



Members of the Audit Committee:
(Councillors R P Lillis (Chairman), T Venner (Vice Chairman),
D Archer, N Thwaites, R Thomas, R Woods, H J W Davies)

Our Ref Democratic Services
Contact Emma Hill e.hill@tauntondeane.gov.uk

Date 11 March 2016

**THE PRESS AND PUBLIC ARE WELCOME TO ATTEND THE MEETING
THIS DOCUMENT CAN BE MADE AVAILABLE IN LARGE PRINT, BRAILLE, TAPE FORMAT
OR IN OTHER LANGUAGES ON REQUEST**

Dear Councillor

I hereby give you notice to attend the following meeting:

AUDIT COMMITTEE

Date: Monday 21 March 2016
Time: 2.00 pm
Venue: Council Chamber, Council Offices, Williton

Please note that this meeting may be recorded. At the start of the meeting the Chairman will confirm if all or part of the meeting is being recorded.

You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during the recording will be retained in accordance with the Council's policy.

Therefore unless you advise otherwise, by entering the Council Chamber and speaking during Public Participation you are consenting to being recorded and to the possible use of the sound recording for access via the website or for training purposes. If you have any queries regarding this please contact Committee Services on 01643 703704.

Yours sincerely

BRUCE LANG
Proper Officer

RISK SCORING MATRIX

Report writers score risks in reports uses the scoring matrix below

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
			Impact				

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

- Mitigating actions for high ('High' or above) scoring risks are to be reflected in Service Plans, managed by the Group Manager and implemented by Service Lead Officers;
- Lower scoring risks will either be accepted with no mitigating actions or included in work plans with appropriate mitigating actions that are managed by Service Lead Officer.

The Council's Vision:

To enable people to live, work and prosper in West Somerset

AUDIT COMMITTEE - AGENDA

21 March 2016 at 2.00 pm

Council Chamber, Williton

1. **Apologies for Absence**

2. **Minutes**

Minutes of the Meeting of the Committee held on 24 November 2015 – **SEE ATTACHED** – to be confirmed.

3. **Declarations of Interest**

To receive and record any declarations of interest in respect of any matters included the Agenda for consideration at this Meeting.

4. **Public Participation**

The Chairman to advise the Committee of any items on which members of the public have requested to speak and advise those members of the public present of the details of the Council's public participation scheme.

For those members of the public wishing to speak at this meeting there are a few points you might like to note.

A three-minute time limit applies to each speaker and you will be asked to speak before Councillors debate the issue. There will be no further opportunity for comment at a later stage. Your comments should be addressed to the Chairman and any ruling made the Chair is not open to discussion. If a response is needed it will be given either oral at the meeting or a written reply made within five working days of the meeting.

5. **Audit Committee Action Plan**

To update the Audit Committee on the progress of resolutions and recommendations from previous meetings – **SEE ATTACHED**.

6. **Audit Committee Forward Plan**

To review the Audit Committee Forward Plan 2015 – **SEE ATTACHED**.

7. **Grant Thornton External Audit – Audit Plan**

To consider Report No WSC 43/16 to be presented by Peter Barber, Appointed Auditor and Kevin Henderson, Audit Manager from Grant Thornton – **SEE ATTACHED**.

The purpose of the report is to provide the Audit Committee with the External Audit Plan for 2015/16.

8. Grant Thornton External Audit – Audit Update

To consider Report No WSC 44/16 to be presented by Peter Barber, Appointed Auditor and Kevin Henderson, Audit Manager from Grant Thornton – **SEE ATTACHED.**

The purpose of the report is to provide the Audit Committee with a regular update report for the Audit Committee by our external auditors, Grant Thornton. Specifically the report provided an update in relation to their work for the 2015/16 financial year and also provides an update in relation to emerging national issues.

9. SWAP Internal Audit – Progress Update 2015/16

To consider Report No WSC 45/16 to be presented by Alastair Woodland, Audit Manager, SWAP – **SEE ATTACHED.**

The purpose of the report is to provide the Audit Committee with an update the Audit Committee on the Internal Audit Plan 2015-16 progress and bring to their attention any significant findings identified through our work.

10. SWAP Internal Audit – Audit Plan 2016/17

To consider Report No WSC 46/16 to be presented by Alastair Woodland, Audit Manager – **SEE ATTACHED**

The purpose of the report is to inform the Audit Committee of the proposed work to be undertaken by South West Audit Partnership during 2016-17 and to seek approval of the Internal Audit Charter which set out the nature, role, responsibility, status and authority of internal auditing within West Somerset Council and to outline the scope of the internal audit work.

11. Refresh of Anti-Fraud Policy – Council Tax Penalties

To consider Report No WSC 47/16 to be presented by Heather Tiso, Revenues and Benefits Manager – **SEE ATTACHED.**

The purpose of the report is to provide the Audit Committee with an update on the refresh of the Anti-Fraud and Corruption Policy and Strategy to recognise South West Counter Fraud Partnership (SWCFP's) anti-fraud activities, as well as updating for procedural changes.

12. Corporate Risk Management Update

To consider Report No WSC 48/16 to be presented by Paul Harding, Corporate Strategy and Performance Manager – **SEE ATTACHED.**

The purpose of the report is to provide the Audit Committee with an update on the corporate risks which are being managed by the Joint Management Team (JMT).

13. Corporate Annual Governance Action Plan

To consider Report No WSC 49/16 to be presented by Paul Harding, Corporate Strategy and Performance Manager – **SEE ATTACHED.**

The purpose of the report is to provide the Audit Committee with a position statement regarding the 2015/16 Annual Governance Statement Action Plan.

14. SWAP Audit Actions - Summary of Overdue Level 4/5

To consider Report No WSC 50/16 to be presented by Paul Harding, Corporate Strategy and Performance Manager – **SEE ATTACHED.**

The purpose of the report is to provide the Audit Committee with a position statement on the SWAP audit recommendations for West Somerset Council, which were assessed as high and very high priority, where the agreed remedial action was overdue.

COUNCILLORS ARE REMINDED TO CHECK THEIR POST TRAYS

The Council's Vision:

To enable people to live, work and prosper in West Somerset

The Council's Corporate Priorities:

- Local Democracy:
Securing local democracy and accountability in West Somerset, based in West Somerset, elected by the people of West Somerset and responsible to the people of West Somerset.
- New Nuclear Development at Hinkley Point
Maximising opportunities for West Somerset communities and businesses to benefit from the development whilst protecting local communities and the environment.

The Council's Core Values:

- Integrity
- Respect
- Fairness
- Trust

AUDIT COMMITTEE

Minutes of the Meeting held on 1 December 2015 at 2.30 pm in the Council Chamber, Williton

Present

Councillor R Lillis.....Chairman
Councillor T Venner.....Vice Chairman
Councillor R Thomas
Councillor R Woods

Officers In Attendance

Revenues & Benefits Manager (H Tiso)
Finance Manager (S Plenty)
Senior Accountant and Deputy s151 Officer (J Nacey)
Senior Corporate Accountant (J Howells)
Democratic Services Officer (E Hill)

Also In Attendance

Kevin Henderson, Manager, Grant Thornton
Ian Baker, Executive Director, South West Audit Partnership (SWAP)
Kirsty Edwards, Investigation and Intelligence Support Officer, South West Audit Partnership (SWAP)

A.26 Minutes

(Minutes of the Meeting of the Audit Committee held on 28 September 2015, circulated with the Agenda)

RESOLVED that the Minutes of the Audit Committee held on 6 July 2015, be confirmed as a correct record.

A.27 Declarations of Interest

Name	Minute No.	Member of	Personal or Prejudicial	Action Taken
Cllr N Thwaites	All	Dulverton	Personal	Spoke and voted
Cllr T Venner	All	Minehead & SCC	Personal	Spoke and voted

A.28 Public Participation

No members of the public had requested to speak on any item on the Agenda.

A.29 Audit Committee Action Plan

There were no recorded actions from the last meeting on 6 July 2015.

A.30 Audit Committee Forward Plan

(Copy of the Audit Committee Forward Plan circulated with the Agenda).

RESOLVED that the Audit Committee Forward Plan, be noted.

A.31 Grant Thornton – Annual Audit Letter 2014/15

(Report No. WSC 177/15, circulated with the Agenda)

The purpose of this report was to summarise the key findings from the external audit work carried out in respect of the 2014/15 financial year and detailed the actual audit fees charged.

The Audit Manager for Grant Thornton outlined the Annual Audit Letter for 2014/2015, which summarised the key findings. This letter detailed the external auditor's unqualified opinion in respect of the accounts for 2014/15, qualified opinion in respect of the Value for Money (VFM) and the fees charged for 2014/15 were as planned (£56,700).

RESOLVED that the Auditor's update report on Annual Audit Letter be noted.

A.32 Grant Thornton External Audit – Audit Update

(Report No. WSC 178/15, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with a progress update regarding the work of the external auditors, Grant Thornton, together with information relating to emerging national issues which might be relevant to the Council.

The Audit Manager for Grant Thornton outlined the external auditor's progress as at December 2015 and included the status of all the planned audit work for the Council as well as details of any emerging national issues and developments that were relevant to the Council.

During the discussion of this item the following points were made:-

- Looking at page five, it was confirmed that all the planned audits would be delivered on time.
- Members were informed that the he audit on Housing Benefit Certification had been signed off

RESOLVED that the Auditor's update report be noted.

A. 33 SWAP Internal Audit – Progress Update 2015/2016

(Report No. WSC 179/15, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with an update on the Internal Audit Plan 2015-16 and bring to their attention any significant findings identified through the work of SWAP

The Audit Manager from SWAP outlined and updated the Audit Committee on the schedule of the planned audits for 2015/2016 and also provided a progress update on current audits and their findings, which included any new significant weaknesses identified.

During the discussion of this item the following points were made:-

SWAP had no concern within their audits regarding the detection of fraud.

The Audits marked as 'not started' had been rolled over and were scheduled into the New Year's audit programme.

- Looking at page 51, regarding Private Water Supply, could the Auditor expand on this?

When asked to expand on the issue of Private Water Supply mentioned on page 51 of the report, the SWAP officer commented that this looked at properties within the district that were not connected to the mains supply as the Council had responsibility to test and maintain the supply.

- Were waterways and beach safety included in harbour safety audit?

It was confirmed that waterways and beach safety were not included in the audit of Harbour Safety but the Audit team would look into this and report back to the Committee.

RESOLVED that the progress made in delivery of the 2015/16 internal audit plan and the significant findings be noted.

A.34 SWAP Committee Report Re-design – Discussion Item

(Report No. WSC 180/15, circulated with the Agenda).

The purpose of the report was to ask the Members of the Audit Committee for their input into the internal audit committee report re-design process.

The Audit Manager from SWAP outlined their plans to undertake a review of our existing committee reports and would welcome the Audit Committee's input. SWAP were looking to agree one common template that could be run automatically through the use of our software. The new style of report would potentially be introduced from 1st April 2016. The Audit Manger provided a summary of Officer's representing WSC on their initial thoughts and feedback.

During the discussion of this item the following points were made:-

- The Committee agreed with initial feedback and comments from WSC officer representatives made to SWAP officers.

RESOLVED that:-

1. The information contained within the report be noted.
2. To provide the Audit Manager with the Committee's top five priority views and feedback on how they wanted the SWAP Committee report to be laid out.

A.35 Treasury Management Strategy Report

(Report No. WSC 182/15, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with an early draft of the Treasury Management Strategy Statement and Annual Investment Strategy for 2016/17 in line with the statutory and regulatory guidance. In addition, the report included the current Minimum Revenue Provision Policy and informed Members of the Committee that the policy was currently under review.

The Senior Corporate Accountant outlined the contents of the Council's draft of the Treasury Management Strategy Statement (TMSS), Annual Investment Strategy (AIS) and Minimum Revenue Provision (MRP) Policy and the technical detail and data within the report.

The TMSS, AIS and MRP Policies ensured the Council's compliance and provide a set of 'rules' to follow in dealing with investments, borrowing and cash flow management.

The Members were presented with a full copy of the draft Treasury Management Strategy Statement and Annual Investment Strategy for 2016/17 with this covering report.

During the discussion of this item the following points were made:-

The Council had access to four money market funds. Officers would check if there was an actual fee for using this funds. The Council used ICD for pooled funds or money market funds.

In response to a question about the possibility of WSC loaning money to Town and Parish Councils, members were informed that the Council is investigating lending money to other Local Authorities and our ability to potentially offer better interest rates to smaller Local Authorities but we have to be mindful of lending money to Local Authorities with similar issues to WSC. We were seeking advice from the DCLG.

- Had officers contacted other Local Authorities regarding lending?
- Members were informed that with the branch of NatWest in Williton closed, NatWest were now offering a Mobile Bank service (Bank in Van), which included being able to deposit cash and cheques.
The Council were now looking at other options for banking facilities, now there was no branch in Williton.

RESOLVED:-

1. To support and provide comments for consideration in developing in the final strategies of the draft Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy for review and approval by Full Council.
2. That the Minimum Revenue Provision Policy was under review and any revisions would be incorporated with the final TMSS and Investment Strategies be noted.
3. That the draft Prudential Indicators contained within the TMSS be noted.

A.36 Six Month Review of Treasury Management Activity

(Report No. WSC 181/15, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with an update on the Treasury Management position as at 30th September 2015.

The Finance Manager outlined the contents of the Treasury Management Update report looking at the sums of money that the Council had borrowed or invested. This report looked at the Council's performance of the treasury management function. This update is provided twice a yearly (mid-year and at year end).

During the discussion of this item the following points were made:-

*Looking at both long term and short term borrowing, it appears that long term borrowing gave a better interest rate by tying up funds for longer.
The Council only had £1 million of external borrowing at the moment.
Based on the opinion of ArlingClose, officers are aware of a predicted increase in bank interest rates next year..*

- The temporary breach identified on page 39 of the report was not considered to be a serious breach.
The Council is guided by the credit rating when looking into a change of banks and the Council would have to go out to tender before changing banking facility.

RESOLVED that the Treasury Management position as at 30th September 2015 be noted.

A.37 Corporate Counter Fraud Update Report

The purpose of the verbal report was to update the Audit Committee on the current progress of Corporate Counter Fraud service.

The Executive Director and Investigation and Intelligence Support Officer from SWAP gave a verbal update accompanied by a PowerPoint presentation on the progress of Corporate Counter-Fraud within West Somerset District Council.

SWAP officers during their presentation covered the following topics:

- Why was the partnership formed,
- What the partnership hope to achieve
- What was the management structure
- What were the officers backgrounds in Counter-Fraud
- What were the governance arrangements
- What were our targets
- What was the investigation plan and how was it constructed
- What had SWAP officers been working on
- What would SWAP officers deliver in the future
- How did Members and Officers make referrals

During the discussion of this item the following points were made:-

- With such a significant level of fraud, some members expressed surprise that a Counter Fraud Partnership had not been formed before now. Members were informed that *The Council received updates from National Association of Fraud Investigators (NAFI) as well as support from other Counter Fraud services who were already set up.*
The Council had joined a joint working group meet for cross boundary data sharing including working with DWP.
The Council received an initial set up grant, along with one year's funding but the setup fee had been carried over to allow for a second year.
WSC had invested £5k
The service aimed to be self-funding.
- If a case of fraud was discovered, taking it forward would be a *a joint process, working with the Local Authority legal team and SWAP.*
The Council and SWAP put any non-authority data fraud into Action Fraud UK.
This was set up and run by the Police.

RESOLVED that the verbal update on Corporate Counter Fraud be noted.

The meeting closed at 4.15 pm.

Audit Committee – Action Plan

Date/Minute Number	Action Required	Action Taken
<p>1 December 2015</p> <p>A35 - Treasury Management Strategy Report</p>	<p><u>RESOLVED:-</u></p> <ol style="list-style-type: none"> 1. To support and provide comments for consideration in developing in the final strategies of the draft Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy for review and approval by Full Council. 2. That the Minimum Revenue Provision Policy was under review and any revisions would be incorporated with the final TMSS and Investment Strategies be noted. 3. That the draft Prudential Indicators contained within the TMSS be noted. 	<p>Following the meeting of the Audit Committee, Full Council approved:-</p> <ol style="list-style-type: none"> 1. The Treasury Management Strategy Statement (TMSS), Annual Investment Strategy and Minimum Revenue Provision Policy for 2016/17 as included with this report. 2. The Prudential Indicators included within the TMSS which include limits for borrowing and investment. 3. The change to the Council's Minimum Revenue Provision (MRP) Policy.
<p>28 September 2015</p>	<p>No Actions</p>	
<p>6 July 2015</p> <p>A11 – Draft Annual Governance Statement 2014/15</p>	<p><u>RESOLVED</u> that the contents of the Draft Annual Governance Statement be noted and that the Leader of the Council and the Chief Executive be recommended to adopt the document</p>	<p>Following the meeting of the Audit Committee, the Leader of the Council and Chief Executive signed off the contents of the Draft Annual Governance Statement to adopt the document.</p> <p>This was not completed at any formal Committee Meeting.</p>

West Somerset Council - Audit Committee – Forward Plan 2016

Meeting	DRAFT AGENDA ITEMS	LEAD OFFICER
21 March 2016	Grant Thornton – Audit Plan Grant Thornton – Audit Update SWAP Internal Audit – Progress Report 2015/16 SWAP Internal Audit - Audit Plan 2016/17 Refresh of Anti-Fraud Policy - Council Tax Penalties Corporate Risk Management Update Corporate Governance Action Plan Summary of Overdue Level 4/5 Actions Forward Plan	Peter Barber Kevin Henderson Peter Barber Kevin Henderson Alastair Woodland Alastair Woodland Heather Tiso Paul Harding Paul Harding Paul Harding Richard Sealy
21 June 2016	Grant Thornton – External Audit Plan 2015/16 Grant Thornton - External Audit Fee Letter Grant Thornton – External Audit Update SWAP Internal Audit – Annual Report SWAP Internal Audit – Review of Effectiveness 2015/16 Treasury Management Outturn Report Annual Governance Statement 2015/16 Forward Plan	Peter Barber Kevin Henderson Peter Barber Kevin Henderson Peter Barber Kevin Henderson Alastair Woodland Shirlene Adam James Howells Paul Harding Richard Sealy
26 Sept 2016	Grant Thornton – External Audit Findings Grant Thornton External Audit – Certification Plan Approval of the Statement of Accounts	Peter Barber Kevin Henderson Peter Barber Kevin Henderson Paul Fitzgerald

Agenda Item 6
Audit Committee

	<p>SWAP Internal Audit – Progress Update 2016/17</p> <p>Corporate Governance Action Plan Update</p> <p>Corporate Risk Management Update</p> <p>Forward Plan</p>	<p>Alastair Woodland</p> <p>Paul Harding</p> <p>Paul Harding</p> <p>Richard Sealy</p>
<p>6 Dec 2016</p>	<p>Grant Thornton External Audit – Annual Audit Letter 2015/16</p> <p>Grant Thornton External Audit Update</p> <p>SWAP Internal Audit – Progress Report 2015/16</p> <p>SWAP Committee Report Redesign – discussion item</p> <p>6-Month Review of Treasury Management Activity</p> <p>Forward Plan</p>	<p>Peter Barber Kevin Henderson</p> <p>Peter Barber Kevin Henderson</p> <p>Alastair Woodland</p> <p>Alastair Woodland</p> <p>James Howells</p> <p>Richard Sealy</p>

Report Number: WSC 43/16

West Somerset Council

Audit Committee 21 March 2016

External Audit (Grant Thornton) Audit Plan 2015/16

This is the responsibility of Cabinet Member Councillor Mandy Chilcott.

Report Author: Jo Nacey Senior Accountant and Deputy S151 Officer

1 Purpose of the Report

- 1.1 This report introduces the External Audit Plan for 2015/16. This is prepared by our external auditors, Grant Thornton, and is detailed in the appendix to the report.
- 1.2 The report, which will be presented by Grant Thornton, summarises their approach to the 2015/16 audit programme, provides information on the work already undertaken, the tasks yet to be completed, the timescales and the auditors view on risk.

2 Recommendations

- 2.1 Members are requested to note the External Audit Plan for 2015/16 received from Grant Thornton.

3 Risk Assessment

Risk Matrix

Description	Likelihood	Impact	Overall
The details of any specific risks identified will be contained in the attached report			

4 Background and Full details of the Report

- 4.1 Each year our external auditors, Grant Thornton, provide a plan, which details their approach to the audit work required in respect of the preceding financial year (2015/16). Specifically this audit work focuses on the provision of an audit opinion in relation to the accounts, value for money (VFM) and associated key risks.
- 4.2 The plan for 2015/16 is set out in Appendix A.

5 Links to Corporate Aims / Priorities

5.1 There are no direct implications.

6 Finance / Resource Implications

6.1 The report sets out the external auditors view on key risk areas for the Council and their approach to auditing them.

7 Legal Implications

7.1 There are no legal implications from this report.

8 Environmental Impact Implications

8.1 There are no direct implications.

9 Community Safety Implications

9.1 There are no direct implications.

10 Equality and Diversity Implications

10.1 There are no direct implications.

11 Social Value Implications

11.1 There are no direct implications.

12 Partnership Implications

12.1 There are no direct implications.

13 Health and Wellbeing Implications

13.1 There are no direct implications.

14 Asset Management Implications

14.1 There are no direct implications.

15 Consultation Implications

15.1 There are no direct implications.

List of Appendices

Appendix A	Grant Thornton – Audit Plan
------------	-----------------------------

Contact Officers

Name	Jo Nacey	Name	Richard Sealey
Direct Dial	01823 358678	Direct Dial	01823 358690
Email	j.nacey@tauntondeane.gov.uk	Email	r.sealy@tauntondeane.gov.uk

The Audit Plan for West Somerset District Council

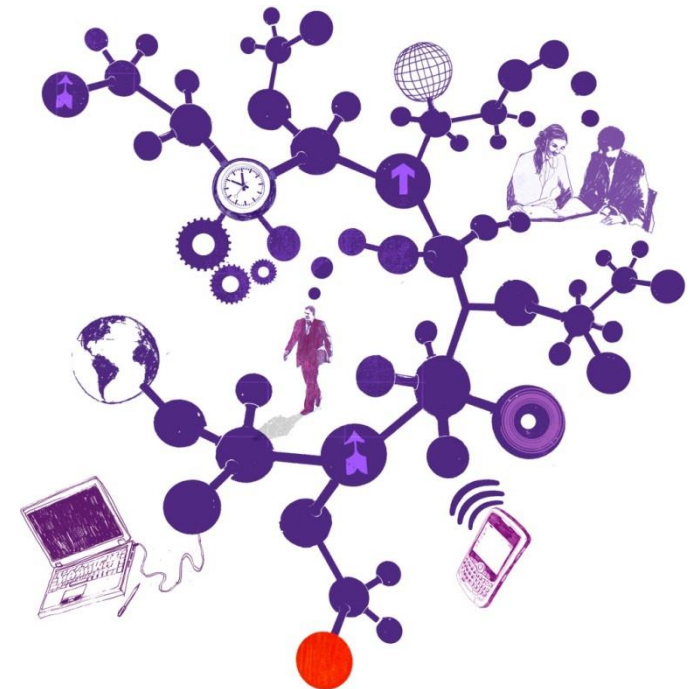
Year ending 31 March 2016

03 March 2016

Peter Barber
Associate Director
T 0117 305 7897
E peter.a.barber@uk.gt.com

Kevin Henderson
Manager
T 0117 305 7873
E kevin.j.henderson@uk.gt.com

Stephen Clarke
Executive
T 0117 305 7884
E stephen.t.clarke@uk.gt.com



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

West Somerset District Council
West Somerset House
Killick Way
Williton
Taunton
TA4 4QA

Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT
T +44 (0)117 305 7600
www.grant-thornton.co.uk

3 March 2016

Dear Members of the Audit Committee

Audit Plan for West Somerset District Council for the year ending 31 March 2016

This Audit Plan sets out for the benefit of those charged with governance (in the case of West Somerset District Council, the Audit Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Council and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015.

Our responsibilities under the Code are to:

- give an opinion on the Council's financial statements
- satisfy ourselves the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

Yours sincerely

Peter Barber
Engagement Lead

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see grant-thornton.co.uk for further details.

Contents

Section

Understanding your business	5
Developments and other requirements relevant to the audit	6
Our audit approach	7
Materiality	8
Significant risks identified	9
Other risks identified	12
Value for Money	14
Results of interim audit work	17
Key dates	20
Fees and independence	21
Communication of audit matters with those charged with governance	22

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.

Challenges/opportunities

1. Autumn Statement 2015 and financial health

- The Chancellor proposed that local government would have greater control over its finances, although this was accompanied by a 24% reduction in central government funding to local government over 5 years.
- Despite the increased ownership, the financial health of the sector is likely to become increasingly challenging.
- West Somerset is currently facing a £1.2m budget gap by 2020/21.



2. Devolution

- The Autumn Statement 2015 also included proposals to devolve further powers to localities.
- A 'Statement of Intent' regarding devolution for Somerset, including West Somerset, was issued to Parliament in September 2015.



3. Housing

- The Autumn Statement also included a number of announcements intended to increase the availability and affordability of housing.



4. Joint arrangements

- The Council, in partnership with Taunton Deane Borough Council, has completed the implementation and full integration of the teams at both Councils. This has already provided significant financial savings and aims to provide further efficiencies to both with the sharing and transformation of services.



Our response

- We will consider the Council's plans for addressing its financial position as part of our work to reach our VFM conclusion.

- We will consider your plans as part of the local devolution agenda as part of our work in reaching our VFM conclusion.
- We are able to provide support and challenge to your plans based on our knowledge of devolution elsewhere in the country.

- We will consider how the Council has reflected government announcements as part of its business planning process.
- Where appropriate, we will share our knowledge of how other Councils are responding to these changes.

- We will review the delivery of savings from the joint management team and the impact on current budgets and the medium term financial plan.
- We will review the basis of how costs have been shared between the two councils and presented in the accounts.

Developments and other requirements relevant to your audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

Developments and other requirements

1. Fair value accounting

- A new accounting standard on fair value (IFRS 13) has been adopted and applies for the first time in 2015/16.
- This will have a particular impact on the valuation of surplus assets within property, plant and equipment which are now required to be valued at fair value in line with IFRS 13 rather than the existing use value of the asset.
- Investment property assets are required to be carried at fair value as in previous years.
- There are a number of additional disclosure requirements of IFRS 13.



- We will keep the Council informed of changes to the financial reporting requirements for 2015/16 through ongoing discussions and invitations to our technical update workshops.
- We will discuss this with you at an early stage, including reviewing the basis of valuation of your surplus assets and investment property assets to ensure they are valued on the correct basis.
- We will review your draft financial statements to ensure you have complied with the disclosure requirements of IFRS 13.

2. Corporate governance

- The Accounts and Audit Regulations 2015 require local authorities to produce a Narrative Statement, which reports on your financial performance and use of resources in the year, and replaces the explanatory foreword.
- You are required to produce an Annual Governance Statement (AGS) as part of your financial statements.



- We will review your Narrative Statement to ensure it reflects the requirements of the CIPFA Code of Practice when this is updated, and make recommendations for improvement.
- We will review your arrangements for producing the AGS and consider whether it is consistent with our knowledge of the Council and the requirements of CIPFA guidance.

3. Earlier closedown of accounts

- The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 May and 31 July respectively by the 2017/18 financial year.



- We will work with you to identify areas of your accounts production where you can learn from good practice in other authorities.
- We aim to complete all substantive work on our audit of your financial statements by 31 July 2016 as a 'dry run'
- You are proposing to have your accounts prepared by 31 May 2016 but these will not be available to audit until 4 July 2016.

