+ months**

# Next Steps

- Engage a strategic partner to support delivery of a Risk Management culture across the Council – in next 3 months (work underway)
- Support the Audit & Governance committee to drive some operational risk improvements in the intervening period
- Update Audit & Governance Committee in July

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Audit & Governance Committee  
22 May 2020

## Internal Strategy and Annual Audit Plan 2020/21

### **SUMMARY AND PURPOSE:**

The purpose of this report is to present the Internal Audit Strategy and Annual Internal Audit Plan for 2020/21 to the Committee.

Under-pinning the work of the Orbis Internal Audit Service in delivering the Annual Internal Audit Plan are the key principles and objectives as set out in the Internal Audit Strategy and Charter. These are presented alongside the Annual Internal Audit Plan for 2020/21 as good practice dictates that these should be updated and reviewed on an annual basis.

### **RECOMMENDATIONS:**

Members are asked to consider the contents of this report and Appendices, and to approve the following:

- (i) The Internal Audit Strategy (Annex A)
- (ii) The Internal Audit and Corporate Fraud Plan (Appendix A)
- (iii) The Internal Audit Charter (Appendix B)

### **BACKGROUND:**

1. The statutory basis for Internal Audit in local government is provided in the Accounts and Audit Regulations 2015, which require a local authority to “*undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes*”.
2. The Accounts and Audit Regulations contain the expectation that Internal Audit will take into account public sector internal audit standards or guidance. The Audit and Governance Committee recognises the mandatory nature of the Public Sector Internal Audit Standards (PSIAS), which came into effect on 1 April 2013 (and revised 1 April 2017).

#### **Internal Audit and Corporate Fraud Strategy, and Plan**

3. Under the PSIAS there is no longer a requirement to produce an Internal Audit Strategy. However, the Chief Internal Auditor is of the opinion that this is a useful document that links the work of Internal Audit to the Council’s vision to be confident in Surrey’s future.

4. Through approving the Orbis Internal Audit Strategy alongside the Annual Audit Plan for 2020/21, the link between the work of Internal Audit and the high level strategic vision of the Council is apparent.

#### Development of the Internal Audit Plan

5. The Internal Audit and Corporate Fraud Plan for 2020/21, which is a risk based programme of work, is set out at Appendix A. There are a number of core elements to the Internal Audit Plan which are likely to feature each year such as:

- (i) Reviewing corporate governance arrangements to inform the Annual Governance Statement
- (ii) Grant certification
- (iii) Counter fraud activity, including participation in the National Fraud Initiative (NFI)

In addition to these elements, Internal Audit also carries out testing on an annual basis of many of the Council's key financial systems.

6. Once these core elements of the Plan and follow up reviews are accounted for, the remaining audits shown in the proposed Plan have been included based on a risk priority which has been assessed following:

- (i) Consultation with:
  - a. Executive Directors and other senior officers
  - b. S151 Officer
  - c. The Risk and Governance Manager
- (ii) Consideration of risk registers
- (iii) Areas of concern emerging from liaison with partners from East Sussex County Council and Brighton and Hove City Council within the overall Orbis Internal Audit partnership
- (iv) Other Local Authority Internal Audit services through regional and national networking

7. The draft Plan was also presented at a meeting of the CLT on 30 March 2020 and has been agreed by the Section 151 Officer prior to this committee.

8. The Chief Internal Auditor is confident that the draft Internal Audit Plan at Appendix A provides sufficient coverage across the Council's activities to enable him to form an overall opinion on the adequacy of the Council's framework of control at the end of the year.

#### Resources

9. The Internal Audit planned available days are as follows:

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Plan Days</b>	1,989	1,780	1,652	1,652

11. The overall level of resource has been maintained for 2020/21 and is considered to be sufficient to allow Internal Audit to deliver its risk based plan in accordance with professional standards<sup>1</sup> and to enable the Chief Internal Auditor to provide his annual audit opinion. Additional resource, to commence the delivery of a cyclical programme of schools audit, has been made available to Internal Audit in 2020/21 and is held as a ring-fenced allocation of days in addition to the 1,652 days shown above. This is described in more detail in the Internal Audit Strategy.

<sup>1</sup> Public Sector Internal Audit Standards (PSIAS)

## Internal Audit Charter (Appendix B)

13. The PSIAS require Internal Audit to have a Charter that has been formally approved and is regularly reviewed. The Charter attached at Appendix B reflects the PSIAS Local Government Application note which was published in April 2013 and has been refreshed in 2020 by the Orbis Chief Internal Auditor.

### **IMPLICATIONS:**

15. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. The Annual Internal Audit Plan is designed to focus on key areas of risk and as such should help ensure effective risk management and support the achievement of value for money.

### **WHAT HAPPENS NEXT:**

16. The Orbis Internal Audit Service will deliver the 2020/21 Internal Audit Plan over the coming 12 months and Internal Audit reports will be produced and distributed in line with the Reporting and Escalation Policy.
17. Quarterly updates on completed audit work and performance of the service will be reported to CLT and the Committee throughout the year.

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# Internal Audit Strategy and Annual Audit Plan 2020-2021



## 1. Role of Internal Audit

1.1 The full role and scope of the Council's Internal Audit Service is set out within the Internal Audit Charter and Terms of Reference, the latest version of which is attached to this Strategy as Appendix B.

1.2 The mission of Internal Audit, as defined by the Chartered Institute of Internal Auditors (CIIA), is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit is defined as *"an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."*

1.3 The organisation's response to internal audit activity should lead to a strengthening of the control environment, thus contributing to the overall achievement of organisational objectives.

## 2. Risk Assessment and Audit Planning

2.1 Surrey County Council's Internal Audit Strategy and Annual Audit Plan is updated annually and is based on a number of factors, especially management's assessment of risk (including that set out within the strategic and departmental risk registers) and our own risk assessment of the Council's major systems and other auditable areas. This allows us to prioritise those areas to be included within the audit plan on the basis of risk.

2.2 The update of the annual plan for 2020/21 has involved consultation with a range of stakeholders, to ensure that their views on risks and current issues, within individual directorates and corporately, are identified and considered. In order to ensure that the most effective use is made of available resources, to avoid duplication and to minimise service disruption, efforts continue to be made to identify, and where possible, rely upon, other sources of assurance available. The following diagram sets out the various sources of information used to inform our 2020/21 audit planning process:



2.3 In order to ensure audit and assurance activity is properly focussed on supporting the delivery of the Council's priorities, the audit plan has taken into account the key corporate priorities of the Council as set out within the Organisational Strategy 2020-25 and the Vision for Surrey in 2030. In particular, some of these key themes identified include:

- More Joined Up Health and Social Care – integrating health and council services so they are more effective, efficient and seamless for residents;
- Digital Revolution – making the most of new technology to innovate and improve services, and the way we work, to help Surrey and residents thrive; and
- Supporting the Local Economy – investing in the infrastructure Surrey needs to build a strong and resilient economy.

2.4 In producing the audit plan (which is set out in Appendix A to this report) the following key principles continue to be applied:

- All key financial systems are subject to a cyclical programme of audits covering, as a minimum, compliance against key controls;
- Previous reviews which resulted in 'minimal assurance' audit opinions will be subject to a specific follow-up review to assess the effective implementation by management of agreed actions. This will also include a number of previous reviews with a 'partial assurance' opinion where deemed necessary or where the area under review is considered to be of a higher risk nature.

2.5 In addition, formal action tracking arrangements are in place to monitor the implementation by management of all individual high risk recommendations, with the results of this work reported to the Audit and Governance Committee on a quarterly basis.

2.6 During the last three years, Surrey County Council, East Sussex County Council and Brighton and Hove City Council have been working together to develop and form the Orbis Partnership, covering a range of business services, including internal audit. This work has resulted in the formation of a single, integrated internal audit service from April 2018, involving three locality based teams supported by two specialist teams in the areas of ICT audit and counter fraud. It is our ambition that this will provide greater resilience and capacity for our partner councils whilst also building on existing high quality services.

### 3. Key Issues

3.1 In times of significant transformation, organisations must both manage change effectively and ensure that core controls remain in place. In order to respond to the continued reduction in financial resources and the increased demand for services, the Council needs to consider some radical changes to its service offer in many areas.

3.2 Internal Audit must therefore be in a position to give an opinion and assurance that covers the control environment in relation to both existing systems and these new developments. It is also essential that this work is undertaken in a flexible and supportive manner, in conjunction with management, to ensure that both risks and opportunities are properly considered. During 2020/21, a number of major organisational initiatives are featured within the audit plan, with the intention that Internal Audit is able to provide proactive advice, support and assurance as these programmes progress. These include the:

Surrey County Council

- Transformation Programme;
- Digital Business and Insights Programme (SAP replacement);
- Waste PFI arrangements;
- Capital Programme;
- Re-procurement of the Highways contract.

3.3 In recognition that in some cases, sufficient information regarding the full extent of future changes and associated risks may not yet be known, the 2020/21 audit plan includes a proportion of time classified as 'Emerging Risks'. This approach has been adopted to enable Internal Audit to react appropriately throughout the year as new risks materialise and to ensure that expertise in governance, risk and internal control can be utilised early in the change process.

3.4 In view of the above, Internal Audit will continue to work closely with senior management and Members throughout the year to identify any new risks and to agree how and where audit resources can be utilised to best effect.

3.5 Other priority areas identified for inclusion within the audit plan include:

- Re-establishing a cyclical programme for the audit of maintained schools, to provide assurance that robust arrangements are in place within schools for managing delegated funds and maintaining an effective financial control environment;
- Business Continuity;
- Contract Management arrangements;
- Children's Services , including SEND;
- Health & Safety.

3.6 The results of all audit work undertaken will be summarised within quarterly update reports to CLT and Audit and Governance Committee, along with any common themes and findings arising from our work.

## 4. Counter Fraud

4.1 Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Council's Anti-Fraud and Corruption Strategy.

4.2 The Chief Internal Auditor should be informed of all suspected or detected fraud, corruption or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

4.3 In addition, Internal Audit will promote an anti-fraud and corruption culture within the Council to aid the prevention and detection of fraud. Through the work of the Counter Fraud Team, Internal Audit will maintain a fraud risk assessment and deliver a programme of proactive and reactive counter fraud services to help ensure that the Council continues to protect its services from fraud loss. This will include leading on the National Fraud Initiative data matching exercise on behalf of the Council.

## 5. Matching Audit Needs to Resources

5.1 The overall aim of the Internal Audit Strategy is to allocate available internal audit resources so as to focus on the highest risk areas and to enable an annual opinion to be given on the adequacy and effectiveness of the Council's governance, risk and control framework.

5.2 In addition to this, resources have been allocated to the external bodies for whom Orbis Internal Audit also provide internal audit services, at an appropriate charge. These include Horsham District Council, Elmbridge District Council, East Sussex Fire Authority and South Downs National Park.

5.3 Internal audit activities will be delivered by a range of staff from across the Orbis Internal Audit Service, maximising the value from a wide range of skills and experience available. In the small number of instances where sufficient expertise is not available from within the team, mainly in highly technical areas, externally provided specialist resources will continue to be utilised.

5.4 The following table summarises the level of audit resources expected to be available for Surrey County Council in 2020/21 (expressed in days), compared to the equivalent number of planned days in previous years. With the exception of additional days on schools (see below), the overall level of resource remains consistent with that of the previous year and is considered to be sufficient to allow Internal Audit to deliver its risk based plan in accordance with professional standards<sup>1</sup> and to enable the Chief Internal Auditor to provide his annual audit opinion.

**Table 1: Annual Internal Audit Plan – Plan Days**

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Plan Days</b>	2,117	1,989	1,780	1,652	1,652

5.5 In addition to the above, a further 220 days will be delivered each year from 20/21 specifically focussing on audits of SCC maintained schools. These days will be ring-fenced as an additional resource intended to complete a programme of auditing all maintained schools in Surrey over a rolling 5 year timetable.

