

Corporate Governance Committee

You are requested to attend a meeting of the Corporate Governance Committee to be held in The John Meikle Room, The Deane House, Belvedere Road, Taunton on 10 March 2014 at 18:15.

Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Corporate Governance Committee held on 9 December 2013 (attached).
- 3 Public Question Time.
- 4 Declaration of Interests
To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct.
- 5 Health and Safety Update Report.
Reporting Officer: Catrin Brown
- 6 Grant Thornton - Certification of Grant Claims.
Reporting Officer: Peter Lappin
- 7 Grant Thornton - External Audit Update (Feb 14).
Reporting Officer: Peter Lappin
- 8 SAP Access Audit Report.
Reporting Officer: Maggie Hammond
- 9 Anti-Fraud and Error Policy.
Reporting Officer: Heather Tiso
- 10 Risk Management Update Report.
Reporting Officer: Dan Webb
- 11 Internal Audit Plan 2013/14 - Progress Report
Reporting Officer: Alastair Woodland
- 12 Internal Audit Plan 2014/15
Reporting Officer: Alastair Woodland

13 SWAP Directors Appointment Report

Reporting Officer: Shirlene Adam

14 Corporate Governance Committee Forward Plan - details of forthcoming items to be considered by the Corporate Governance Committee and the opportunity for Members to suggest further items (attached)

Bruce Lang
Assistant Chief Executive

15 May 2014

Members of the public are welcome to attend the meeting and listen to the discussions.

There is time set aside at the beginning of most meetings to allow the public to ask questions.

Speaking under “Public Question Time” is limited to 4 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chairman will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate.

Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, if a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chairman will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

This is more usual at meetings of the Council’s Planning Committee and details of the “rules” which apply at these meetings can be found in the leaflet “Having Your Say on Planning Applications”. A copy can be obtained free of charge from the Planning Reception Desk at The Deane House or by contacting the telephone number or e-mail address below.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room.

Full Council, Executive, Committees and Task and Finish Review agendas, reports and minutes are available on our website: www.tauntondeane.gov.uk



Lift access to the John Meikle Room and the other Committee Rooms on the first floor of The Deane House, is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available off the landing directly outside the Committee Rooms.



An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter.

For further information about the meeting, please contact the Corporate Support Unit on 01823 356414 or email r.bryant@tauntondeane.gov.uk

If you would like an agenda, a report or the minutes of a meeting translated into another language or into Braille, large print, audio tape or CD, please telephone us on 01823 356356 or email: enquiries@tauntondeane.gov.uk

Corporate Governance Committee Members:-

Councillor D Reed	(Chairman)
Councillor S Coles	(Vice-Chairman)
Councillor A Beaven	
Councillor B Denington	
Councillor E Gaines	
Councillor A Govier	
Councillor T Hall	
Councillor J Horsley	
Councillor J Hunt	
Councillor R Lees	
Councillor V Stock-Williams	
Councillor P Tooze	
Councillor Mrs E Waymouth	
Councillor A Wedderkopp	
Councillor D Wedderkopp	

Corporate Governance Committee – 9 December 2013

Present: Councillor D Reed (Chairman)
Councillor Coles (Vice-Chairman)
Councillors Beaven, Denington, Gaines, Hall, Hunt, R Lees, Mrs Stock-Williams, Tooze and A Wedderkopp.

Officers: Shirlene Adam (Strategic Director), Heather Tiso (Head of Revenues and Benefits Service), Catrin Brown (Senior Environmental Health Officer – Health and Safety), Stephen Edmonds (Project Manager), Dan Webb (Performance Lead) and Andrew Randell (Corporate Support Officer).

Also Present: Alistair Woodland (South West Audit Partnership), Peter Lappin (Audit Manager, Grant Thornton) and Peter Barber (Engagement Lead, Grant Thornton)

(The meeting commenced at 6.15 pm)

54. Apologies

Apologies : Councillors A Govier, Horsley, and Mrs Waymouth.

55. Minutes

The minutes of the meeting held on 23 September 2013 were taken as read and were signed.

56. Declaration of Interests

Councillors Coles, A Govier, Hunt and A Wedderkopp declared personal interests as Members of Somerset County Council. Councillor Mrs Hill declared a personal interest as an employee of Somerset County Council. Councillor D Reed declared a personal interest as a Director of the Taunton Town Centre Company.

57. Update on the Health and Safety Performance and Strategy for 2013 – 2014

Considered report previously circulated, which provided an update on the progress of a range of Health and Safety (H&S) matters across the organisation.

These included:-

- Corporate reporting arrangements – Details of the standard items which would be included in future reports to the Committee were submitted;
- Accident and Incident Data for the period 1 January 2013 – 1 October 2013 – This was set out in the following table:-

TDBC Totals– 1 April 2013 - 31 October 2013					
Classification	Core Council	DLO	Crematorium	Public	Contractors
Reportable	0	2	0	1	0
Non-reportable	4	14	0	2	0
Near Miss	0	1	0	0	0
Period total	4	17	0	3	0

All RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences) reportable accidents had been investigated and where necessary remedial measures put in place. Analysis carried out had helped to identify the types of accident and incidents occurring and where this had been possible preventative training was carried out.

The inquest into the death of Mr Stewart Jarvis, whose body was found in the Sherford Stream in Vivary Park, Taunton had been held. The cause of death was recorded as accidental. As such, no further action was required by the Council.

A detailed investigation into Asbestos exposure had been produced and a series of recommendations had been made to bring systems up to the required standards. These were being implemented.

- Capturing Accident and Incident data – A draft policy was taken to the Health and Safety Committee for consideration in October 2013. The policy set out proposed arrangements to continue recording accidents in a consistent way across the Council. Accident investigation and monitoring would continue to be a priority for the Corporate H & S Team.
- Monitoring Health and Safety Performance – Key Performance Indicators had been used previously as part of the 2012/2013 H & S Strategy. These had recently been reviewed and the proposed performance monitoring arrangements from April 2014 were reported.
- The South West Audit Partnership (SWAP) Audit on H & S – Details of the SWAP recommendations and the actions proposed in response were submitted.
- The arrangements for the Health and Safety Committee and agreed actions.
- The progress being made on Joint Health and Safety Inspections.
- Provision of Health and Safety Information - The sharepoint site used by staff to access information on H&S matters continued to be updated;
- Policy updates – Details of a review of the policy on the use of Display Screen Equipment was provided.
- Key activities – Brewhouse / Taunton School project.