4. Hinkley C

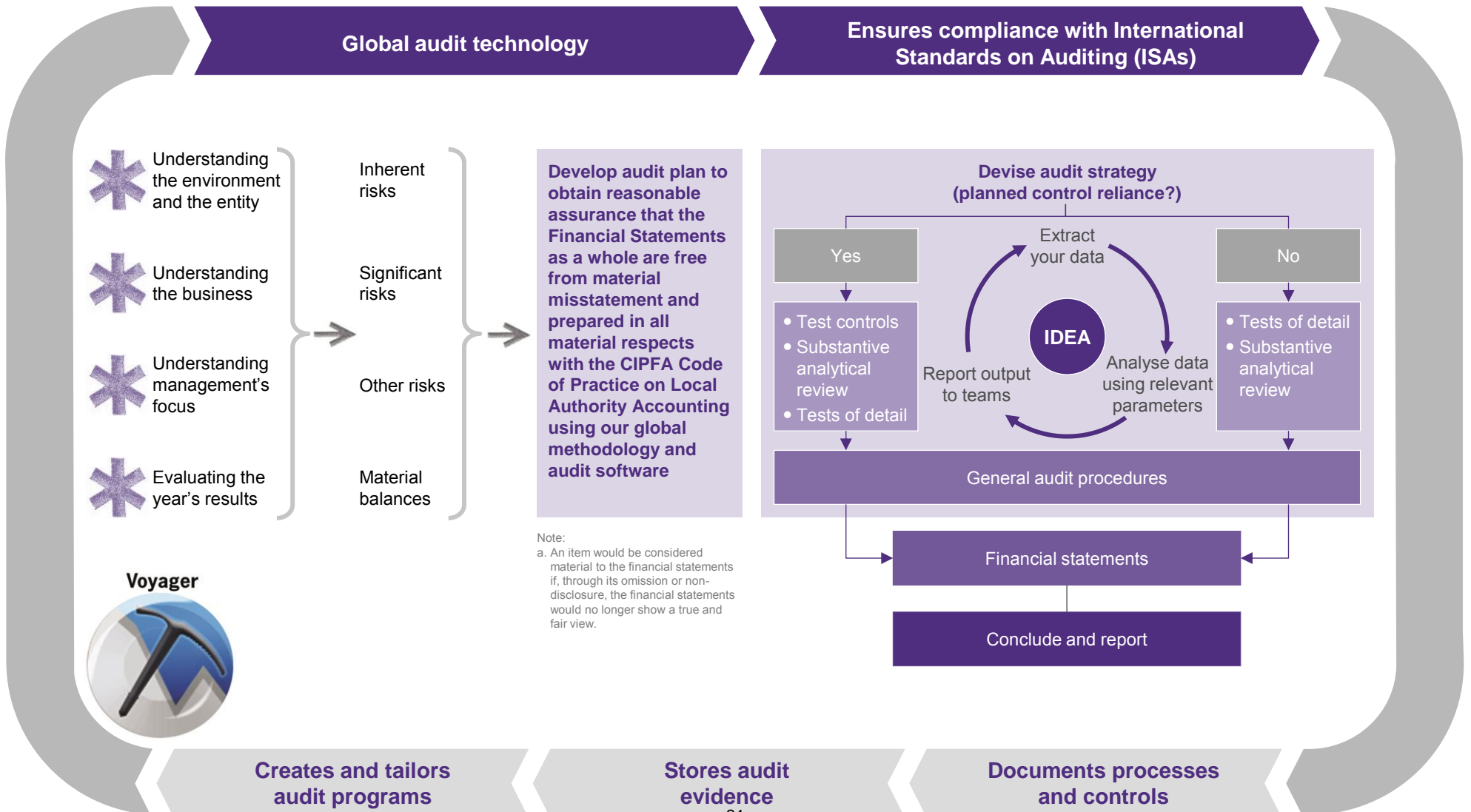
- West Somerset is the lead authority for the agreement with EDF Energy on the administering of planning monies, of up to £28 million over the duration of the Hinkley C preparation project.
- Most of this money will be passed on to other public bodies to be spent in accordance with the terms of the agreement.



- We will review your proposals for accounting for these arrangements against the requirements of the CIPFA Code of Practice.

Our response

Our audit approach



Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit.

The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As is usual in public sector entities, we have determined materiality for the statements as a whole as a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall materiality to be £544k (being 1.8% of gross revenue expenditure). We will consider whether this level is appropriate during the course of the audit and will advise you if we revise this.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £27k.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'.

We have identified the following items where separate materiality levels are appropriate.

Balance/transaction/disclosure	Explanation	Materiality level
Disclosure of officers' remuneration, salary bandings and exit packages in notes to the statements.	Due to public interest in these disclosures and the statutory requirement for them to be made.	£5,000
Disclosure of members' allowances	Due to public interest in these disclosures and the statutory requirement for them to be made.	£5,000
Disclosure of auditors' remuneration in notes to the statements	Due to public interest in these disclosures.	£5,000

Significant risks identified

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315). In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing - ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at West Somerset District Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including West Somerset District Council, mean that all forms of fraud are seen as unacceptable.
Management over-ride of controls	<p>Under ISA 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries • Review of unusual significant transactions

Significant risks identified (continued)

Significant risk	Description	Substantive audit procedures
Valuation of property, plant and equipment	<p>The Council revalues its assets on a rolling basis over a five year period . The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from current value. This represents a significant estimate by management in the financial statements.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> • Review of management's processes and assumptions for the calculation of the estimate. • Review of the competence, expertise and objectivity of any management experts used. • Review of the instructions issued to valuation experts and the scope of their work • Discussions with valuer about the basis on which the valuation is carried out and challenge of the key assumptions. • Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding. • Testing of revaluations made during the year to ensure they are input correctly into the Council's asset register • Evaluation of the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.
Valuation of surplus assets and investment property	<p>The CIPFA Code of Practice has implemented IFRS 13 for the 2015/16 financial statements. The Council is required to include surplus assets within property, plant and equipment in its financial statements at fair value, as defined by IFRS13.</p> <p>The basis on which fair value is defined for investment property is also different to that used in previous years.</p> <p>This represents a significant change in the basis for estimation of these balances in the financial statements.</p> <p>There are also extensive disclosure requirements under IFRS 13 which the Council needs to comply with.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> • Review of management's processes and assumptions for the calculation of the estimate. • Review of the competence, expertise and objectivity of any management experts used. • Review of the instructions issued to valuation experts and the scope of their work • Discussions with valuer about the basis on which the valuation is carried out and challenge of the key assumptions. • Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding. • Testing of revaluations made during the year to ensure they are input correctly into the Council's asset register • Review of the disclosures made by the Council in its financial statements to ensure they are in accordance with the requirements of the CIPFA Code of Practice and IFRS 13.

Significant risks identified (continued)

Significant risk	Description	Substantive audit procedures
Valuation of pension fund net liability	The Council's pension fund asset and liability as reflected in its balance sheet represent significant estimates in the financial statements.	<p>Work planned:</p> <ul style="list-style-type: none"> • We will identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. • We will review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out. • We will undertake procedures to confirm the reasonableness of the actuarial assumptions made. • We will review the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.
Recharge of shared services	Payroll and other costs recharged monthly by Taunton Deane Borough Council under the shared service arrangement could be misstated to artificially improve the financial position of one of the two councils.	<p>Work completed to date:</p> <ul style="list-style-type: none"> • We have reviewed the method for recharging and traced to invoices. • We have carried out initial analytical review of the recharge costs. <p>Further work planned:</p> <ul style="list-style-type: none"> • We will carry out further analytical review at the year and investigate reasons for fluctuations in the monthly recharged costs. • We will review invoices not covered during our interim testing.

Other risks identified

"The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures"(ISA (UK & Ireland) 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit approach
Operating expenses	Creditors understated or not recorded in the correct period (Operating expenses understated)	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Review of system documentation and walkthrough tests of design and operation of controls <p>Further work planned:</p> <ul style="list-style-type: none"> • Search for unrecorded liabilities by testing after period payments • Obtain an understanding of the accruals process and determine whether our understanding identifies areas where additional procedures are required • Obtain written representations from management for significant assumptions used in estimates. • We shall review the basis on which recharges from Taunton Deane Borough Council are made to confirm that this is in line with the agreement, and we shall confirm that the charges made by Taunton Deane Borough Council included in income match the expenditure included in Operating Expenses of West Somerset District Council.

Other risks identified (continued)

Other material balances and transactions

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

- Assets held for sale
- Investments (long term and short term)
- Cash and cash equivalents
- Borrowing and other liabilities (long term and short term)
- Provisions
- Usable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure
- Taxation and non-specific grants
- Segmental reporting note
- Officers' remuneration note
- Leases note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Collection Fund and associated notes

Other audit responsibilities

- We will undertake work to satisfy ourselves that disclosures made in the Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council.
- We will read the Narrative Statement and check that it is consistent with the statements on which we give an opinion and disclosures are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We will give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts

Value for Money

Background

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

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

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

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none"> Acting in the public interest, through demonstrating and applying the principles and values of good governance Understanding and using appropriate cost and performance information to support informed decision making and performance management Reliable and timely financial reporting that supports the delivery of strategic priorities Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	<ul style="list-style-type: none"> Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions Managing assets effectively to support the delivery of strategic priorities Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	<ul style="list-style-type: none"> Working with third parties effectively to deliver strategic priorities Commissioning services effectively to support the delivery of strategic priorities Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for Money (continued)

Risk assessment

We completed an initial risk assessment based on the NAO's guidance. In our initial risk assessment, we considered:

- our cumulative knowledge of the Council, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements..
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

We have identified significant risks which we are required to communicate to you. The NAO's Code of Audit Practice defines 'significant' as follows:

A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.

We have set out overleaf the risks we have identified, how they relate to the Code sub-criteria, and the work we propose to undertake to address these risks.

Value for money (continued)

We set out below the significant risks we have identified as a result of our initial risk assessment and the work we propose to address these risks.

Significant risk	Link to sub-criteria	Work proposed to address
<p>Medium term financial position The Council has a balanced financial plan for 2016/17. However, there is a cumulative shortfall of £2.5 million for the subsequent four years of the plan.</p>	<p>This links to the Council's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.</p>	<p>We will review the Council's medium term financial plan, including the assumptions that underpin the plan.</p>
<p>Joint Management and Shared Services (JMASS) and transformation The Council has a shared services agreement with Taunton Deane Borough Council and has completed the implementation and full integration of the teams at both Councils. This has already provided significant financial savings. However, further efficiencies are required, both in terms of sharing staff and in the transformation of services.</p>	<p>This links to the Council's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions and planning, organising and developing workforce effectively to deliver strategic priorities.</p>	<p>We will review how the Council is progressing the Joint Management and Shared Services arrangement, with a particular emphasis on the transformation of services. We will also review the project management arrangements relating to this project.</p>

Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and Annual Audit Letter.

We will include our conclusion as part of our report on your financial statements which we will give by 30 September 2016.

Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusion
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities</p>	<p>Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p>

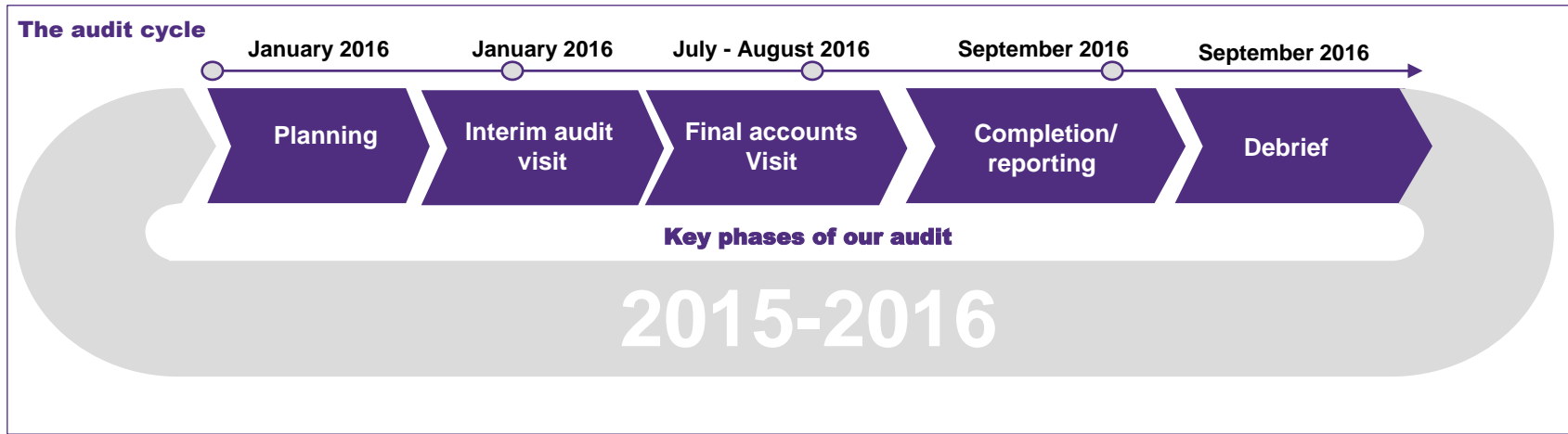
Results of interim audit work (continued)

	Work performed	Conclusion
Review of information technology controls	<p>We performed a high level review of the general IT control environment, as part of the overall review of the internal controls system.</p> <p>IT (information technology) controls were observed to have been implemented in accordance with our documented understanding.</p>	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements</p>
Walkthrough testing	<p>We have completed walkthrough tests of the Council's controls operating in the following areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>We have tested operating expenses at the interim stage.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Council in accordance with our documented understanding.</p>	<p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Council in accordance with our documented understanding.</p> <p>Our work has not identified any weaknesses which impact on our audit approach.</p>

Results of interim audit work (continued)

	Work performed	Conclusion
Journal entry controls	<p>We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p> <p>To date we have undertaken detailed testing on journal transactions recorded for the first nine months of the financial year, by extracting 'unusual' entries for further review. No issues have been identified that we wish to highlight for your attention.</p>	<p>We have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p> <p>No issues have been identified from our testing of journals that we wish to highlight for your attention. We will test the remainder of the year and the year end journals at our final audit visit.</p>
Early substantive testing	<p>We have:</p> <ul style="list-style-type: none"> • checked the physical existence of a sample of land and buildings fixed assets and checked ownership by review of deed and land registry documentation; • tested a sample of operating costs incurred to supporting documents; • reviewed investments made to documentation for investments which should still be in place at the year end; • reviewed the methodology for recharging costs from Taunton Deane to West Somerset and carried out analytical review; • tested Housing Benefit payments to ensure entitlement is valid and reviewed the reconciliation of payments to the general ledger; • agreed the precept charges to demands; and • checked that closing balances have been brought forward correctly. 	<p>With regard to land and buildings, we will make enquiries to confirm that no material assets have been sold since our initial testing was undertaken.</p> <p>All testing of samples will be topped up at the year end to confirm that all of the year has been tested and agreed to the ledger figures to support the accounts.</p>

Key dates



Date	Activity
January 2016	Planning
January 2016	Interim site visit
21 March 2016	Presentation of audit plan to Audit Committee
July – August 2016	Year end fieldwork
September 2016	Audit findings clearance meeting with Director of Operations
26 September 2016	Report audit findings to those charged with governance (Audit Committee)
26 September 2016	Sign financial statements opinion

Fees and independence

Fees

	£
Council audit	42,525
Grant certification	6,996
Total audit fees (excluding VAT)	49,521

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list.
- The scope of the audit, and the Council and its activities, have not changed significantly.
- The Council will make available management and accounting staff to help us locate information and to provide explanations.
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

Fees for other services

Service	Fees £
Audit related services:	
None	Nil

Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings Report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (UK & Ireland) (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings Report will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



© 2016 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires.

Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk

Report Number: WSC 44/16

West Somerset Council

Audit Committee 21 March 2016

External Audit (Grant Thornton) Update Report

This is the responsibility of Cabinet Member Councillor Mandy Chilcott

Report Author: Jo Nacey Senior Accountant and Deputy S151 Officer

1 Purpose of the Report

- 1.1 This is a regular update report for Members by our external auditors, Grant Thornton. Specifically the report provides an update in relation to their work for the 2015/16 financial year and also provides an update in relation to emerging national issues.

2 Recommendations

- 2.1 Members are requested to note the update report.

3 Risk Assessment

Risk Matrix

Description	Likelihood	Impact	Overall
The details of any specific risks identified will be contained in the attached report			

4 Background and Full details of the Report

- 4.1 Each year our external auditors, Grant Thornton, are required to carry out prescribed audit work and this report provides a useful progress update on the work undertaken to date.
- 4.2 Additionally, the report shares headlines on some national issues that may have an impact upon the Council.

5 Links to Corporate Aims / Priorities

- 5.1 There are no direct implications.

6 Finance / Resource Implications

6.1 There are no direct implications.

7 Legal Implications

7.1 There are no legal implications from this report.

8 Environmental Impact Implications

8.1 There are no direct implications.

9 Community Safety Implications

9.1 There are no direct implications.

10 Equality and Diversity Implications

10.1 There are no direct implications.

11 Social Value Implications

11.1 There are no direct implications.

12 Partnership Implications

12.1 There are no direct implications.

13 Health and Wellbeing Implications

13.1 There are no direct implications.

14 Asset Management Implications

14.1 There are no direct implications.

15 Consultation Implications

15.1 There are no direct implications.

List of Appendices

Appendix A	Grant Thornton – Audit Update
------------	-------------------------------

Contact Officers

Name	Jo Nacey	Name	Richard Sealey
Direct Dial	01823 358678	Direct Dial	01823 358690
Email	j.nacey@tauntondeane.gov.uk	Email	r.sealy@tauntondeane.gov.uk

Report Number: WSC 45/16

West Somerset Council

Audit Committee – 21 March 2016

Internal Audit Plan 2015/16 – Progress Update

This matter is the responsibility of Cabinet Member Councillor Mandy Chilcott

Report Author: Alastair Woodland, Audit Manager, SWAP

1 Purpose of the Report

- 1.1 To update members on the Internal Audit Plan 2015-16 progress and bring to their attention any significant findings identified through our work.

2 Recommendations

- 2.1 Members are asked to note progress made in delivery of the 2015/16 internal audit plan and note the significant findings.

3 Risk Assessment

Any organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the risks it may face. WSC has a risk management framework, and within that, individual internal audit reports deal with the specific risk issues that arise from the findings. These are translated into mitigating actions and timetables for management to implement. The most significant findings are reported to this committee in terms of significant corporate risks or in terms of high priority findings at an individual service level.

4 Background and Full details of the Report

- 4.1 This report summarises the work of the Council's Internal Audit Service and provides:
 - Details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in December.
 - A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.

5 Contribution to Corporate Priorities

- 5.1 Delivery of the corporate objectives requires strong internal control. The attached report provides a summary of the audit work carried out to date this year by the Council's internal auditors, South West Audit Partnership.

6 Finance / Resource Implications

- 6.1 There are no specific finance issues relating to this report.

7 Legal Implications

- 7.1 There are no specific legal issues relating to this report.

8 Environmental Impact Implications

- 8.1 There are no direct implications from this report.

9 Safeguarding and/or Community Safety Implications

- 9.1 There are no direct implications from this report.

10 Equality and Diversity Implications

- 10.1 There are no direct implications from this report.

11 Social Value Implications

- 11.1 There are no direct implications from this report.

12 Partnership Implications

- 12.1 There are no direct implications from this report.

13 Health and Wellbeing Implications

- 13.1 There are no direct implications from this report.

14 Asset Management Implications

- 14.1 There are no direct implications from this report.

15 Consultation Implications

- 15.1 There are no direct implications from this report.

Democratic Path:

- **Audit Committees – Yes**
- **Cabinet – No**
- **Full Council – No**

Reporting Frequency: Once only Ad-hoc Quarterly
 Twice-yearly Annually

List of Appendices (delete if not applicable)

Appendix A	WSC Report of Internal Audit Activity March Update 2016
------------	---

Contact Officers

Name	Alastair Woodland
Direct Dial	01823 356160
Email	Alastair.woodland@southwestaudit.co.uk



West Somerset Council

Report of Internal Audit Activity, March Update 2016

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Contents

The contacts at SWAP in connection with this report are:

Gerry Cox
Chief Executive
Tel: 01935 462371
gerry.cox@southwestaudit.co.uk

Ian Baker
Director of Quality
Tel: 07917628774
ian.baker@southwestaudit.co.uk

Alastair Woodland
Assistant Director
Tel: 01823 356160
Alastair.woodland@southwestaudit.co.uk

Summary

Role of Internal Audit	Page 1
Overview of Internal Audit Activity	Page 1

Internal Audit Work Plan 2015-16

Audit Plan progress	Page 2 - 3
Report on Significant Findings	Page 3 - 5
Future Planned Work & Conclusions	Page 5 - 6

Appendices

Appendix A -	Audit Plan Progress 2015-16
Appendix B -	Audit Definitions



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Our audit activity is split between:

- Operational Audit
- Key Control Audit
- Governance, Fraud & Corruption Audit
- IT Audit
- Special Reviews

See Appendix A for individual audits

Role of Internal Audit

The Internal Audit service for West Somerset Council is provided by South West Audit Partnership (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Corporate Governance Committee and last reviewed at its meeting on 9th March 2015.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes;

- Operational Audit Reviews
- Key Financial Control Reviews
- Cross Cutting Fraud and Governance Reviews
- IT Audit Reviews
- Other Special or Unplanned Reviews

Overview of Internal Audit Activity

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Corporate Management Team and External Auditors. This year's Audit Plan was reported to this Committee at its meeting in March 2015.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk. Key Control Audits are undertaken in quarter three of each year and these are planned in conjunction with the Council's External Auditor to assist in their assessment of the Council's financial control environment. This reduces the overall cost of audit to the Council.



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Update 2015-16

Completed Audit Assignment in the Period

Audit Plan Progress

The schedule provided at [Appendix A](#) contains a list of all audits as agreed in the Annual Audit Plan 2015/16. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed. Each completed assignment includes its respective “control assurance” opinions together with the number and relative ranking of recommendations that have been raised with management. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as shown in [Appendix B](#)

As can be seen from [Appendix A](#) the following audits have been progressed to date:

Operational:

- Final, 2 Reviews
- In Progress, 2 review
- Not Started, 1 review

Governance, Fraud and Corruption:

- Final, 1 review
- Draft, 1 review
- Drafting, 1 review
- Not started, 1 reviews

Follow-up Reviews:

- Final, 1 review

ICT Reviews

- Final, 1 review



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee

Audit Plan Progress

- Key Control reviews:**
- Final, 1 review
 - Drafting, 1 review
 - In progress, 4 reviews

Audit Plan Progress – Outstanding 2014-15 Audits

I have provided an update since the last progress report in December 2015. There were three reviews not at final report stage in December 2015. These have now been finalised and corrective action agreed. Details of these three reviews are provided at the end of [Appendix A](#).

Report on Significant Findings

As agreed with this Committee where a review has a status of ‘Final’ and has been assessed as ‘Partial’ or ‘No Assurance’, I will provide further detail to inform Members of the key issues identified.

Since my last update there are two reviews concluded and assessed as ‘Partial’.

Asset Management

This audit focused on the following key risk areas:

- There is not a cohesive and inclusive strategy to ensure that property management services are joined up;



Report on Significant Findings Continued

- The authority does not have a complete and up to date record of property assets to facilitate decision making;
- Acquisitions and disposals are not managed effectively;
- Best value is not obtained from property owned by the Council.

The Council has been in a difficult financial situation for some time and staffing resources have been limited. This has clearly impacted on asset management capability and funding available for property maintenance. Without a building condition survey process it is more difficult to assess the value of necessary maintenance which is needed within the current property holding. The strategy to sell off surplus assets both frees up much needed capital to support the capital programme and reduces ongoing maintenance requirements.

Some degree of property costing is in place but it needs further development for both effective budgetary management and to guide appropriate decision making on asset retention and use and key decisions on asset disposal. The main weaknesses identified that need to be addressed are:

- Need to develop a new Asset Management Strategy and Asset Management Plan;
- Need to embed a periodic building condition survey process;
- Need to fully embed a full individual property costing system;
- Need to review asset data record system and bring data recording up to date;
- Need to ensure formal valuations are obtained to support all asset sales and purchases.

Opportunity presents itself through the formation of a joint management of the service with TDBC for fundamental review and rationalisation of the form and content of property records.

Report on Significant Findings Continued

Private Water Supplies – Partial Assurance

The reason for awarding this opinion is that between July 2014 and March 2015 only a limited Private Water Supply Service was running due to long term absence of a key member of the service and the lack of cover arrangements in place. The absence of this officer had a significant impact on the service as they were the only officer that knew how to access and utilise the Access database where all the Private Water Supply information was held. Arrangements were made to provide cover, but this was frustrated due to the lack of continuity information available and knowledge by any other officers on the West Somerset Council's process. Due to the absence a revised timetable was submitted to the DWI to ensure that all risk assessments were completed by the 1st of July. This timetable has slipped and at the beginning of November there are currently 5 risk assessments outstanding and 30 sampling visits. These have been programmed in for November/December and early in into 2016.

A key development for the service moving forward will be to ensure systems and processes should be standardised across both Authorities to allow for more seamless movements of staff to cover peaks and troughs in work flow.

We do note that in the short term another officer now has access to the Access database and additional officers have been trained to support and provide cover in the event of any further absence. Whilst the controls as described should ensure the service achieves its objectives and minimises the risks.

Future Planned Work/Plan Changes

The audit plan for 2015/16 is detailed in Appendix A. Members will note that where necessary any changes to the plan throughout the year will have been subject to agreement with the appropriate service manager and the Section 151 Officer.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

Future Planned Work/Plan Changes Continued

Members will note from [Appendix A](#) that a request was made to undertake work on the Repair and Renewal Grant at short notice. Client advice time was used to accommodate this additional review.

Conclusion

Overall steady progress is being made against the 2015-16 audit plan. Some audits have slipped in terms of the timetable originally agreed and there will be some carry forward in to April, however all days will be delivered.

Members will note the 2 partial assurance audits that have been reported. Both these are scheduled to be followed up in the 2016-17 audit plan to provide assurance that weaknesses have been addressed. As with all our reviews, an agreed action plan is in place.

Audit Plan Progress 2015-16

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
Final											
Follow Up	Data Transparency	Q1	Final	Follow up	3	0	2	1	0	0	
Governance, Fraud & Corruption, Cross Cutting	Business Continuity	Q1	Final	Reasonable	4	0	0	4	0	0	
ICT Audit	Data Migration from Northgate to Civica	Q1	Final	Non Opinion	3	0	0	2	1	0	
Operational Audit	Food safety	Q2	Final	Substantial	7	0	0	7	0	0	
Key Control	Council Tax & NNDR	Q3	Final	Substantial	0	0	0	0	0	0	
Operational Audit - Grant	Repair & Renewal Grant (New)	Q3	Final	Non Opinion	0	0	0	0	0	0	
Draft											
Governance, Fraud & Corruption, Cross Cutting	Declaration of Interests, Gifts and Hospitality & Ethical Standards	Q2	Review								



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Audit Plan Progress 2015-16

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
Governance, Fraud & Corruption, Cross Cutting	Cash & Banking	Q2	Draft	Reasonable							
Key Control	Main Accounting	Q3	Review								
In Progress											
Key Control	Creditors	Q3	In Progress								
Key Control	Debtors	Q3	In Progress								
Key Control	Treasury Management	Q3	In Progress								
Operational Audit	Homelessness	Q4	In Progress								
Operational Audit	Land Charges (NEW)	Q4	In Progress								
Key Control	Housing Benefits	Q4	In Progress								



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
Not Started											
Governance, Fraud & Corruption, Cross Cutting	Hinkley	Q4	Not Started								
Operational Audit	Waterways/Beach safety	Q4	Not Started								
Outstanding from 2014-15 Audit Plan as of December 2015											
Governance, Fraud & Corruption	Private Water supply - theme	Q4	Final	Partial	2	0	0	0	2	0	
Operational	Choice Based Lettings – Somerset Wide Review	Q4	Final	Reasonable	6	0	0	6	0	0	
Governance, Fraud & Corruption	Asset Management	Q4	Final	Partial	15	0	0	9	6	0	

Audit Framework Definitions

Control Assurance Definitions **Appendix B**

Substantial	▲★★★★ I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	▲★★★★ I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	▲★★★ I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	▲★★★ I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation Of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

- Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.



SWAP work is completed to comply with the Internal Professional Practices Framework of the Institute of Internal Auditors and further guided by the Public Sector Internal Audit Standards.

Report Number: WSC 46/16

West Somerset Council

Audit Committee – 21 March 2016

Internal Audit Plan 2016/17 and Internal Audit Charter

This matter is the responsibility of Cabinet Member Councillor Mandy Chilcott

Report Author: Alastair Woodland, Audit Manager, SWAP

1 Purpose of the Report

- 1.1 To inform the Audit Committee of the proposed work to be undertaken by South West Audit Partnership during 2016-17.
- 1.2 To seek approval of the Internal Audit Charter which sets out the nature, role, responsibility, status and authority of internal auditing within West Somerset Council and to outline the scope of the internal audit work.

2 Recommendations

- 2.1 Members are asked to note and approve the 2016-17 internal audit plan.
- 2.2 Members are asked to note and approve the Internal Audit Charter.

3 Risk Assessment

- 3.1 Any organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the risks it may face. WSC has a risk management framework, and within that, individual internal audit reports deal with the specific risk issues that arise from the findings. These are translated into mitigating actions and timetables for management to implement. The most significant findings are reported to this committee in terms of significant corporate risks or in terms of high priority findings at an individual service level.

4 Background and Full details of the Report

Annual Plan 2016-17

- 4.1 West Somerset's audit plan for 2016-17 is based on 167 days and is notionally broken down across various audit categories including the following:

- Key Financial Systems Audits
- Fraud / Governance Audits
- IT Audits
- Operational Audits
- Follow Up Audits
- Non-Opinion Reviews

4.2 Further details of the Annual Internal Audit Plan 2016-17 can be found in the attached report.

Internal Audit Charter

4.3 The Charter was approved by the Audit Committee on the 25th September 2006 and is reviewed and approved each year to confirm it remains accurate and up to date.

4.4 The Charter was last reviewed by the Audit Committee at its meeting on the 23rd March 2015.

4.5 As the Charter has only recently been updated to reflect the changes in roles and responsibilities, mainly job titles, and to address some of the minor requirements of the Public Sector Internal Audit Standards, there are no further changes required at this time.

5 Contribution to Corporate Priorities

5.1 Delivery of the corporate objectives requires strong governance, risk management and internal controls. The attached report provides a summary of the audit work to be carried out to date to provide assurance on the effectiveness of WSC governance, risk management and internal controls.