## 6. Audit Approach

6.1 The approach of Internal Audit is to use risk based reviews, supplemented in some areas by the use of compliance audits and themed reviews. All audits have regard to management's arrangements for:

- Achievement of the organisation's objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

<sup>1</sup> Public Sector Internal Audit Standards (PSIAS)  
Surrey County Council

6.2 In addition to these audits, and the advice on controls given on specific development areas which are separately identified within the plan, there are a number of generic areas where there are increasing demands upon Internal Audit, some of which cannot be planned in advance. For this reason, time is built into the plan to cover the following:

- Contingency – an allowance of days to provide capacity for unplanned work, including special audits and management investigations. This contingency also allows for the completion of work in progress from the 2019/20 plan;
- Advice, Management, Liaison and Planning - an allowance to cover provision of ad hoc advice on risk, audit and control issues, audit planning and annual reporting, ongoing liaison with service management and Members, and audit management time in support of the delivery of all audit work, planned and unplanned.

6.3 In delivering this strategy and plan, we will ensure that liaison has taken place with the Council's external auditors, Grant Thornton, to ensure that the use of audit resources is maximised, duplication of work is avoided, and statutory requirements are met.

## 7. Training and Development

7.1 The effectiveness of the Internal Audit Service depends significantly on the quality, training and experience of its staff. Training needs of individual staff members are identified through a formal performance and development process and are delivered and monitored through on-going management supervision.

7.2 The team is also committed to coaching and mentoring its staff, and to providing opportunities for appropriate professional development. This is reflected in the high proportion of staff holding a professional internal audit or accountancy qualification as well as several members of the team continuing on new apprenticeship training during 2020/21.

## 8. Quality and Performance

8.1 With effect from 1 April 2013, all of the relevant internal audit standard setting bodies, including CIPFA, adopted a common set of Public Sector Internal Audit Standards (PSIAS). These are based on the Institute of Internal Auditors International Professional Practices Framework and replace the previous Code of Practice for Internal Audit in Local Government.

8.2 Included within the new Standards is the requirement for the organisation to define the terms 'Board' and 'senior management' in the context of audit activity. This has been set out within the Internal Audit Charter, which confirms the Audit and Governance Committee's role as the Board.

8.3 The PSIAS require each internal audit service to maintain an ongoing quality assurance and improvement programme based on an annual self-assessment against the Standards, supplemented at least every five years by a full independent external assessment. The outcomes from these assessments, including any improvement actions arising, will be reported to the Audit and Governance Committee, usually as part of the annual internal audit report. For clarity, the Standards specify that the following core principles underpin an effective internal audit service:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused;
- Promotes organisational improvement.

8.4 In addition, the performance of Orbis Internal Audit continues to be measured against key service targets focussing on service quality, productivity and efficiency, compliance with professional standards, influence and our staff. These are all underpinned by appropriate key performance indicators as set out in Table 2 below.

8.5 At a detailed level each audit assignment is monitored and customer feedback sought. There is also ongoing performance appraisals and supervision for all Internal Audit staff during the year to support them in achieving their personal targets.

8.6 In addition to the individual reports to management for each audit assignment, reports on key audit findings and the delivery of the audit plan are made to the Audit and Governance Committee on a quarterly basis. An Annual Internal Audit Opinion is also produced each year.

8.7 Whilst Orbis Internal Audit liaises closely with other internal audit services through the Sussex and Surrey audit and counter fraud groups, the Home Counties Chief Internal Auditors' Group and the Local Authority Chief Auditors' Network, we are continuing to develop joint working arrangements with other local authority audit teams to help improve resilience and make better use of our collective resources.

**Table 2: Performance Indicators**

Aspect of Service	Orbis IA Performance Indicators	Target
<b>Quality</b>	<ul style="list-style-type: none"> <li>• Annual Audit Plan agreed by Audit Committee</li> <li>• Annual Audit Report and Opinion</li> <li>• Satisfaction levels</li> </ul>	<p>By end April</p> <p>To inform AGS 90% satisfied</p>
<b>Productivity and Process Efficiency</b>	<ul style="list-style-type: none"> <li>• Audit Plan – completion to draft report stage by 31 March 2021</li> </ul>	90%
<b>Compliance with Professional Standards</b>	<ul style="list-style-type: none"> <li>• Public Sector Internal Audit Standards</li> <li>• Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act</li> </ul>	<p>Conforms</p> <p>Conforms</p>

<b>Outcomes and degree of influence</b>	<ul style="list-style-type: none"> <li>Implementation of management actions agreed in response to audit findings</li> </ul>	95% for high priority
<b>Our Staff</b>	<ul style="list-style-type: none"> <li>Professionally Qualified/Accredited</li> </ul>	80%

Russell Banks  
Orbis Chief Internal Auditor



# INTERNAL AUDIT PLAN

## 2020-21



Review Name	Outline Objective
<b>Adult Social Care</b>	
Mental Health	Following the return to in-house provision, to review reporting arrangements and compliance with legislation/regulations, such as the Care Act, both in terms of types of services provided and staff training and qualifications.
Reablement	A review assess the adequacy of new arrangements to deliver reablement services, including the effectiveness of the rostering system and impact on/alignment with ASC's Visions and Values.
Placements	A review to examine the governance arrangements and internal control processes of the new, central brokerage/placement team to ensure both controls mechanisms and significant risks are identified and addressed.
ASC Operating Model	Provision of advice, support and assurance over proposals for a new Operating Model. Early stages of discussion for a future operating model incorporate significant changes (Mental Health and Reablement) and reduction in vacancies by up to 22%.
Hospital Teams	An examination of controls over the Hospital Teams' approach to step-downs/intermediate care. Also considering whether practices align with council policies and processes.
Social Care Debt	To provide assurance that the new processes for managing social care debt are properly controlled and effective in reducing the overall debt position, in particular with regards to existing debt.
<b>Highways &amp; Transportation</b>	
Brightwells Development	This review will examine the governance arrangements around the Brightwells redevelopment project in Farnham to establish the robustness of decision-making and evaluation processes.
Pavement Horizon	This review will seek to provide assurance that pavement works are carried out in an efficient and effective manner and in line with criteria. It will use data analytics to identify potential distribution patterns requiring further investigation/explanation.
Re-procurement of the Highways contract	A review to provide assurance over the governance, management controls and tendering processes for re-letting of the highways contract.

## INTERNAL AUDIT PLAN 2020-21



Review Name	Outline Objective
<b>Environment</b>	
Waste PFI	To continue to provide assurance and advice on the governance arrangements for the ongoing management of the Waste PFI contract.
Countryside Contract	This review will provide assurance that the newly let countryside contract is operating as expected, including a consideration of governance and performance monitoring arrangements. Where applicable, ensure there are robust controls in place to manage income.
<b>Children's, Families, Life-Long Learning &amp; Culture</b>	
Cyclical Schools Programme	To provide assurance that processes and controls within maintained schools are sufficiently robust to provide the council with understanding and assurance around school financial and non-financial activities. This will involve specific schools-related audit work as well as thematic reviews where appropriate.
ContrOCC	The ContrOCC system supports adults' and children's social care finance teams with the process of managing contracts and budgets, making payments and collecting contributions. This review will provide assurance that the system is operating as expected and contains appropriate internal controls in the post implementation stage.
SEND	This audit will support the ongoing transformation of SEND provision by reviewing key control processes and risks within the service to ensure that any revised delivery methods are effectively governed and appropriately controlled.
EYES (Early Years and Education System)	Liquidlogic has released a product which combines Education Management, Early Years, Social Care and Early Help into one solution. It features a Children's solution on one database with 3 linked modules; Early Years and Education (EYES), Early Help, and Children's Social Care, plus an integrated Adults solution. This review will provide advice, support and assurance as this project evolves to ensure that appropriate controls and safeguards are designed in the processes and are implemented on go-live.
Libraries	This audit will support the ongoing transformation of this front-line activity by reviewing key control processes and risks within the service to ensure that any revised delivery

# INTERNAL AUDIT PLAN

## 2020-21



Review Name	Outline Objective
	methods are effectively governed and appropriately controlled.
<b>Public Health</b>	
Smoking Cessation Contract	A review contract management and value for money arrangements associated with the Stop Smoking service
<b>Better Care Fund</b>	
Better Care Fund	This time in the annual plan is to allow for audits to be commissioned over specific aspects of both Better Care Fund activity and the integration of adult social care and health. The reviews in this area are to be determined in year following discussions between Internal Audit and Adult Social Care/Clinical Commissioning Groups as arrangements develop and the potential focus of our work becomes clearer.
<b>Finance</b>	
Procure to Pay	To review the processes and key controls relating to the accounts payable system, including those in place for ensuring the accuracy of vendor details, the processing of invoices, goods receipting and promptness of payments.
Order to Cash	To review the processes and key controls relating to the accounts receivable system, including those in place for ensuring the accuracy of customer details, completeness, accuracy and timeliness of invoicing, recording and matching payments to invoices, and debt recovery.
General Ledger	To review the processes and key controls relating to the maintenance and operation of the general ledger, including suspense accounts, reconciliations, journals and year end procedures.
Pension Fund Administration	To review the key controls over the calculation and payment of pensions, transfers to and from the pension fund and the collection and recording of pension contributions (including contributions from other admitted bodies).
Pension Fund Investments	A review to assess the adequacy of the SCC Pension Fund management and governance arrangements. Also, to examine arrangements for obtaining assurance over the adequacy of the control environment of pension fund investment managers and the custodian.
Financial Assessments & Income Collection (ASC)	To review the key controls in place for both the financial assessment process, including the collation and analysis of information from care recipients to ensure correct

## INTERNAL AUDIT PLAN 2020-21



Review Name	Outline Objective
	calculation of contributions occurs in a timely fashion, and a review of the benefit calculation process to ensure correct payments are made.
Revenue Budgetary Control	A review of the council's budget management arrangements, to include an assessment of the extent to which planned savings are being delivered.
Payroll	To review controls in relation to the staff payment system, including those relating to starters, leavers, temporary and permanent payments, variations of pay, and pre-employment checks.
Treasury Management	A review to assess the adequacy of key controls and procedures across the council's Treasury Management arrangements, including cash flow forecasting, segregation of duties, financial investments and use of treasury advisers.
Capital Programme	To review processes and key financial controls across the Council. The review will include capital expenditure monitoring, funding, receipts, borrowing and capital accounting.
Making Tax Digital (phase 2)	A review of the robustness of the preparations made by the council for the second phase of compulsory digital tax-keeping records from HMRC - Making Tax Digital (MTD). Phase 2, which commences from the first VAT return in April 2020, requires fully digital links between the council and HMRC to pass information without human intervention.
Twelve15	A review to assess the governance arrangements and control environment in place within Twelve15 (previously Surrey Commercial Services), with specific focus on providing assurance on the performance and contract management aspects of delivery.
<b>Grant Certification</b>	
Local Transport Capital Block Funding	To provide to the DfT the annual certification for the funding of various highways schemes received in 2019/20, including extra monies obtained for additional winter highway repairs.
Local Transport Revenue Block Funding	To provide to the DfT a certification for the funding of Blue Badge New Criteria Implementation specific grant received in 2019/20.
Bus Subsidy	To provide to the DfT the annual certification for the funding of bus subsidy grant monies received in 2019/20.
Troubled Families	Certification of periodic grant claim returns in-year on behalf of Children's Services to enable the release of funds

# INTERNAL AUDIT PLAN

## 2020-21



Review Name	Outline Objective
	from the DfE, including confirmation of family's eligibility for inclusion and evidence that outcome plans have been achieved.
Digi-Tourism (EU)	To provide First Level Controller certification for Semesters 4 and 5 of this EU funded project (a grant to develop virtual and augmented reality in tourism).
Urban Links To Landscape (EU)	To provide FLC certification for Semesters 4 and 5 of this EU funded project (a grant to develop influential policy for use of urban fringe land).
IMAGINE (EU)	To provide FLC certification for Semesters 3 and 4 of this EU funded project (research into an Inclusive Market Agriculture Incubator in North-West Europe).
<b>Follow-up audits from 19-20</b>	
Property Asset Management System (PAMS) Income	To follow-up management actions implemented since the original audit, which reported an opinion of Partial Assurance in 2019/20.
Health & Safety	To follow-up management actions implemented since the original audit, which reported an opinion of Partial Assurance in 2019/20.
Officer Code of Conduct	To follow-up management actions implemented since the original audit, which reported an opinion of Partial Assurance in 2019/20.
SFRS Fire Pensions	To follow-up management actions implemented since the original audit, which reported an opinion of Minimal Assurance in 2019/20.
Surveillance Cameras	To follow-up management actions implemented since the original audit, which reported an opinion of Partial Assurance in 2019/20.
<b>Corporate</b>	
Transformation Programme	To continue the programme of audit assurance work to support aspects of the council's Transformation Programme. This work will provide seek to provide assurance over key governance arrangements; over the robustness of business case information; the post-transformation control environment; and that effective risk identification and mitigation measures exist
Risk Management	To review the council's risk management framework to ensure that the council's approach to risk identification, assessment, control and reporting is undertaken consistently and effectively across the organisation.