Resolved that the report be noted.

58. Annual Audit Letter 2012/2013

Mr Peter Lappin of Grant Thornton introduced Taunton Deane Borough Council's Annual Audit Letter which summarised the key findings arising from the following work that had been carried out for the year ended 31 March 2013:-

- Auditing the 2012/2013 accounts and Whole of Government Accounts submission; and
- Assessing the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

The audit conclusions which had been provided were:-

- (a) An unqualified opinion on the accounts which gave a true and fair view of the Council's financial position as at 31 March 2013 and its income and expenditure for the year;
- (b) An unqualified opinion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources; and
- (c) A report on the certification of the Council's grant claims and returns in the Annual Certification Report later in the year.

Resolved that the report be noted.

59. External Audit Update

Considered report previously circulated, on the External Audit Update. This was the first report of its type and would be circulated on a regular basis to the Corporate Governance Committee.

Each year the External Auditor was required to carry out "set" audit work and this report provided and update on progress against each area.

The Council had not had sight of this previously and, as a result, the update report was welcomed.

Additionally, the update report shared headlines on some national issues that would have an impact on the Council. This would help Councillors ensure they were sighted on "big issues" and where appropriate, engage with the officers to progress.

The report was split into two parts:-

(1) Progress as at 26 November 2013 which included:-

- 2012/13 certification work;
- 2013/14 Accounts Audit Plan;
- Interim accounts audit;
- 2013/14 final accounts audit; and
- 2013/14 Value for Money conclusion; and

(2) Emerging issues and developments which included information on:-

- Income from charging;
- Local Government Pension Scheme;
- Local Government claims and returns;
- Business Rate Collection;
- Voluntary Code of Practice on the Housing Revenue Account; and
- Potential for Procurement Fraud

Resolved that the report be noted.

60. Internal Audit Plan Progress 2013-2014

Considered report previously circulated, concerning the 2013-2014 Annual Audit Plan which was on track to provide independent and objective assurance on Taunton Deane's Internal Control Environment. This work would support the Annual Governance Statement.

The Internal Audit function played a central role in corporate governance by providing assurance to the Corporate Governance Committee, looking over financial controls and checking on the probity of the organisation.

The report summarised the work of the Council's Internal Audit Service and provided:-

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the Committee in September;
- 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.

Reported that there were some high priority recommendations (4 or 5) identified since the September 2013 update. These would be followed-up by Internal Audit to provide assurance that risk exposure had been reduced.

Resolved that the progress made in the delivery of the 2013/2014 Internal Audit Plan and the significant findings since the last update be noted.

61. Corporate Governance Action Plan

Considered report previously circulated, which provided details of the progress made against the Corporate Governance Action Plan as at the end of November 2013.

At the previous review point (May 2013) the Corporate Governance Action Plan included eight 'open' actions. Since then six further actions had been 'closed', and five new recommendations had been added from external audits, specifically, recommendations from the Annual Governance Reports from the last three years - 2010/2011, 2011/2012 and 2012/2013.

The two (medium priority) recommendations that remained open were:-

- (a) Reviewing the method for calculating the bad debt provision for housing debts; and
- (b) Developing benchmarking to support allocating resources.

The following five recommendations resulted from the 2012/13 Audit Findings, and Financial Resilience Reports (Grant Thornton Sept 2013). These had been added to the Corporate Governance Action Plan and would be tracked for progress on a quarterly basis:-

- Working with Somerset County Council, Avon and Somerset Police and Southwest One to address the recommendations from the review of IT controls;
- Reviewing the method for calculating the bad debt provision for housing debts;
- Ensuring that expense claims and supporting receipts were kept in accordance with the Council record retention policy;
- The Council to consider what further measures needed to be undertaken to reduce the high level of sickness absence; and
- The Council to address the weaknesses identified by Internal Audit in the financial systems for creditors and for debtors.

Noted that these recommendations were either medium or low priorities.

Resolved that the progress of the Corporate Governance Action Plan be noted.

62. Corporate Anti-Fraud Approach

Considered report previously circulated, concerning the proposed introduction of a Corporate approach to Anti-Fraud.

Fraud against Local Government was committed against all types of local authority expenditure.

According to CIPFA's Fraud Loss Profile Tool, the indicative estimate of potential fraud losses for Taunton Deane was between £1.3m-£2.3m, as detailed below:-

Type of Fraud	Lower Estimate	Upper Estimate
Council Tax Fraud	£240k	£410k
Housing Tenancy Fraud	£800k	£1.4m
Procurement Fraud	£290k	£480k
Payroll Fraud	£10k	£20k

TOTAL	£1.34m	£2.31m
--------------	---------------	---------------

Although the Council had very effective anti-fraud and investigation policies and measures within Revenues and Benefits, the approach to anti-fraud measures in other areas was less formalised.

The design of a Corporate Anti-Fraud Team would give weight to the assertion that Taunton Deane had a zero tolerance approach to fraud in all of its forms, and could be used as a basis for a media campaign to highlight this.

In order to develop a Corporate Anti-Fraud Policy, CIPFA's Better Governance Forum had recommended undertaking the following four stages. If the development of such a policy was approved it was likely that this methodology would be followed:-

- (1) Identifying and understanding the fraud risks and potential exposure to fraud loss;
- (2) Assessing the current resilience to fraud;
- (3) Evaluating the ability to respond to potential or identified fraud; and
- (4) Developing a Corporate Anti-Fraud Strategy.

Reported that the main areas of fraud of which the Council could be at risk were as follows:-

- Revenues and Benefits – failure to advise of true circumstances, such as living together as partners, undeclared capital or undeclared income;
- Housing – sub-letting, key selling, no entitlement, false declarations, Right to Buy illegal succession;
- Payroll – timesheet fraud, absenteeism, 'presenteeism' (i.e. being in the office but not working), expense claim fraud;
- Procurement – over-billing/invoicing, under-delivery, payments to individuals/ businesses where no goods/services have been provided;
- Grants to individuals – false declarations of health issues and circumstances; and
- Income – not billing for goods/services provided, inappropriate and/or unapproved debt write-offs

Details of the current Anti-Fraud team in Revenues and Benefits were submitted. A new Corporate Anti-Fraud function would require additional capacity and this would be designed during the upcoming organisational changes involving West Somerset Council, with funding plans prepared accordingly.