6 Comments on behalf of Section 151 Officer

6.1 The proposed Internal Audit Plan for 2016/17 is attached. I am satisfied that this is a reasonable approach to managing the key risks facing the Council. The plan will be amended if necessary during the year.

7 Finance Implications

7.1 The proposed internal audit plan is within approved budget.

8 Legal Implications

8.1 There are no specific legal issues relating to this report.

9 Environmental Impact Implications

9.1 There are no direct implications from this report.

10 Safeguarding and/or Community Safety Implications

10.1 There are no direct implications from this report.

11 Equality and Diversity Implications

11.1 Members need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process.

- The three aims the authority must have due regard for:
- Eliminate discrimination, harassment, victimisation
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it

12 Social Value Implications

12.1 There are no specific legal issues relating to this report.

13 Partnership Implications

13.1 There are no specific legal issues relating to this report.

14 Health and Wellbeing Implications

14.1 There are no specific legal issues relating to this report.

15 Asset Management Implications

15.1 There are no specific legal issues relating to this report.

16 Consultation Implications

16.1 There are no specific legal issues relating to this report.

Democratic Path:

- **Audit Committees – Yes**
- **Cabinet – No**
- **Full Council – No**

Reporting Frequency: Once only Ad-hoc Quarterly
 Twice-yearly Annually

List of Appendices

Appendix A	SWAP Internal Audit Plan 2016-17
Appendix B	SWAP Internal Audit Charter

Contact Officers

Name	Alastair Woodland
Direct Dial	01823 356160
Email	Alastair.woodland@southwestaudit.co.uk



West Somerset Council

Internal Audit Plan 2016-17

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Contents

The contacts at SWAP in connection with this report are:

Gerry Cox

Chief Executive

Partnership

Tel: 01935 462371

gerry.cox@southwestaudit.co.uk

Ian Baker

Director of Quality

Tel: 07917 628774

ian.baker@southwestaudit.co.uk

Alastair Woodland

Assistant Director

Tel: 01823 356160

Alastair.woodland@southwestaudit.co.uk

Role of Internal Audit & Background

Page 1

The Annual Audit Plan

Page 2, 3 & 4

Appendix A - Plan Summary

Page 5, 6 & 7



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Our audit activity is split between:

- **Key Control Audit**
- **Governance, Fraud & Corruption Audit**
- **IT Audit**
- **Operational Audit**
- **Follow-Up Audit**
- **Non-Opinion Reviews**

Role of Internal Audit

The Internal Audit service for West Somerset Council (WSC) is provided by South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors and also guided by interpretation provided by the Public Sector Internal Audit Standards. The work of the Partnership is also guided by the 'Internal Audit Charter' which was last reviewed and approved by the Audit Committee at its meeting on 23rd March 2015.

Internal Audit provides an independent and objective opinion on the Authority's governance, risk and control environment by evaluating its effectiveness. In order to achieve this, the audit activity is split across the review categories listed to the left.

Background

It is recommended by the Public Sector Internal Audit Standards that organisations nominate a 'Board' to oversee (monitor and scrutinise) the work of Internal Audit. As such, in addition to senior management oversight, this Council has determined that, the Audit Committee will undertake this function. The plan is presented in [Appendix A](#) to this report and represents the internal audit activity for the 2016/17 financial year.

It should be noted that plan days are only indicative for planning our resources. At the start of each audit an initial meeting is held to agree the terms of reference for the audit which includes the objective and scope for the review. Any changes to individual plan items, in terms of days, are managed within the annual payment made by the Council. The plan is pulled together with a view to providing assurance to both Officers and Members that current risks faced by the Authority are adequately controlled and managed. As with previous years the plan will have to remain flexible as new and emerging risks are identified. Any changes to the agreed plan will only be made through a formal process involving the Director of Operations (Section 151 Officer) and reported to this Committee.



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

The Annual Plan

The Annual Plan

In order to develop the plan for the year, the Audit Manager reviewed the Corporate Risk Register, Service Plans and Service Risk Registers as well as liaising with the Joint Management Team (JMT) and the Section 151 Officer.

The audit plan is notionally broken down across various audit categories; the following summarises each:

Key Control Audits – focus primarily on key risks relating to the Council’s major financial systems. The External Auditors have emphasised for this year that while they do not place reliance on the work of Internal Audit, they will continue to take assurance from it. The scope of some of these reviews will therefore change in emphasis to include controls that haven’t been included in previous years.

Fraud/Governance Audit – The focus of the Governance reviews is primarily the key risks relating to cross cutting areas that are controlled and/or impact at a corporate rather than service level. It also provides an annual assurance review of areas of the Council that are inherently higher risk. This work will, in some cases, enable SWAP to provide management with added assurance that they are operating best practice as we will be conducting most of these reviews at all our Partner Sites.

Fraud will continue to be a focal point of our work programmes in all areas, but to support the Council will have a specialist team that are able to respond and carry out ad-hoc investigations if the need should arise.

IT Audits – are completed to provide the Authority with assurance with regards to their compliance with industry best practice. Some of these audits have come from previous year assessments and our awareness of current IT risks.

The Annual Plan - Continued

The Annual Plan - Continued

Operational Audits – are detailed evaluation of service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated.

Follow Up Audits – Where an audit receives a Partial or No Assurance level, SWAP are required to carry out a follow up review to provide assurance that identified weaknesses have been addressed and risks mitigated. Known follow ups from work undertaken in the 2015-16 plan have been built in. A contingency has also been built in into the plan so that, should any early reviews be awarded this level of assurance, they can be followed up in a timely manner.

Non-Opinion Reviews – are undertaken at the specific request of management, where they may have some concerns or are looking for advice on a particular subject matter. Such reviews are not normally afforded an audit opinion.

The Annual Plan - Continued

The Annual Plan - Continued

Audit Drivers - A key element of risk based audit planning is the relative prioritisation of audit review work. This helps to ensure that resources are targeted at the most significant aspects of the Councils operations. A brief description explaining the context behind each of these ‘drivers’ is as follows;

SWAP Best Practice Reviews - These are audits which are carried out across the SWAP Partnership the outcomes of which will help to share knowledge and inform best practice and risk mitigation.

Risk Register - These reviews are undertaken to assess activity and provide assurance on the management and appropriate mitigation of corporate risk/and or service risk register.

Audit History - These reviews have been prioritised as a result of the time period since the last review.

Performance - These reviews are included to inform the Councils performance management framework and may also include areas of poor performance.

Impact - his provides coverage of those areas which are considered business critical

Business Change/Improvement - This recognises increased risk as a result of significant change

Fraud - To recognise the inherent risk of fraud in particular systems or activities of the Council.

Corporate Priorities - Assess performance and support development of areas contained in the Corporate Plan.

The schedule provided at **Appendix A** details the Annual Internal Audit Plan for 2016/17.



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Audit Title	Resource (days)	Key Drivers							
		SWAP Best Practice Reviews	Risk Register (Corporate or Service)	Audit History	Performance	Impact	Business Change/Improvement	Fraud	Corporate Priorities
Key Control									
Main Accounting	12		Y			Y		Y	
Creditors	10					Y		Y	
Council Tax & NNDR	10					Y		Y	
Debtors	10		Y			Y		Y	
Housing Benefits	10					Y		Y	
Treasury Management	6		Y			Y		Y	
Governance, Fraud & Corruption									
Imprest/Spot checks	8			Y				Y	
Transformation Programme	10		Y			Y	Y		Y
Information/Data Security/Data Protection	10	Y				Y			
Members Expenses	6			Y				Y	
Absence Management	8				Y				
Healthy Organisation	8	Y							
ICT Audits									
To be confirmed	15								



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Audit Title	Resource (days)	Key Drivers							
		SWAP Best Practice Reviews	Risk Register (Corporate or Service)	Audit History	Performance	Impact	Business Change/Improvement	Fraud	Corporate Priorities
Operational Audits									
Licensing	8			Y					Y
Supported Housing (both Extra Care and Sheltered)	8		Y	Y					
Capital Programme Approval & Monitoring / linked with Contract	8			Y		Y			
Follow-Up Audits									
Asset Management	4								
Private Water Supplies	4								
Non Project Related									
Follow-ups Contingency	4								
Corporate Advice	8								
Committee Reporting & Attendance	8								
Planning/Client Liaison	6								
Contribution to SWP	2								



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Internal Audit Charter

Purpose

The purpose of this Charter is to set out the nature, role, responsibility, status and authority of internal auditing within West Somerset Council, and to outline the scope of internal audit work.

Approval

This Charter was approved by the Audit Committee on 25th September 2006 and is reviewed each year to confirm it remains accurate and up to date. It was last reviewed by the Audit Committee¹ on 23rd March 2015.

Provision of Internal Audit Services

The internal audit service is provided by the South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled company. This charter should be read in conjunction with the Service Agreement, which forms part of the legal agreement between the SWAP partners.

The budget for the provision of the internal audit service is determined by the Council, in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the Council, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the Council's level of contribution to SWAP. This is reviewed each year by the Director - Operations (Section 151 Officer) in consultation with the Chief Executive of SWAP.

Role of Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Responsibilities of Management and of Internal Audit

Management²

Management is responsible for determining the scope, except where specified by statute, of internal audit work and for deciding the action to be taken on the outcome of, or findings from, their work. Management is responsible for ensuring SWAP has:

- the support of management and the Council; and
- direct access and freedom to report to senior management, including the Council's Chief Executive and the Audit Committee.

Management is responsible for maintaining internal controls, including proper accounting records and other management information suitable for running the Authority. Management is also responsible for the appropriate and effective management of risk.

Internal Audit

Internal audit is responsible for operating under the policies established by management in line with best practice.

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by

¹ The Standards require that Internal Audit report to the Board. CIPFA have, via the Public Sector Internal Audit Standards (PSIAS) Guidelines, determined that the Audit Committee in this instance represents the Board.

² In this instance Management refers to the Joint Management Team.

interpretation provided by the Public Sector Internal Audit Standards (PSIAS). SWAP has been independently assessed and found to be in Conformance with the Standards.

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. SWAP staff who have previously worked for West Somerset Council will not be asked to review any aspects of their previous department's work until one year has passed since they left that area.

Relationship with the External Auditors/Other Regulatory Bodies

Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

Status of Internal Audit in the Organisation

The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. The Chief Executive for SWAP and the Director of Quality also report to the Director of Operations, as Section 151 Officer, and reports to the Audit Committee as set out below.

Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

Scope and authority of Internal Audit work

There are no restrictions placed upon the scope of internal audit's work. SWAP staff engaged on internal audit work are entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, internal audit may have access to any records, personnel or physical property of West Somerset Council.

Internal audit work will normally include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management of risks;
- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls with regard to the objectives of the Council and its services;
- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether West Somerset Council is in compliance;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.
- reviewing the operations of the council in support of the Council's anti-fraud and corruption policy.

- at the specific request of management, internal audit may provide consultancy services provided:
 - the internal auditors independence is not compromised
 - the internal audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined and management have made proper provision for resources within the annual audit plan
 - management understand that the work being undertaken is not internal audit work.

Planning and Reporting

SWAP will submit to the Audit Committee, for approval, an annual internal audit plan, setting out the recommended scope of their work in the period.

The annual plan will be developed with reference to the risks the organisation will be facing in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a cyclical basis. The plan will be reviewed on a quarterly basis to ensure it remains adequately resourced, current and addresses new and emerging risks.

SWAP will carry out the work as agreed, report the outcome and findings, and will make recommendations on the action to be taken as a result to the appropriate manager and Director. SWAP will report at least two times a year to the Audit Committee. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Audit Committee on a regular basis.

Internal audit reports will normally be by means of a brief presentation to the relevant manager accompanied by a detailed report in writing. The detailed report will be copied to the relevant line management, who will already have been made fully aware of the detail and whose co-operation in preparing the summary report will have been sought. The detailed report will also be copied to the Director - Operations (Section 151 Officer) and to other relevant line management.

The Chief Executive of SWAP will submit an annual report to the Audit Committee providing an overall opinion of the status of risk and internal control within the council, based on the internal audit work conducted during the previous year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and SWAP Directors have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit Committee, the Council's Chief Executive Officer or the External Audit Manager.

Revised March 2016

Report No: WSC 47/16

West Somerset Council

Audit Committee 21 March 2016

Anti-Fraud and Corruption Policy and Strategy

This matter is the responsibility of Councillor Mandy Chilcott

Report Author: Heather Tiso, Revenues & Benefits Service Manager

1 Executive Summary

- 1.1 Responsibility for benefit fraud passed to the Department for Work and Pensions through the formation of the Single Fraud Investigation Service, in June 2015. From August 2015 the South West Counter Fraud Partnership (SWCFP) has delivered a Corporate Anti-Fraud service, providing a full counter fraud function for West Somerset Council.
- 1.2 The Anti-Fraud and Corruption Policy and Strategy has been refreshed to recognise SWCFP's anti-fraud activities, as well as updating for procedural changes. In addition, the policy now provides guidance on the options available to deal with those committing Council Tax or Council Tax Rebate fraud or those who negligently make incorrect statements, or fail to notify a change affecting their entitlement to a Council Tax discount, exemption or reduction.
- 1.3 The Audit Committee is invited to comment upon the revised policy and strategy ([Appendix B](#)).

2 Recommendations

- 2.1 The Audit Committee notes and comments on the draft revised Anti-Fraud and Corruption Policy and Strategy ([Appendix B](#)) for consideration by Cabinet.
- 2.2 The Audit Committee supports the introduction of penalty charges to assist in the prompt and accurate assessment of Council Tax liability, for recommendation to Cabinet.

3 Risk Assessment (if appropriate)

Risk Matrix

Description	Likelihood	Impact	Overall
There is a risk to the Council's reputation should any penalties be applied inconsistently or unfairly	3	3	9
<i>The mitigations for this are the proposed changes as set out in the report - A robust policy to provide clear guidelines to staff making such decisions and allow an element of discretion in exceptional circumstances.</i>	2	2	4

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
			Impact				

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Background

- 4.1 On 29 September 2009 the Audit Committee agreed an Anti-Fraud and Corruption Strategy (SC 139/09). The strategy explained the Council’s position on fraud and corruption. It also identified:
- action to be taken if cases were suspected by Officers, Councillors or the public
 - measures to prevent fraud, and
 - the approach taken by the Authority in investigating and reporting allegations
- 4.2 In the Autumn Statement in December 2013, the Government announced the formation of a Single Fraud Investigation Service (SFIS), to be managed by the Department for Work and Pensions (DWP), to be solely responsible for the investigation and detection of all benefit related fraud. Investigation of Housing Benefit and residual Council Tax Benefit fraud in West Somerset transferred to SFIS on 1 June 2015. SFIS is not responsible for investigating non-benefit and local taxation fraud such as Council Tax Rebate Fraud or Single Persons Discount Fraud and the responsibility remains with West Somerset Council.
- 4.3 On 2 July 2014, the DCLG invited Local Authorities to submit proposals for funding to deliver financial savings through counter fraud activities. The DCLG specified that proposals, submitted in a bidding process, should seek to achieve efficiencies and transformation through partnership working between Local Authorities and/or

with other public and private sector partners.

- 4.4 West Somerset Council, Taunton Deane Borough Council and South Somerset District Council worked with the South West Audit Partnership Ltd (SWAP) to submit a successful bid for funding. The DCLG have provided funding of £110k with match funding totalling £40k being provided by the three Councils. Through our successful bid, from August 2015 we have been able to deliver a Corporate Anti-Fraud service, with SWAP managing and operating a full counter fraud function for the partner authorities.
- 4.5 We have comprehensively revised and updated the Anti-Fraud and Corruption Policy and Strategy ([Appendix B](#)) due to the significant change since 2009, when it was last updated. These revisions reflect current best practice and guidance. The Whistle-blowing Policy ([Appendix C](#)), the Anti-Bribery Policy ([Appendix D](#)) and the Anti-Money Laundering Policy ([Appendix E](#)) have also been updated for revisions in named officers.
- 4.6 Our revised Anti-Fraud and Corruption Policy and Strategy, underpinned by supporting policies and procedural guidance, will be key in assisting in the on-going improvement of fraud prevention controls and in detecting and investigating fraud committed against the Council.

5 Council Tax Fraud and Penalties

- 5.1 The Council has powers to impose a Council Tax penalty on those charge payers who neglect to inform the Council of changes affecting their Council Tax liability or to those who fail to provide information following a proper written request. Amendments to the Anti-Fraud and Corruption Policy and Strategy provide clear guidance on the application of penalties and an internal review procedure for dealing with any appeals. This guidance will provide information to residents on when penalties will be imposed as well as ensuring consistency for officers imposing the penalties. It is therefore proposed to implement the power to impose penalties upon the approval of the policy.
- 5.2 Where it is evident that the behaviour of the Council Tax charge payer warrants a criminal investigation, the Council can undertake a fraud investigation. Where evidence is strong enough for a prosecution the Council would reserve the right, to impose a fine of 50% of the excess Council Tax discount applied, up to a value of £1,000. However, the cost of this approach is likely to be in excess of the discount that has been fraudulently claimed. Therefore, the approach will not be cost effective in the majority of cases, despite the deterrent effect.

6 Links to Corporate Aims / Priorities

- 6.1 In utilising effective anti-fraud measures, this report links to the Council's Objective to "Identify additional savings, income generation and maximise existing and new funding."

7 Finance / Resource Implications

- 7.1 The Anti-Fraud and Corruption Policy and Strategy provides a consistent framework for managers and Members to enable effective deterrence, detection and investigation of fraud and corruption and consequently will assist the Council in

achieving financial sustainability.

- 7.2 Any income collected from penalties raised would be retained solely by the billing authority (West Somerset Council), with any additional income raised by reducing a Council Tax discount being shared between the precepting authorities. It is difficult to predict the level of revenue that may be raised through the imposition of penalties or the collection rate that would be achieved. The primary objective of using these measures is to either ensure we bill the correct person for the correct amount or to aid recovery where the bill payer is in paid employment.
- 7.3 The cost of prosecutions under the Fraud Act is borne by West Somerset Council and as such, prosecutions should only be taken where it is financially viable to do so.

8 Legal Implications

- 8.1 The legislation concerning matters within the Anti-Fraud and Corruption Policy and Strategy is mainly contained in:
- The Fraud Act 2006
 - Theft Act 1968
 - Bribery Act 2010
 - Local Government Finance Act 1992
 - The Local Government Finance (England) (Substitution of Penalties) Order 2008 SI 2008/981
 - Regulation of Investigatory Powers Act 2000
 - Social Security Administration Act 1992
 - Social Security (Civil Penalties) Regulations 2012.
 - Police and Criminal Evidence (PACE) Act 1984 and the Criminal Procedures and Investigation Act 1996
 - Prevention of Social Housing Fraud Act 2013
 - The Council Tax (Administration and Enforcement) Regulations 1992 SI 1992/613 – Regulations 2, 3, 11, 12, 16 and 29
 - The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013.

9 Environmental Impact Implications

- 9.1 There are no environmental implications associated with this report.

10 Safeguarding and/or Community Safety Implications

- 10.1 Safeguarding and community safety implications have been considered, and there are not expected to be any specific implications relating to this report.

11 Equality and Diversity Implications

- 11.1 Members need to demonstrate they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process. The three aims the authority must have due regard for:
- Eliminate discrimination, harassment, victimisation
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it

- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it

11.2 The public sector equality duty, as set out in section 149 of the 2010 Equality Act, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, and to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic.

11.3 The “protected characteristics” are: age, disability, race (including ethnic or national origins, colour or nationality), religion or belief, sex, sexual orientation, pregnancy and maternity, and gender reassignment. Marriage and civil partnership are also a protected characteristic for the purposes of the duty to eliminate discrimination.

11.4 Equality Impact analysis has been completed ([Appendix A](#)) with no adverse impacts identified.

12 Social Value Implications

12.1 There are no social value implications associated with this report.

13 Partnership Implications

13.1 Partnership implications have been considered, and are discussed in the main body of this report.

14 Health and Wellbeing Implications

14.1 There are no Health and Wellbeing implications associated with this report.

15 Asset Management Implications

15.1 There are no asset management implications associated with this report.

16 Consultation Implications

16.1 There are no Consultation implications associated with this report.

Democratic Path:

- **Audit Committee - Yes**
- **Cabinet - Yes**
- **Full Council - No**

Reporting Frequency: **Once only**

List of Appendices

Appendix A	Equality Impact Assessment
Appendix B	Anti-Fraud and Corruption Policy and Strategy
Appendix C	Whistle-blowing Policy
Appendix D	Anti-Bribery Policy
Appendix E	Anti-Money Laundering Policy

Contact Officers

Name	Paul Fitzgerald	Name	Heather Tiso
Direct Dial	01823 358680	Direct Dial	01823 356541
Email	p.fitzgerald@tauntondeane.gov.uk	Email	h.tiso@tauntondeane.gov.uk

Officer completing EIA form:		Job Title:	Team/Service:
Heather Tiso		Revenues & Benefits Service Manager	Revenues & Benefits Service
Why are you completing the impact assessment? Please ✓ as appropriate			
Proposed new policy or service	Change to policy or service	MTFP	Service review
	✓		
1 Description of policy, service or decision being impact assessed:			
<p>West Somerset Council aims to promote a clear, fair and consistent approach to anti-fraud and anti-corruption measures. In addition, the aim of the policy is to reinforce the Council’s vision of zero tolerance for fraud, corruption and bribery throughout the authority by creating a strong and effective anti-fraud, anti-theft and anti-corruption culture.</p> <p>The Council has produced an anti-fraud and corruption policy and strategy to support the achievement of these aims. The Council’s objective is to produce a definitive anti-fraud and corruption policy and strategy informed by published best practice. The policy and strategy details our approach to reduce the opportunity for fraud and error to occur and sets out our commitment to use all legal sanctions available, including prosecution.</p> <p>In summary the policy will</p> <ul style="list-style-type: none"> • provide a consistent framework for managers and Members - this enables effective deterrence, detection and investigation of fraud and corruption. • detail the responsibilities of employees, management and internal audit with regard to fraud and dishonesty 			
2 People who could be affected, with particular regard to the legally defined protected characteristics ¹ :			
<ul style="list-style-type: none"> • Members, Officers, Partners, Contractors and Residents to raise awareness that fraud and corruption are serious issues and to make them aware of their responsibilities • We have a statutory duty to provide services, discounts and grants regardless of the gender, sexual orientation, religion or belief or ethnicity of the customer. People of all ages will be our customers. However some statutory provisions apply, for example the access to some services or benefits by some foreign nationals or the help available within Council Tax legislation to those with a specific impairment or disability. <p>In considering the impact on those with protected characteristics, the following has been identified:</p> <p>Disability</p> <p>There could be some difficulty in understanding the policy and its potential impact if a person has learning difficulties, inability to read/write and/or reduced mental capacity. The main way in which the Council interacts with its residents is in writing – whether that be by post or digitally – it is likely to involve reading and digesting information which people with disabilities may find difficult.</p>			

¹ For protected characteristics, please visit:
<http://www.equalityhumanrights.com/private-and-public-sector-guidance/guidance-all/protected-characteristics>

Race

There could be a potential impact for any residents where English is not their first language. There could be a language barrier which could mean that the recipient may not understand the communications and the need to report changes.

3 People and Service Area who are delivering the policy/service/decision:

- West Somerset Council Staff
- South West Audit Partnership (SWAP) including the South West Counter Fraud Partnership (SWCFP)

4 Evidence used to assess impact: *Please attached documents where appropriate.*

Currently we have no data to evidence any dissatisfaction as a direct or indirect result of how we deliver the anti-fraud activities in meeting our duties under the Equality Act 2010.

5 Conclusions on impact of proposed decision or new policy/service change:

The Anti-Fraud and Corruption Policy aims to prevent, detect and deter Fraud in West Somerset. It provides:

Assurance to residents of West Somerset Council that those who attempt to defraud will be sanctioned;

- Consistency of approach in dealing with cases of proven fraud
- Guidance for Officers
- Ensures good stewardship and that we are proactive in addressing fraud

Investigations are carried out on the circumstances of allegations without regard to the group into which those involved fall. As the policy will be applied consistently regardless of the gender, sexual orientation, religion or belief or ethnicity of the customer, there should be no negative or unequal outcome on different groups.

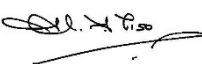
There are mitigating factors, as explained in the action plan below, to help to minimise the impact on those who may be adversely affected. The element of discretion will also help to minimise any adverse impacts where it is deemed necessary

6 Recommendations based on findings. These need to be outlined in the attached action plan.

Our policy has been developed taking into consideration advice given by the Chartered Institute of Public Finance and Accountancy, the European Institute for Combatting Corruption and Fraud (TEICCAF), the Audit Commission and the Attorney General's Office.

Identify the range of options to address the impact to in order to meet the general duties; more than one may apply.

1. No major change ✓
2. Adjust the policy
3. Continue the policy
4. Stop and remove the policy

Equality Impact Assessment Action Plan						
Group Affected	Action required	Expected outcome of action	Person to undertake action	Service Plan - for monitoring		Expected Completion date
Age	Neutral - No impact identified at this time	Not applicable	Not applicable	Not applicable		Not applicable
Disability	To mitigate these factors the Revenues & Benefits Service would engage with adult social care/social workers who may be supporting these individuals. We would also look to ensure the information is as well publicised as possible to both residents and staff using methods such as posters and leaflets and making direct contact with stakeholders. Information on penalties will be provided with all Council Tax bills to raise awareness.					On-going
Gender Re-assignment	Neutral - No impact identified at this time	Not applicable	Not applicable	Not applicable		Not applicable
Marriage and Civil Partnership	Neutral - No impact identified at this time	Not applicable	Not applicable	Not applicable		Not applicable
Pregnancy and Maternity	Neutral - No impact identified at this time	Not applicable	Not applicable	Not applicable		Not applicable
Race ¹	To mitigate this we would look to include a statement on each communication stating the information can be provided in a different language or format on request.					On-going
Religion and Belief	Neutral - No impact identified at this time	Not applicable	Not applicable	Not applicable		Not applicable
Sex	Neutral - No impact identified at this time	Not applicable	Not applicable	Not applicable		Not applicable
Sexual Orientation	Neutral - No impact identified at this time	Not applicable	Not applicable	Not applicable		Not applicable
Rurality	Neutral - No impact identified at this time	Not applicable	Not applicable	Not applicable		Not applicable
Author's Signature:		Ref/Report Title:	Council Tax penalties	Date:	8 February 2016	EIA Version:
Contact Details:	Tel:	01823 356541	Extn:	N/A	Email:	h.tiso@tauntondeane.gov.uk

¹ Including ethnicity, national origin, colour, nationality, gypsies and travellers.



**Anti-Fraud and Corruption
Policy and Strategy**

DRAFT

Version: V2.1
Author: Heather Tiso
Applies to: West Somerset Council
Approved Audit Committee - 21 March 2015
Effective from: 1 April 2016

Contents

Policy	I
Policy Statement	I
Strategy	3
Introduction	3
Strategy Aims and Objectives	4
National Regional and Local Policy Context	5
South West Counter Fraud Partnership	Error! Bookmark not defined.
Culture	7
Awareness and Training	8
Publicity	8
Prevention	8
Systems	8
Employees	10
Members	11
Working with other agencies	11
Detection and Investigation	12
Targeting Specific Groups	12
Intelligence Gathering	12
Use of surveillance	13
Retention of Documents	13
Deterrence	13
Verification	13
Interventions	14
Fraud drives	14
Data-Matching	14
National Fraud Initiative	15
Appendix 1 - Definitions	16
Appendix 2 - Responsibilities	18
Appendix 3 - Action Plan	21
Appendix 4 - Anti-Fraud Response Procedure	27
Appendix 5 - Prosecution, Sanctions and Redress Protocol	35
Appendix 6 - Communication and Publicity Plan	44

Section

1

Policy

Policy Statement

This Statement sets out West Somerset Council's policy on fraud and corruption.

With the responsibility for delivering services and benefits, West Somerset Council takes its stewardship of public money very seriously. The Council is therefore committed to the prevention, detection and investigation of all forms of fraud, theft and corruption whether these are attempted internally or externally against the Council as an organisation or by individuals.

West Somerset Council operates a culture of transparency and fairness and expects members and employees to adopt the highest standards of propriety and accountability. The Council will operate a **zero tolerance** of fraud, theft and corruption. This environment will support and reinforce the Council's vision for fraud, theft and corruption to be minimised throughout the authority, and linked third parties, by creating a strong and effective anti-fraud, anti-theft and anti-corruption culture.

The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, partners, service users or members of the general public. It will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal, civil action for recovery and/or referral to the Police and/or other agencies.

The Council aims to address, and where appropriate investigate, all incidents of fraud, theft and corruption in a structured and prioritised way to support the corporate objective of:-

Zero tolerance for fraud, theft and corruption whilst delivering high quality, high performing, value for money services in accordance with the principles set out in the Council's Medium Term Financial Strategy.

The Council expects members and staff at all levels to be aware of the standards of conduct expected of them and the procedures designed to reduce the risk of fraud and corruption occurring.

Members and staff are responsible for their own conduct and compliance with this policy and are required to comply with their respective codes of conduct.

There is an expectation and requirement that individuals, suppliers and organisations associated in whatever way with the Council will act with integrity and that Members and Council staff will lead by example in these matters.