## INTERNAL AUDIT PLAN 2020-21



Review Name	Outline Objective
Corporate Governance	To provide advice and support to the planned review the council's governance arrangements and Code of Corporate Governance and to provide input into the process of producing the council's Annual Governance Statement.
Contract Management	A review across the council to provide assurance that contract management arrangements are sufficiently robust to ensure that contracts in place are cost effective, provide value for money, achieve the objectives they are designed to deliver, and are managed effectively in line with Procurement Standing Orders and good practice.
Capital Project Management	A review across the council to provide assurance that the management of significant capital projects is sufficiently robust to ensure that objectives are delivered on time and on budget. The review will examine the adequacy and effectiveness of policies and procedures in this area and will seek to examine a sample of projects to confirm arrangements are operating as intended.
Business Continuity	To provide assurance that the arrangements in place in the event of an emergency or otherwise unplanned event are fit for purpose to maintain business continuity across key council services.
<b>ICT Audit</b>	
Departmental ICT Systems	A review of one of the critical systems supported by IT&D operating at the Council, including an assessment of how support is provided, basic security, information assurance and risk management controls, change management and governance /visibility over decision making relating to the use of new or extended technologies.
End-User and Senior Stakeholder Behaviour	To explore end-user and senior stakeholder behaviour in key areas of ICT governance e.g. perception of cyber risk, adherence to ICT guidance and policies provided and evidence of either good or bad practices, and to highlight areas where improvement actions are required.
Data Sharing Arrangements (with other local authorities and health partners)	The audit will review adequacy of the control environment in place to ensure resident and patient information shared between councils and health partners is done so securely and in accordance with the Data Protection Act. This audit will consider the adequacy of the control environment in place to support the formal, system to system integration and informal practitioner to practitioner ways of working.
IT&D Major Projects	This audit will review the effectiveness of the control environment to ensure the overall delivery of a major IT&D

# INTERNAL AUDIT PLAN

## 2020-21



Review Name	Outline Objective
	project meets the expectations and specification. The audit will consider specifically the controls in place to engage with IT&D to ensure the system meets digital architecture design principles and to ensure cyber and Information Governance considerations are effectively understood and managed.
GCSX Replacement	The audit will seek to provide assurance over the effectiveness of the arrangements for replacing the Government Connect Secure Extranet (GCSX) to ensure that where personal and sensitive data is shared, it is done so securely.
Children's Safeguarding Data Handling	Social workers/safeguarding teams often use video to record interviews and other interactions with children. This audit will seek to ensure there is an appropriate Data Protection Impact Assessment (DPIA) in place and being complied with, appropriate permissions are sought, and data is encrypted in transit and deleted as appropriate.
GDPR follow-up	This audit will follow-up the previous GDPR audit to ensure actions have been implemented as agreed and to identify any further work required to comply with the requirements of the GDPR.
Orbis ICT Cross-authority Working Arrangements	This audit will evaluate the effectiveness of the ICT arrangements in place for supporting the Orbis partnership, specifically concentrating on the arrangements in place to allow and remove access to partners and client networks and will seek to identify any local workarounds, and the risks associated with these.
ERP Support Programme (Digital Insight and Business Programme)	<p>Orbis IA will attend programme board and working group meetings to provide independent advice, support and challenge on risk, control, probity and governance issues.</p> <p>In addition to attendance at programme board and working group meetings, we will identify a number of key focus areas to support the programme. At this early stage this is likely to include, providing assurance over the following key areas:</p> <ul style="list-style-type: none"> <li>• Programme Governance/Risk Management</li> <li>• Business processes (both on and off system)</li> <li>• System security</li> <li>• User access, authentication and authorisations</li> <li>• Testing arrangements</li> <li>• Data cleansing and migration</li> <li>• Interfaces and reconciliation</li> <li>• Disaster recovery and business continuity</li> <li>• Training</li> </ul>




## INTERNAL AUDIT PLAN 2020-21



Review Name	Outline Objective
<b>Service Management &amp; Delivery</b>	
Action Tracking	Ongoing action tracking and reporting of agreed, high risk actions.
Annual Report, Opinion and AGS	Creation of Annual Report and Opinion / Annual Governance Statement.
Audit & Fraud Management	Overall management of all audit and counter fraud activity, including work allocation, work scheduling and Orbis Audit Management meetings.
Audit & Fraud Reporting	Production of periodic reports to management and Audit and Governance Committee covering results of all audit and counter fraud activity.
Audit Committee and member support	Ongoing liaison with members on internal audit matters and attending Audit and Governance Committee meetings and associated pre-meetings.
Client Service Liaison	Liaison with clients & departmental management teams.
Client Support and Advice	Ad hoc advice, guidance and support on risk, internal control and governance matters provided to clients and services across the year.
Orbis Internal Audit Developments	Audit and counter fraud service developments, including quality improvement and ensuring compliance with Public Sector Internal Audit Standards.
Organisational Management Support	Attendance and ongoing support to organisational management meetings, e.g. Financial Management Team (FMT), Risk Governance Group (RGG) etc.
Strategy & Annual Planning	Development and production of the Internal Audit Strategy and Annual Audit Plan, including consultation with management and members.
System Development & Administration	Development and administration of audit and fraud management systems.
<b>Contingencies</b>	
Anti-Fraud and Anti-Corruption	To deliver the 2019/20 Fraud Response Plan for SCC which includes work on fraud awareness, data analytics, cyber fraud, conflicts of interest, excessive personal use of council IT equipment and ad hoc investigations.
Emerging Risks	A contingency budget to allow work to be undertaken on new risks and issues identified by Orbis IA and/or referred by management during the year.
General Contingency	A contingency budget to allow for effective management of the annual programme of work as the year progresses.



<p><b>INTERNAL AUDIT PLAN</b></p> <p><b>2020-21</b></p>	 <p><b>SURREY</b></p>
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# INTERNAL AUDIT CHARTER

## 1. Introduction

This Charter describes for the Council the purpose, authority and responsibilities of the Internal Audit function in accordance with the UK Public Sector Internal Audit Standards (PSIAS).

The PSIAS require that the Charter must be reviewed periodically and presented to “senior management” and “the board” for approval. For the purposes of this charter “senior management” will be Corporate Leadership Team (CLT) and the board will be the Audit and Governance Committee (described generically in this Charter as the Audit Committee).

The Charter shall be reviewed annually and approved by CLT and the Audit and Governance Committee. The Chief Internal Auditor is responsible for applying this Charter and keeping it up to date.

## 2. Internal Audit Purpose

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Internal Audit is defined in the PSIAS as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Internal Audit supports the whole Council to deliver economic, efficient and effective services and achieve the Council’s vision, priorities and values.

## 3. Statutory Requirement

Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2015, which require every local authority to maintain an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance.

These regulations require any officer or Member of the Council to:

- make available such documents and records; and
- supply such information and explanations;

as are considered necessary by those conducting the audit.

This statutory role is recognised and endorsed within the Council's Financial Regulations.

In addition, the Council's S151 Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To perform that duty the Section 151 Officer relies, amongst other things, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management.

#### **4. Internal Audit Responsibilities and Scope**

Annually the Chief Internal Auditor is required to provide to the Audit Committee an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

Internal Audit is not responsible for control systems. Responsibility for effective internal control and risk management rests with the management of the Council.

Internal Audit activity must be free from interference in determining the scope of activity, performing work and communicating results.

The scope of Internal Audit includes the entire control environment and therefore all of the Council's operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of Internal Audit and management risk assessment (as set out within Council risk registers). Extensive consultation also takes place with key stakeholders and horizon scanning is undertaken to ensure audit activity is proactive and future focussed.

Internal audit activity will include an evaluation of the effectiveness of the organisation's risk management arrangements and risk exposures relating to:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Efficiency and effectiveness of operations and activities;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts

#### **5. Independence**

Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations. Internal auditors should have no operational responsibilities.

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Chief Internal Auditor has direct access to, and freedom to report in their own name and without fear of favour to, all officers and Members and particularly those charged with governance. This independence is further safeguarded by ensuring that the Chief Internal Auditor's formal appraisal/performance review is not inappropriately influenced by those subject to audit. This is achieved by ensuring that both the Chief Executive and the Chairman of the Audit Committee have the opportunity to contribute to this performance review.

All Internal Audit staff are required to make an annual declaration of interest to ensure that objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

## **6. Appointment and Removal of the Chief Internal Auditor**

The role of Chief Internal Auditor is a shared appointment across the 3 Orbis partner authorities (East Sussex County Council, Surrey County Council and Brighton & Hove City Council).

In order to ensure organisational independence is achieved, all decisions regarding the appointment and removal of the Chief Internal Auditor will be made following appropriate consultation with Member representatives from each of the authorities' audit committees.

## **7. Reporting Lines**

Regardless of line management arrangements, the Chief Internal Auditor has free and unfettered access to report to the S151 Officer; the Monitoring Officer; the Chief Executive; the Audit Committee Chair; the Leader of the Council and the Council's External Auditor.

The Audit Committee will receive reports on a periodic basis – as agreed with the Chair of the Audit Committee – on the results of audit activity and details of Internal Audit performance, including progress on delivering the audit plan.

## **8. Fraud & Corruption**

Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Council's Anti Fraud and Corruption Strategy.

The Chief Internal Auditor should be informed of all suspected or detected fraud, corruption or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

Internal Audit will promote an anti-fraud and corruption culture within the Council to aid the prevention and detection of fraud.

## 9. Consultancy Work

Internal Audit may also provide consultancy services, generally advisory in nature, at the request of the organisation. In such circumstances, appropriate arrangements will be put in place to safeguard the independence of Internal Audit and, where this work is not already included within the approved audit plan and may affect the level of assurance work undertaken; this will be reported to the Audit Committee.

In order to help services to develop greater understanding of audit work and have a point of contact in relation to any support they may need, Internal Audit has put in place a set of service liaison arrangements that provide a specific named contact for each service; and, regular liaison meetings. The arrangements also enable Internal Audit to keep in touch with key developments within services that may impact on its work.

## 10. Resources

The work of Internal Audit is driven by the annual Internal Audit Plan, which is approved each year by the Audit Committee. The Chief Internal Auditor is responsible for ensuring that Internal Audit resources are sufficient to meet its responsibilities and achieve its objectives.

Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its objectives and to professional standards. Internal Auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme.