Initial planning on this suggested that the function could cost an additional £60,000 above existing resource levels, plus a non-staffing budget of around £10,000. The ambition would be for this function to be effectively self-financing within the first year of operation due to the additional income gathered as a result of the function's anti-fraud activities and measures.

Further reported that the next steps would be:-

- To design and recruit to a new Corporate Anti-Fraud function considering existing expertise in this field.
- To prepare and agree a Corporate Anti-Fraud Policy and Corporate Anti-Fraud Strategy.
- To roll-out a similar verification framework as used within Revenues and Benefits to Housing and Grants. This would include retaining proof of ID and residence in all cases.

Resolved that:-

- (a) The formation of a Corporate Anti-Fraud function to cover all elements of potential fraud risks already identified and any others that might arise in the future be supported. This function would lead or advise on any investigations into fraudulent activity within Taunton Deane Borough Council, and would be responsible for producing and updating the Corporate Anti-Fraud Policy and Strategy, and for owning and leading on the corporate approach to anti-fraud;
- (b) It be requested that this function be designed into the restructure plans for the Council over the coming months. If one-off funding was required to fund the function in Year 1, the options be reviewed with a request being made to fund from Reserves, if this became necessary; and
- (c) An update on the progress of the above recommendations be submitted to the Committee in six months' time.

63. Corporate Governance Committee Forward Plan.

Submitted for information the proposed Forward Plan of the Corporate Governance Committee.

Resolved that the Corporate Governance Committee Forward plan be noted.

(The meeting ended at 7.59 pm).

Declaration of Interests

Corporate Governance Committee

- Members of Somerset County Council – Councillors Coles, A Govier, Hunt and A Wedderkopp
- Employee of UK Hydrographic Office – Councillor Tooze
- Director of the Taunton Town Centre Company - Councillor D Reed

Taunton Deane Borough Council

Corporate Governance Committee – 10 March 2014

Update on Health and Safety Performance and strategy for 2013 - 14 and proposed strategy for 2014 - 15.

Report of the Corporate Health and Safety Advisor

(This matter is the responsibility of the Chief Executive and Leader of the Council.)

1. Executive Summary

This report provides an update on the progress of a range of Health and Safety matters across the organisation. These include:

- Accident and Incident Data for the period
- Health and Safety Strategy 2014 - 15
- Monitoring Health and Safety Performance
- The South West Audit Partnership Audit on health and safety
- The arrangements for the Health and Safety Committee and agreed actions
- Training on health and safety matters
- Provision of health and safety Information

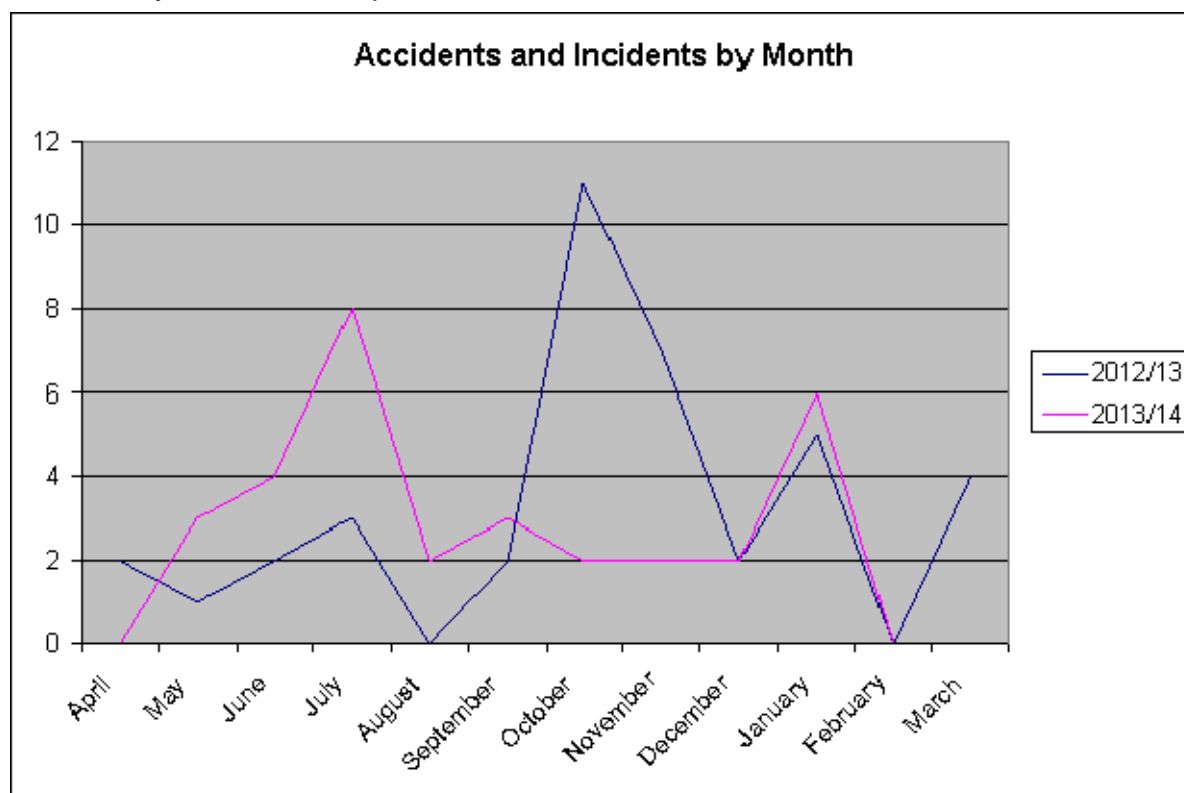
2. Accident and Incident Data for the period

Figures provided up to 31st January 2014. Last years figures listed below for comparison.