Members and staff are positively encouraged to raise any concerns on fraud, theft and corruption matters through the appropriate mechanism. They can do so in the knowledge that such concerns will be treated in confidence and properly investigated. See Anti-Fraud Response Procedure ([Appendix 4](#)).

The Council will deal swiftly and thoroughly with any Councillor or member of staff who defrauds or attempts to defraud the Council or who is corrupt. The Council will be robust in dealing with financial malpractice.

The Committee in Public Life produced a report which sets out seven principles of public life. We endorse these principles that apply to everybody who is involved with the work of this Council, including:

- councillors
- employees
- contractors
- consultants
- suppliers and partners
- customers and residents who deal with us

In addition, the Council expects the citizens of West Somerset to be honest in their dealings with us.

This Policy Statement is underpinned by an Anti-Fraud and Corruption Strategy. The Strategy sets out the actions the Council proposes to take to continue to develop its resilience to fraud and corruption. It sets out the key responsibilities on fraud prevention, what to do if fraud is suspected and the action that will be taken by management.

Section

2

Strategy

Introduction

The Council recognises that fraud and other forms of financial irregularity can:

- Undermine the standards of public service the Council seeks to achieve;
- Reduce the level of resources and services available for the residents of West Somerset; and
- Result in major consequences that reduce public confidence in the Council.

Definitions of Fraud, Theft, Corruption and Bribery are shown in [Appendix 1](#).

This Strategy defines both the proactive and reactive components of a good practice response to fraud risk management. It sets out the key responsibilities within the Council on fraud prevention, what to do if fraud is suspected and the action that will be taken. The Strategy provides overarching governance to the Council's range of interrelated policies and procedures to provide a framework to counter fraudulent or corrupt activities. These include:

- The [Constitution](#) (including Financial Regulations)
- Audit Committee
- Employee Handbook (including standards of conduct for staff)
- National Fraud Initiative (NFI) and data matching through the South West Counter Fraud Partnership
- Corporate risk register
- Audit procedures with South West Audit Partnership (SWAP)
- [Complaints Procedures](#)
- Anti-Fraud and Corruption Policy
- Corporate Debt Policy
- Disciplinary Policy
- Recruitment and Selection Procedures
- IT Security Policy
- Procurement and Contract Procedures
- Register of Interests gifts and hospitality for both Members and Officers
- [Whistle-blowing Policy](#)

:

Strategy Aims and Objectives

Through this Strategy, the aims and objectives are to:

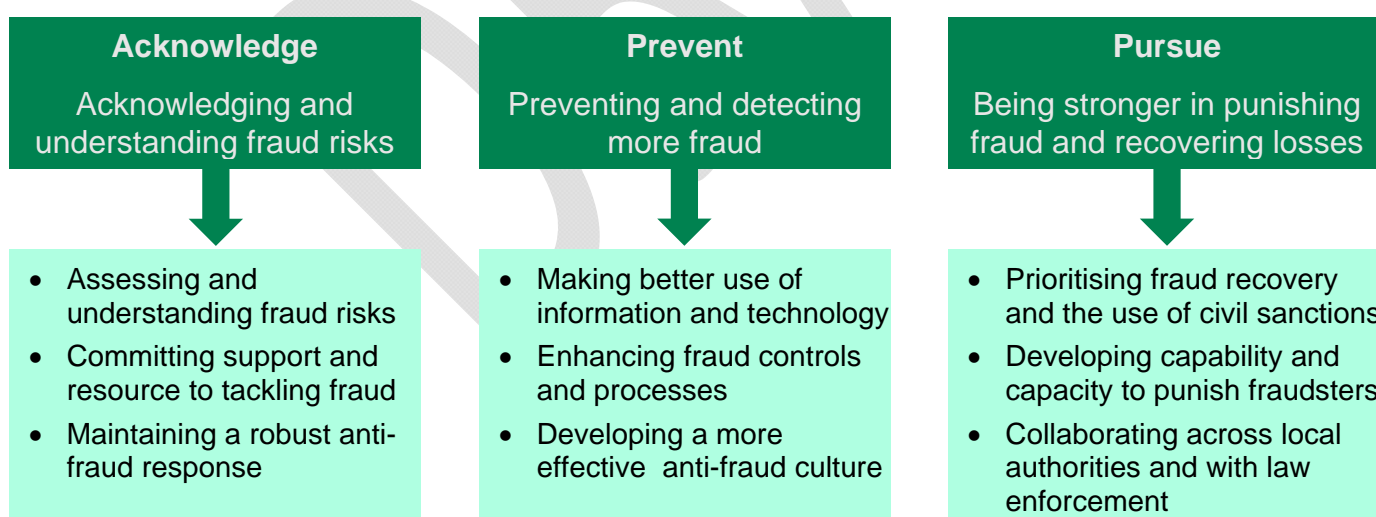
- Provide a clear statement of the Council's position on fraud and corruption
- Protect the Council's valuable resources by ensuring they are not lost through fraud but are used to provide quality services to West Somerset residents and visitors
- Promote good Governance in all areas of the Council
- Pursue **zero tolerance** of fraud, theft and corruption and apply appropriate sanctions, ranging from criminal prosecutions and civil hearings to disciplinary action, to all who commit acts of fraud, theft or corruption against the Council.
- Promote public confidence, engage with stakeholders, members and employees to report crime and to minimise the reputational risk to the Council from adverse publicity
- Help maintain the principles of the Council's Medium Term Financial Strategy by deterring fraud, theft and corruption and minimising irrecoverable losses
- Promote a culture of integrity and accountability in Members, staff and all those the Council does business with
- Raise awareness of the risk of fraud and corruption being perpetrated against the Council.
- Apply designated resources to meet genuine service needs by filtering out fraud, theft and corruption and applying risk proportionate resource allocation
- Ensure the resources dedicated to combatting fraud are sufficient and those involved are appropriately skilled
- Proactively deter, prevent and detect fraud, theft and corruption
- Investigate suspected or detected fraud, theft and corruption
- Enable the Council to apply appropriate sanctions and recover loss
- Inform policy, system, risk management and control improvements, thereby reducing the Council's exposure to fraudulent activity
- Create an environment that enables the reporting of any genuine suspicions of fraudulent activity.
- Ensure the rights of people raising legitimate concerns are properly protected
- Work with partners and other investigative bodies to strengthen and continuously improve the Council's resiliency to fraud and corruption

National Regional and Local Policy Context

This Strategy adheres to the Chartered Institute of Public Finance and Accountancy (CIPFA) [Code of Practice on Managing the Risk of Fraud and Corruption 2014](#). The Code requires leaders of public sector organisations to have a responsibility to embed effective standards for countering fraud and corruption in their organisations to support good governance and demonstrate effective financial stewardship and strong public financial management. The five key elements of the CIPFA Code are to:

Acknowledge Responsibility	The governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.
Identify Risks	Fraud risk identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.
Develop a Strategy	An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.
Provide Resources	The organisation should make arrangements for appropriate resources to support the counter fraud strategy.
Take Action	The organisation should put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud.

The five elements link to three key themes: Acknowledge, Prevent and Pursue, contained within the [Local Government Fraud Strategy: Fighting Fraud Locally](#).



The Council seeks to fulfil its responsibility to reduce fraud and protect its resources by a strategic approach consistent with that outlined in both CIPFA's [Code of Practice on Managing the Risk of Fraud and Corruption 2014](#) and in the [Local Government Fraud Strategy: Fighting Fraud Locally](#), and its three key themes of Acknowledge / Prevent / Pursue.

ACKNOWLEDGE	Committing Support	The Council's commitment to tackling fraud threat is clear. We have strong whistleblowing procedures and support those who come forward to report suspected fraud. All reports will be treated seriously and acted upon. Staff awareness of fraud risks is through e-learning and other training. Our suite of counter fraud strategies, policies and procedures is widely published and kept under regular review.
	Assessing Risks	We will continuously assess those areas most vulnerable to the risk of fraud as part of our risk management arrangements. These risk assessments will inform our internal controls and counter fraud priorities. Elected Members and Senior Officers have an important role to play in scrutinising risk management procedures and risk registers. SWAP will carry out assurance work in areas of higher risk to assist management in preventing fraudulent activity.
	Robust Response	We will strengthen measures to prevent fraud. SWAP will work with management and services such as HR, Finance, Legal and policy makers to ensure new and existing systems and policy initiatives are adequately fraud proofed.
PREVENT	Better Use of Information Technology	We will make use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud. We will play an active part in the biennial National Fraud Initiative (NFI) data matching exercise.
	Fraud Controls and Processes	We will educate managers with regard to their responsibilities for operating effective internal controls within their service areas. We will promote strong management and good governance that provides scrutiny and independent challenge to risks and management controls. Routine SWAP reviews will seek to highlight vulnerabilities in the control environment and make recommendations for improvement.
	Anti-Fraud Culture	We will promote and develop a strong counter fraud culture, raise awareness, provide a fraud e-learning tool and provide information on all aspects of our counter fraud work.
PURSUE	Fraud Recovery	A crucial element of our response to tackling fraud is recovering any monies lost through fraud. This is an important part of our strategy and will be rigorously pursued, where possible.
	Punishing Fraudsters	We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action.
	Enforcement	We will investigate instances of suspected fraud detected through the planned proactive work; cases of suspected fraud referred from internal or external stakeholders, or received via the whistleblowing procedure. We will work with internal / external partners/organisations, including law enforcement agencies.

We have also drawn on good practice guidance produced by the European Institute for Combatting Corruption and Fraud (TEICCAF) ([Protecting the English Public Purse 2015](#)).

South West Counter Fraud Partnership

The Council, together with Taunton Deane Borough Council, South Somerset Council and the South West Audit Partnership (SWAP) submitted a successful bid for funding from the Department for Communities and Local Government (DCLG) to establish the South West Counter Fraud Partnership (SWCFP). SWCFP provides a Corporate Anti-Fraud service, with SWAP managing and operating a full counter fraud function for the partner authorities. SWCFP Officers are qualified or accredited Counter Fraud Specialists that will ensure fraud prevention controls safeguard the partner authorities appropriately.

SWCFP will place greater emphasis on a targeted approach to review key fraud risk areas and areas identified at greatest risk from fraud. This will not compromise our equality and diversity policy or any obligations as an employer under the code of conduct for local government employees.

Culture

We are committed to ensuring that our culture will continue to be one of honesty and opposition to fraud, theft and corruption. There is an expectation and requirement that all individuals and organisations associated in whatever way with us will act with integrity and that Council staff and Members, at all levels, will lead by example in these matters.

The Council's elected Members play an important role in creating and maintaining this culture and have their own Members Code of Conduct (contained within the Council's [Constitution](#)).

The Leadership Team and Service Managers must ensure the risks of fraud, theft and corruption are effectively managed at strategic and operational levels with competent and trained staff working with systems that incorporate effective anti-fraud, anti-theft and anti-corruption controls with appropriate risk management and review for all risk areas. Individual members of staff also have responsibilities, both personal and corporate, in the prevention and detection of fraud. Responsibilities are outlined in [Appendix 2](#).

The risks of fraud, theft and corruption must be considered as part of the Council's risk management arrangements, and should be embedded in the culture at all levels from the corporate strategic level to individual performance agreements. These should be monitored regularly within service units and audited during compliance audits.

SWCFP will measure not only anti-fraud, anti-theft and anti-corruption activity e.g. attempts, referrals, investigations, sanctions, but will also measure outcomes.

Appropriate sanctions must be taken if fraud, theft or corruption is detected and where possible losses must be minimised. These are set out in the Prosecutions, Sanctions and Redress Protocol ([Appendix 5](#)).

Awareness and Training

The success of this policy and its general credibility will depend on the effectiveness of training in making elected members and employees of the Council and its partners aware of the risk of fraud. All staff will receive Fraud Awareness training as part of the corporate induction programme and staff in high risk areas will receive regular Fraud Awareness training. Proactive exercises will be undertaken in high risk areas. This training will include awareness of bribery and corruption.

All those working in the South West Counter Fraud Partnership (SWCFP) will be professionally trained and accredited in their role or working towards accreditation. Skills and continuous professional development will be reviewed and updated at least annually through personal development plans.

Publicity

The Communication and Publicity Plan ([Appendix 6](#)) will include measures to highlight both internally and externally the effectiveness of the Council's anti-fraud arrangements by reporting on items such as potential and actual financial savings, sanctions achieved, and case outcomes.

West Somerset Council works with other agencies to support their anti-fraud activities. These agencies include:

- National Anti-Fraud Network (NAFN)
- The Department for Works and Pensions (DWP)
- Other Local Authorities
- HM Revenues and Customs
- The Home Office
- The Police

Whenever possible, we work in partnership with these agencies in targeted fraud drives and in sharing information and conducting joint investigations. We have agreed a Partnership Agreement with the DWP, sets out the principles for effective partnership working between the DWP Fraud Investigation Team and West Somerset Council. The agreement covers the main aspects of how each organisation will work together on matters of Administration, Security and Fraud on Benefit claims that have a joint Jobcentre Plus and West Somerset Council interest.

Prevention

Systems

The Council's Financial Regulations require the Section 151 Officer to maintain a planned continuous internal audit to assist in the protection of the Council's assets and the detection and prevention of fraud and error.

The Section 151 officer has statutory responsibility under the Local Government Act 1972 and the Accounts and Audit Regulations 2011, to ensure the proper arrangements of the Council's financial affairs.

The Section 151 Officer has developed financial codes of practice and accounting instructions that:

- maintain an effective accounting system
- operate an appropriate system of internal control
- comply with statutory financial reporting requirements
- maintain an adequate and effective internal audit

The monitoring officer has a statutory responsibility under section 5 of the Local Government Housing Act 1989 for monitoring the conduct of the Council's business.

SWAP conduct compliance checks throughout the Council. Any issues identified by SWAP regarding potential fraud, theft or corruption arising from discrepancies or loop holes in systems will be highlighted to decide if a proactive investigation is required and/or to identify future preventative measures to avoid occurrence and re-occurrence of fraud, theft or corruption. The issues or outcomes will be monitored by SWAP and the appropriate Service Manager.

External Audit is responsible for reviewing the Council's arrangements for preventing and detecting fraud and corruption.

The Council's Audit Committee provides an independent and objective view of internal control by:-

- considering audit plans
- overseeing internal and external audit services
- receiving appropriate reports from the audit managers and the Section 151 Officer.

We have developed, and are committed to continuing with, systems and procedures that incorporate efficient and effective internal controls and which include adequate separation of duties. The following are some examples of the measures taken to prevent fraud, theft or corruption:

- Suitable training in Fraud Awareness for all staff and Members
- Our ability and willingness to respond to recommendations on good practice by the TEICCAF, the South West Audit Partnership (SWAP) and our own evaluation to improve performance
- Compliance with the good practice set down in the Department for Work and Pensions Verification Framework - this provides a robust validation of documents and evidence provided by customers in support of their claims
- Risk-based intervention of existing Housing Benefit and Council Tax Rebate claims through intelligence gathered locally as well as prioritising cases identified through the Housing Benefit Matching Service (HBMS) and National Fraud Initiative (NFI)
- Positively encouraging our customers to tell us quickly of changes in their circumstances, e.g. all our benefit claim forms and letters, as well as various leaflets, remind customers of their responsibilities. We also promote swift notification of changes through our website

- Suitable consideration on the design and format of claim forms to ensure we achieve a balance between simplicity and the need to get accurate information and prevent customers putting in fraudulent claims
- Using integrated Document Management in the Revenues and Benefits Service to electronically store all documents we receive and enable instant viewing access, reducing risk of loss and helps us to investigate any fraudulent activity
- Comprehensive application forms for all applications for Benefits, Grants and accommodation and rigorous verification of all applications including proof of identity, income and capital where appropriate
- The Revenues and Benefits Service takes part in the Royal Mail 'Do Not Redirect' scheme, whereby benefits correspondence is sent out using distinctive envelopes. Any benefit recipient who has moved away from the address where he or she was claiming will not have any mail sent on to their forwarding address and the correspondence will be returned to the Benefits Service for further investigation. In using the mail "Do Not Redirect Scheme", the Post Office also tells us the address the mail would have been sent to.

Employees

We recognise that a key preventative measure in the fight against fraud, theft and corruption is to take effective steps at the recruitment stage to establish as far as possible, the previous record of potential staff, in terms of their propriety and integrity. Temporary and contract staff should be treated in the same manner as permanent staff.

Staff recruitment must be in accordance with approved employee selection policies. Disclosure and Barring Service (DBS) checks are made where appropriate.

Immigration status and proof of the right to work in the UK will be requested from successful job applicants. Some of the checks may result in further information being required to fully ascertain the validity of the immigration status.

Initial propriety checks will be undertaken on all successful applicants for internal and external vacancies. These will include checks on identity, qualifications, references and employment history. Applicants for certain roles, such as those that handle money regularly, will have additional checks such as DBS or financial checks. All these checks will be undertaken by trained staff. Discrepancies or queries will be referred to the South West Counter Fraud Partnership (SWCFP)

Temporary staff and contractors working for the Council will be subject to periodic random propriety checks conducted by trained officers. Ideally all temporary staff should have propriety checks but this may not always be possible. Temporary staff and contractors who work in high risk areas such as Revenues and Benefits will be subject to basic in service propriety checks but if the contract is longer than for 3 months such staff will be subject to the same checks as permanent staff in the same position.

Employees are expected always to be aware of the possibility that fraud, theft or corruption may exist in the workplace and be able to share their concerns with management.

Service Managers have responsibility to review and identify fraud, theft or corruption risks within new policies and systems; likewise to revise existing policies and systems to remove potential weaknesses.

Service Managers must ensure that adequate levels of internal checks are included in operational procedures. It is important duties are organised in such a way that no one person can carry out a complete transaction without a form of checking or intervention process being built into the process.

JMT and Service Managers must monitor and record cases of staff not taking annual leave entitlement. This will reduce the risk of covering up continuous or persistent attempts at fraud, theft or corruption against the Council.

Managers, Team Leaders and officers with supervisory responsibility are responsible for appraising internal control systems assisted by SWAP and should involve and encourage staff to identify weaknesses and areas of risk.

After any investigation that identifies policy, system or operational weaknesses that allow the fraud, theft or corruption to take place, the South West Counter Fraud Partnership will complete a report highlighting the area of weakness and the appropriate Service Manager will be responsible for ensuring appropriate action and prioritising by risk.

Members

Members are required to operate within the [Constitution](#). This includes the Members' Code of Conduct, declaration and registration of interests.

The Standards Committee have responsibility for maintaining high standards of conduct by elected Members of this Council.

Working with other agencies

Formalised arrangements are in place to encourage the exchange of information between us and other agencies on national and local fraud, theft and corruption activity relating to local authorities. These include:

- The Police
- Department for Work and Pensions
- Her Majesty's Revenues and Customs
- Other local authorities

Detection and Investigation

The array of preventative systems, particularly internal control systems in the Council, has been designed to provide indicators of any fraudulent activity. Although generally sufficient to deter fraud, it is often the alertness of staff, councillors and the public to indicators of fraud, theft or corruption, that enables detection to occur.

The Council takes ultimate responsibility for the protection of its public purse but in turn it is the responsibility of Joint Management Team and Service Managers to protect their service area from losses and prevent and detect fraud, theft and corruption.

The South West Audit Partnership (SWAP) and External Audit will liaise closely and implement a cyclical programme of audits which will include tests for fraud and corruption. Clear and regularly reviewed operating procedures should be in place to ensure that loss is minimal and there is a definitive process to refer discrepancies for investigation and monitoring.

Depending on the nature and anticipated extent of the allegations, the South West Counter Fraud Partnership (SWCFP) will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.

Our Disciplinary Procedures will be used where the outcome of an investigation indicates improper behaviour.

West Somerset Council will normally wish the police to independently prosecute offenders where financial impropriety is discovered.

A detailed Anti-Fraud Response Procedure is shown at [Appendix 4](#). This includes flow charts showing the Reporting, Investigation and Action stages in algorithmic form.

Targeting Specific Groups

Under Human Rights legislation, it is not considered to be good practice to target or pursue unjustified reviews on specific groups of people. However, if a high-level of fraud is established within a particular area or among a particular group, it may be suitable to carry out a detailed review to ensure there are no further cases.

Intelligence Gathering

West Somerset Council subscribes to the National Anti-Fraud Network (NAFN) that supplies several intelligence gathering services, including:

- Credit searches
- Company director information
- DVLA information
- Financial information

The National Anti-Fraud Network also acts as our PINS 9A authorised body for getting information under the Social Security (Fraud) Act 1997. NAFN ensures all information is legally obtained and approved by the proper officers.

Use of surveillance

Any surveillance we carry out will comply with legislation contained in the Regulation of Investigatory Powers (RIPA) Act 2000. We will ensure we conduct all surveillance activities, including all authorisations, continuation and cancellations under West Somerset Council's RIPA Policy and procedures. We will keep all forms under that policy for inspection by approved bodies, i.e. the Surveillance Commissioner.

Surveillance will be undertaken by trained officers where it is justified and under the statutory code of practice. Corporate Surveillance Procedures will always be adhered to.

All surveillance requests, agreements, cancellations and amendments must be recorded, signed and kept by the authorising officer where appropriate. All surveillance requests will be time-limited, and all amendments and renewals to authorised surveillance requests must be re-authorised by an authorising officer.

All records must be kept accurately and conveniently so they are readily available for inspection by the Office for the Commissioner for Surveillance.

A central record will be kept by the Monitoring Officer to the Council of all authorised surveillance.

Retention of Documents

West Somerset Council will retain evidence and documentation for investigations in accordance with legislation, policy, best practice and internal procedures.

Deterrence

There are a number of ways to deter fraud, theft and corruption. We will:

- publicise the fact that the Council is firmly set against fraud, theft and corruption
- act decisively and robustly when fraud, theft and corruption is suspected or proven take action to maximise recovery of losses to the Council
- publicise successful prosecutions and share learning across the Council
- have in place sound systems of internal control that are based on risk assessment and minimise the opportunity for fraud, theft and corruption.

Verification

We will carry out robust verification on all claims for Housing Benefit, Council Tax Rebate, Social Housing and Grants

We believe it is important to discourage and prevent fraud and error from entering the system. To achieve this, we will impose rigorous procedures for verifying claims under the guidelines given in the Department for Work and Pension's Verification Framework.

We will obtain original documentation when assessing claims for benefits, discounts and grants. We require photographic proof of identity when someone first applies for Housing Benefit or Council Tax Rebate.

All staff responsible for receiving and verifying documents are trained on the latest evidence requirements including identifying false documents. We use UV scanners to verify the validity of documents.

The scrutiny and verification of each claim and application will not interfere with our commitment to provide a modern, efficient and cost-effective service focused on meeting our customers' needs in a friendly, timely and accurate manner. We will ensure our services remain readily accessible to everyone in the community to maximise social inclusion, minimize barriers to work and help people to live in decent housing and suitable accommodation.

We have systems in place allowing the customer to seek help to complete claim forms and report changes of their circumstance to us.

All application forms will be written in plain language and will contain warnings and information so the customer is aware of the risks involved in misinforming us of their circumstances. Our forms contain all the information the customer needs to understand their rights and responsibilities.

Interventions

Inevitably there will be some changes not reported by customers and not identified through data matching. The Revenues and Benefits Service will use risk based data on claims as provided monthly by the DWP and local risk based criteria to review existing benefit claims. We will undertake specific checks on claims and request ad hoc data scans.

Fraud drives

Fraud drives will be undertaken to verify and proactively identify possible frauds. We will work with organisations such as Department of Work and Pensions and the Her Majesty's Revenues and Customs to undertake joint fraud drives which ensure that a robust approach and larger claim base is verified.

Data-Matching

West Somerset Council's benefits data is matched against other data sources (internal and external) to identify inconsistencies that may suggest the existence of incorrectness on a Housing Benefit award or Council Tax reduction.

We take part in Data Matching exercises including:

- Housing Benefit Matching Service (HBMS);
- National Fraud Initiative (NFI);
- Local matches with large local employers or agencies;
- The Council's own databases including those holding information on Members and staff (we will consult with recognised trade unions before data matching on Members and employees);
- Access to the DWP database through the Customer Information System (CIS);

We adhere to the principles set out in the Data Protection Act

National Fraud Initiative

The National Fraud initiative (NFI) is an exercise to detect and prevent potential fraud by examining electronic data shared between public and private sector bodies.

The NFI matches data from 1,300 public sector and 77 private sector organisations, including audit bodies in Scotland, Wales and Northern Ireland, government departments and other agencies. It flags up inconsistencies in the information that indicate a fraud, an error or an overpayment may have taken place, signalling the need for review and potential investigation.

The National Fraud Initiative transferred to the Cabinet Office following the closure of the Audit Commission

The Council provides data from its computer systems that is matched with that of other councils and agencies to identify possible fraud. Details of matches are returned to the authority where further investigations are undertaken to identify and pursue cases of fraud and irregularity. This tool is effective in detecting areas of national and local fraud and identifying trends and areas of risk. These trends and areas of risk can be used to identify measure and prevent future fraud.

Document Review

This Policy will require regular review to ensure that elements are kept up to date. Minor technical, procedural or legislative amendments will be agreed between the Assistant Director - Resources and the relevant Portfolio Holder.

Appendix 1 - Definitions

Fraud

The Fraud Act 2006 introduced a defined offence of fraud which is broken into three sections

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

False representation

Fraud by false representation is defined by Section 2 of the Act. Representation must be made dishonestly, and is made with the intention of making a gain or causing a loss or risk of loss to another. A representation is defined as false if it is untrue or misleading and the person making it knows that it is, or might be, untrue or misleading. Representation can be stated by words or communicated by conduct i.e. written, spoken or by electronic means.

Failing to disclose information

Fraud by failing to disclose information is defined by Section 3 of the Act, and details that a fraud will have been committed if a person fails to declare information which he/she has a legal duty to disclose. There is a requirement that the person acts dishonestly and intends to make a gain for himself/herself, cause a loss to another or expose another to a risk of loss.

Abuse of position

Fraud by abuse of position is defined by Section 4 of the Act, and requires a person who is in a privileged position to act dishonestly by abusing the position held; and by doing so, fails to disclose to another person, information which he/she is legally required to disclose. The dishonest act must be with the intention of making a gain for him/her or another. Alternatively it may be with the intention of causing a loss or risk of loss to another. The offence may be committed by omitting to make a declaration as well as by an act.

The Fraud Act 2006 largely replaced the laws relating to obtaining property by deception, obtaining a pecuniary advantage and other offences that were created under the Theft Act 1978. Whilst the introduction of the Fraud Act 2006 has repealed much of the Theft Act 1978, it does not prevent the prosecution of other offences under the various other Acts, e.g. theft, counterfeiting and falsification of documents.

Theft

Theft is the misappropriation of cash or other tangible assets. A person is guilty of “theft” if he or she dishonestly takes property belonging to another, with the intention of permanently depriving the other of it. The criminal offences associated with theft are predominantly set out in the [Theft Act 1968](#) and the [Theft Act 1978](#).

Corruption

Corruption is the offering, giving, soliciting or accepting an inducement or reward which would influence the actions taken by the Council, its members, officers, partners or contractors.

Corruption may also be deemed to include criminal acts and situations where any Member or officer intentionally makes a decision which gives any person an advantage or disadvantage where the decision is contrary to the policy/procedures governing the decision making process and is based on no sound reasoning. The latter part of this definition is intended to encompass all types of discrimination, both positive (where any person gains an unfair advantage) and negative (where any person is unfairly disadvantaged).

Bribery

Bribery is the offer or acceptance of reward to persuade someone to act dishonestly and/or in breach of the law. The Bribery Act 2010 came into force on 1 July 2011. British anti-bribery law was based previously on the Public Bodies Corrupt Practices Act 1889, the Prevention of Corruption Act 1906 and the Prevention of Corruption Act 1916. The introduction of the Bribery Act 2010, simplifies this dated legislation with provisions for 4 new offences:

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

The [Bribery Act 2010](#) makes it an offence to offer, promise or give a bribe (section 1). It also makes it an offence to request, agree to receive, or accept a bribe (section 2). Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business. There is also a corporate offence under Section 7 of failure by a commercial organisation* to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation. *For the purposes of the Act, West Somerset Council is considered to be a commercial organisation.

Examples

- Theft of council property or services
- Misuse of office or office equipment
- Falsifying time or mileage sheets
- Failure to declare an interest
- Fraudulent property letting
- False accountancy, including the destruction, concealment or falsification of any account or record, or giving misleading, false or deceptive information
- Evading liability for payment
- Working while on sick leave
- Selling Council equipment
- Fraudulent tendering process
- Obtaining property by false pretences
- Accepting any gift or consideration as an inducement for doing or refraining from doing anything in relation to Council business.

Appendix 2 - Responsibilities

Fraud, theft and corruption are an ever present threat to West Somerset Council's resources and therefore must be a concern to all staff and members. Whilst the South West Counter Fraud Partnership (SWCFP) undertake activities in the prevention, detection and investigation of fraud, theft and corruption, everyone in the Council has a responsibility and role to help it. This document identifies how these responsibilities are implemented and monitored.