The Chief Internal Auditor is responsible for appointing Internal Audit staff and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Chief Internal Auditor may engage the use of external resources where it is considered appropriate, including the use of specialist providers.

## 11. Due Professional Care

The work of Internal Audit will be performed with due professional care and in accordance with the UK Public Sector Internal Audit Standards (PSIAS), the Accounts and Audit Regulations (2015) and with any other relevant statutory obligations and regulations.

In carrying out their work, Internal Auditors must exercise due professional care by considering:

- The extent of work needed to achieve the required objectives;
- The relative complexity, materiality or significance of matters to which assurance procedures should be applied; and
- The adequacy and effectiveness of governance, risk management and control processes;
- The probability of significant errors, fraud or non-compliance; and

- The cost of assurance in proportion to the potential benefits.

Internal Auditors will also have due regard to the Seven Principles of Public Life – Selflessness; Integrity, Objectivity; Accountability; Openness; Honesty; and Leadership.

## 12. Quality Assurance

The Chief Internal Auditor will control the work of Internal Audit at each level of operation to ensure that a continuously effective level of performance – compliant with the PSIAS is maintained.

A Quality Assurance Improvement Programme (QAIP) is in place which is designed to provide reasonable assurance to its key stakeholders that Internal Audit:

- Performs its work in accordance with its charter;
- Operates in an effective and efficient manner; and,
- Is adding value and continually improving the service that it provides.

The QAIP requires an annual review of the effectiveness of the system of Internal Audit to be conducted. Instances of non-conformance with the PSIAS, including the impact of any such non-conformance, must be disclosed to the Audit Committee. Any significant deviations must be considered for inclusion in the council's Annual Governance Statement.

January 2020

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Audit & Governance Committee  
22 May 2020

**Internal Audit Progress Report – Quarter 3 (01/10/19 – 31/12/19)**

**SUMMARY AND PURPOSE:**

The purpose of this progress report is to inform members of the work completed by Internal Audit between 1 October 2019 and 31 December 2019.

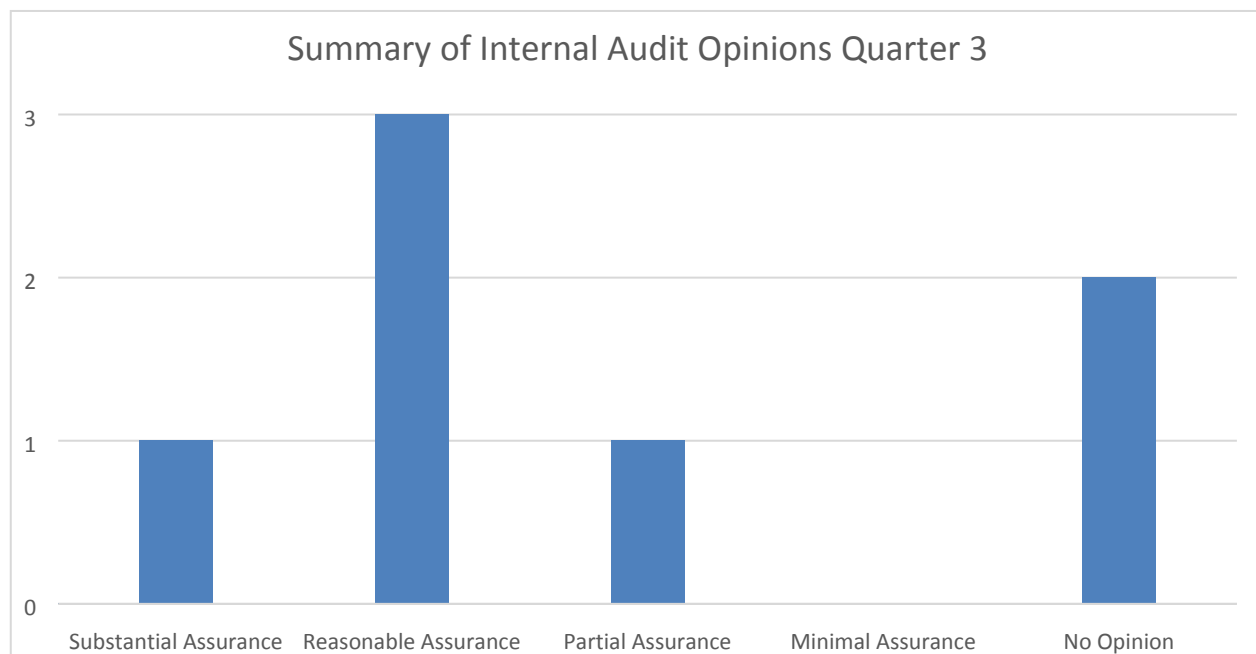
The current annual plan for Internal Audit is contained within the Internal Audit Strategy and Annual Plan 2019-20, which was approved by Audit and Governance Committee on 8 April 2019.

**RECOMMENDATIONS:**

The Committee is asked to note the report and consider any further action required in the response to issues raised.

**BACKGROUND:**

1. Key audit findings from final reports issued during Quarter 3 are summarised in Appendix A.
2. Reviews completed in this quarter included a mixture of planned and unplanned audits, grant certification work, and irregularity work. Overall, of the 7 formal audits finalised during the quarter (excluding grant and irregularities), 1 received 'substantial assurance', 3 received 'reasonable assurance', 1 received 'partial assurance' and 2 received 'no opinion' being either position statements or briefings for management.



3. Quarter 3 also saw a Troubled Families grant claim certification completed in December 2019, together with the completion of two irregularity reviews (one in Adult Social Care, the other in Children's Services) which are not reported through the standard audit report distribution.
4. Members will recall that flexibility was built into the audit plan to allow resources to be directed to any new and emerging risks. We continue to liaise with departments to identify these, and also bring them to the attention of the Corporate Leadership Team. Details of those reviews added and removed from the plan so far this year are set out at the end of Appendix A.
5. Appendix A also provides details of counter fraud activities, information on the tracking of high priority actions and progress against our performance targets.

#### **IMPLICATIONS:**

6. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. Any such matters highlighted as part of the audit work referred to in this report, would be progressed through the agreed Internal Audit Reporting and Escalation Policy

#### **WHAT HAPPENS NEXT:**

7. See Recommendations above.

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**REPORT AUTHOR:** **Russell Banks, Orbis Chief Internal Auditor**  
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**Sources/background papers:** Internal Audit Strategy and Annual Audit Plan 2019/20.

# Internal Audit and Counter Fraud

## Quarter 3 Progress Report 2019/20

### CONTENTS

1. Summary of Completed Audits
2. Counter Fraud and Investigation Activities
3. Action Tracking
4. Amendments to the Audit Plan
5. Internal Audit Performance

## 1. Summary of Completed Audits

### 'Prevent' Agenda

- 1.1 This audit followed the production of a position statement by Internal Audit in September 2018, when the service was then engaged in a self-assessment of the governance framework against Government guidelines.
- 1.2 Our 2019/20 coverage reviewed the arrangements in place across the 'Prevent' agenda ('Prevent') to provide assurance against a number of key controls:
  - The council has a clear risk assessment process in place for Prevent, with action plans to manage identified risks;
  - The Prevent Partnership Plan is being delivered through an effective partnership board;
  - An effective referral process exists for individuals identified as being at risk of radicalisation;
  - A Prevent training programme is in place for relevant council personnel;
  - Engagement and communications with community groups promotes open dialogue on Prevent issues;
  - Venue hire policies for council buildings is in place to ensure no inappropriate letting activity occurs; and
  - Recommendations from the Home Office enquiry into the Parsons Green attack have been implemented by the council.
- 1.3 We were able to provide positive assurance over a number of these key controls, including the existence of a Prevent Executive Board comprised of multi-agency partners who oversee the delivery of the Prevent agenda; training programmes and risk assessments being in place and drawn up in consultation with Surrey Police; and appropriate safeguards being in place over venue hire and use of IT in council buildings. We also noted that all relevant recommendations made by the Home Office after the Parsons Green incident had been implemented by the council.
- 1.4 Our audit did identify some scope for improvement within the current arrangements, and accordingly actions were agreed with management in respect of better signposting to Prevent referral forms online; enhanced performance management through wider use of available data; and wider promotion and communications of Prevent issues to all communities within Surrey.
- 1.5 Overall, based on our findings and general level of controls within the areas examined, we were able to give an opinion of Reasonable Assurance in this area.

## Linden Farm Capital Project

- 1.6 Internal Audit was asked to provide a briefing note to senior management following the identification of an over-spend against a capital project – Linden Farm supported living accommodation. The project was awarded planning permission in January 2017, with design revisions coming in October 2018 to the building and associated landscaping.
- 1.7 By May 2019, the Cabinet Member for Finance was notified of a potential over-spend on the project, which in turn was reported to the Executive Director of Resources. As this has not been independently identified through existing Finance capital monitoring processes, Internal Audit was asked to look into the matter to assess the robustness of the control environment and financial reporting mechanisms.
- 1.8 Our audit identified that there was ineffective governance and risk management over this project, compounded by the fact that the Project Manager had taken planned retirement in April 2019 and was thus not available to be interviewed. Roles and responsibilities of Property officers involved were not sufficiently clear, and contract management of the architects and consultants employed on the scheme was insufficiently robust.
- 1.9 The audit also identified that limited amounts of financial data had been communicated to Finance and to senior managers within Property Services and consequently commitments were not captured in SAP or the Property Asset Management System (PAMS) or reflected correctly in the capital programme monitoring process.
- 1.10 As a briefing note, the audit did not record an overall opinion. However, themes and findings from the audit have been communicated to management to help ensure lessons are learned, and are also being used to inform the Capital Programme key financial audit that is scheduled for Quarter 4 of 2019/20 year. A wider audit of Capital Project Management has been included in the proposed 2020/21 annual Internal Audit plan.

## Surrey Heartlands Health and Care Partnership

- 1.11 In October 2016, the Surrey Heartland's five year Sustainability and Transformation Plan (STP) was developed to describe a wide range of health benefits and improved outcomes that would be realised for the population of Surrey through transformation of health and care services. The STP has since evolved to form an Integrated Care System (ICS), a new type of even closer collaborative working between local government and the NHS.

- 1.12 In planning our audit for 2019/20, we sought to provide assurance over the progress made by the council in the still-developing systems, governance and risk management arrangements to support the collaborative objectives of Surrey Heartlands.
- 1.13 Our audit identified that the Surrey Heartlands secured 'mature' ICS status from the NHS through the development of enhanced local system-led assurance arrangements, relying upon existing governance arrangements and not creating additional and burdensome new processes. Systems governance architecture includes collaborative representation from a mixture of council, CCG and joint partnership groups.
- 1.14 Being in the early stages of developing embedded governance arrangements meant that we were unable to verify the effectiveness of risk management at an operational or strategic level, though the terms of reference of the Systems Oversight and Assurance Group show them to be the responsible body to review risks monthly.
- 1.15 Conversations are ongoing about how to progress and accelerate the integration of health and social care. Whilst there was no specific council commitment towards a pooled budget at the time of audit, the council contributes to the delivery of the partnership through the continuation of its work in Adult Social Care, Children's Services, and Public Health, tracked through the Surrey Heartlands governance arrangements and subject to internal performance reporting and accountability mechanisms.
- 1.16 Overall, based on our findings and general level of controls within the tested processes, we were able to give an opinion of Reasonable Assurance in this area.

### **Post Schools Support Contract Assurance and Governance Review**

- 1.17 Following the end of the schools support service contract between the council and joint venture company Babcock 4S (B4S) on 31 March 2019, an audit was planned in order to determine whether appropriate assurance and governance arrangements were in place over statutory activities brought back in-house as a result.
- 1.18 The audit reviewed the following key controls:
- All relevant statutory responsibilities previously managed by B4S had successfully migrated to a new owner;

- Arrangements are in place within the council to manage contracts, policies, procedures and/or systems to meet statutory duties previously under the B4S contract;
- There is sufficient resource and expertise to manage any duties now in-house following the end of the contract; and
- Effective arrangements are in place to oversee, and take assurance from, robust financial procedures in maintained schools.