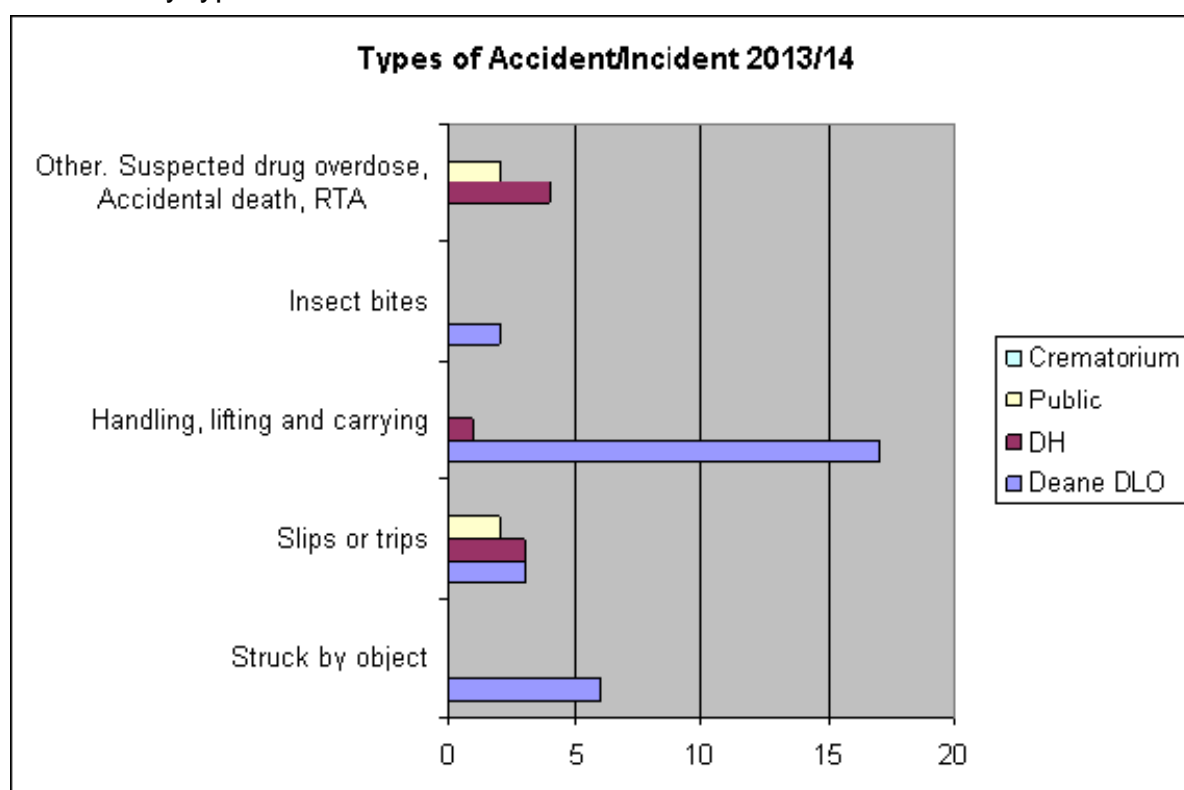
TDBC Totals– 1 April 2012 - 31 March 2013					
Classification	Core Council	DLO	Crematorium	Public	Contractors
Reportable	0	1	0	0	1
Non-reportable	3	34	9	0	0
Near Miss	0	4	0	0	0
Period total	3	39	9	0	1

TDBC Totals– 1 April 2013 - 31st January 2014					
Classification	Core Council	DLO	Crem	Public	Contractors
Reportable	0	2	0	1	0
Non-reportable	6	25	0	2	0
Near Miss	1	1	0	0	0
Period total	7	28	0	3	0

Statistics by month in comparison to 2012 - 13.



Accidents by type 2013 - 14



2.1 Key accident investigations

Two accidents since 1 January relating to fencing activities have led to discussion with the Building Services Area Manager regarding procedures and training. Further investigation work required on one incident.

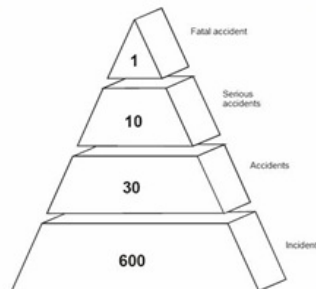
Significantly fewer accidents relating to manual handling activities during 3rd quarter following manual handling toolbox talks delivered to all relevant DLO employees.

All minor accidents continue to be reviewed on a regular basis by the H&S Advisory team and a nominated Unison Rep (Rick Symons for DLO, Steve Coles for DH).

2.2 Capturing Accident and Incident data

Whilst it is positive that we do not have significant numbers of serious accidents within the organisation, in order for us to learn appropriate lessons we need to ensure that all incidents (including minor accidents and near misses), are reported. This will be addressed in the health and safety strategy for 2014 -15 and the accident reporting procedure for the organisation.

The diagram below represents the theory on the proportion of near miss incidents to accidents and to those leading to more serious injuries and lost time. If we learn lessons from the near miss incidents then hopefully the more serious accidents can be prevented. This can be used to demonstrate why reporting of all should be encouraged rather than discouraged.



3. Health & Safety Strategy 2014 - 15

See Documents at Appendix 1

The Health and Safety Strategy has been produced as a three year plan but will be reviewed on an annual basis to ensure that key performance indicators remain applicable.

4. Monitoring Health and Safety Performance

Monitoring of health and safety performance against the key performance indicators set out in the strategy will form part of the reporting arrangements from 1 April 2014

5. Audit on Health and Safety

South West Audit Partnership are currently undertaking an audit of the health and safety service, following the report published January 2013. It is anticipated that the audit will take 12 days and the final audit report will be made available on 25th April 2014. The strategy for 2014 - 15 addresses many of the weaknesses identified by the previous audit of the service.

6. The arrangements for the Health and Safety committee and agreed actions

Health and Safety Committee took place on 23rd January 2014 . The Committee discussed the Health and Safety Strategy for 2014 -15 and minor wording amendments have been made as a result.

Unison Inspections have been on hold this quarter pending the new inspection strategy and planning meetings have taken place with the Unison branch Secretary and Health and Safety Officer.

The display screen equipment assessment policy was discussed and approved in principle.

All policies will be circulated to the Health and Safety Committee prior to implementation.

7. Training on Health and safety matters

Statutory training has been carried out in accordance with the DLO training matrix for use of equipment (See Appendix 2 for details of the Deane DLO Statutory training carried out during 2013 - 2014).

In total 52 managers from across the organisation have attended refresher health and safety training for Managers.

8. Provision of Health and Safety Information

The health and safety sharepoint site is regularly updated with new material produced. Once approved the strategy and updated policies will be uploaded to the site. Team briefings will be carried out to provide an update on the new strategy and policies and in particular the arrangements for reporting and investigating accidents. Core brief will also be used to highlight the changes.