Elected Members

Members must comply with the Members Code of Conduct and any ancillary codes. Fraud Awareness Training is available to Members to give them a greater awareness of fraud policies, responsibilities and roles. This training will also cover corruption and bribery. Each Member of the council is responsible for the following:

- His/her own conduct
- Compliance with the Members Code of Conduct
- If claiming any benefits either administered by the Council, the Department for Work and Pensions or other Government Department, they must ensure the benefit paid is based on their true circumstances and any relevant changes in their circumstances are reported promptly
- Reporting any suspicions or allegations of fraud, theft or corruption against the Council as detailed in the [Whistle-blowing Policy](#)
- Contributing towards the safeguarding of Corporate Standards, as detailed in the Members Code of Conduct
- Operating within the Council's [Constitution](#)

Joint Management Team and Service Managers

Joint Management Team and Service Managers are responsible for:

- Providing firm leadership and setting standards by their own behaviour
- Operating within the Council's [Constitution](#)
- Ensure compliance with corporate policy, procedures and internal control frameworks.
- Promoting awareness of the Anti-Fraud and Corruption Policy and Strategy and associated documents and mechanisms
- Managing the risks of fraud, bribery and corruption at strategic and operational levels with effective anti-fraud and corruption controls with appropriate risk management and review of risk areas
- Ensuring conformance by the staff for whom they are responsible
- Ensuring sufficient resources to take appropriate legal action where necessary
- Embedding and supporting an anti-fraud, anti-theft and anti-corruption Culture
- If claiming any benefits either administered by the Council, the Department for Work and Pensions or other Government Department, they must ensure the benefit paid is based on their true circumstances and any relevant changes in their circumstances are reported promptly
- Reporting any suspicions or allegations of fraud, theft or corruption against the Council as detailed in the [Whistle-blowing Policy](#).

Managers, Team Leaders and those with supervisory responsibility

All Managers, Team Leaders and those with supervisory responsibility are responsible for:

- Maintaining effective internal control systems and ensuring that the Council's resources are properly applied in the manner intended
- Ensuring compliance with corporate policy and procedures
- Identifying the risks to which system and procedures are exposed and reviewing risk areas
- Developing and maintaining effective controls to prevent and detect fraud, theft and corruption
- Ensuring that internal controls and risk management provisions are followed to minimise fraud, theft and corruption
- Reporting any suspicions or allegations of fraud, theft or corruption against the Council as detailed in the [Whistle-blowing Policy](#)
- Fully co-operating with any investigation undertaken by or under the direction of the Joint Management Team, Service Manager, SWCFP, SWAP, External Audit and the Police
- If claiming any benefits either administered by the Council, the Department for Work and Pensions or other Government Departments, they must ensure the benefit paid is based on their true circumstances and any relevant changes in their circumstances are reported promptly.

Individual members of Staff

Each member of staff is responsible for the following:

- His or her own conduct and for contributing towards the safeguarding of corporate standards, including declaration of interest, private working, whistle-blowing
- Acting with propriety in the use of official resources and in the handling and use of corporate funds, whether they are involved with cash or payments systems, receipts or dealing with contractors or suppliers
- Reporting any suspicions or allegations of fraud, theft or corruption against the Council as detailed in the [Whistle-blowing Policy](#)
- If claiming any benefits either administered by the Council, the Department for Work and Pensions or other Government Departments, they must ensure the benefit paid is based on their true circumstances and any relevant changes in their circumstances are reported promptly.

Contractors, Partners and Other Associated Bodies Responsibilities

Contractors, partners and others working with the Council are expected to maintain strong anti-fraud, anti-theft and anti-corruption principles and to have in place adequate anti-fraud, anti-theft and anti-corruption procedures and controls when they are working on behalf of or with the Council. This expectation is to be included in all contract terms and agreements.

South West Audit Partnership (SWAP)

The role of SWAP is to provide an independent appraisal and assurance of internal controls across and within the Council's financial and management systems. In conducting this role SWAP should consider the risk of fraud, theft and corruption when examining and evaluating the effectiveness of controls that may assist in deterring and preventing fraud, theft and corruption as well as identifying financial irregularity.

Other responsibilities of SWAP on the anti-fraud, anti-theft and anti-corruption culture of the organisation are listed below:

- Act as an independent resource to whom staff can report suspected frauds, corruption or bribery;
- Maintain expertise on counter-fraud, counter bribery and corruption measures for the Council;
- Give independent assurance on the effectiveness of the processes put in to manage the risk of fraud, theft and corruption;
- Provide or procure any specialist knowledge and skills to assist in fraud investigations, or leading investigations where appropriate and requested by the Section 151 Officer;

The Section 151 Officer should ensure the work of SWAP, External Audit and the South West Counter Fraud Partnership are complementary.

External Audit

The role of External Audit is not to detect fraud, theft and corruption. External Audits are carried out in accordance with the provisions of the Audit Commission Act 1998, the Accounts and Audit Regulations and the Code of Audit Practice.

Independent External Audit is an essential safeguard in the stewardship of public money. The role is delivered through the carrying out of planned, specific reviews that are designed to tests (amongst other things) the adequacy of the Council's financial systems and its arrangements for preventing fraud, corruption, bribery and irregularity and as such it has a duty to report any potential incidents of fraud that it comes across in the normal course of its work.

Collective Responsibilities

The Council supports the 7 principles of Public Life set by the Committee on Standards in Public Life. The Council expects staff to develop their working behaviour around these principles.

The Seven Principles of Public Life are:

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

Appendix 3 – Action Plan

References: A = WSC Anti-Fraud action

B = TEICCAF checklist action

Ref	Action	Status	Comments	Officer	Target date
General					
B1	Do we have a zero-tolerance policy towards fraud?	Complete	The policy makes it clear the Council has a zero tolerance to fraud and corruption.	n/a	Complete
B2	Do our fraud and corruption detection results demonstrate that commitment to zero tolerance?			South West Counter Fraud Partnership Manager	
B3	Do we have a corporate fraud team?	Complete	The Council has approved the creation of a South West Counter Fraud Partnership with dedicated counter-fraud staff. The SWAP audit plan is risk -based covering all Council activities and includes emerging risks. Fraud risk areas are subject to a rolling review programme.	Assistant Director - Resources	Complete
A1	Clear, Practical and Accessible Policies and Procedures to be in place.	In progress	Work on-going to review and update relevant policies to take account of anti-fraud legislation	Assistant Director - Resources	30 June 2016

Ref	Action	Status	Comments	Officer	Target date
General					
A2	Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	Complete	SWAP produces reports regularly to the Audit Committee. The SWAP Plan shows planned work. Annual Reports from Audit as well as the South West Counter Fraud Partnership show outcomes.	Director of Quality for SWAP South West Counter Fraud Partnership Manager	Complete
B4	Does a Councillor have portfolio holder responsibility for fighting fraud across the Council?	Complete	The Assistance Director-Resources has liaised with the Portfolio Holder for Resources to ensure clear responsibility is allocated	Assistant Director - Resources	Complete
A3	Have we assessed our management of counter-fraud work against good practice?	Complete	Two checklists have been used to show compliance with best practice: <ul style="list-style-type: none"> • CIPFA Better Governance Forum; "Protecting the Public Purse" • TEICCAF checklist 	South West Counter Fraud Partnership Manager	Complete
B5	Have we assessed our Council against the TEICCAF fraud detection benchmark analysis?	In progress	The fraud detection benchmark analysis tool will be completed once it is released and will be used to identify any trends/ fraud types	Assistant Director - Resources	30 June 2016
B6	Does that benchmark analysis of fraud detection identify any fraud types which we should give greater attention to?	In progress	The fraud detection benchmark analysis tool will be completed once it is released and will be used to identify any trends/ fraud types	Assistant Director - Resources	30 June 2016

Ref	Action	Status	Comments	Officer	Target date
General					
B7	Are we confident we have sufficient counter-fraud capacity and capability to detect and prevent non-benefit (corporate) fraud once SFIS has been fully implemented?	Complete	South West Counter Fraud Partnership established from July 2015	Assistant Director - Resources	Complete
A4	Do we raise awareness of fraud risks with: <ul style="list-style-type: none"> • New staff (including agency staff); • Existing staff • Elected members; and • Our contractors? 	On-going	The following actions are or will be taken to maximise awareness and encourage commitment: <ul style="list-style-type: none"> • Training for elected Members • Reports produced / presented to Members • Managers' briefings issued • Publicity on specific cases as appropriate. 	South West Counter Fraud Partnership Manager	Throughout 2016-17
A5	Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters	Complete	South West Counter Fraud Partnership share knowledge and data (where allowed) through the South West regional fraud group and the DWP. The Council participates in the NFI.	South West Counter Fraud Partnership Manager	On-going
A6	Do we maximise the benefit of our participation in the National Fraud Initiative and receive reports on our outcomes?	On-going	SWAP regularly monitor the on-line progress reports to ensure all relevant matches are investigated.	Director of Quality for SWAP Assistant Director - Resources	On-going
A7	Newsletter highlighting the outcome of fraud work.	In progress	A Newsletter will be produced for distribution to all WSC staff and Members	South West Counter Fraud Partnership Manager	31 March 2016

Ref	Action	Status	Comments	Officer	Target date
General					
A8	Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action?	Complete	Any weaknesses are shown in the audit reports and all areas where significant inadequate controls exist are summarised in the Audit Annual Report. Reports are issued promptly containing agreed Action Plans with timescales	Strategic Director of Operations Director of Quality for SWAP	Complete
B8	Do we have appropriate and proportionate defences against the emerging fraud risks, in particular: <ul style="list-style-type: none"> • Right to Buy fraud • No recourse to Public Funds fraud 				
A9	Do we have effective arrangements for: <ul style="list-style-type: none"> • Reporting fraud; • Recording fraud; and • Whistle-blowing? • Do we have effective whistle blowing arrangements? 	Complete	The Whistle-blowing policy has been reviewed by the Monitoring Officer and is shown on the Council's Intranet	Monitoring Officer	Complete
A10	Managers' briefings following fraud investigations to highlight risks and control measures	On-going	Briefings will be issued to highlight risks and control measures	Director of Quality for SWAP	On-going
A11	Anti-fraud training for Members and Officers	In progress	South West Counter Fraud Partnership will deliver training during 2016-17	South West Counter Fraud Partnership Manager	December 2016

Ref	Action	Status	Comments	Officer	Target date
Council Tax and Business Rates					
A18	Are we effectively controlling the discounts and allowances we give to council tax payers?	Complete	<p>The Revenues and Benefits Service carries out reviews of discounts and allowances in the following areas:</p> <ul style="list-style-type: none"> • Council Tax Rebate • Single Person Discount • Disabled Banding • Business Rate Relief <p>In addition, regular checks are undertaken to ensure continued entitlement to exemptions</p>	Revenues and Benefits Manager	Continuous
Housing Tenancy					
A13	Do we take effective action to ensure that social housing is allocated only to those who are eligible?	On-going	<p>The Council reviews the relevant NFI matches in this area. Cases are investigated by South West Counter Fraud Partnership.</p>	<p>Director of Quality for SWAP South West Counter Fraud Partnership Manager</p>	On-going
A14	Do we ensure that social housing is occupied by those who are allocated properties?				
Procurement					
A15	Are we satisfied our procurement controls are working as intended?	To be confirmed	To be confirmed	Assistant Director - Resources	To be confirmed
A16	Have we reviewed our contract letting procedures since the investigations by the Office of Fair Trading into cartels and compared them with the best practice?	To be confirmed	To be confirmed	Assistant Director - Resources	To be confirmed

Recruitment					
A17	<p>Are we satisfied our recruitment procedures achieve the following:</p> <ul style="list-style-type: none"> • Do they prevent the employment of people working under false identities; • Do they confirm employment references effectively; • Do they ensure applicants are eligible to work in the UK; and • Do they ensure agencies supplying us with staff undertake the checks that we require? 	Complete	<p>Robust procedures are now in place and have recently been audited.</p> <p>The NFI matches concerning eligibility to work in the UK are always reviewed.</p>	Human Resources Manager	Complete

Appendix 4 - Anti-Fraud Response Procedure

Introduction

This Procedure defines responsibilities for action and reporting lines in the event of a suspected fraud, corruption, bribery or related irregularity. Using the Procedure will assist the Council in preventing loss of public money; recovering losses and establishing evidence necessary for criminal, civil or disciplinary action.

The Procedure:

- details the processes for responding to any incidents of suspected fraud, theft or corruption
- sets out how suspicions should be raised
- explains how investigations will be conducted and concluded
- explains how reviews will be undertaken to prevent a recurrence

Aims

The Anti-Fraud Response Procedure supports the aims, objectives and key priorities of the Anti-Fraud and Corruption Policy and Strategy. The Procedure aims to ensure appropriate and effective action can be taken to:

- Ensure awareness of correct processes for reporting fraud, bribery and corruption
- Ensure there is a clear understanding of who will authorise and lead an investigation and to ensure the South West Counter Fraud Partnership, relevant Service Managers and officers in West Somerset Council are appropriately involved
- Ensure security of evidence and containment of information or knowledge of any investigation into the matter reported
- Ensure there is substance and evidence to support allegations before disciplinary and/or criminal action is taken
- Ensure prevention of further losses and maximise recovery of losses
- Minimise adverse publicity or reputational damage to the Council but utilise publicity as a deterrent against future frauds

Reporting a Suspected Fraud or Incident of Bribery/Corruption

Staff should first view the definition of fraud, theft and corruption ([Appendix 1](#)) and the [Whistle-blowing Policy](#) that are clearly linked with this Anti-Fraud Response Procedure.

Where it is the wish for the individual to report suspicions in an anonymous manner then this can be done. However, the Council will always encourage individuals to come forward and be identified as this is an indication that it is not merely someone with a “grudge” making false accusations and also allows the suspicion to be acted upon with greater effectiveness and efficiency.

What to do if you suspect fraud, theft or corruption may be occurring

Do

- Make an immediate note of your concerns.
- Convey your concerns to someone with the appropriate authority and experience.
- Report your concerns as soon as possible.

Don't

- Approach the concerned individual.
- Be afraid to raise your concerns.
- Try to investigate yourself.

Allegations of fraud or theft by a perpetrator outside the Council can be reported to the South West Counter Fraud Partnership. A referral can be made using the online reporting function, which is located both on the internal intranet and the Council's website. Referrals can also be made through to the South West Counter Fraud Partnership by internal mail, email, in person or over the phone.

Investigations by the South West Counter Fraud Partnership

All referrals passed to the South West Counter Fraud Partnership are looked at within 5 days of receiving the allegation. On receipt of the referral, the team will risk assess the referral to determine the value and priority level of the information received.

Preliminary checks are done on all cases after they have been risk assessed. These checks ascertain facts and sometimes further information will be required that will be obtained through appropriate legal methods. Preliminary checks may determine there is no case to answer.

Following the risk assessment process some cases may be rejected due to lack of information or lack of a clear allegation on which to base an investigation.

Any allegations determined as malicious may be dealt with as a disciplinary matter. Where it initially appears an allegation is a sensitive case, the case is referred to the Manager for the South West Counter Fraud Partnership or the Council's Monitoring Officer.

The South West Counter Fraud Partnership will discuss cases and allocate them for investigation on a weekly basis. Where a case is inappropriate for team allocation, cases will be investigated by a nominated Investigation Officer or SWAP Auditors who will feed back their findings to the Council's Monitoring Officer.

Other cases may need to be forwarded on to other enforcement bodies such as Police, Department for Work and Pensions or Immigration. This decision will be made by the Investigation Manager and a referral will be made to the relevant authority. In the case of a direct referral to the Police, the decision will be made by the Section 151 Officer who may wish to consult with the Council's Monitoring Officer.

The investigation will utilise various investigation techniques and intelligence sources available to the South West Counter Fraud Partnership. This could include intelligence gathering, surveillance, interviewing witnesses and interviews under caution. The investigation will follow the various legislative requirements, codes of practice and authorisations available to accredited Investigation officers.

Investigating suspected employee fraud, theft or corruption

If fraud is suspected it is critical that any investigation is conducted in a professional manner aimed at ensuring that the current and future interests of both the Council and the suspected individual(s) are protected. The latter is equally important as a suspicion should not be seen as a guilt to be proved.

It is also crucial that the notifying employee does not feel threatened. The Council undertakes to protect the identity of such employees and not to release the source of notification at any time during the investigation.

For each notified suspicion the relevant Service Manager and the Section 151 Officer will appoint an 'investigating officer' to be in charge of the investigation on a day-to-day basis.

The Investigating Officer, the Section 151 Officer, Monitoring Officer and the appropriate Service Manager must, in consultation with Human Resources Officers:

- initially assess whether there is a need for any employee to be suspended in accordance with the Council's Disciplinary Procedure
- identify a course of action (what, who, when, how, where)
- identify the reporting process (who by, to whom, when and how) to ensure the strict confidentiality is continuously maintained
- bring the matter to the attention of the Leader of Council when fraud is evident and, if appropriate, to the Cabinet and/or Scrutiny Committee (normally the duty of the Section 151 Officer)

The Investigating Officer will:-

- open a file to record chronologically -
 - Telephone conversations
 - Face-to-face discussions
 - Records/documents reviewed
 - Tests undertaken and results

The file should be indexed and all details recorded no matter how insignificant they initially may appear

- ensure the correct form of evidence is obtained and appropriately retained:-
 - Prime documents
 - Certified copies
 - Physical items
 - Secondary evidence (e.g. Discussions, etc.)
 - Circumstances
 - Hearsay
- Ensure interviews are conducted in the right manner, in particular, that the requirements of the Police and Criminal Evidence Act are complied with when interviewing suspects.

Local authorities have a duty to report all frauds to their external auditors. This will be done by the Section 151 Officer at the earliest opportunity.

The experts at investigating fraud are the police, they will also advise on the likely outcome of any intended prosecution. Initial contact with the police should only be undertaken following discussion between the Section 151 Officer and the Investigating Officer.

If the police decide that formal investigation is necessary, all staff should co-operate fully with any subsequent requests or recommendations. All contact with the police following their initial involvement will usually be via the Investigating Officer.

Where the police decide to formally investigate this will not prejudice any internal disciplinary procedures; these should continue as normal. However, the internal investigation and the police's should be co-ordinated to make maximum use of resources and information.

As soon as the initial 'detection' stage of the investigation has been completed an interim confidential report, which may be verbal, but is more likely to be in a written format, should be made by the Investigating Officer to the Section 151 Officer and any other officer decided upon at the preliminary stage.

The interim report should set out:-

- the findings to date
- the interim conclusions drawn from those findings; and
- should seek approval to continue the investigation if appropriate

If it is decided to continue the investigation then future reporting arrangements and any changes to the planned action should be confirmed.

A report will supercede all other reports and be the definitive document on which management (in a disciplinary situation) and possibly the police (in a criminal situation) will base their initial decisions.

The format of the Final Report will not always be the same as each case is unique, but will frequently set out:-

- how the investigation arose
- who the suspects are
- their position in the Authority and their responsibilities
- how the investigation was undertaken
- the facts and evidence which were identified
- summary of findings and recommendations, both regarding the fraud itself and any additional work required on the system weaknesses identified during the investigation.

Likely outcomes following any SWCFP Investigation, Police Investigation or Council investigation (through an Investigating Officer) under this policy and procedure are:-

- criminal prosecution
- civil prosecution
- implementation of disciplinary proceedings
- exonerate person(s) concerned
- take no further action

All proceedings under this Policy and Procedure shall remain confidential.

All reports must be substantiated by the strongest evidence and avoid contents that could be considered to be defamatory in the event of the report being made public.

Defamation in law is defined as “the publication (i.e. Communication) of a statement which tends to lower a person in the estimation of right-thinking members of society generally or which tends to make them shun or avoid that person”.

Prevention of Further Loss

During or following an investigation, prevention of further loss may require a staff member to be suspended or dismissed. Suspension or dismissal may also be required to avoid loss of evidence or the prevention of collaboration to cover up fraud, theft or corruption.

Suspension during an investigation is not a form of disciplinary action and does not indicate that the Council has prejudged the case. It may be necessary to plan the timing of a suspension to prevent the subject(s) from destroying or removing evidence.

The appropriate investigating officer will provide a report for the Human Resources Manager and the Section 151 Officer. This will provide the basis of the decision which will be made by the Section 151 Officer. The Council’s Monitoring Officer may be consulted but will not make the decision. The decision will be kept under review throughout the investigation.

Dealing with Employees under suspicion

Where an employee is under suspicion but has not been suspended, the decision not to suspend will be kept under review. The investigating officer will suggest a course of action but the decision will rest with the Section 151 Officer in consultation with the Human Resources Manager.

The Human Resources Service will support all staff affected by a fraud, theft or corruption investigation, whether directly or indirectly, directing individuals to sources of counselling and advice and applying relevant policies.

In cases of suspension and/or potential dismissal close liaison will be maintained between the Human Resources Manager and the South West Counter Fraud Partnership to ensure continued investigation of offences, as criminal proceedings will in most circumstances take precedence over disciplinary issues.

All legal requirements will be followed in any criminal investigation, and any disciplinary codes of practice will be followed for any disciplinary procedure as set out in the Council’s Disciplinary Policy. Strict confidentiality must be maintained.

Dealing with Members under suspicion

The Council's Monitoring Officer must be advised of any suspicion of fraud, theft or corruption regarding a Member and the details of the process following an allegation can be found in The Council's [Constitution](#).

Reporting outcomes

Outcomes of cases will be reported in the following ways:

Individual Feedback - Subject to the constraints of Data Protection legislation and the Council's duty of confidentiality to employees and Members, an individual making an allegation will be given as much information as possible about the outcome of any investigation.

Prosecutions and sanctions - will be reported weekly to the Assistant Director (Resources) and the Section 151 Officer. All staff and Members will receive information on prosecutions and sanctions through a bi-annual newsletter.

Savings/Recovery Action - will be measured and reported on quarterly to the Assistant Director (Resources), the Section 151 Officer.

Disciplinary Action - will be monitored and reported on by the Human Resources and Organisational Development Manager.

Financial Recovery - the recovery of loss against the Council could be a direct financial loss or could be the Council recovering earnings to which the person was not entitled or a claim for equipment stolen. These types of cases would be dealt with through civil hearings and may be undertaken in conjunction with disciplinary procedures or criminal investigations. Reporting outcomes will necessarily be ad-hoc but will be reported annually to the Section 151 Officer. The formal recovery of any money due to the Council will be undertaken through the Council's corporate debt recovery procedures.

Future Actions - the South West Counter Fraud Partnership will, where appropriate, produce a report for the relevant Service Manager for a Service to identify areas of weakness that allowed the fraud to take place and what future actions may prevent a recurrence.

Confidentiality

Wherever possible, anonymity will be maintained for the person who made the allegation. It should be noted that if the case goes to court a Judge can order the Council to reveal the source of the allegation. The Council can explain any mitigating reasons why the source should not be revealed but ultimately an order of the court has to be complied with.

Linkage between Criminal and Disciplinary proceedings

Criminal and Disciplinary processes can run side by side in an investigation and some information can be exchanged if appropriate legal processes are followed. In certain actions the criminal process may impact on the disciplinary process and vice versa. Therefore it is important cases are not dealt with as separate matters and that the criminal investigation takes precedence over the Disciplinary Process. This avoids compromising the criminal investigation that could lead to negative publicity for the Council.

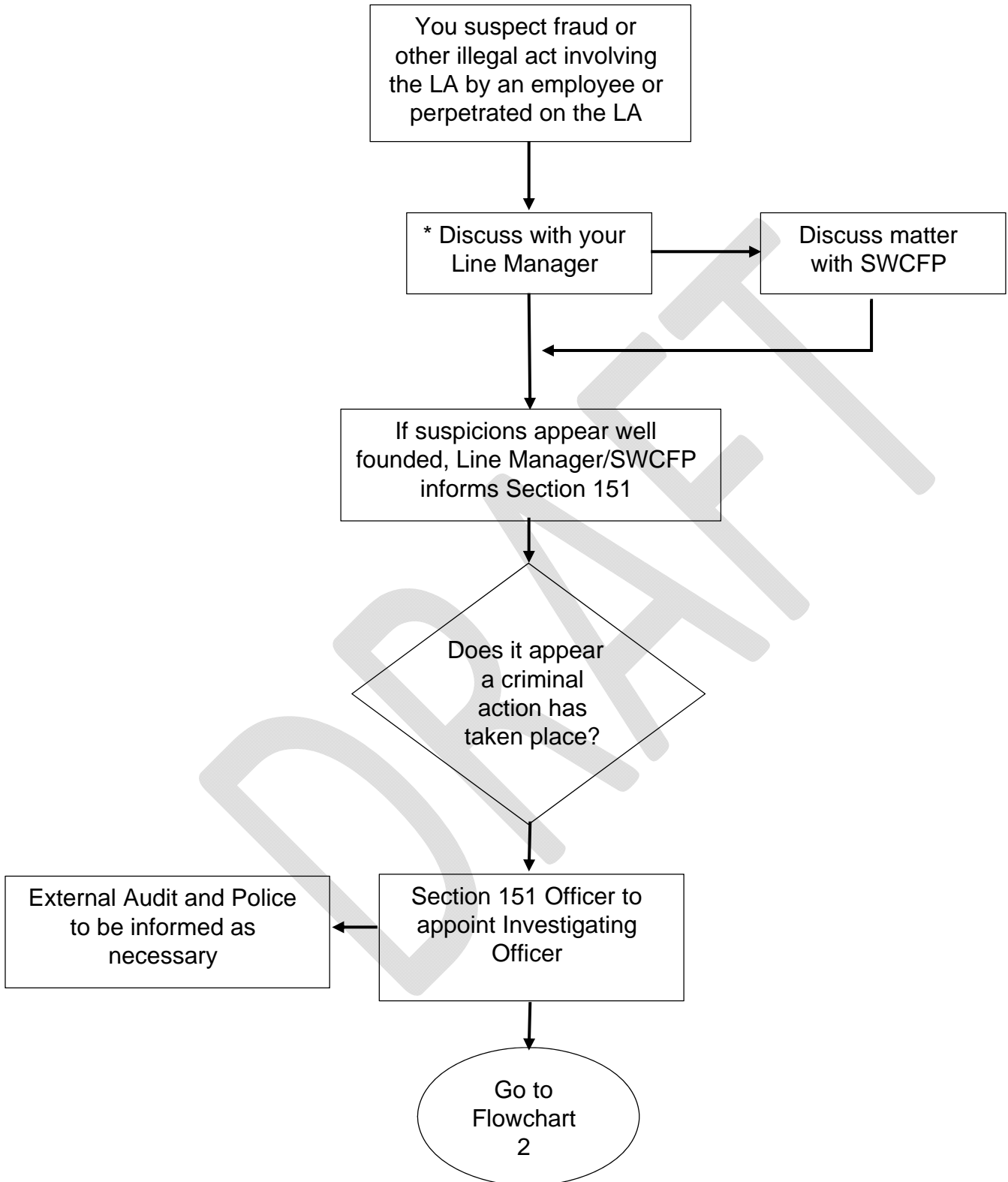
Links to Prosecution Sanction and Redress Protocol

All cases will be measured against the criteria laid out in the [Prosecution, Sanctions and Redress Protocol](#) (Appendix 5). The decision on the appropriate sanction following an investigation will be made in line with that Protocol.

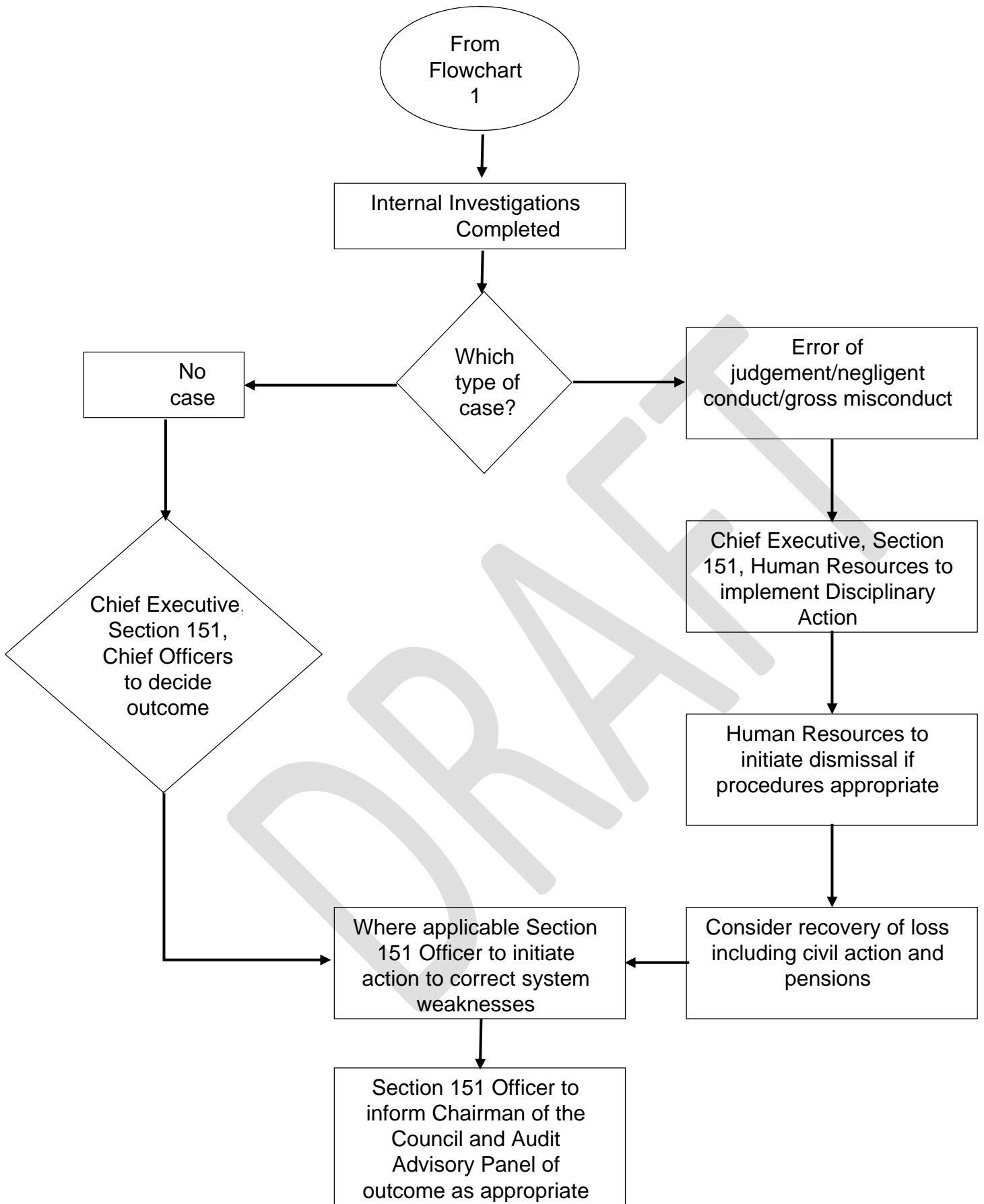
Media and Communications

Details of how cases may be publicised are detailed in the [Communication and Publicity Plan](#).