- 1.19 We identified that there had been a transparent and well managed project to transition statutory services back in-house at the end of the contract. Some activities were well embedded (Finance, HR, and IMT in particular) whilst some were still becoming integrated following internal staff reorganisation (for example, SEND provision for NMI schools, and safeguarding duties). We were assured that arrangements in place were sufficiently robust to ensure no duties had not found an appropriate new owner.
- 1.20 Changes to overseeing the financial control environment in maintained schools were less robust: if schools are non-compliant with expected financial procedures then their new contract does not require the provider of the traded service to make the council aware as it previously did under the B4S contract. Information provided by schools to the council for statutory reporting purposes is also not subject to any validation procedures. We have agreed actions with management in respect of these findings.
- 1.21 Whilst our overall opinion for this audit was Reasonable Assurance, under the new arrangements we concluded that the council can now no longer take third party assurance over the robustness of schools finances in the way it previously did from B4S. One result of this, for the 2020/21 annual plan, increased resources have been made available for Internal Audit to re-launch a cyclical programme of schools audit to provide the necessary independent assurance.

#### **Kier Contract (Lot 1)**

- 1.22 The LOT 1 contract relates to minor works, drainage works, local structural repairs, and replacement of road signage. An audit was requested by management following issues that had arisen in the preceding financial year over the maintenance of the supply chain, and we were asked to provide assurance over the controls and governance surrounding the allocation of smaller jobs to contractors, and the processes that ensured works were completed before payment was made.

- 1.23 We audited the key controls in place around a newly implemented working model for minor works (live from April 2019) and in the Works Management System (WMS), which enables real-time monitoring of works to take place via a shared portal between council and contractor. Our audit was able to provide assurance that:
- Works are ordered through effective joint working arrangements between Kier and the council;
  - Costs and job budgets are jointly agreed between Kier and the council ahead of work commencing;
  - Efficiencies in work delivery – and therefore costs – are being delivered through better scheduling of jobs; and
  - Final payment of work is only authorised once appropriate completion has been validated and certified.
- 1.24 Our audit was also able to provide assurance that the audit trail functionality in WMS was operating as expected, and that user access controls were implemented in accordance with expectation.
- 1.25 We suggested improvements to the process that surrounds the handling of permit data, as WMS was not always kept up to date with the permits issued (these being recorded on a separate system by the contractor). We also agreed an action with management to reconcile and cleanse data on WMS for old jobs, as a number of tasks were identified that were past their start/end date which should be cleansed from the data once their status had been established.
- 1.26 Overall, based on our findings and general level of controls within the tested processes, we were able to give an opinion of Reasonable Assurance in this area.

### **Procure to Pay**

- 1.27 Procure to Pay is the end-to-end process from the procurement of goods and services to the payment of the supplier. It is reviewed annually as it is identified as a key financial system of the council. For the year in which audit testing occurred, purchase order payments were raised totalling c. £420m, whilst non-purchase order transactions totalled c. £731m.
- 1.28 Our audit focussed on providing assurance around key controls in the system, including:
- Orders are raised for goods, works and services for bona fide services in accordance with financial procedures;



- All payment runs (including non-order invoices, cheque requisitions and/or urgent payments) are subject to appropriate review and authorisation;
- All creditor details are maintained accurately in the system and appropriate user access controls the ability to amend or set up new creditors; and
- Transactions in the system are complete and accurate when transferred to (or reflected in) the General Ledger.

1.29 Our audit was able to provide Substantial Assurance in respect of the Procure to Pay system. All key controls were tested on a sample basis and assurance obtained as expected.

1.30 Two areas for improvement were noted: There was a discrepancy in the authorisation level for payments of £100k and above between guidance in the Surrey County Council Scheme of Delegation (1 signatory), and the Orbis Scheme of Delegation (2 signatories). We also identified that regular reconciliations are not undertaken by Finance of the Goods Receipt/Goods Invoice Suspense Account. The last reconciliation was dated November 2018 when the account stood at £16.1m. Actions were agreed with management to address these findings.

## Surveillance Cameras

1.31 Local authorities are required to pay due regard to the surveillance camera code of practice (SC Code) where they operate surveillance cameras overtly in a public space (e.g. in town centres, municipal buildings, libraries, leisure centres, body worn videos worn by enforcement officers etc.).

1.32 The SC code sets out 12 principles for the operation of surveillance camera systems, the Surveillance Camera Commissioner will be writing to all SROs to conduct a survey of compliance with PoFA with the results of the survey to be included in the Commissioner's annual report to Parliament. In anticipation of this exercise, this audit was undertaken to provide an opinion on the Authority's arrangements for managing the Surveillance Camera Systems and complying with the SC Code.

1.33 We were only able to provide Partial Assurance over this area because the council is only partly compliant with the 12 principles of the surveillance camera code of practice.

1.34 Examples of good practice were identified in the following areas:

- CCTV schemes in our sample were found to be for a legitimate use (i.e. crime prevention, public safety and economic wellbeing) that is in line with the surveillance camera code of practice;
- We found no evidence that the systems are being used for anything other than the intended/specified purpose;
- The governance arrangements are robust with the Executive Director of Resources acting as the council's nominated Senior Responsible Officer (SRO) and access to retained images and information is restricted and controlled.

1.35 However, we also identified a number of areas of non-compliance with the code, with agreed actions to ensure:

- A record of all surveillance camera systems that have been deployed across the council is maintained;
- Policy and procedures to support the use of surveillance camera technology across the council is developed;
- An annual review to ensure surveillance camera systems remain necessary, proportionate and effective in meeting their stated purpose is undertaken;
- Data protection impact assessments (DPIA) are completed for the surveillance camera systems that are in operation; Adequate signage at council buildings that inform the public of who is undertaking the surveillance, the purpose of surveillance, and the point of contact for further information and complaints are provided; and
- Procured surveillance devices meet a recognised operational, technical and competency standard.

## Other audit activity

### *Grant claims*

1.36 Throughout quarter three we undertook the certification of a Government grant return. Such audits do not result in a report, but through the certification process allow services to continue to draw down funding from central government to support key areas of service delivery.

1.37 In this period, the grants that we were able to provide an unqualified certification covered:

- Troubled Families (December 2019) - £148,000

## 2. Counter Fraud and Investigation Activities

### Proactive Counter Fraud Work

- 2.1 Internal Audit deliver both reactive and proactive counter fraud services across the Orbis partnership. Work to date has focussed on the following areas:

#### *National Fraud Initiative Exercise*

- 2.2 The results from this exercise were received on 31 January 2019 and were prioritised for review over the following months. Any savings generated from the exercise will be summarised in our annual report.

#### *Counter Fraud Policies*

- 2.3 Each Orbis partner has in place a Counter Fraud Strategy that sets out their commitment to preventing, detecting and deterring fraud. Internal Audit have reviewed the sovereign strategies to align with best practice and to ensure a robust and consistent approach to tackling fraud. These will be reported to Audit and Governance Committee in April.

#### *Fraud Risk Assessments*

- 2.4 Fraud risk assessments have been consolidated and are regularly reviewed to ensure that the current fraud threat for the council has been considered and appropriate mitigating actions identified.

#### *Fraud Response Plans*

- 2.5 The Fraud Response Plans take into consideration the results of the fraud risk assessments and emerging trends across the public sector in order to provide a proactive counter fraud programme. These include an increased emphasis on data analytics. The Fraud Response Plans will be refreshed for 2020/21 and set out the proactive work plan for Internal Audit.

#### *Fraud Awareness*

- 2.6 The team has launched refreshed eLearning content to provide engaging and current material available to the whole organisation. This is now available through the council's eLearning portal and is available in conjunction with fraud awareness workshops to help specific, targeted services identify the risk of fraud and vulnerabilities in their processes and procedures. An awareness campaign was run in November 2019 to coincide with Internal Fraud Awareness Week and promote the fraud eLearning.

### **Reactive Counter Fraud Work - Summary of Completed Investigations**

#### *Misuse of Petty Cash*

- 2.7 Internal Audit provided support to a management investigation concerning the misuse of petty cash at a Children's Home. Following the management investigation, we agreed a number of actions to improve internal control over the use of petty cash and purchase cards at the home.

#### *Misconduct*

- 2.8 Following a notification from the Department of Work & Pensions that an employee had used a DWP system to view their own information, we provided advice and support to a management investigation. Following the investigation the employee was given a formal warning.

#### *Cash Loss*

- 2.9 Following concerns that client monies were unaccounted for, Internal Audit investigated the management of client funds at an Adult Care Home. The audit work identified poor practice and lack of compliance with procedures, but no evidence of fraud or personal gain was found.

#### *Mobile Device Charges & Salary Overpayment*

- 2.10 Analysis of billing data identified a mobile device that was incurring significant charges. Internal Audit identified that the device had previously been reported as stolen but the connection not been cancelled. As part of the investigation we also identified a salary overpayment that had been incurred over a number of months. The salary payment has been corrected and a payment plan is being agreed to recover the amount.

### **3. Action Tracking**

- 3.1 All high priority actions agreed with management as part of individual audit reviews are subject to action tracking. As at the end of quarter 3, 100% of high priority actions due by 31 December 2019 had been implemented or were substantively in the process of being implemented (in the case of CFL Assessment and Care Plan Management).

### **4. Amendments to the Audit Plan**

- 4.1 In accordance with proper professional practice, the Internal Audit plan for the year remains under regular review to ensure that the service continues to focus its resources in the highest priority areas based on an assessment of risk. Through discussions with management, the following reviews were added to the audit plan during the third quarter (excluding irregularity investigations):
- Members Code of Conduct (gifts and hospitality, and declarations of interest)
- 4.2 Through the same process, audits could either be removed or deferred from the audit plan and, where appropriate, considered for inclusion in the 2019/20 plan as part of the overall risk

assessment completed during the annual audit planning process. In the third quarter, the following audits have formally been removed from the plan:

- Voluntary Grants
- Surrey Wildlife Trust Contract

## 5. Internal Audit Performance

5.1 In addition to the annual assessment of internal audit effectiveness against Public Sector Internal Audit Standards (PSIAS), the performance of the service is monitored on an ongoing basis against a set up agreed key performance indicators as set out in the following table:

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	G	Approved by Audit Committee on 8 April 2019
	Annual Audit Report and Opinion	By end July	G	2018/19 Annual Report and Opinion approved by Audit Committee on 29 July 2019
	Customer Satisfaction Levels	90% satisfied	A	86% (albeit a small number of returns have been received in year so figures may not be representative of underlying performance)
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	90%	G	69.7% completed to draft report stage by end of Q2 (against a Q2 target of 67.5%)
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	May 2019 – self-assessment by Orbis Internal Audit against PSIAS standards gives an opinion of ‘Generally Conforms’ – the highest of three possible rankings
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-compliance identified
Outcome and degree of influence	Implementation of management actions	95% for high priority agreed actions	G	96%

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
	agreed in response to audit findings			
Our staff	Professionally Qualified/Accredited	80%	<b>G</b>	96.3% <sup>1</sup>

<sup>1</sup> Includes staff who are part-qualified and those in professional training

## Audit Opinions and Definitions

Opinion	Definition
<b>Substantial Assurance</b>	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Reasonable Assurance</b>	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Partial Assurance</b>	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
<b>Minimal Assurance</b>	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

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Audit & Governance Committee  
22 May 2020

## Surrey County Council Counter Fraud Strategy

### **SUMMARY AND PURPOSE:**

The purpose of this progress report is to provide details of the main changes and rationale for updating and amending the Council's Counter Fraud Strategy (attached to this report as Appendix A).