9. Policy updates

An operational plan (working document) sets out a schedule of health and safety policies for review.

These have been programmed into the work of the health and safety team based on priority and risk.

Policies and procedures currently under review are as follows:

Accident and Incident recording, reporting and investigation (implementation 1/4/14)

Display Screen Equipment Assessment (implementation 1/4/14)

Procedures for the Joint Inspection and Audit process (implementation 1/4/14)

Lone working - A lone working policy provides guidance for Managers on how to ensure safe lone working arrangements. Managers carry out their own risk assessments and arrangements as a result may vary across the organisation. Deane Helpline, in addition, provide a telephone service which can be bought in for lone workers. Discussions have started to consider whether the helpline service can be extended to provide reassurance for all lone workers across the organisation.

10. Key activities of the Health and Safety Advisor

Depot health and safety tours to ensure housekeeping standards are maintained. Observation of manual handling operations for teams carrying out filling of sandbags.

Work with the Depot Stores to ensure safe storage of Type H vacuum used for asbestos tasks and correct disposal of chemicals.

Instigation of a review of joint safety policy and arrangements for TDBC and West Somerset Council.

11. Finance Comments

Any emerging issues or additional training will have to be funded from existing budgets. Line managers are expected to prioritise and refer any difficulties through their Theme Manager to CMT.

12. Legal Comments

Failure to meet or maintain minimum legal compliance will increase Corporate and individual risk, with the potential for criminal and civil actions

13. Links to Corporate Aims

Competent employees working safely in the delivery of the Council's services form an essential contribution to the Corporate Aims.

14. Environmental Implications

There are no environmental implications arising from this report.

15. Community Safety Implications

There are no community safety implications arising from this report.

16. Equalities Impact

There are no equalities impacts over and above those already required to be identified in the Theme delivery plans and existing arrangements. The Equalities

Impact Assessments for health and safety policies and procedures are available on the health and safety sharepoint site.

17. Risk Management

Failure to meet minimum health and safety statutory requirements has been identified in the Corporate Risk Register.

18. Partnership Implications

The Health and Safety Strategy sets out the majority of the work programme for delivery by the Corporate Health and Safety Team.

The strategy continues to involve the expertise of SWAP, reducing resource requirements and delivering an integrated approach.

19. Recommendations

The Committee are asked to note the progress being made on the review of the Health and Safety service and its delivery and the initiatives to improve our operating culture. There are no significant risks or incidents to report.

Contact: Catrin Brown
01823 356578
c.brown@tauntondeane.gov.uk

Health and Safety Strategy 2014-15

Aim

Objective

Activities

Legal compliance

Ensure compliance with all relevant legislation and Approved Codes of Practice to create and maintain a safe working environment

- Review HSE guidance
- Compliance audit
- Review Corporate Health and Safety Policies by prioritised need.

Recording, reporting and learning lessons

Reporting, recording and investigation of accidents at all TDBC sites

- Accident policy reviewed
- Accident reporting form and procedures (including near misses) provided at all sites
- Investigation set procedure and timescales
- Training

Access to information

Provision of accessible and relevant health and safety information for managers and staff

- Review and update relevant information
- Use staff briefings to share messages in print or person
- Brief at joint management (leads) meetings

Measuring performance

Identify and monitor key performance indicators

- Operational plan produced
- KPIs identified and agreed
- Monitored and reviewed quarterly
- Review at Corporate Governance
- Review at Corporate Health and Safety meeting

Deane DLO Statutory H&S Training from 1 April 2013

Asbestos Awareness Training (annual training) – courses held in October and November – 42 building services staff attended

Asbestos Non-Licensed Task Removal (annual) – held in October and December – 18 building service staff attended

Abrasive Wheel Training – February – 5 building and 7 grounds maintenance staff attended

Street Works Qualification (renewal) – December – 2 building service staff

Category B+E Trailer training and test – December for 3 grounds maintenance staff

PASMA Tower Scaffold Training – November – 11 building service staff

Bobcat and Forklift Truck Competence Certification (renewal) – 3 building and 3 grounds maintenance staff

Powered Access Licence (renewal) for category 1B Static Boom and 3B Mobile Boom – September and November – 4 electricians and 1 tree surgeon

Safe Tractor Operation Certification (renewal) – November – 2 nurseries staff

Safe Digger Operation Certification – November – 6 building service staff

IOSH Managing Safely – February - 1 building service and 1 BST staff

Health and Safety KPI's 2014-15

1. Increase reporting of accidents, incidents and near misses through increasing awareness of reporting requirements and mechanism.

Why – Address under reporting

How – Use 2013-14 baseline; look to increase by 10%

2. a) Accident investigation carried out within 2 weeks of accident

Why – To ensure timely investigation of incident and prevent recurrence

How – Target of 95% compliance within 2 weeks

b) Health and Safety advisor's investigation carried out within a further 4 weeks.

Why – To ensure timely investigation and ensure proposed measures to mitigate risk are identified and appropriate

How – Target of 100% compliance within a further 4 weeks

3. Number of joint health and safety audit visits undertaken and report submitted.

Why – To ensure safety arrangements and methods of work are appropriate and adhered to.

How – Target of 5 audits per quarter; Target of 100% of reports completed within 2 weeks of visit

Taunton Deane Borough Council

Corporate Governance Committee – 10 March 2014

Grant Thornton – Certification of Grant Claims Report

Report of the Director – Operations (Shirlene Adam)

(This matter is the responsibility of the Leader of the Council, Cllr John Williams)

1. Executive Summary

This report introduces the Certification of Claims and Returns report 2012/13 – prepared by our external auditors, (and set out in an Appendix to this report).

The report, which will be presented by our External Auditors, summarises their findings from their 2012/13 review work.

1. Background

- 1.1 Our external auditors, Grant Thornton has finalised its review of the Councils arrangements to prepare grant claims.
- 1.2 Their full report, along with the detailed recommendations is set out in Appendix 1.

2. Financial Issues / Comments

- 2.1 The claims reviewed by the Audit Commission for 2012/13 related to expenditure totalling £79m. This is clearly a significant financial matter for the authority and we must make sure that proper arrangements are in place to meet the “conditions” of the grants.
- 2.2 The report highlights several areas where improvements can be made and the action plan reflects this. The action plan will be monitored to ensure the issues are progressed.