FRAUD - DETECTION AND INVESTIGATION STAGE



FRAUD - DECISIONS AND ACTIONS STAGE



Appendix 5 - Prosecution, Sanctions and Redress Protocol

Introduction

The Council's Anti-Fraud and Corruption Policy and Strategy requires that if fraud, theft or corruption is detected an appropriate sanction is taken and loss is minimised. This measure supports an anti-fraud, anti-theft and anti-corruption culture. This protocol ensures the decision to sanction/prosecute can be justified as fair, reasonable and consistent and that redress is always considered. Prosecution or another appropriate sanction will only be sought where it is in the public interest to do so. The purpose of a prosecution is to establish the guilt, or otherwise, of the accused. If a conviction is secured it is for the court to decide on an appropriate punishment that can act as a deterrent to others.

Levels of Authorisation

1. Cases for Caution, Administrative Penalty or Prosecution must be recommended by the South West Counter Fraud Partnership Manager and approved by the Service Manager.
2. Any decision to administer a Caution, Administrative Penalty or Prosecution related to a fraud against Council Tax Rebate, or fraud related to a Council Tax or Business Rate Discount or Exemption, must be approved by the Revenues and Benefits Service Manager.
3. The final decision to prosecute will be taken once the case papers have been examined by SHAPE Partnership Services (Legal). Authorisation to proceed will be confirmed by the Legal Services Manager. In the event that external legal resources are used the Legal Services Manager will issue the instructions and manage the relationship.
4. The decision to use SHAPE Legal Services or other legal representation must show consideration to expertise, capacity and cost. Consideration must also be given to the appropriateness of the prosecutor and to any joint working or partnership arrangements with other agencies linked to the investigation.
5. Larger or more complex cases or those involving staff or Councillors may be referred to the Police for investigation and prosecution but only after authorisation has been obtained from the Section 151 Officer in consultation with the Council's Monitoring Officer

General Policy

Staff found to be involved in fraudulent activity (or theft or corruption) may be subject to one or all of the following sanctions:

- Disciplinary - with dismissal usually sought where the offence is considered to constitute "gross misconduct" pursuant to the provisions of the Council's Disciplinary Policy
- Criminal - where the relevant law enforcement agency considers it to be in the public interest to pursue a prosecution
- Civil - recovery of monies or assets fraudulently or corruptly acquired
- Professional - disbarring whereby the Council will make a referral to the employee's professional regulatory body or bodies where appropriate

In all cases the information shown below will be considered when deciding whether to prosecute. For Council Tax Rebate Fraud the guidance outlined in that section must also be considered.

Issue	Points to consider
Quality of available evidence-the ' Evidential Test '	<ul style="list-style-type: none"> • Is there sufficient evidence to satisfy a court and provide a realistic prospect of conviction? • Is all the evidence admissible? • Has all the evidence been obtained appropriately? • Has significant administrative failure compounded or allowed the offence?
Degree of criminality	<ul style="list-style-type: none"> • How was the fraud (or theft or corruption) perpetrated? • Was it opportunist? • How much planning went into the fraud (theft or corruption)? • How long did it continue?
Persistent offender	<ul style="list-style-type: none"> • Have they previously committed fraud (or been involved with theft or corruption)? • Have they received sanction previously?
Position of Trust	<ul style="list-style-type: none"> • Is the perpetrator a Council employee, representative or contractor? • Are they a Member of the Council?
Duration of the fraud	<ul style="list-style-type: none"> • How long did the fraud (or theft or corruption) continue?
Loss to Public Funds	<ul style="list-style-type: none"> • It would be unusual for a low value fraud to be prosecuted but it should not be ruled out. • Undertaking corruption may not involve loss to public funds but this should be checked and if none what was the gain. All of the other issues in this list need to be considered.
Voluntary disclosure	<ul style="list-style-type: none"> • Was the fraud, theft or corruption admitted before the investigation?
Widespread offence	<ul style="list-style-type: none"> • Is the offence part of a local trend? • The offence might not be particularly serious but may be particularly prevalent in a specific area.
Social/Medical factors	<ul style="list-style-type: none"> • Are there any mitigating circumstances? • Are there any mental or physical disabilities? • Is the offender fit to stand trial? • Is the offender particularly vulnerable giving rise to the reason for the action? • Social/medical factors should not automatically preclude prosecution but they must be considered.
Public Interest	<ul style="list-style-type: none"> • What gain is there for the Council and/or general public? • Would the costs incurred in proceedings be excessive compared to the loss involved? • Will the Council suffer adverse publicity or reputational damage from the proceedings?
Administration	<ul style="list-style-type: none"> • Was there failure in administration that helped fraud to succeed or was there a delay resulting in the case being out of time?

Evidential test

In making a decision to prosecute, West Somerset Council must be satisfied that there is enough evidence to provide a 'realistic prospect of conviction'. A realistic prospect of conviction is an objective test meaning that a jury, magistrate or judge hearing a case which, is properly directed in accordance with the law, is more likely than not to convict the defendant of the alleged offence.

Evidence must be able to be used in a court of law. It must have been gathered appropriately, in accordance with the law and be from a reliable source. If a case does not pass the 'evidential test' it must not go ahead no matter how important or serious the offence seems. If the case does pass the evidential stage then it should move on to the second stage to decide if a prosecution is appropriate in the public interest.

Public interest

West Somerset Council will always consider public interest judiciously and will balance the factors for and against prosecution objectively. In making the decision whether it is in the public interest to prosecute, the following factors will be considered:

- the seriousness of the offence;
- a conviction is likely to result in a significant sentence;
- the defendant was in a position of authority or trust;
- there is evidence the offence was premeditated, e.g. the claim was false from the start;
- there is evidence that the defendant instigated and organised the fraud;
- there is previous incidence of fraud;
- there are grounds for believing that the alleged offence is likely to be continued or repeated, based on any history of recurring conduct;
- the alleged offence, irrespective of its seriousness, is widespread in the area it is or was committed;

Some common public interest factors against prosecution are as follows:

- the court is likely to impose a nominal penalty;
- the impact of any loss of funds can be described as minor and was the result of a single incident, particularly if it was the result of misjudgement;
- there have been long and avoidable delays between the offence taking place and the date of the trial, unless:
 - (i) the offence is serious
 - (ii) the delay is caused in part by the defendant
 - (iii) the offence has only recently come to light
 - (iv) the complexity of the offence has caused a long investigation;
- the defendant is elderly or is, or was at the time of the offence suffering from significant mental or physical illness, this is balanced against the seriousness and complexity of the offence
- the defendant has put right the loss that was caused
- any voluntary disclosure;
- social factors such as domestic abuse, or substance abuse

The various reasons listed above both for and against prosecution are not exhaustive. The factors that apply will depend on the facts in each individual case.

Review and Discontinuance

We must continuously review all prosecutions from starting proceedings. Reviews are important especially when new evidence is found, or as details of the defence case emerge.

Officers must be resolute when made aware of new evidence or information and should not hesitate to recommend discontinuance proceedings in appropriate cases.

Accepting Guilty Pleas

In certain instances defendants may wish to plead guilty to some but not all the charges. Officers should only accept a guilty plea if they believe the Court is able to pass a sentence that matches the seriousness of the offence. Officers must never accept a guilty plea merely because it is convenient.

Internal Fraud

The Section 151 Officer, the Human Resources Manager and the Manager for the South West Counter Fraud Partnership will liaise with the appropriate Service Manager if prosecution is to take place against a member of staff.

Following this liaison the Section 151 Officer will determine, in the individual circumstances of the case, whether it is appropriate to inform relevant Members of the Executive.

Occasionally, prosecution may be out of the Council's control, if an external body (e.g. Department for Work and Pensions or Police) is bringing the case.

Disciplinary proceedings may also be taken against members of staff and these are not subject to the criminal burden of proof (beyond reasonable doubt) but "the balance of probabilities".

Redress

Redress can be defined as the recovery or attempted recovery of assets lost or defrauded. This would include any type of financial recompense for the fraud.

Where possible, the Council will follow cases through to redress. Whilst the Council aims to progress to a sanction, it will also attempt to recover any loss. The recovery process is not part of the remit of the South West Counter Fraud Partnership.

Proceeds of Crime

Corporate Anti-Fraud Officers must consider in all suitable cases the ability for a court to obtain restraint and/or confiscation orders of identified assets.

A restraint order will prevent a person from dealing with specific assets. A confiscation order will enable the Council to recover losses from assets which are found to be derived from the proceeds of crime.

Civil Penalties

Under the Regulatory Enforcement and Sanctions Act 2008, civil sanctions may be imposed as appropriate. These will be imposed in accordance with the relevant service's specific procedures. Civil action may also be taken in relation to a person's criminal activity. Examples of civil action include:

- Recovery of money owed by the defendant;
- Claims for damages where property has been stolen;
- Damages for losses incurred through the defendant's fraudulent activity;
- Claims for damage to property;
- Claims for non-payment of rent lawfully due; or
- Claims for any loss incurred as a result of the defendant's criminal activity, such as clean up or repair.

Council Tax Rebate Fraud

Under the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, where there is sufficient evidence that a person has committed Council Tax Rebate Fraud, the Council can impose a Simple Caution or an Administrative penalty as an alternative to prosecution.

Caution

A caution is a non-statutory disposal for offenders aged 18 years or over. It is administered as an alternative to prosecution. A caution can only be considered when there is sufficient evidence to justify instituting criminal proceedings and the offender has admitted the offence during an interview under caution (IUC).

If the offender is subsequently prosecuted for an offence relating to excess Council Tax Rebate the caution may be cited in Court.

Cautioning is based on the principle that no authority is under an obligation to prosecute when offences have been established.

West Somerset Council's procedure for cautioning is based on guidelines issued by the Ministry of Justice for the use of Simple Cautions by police officers and Crown Prosecutors.

The caution is not maintained on police records and is not required to be declared to any third party by the recipient. The aims of the caution are:

- To offer a proportionate response to low level offending where the offender has admitted the offence;
- To deliver swift, simple and effective justice that carries a deterrent effect;
- To record an individual's criminal conduct for possible reference in future criminal proceedings relating to Council Tax Rebate offences
- To reduce the likelihood of re-offending.

Circumstances where a caution might be appropriate are:

- The person is 18 or over
- The person has admitted to an offence in an interview under caution
- The person has not offended before
- Criminal proceedings are not the first option
- Penalty action is not appropriate

The Revenues & Benefits Manager, in consultation with the Manager for the South West Counter Fraud Partnership, may consider administering a caution as an alternative to prosecution providing all the following requirements have been met:

- The evidential criteria for prosecution are satisfied
- A caution is appropriate for the offence and to the person, having given consideration to the offender's previous record relating to similar offences
- The person has fully admitted the offence during an interview under caution (IUC).

The list of considerations and conditions to offer a caution is not exhaustive. The decision to offer a caution rests with the local authority dependant on the individual circumstances of a case.

If an offender refuses to accept a caution the case may be referred to Legal Services for consideration of prosecution.

Administrative Penalty

Regulation 11 of The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, allows West Somerset Council to offer a person the opportunity to pay a financial penalty as an alternative to prosecution. The penalty is set down in the legislation and is 50% of the excess reduction subject to:

- A minimum of £100; and
- A maximum of £1000.

In cases where an offence has been committed but the fraud was discovered before any Council Tax Rebate was paid, the penalty is £100.

There is no requirement for the person to admit the offence before an Administrative Penalty can be offered. Agreeing to accept the penalty will give offenders immunity from prosecution for identified offences relating to Council Tax Rebate.

An offender who has agreed to pay the penalty is entitled to withdraw their agreement within 14 days of signing the original agreement. If an agreement is withdrawn, West Somerset Council will be legally entitled to prosecute the offender.

Any case considered appropriate for a penalty must also be suitable for prosecution.

Factors considered in deciding whether to offer an administrative penalty as an alternative to prosecution are:

- the evidential criteria for prosecution are satisfied
- any known previous offences for fraud
- the prospect of timely payment
- the overall loss to public funds is less than £2,000. The loss may include any overpayment of Housing Benefit or other Social Security Benefits that have been affected by the commission of the offence

A penalty is offered to an offender at a specially arranged interview and will be added to the appropriate person's Council Tax liability.

All conditions relating to the penalty will be stated at the point of notification.

If a person declines to accept an Administrative Penalty at the interview, the case will be submitted for prosecution. The Court will be informed that the customer has declined the offer of an Administrative Penalty.

If the customer accepts an Administrative Penalty, but during the 14 day 'cooling off' period withdraw their agreement, the case will be submitted for prosecution.

Prosecution

Decisions will be made based on the following criteria:

- a) Is there sufficient evidence to realistically expect a conviction?
- b) Is a prosecution in the public interest or would a simple caution be appropriate?
- c) The amount of money obtained. If the total amount of the excess Council Tax Rebate is more than £2,000 and the duration of offence is more than 6 months then prosecution action should normally be taken.
- d) Excess Council Tax Rebate of less than £2,000 may still be subject to legal proceedings that may include the use of simple cautions and or prosecution action.
- e) The person has previous convictions or cautions for similar offences.
- f) Whether there is evidence that the defendant is involved in organised fraud.
- g) Whether there are grounds for believing that the offence is likely to be continued or repeated.
- h) Whether the offence, although not serious in itself, is widespread in the area where it is committed.
- i) Whether the defendant has put right the loss or harm caused (suspects must NOT avoid prosecution simply because they can repay).
- j) Where the suspect is pregnant and confinement is either due within three months, or she is not in good health, it may be appropriate to defer consideration of a sanction until after the birth.
- k) It may not be in the public interest to prosecute suspects if they are elderly, or at the time that they committed the offence they were suffering from significant mental or physical ill health unless the offence is serious or there is a real possibility that the offence may be repeated. It will be incumbent on the suspect to provide medical evidence to support their physical and or mental condition.
- l) What would be the deterrence value of any publicity?

Prosecution of an offender will take place in a Magistrates or Crown Court.

When a fraud investigation has established an offence relating to Council Tax Rebate, a report will be prepared showing the Investigating Officer's conclusions and recommendations. The Corporate Anti-Fraud Team Manager will make the final recommendation on appropriate enforcement action.

West Somerset Council will administer the sanction it deems appropriate with respect to the individual circumstances of each case. The decision on whether to refer a case for prosecution lies with Revenues & Benefits Manager.

Council Tax Penalties (where irregularity is not considered fraudulent)

West Somerset Council is legally entitled to obtain information to decide who is liable to pay Council Tax for a dwelling for a specified period. Residents, owners or managing agents possessing or controlling information to identify a person liable for Council Tax (including those jointly and severally liable), must provide the information within 21 days of the Council's written request.

In accordance with Schedule 3 of the Local Government Finance Act 1992, if a person fails to supply the information, or knowingly gives inaccurate information, then the Council can impose a penalty of £70).

The Council may also impose penalties where a person has failed to advise that they are not entitled to a discount or exemption. A penalty of £70 may be applied in any of the following circumstances:

- Failure to notify the Council within 21 days that a Single Person Discount should no longer apply to the Council Tax charge;
- Failure to notify the Council within 21 days that an exemption on a dwelling should have ended;
- Failure to notify the Council within 21 days that any other discount applied is no longer applicable;
- Failure to notify the Council of a change of address within 21 days.

Penalties are payable directly to the authority that imposed them (the billing authority), and can be collected by adding the penalty to the person's Council Tax liability and detailing it on their Council Tax bill.

Where the Council possesses a liability order for failure to pay Council Tax, we have the right to ask the customer for details of their employment and other income. It is a criminal offence not to supply the information without reasonable excuse, or for a person to knowingly or recklessly supply false information. The matter can be referred back to the Magistrates' Court for a summary conviction and fine to be imposed. These fines would be collected by the Magistrates and paid to the Council.

In accordance with The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, the Council may impose a penalty of £70 where a person:

- a) negligently makes an incorrect statement, or supplies incorrect information or evidence and fails to take reasonable steps to correct the error that subsequently leads to more Council Tax Rebate than they are actually entitled to (Regulation 12);
or
- b) fails, without reasonable excuse, to notify the Council of a "relevant changes in their circumstances" within 21 days of that change occurring.

A "relevant change of circumstances", means a change of circumstances that a person might reasonably be expected to know might affect their entitlement to, or the amount of, Council Tax Rebate.

Where we impose a penalty and the person fails again to supply the information, we can impose a further penalty of £280. A penalty of £280 may be imposed each time we repeat the request and the person does not fulfil their statutory obligations.

The Council may quash a penalty as it sees fit. We cannot impose a penalty for an incorrect liability caused by a member of staff having administered the account inaccurately.

A tax payer may appeal to the Valuation Tribunal for England if aggrieved by our decision to impose a penalty and they are dissatisfied with our internal review. Where the penalty is subject to an appeal or arbitration, no amount is payable in respect of the penalty while the appeal or arbitration is outstanding. The Valuation Tribunal will dismiss an appeal if it is not initiated within two months of the date of service of the penalty notice, unless they are satisfied the delay was caused by circumstances outside the appellant's control.

DRAFT

Appendix 6 - Communication and Publicity Plan

Introduction

The Council's Anti-Fraud and Corruption Policy and Strategy requires the Council to have a Communications and Publicity Plan to encourage zero tolerance of fraud. The plan will also establish and enable communication requirements to promote and raise awareness of the Council's anti-fraud, anti-theft and anti-corruption activities.

The South West Counter Fraud Partnership is committed to ensuring they have a clear programme of work to publicise the:

- Hostility of the honest majority to fraud and corruption
- Effectiveness of preventative arrangements
- Sophistication of arrangements to detect fraud and corruption
- Professionalism of those investigating fraud and corruption, and their ability to uncover evidence
- Likelihood of proportionate sanctions being applied
- Likelihood of losses being recovered

Effective communication and publicity is essential to deter and prevent the organisation from falling victim to fraud. Through publicity, awareness and training the plan seeks to provide clear messages that the Council is serious about countering fraud and will demonstrate the impact of its work by highlighting successes.

Aims

To provide feedback to:

- Staff and Members, other Local Authorities, partners and stakeholders
- West Somerset residents (to show that appropriate action is being taken by the Council).

To raise and increase awareness about:

- The South West Counter Fraud Partnership and the work done
- Fraud initiatives and events, including general fraud awareness training
- Types of fraud and prevalent and current trends of fraud.

To Publicise:

- Successful prosecutions in the media
- Fraud campaigns
- Preventative methods and encourage deterrence of staff and public.

Communicating with the Media

All communications with the media will be made through the Public Relations Officer.

The Public Relations Officer will receive advance warning from the South West Counter Fraud Partnership if there is a possibility of external interest in any area of fraud work, particularly any which may create adverse publicity or reputational damage. The South West Counter Fraud Partnership will promptly brief the Public Relations Officer on any contentious issues regarding any publication of cases and work with the Public Relations Officer to minimise any adverse publicity towards the Council.

Decision process for the publications of prosecutions

External Investigations - the decision to publicise will be made by the South West Counter Fraud Partnership Manager and authorised by the Assistant Director (Resources). Details publicised would have to be in the public domain, i.e. already read out in court.

Internal investigations - all internal cases of fraud have the potential for reputational damage, so it is vital to notify the Public Relations Officer from the outset and seek his or her advice on the considerations of any decision to publicise. The decision will be made by the appropriate Director and Service Manager in consultation with the South West Counter Fraud Partnership Manager and Human Resources Manager. All details publicised would have to be in the public domain.

Consultation - the decision on an internal investigation may require consultation with Legal Services, the relevant Portfolio Holder, the Leader or Chief Executive. The relevant Director will make the decision as to whom it is appropriate to consult. No decisions are to be publicised without consultation with the Public Relations Officer.

Anonymity - in all publicity, the identity of Investigation Officers will remain anonymous unless in circumstances agreed by the Public Relations Officer and South West Counter Fraud Partnership Manager.

Communicating with Partners and Stakeholders

A bi-annual information Newsletter will be sent to current partners and stakeholders. Details of cases mentioned in the Newsletter will be fully anonymous unless details are in the public domain. Partners and Stakeholders will also be kept informed by e-mail of actions undertaken, progress on actions and outcomes to encourage further joint working on investigations.

The South West Counter Fraud Partnership will encourage partners to put up anti-fraud posters for on-going and proactive fraud campaigns. Fraud awareness training or information for staff, partners or stakeholders will also be provided to ensure staff and others are made aware of outcomes. This will facilitate increasing vigilance and encourage fraud referrals thus increasing partner involvement with the South West Counter Fraud Partnership.

Communicating with Internal staff

Staff will be kept up to date on anti-fraud through the intranet with the use of a dedicated intranet page. This will be regularly updated. Intranet pages will also be used for consultation e.g. a staff survey.

The South West Counter Fraud Partnership will advise staff and managers of fraud awareness training within the Council and will provide guidance on corporate fraud and corruption issues such as:

- Fraud referrals
- Current prevalent frauds
- Publicising internal and external action taken against fraud
- The need for vigilance about fraud against the Council
- Anti-fraud workshops/training

This will in turn promote better governance and best practice to reinforce the anti-fraud culture.

Communicating with Elected Members

The South West Counter Fraud Partnership will provide briefings and reports to the Audit Committee. Fraud awareness training will be provided for Members and within the Council, and the South West Counter Fraud Partnership will provide guidance on fraud and corruption issues.

Communicating with the public.

Where possible and appropriate, prosecutions and other fraud related activities will be publicised. In addition to media publicity, the South West Counter Fraud Partnership will have a dedicated Corporate Fraud Webpage that will be up dated with information on successes and outcomes and savings made by the Team.

Anti-fraud posters will be utilised to promote anti-fraud campaigns. These fraud posters will be put in public places such as Council owned buildings with public access. Partner organisations will be asked to participate in anti-fraud campaigns to assist in promoting the anti-fraud message.

Whistleblowing Policy

West Somerset Council is committed to the highest possible standards of openness and accountability. In line with that commitment we expect both employees and members of the public who have serious concerns about any aspect of the Council's work to come forward and voice their concerns.

Whether you are an employee or a member of the public, you might be the first to realise that there may be something seriously wrong within the Council.

This policy is intended to encourage and enable employees and members of the public to raise concerns within the Council rather than overlooking a problem.

This policy also explains how you can raise a concern without fear of victimisation, subsequent discrimination or disadvantage.

Who can use this policy?

- All members of the public
- All Employees (including Contractors, Agency and Temporary staff)
- External Contractors
- Suppliers
- Service providers

What is included in the policy?

There are existing procedures in place to enable staff to lodge a grievance relating to their own employment. This policy is intended to cover concerns that fall outside the scope of the grievance procedure. Thus any serious concern that a member of staff or a member of the public has about any aspect of service provision or the conduct of officers or members of the Council or others acting on behalf of the Council can and should be reported under this policy.

This concern may be about something that is:

- unlawful
- against the Council's Standing Orders, Financial Procedure Rules and policies
- against established standards of practice
- improper conduct
- amounts to malpractice
- posing a danger to the health and safety of individuals
- likely to cause damage to the environment
- other conduct that gives you cause for concern

Please note that this is not a comprehensive list but is intended to illustrate the range of issues which might be raised under this Code.

Safeguards

Harassment or Victimisation

The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisals from those who may be guilty of malpractice or from the Council as a whole. The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action in order to protect a person who raises a concern where they reasonably believe that the disclosure they are making is in the public interest, even if they were mistaken. In addition employees have statutory protection against reprisals under the Public Interest Disclosure Act 1998 as revised by the Enterprise and Regulatory Reform Act 2013, and can refer their case to an Industrial Tribunal.

Confidentiality

As far as possible, the Council will protect the identity of any employee or member of the public who raises a concern and does not want his/her name to be disclosed but this confidentiality cannot be guaranteed. It must be appreciated that any investigation process may reveal the source of the information and a statement by the person reporting the concern may be required as part of the evidence. Where an employee or member of the public has requested that their identity not be revealed, the Council will discuss the matter with them before embarking on any course of action whereby their identity will need to be disclosed.

Anonymity

Concerns expressed anonymously will be considered at the discretion of the Council although it must be appreciated that it is inherently difficult to investigate concerns expressed this way. It is hoped that the guarantees contained in this policy will provide sufficient reassurance to staff to enable them to raise concerns in person. However in exercising the discretion, the factors to be taken into account would include:

- The likelihood of obtaining the necessary information;
- The seriousness of the issues raised;
- The specific nature of the complaint;
- The duty to the public.

False and Malicious Allegations

The Council will not tolerate the making of malicious or vexatious allegations. Acts of this nature will be treated as serious disciplinary offences. Disciplinary action, including summary dismissal for serious offences, will be taken against any employee found to have made malicious or vexatious claims.

In line with the WSC Complaints Procedure examples of vexatious allegations are persistently complaining about a variety or number of different issues; persistently making the same complaint but not accepting the findings of any properly conducted investigation and/or seeking an unrealistic outcome.

In addition, a concern, which is genuinely believed, may prove to be unfounded on investigation – in which case no action will be taken against the person who raised the concern.

The Council will try to ensure that the negative impact of either a malicious or unfounded allegation about any person is minimised.

How to raise a concern

If you are a member of the Public

You can raise your concern(s) with any of the following officers;

- Section 151 Officer - Shirlene Adam (s.adam@tauntondeane.gov.uk)
- Human Resources Manager – Fiona Wills (f.wills@tauntondeane.gov.uk)
- Monitoring Officer – Bruce Lang (bdlang@westsomerset.gov.uk)
- SWAP Assistant Director – Alastair Woodland (alastair.woodland@southwestaudit.co.uk)
- SWCFP Investigation manager – Nick Hammacott (nick.hammacott@southwestaudit.co.uk)

The Council has set up an arrangement for a confidential answer phone service with the South West Audit Partnership (01935 462381). You can also email them at; confidential@southwestaudit.co.uk

If you are an employee of the Council

You should normally raise your concern(s) with your immediate manager or their manager. This depends, however, on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. If you prefer (for whatever reason) or if you believe that management is involved, you can contact one of the individuals listed above.

The Council has set up an arrangement for a confidential answer phone service with the South West Audit Partnership (01935 462381). You can also email them at; confidential@southwestaudit.co.uk

Alternatively you can get confidential advice from your trade union or professional association. There is an independent charity called Public Concern at Work (020 7404 6609) www.pcaaw.co.uk who have lawyers who can give independent advice at any stage about how to raise a concern about serious malpractice at work.

You can also invite your trade union or professional association to raise a matter on your behalf.

Members of the Public and Employees

Concerns can either be raised orally or in writing. Normally it is preferable to put your concern in writing.

What you need to include

It would be helpful to us if you could provide the following information

- background
- the history
- reason for your concern
- names
- dates
- places

See [Flowchart](#) on 'How to Raise a Concern'

How the Council will respond

The action taken by the Council will depend on the nature of the concern. Where appropriate, the concern(s) raised will be;

- investigated by senior management, internal audit (SWAP) or through the disciplinary process;
- referred to the police;
- form the subject of an independent inquiry.

In order to protect the individual and the Council, an initial investigation will be carried out to decide whether a full investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of specific procedures (for example fraud, theft and corruption) will normally be referred for consideration under those procedures.

It should be noted that some concerns may be resolved by agreed action without the need for investigation. If urgent action is required, this would be taken before any investigation is completed.

Within ten working days of a concern being raised, **Alistair Woodland, SWAP Assistant Director**, will write to you

- acknowledging that the concern; has been received
- indicating how he/she proposes to deal with the matter
- Giving an estimate of how long it will take to provide a final response.