### **RECOMMENDATIONS:**

The Committee is asked to review and endorse the Counter Fraud Strategy.

### **BACKGROUND:**

1. As with other organisations the Council is at risk of losses through fraud, bribery and corruption. The Council recognises that as well as causing financial loss such activities are also detrimental to the provision of services and damaging to the reputation of the Council and residents confidence in the Council. To safeguard itself the Council is committed to making sure that the opportunity for fraud, bribery and corruption is reduced to the lowest possible risk within existing resources.
2. This strategy outlines the Council's commitment and approach to tackling fraud, bribery and corruption and applies to all those who work for, or interact with the Council including employees, Members, contractors, suppliers and service users. It aims to help embed an anti-fraud culture within the Council and provides clear guidance on the roles and responsibilities of individuals.
3. In line with good practice the Council regularly assesses its exposure to fraud risk and ensures that its counter fraud arrangements and the resources allocated to managing the risks, are effective and aligned to best practice. As a result the Strategy has been updated to ensure that it is current and reflects sector guidance.
4. The amendments made include the following:
  - Post titles and contact details of senior management have been updated;
  - Increased emphasis of the role of culture in protecting public interest;
  - References to the Money Laundering Regulations 2007 have been replaced by the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017; and
  - In line with new money laundering regulations, guidance on the 'Identification of clients' has been replaced with a risk based approach to 'Customer due diligence' within the Anti-Money Laundering Policy.

**IMPLICATIONS:**

5. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report.

**WHAT HAPPENS NEXT:**

6. See Recommendations above.

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**Sources/background papers:** Counter Fraud Strategy.

# SCC Anti-Fraud and Corruption Strategy and Framework

## Key points

- This strategy and framework set out the Council's commitment to preventing, detecting and deterring fraud and corruption to ensure public funds are used for their intended purposes.
- The Council expects the highest ethical and legal standards from its members, officers, contractors and agents carrying out business on its behalf.
- The framework includes guidance on types of fraud and corruption, how to report concerns and the investigation process.
- All cases of suspected fraud, financial irregularity or corruption must be reported to the Chief Internal Auditor or the Audit Manager (Counter Fraud).
- The strategy sets out the main objectives for tackling the risk from fraud and corruption and applies equally to Members and staff.
- It is an expectation that where employees have work place concerns, or suspect wrongdoing, that this is raised through appropriate channels.
- A Whistleblowing Policy has been produced to support staff in raising workplace concerns.

## Introduction

The public is entitled to expect the Council to conduct its business with integrity, honesty and openness and demand the highest standards of ethical conduct from those working for and with it.

The Council takes its statutory duty to protect the public funds it administers seriously. It is essential that it protects the public purse and ensures that Council funds are used only for their intended purpose: to support and deliver services to our community. As such the Council maintains a zero tolerance approach to fraud and corruption whether it is attempted from outside the Council or within.

This strategy forms part of the Council's counter fraud framework, a collection of interrelated policies and procedures including the Code of Conduct, Financial Regulations and Whistle Blowing Policy. It also includes policies and procedures that are specifically targeted at countering fraud and corruption.

## Aims

This strategy sets out the Council's commitment to preventing, detecting and deterring fraud and corruption.

This strategy aims to:

- Embed an anti-fraud culture where people are empowered to challenge dishonest behaviour;
- Actively prevent, deter and promote detection of fraudulent and corrupt acts;
- Maintain the Council's awareness of emerging fraud risks such as those associated with digital and cyber security;
- Provide clear guidance on the roles and responsibilities of members and officers; and
- Identify a clear pathway for investigative and remedial action.

## Definitions

**Fraud** - can be broadly described as, someone acting dishonestly with the intention of making a gain for themselves or another, or inflicting a loss (or a risk of loss) on another; including:

- Dishonestly making a false statement or representation;
- Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose;
- Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

**Theft** - is the dishonest taking of property belonging to another person with the intention of permanently depriving the owner of its possession.

**Obtaining Services Dishonestly** – is broadly where services which were to be paid for were obtained knowing or intending that no payment would be made.

**Bribery** – is the inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages, whether monetary or otherwise.

**Corruption** – is the abuse of entrusted power for private gain. It affects everyone who depends on the integrity of people in a position of authority. The Bribery Act 2010 repealed all Corruption Acts in whole and therefore, whilst corruption exists as a term, any offences committed would fall under the Bribery Act.

This strategy also covers other irregularities or wrongdoing, for example failure to comply with Financial Regulations, Standing Orders, National and Local Codes of Conduct, Health and Safety Regulations and all other relevant laws and legislation that result in an avoidable loss to the Council.

## Culture

The Council is committed to the highest ethical standards as set out in the Code of Conduct. The Council believes the 'seven principles of public life' are the foundation of a strong anti-fraud culture and expects all members, officers and contractors to follow these principles, as well as all legal rules, policies and procedures.

The seven principles of public life and a brief explanation are listed below:

Principle	You should...
Selflessness	Act solely in terms of the public interest and not for the purpose of gain for yourself, family or friends.
Integrity	Avoid placing yourself under any obligation to people or organisations that might seek to influence you in your work.
Objectivity	Act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability	Be accountable to the public for your decisions and actions and submit yourself to scrutiny as appropriate.
Openness	Act and take decisions in an open and transparent manner. Information should only be withheld from the public if there are clear and lawful reasons for doing so.
Honesty	Be truthful. This includes declaring any conflicts of interest and taking steps to resolve such conflicts.
Leadership	Actively promote and support these principles by applying them to your own behaviour and challenging poor behaviour.

In essence, we expect everyone carrying out Council business to protect the public interest and also to challenge instances of dishonest behaviour. The promotion of a strong anti-fraud culture is therefore vital, as not only will it deter potential fraudsters but it will also encourage a safe environment in which individuals can raise concerns.

Allegations relating to potential fraud, financial maladministration, conflicts of interest, breach of confidentiality, improper use of resources, ICT misuse or any other forms of financial irregularity will be reported to Orbis Internal Audit, who will take appropriate action.

The Council's Whistleblowing Policy can also be used for raising concerns that relate to other serious concerns such as general maladministration, possible abuse of clients, health and safety risks and damage to the environment.

Members of the public are also encouraged to report concerns through any of the above routes or, if appropriate, through the Council's Complaints Procedure.

The Council's Whistleblowing Policy also makes it clear that whilst it hopes that concerns will be raised internally within the Council, if the employee still feels unable to raise their concerns internally they can be raised with relevant outside bodies listed in the policy.

The Council takes the threat of fraud and bribery seriously and has allocated specific resource, to focus on coordinating its approach to protecting its assets and finances from fraud, bribery and wrongdoing.

### Strategic approach

Fraud by its very nature is secretive and conducted in such a manner that fraudulent actions are actively concealed. It is therefore vital that the Council has a strong anti-fraud culture and a robust anti-fraud programme.

<b>What we will do:</b>	
<b>Acknowledge</b>	<ul style="list-style-type: none"> <li>• Acknowledge and understand fraud and misconduct risks;</li> <li>• Conduct and maintain a fraud risk assessment for the Council;</li> <li>• Develop and maintain a strong framework of internal controls;</li> <li>• Commit support and resources to tackling fraud; and</li> <li>• Maintain a robust counter fraud response.</li> </ul>
<b>Prevent</b>	<ul style="list-style-type: none"> <li>• Develop and maintain an effective and strong anti-fraud culture;</li> <li>• Implement a robust anti-fraud and misconduct programme;</li> <li>• Ensure that the standards in public life adopted are set out clearly in the Council's policies and effectively communicated;</li> <li>• Conduct employee and third-party due diligence; and</li> <li>• Regularly communicate with staff on countering fraud and provide fraud awareness training.</li> </ul>
<b>Detect</b>	<ul style="list-style-type: none"> <li>• Maintain and promote our confidential reporting hotline;</li> <li>• Make better use of data and technology to prevent and detect fraud and wrongdoing;</li> <li>• Enhance fraud controls and processes;</li> <li>• Benchmark where possible, with other authorities;</li> <li>• Promote Whistleblowing; and</li> <li>• Regularly liaise with others to share knowledge and data of known fraud and to learn and share best practice on fraud risk and prevention.</li> </ul>
<b>Respond</b>	<ul style="list-style-type: none"> <li>• Develop and maintain internal investigation protocols and disclosure protocols;</li> <li>• Provide a consistent and effective response for dealing with fraud cases;</li> <li>• Develop capability and capacity to pursue fraud and wrongdoing;</li> <li>• Collaborate across local authorities and with law enforcement; and</li> <li>• Ensure we have both the capability and capacity to investigate and prosecute fraud.</li> </ul>

## **Acknowledge**

The Council accepts that no authority is immune from the risk of fraud, bribery and wrongdoing. It seeks to use all available recourse to help to reduce the opportunity, motivation and justification for fraud, bribery and wrongdoing and to act robustly when it is identified.

A fraud and misconduct risk assessment will be conducted and maintained to help the Council understand the risks it faces from fraud, bribery and wrongdoing. The Council will also document the controls in place to mitigate these risks, identify gaps or weaknesses in the control mechanisms and develop a bespoke work programme to target and reduce the risks.

The Council will develop and maintain a strong framework of internal controls designed to prevent and detect irregularity, misconduct and fraud. The framework includes the following key elements:

- Code of Conduct and Conflict of Interest Policy;
- Whistleblowing Policy;
- Anti-money Laundering Policy;
- Financial Regulations;
- Procurement Standing Orders.

Support and resources will be allocated to counter the risk from fraud, bribery and wrongdoing.

In maintaining a robust counter fraud response the Council will provide corporate and targeted anti-fraud and bribery training and awareness for all employees to assist them in identifying instances of possible fraud, bribery and wrongdoing and provide mechanisms to enable staff to report their concerns in a timely manner.

The Council will regularly review its approach to tackling fraud, keeping abreast of emerging risks and current trends which occur across the Council and nationally.

## **Prevent**

The Council faces a variety of risks and threats and acknowledges that prevention is the best and most efficient way to tackle fraud, bribery and wrongdoing and to prevent / minimise losses.

The best defence against fraud, corruption, bribery and wrongdoing is to create and maintain a strong and robust anti-fraud culture within the Council. The Council will promote the standards of business conduct it expects and requires from all its employees (including contractors and Councillors) as documented in the Council's Code of Conduct.



The Council will develop, maintain and communicate to its employees an anti-fraud programme, which ensures that they are aware of the key part they play in countering fraud and risk and are sufficiently trained.

Practical counter fraud and risk guidance will be developed and disseminated to staff which details risk identifiers and is based on lessons learned elsewhere and recognisable risk scenarios.

The Council also recognises that a key preventative measure to combat fraud and misconduct is to ensure that the appropriate due diligence is exercised in the hiring, retention and promotion of employees and relevant third parties. This applies to all staff whether, permanent, temporary, contracted or voluntary. Procedures will be followed in accordance with the Council's recruitment and selection framework. We will always undertake the appropriate pre-employment checks (for example: qualification verification and obtaining references) before any employment offer is confirmed.

Any system weakness identified as part of the work carried out by Orbis Internal Audit will be recorded, with controls recommended to minimise any system weaknesses and these will be agreed and monitored to ensure compliance as part of the audit process.

## **Detect**

The array of preventative systems, particularly internal control systems within the Council, has been designed to prevent and deter fraud and provide indicators of any fraudulent activity.

Employees are the first line of defence against most acts of attempted fraud, corruption and bribery. The Council expects and requires staff to be alert to the risks and possibilities of fraudulent attempts and to raise any such concerns at the earliest opportunity.

Employees also have a duty to protect the assets of the Council, including information, as well as property. When they have a concern of this nature, they are expected and required to report it, as soon as possible in accordance with the Council's Whistleblowing Policy.