3. Legal Comments

There are no legal implications from this report.

4. Links to Corporate Aims

No direct implications.

5. Environmental and Community Safety Implications

No direct implications.

6. Equalities Impact

No implications.

7. Risk Management

Any risks identified will feed in to the corporate risk management process.

8. Partnership Implications

The Director – Operations and the Internal Audit Team (SWAP – South West Audit Partnership) will take the findings of this report into account when identifying the areas of risk to be audited next year.

9. Recommendation

Members are requested to note the Certification of Claims and Returns report from the Councils External Auditors.

Contact: Shirlene Adam
Director of Operations
01823 356310
s.adam@tauntondeane.gov.uk



Certification report 2012/13 for Taunton Deane Borough Council

Year ended 31 March 2013

December 2013

Peter Barber

Associate Director

T 0117 305 7897

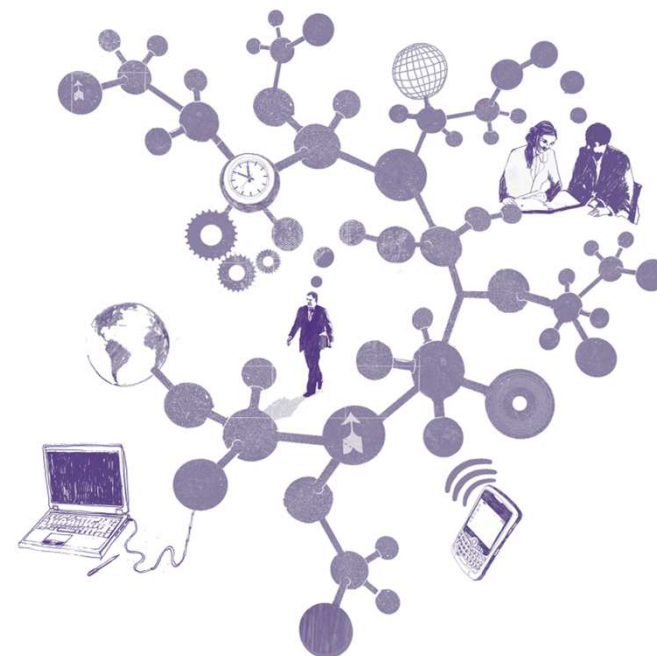
E peter.a.barber@uk.gt.com

Peter Lappin

Senior Manager

T 0117 305 7865

E peter.lappin@uk.gt.com



Contents

Section	Page
1. Executive summary	3
2. Results of our certification work	6
Appendices	
A Details of claims and returns certified for 2012/13	10
B Action plan	11
C Fees	13

Section 1: Executive summary

01. Executive summary

02. Results of our certification work

Executive summary

Introduction

We are required to certify certain of the claims and returns submitted by Taunton Deane Borough Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified three claims and returns for the financial year 2012/13 relating to expenditure of £79 million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Our approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform were set out in our Certification Plan issued to the Council on 23rd September 2013.

Key messages

A summary of all claims and returns subject to certification is provided at Appendix A. The key messages from our certification work are summarised in the table below and set out in detail in the next section of the report.

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	All audit certification deadlines were achieved but the pre-audit submission of the NNDR3 return was a month late.	AMBER
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	All three forms were amended and two of the three, National Non-Domestic Rates return and the Housing and Council Tax claim were subject to qualification for a variety of issues.	AMBER
Supporting working papers	There was one issue with supporting documentation in the National Domestic Rates claim where a report was not available to support one of the figures.	AMBER

The way forward

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B.

Implementation of the agreed recommendations will assist the Council in compiling accurate and timely claims for certification. This will reduce the risk of penalties for late submission, potential repayment of grant and additional fees.

Acknowledgements

We would like to take this opportunity to thank the Council's officers in Finance and Revenues and Benefits for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP
December 2013

Section 2: Results of our certification work

01. Executive summary

02. Results of our certification work

Results of our certification work

Key messages

We have certified three claims and returns for the financial year 2012/13 relating to expenditure of £79 million.

The Council's performance in preparing claims and returns is summarised below:

Performance measure	Target	Achievement in 2012/13		Achievement in 2011/12		RAG Rating
		No.	%	No.	%	
Claims submitted by the Council on time	100%	2	67	4	100	amber
Claims certified without amendment	100%	0	0	1	25	amber
Claims certified without qualification	100%	1	33	3	75	amber

This analysis of performance shows that:

- the Council submitted the NNDR return for audit on 29 July. The deadline is 28 June. The audited return was submitted to the Department for Communities and Local Government (DCLG) before the deadline.
- the number of claims and returns subject to qualification has increased
- although all three of the Council's claims and returns were corrected during the audit, the amendments were not significant.

Details of the certification of all claims and returns are included at Appendix A.

Significant findings

Our work has identified the following issues in relation to the management arrangements and certification of individual grant claims and returns:

Housing Benefit and Council Tax Benefit; We issued a qualification letter including the following:

- There were differences of £958 in the reconciliation of benefit granted to benefit paid.
- We identified 13 cases where the Council Tax overpayment had been incorrectly classified, and one case where a Council Tax overpayment had been incorrectly calculated.
- We found an underpaid rent rebate and overpayment of one rent allowance. The Council undertook testing of a further 40 rent rebates and 40 rent allowances. We re-performed 10% of the Council's testing and no additional errors were found.

The rules surrounding the administration of housing benefit and council tax benefit are inherently complicated. Therefore, it is not unusual for errors to be identified and qualification letters issued. Recommendations for improvement are included in the action plan at Appendix B.

National Non Domestic Rates (NNDR) ;

- The supporting documentation was not available for one cell relating to deferrals. We had to report this to the DCLG highlighting the omission. We found a case where transitional relief for prior years had been backdated incorrectly.

Pooling of Capital Receipts Return

- The return was amended during the audit to take into account the changes to the previous year's return.

Results of our certification work

Certification fees

The indicative fee of £13,650 for 2012/13 certification was based on completion of Part A testing for two of the three returns. Additional Part B testing was required this year on both these claims and returns. The Audit Commission has agreed the increase of the indicative fee by £3,404 to £17,054. This is set out in more detail in Appendix C.