If it is impossible for initial inquiries to be completed within ten working days, the situation will be explained in the letter of acknowledgement. Where a decision is made that no investigation will take place, the reasons for this will be provided.

The amount of contact between the officers considering the issues and you raising the concern will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information may be sought from the person raising the concern.

Where any meeting is arranged, you have the right to be accompanied by a union or professional association representative, relative or a friend who is not involved in the area of work to which the concern relates.

The Council will take appropriate steps to minimise any difficulties which you may experience as a result of raising a concern. For example, if as an employee is required to give evidence in criminal or disciplinary proceedings, the Council will need to inform them and consider what steps are required to provide support.

The Council accepts that by raising a concern, you will need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, you will receive as much information as possible about the outcomes of any investigation.

How the Concern can be taken further

This policy is intended to provide you with an avenue to raise concerns within the Council. The Council hopes you will be satisfied with any action taken. If you are not satisfied with the outcome of your confidential allegation you can write to the Chief Executive and ask for the investigation and outcome to be reviewed. If you remain dissatisfied and you feel it is right to take the matter outside the Council, you may wish to take advice from your trade union, your local Citizens Advice Bureau, any of the external agencies listed in this policy, or your legal advisor on the options that are available to you.

Another option is that you may wish to rely on your rights under the Public Interest Disclosure Act 1998. This Act gives you protection from victimisation if you make certain disclosures of information in the public interest. The provisions are quite complex and include a list of prescribed persons outside of the Council who can be contacted in certain circumstances. You should seek advice on the effect of the Act from the Monitoring Officer.

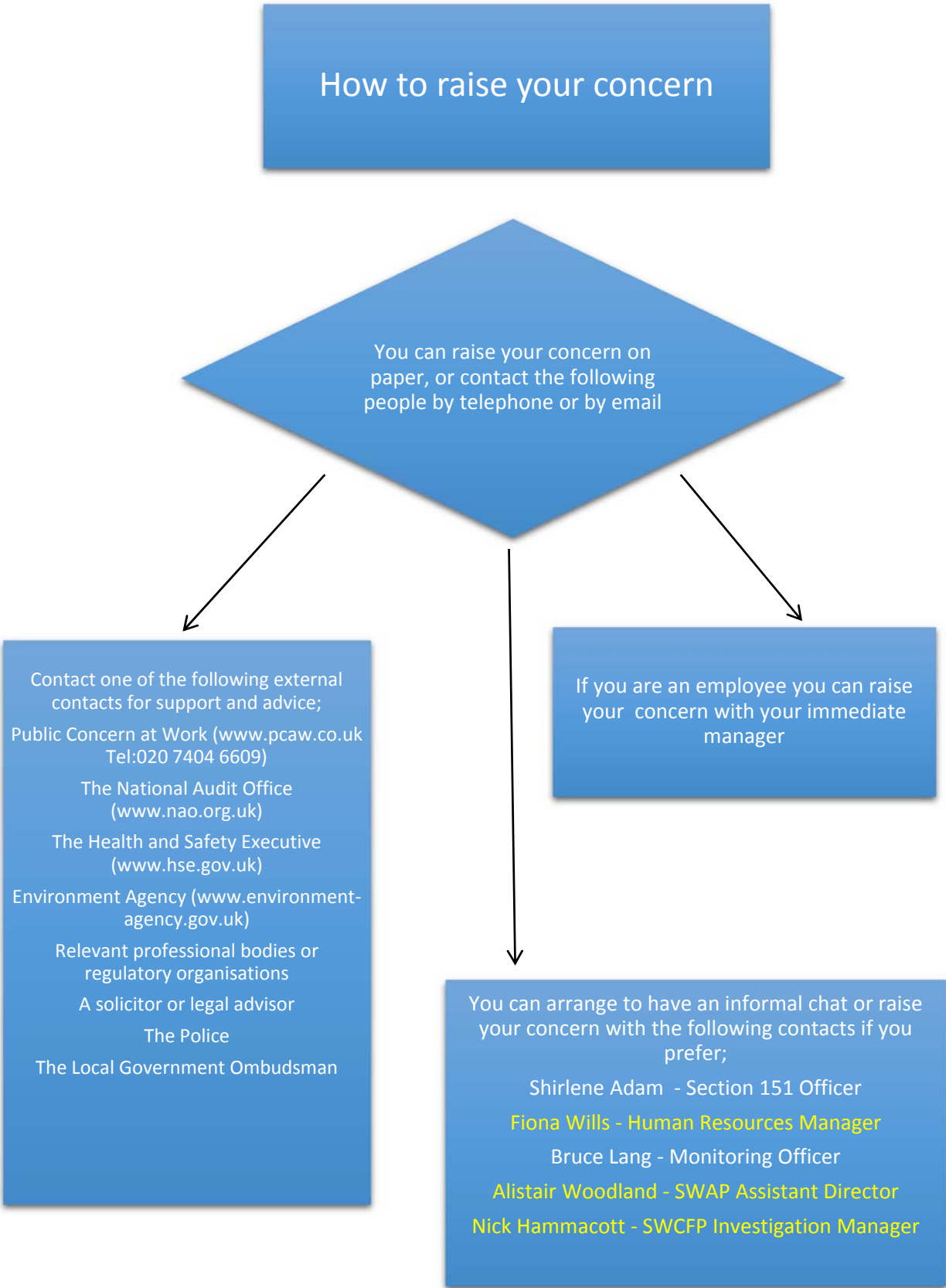
If you do take the matter outside the Council, you need to ensure that you do not disclose information where you owe a duty of confidentiality to persons other than the Council (e.g. service users) or where you would commit an offence by making such disclosures. This is something that you would need to check with one of the officers listed in “How to Raise a Concern”.

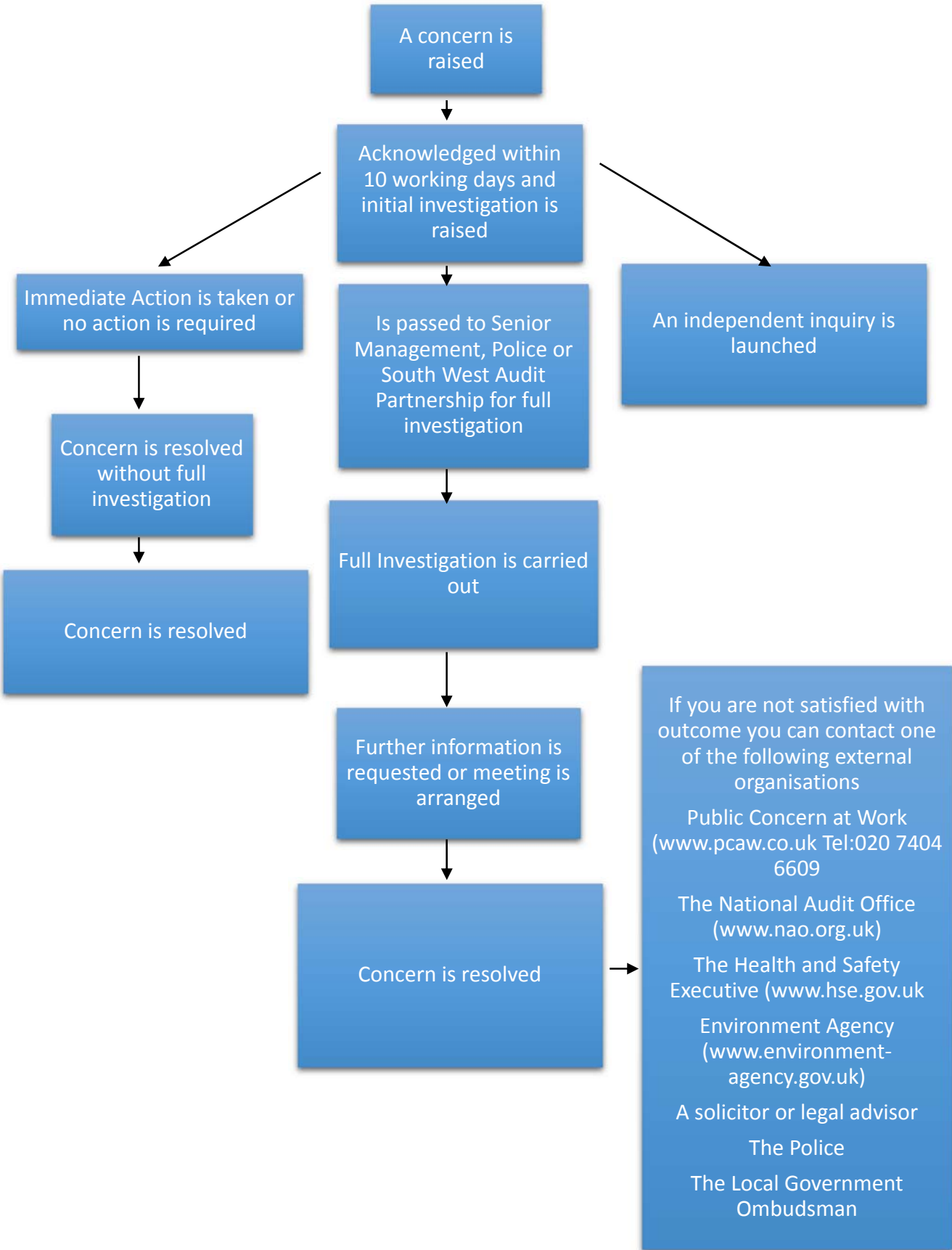
The Role of the Monitoring Officer

The Monitoring Officer is responsible for ensuring that the Council adheres to this Policy and the officer’s contact details are documented in this policy should you have any concerns with it. The Monitoring Officer is also responsible for reporting to the Council on any findings of improper or unlawful conduct following an investigation.

Review of policy

This Policy will be regularly reviewed in line with future changes and developments and at least every two years.





Anti-Bribery Policy

This policy provides a coherent and consistent framework to enable the organisation's employees and members to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable members/employees to identify and effectively report a potential breach.

WSC requires that all members and staff, including those permanently employed, temporary agency staff and contractors:

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

Scope of this policy

This policy applies to all of WSC's activities. For partners, associated bodies and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.

Within WSC, the responsibility to control the risk of bribery occurring resides with all members and officers. It does not rest solely within assurance functions, but in all service areas, business units and corporate functions.

This policy covers all personnel, including all levels and grades, those permanently employed, temporary agency staff, contractors, non-executives, agents, Members (including independent members), volunteers and consultants.

WSC's Commitment to Action

WSC commits to:

- setting out a clear anti-bribery policy and keeping it up to date
- making all employees aware of their responsibilities to adhere strictly to this policy at all times
- training employees so that they can recognise and avoid the use of bribery by themselves and others
- encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately
- rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution
- taking firm and vigorous action against any individual(s), (employees, contractors, agents) involved in bribery
- provide information to all employees to report breaches and suspected breaches of this policy
- include appropriate clauses in contract documents to prevent bribery.

WSC's Proportionate Procedures

WSC's procedures to prevent bribery by persons associated with it are proportionate to the bribery risks it faces and to the nature, scale and complexity of its activities. They are intended to be clear, practical, accessible, effectively implemented and enforced.

Top level commitment

JMT and the Cabinet are committed to preventing bribery by persons associated with it. They foster a culture within the organisation in which bribery is never acceptable.

Risk Assessment

WSC assesses the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.

Due Diligence

WSC applies due diligence procedures, taking a proportionate and risk based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified bribery risks.

Communication (including training)

WSC seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training that is proportionate to the risks it faces.

Monitoring and review

WSC monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary.

<i>This organisation is committed to proportional implementation of these principles.</i>

Penalties

In accordance with the [Bribery Act 2010](#), an individual guilty of an offence under sections 1, 2 or 6 is liable:

- on conviction in a magistrates court, to imprisonment for a maximum term of 12 months or to a fine not exceeding £5,000, or to both
- on conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both

WSC is liable for these fines and, if guilty of an offence under section 7, are liable to an unlimited fine.

Bribery is not tolerated

It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with an expectation or hope that a business advantage will be received, or to reward a business advantage already given
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to “facilitate” or expedite a routine procedure
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy
- engage in activity in breach of this policy

Facilitation payments

Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions. This, for example, includes customs officers.

Gifts and hospitality

This policy is not meant to change the requirements of our gifts and hospitality policy.

This makes it clear that all offers of gifts and hospitality of a value of £25 or over should be registered whether they are accepted or not.

Public contracts and failure to prevent bribery

Under the Public Contracts Regulations 2015 (which gives effect to EU law in the UK), WSC is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. WSC has the discretion to exclude organisations convicted of this offence.

Your responsibility as a member or officer

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

You must:

- ensure that you read, understand and comply with this policy
- raise concerns as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.

As well as the possibility of civil and criminal prosecution, staff and members that breach this policy will face disciplinary action, which could result in dismissal for gross misconduct.

Raising a concern

WSC is committed to ensuring that all of us have a safe, reliable and confidential way of reporting any suspicious activity. We want each and every member of staff/member to know how they can raise concerns.

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

There are multiple channels to help you raise concerns. Please refer to the [Whistleblowing Policy](#) and determine your favoured course of action. Preferably the disclosure will be made and resolved internally (e.g. to your head of department/on line reporting/telephone hotline). Secondly, where internal disclosure proves inappropriate, concerns can be raised with the external auditor. Raising concerns in these ways may be more likely to be considered reasonable than making disclosures publicly (e.g. to the media).

Concerns can be anonymous. In the event that an incident of bribery, corruption, or wrongdoing is reported, WSC will act as soon as possible to evaluate the situation. WSC has clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in any investigation of this kind. This is easier and quicker if concerns raised are not anonymous.

Staff/members who refuse to accept or offer a bribe, or those who raise concerns or report wrong-doing can understandably be worried about the repercussions. WSC aims to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.

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

Anti-Money Laundering Policy

Introduction

Money laundering can be defined as “a process that makes money with an illegal origin appear legal so that it may be used”. Legislation concerning money laundering (the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 (as amended)) has broadened the definition of money laundering and increased the range of activities caught by the statutory framework. As a result, the obligations now impact on areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

Scope of the Policy

This Policy applies to all employees of the Council and aims to maintain the high standards of conduct that currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures, which must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council to comply with its legal obligations. Within this policy the term employees refers to all employees as well as elected Members.

Anti-money laundering legislation places responsibility upon Council employees to combat money laundering and covers a very wide area of financial transactions, including possessing, or in any way dealing with, or concealing, the proceeds of any crime. It applies to all employees involved with monetary transactions.

Under the legislation it is a criminal offence to:

- Assist a money launderer;
- **Inform** a person suspected to be involved in money laundering that they are suspected or that they are the subject of police investigations;
- Fail to report a suspicion of money laundering and;
- Acquire, use or possess criminal property.

Purpose

The legislative requirements concerning anti-money laundering procedures are extensive and complex. This Policy has been written to enable the Council to meet the legal requirements in a way that is proportionate to the risk to the Council of contravening this legislation.

The object of this policy is to make all employees aware of their responsibilities and the consequences of non-compliance with this policy.

An employee could potentially be caught within the money laundering provisions if they suspect money laundering and either become involved with it in some way and /or do nothing about it.

Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities:

Employees contravening the regulations can be faced with imprisonment (up to 14 years), a fine or both.

Money Laundering Requirements

Provision of training to relevant officers and staff (or contractors' staff) on the requirements of the legislation, including the identification of suspicious transactions, identity verification and reporting procedures.

Establishment of procedures for employees to report any suspicions to the Money Laundering Reporting Officer ("MLRO") – i.e. **Alistair Woodland, SWAP Assistant Director**.

Designation of an officer as the Money Laundering Reporting Officer, who will receive any report, keep records and if considered appropriate, make reports to the National Criminal Intelligence Service (NCIS) - i.e. **Alistair Woodland, SWAP Assistant Director**.

Under the legislation employees dealing with money transactions will be required to comply with certain procedures.

Procedures

When do I need to identify the person I am dealing with?

When the Council is carrying out relevant business and: -

- a) Forming a business relationship: or
- b) Considering undertaking a one off transaction

And: -

- a) Suspect a transaction involves money laundering; or
- b) A payment is to be made for a series of linked one off transactions involving total payment of £10,000 (15,000 Euro) or more.

Not all of the Council's business is "relevant" for the purposes of the legislation regarding client identification. Relevant services as defined by the legislation include investments, accountancy and audit services and the financial, company and property transactions undertaken the council.

What Procedures do I use to identify the person?

Any employee involved in a relevant business should ensure the client provides satisfactory evidence of their identity personally, through passport/ photo driving license plus one other document with their name and address e.g. utility bill (not mobile) mortgage/building society/bank documents, card documents, pension/benefit book. Or corporate identity, this can be through company formation documents or business rates.

In circumstances where the client cannot be physically identified the employee should be aware: -

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

Record Keeping Procedures

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

- a) Client identification evidence obtained; which must be kept for five years after the end of the transaction or relationship;
- b) Details of all relevant business transactions carried out for clients for at least five years from the completion of the transaction. This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering. The Finance Service Manager and **Alistair Woodland, SWAP Assistant Director**, must be informed of the existence and location of such records.

The precise nature of the records are not prescribed by law, however, they must provide an audit trail during any subsequent investigation, e.g. distinguishing the client and the relevant transaction and recording in what form any funds were received or paid.

The Money Laundering Reporting Officer

The Officer nominated to receive disclosures about money laundering activity within the Council is **Alistair Woodland, SWAP Assistant Director** i.e. The Money Laundering Reporting Officer (MLRO).

The Deputy Money Laundering Reporting Officers are Paul Fitzgerald (Assistant Director - Resources) and Steve Plenty (Finance Service Manager).

Internal Reporting Procedure

Where an employee is aware, that money laundering may have taken place (or may be taking place), he or she must contact the MLRO for guidance as soon as possible regardless of the amount being offered. In such circumstance, no money may be taken from anyone until this has been done.

Any person knowing or suspecting money laundering, fraud or use of the proceeds of crime must report this to the MLRO on the form(s) as attached.

Upon receiving the report the MLRO will consider all of the admissible information in order to determine whether there are grounds to suspect money laundering.

If the MLRO determines that the information or matter should be disclosed it would be reported to the National Criminal Intelligence Service (NCIS).

At no time and under no circumstances should an employee voice any suspicions to the person(s) suspected of money laundering, even if the NCIS has given consent to a particular transaction proceeding, otherwise the employee may be committing a criminal offence of informing. Therefore, no reference should be made on a client file to a report having been made to the MLRO. Should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render the employee liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

Other Procedures

The Council will establish other procedures of internal control and communication as may be appropriate for the purpose of forestalling and preventing money laundering: -

Regular receipts - The Council in the normal operation of its services accepts payments from individuals and organisations e.g. in relation to council tax, sundry debtors etc. For all transactions under £2,000 the Money Laundering regulations do not apply but if an employee has reasonable grounds to suspect money laundering activities or proceeds of crime or is simply suspicious, the matter should still be reported to the MLRO.

Cash receipts – If the money offered in cash is £10,000 or more, then payment must not be accepted until the employee has received guidance from the MLRO or the Head of Finance.

Refunds- Care will need to be taken especially with the procedures for refunds. For instance, a significant overpayment that results in a repayment will need to be properly investigated and authorised before payment. **Note – all refunds should be made only to the source of the payment and not a different account.** In the event of any suspicious transactions, the MLRO will be contacted to investigate the case. The possible perpetrator should not be informed.

Training – The Council will take, or require its contractor to take, appropriate measures to ensure that relevant employees are:

- a) Made aware of the provisions of these regulations, (under the Proceeds of Crime Act 2002, and the Money Laundering Regulations 2007 (as amended));
- b) Given training in how to recognise and deal with transactions that may be related to money laundering.

Glossary of Terms

AML Anti money laundering

MLRO Money laundering reporting officer as defined in the Money Laundering Regulations 2003 and the FSA (Financial Services Act)

NCIS National Criminal Intelligence Service. Provides strategic and tactical intelligence on serious and organised crime, nationally and internationally and is responsible, through its Economic Crime Unit, for receiving reports of money laundering suspicions.

1. Money Laundering Warning Signs

The following examples could indicate that money laundering is taking place:

- Transactions or trade that appear to make no commercial or economic sense from the perspective of the other party - a money launderer's objective is to disguise the origin of criminal funds and not necessarily to make a profit. A launderer may therefore enter into transactions at a financial loss if it will assist in disguising the source of the funds and allow the funds to enter the financial system.
- Large volume/large cash transactions - all large cash payments should be the subject of extra care and before accepting cash the reasons for such payments should be fully understood. Payments should be encouraged through the banking system to avoid problems.
- Payments received from third parties - money launderers will often look to legitimate business activity in order to assist in 'cleaning' criminal funds and making payments on behalf of a legitimate company can be attractive to both parties. For the legitimate company it can be useful source of funding and for the launderer the funds can be repaid through a banking system.

Examples of tell-tale signs of organised money laundering: -

1. Use of cash where other means of payment are normal
2. Unusual transactions or ways of conducting business
3. Unwillingness to answer questions/ secretiveness generally
4. Use of overseas companies
5. New companies
6. Overpayments of Council Tax where refunds are needed.

Disclosure Form to MLRO

Please complete and return to **Alistair Woodland, SWAP Assistant Director**

Date of disclosure

Date of event

Officer making disclosure:

Job title of officer:

Telephone details:

SUBJECT DETAILS

Title:

Surname:

Forename:

DoB:

IN THE CASE OF A LEGAL ENTITY (COMPANY)

Name: Address:

Company Number (If known)

Type of Business:

VAT no (if known)

REASON FOR DISCLOSURE

Please provide an explanation of the activity and amounts. If you know or suspect what the offence behind the reported activity may be please provide details.

RECEIVED BY MLRO

Reference:

Date:

Signature:

Report No: WSC 48/16

West Somerset District Council

Corporate Governance Committee – 21 March 2016

Corporate Risk Management Update

This matter is the responsibility of Cllr Mandy Chilcott, Lead Member for Central Services and Central Support.

Report Author: Paul Harding, Corporate Strategy & Performance Manager

1 Purpose of the Report

1.1 This report provides an update on the corporate risks which are being managed by the Joint Management Team (JMT).

2 Recommendations

2.1 It is recommended that:-

- The committee consider note the current position in relation to corporate risk

3 Risk Assessment

Risk Matrix

Description	Likelihood	Impact	Overall
There is the general risk that if the Council fails to make good use of the management of risk processes it is likely to lead to uncontrolled exposure to many high level strategic and operational risks.	Feasible (3)	Major (4)	Medium (12)
<i>The mitigation for this will be the identification and management of risk at all levels of the organisation and oversight of the key strategic risks facing the Council by Members and JMT.</i>	Unlikely (2)	Significant (3)	Low (6)

4 Background and Full details of the Report

4.1 West Somerset Council recognises the importance of effective identification, evaluation and management of all key strategic and operational risks. This is endorsed by the increased focus on the importance of Corporate Governance to public sector bodies. The Council also has a statutory responsibility to have in place

arrangements for managing risks, as stated in the Accounts & Audit Regulations 2003:

“The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes the arrangements for the management of risk.”

- 4.2 Risk management is a key element of the Council’s overarching Governance arrangements.
- 4.3 The Corporate Risk Register is a ‘live’ document which highlights the key corporate risks facing the Council. The register is a joint one between West Somerset and Taunton Deane and is formally reviewed by JMT on a quarterly basis as part of the corporate performance review day. The last JMT review took place on 2 February 2015.
- 4.4 These regular reviews ensure that new strategic-level risks can be recognised; continuing risks can be re-assessed in the light of management actions to date; and risks which are no longer considered important can be removed.
- 4.5 Risk registers exist with divisions, teams, projects and programmes.
- 4.6 Risks which are managed at a corporate level are those which have a significant risk to the delivery of a corporate priority or which are cross-cutting risks that don’t naturally sit with a single department or team. These risks have been identified and escalated from other risk registers within the Councils, officer concerns or from external sources.
- 4.7 There are currently 16 strategic risks identified and approved by JMT (12 joint risks, 1 WSC risk and 3 TDBC specific risks).
- 4.8 Mitigating actions have continued to be delivered in respect of the various risks. These are set out in the risk register and will continue in order to manage down the risks to an acceptable level.
- 4.9 An extract of the corporate risk register is provided in Appendix A.

5 Links to Corporate Aims / Priorities

- 5.1 There are no direct links to corporate aims/priorities although good governance (of which risk management is a part) underpins good performance.

6 Finance / Resource Implications

- 6.1 There are financial risks identified within the Corporate Risk register.

7 Legal Implications

- 7.1 There are no direct legal implications within this report.

8 Environmental Impact Implications

8.1 There are no direct environmental risks within this report.

9 Safeguarding and/or Community Safety Implications

9.1 Risk 14 identifies safeguarding as a corporate risk.

10 Equality and Diversity Implications

10.1 Risk 14 identifies equalities as a corporate risk.

11 Social Value Implications

11.1 There are no Social Value risks associated with this report.

12 Partnership Implications

12.1 The corporate risk register is maintained jointly between West Somerset Council and Taunton Deane Borough Council and reflects the 'One Team' approach to service delivery between the Councils.