The Council's Whistleblowing Policy has been developed to provide a clear framework for reporting such concerns and this includes a dedicated confidential reporting hotline and e-mail address.

- Confidential Reporting Hotline: 0800 374 199
- E-mail: [surreycc@expolink.co.uk](mailto:surreycc@expolink.co.uk)

The Council does not tolerate the victimisation or harassment of anyone raising a genuine concern. Employees are expected to report concerns and are afforded protection from any harassment or discrimination by the Public Interest Disclosure Act. Any harassment or victimisation of a 'whistle-blower' will be treated as a serious disciplinary offence, which will be dealt with under the Council's Disciplinary Policy and Procedures.



Both locally and nationally, arrangements are in place and continue to be developed, to encourage the lawful exchange of information and collaborative working between the Council and other agencies, to assist in countering fraud, corruption, bribery and wrongdoing.

The Council will pro-actively seek to prevent, deter and detect fraud using all available resources and technology and will actively take part in joint exercises such as data matching to minimise the fraud risk and loss to public funds.

The Council will, where appropriate, seek to make the best use of publicity to prevent, deter and detect instances of fraud, corruption and bribery.

## **Respond**

Fraud, corruption and malpractice will not be tolerated and where it is identified the Council will deal with proven wrongdoings in the strongest possible terms, including:

- Disciplinary action;
- Reporting to the Police;
- Seeking maximum financial recovery of any losses on behalf of the tax payer, including use of civil legal action through the courts.

Where information relating to a potential or actual offence or wrongdoing is uncovered, a comprehensive and objective investigation will be conducted. Any investigation will take account of relevant policies and legislation.

The purpose of any investigation is to gather all available facts to enable an objective and credible assessment of the suspected violation and to enable a decision to be made as to a sound course of action.

In such instances, Orbis Internal Audit will work closely with management and where appropriate, other agencies such as the Police, to ensure that all allegations and evidence are properly investigated and reported upon.

Referral to the Police on matters of alleged fraud or other financial irregularity is a matter for the Orbis Chief Internal Auditor, in consultation with the Section 151 Officer and the relevant senior managers. Any referral made to the Police, will not prohibit action under the Council's disciplinary procedure.

In cases of alleged theft, fraud, corruption or other irregularity involving staff, the Council may pursue the case through its disciplinary processes, even if the member of staff has resigned.

The following policies can be found here:

[Whistleblowing Policy](#)  
[Code of Conduct](#)

The following policies are attached as Annexes:

- 1.1 Anti-Bribery Policy
- 1.2 Anti-Money Laundering Policy
- 1.3 Sanctions Policy

## 1.1 Anti-bribery policy

### Policy statement

Surrey County Council will:

- Not tolerate bribery or corruption in any form or at any level;
- Consider anti-bribery measures as part of its governance process; and
- Commit to policies and procedures to prevent, deter and detect bribery.

### 1. Introduction

- 1.1 The Council expects its business to be conducted with probity, openness and accountability. Key to maintaining the Council's high standards is the requirement for members, officers, contractors and agents carrying out business on behalf of the Council to behave honestly, lawfully and with integrity.
- 1.2 This policy forms part of the Council's counter fraud framework and sets out:
  - Definitions and legal background in respect of bribery; and
  - The Council's approach to bribery including fulfilling its duties under the Bribery Act 2010 (the Act).

### 2. Scope of the policy

- 2.1 This policy applies to all areas of Council business and therefore all members, officers, contractors and agents carrying out business on behalf of the Council. Any act of bribery by a person outside the Council will be a matter for the police.
- 2.2 This policy should be read alongside the Gifts and Hospitality Policy. Other relevant policies (such as the Code of Conduct and Procurement Standing Orders) should be referred to where appropriate.
- 2.3 Failure to comply with this policy will result in action being considered under the Sanctions Policy.

### 3. Definitions and legal background

- 3.1 Bribery is the act of offering, giving, receiving or seeking an inducement or reward intended to influence the performance of a relevant function or duty to gain a personal, commercial, regulatory or contractual advantage.

#### ***Bribery Act 2010***

- 3.2 The Act includes four key offences:
  - Offering, promising or giving a bribe to reward a person for improperly performing a relevant function (Section 1);
  - Requesting, agreeing to accept or receiving a bribe as a reward for improperly performing a relevant function (Section 2);
  - Bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business (Section 6); and

- A corporate offence by a 'commercial organisation' of failing to prevent bribery that is intended to obtain or retain business or an advantage in the conduct of business (Section 7).

- 3.3 The Act makes no distinction between a bribe being offered, promised or given directly or through a third party. Further, it makes no difference whether the person requesting, agreeing to accept or receiving the bribe knows or believes that the performance of the function will be improper; or whether this person asks another person to carry out the improper performance of the function on their behalf.
- 3.4 The Council accepts that it may be classed as a 'commercial organisation' in relation to the corporate offence of failing to prevent bribery. The Act allows for a defence to this corporate offence if an organisation can show that it had in place 'adequate procedures' designed to prevent bribery.
- 3.5 Good practice and robust governance arrangements include having adequate procedures in place to prevent bribery and protect the Council from reputational and legal damage. Whether an organisation's procedures are 'adequate' will ultimately be a matter for the courts to decide on a case-by-case basis. Adequate procedures need to be applied proportionately, based on the level of risk of bribery in the organisation.

#### ***Public Contracts Regulations 2006***

- 3.6 The Public Contracts Regulations 2006 place a duty on the Council to automatically and perpetually exclude from participation in a procurement procedure any company or director that has been convicted of a corruption offence. The Council may disregard this regulation on an exceptional basis, for example due to reasons relating to the public interest such as public health or protection of the environment.

#### **4. The Council's approach to bribery**

- 4.1 The Council has in place a framework of arrangements intended to manage the risk of bribery and corruption and ensure business is conducted to the highest standards. This policy does not change the requirements of other guidance, which includes:
- Member and Officer Codes of Conduct, which require members and officers to declare any personal or pecuniary interests;
  - Procurement Standing Orders governing the negotiation of contracts; and
  - Gifts and Hospitality Policy, which sets out the restrictions on accepting gifts and hospitality and the need to register approved gifts that are accepted.
- 4.2 In the context of this policy, it is unacceptable for members, officers, contractors and agents carrying out business for or on behalf of the Council to:
- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
  - Give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to 'facilitate'<sup>1</sup> or expedite a routine procedure;

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<sup>1</sup> Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions, including but not limited to: awarding contracts; making appointments to temporary or permanent positions; and determining eligibility to receive services.

- Accept payment from a third party that is known or suspected to be offered with an expectation that it will obtain a business advantage for them;
- Accept a gift or hospitality from a third party if it is known or suspected that it is offered with an expectation that a business advantage will be provided by the Council in return;
- Retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy; or
- Engage in activity in breach of this policy.

## **5. Reporting suspected bribery**

- 5.1 You should report any suspected acts of bribery. If you have been offered an inducement from another party, you should report this even if you declined.
- 5.2 The Council has put in place a safe environment to report suspected cases of fraud and corruption, including bribery. Any individual may contact the Council's Internal Audit team directly as below.

Email: [internal.audit@surreycc.gov.uk](mailto:internal.audit@surreycc.gov.uk)

Telephone: 020 8541 9299

Post: Internal Audit  
Surrey County Council  
Room 318, County Hall  
Penrhyn Road  
Kingston upon Thames  
Surrey KT1 2DN

## 1.2 Anti-money laundering policy

### Policy statement

Surrey County Council will do all it can to:

- Prevent any attempts to use the Council and its staff to launder money;
- Identify potential areas where money laundering may occur; and
- Comply with all legal and statutory requirements, especially with regard to the reporting of actual or suspected cases of money laundering.

### 1. Introduction

- 1.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Proceeds of Crime Act 2002 and the Terrorism Act 2000 (and all relevant amending legislation) place obligations on the Council, including its members and employees, with respect to suspected money laundering.
- 1.2 While most money laundering activity in the UK occurs outside of the public sector, vigilance by Council employees and members can help identify those who are, or may be, perpetrating crimes relating to the financing of terrorism and money laundering.
- 1.3 This policy forms part of the Council's counter fraud framework and sets out:
  - Definitions and legal background in respect of money laundering;
  - The Council's approach to money laundering including the responsibility of members and officers to report suspicions promptly; and
  - Guidance and procedures for members and officers.

### 2. Scope of the policy

- 2.1 This policy applies to all members and officers of the Council and aims to maintain the high standards of conduct that the public is entitled to expect from the Council.
- 2.2 It is vital that all members and officers are aware of their responsibilities and remain vigilant; criminal sanctions may be imposed for breaches of legislation.
- 2.3 Failure to comply with the procedures set out in this policy will result in action being considered under the Sanctions Policy. This may include disciplinary action in line with the Officer, or Member, Code of Conduct.

### 3. Definitions and legal background

- 3.1 Money laundering is the process of converting illegally obtained money or assets into 'clean' money or assets with no obvious link to their criminal origin.
- 3.2 There are three primary money laundering offences set out in legislation:
  - Concealing, disguising, converting, transferring, or removing from the UK any criminal property (Section 327 of the Proceeds of Crime Act 2002);
  - Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (Section 328); and

- Acquiring, using or possessing criminal property (Section 329).

3.3 There are also two secondary offences:

- Failure to disclose any of the three primary offences; and
- Tipping off (the act of informing a person suspected of money laundering in such a way as to prejudice an investigation).

3.4 Any member or employee of the Council may potentially be implicated in money laundering if they suspect money laundering and either become involved with it in some way and/or do nothing about it. The key requirement is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer.

#### 4. The Money Laundering Reporting Officer (MLRO)

4.1 The officer nominated to receive disclosures about money laundering activities within the Council is the Auditor Manager (Counter Fraud):

Simon White  
Audit Manager (Counter Fraud)

Telephone: 0208 541 9191 / 07779 455501  
Email: [simon.white@surreycc.gov.uk](mailto:simon.white@surreycc.gov.uk)

Surrey County Council  
Room 318, County Hall  
Penrhyn Road  
Kingston upon Thames  
Surrey, KT1 2DN

4.2 In the absence of the MLRO, the Principal Auditor (Counter Fraud) is authorised to deputise:

Alex McLaren  
Principal Auditor

Telephone: 01273 292573 / 07592 103574  
Email: [Alex.Mclaren@brighton-hove.gov.uk](mailto:Alex.Mclaren@brighton-hove.gov.uk)

Brighton Town Hall  
Bartholomew Square  
Brighton  
BN1 1JP

#### 5. Procedures

##### **Cash**

- 5.1 The Council will not accept any cash payment in excess of £5,000 irrespective of whether this is through a single payment or series of linked payments. 'Cash' includes notes, coins, banker's drafts and travellers cheques.
- 5.2 This does not necessarily mean that cash transactions below this value are legitimate and legal. Professional scepticism is encouraged at all times and any suspicions must be reported to the MLRO or their deputy.

##### **Responsibilities of members and officers**

- 5.3 Any member or officer who suspects money laundering activity must report their suspicion promptly (as soon as practicable) to the MLRO or their deputy if appropriate. If you prefer, you can discuss your suspicions with your line manager first.
- 5.4 Your disclosure must be made at the earliest opportunity following the information coming to your attention, not weeks or months later, and should be made to the MLRO or deputy using the form attached at the end of this policy.
- 5.5 You must follow any subsequent directions from the MLRO or deputy. You must not:

- Make any further enquiries into the matter;
- Take any further steps in any related transaction without authorisation from the MLRO or deputy;
- Disclose or otherwise indicate your suspicions to the person suspected of money laundering; or
- Discuss the matter with others or make a note on file that a report to the MLRO or deputy has been made, as this may alert the suspected perpetrator.