Appendices

Appendix A: Details of claims and returns certified for 2012/13

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing and Council Tax Benefit Claim	38,635,204	Yes	0	Yes	<p>The amendments were very minor due to roundings. The issues raised in the qualification letter are below;</p> <ul style="list-style-type: none"> • There were differences of £958 in the reconciliation of benefit granted to benefit paid • There was one case identified in initial testing where benefit was underpaid due to incorrectly including working tax credit in the claimant's income • There was one individual identified as receiving Guaranteed Pension Credit from the DWP when there was no evidence that they did receive this benefit. This led to an overpayment of benefits of £795. • There was also 13 cases identified where the Council Tax overpayment had been incorrectly classified, and one case where a Council Tax overpayment had been incorrectly calculated by £1.24.
National Non-Domestic Rates Return	38,358,379	Yes	75	Yes	<p>The qualification letter was due to a figure for deferrals that could not be agreed to supporting documentation as the Council couldn't run a post-dated report.</p> <p>We found a transitional relief that had been backdated incorrectly. We extended testing by a further 20 cases and did not find any further errors. The contribution to the Pool was reduced by £75.</p>
Housing Capital Pooling Return	2,381,082	Yes	0	No	<p>The amendment related to an opening balance figure but this did not have an effect on the amount to be pooled.</p>

Appendix B: Action plan

Priority

High - Significant effect on arrangements

Medium – Some effect on arrangements

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
	Housing Benefit and Council Tax Benefit Subsidy			
1	The Council should ensure that the benefit granted is reconciled to the benefit paid.	Medium	The Senior Control Officer keeps reports and spreadsheets to confirm benefit granted and benefit paid. Although there was a very small difference we were able to explain and confirm this immediately when requested. In future, we will check reports and spreadsheets quarterly to keep on track with any discrepancies.	Lisa Gallacher System Support & Data Control Officer <i>April 2014</i>
2	The Council should ensure that tax credits are correctly excluded from the income used to calculate the benefits.	Medium	We are using the batch processing facility of ATLAS/ETD more and more and this should help reduce inputting errors. We perform random checks of these cases to ensure there are no errors. Managers also perform quality checks monthly and the systems team have highlighted high risk cells and perform quarterly checks on these.	Mark Antonelli Principal Benefits Officer Simon Doyle Performance Manager <i>Immediate</i>
3	The Council should ensure that all individuals with passported benefits (benefits notified by the Department for Work and Pensions) have their status confirmed to DWP documentation.	Medium	As for point 2	As for point 2
4	The Council should ensure that all staff are aware of how Council Tax Overpayments are classified.	Medium	Council Tax Benefit ceased 1/4/13 and its replacement, Council Tax Support is now a discount and not included in the HB subsidy claim.	No further action

Appendix B: Action plan

Priority

High - Significant effect on arrangements

Medium – Some effect on arrangements

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
	National Non Domestic Rates (NNDR)			
5	The Council should ensure that the return is submitted on time and that all supporting documentation is retained at the time the NNDR return is prepared.	Medium	<p>We are confident the backdated TR was a one-off and have provided some re-fresher training to the relevant officers.</p> <p>We will ensure we produce a detailed report of deferral amounts on the same day we produce the extract reports that feed into the NNDR3.</p>	<p>Simon Doyle Performance Manager April 2014</p>
	Pooling of Housing capital receipts			
6	The Council should ensure that audit adjustments from the previous year are correctly reflected in the current year's return.	Medium	This action was completed for the 2012/13 return. The guidelines around Right to Buy are much clearer now under the new scheme and the pooling return is more automated which will ensure the same issue will not happen again.	<p>Principal Accountant Already implemented.</p>

Appendix C: Fees

Claim or return	2011/12 fee (£)	(column x) 2011/12 fee (£) less 40% reduction to compare with 2012/13 fee	2012/13 indicative fee (£) based on 2010/11 fees	(column y) 2012/13 actual fee (£)	Variance year on year (£) = column y minus column x	Explanation for significant variances
Housing benefits subsidy claim and certification report	£27,815	£16,689	£11,810	£11,810	-£4,879	Significant additional work in 2011/12 compared with 2010/11 which was the base year to set 2012/13 certification fees.
National non-domestic rates return	£1,272	£763	£950	£3,310	£2,547	In 2010/11 and 2011/12 we undertook Part A tests only but in 2012/13 we were obliged to undertake Part B tests as well.
Pooling of Housing Capital Receipts	£1,607	£964	£890	£1,934	£970	In 2010/11 and 2011/12 we undertook Part A tests only but in 2012/13 we were obliged to undertake Part B tests as well.
Total	£30,694	£18,416	£13,650	£17,054	-£1,362	The 2012/13 indicative fee is based on 2010/11 actual fees. In 2010/11 the fees for housing benefits subsidy were significantly lower than in 2011/12.

* 2011/12 fee less 40% fee reduction applicable for 2012/13 onwards. This is shown in this way to make it comparable to the 2012/13 fee.



© 2013 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

Taunton Deane Borough Council

Corporate Governance Committee – 10 March 2014

Grant Thornton – External Audit Update Report

Report of the Director – Operations (Shirlene Adam)

(This matter is the responsibility of the Leader of the Council, Cllr John Williams)

1. Executive Summary

This report:-

- Updates the Committee on the work of the external auditor – Grant Thornton, and
- Provides a useful update on emerging national issues that may have relevance to this Council.

This form of general update will now be shared with Corporate Governance Committee on a regular basis.

2. Background

- 2.1 This report provides a useful update on progress against each piece of “regular” work carried out by our external auditors. Additionally, the update report shares headlines on some national issues that will have an impact on this Council. This will help Councillors ensure they are sighted on “big issues” and if appropriate, engage with the appropriate officers to progress.

2. Financial Issues / Comments

Update report only.

3. Legal Comments

There are no legal implications from this report.

4. Links to Corporate Aims

No direct implications.

5. Environmental and Community Safety Implications

No direct implications.

6. Equalities Impact

No implications based on this update report.

7. Risk Management

Any risks identified will feed in to the corporate risk management process.

8. Partnership Implications

No implications based on this update report.

9. Recommendation

Members are requested to note the update report from Grant Thornton.