13 Health and Wellbeing Implications

13.1 There are no direct health and wellbeing risk associated with this report.

14 Asset Management Implications

14.1 Risk 5 identifies a risk in relation to asset management.

15 Consultation Implications

15.1 There are no Consultation implications associated with this report.

Democratic Path:

- **Audit Committee - Yes**
- **Scrutiny – No**
- **Executive – No**
- **Full Council – No**

Reporting Frequency: Twice yearly

List of Appendices (delete if not applicable)

Appendix A	Extract of joint Corporate Risk Register
------------	--

Contact Officers

Name	Paul Harding
Direct Dial	01823 356309
Email	p.harding@tauntondeane.gov.uk

APPENDIX A							
Risk	Date Raised	Risk Description	Risk Owner	Existing Control Measures	Current Probability	Current Impact	Current Score
1	December 2013	<p>JOINT-MANAGEMENT & SHARED SERVICES ('JMASS')</p> <p>TDBC & WSC have now fully implemented the initial phase of the JMASS Business Case. As we continue to develop our knowledge across both Councils means we are still discovering "issues" an "backlogs"</p> <p>RISK - of not adequately managing capacity issues now we have ONE team supporting both Councils.</p> <p>KEY EFFECTS - Member's expectations not met / loss of political support, breakdown in relationships between Leaders & CEO, savings projections / timeline not delivered, existing projects , priorities negatively impacted & demotivated workforce.</p>	Adam, Shirlene	<ul style="list-style-type: none"> • Effective governance arrangements in place • Programme plan in place • Business plan financial updates shared at JPB and JPAG • Robust HR timetable in place and shared with all staff and UNISON. • Transformation Programme Manager in post as part of tier 4/5 restructure. • Dedicated Finance resource in place to monitor savings delivery and to reprofile service budgets to ensure savings are made and appropriately accounted for. • Lessons learned exercise undertaken & discussed by JPB & JPAG. • Formal closedown report showed at JPB & JPAG. • CEO engages with staff at monthly "Staff Forums" • Regular performance monitoring and reporting to JMT and Members (Scrutiny and Executive/Cabinet) 	2	5	10
2	December 2013	<p>THE WIDER TRANSFORMATION PROGRAMME</p> <p>The Corporate Business Plan includes objectives to transform services and 'the way we work' - some projects have already been or are to be initiated (ie Customer Access & Council Accommodation). If a robust and effective approach to Programme and Change management is not implemented, or the existing contractual relationships in place for the supply of ICT services restricts the ability to deliver the new capability requirements</p> <p>RISK - failure to deliver an effective programme of change to achieve the desired outcomes and benefits for the council(s) and Communities.</p> <p>KEY EFFECTS - programme benefits not realised, financial loss, loss of political appetite for change, services do not embrace & adopt new ways of working, decline in staff morale & performance, detrimental impact on the quality of service & project delivery, failure to maximise service efficiency.</p>	Adam, Shirlene	<ul style="list-style-type: none"> • Learning from other Councils who have already undertaken service transformation. • Working with the ICT service to understand & minimise the costing for transformation ICT work & to identify possible alternative delivery options • Recruitment of full-time Corporate Transformation Programme Manager as part of Tier 4/5 restructure to coordinate transformation projects, has taken place. • Clarity provided by TDBC Members regarding preferred future accommodation option. • Programme management arrangements have been clarified and resources approved. • Basic data available to ""Understand Our Communities"" • JMASS Phase 2 shared to JPAG (June) • Programme Governance Arrangements Finalised (SA July 2015) • Projects agreed and ""basics"" in place for each (risk register/highlight report etc) (KB August 15) • Programme Delivery Approach Agreed (SA June 15) 	2	5	10
3	December 2013	<p>SHARED SERVICES ACROSS SOMERSET & WIDER PUBLIC SECTOR</p> <p>Government policy is pushing wider transformation of public sector. No clear ambition has emerged for Somerset.</p> <p>RISK - wider transformation opportunities may be missed - or - if identified could slow down the pace of the TDBC / WSC transformation programme.</p> <p>KEY EFFECTS - Member's expectations not met / loss of political support, breakdown in relationships between Leaders & CEO, savings projections / timeline not delivered, existing projects , priorities negatively impacted & demotivated workforce.</p>	James, Penny	<ul style="list-style-type: none"> • Somerset Public Sector CEO meetings • contact with DCLG re central govt expected outcomes • LGA Shared CEO Special Interest Group • Continued leadership engagement with wider public sector partners at political and officer level • Devolution Programme (Heart of SW) • Joint Legal Partnership (SHAPE) set up April 2015 • Joint Building Control Partnership 	2	4	8

4	January 2014	<p>NATIONAL LAW & POLICY</p> <p>Changes advocated or made maybe missed or not evaluated in a timely manner.</p> <p>RISK - that the Councils are failing to meet an existing legislative requirement or fail to implement new requirements.</p> <p>KEY EFFECTS - The Councils are non-compliant leading to financial and /or reputational damage.</p>	James, Penny	<ul style="list-style-type: none"> • JMT professional networks • Political Group networks • Director and AD responsibility to 'scan the policy horizon' and act as key policy advisors • TDBC Hub Reports • E-alerts from LGA/SOLACE/Government Departments • Cllr political networks 	2	4	8
5	January 2014	<p>ASSET MANAGEMENT</p> <p>RISK - failure to manage existing assets appropriately.</p> <p>KEY EFFECTS -</p> <ul style="list-style-type: none"> • financial (asset base that is unaffordable to maintain, inability to maximise income opportunities) • failure to comply with community requests relating to assets • Legal and reputational, increased risk & liabilities in relation to disrepair & compliance (Health and Safety) matters 	May, Terry	<ul style="list-style-type: none"> • WSC Asset Data, due to the insufficient Data concerning condition and Compliance information regarding most WSC assets, additional budget has been secured to commission relevant surveys and undertake any urgent remedial action that these surveys reveal. This work forms a programme of activity that will inform more appropriate Asset related budgets and work planning. • HRA Asset Management Strategy. As part of the current TDBC HRA Business Plan review, approval has been provided for resource to support a 50% stock condition survey. This enhanced data will support more accurate business planning relating to component replacement over a new 30 year business plan. • TDBC General fund Asset Management Strategy. Following extensive preparatory work progress is now being made to implement this strategy with a focus on disposal of surplus assets, with a number currently being brought to market. • Community asset Transfer Policy. The latest iteration of the policies for both Councils is currently out to consultation. Following this both policies will be presented for member approval. • Compliance. Following a prioritisation exercise and based on relative risk and known incidents Asbestos Management is the first Compliance area to fundamentally review. An action plan is in place, Savills have been appointed to provide expert critical friend support. Removal work In the DLO was suspended pending systems review and more training provided to operatives. Following Substantial progress with Asbestos other Compliance areas such as fire safety and electrical safety will be subject to review. • Demoliton of highest WSC asset completed (Watchet Boat Shed) 	3	5	15

6	December 2013	<p>MEDIUM TERM FINANCIAL PLANNING (MTFP)</p> <p>The key financial risk factors are: continuing budgetary pressures due to demographic change and the impact of the Gov's austerity measures (such as: Business Rates retention, Revenue Support Grant, Council Tax & Council Tax Support, Income from Fees & Charges, Capital investment), uncertainty as to the long-term sustainability / affordability of the existing contract with Somerset Waste Partnership, the shrinking of the General Fund (impact on the HRA).</p> <p>RISK - failure to agree and deliver a sustainable MTFP for the next 5 years</p> <p>KEY EFFECTS - may include:</p> <ul style="list-style-type: none"> • short-term or 'knee jerk' decisions with detrimental long-term implications • Government intervention • Adverse impact on the council's limited reserves & financial standing • Potential service closure / reduced service quality & therefore inability to deliver customer expectations • Insufficient capital resources to fund Corporate Strategy objectives • Inability to continue funding partnerships (eg Tone Leisure, SWP) • Unable to maximise investment returns 	Adam, Shirlene	<ul style="list-style-type: none"> • 1. MTFP for WSC updated to reflect best practice. • 2. Budget Principles developed at WSC. • 3. Financial targets in JMASS & case delivered - ahead of time. • 4. New treasury mgt advisors in place at WSC. • 5. On-going communication with Members re financial sustainability via budget setting reports, engagement at Group Meetings and budget consultation pack. • 6. Balanced budgets presented for approval at both Councils that do not rely on the use of reserves to support any ongoing spend. • 7. Budgets presented to Members are (aligned (Revenue/Capital/Treasury) • 8.MTFPs updated to reflected latest estimates re Gov Funding, NDR and impact of demographic and contractual changes 	4	5	20
8	December 2013	<p>POLITICAL LEADERSHIP & MEMBER ENGAGEMENT</p> <p>Both Councils are led by strong Conservative administrations. It is important to engage the whole council in the change programme to ensure it is member led & steered.</p> <p>RISK - lack of member engagement and therefore member ownership.</p> <p>KEY EFFECTS -</p> <ul style="list-style-type: none"> • lack of cross party buyin and ownership • loss of member input, ideas & challenge 	James, Penny	<ul style="list-style-type: none"> • Corporate Plans/Business Plans agreed containing strategic priorities for both Councils until 15/16 • Shadow Executive engagement • Joint Portfolio / Shadow PFH briefings • Cross-party steering groups on key issues • Group Leaders meetings • JPAG - cross party involvement • Member development programme • Member Champions 	2	4	8
10	December 2013	<p>HINKLEY POINT</p> <p>The development of a the new Hinkley C power station (a 10 year construction period) may cause a variety of threats and opportunities to the achievement of our strategic objectives.</p> <p>RISK - that the development will have an adverse impact on local accommodation, skills & employment and highways, and/or Economic & Social opportunities may not be realised (eg benefits to local businesses & the local economy of permanent inward migration, receipt of significant Community Fund grant monies).</p> <p>KEY EFFECTS -</p> <ul style="list-style-type: none"> • homelessness increases and the council is unable to discharge its homelessness obligations; • increase in housing demand & lack of affordable housing; • increased congestion (impacting on Growth & Regeneration goals / inward investment) • Local businesses are not able to win contracts to participate in the project • Local people aren't trained and are unable to gain employment on the project 	Goodchild, Andrew	<ul style="list-style-type: none"> • Section 106 agreements with staff resources and contributions in place to mitigate effects • Very good working relationship with EDF Energy • Good understanding of local issues • Good working relationship with local businesses and local training providers including West Somerset College • Team established and objectives and key tasks set out in WSC Corporate and Services plans for 2015/16 directed towards mitigating this corporate risk • Robust programme management and routes to resolve issues in place • Remobilisation Action Plan in place and being delivered - monitored by the Energy & Infrastructure PAG • Several community based projects within West Somerset have received funding via the Community Impact Mitigation Fund for Hinkley Point and Officer have developed a Housing Strategy and supporting bids to deliver a significant number of bedspaces within the most affected communities • Developing relationship with LEP which has already resulted in significant funding being directed towards the local partners via both the Hinkley Deal for 14/15 and the Local Growth Fund for 15/16 	3	4	12

11	December 2013	<p>WELFARE REFORMS</p> <p>There is an on-going requirement to reduce benefit payments (CTRS, Business Rates, Universal Credit) - the Welfare Reforms will mean that people in the welfare system will receive less Council Tax support. It will also mean that Universal Credit will be paid directly to tenants rather than the HRA housing landlord.</p> <p>a) RISK - of the Council failing to adequately support our community and services for the impact of the Government's Welfare Reform Agenda.</p> <p>b) RISK - of the Housing Service having substantially reduced collection rates on introduction of Universal Credit</p> <p>KEY EFFECTS -</p> <ul style="list-style-type: none"> • taxes and rents harder to collect • reduced rent collection could affect ambitions of HRA business plan • Impact on MTFP due to government changes which will affect HRA Income & 30 year B.P. • more vulnerable people - individuals & families may be unable to manage • increased pressure and demand on services • Timetable unknown • Result in more evictions which will increase pressure on the Housing Options & Homelessness Teams 	Lewis, Simon; Fitzgerald, Paul	<ul style="list-style-type: none"> • The Principal Benefits Officer (Mark Antonelli) has been appointed as the Project Manager for the Universal Credit project and is developing a project plan to meet the requirements of the DWP as well as ensure strong communications and readiness for this change. • We are currently negotiating with the DWP for funding to resource additional work required • The HRA has agreed to fund the CAB for a further 2 years to continue to provide the Money Matters service. It will also fund an additional Money Matters Officer in 2015/16, along with existing resources to support tenants • Additional Money Matters Officer has been recruited to support tenants. • The Housing Service has enabled access points in its meeting halls and other locations to allow tenants and residents access to the internet. • We are considering the co-locating staff into the DWP Office in both Taunton and Minehead. 	3	4	12
14	December 2013	<p>CORPORATE GOVERNANCE ARRANGEMENTS ON RUNNING THE BUSINESS</p> <p>There is a need for robust arrangements, and on-going monitoring and focus on embedding effective corporate governance arrangements (ie budget monitoring, risk management, debt management, performance management, Treasury management, compliance with audit recommendations, asset management, Equalities duties, Business Continuity Planning, Information Governance & Security, Health & Safety management).</p> <p>RISK - of failure to comply with key internal controls & corporate governance arrangements.</p> <p>KEY EFFECTS - include:</p> <ul style="list-style-type: none"> • inaccurate budget forecasting & financial loss • failure to adhere to HRA ringfence • project or service failure or under-performance • reputational damage • Government intervention • Failure to comply with statutory duties & regulations (eg Health & Safety, Equalities, Data Security / Data Protection, Safeguarding) causing harm or injury • lack of resilience to unexpected events / failure of IT systems / data loss • safeguarding 	Adam, Shirlene	<ul style="list-style-type: none"> • Audit programme • Corporate Governance Action Plan / monitoring of progress & status of audit recommendations • Quarterly JMT review on Corporate Performance & Finances, Risk Management and other key management issues • Corporate Equalities Action Plan • New H & S strategy, KPIs & operational plan for 2014 • Member reports on all of the above to relevant committees • redefined roles and responsibilities re Joint Management structure from Jan 2014 • JMT conduct regular reviews (eg Financial Regs, Health & Safety performance etc) • Senior Manager leading organisations safeguarding arrangements • Updated safeguarding policy and training (to include CSE) to be rolled out across the Council. 	3	3	9

15	December 2013	<p>SERVICE CONTINUITY</p> <p>There is a need for adequate planning and effective Civil Contingency arrangements to be in place and tested. The new joint management & shared services arrangements between TDBC & WSC have also extended the geography & facilities and widened the scope of our responsibilities.</p> <p>RISK - that the council may be unprepared for and unable to provide an adequate response to a major emergency incident (including pandemic and widescale evacuation).</p> <p>KEY EFFECTS -</p> <ul style="list-style-type: none"> • loss of life; • major disruption to services; • unplanned costs; • Reputational damage; 	Hall, Chris	<ul style="list-style-type: none"> • County-wide Civil Contingencies Plan • JMT rota and out-of-hours arrangements in place (also in JMT job descriptions) • 24 hours DLO operation • both councils have service level out-of-hours arrangements • experience in Civil Contingencies incidents and operation of Rest Centres • Business Continuity Planning workshops undertaken March 2015 • Member of South West Local Authority Business Continuity Forum (new forum set up in Nov 15) 	3	5	15
16	October 2014	<p>STAFF ENGAGEMENT & DEVELOPMENT</p> <p>RISK - that due to increased opportunities in the private sector, as the economy improves, and austerity continues within the public sector that the organisation finds it difficult to attract and retain the right skills - leads to use of expensive agency workers or disruption to service provision.</p> <p>The Organisation has also been through a period of significant restructure and needs to ensure its staff are fully engaged in the changes underway and being planned.</p>	Adam, Shirlene	<ul style="list-style-type: none"> • ONE Team newsletter provides updates on key corporate issues. • CEO has an 'open' staff forum across both main sites on a monthly basis. • Masterclasses held on key 'current' issues re resilience - open to all staff. 	3	4	12

17	July 2015	<p>COMMUNITY IMPACT OF AUSTERITY</p> <p>RISK - Austerity measures will impact on services to the community.</p> <p>KEY EFFECTS - This may manifest in a number of ways including (but not limited to):</p> <ul style="list-style-type: none"> • direct impact on household income e.g. through cap / reduction in benefits - leading to increased debt and subsequent issues • Lack of income where households are subject to DWP sanctions - leading to crisis and requirement for food banks • Reduced ability to pay council tax, housing rent (Council or private) and utility bills, leading to potential evictions, homelessness and health issues • reduction in level of support that can be delivered by the district councils directly, or through grant-funded providers e.g. reduced ability to support One Team measures through rent changes to HRA - leading to reduced support for deprived communities • Reduced ability to support Under 21s where they are unable to claim HB and need support with potential of increased homelessness and sofa surfing and associated risks (e.g. CSE) • impact of service reductions by other local authorities such as County Council (e.g. P4A and P21 cuts leading to increased homelessness) • Increasing aging population with unmet Health and Social Care needs struggling to live comfortably 	Lewis, Simon	<ul style="list-style-type: none"> • See measures under 'Welfare Reform' • Investment in One Team model to provide joined-up and comprehensive support to those in crisis • Debt advice through Revenues and Benefits (as part of UC deal) and through CAB • Seeking solution to P4A and P21 through engagement with TAH • DHPs provided by Revs and Bens to try and ensure tenancies can be sustained • Commissioning partner on Community Equipment and Home Improvement Agency Service • Continue to build social housing and charge social rent 	3	4	12
----	-----------	---	--------------	--	---	---	----

Report No: WSC 49/16

West Somerset District Council

Audit Committee – Monday 21st March 2016

Update on Annual Governance Statement Action Plan

This matter is the responsibility of Cabinet Members Cllr Mandy Chilcott

Report Author: Paul Harding, Corporate Strategy & Performance Manager

1 Purpose of the Report

1.1 This report provides members with a position statement regarding the 2015/16 Annual Governance Statement Action Plan

2 Recommendations

2.1 It is recommended that:-

- Members of the Audit Committee are Members are asked to note current progress in relation to completing the actions identified within the 2015/16 Annual Governance Statement.

3 Risk Assessment

Risk Matrix

Description	Likelihood	Impact	Overall
The Council is exposed to risk through inadequate governance arrangements.	Likely (4)	Major (4)	High (16)
Regular review of the governance arrangements in place and the introduction of enhancements where appropriate.	Unlikely (2)	Major (4)	Medium (8)




4 Background and Full details of the Report

4.1 The Annual Governance Statement (AGS) is a statutory document which provides assurance on the governance arrangements in place within the Council. The statement is produced following a review of the council's governance arrangements.




4.2 The AGS includes an action plan to address any new governance issues identified by the Corporate Governance Officers Group; relying on reports from internal and external audit as well as their own understanding of the organisation. It also contains any AGS actions from the previous year which remain outstanding.

5 The Action Plan

- 5.1 The action plan is set out in Appendix A. It consists of two parts. The first part contains new actions identified within the most recent Annual Governance Statement (2015/16). The second part contains actions that were carried over from 2014/15.
- 5.2 The action plan uses the following key in order to report progress:

	Progress on track or action completed. No significant issues.		Some issues or concern at progress but being actively worked on.		Action significantly overdue and / or progress not being made.
---	---	---	--	---	--

- 5.3 High level overview of the status of the 2015/16 AGS Actions:

GREEN 	AMBER 	RED 	TOTAL
5	4	0	9

6 Links to Corporate Aims / Priorities

- 6.1 Action 1. within the 2015/16 action plan recognised the need to refresh the WSC Corporate Strategy for 2016/20 onwards.

7 Finance / Resource Implications

- 7.1 There are no direct finance/resource implications associated with this report.

8 Legal Implications

- 8.1 There are no direct legal implications within this report although poor governance arrangements, leading to unmitigated risks could expose the Council to unanticipated claims / litigation.

9 Environmental Impact Implications

- 9.1 There are no direct environmental impact implications associated with this report.

10 Safeguarding and/or Community Safety Implications

- 10.1 There are no safeguarding implications associated with this report. There are community safety implications in relation to item 5. within the 2015/16 plan.

11 Equality and Diversity Implications

- 11.1 There are no equality and diversity implications associated with this report.

12 Social Value Implications

12.1 There are no Social Value implications associated with this report.

13 Partnership Implications

13.1 There are no direct partnership implications associated with this report.

14 Health and Wellbeing Implications

14.1 There are no direct health and wellbeing implications associated with this report.

15 Asset Management Implications

15.1 There are no direct asset management implications associated with this report.

16 Consultation Implications

16.1 There are no direct consultation implications associated with this report.

Democratic Path:

- **Audit Committee - Yes**
- **Scrutiny - No**
- **Executive – No**
- **Full Council – No**

Reporting Frequency: Twice-yearly

List of Appendices (delete if not applicable)

Appendix A	AGS Action Plan 15/16
Appendix B	AGS Action Plan 14/15

Contact Officers

Name	Paul Harding
Direct Dial	01823 356309
Email	p.harding@tauntondeane.gov.uk

Issue	Action	Who	Progress	When	Status
Corporate Plan 1. The Council's current Corporate Plan expires April 2016.	Refresh the Council's Corporate Priorities and Corporate Plan, re-focusing on the purpose of the Council and on outcomes for the community. Take through the democratic process and publicise through traditional and social media.	Richard Sealy	February 2016: The Corporate Strategy has been through the Democratic Process and was formally approved at Full Council on 23rd February '16. The Corporate Strategy has been uploaded onto the West Somerset website and publicised via social media.	Completed	Green
Transparency 2. Requirement to meet increased transparency requirements.	Add further open data to the Council's website to meet the requirements of the Transparency Code 2015. To meet the Government's desire to place more power into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision, making process and help shape public services	Richard Sealy	February 2016: A significant piece of work has been undertaken to make sure the WSC website now meets all the requirements of the Transparency Code 2015. To increase the Councils Transparency additional information has been added to our "Open Data" webpages. This information covers: Business Rates Accounts Business Rates Accounts in Credit Public Health Funerals We have a timetable in place to update the required Transparency code data for 2016,	Completed	Green
Developing ONE TEAM working. 4. Ensuring staff have the knowledge and skills of key controls and governance process.	Develop a new staff Intranet, so there is a single repository of up to date policy and procedures which staff can easily access irrespective of their location.	Richard Sealy	February 2016: Soft roll out of the intranet is currently in progress. Content inventory and audit of current TDBC Intranet (SharePoint 2003) has been completed. Migration of audited content due to be completed mid to end of March 2016. We are in talks with providers to create an end user training programme to be presented as an e-learning package this is due to commence mid-March 2016. The provisional home page launch has been scheduled for Friday 29 April 2016. Access to staff with a West Somerset Device is to be easier. Firewall works are being undertaken to allow a SharePoint Internet Icon to be displayed on the desktop of West Somerset devices. This will reduce the amount of clicks required to gain access to the shared portal.	Ongoing	Amber
	Develop a robust staff induction process for all staff in the One Team ways of working and behaviour.		February 2015: A new Annual Performance Review scheme is being launched in April 2016 introducing a People Management Framework of core behaviours which will help managers align individual employee's goals and objectives with team, service and organisational goals and objectives.	Completed	Green
	Deploy eLearning solution in order to deliver refresher training in DPA, FOI, Health and safety etc and have a real-time record of who has undertaken the training.		February 2016 Following a pilot in October, the One Team Learning Management System was launched to all staff in November 2015. There are currently 43 modules available for staff to access for their personal development with new modules being added on a weekly basis.	Completed	Green
ICT security policy 4. The ICT security policy requires updating. Highlighted by Audit.	<ul style="list-style-type: none"> Update the policy and take through the democratic process. Provide awareness to all staff of the new policy; document the process for undertaking user access rights; look to implement an appropriate level of monitoring of system security logs. 	Richard Sealy	Sept 2015: The WSC ICT Security Policy is being reviewed along with the equivalent TDBC Policy to create a single ICT Security Policy for both organisations. The review is underway and will be complete by April 2016	APRIL 2016	Amber
Health & Safety 5. SWAP identified health and safety risks in relation to parks and open spaces that require mitigation.	Progress the two issues identified as per the agreed management action plan for these audits.	Chris Hall	The risk assessment for Blenheim Gardens has been completed.	Completed	Green
			Tenders have been returned, interviews held and a preferred contractor selected to under take the Tree Survey. Funds now need to be identified and the survey will begin.		Amber
Assurance 5. Ensuring the 'basics' are in place within each team.	Initiate a process of assurance that the basics are in place across the One Team– for example regular team meetings, risk registers, appraisals etc	Richard Sealy	February 2016: We have been working with All Assistant Directors to identify the current position of their service "basics". These "basics" include each Service Area holding updated Quarterly Performance "One Team" Service Scorecards, which would include a measure tracking regular team meetings and Service Level "One Team" Risk Registers and Project Risk Registers (as well as our current Corporate Risk Register) Assitant Directors have confirmed that all of the "basics" will be in place by the 1 April 2016. HR have continued to work with ADs to ensure scheduled Staff Appraisals/PREDS are taking place. As of January 2016, 80% of PREDS/Appraisals have taken place with plans in place for all outstanding PREDS/Appraisals to take place before the end of March.		Amber

Action Plan 2014/15

The following actions were identified within the 2014/15 Annual Governance Statement as matters which the Council sought to progress during 2015/16.

Action	Comment
1. Improve the communication of the authority's purpose and vision and its intended outcomes to citizens and users	During 2015/16 we have refresh the Council's Corporate Priorities and Corporate Strategy. This has re-focused the purpose and vision of the Council going forward over the next four years. This has now been taken through the democratic process and publicised through social media.
2. Draft a community engagement and communications plan for the Council.	Not progressed as not considered to be a priority issue.
3. Undertake comparisons with other Councils to evidence value for money is being achieved.	<p>Officers have registered with an organisation called LG Inform which compiles performance information relating to a number of Council services. Additional sources of comparative information are also used such as the datasets provided by the Department for Communities and Local Government (DCLG).</p> <p>Where data is available benchmarking can be carried out. However, since the Best Value Performance Indicators were abolished the range of comparable performance information available is more limited than it once was.</p> <p>A number of visits and events have taken place at officer and Member level with other Councils in relation to joint working and transformation in order that we can identify new ways of working and further efficiencies to use our limited resources most effectively.</p>
4. Undertake Member Development as part of the overall joint working programme	<p>A comprehensive Member induction programme was put in place as a result of the May 2015 local elections which was also open to existing Members.</p> <p>11 May 2015 - Welcome Session - An introduction to the council by the Joint Chief Executive and the other members of the Joint Management Team.</p> <p>13 May 2015 - The Corporate Strategy of the Council and its Financial Position.</p> <p>15 May 2015 - A brief introduction to the Council</p> <p>19 May 2015 - The role of a Councillor - Outside facilitator covered the roles and responsibilities of a new councillor.</p> <p>21 May 2015 - The Role of a Councillor on the Planning Committee - Mandatory training for all new councillors appointed to the Planning Committee.</p> <p>2 June 2015 - Licensing Training - Mandatory training for all new councillors appointed to the Licensing Committee.</p> <p>19 June 2015 - Essential Skills for the 21st Century Councillor, taster day - event arranged by South West Council.</p> <p>The following training sessions also took place in June 2015:</p> <p>An introduction to Local Government Scrutiny Introduction to the Hinkley Point C Project and the Council's involvement Site visit to Hinkley Point and Training on nuclear safety/regulatory regime and nuclear power. Ethical Governance Audit Training</p> <p>During summer 2015 four "priority" workshops, which were well attended, took place to enable members to assist in the creation of the new priorities and vision for the Council going forward which culminated in the creation of the new Corporate Strategy. A "wash up" session to these workshops was held in September 2015 which enabled us to feedback what we had heard in the summer workshops and to gather further input from those who were unable to attend the workshops.</p> <p>In October 2015 the first "making a difference" event was held jointly with TDBC. It's hoped that this will be the first in a series of events that will run during 2016/17.</p>
5. Prepare an annual summary of progress of the key actions to deliver the 2013-16 Corporate Plan, also achievements and challenges throughout the year.	In light of the significant organisational changes which took place in 2014/15 this action was not considered to be a high priority. Performance updates against the Corporate Plan have however been regularly reported to Scrutiny and Cabinet throughout the year and published on the Council's website.

Report No: WSC 50/16

West Somerset District Council

Corporate Governance Committee – 21 March 2016

South West Audit Partnership (SWAP) - Audit Actions – Summary of Overdue Level 4/5 Actions

This matter is the responsibility of Cabinet Member Cllr Mandy Chilcott

Report Author: Paul Harding, Corporate Strategy & Performance Manager

1 Purpose of the Report

- 1.1 This report provides Members with a position statement on the SWAP audit recommendations for West Somerset Council, which were assessed as high and very high priority, where the agreed remedial action is overdue.

2 Recommendations

- 2.1 It is recommended that:-

- The committee consider the overdue actions.

3 Risk Assessment

Risk Matrix

Description	Likelihood	Impact	Overall
The Council is exposed to risk through inadequate systems and processes identified through SWAP audits.	Likely (4)	Major (4)	High (16)
The mitigation for this is the timely completion of agreed remedial actions,	Unlikely (2)	Major (4)	Medium (8)

4 Background and Full details of the Report

- 4.1 West Somerset Council engage the South West Audit Partnership (SWAP) to carry out internal audit functions; checking the adequacy of controls and procedures across the whole range of Council services.
- 4.2 At the start of each financial year an audit plan is agreed between SWAP and the Council which identifies the areas of highest potential organisational and operational risk within the Council.

- 4.3 When an audit takes place a report is provided to the service manager concerned which gives an audit conclusion and opinion.
- 4.4 Any control or procedural weaknesses are identified within an action plan appended to the audit report.
- 4.5 All findings will be allocated one of 5 priority ratings. With priority 5 carrying the most significant risk and priority 1 the least.

Priority 5: Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.

Priority 4: Important findings that need to be resolved by management.

Priority 3: The accuracy of records is at risk and requires attention.

Priority 2: Minor control issues have been identified which nevertheless need to be addressed.

Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

- 4.6 Each finding within the action plan contains a target implementation date which has been agreed between SWAP and the service manager concerned.
- 4.7 This report highlights the Priority 4 and 5 audit actions affecting West Somerset Council, where the agreed remedial action is overdue. Please note, on this occasion there are **five priority 4** priority actions which are overdue and **zero overdue priority 5** recommendations for West Somerset Council.
- 4.8 A summary of the overdue actions is provided in Appendix A.

5 Links to Corporate Aims / Priorities

- 5.1 There are no direct links to corporate aims/priorities although good governance and robust controls and processes underpin good performance.

6 Finance / Resource Implications

- 6.1 Unmitigated risks identified by SWAP could expose the Council to unanticipated claims, expenditure or exposure to fraud.

7 Legal Implications

- 7.1 There are no direct legal implications within this report although unmitigated risks could expose the Council to unanticipated claims.

8 Environmental Impact Implications

- 8.1 There are no direct environmental impact implications associated with this report.

9 Safeguarding and/or Community Safety Implications

9.1 There are no safeguarding implications associated with this report. There are Community safety implications in relation to public safety risks associated with tree surveys.

10 Equality and Diversity Implications

10.1 There are no equality and diversity implications associated with this report.

11 Social Value Implications

11.1 There are no Social Value implications associated with this report.

12 Partnership Implications

12.1 The majority of Council services are delivered through shared services arrangements with Taunton Deane Borough Council.

13 Health and Wellbeing Implications

13.1 There are no direct health and wellbeing implications associated with this report.

14 Asset Management Implications

14.1 There are no direct asset management implications associated with this report.

15 Consultation Implications

15.1 There are no Consultation implications associated with this report.

Democratic Path:

- **Audit Committee**
- **Scrutiny – No**
- **Executive – No**
- **Full Council – No**

Reporting Frequency: Twice yearly

List of Appendices (delete if not applicable)

Appendix A	Summary of Overdue priority 4 and 5 SWAP audit recommendations
------------	--

Contact Officers

Name	Paul Harding
Direct Dial	01823 356309
Email	p.harding@tauntondeane.gov.uk

Audit Report	Action Ref	Recommendation	Original Implementation Date	AD Responsible
WSC - Contract Management Bribery - 23.07.2015	28785	I recommend the Finance Manager, centralises responsibility for the Corporate Contract Register. This should be implemented alongside a record of all staff with the password.	December 2015	Fitzgerald, Paul;
WSC - Contract Management Bribery - 23.07.2015	29197	I recommend the Assistant Director - Resources ensures the ability to carry out procurement is suitably limited and staff have received appropriate training.	December 2015	Fitzgerald, Paul;
WSC - Contract Management Bribery - 23.07.2015	29194	I recommend the Corporate Strategy and Performance Manager raise awareness of these rules and policies at the appropriate level within the Council.	January 2016	Fitzgerald, Paul;
WSC - Income from Public Conveniences Final Memo report - 2014-15		I recommend the Projects & Contracts Manager investigates the cost of replacing locks of coin boxes to ensure that cash is only accessed by authorised individuals.	June 2015	Hall, Chris;
WSC - Public Safety - 14.02.14	23323	I recommend that Assistant Director – Operational Delivery reviews the Zurich recommendations and HSE guidance (Appendix 2) to ensure WSC is aware of the extent of risk it is currently carrying with regard to Tree Maintenance and identify any feasible mitigation.	March 2016	Hall, Chris;