### ***Responsibilities of the MLRO***

- 5.6 The MLRO or deputy must promptly evaluate any disclosure to determine whether it should be reported to the National Crime Agency (NCA). Any decision not to submit a report to the NCA must be recorded.
- 5.7 If they so determine, the MLRO or deputy must promptly submit an online Suspicious Activity Report (SAR) to the NCA. Alternatively, a SAR may be manually reported to the NCA. Both online and up to date manual reporting forms are available on the NCA's website.
- 5.8 If a disclosure provides the MLRO or deputy with knowledge or reasonable grounds to suspect that a person is engaged in money laundering, and they do not disclose this to the NCA as soon as practicable, the MLRO or deputy will have committed a criminal offence.

### ***Risk based approach, customer due diligence and record retention***

- 5.9 Under MLR 2017, the Council is obliged to adopt a risk-based approach towards anti-money laundering regulations and how they approach due diligence.
- 5.10 MLR 2017 stipulate risk mitigation policies must be in writing and be proportionate to the risks identified. They must include internal controls over money-laundering and terrorist financing risks. They must also include revised customer due diligence procedures as well as reporting, record keeping and monitoring requirements.
- 5.11 Regulation 18 of MLR 2017 requires a written risk assessment to identify and assess the risk of money laundering and terrorist financing that the Council faces. This will:
  - Assist in developing policies, procedures and controls to mitigate the risk of money laundering and terrorist financing;
  - Help in applying a risk-based approach to detecting and preventing money laundering terrorist financing
- 5.12 In carrying out risk assessments we will take into account information on money-laundering and terrorist financing risks made available by the Law Society and/or SRA, and risk factors relating to:
  - Customers;
  - Geographic areas where the Council operates;
  - Products and services;
  - Transactions;



- Delivery Channels.

5.13 Under MLR 2017, there ceases to be "automatic" simplified due diligence requirements for any transactions. Instead, a relevant person needs to consider both customer and geographical risk factors in deciding whether simplified due diligence is appropriate. There are various levels of due diligence as follows:

- Simplified due diligence is only permitted where it is determined that the business relationship or transaction presents a low risk of money laundering or terrorist funding, taking into account the risk assessment;
- Enhanced due diligence' (Regulation 33) for those with a high-risk status, for example remote transactions where the customer is not physically present to be identified would require additional appropriate documents to be requested;
- The 'beneficial owner', the individual that ultimately owns or controls the customer or on whose behalf a transaction or activity is being conducted, should be identified;
- The business relationship should be scrutinised throughout its existence and not just at the beginning.

5.14 In all cases, the evidence of the customer identification and record of the relationship/transaction should be retained for at least five years from the end of the business relationship of transaction(s). The records that must be kept are:

- A copy of, or references to, the evidence of the identity obtained under the customer due diligence requirements in the Regulations;
- The supporting evidence and records in respect of the business relationships and occasional transactions which are the subject of customer due diligence measures or ongoing monitoring;
- A copy of the identification documents accepted and verification evidence obtained;
- References to the evidence of identity.

5.15 If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot proceed any further.

5.16 The customer identification procedure must be carried out when the Council is carrying out 'relevant business' and:

- Forms a business partnership with a customer;
- Undertakes a one-off transaction (including a property transaction or payment of a debt) involving payment by or to a customer of £5,000 or more;
- Undertakes a series of linked one-off transactions involving total payment by or to the customer(s) of £5,000 or more;
- It is known or suspected that a one-off transaction, or a series of them, involves money laundering;
- This must be completed before any business is undertaken for that customer in relation to accountancy, procurement, asset management, audit and legal services with a financial or real estate transaction.

5.17 In the above circumstances, employees must:

- Identify the person seeking to form the business relationship or conduct the transaction (an individual or company);
- Verify their identity using reliable, independent sources of information, Identify who benefits from the transaction;
- Monitor transactions to make sure they are consistent with what you understand about that person or country;
- Understand the source of their funds;
- Ensure there is a logical reason why they would want to do business with the Council.

5.18 Transaction and business relationship records should be maintained in a form from which a satisfactory audit trail may be compiled, and which may establish a financial profile of any suspect account or customer.

5.19 The steps that will be followed to continuously mitigate the risks associated with money laundering are:

- Applying customer due diligence measures to verify the identity of customers and any beneficial owners obtaining additional information on customers;
- Conducting ongoing monitoring of the transactions and activity of customers with whom there is a business relationship;
- Having systems to identify and scrutinise unusual transactions and activity to determine whether there are reasonable grounds for knowing or suspecting that money laundering or terrorist financing may be taking place.

5.20 Risks will be reviewed continuously as part of the annual review of the Council Risk Register.

## **6. Guidance and training**

6.1 The Council will:

- Make members and officers aware of the requirements and obligations placed on the Council, and on themselves as individuals, by anti-money laundering legislation; and
- Give targeted training to those considered to be the most likely to encounter money laundering.

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

- Anti-money laundering responsibilities from gov.uk:  
<https://www.gov.uk/guidance/money-laundering-regulations-your-responsibilities>
- Anti-money laundering guidance from the Law Society:  
<http://www.lawsociety.org.uk/support-services/advice/articles/quick-guide-to-the-money-laundering-regulations-2017/>
- CIPFA: [www.cipfa.org/members/members-in-practice/anti-money-laundering](http://www.cipfa.org/members/members-in-practice/anti-money-laundering)
- The National Crime Agency: [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk)

**Confidential report to the Money Laundering Reporting Officer**

To: Money Laundering Reporting Officer

From: \_\_\_\_\_ *[insert your name]*

Title/Service: \_\_\_\_\_ *[insert your post title and service]*

Telephone: \_\_\_\_\_

Date of report: \_\_\_\_\_

Response needed by: \_\_\_\_\_ *[e.g. transaction due date]*

**Name(s) and address(es) of person(s) involved:**

*[If a company/public body please include details of nature of business]*

**Nature, value and timing of activity involved:**

*[Please give full details e.g. what, when, where, how. Continue on a separate sheet if necessary]*

Has any investigation been undertaken?

Yes No

☐
☐

Have you discussed your suspicions with anyone else?

☐
☐

If 'yes' please provide details below

**Details of investigation undertaken and/or discussions held:**

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS

**To be completed by the Money Laundering Reporting Officer**

Date report received:

Date acknowledged:

**Evaluation**

What action is to be taken?

 Are there reasonable grounds to suspect money laundering activity?  
 If so, please provide details

**Reporting**

If there are reasonable grounds for suspicion, will a report be made to the NCA?

☐

Yes

☐

No

If 'no', reasons for non-disclosure

If 'yes', date of report to NCA

 Online / Manual  
 [delete as appropriate]

**Consent**

Is NCA consent required for any ongoing or imminent transactions?

☐

Yes

☐

No

If 'yes', please confirm details

Date consent received from NCA

Date consent passed on to officer

**Other relevant information**

Signed \_\_\_\_\_

Date: \_\_\_\_\_

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS

## 1.3 Sanctions policy

### Policy statement

Surrey County Council will ensure that:

- Appropriate sanctions are applied in all proven cases of fraud, theft and corruption;
- Public funds are recovered wherever possible; and
- The sanction decision making process is robust, transparent and fair.

### 1. Introduction

- 1.3 The Council takes its responsibility to protect public funds seriously and expects its business to be conducted to the highest ethical and legal standards. Where there is evidence of fraud, theft or corruption against the Council, those responsible, whether internal or external to the Council, will be held accountable for their actions using the full range of sanctions available.
- 1.4 This policy forms part of the Council's counter fraud framework and sets out:
- The range of sanctions available; and
  - Guidance on determining the appropriate action to take.
- 1.5 This policy is not prescriptive. A range of factors will require consideration before deciding on the appropriate sanction, including the individual circumstances of each case and the seriousness of the offence.

### 2. Sanction options

- 2.4 Where there is evidence of fraud, theft or corruption, the following options will be considered:
- No further action
  - Referral to professional bodies
  - Disciplinary action
  - Civil proceedings
  - Criminal prosecution
- 2.5 These options are not mutually exclusive and parallel sanctions may be pursued.

#### ***No further action***

- 2.6 The Council may consider closing a case without taking any further action. This may be due to the following factors:
- Evidence is not robust or reliable
  - The offence is minor
  - The cost to pursue the case is not proportionate to the offence committed

#### ***Referral to professional bodies***

- 2.7 Where there is adequate evidence that a person or entity has breached professional duties or responsibilities, the Council will refer the matter to the relevant professional body. This

may include the Disclosure and Barring Service if there is evidence of a safeguarding concern.

### ***Disciplinary action***

- 2.8 In the event that an allegation is made against a Council employee, the investigating officer will consult with Human Resources and the employee's line manager regarding risk assessments and disciplinary action. Any disciplinary action will be in accordance with the Council's Disciplinary Policy. Sanctions may include warnings or dismissal on the grounds of gross misconduct.
- 2.9 Additional sanction options will be considered alongside any disciplinary action including referral to professional bodies, civil proceedings and criminal prosecution.

### ***Civil proceedings***

- 2.10 Where evidence is not sufficient to prove a case beyond reasonable doubt, and therefore successful criminal prosecution is unlikely, the Council may consider civil proceedings for which the standard of proof is on the balance of probability.
- 2.11 Regardless of whether any sanction action is taken, the Council will always seek recovery of overpaid, misused or unfairly gained monies. The following measures may be considered in the pursuit of financial recovery:
- Consultation with the Council's Payroll and Pensions Teams to redress financial loss caused by employees;
  - Application of the Credit Control Team's usual procedures, which includes civil action when necessary;
  - Legal action such as search orders and freezing/tracing injunctions to preserve evidence and assets; and
  - Recovery of money through appropriate legal proceedings.

### ***Criminal prosecution***

- 2.12 Where there is sufficient evidence to indicate that a criminal act has taken place, the case may be referred to the police. The decision to refer the issue to enforcement agencies, such as Surrey Police, will be taken by the Director of Finance and/or Monitoring Officer as advised by the Chief Internal Auditor.
- 2.13 The police or Crown Prosecution Service will provide a final decision on whether to pursue the case. This decision will consider the following:
- **Evidential criteria** such that the evidence must be:
    - Clear, reliable and admissible in court
    - Strong enough for a realistic chance of prosecution; to prove a case 'beyond reasonable doubt'
  - Whether prosecution is in the **public interest**, taking into account:
    - Seriousness and/or monetary value of the offence
    - Cost and proportionality of the prosecution
    - Age, health and level of culpability of the suspect
    - Circumstances of and harm caused to the victim
    - Other factors such as community impact

- 2.14 Where the Council considers it “expedient for the promotion or protection of the interests” of its residents, Section 222 of the Local Government Act 1972 empowers the Council to:
- Prosecute or defend or appear in legal proceedings and, in the case of civil proceedings, institute them in their own name; and
  - In their own name, make representations in the interests of residents at any public inquiry held by or on behalf of a public body under any enactment.
- 2.15 The Council will only consider undertaking prosecutions through this route under exceptional circumstances and any decision to do so will be taken by the Section 151 Officer and Monitoring Officer as advised by the Chief Internal Auditor.
- 2.16 Any criminal proceedings will include an attempt to recover money under the Proceeds of Crime Act 2002.

### **3. Leaving the Council**

- 3.7 During the course of an investigation or disciplinary action, the employee(s) suspected of fraud, theft or corruption may choose to resign from their employment with the Council. In this case, following a review of evidence, the Council may continue to pursue referral to professional bodies, civil proceedings or criminal prosecution.
- 3.8 The employee’s line manager will also consult with Human Resources to determine whether it will be appropriate to provide a reference to future employers.

### **4. Publicity**

- 4.3 The decision to publicise outcomes will consider the following criteria:
- Interests of Surrey County Council;
  - Interests of Surrey residents; and
  - Deterrent value to others.

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