Contact: Shirlene Adam
Director of Operations
01823 356310
s.adam@tauntondeane.gov.uk

Corporate Governance Committee Update for Taunton Deane Borough Council

Year ended 31 March 2014

10 March 2014

Peter Barber

Associate Director

T +44 (0)117 305 7897

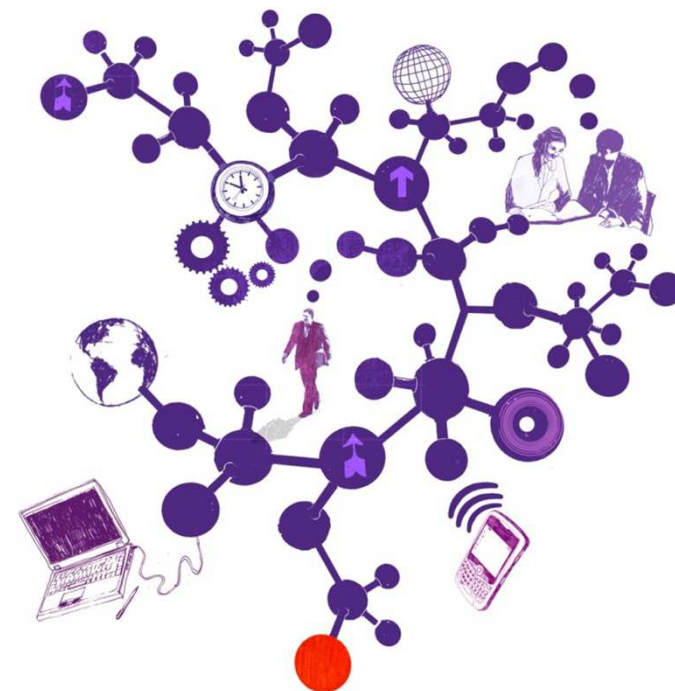
E peter.a.barber@uk.gt.com

Peter Lappin

Senior Manager

T +44 (0)117 305 7865

E peter.lappin@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 your business 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.

Contents

Section	Page
Introduction	4
Progress at 20 February 2014	5
Emerging issues and developments	
Local government guidance	7
Grant Thornton	9
Accounting and audit issues	12

Introduction

This paper provides the Corporate Governance Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a district council in respect of these emerging issues which the Committee may wish to consider.

Members of the Corporate Governance Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications – 'Local Government Governance Review 2013', 'Towards a tipping point?', 'The migration of public services', 'The developing internal audit agenda', 'Preparing for the future', 'Surviving the storm: how resilient are local authorities?'

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

Peter Barber
Engagement Lead
T 0117 305 7897
E peter.a.barber@uk.gt.com

Peter Lappin
Audit Manager
T 0117 305 7865
E peter.lappin@uk.gt.com

Progress at 20 February 2014

Work	Planned date	Complete?	Comments
2012-13 certification work We audit those grants and returns that require certification in accordance with Audit Commission guidance and department deadlines.	By 30 November 2013	Yes	We issued a certification report in December 2013 and it is included in this Committee's agenda.
2013-14 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2013-14 financial statements.	March 2014	In progress	Our audit plan sets out our approach for the final accounts visit in the summer of 2014. The plan is informed by our interim accounts audit which is yet to be completed.
Interim accounts audit Our interim fieldwork visit includes: <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	January to March 2014	In progress	We have updated our understanding of the Council's financial systems and we are undertaking walk-through tests.

Progress at 20 February 2014

Work	Planned date	Complete?	Comments
2013-14 final accounts audit Including: <ul style="list-style-type: none"> • audit of the 2013-14 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	July to September 2013	Not yet due	None
2013-14 Value for Money (VfM) conclusion The scope of our work to inform the 2013/14 VfM conclusion comprises: <ul style="list-style-type: none"> • a detailed review of financial resilience • a review of arrangements for securing economy and efficiency • a follow up of recommendations made last year. 	Spring Summer 2014	Not yet due	None
Other activities <ul style="list-style-type: none"> • Accounts workshop in the South West to help local authorities in the preparation of the financial statements for 2013/14. 	February 2014	Not yet due	The Council's finance team has been invited to a choice of workshops in Exeter and Bristol.

Councils must continue to adapt to meet the needs of local people

Local government guidance

Audit Commission research - Tough Times 2013

The Audit Commission's latest research, <http://www.audit-commission.gov.uk/wp-content/uploads/2013/11/Tough-Times-2013-Councils-Responses-to-Financial-Challenges-w1.pdf> shows that England's councils have demonstrated a high degree of financial resilience over the last three years, despite a 20 per cent reduction in funding from government and a number of other financial challenges. However, with uncertainty ahead, the Commission says that councils must carry on adapting in order to fulfil their statutory duties and meet the needs of local people.

The Audit Commission Chairman, Jeremy Newman said that with continuing financial challenges 'Councils must share what they have learnt from making savings and keep looking for new ways to deliver public services that rely less on funding from central government'.

Key findings:

The Audit Commission's research found that:

- the three strategies most widely adopted by councils have been reducing staff numbers, securing service delivery efficiencies and reducing or restructuring the senior management team;
- three in ten councils exhibited some form of financial stress in 2012/13 – exhibited by a mix of difficulties in delivering budgets and taking unplanned actions to keep finances on track;
- auditors expressed concerns about the medium term prospects of one third of councils (36 per cent)

Councils choosing their auditors one step closer

Local government guidance

Local Audit and Accountability Act

The Local Audit and Accountability Act received Royal Assent on 30 January 2014.

Key points

Amongst other things:

- the Act makes provision for the closure of the Audit Commission on 31 March 2015;
- arrangements are being worked through to transfer residual Audit Commission responsibilities to new organisations;
- there will be a new framework for local public audit due to start when the Commission's current contracts with audit suppliers end in 2016/17, or potentially 2019/20 if all the contracts are extended;
- the National Audit Office will be responsible for the codes of audit practice and guidance, which set out the way in which auditors are to carry out their functions;
- Local Authority's will take responsibilities for choosing their own external auditors;
- recognised supervisory bodies (accountancy professional bodies) will register audit firms and auditors and will be required to have rules and practices in place that cover the eligibility of firms to be appointed as local auditors;
- Local Authority's will be required to establish an auditor panel which must advise the authority on the maintenance of an independent relationship with the local auditor appointed to audit its accounts;
- existing rights around inspection of documents, the right to make an objection at audit and for declaring an item of account unlawful are in line with current arrangements;
- transparency measures give citizens the right to film and tweet from any local government body meeting.

79% of Councils anticipate Tipping Point soon

Grant Thornton

2016 tipping point? Challenging the current

This report http://www.grant-thornton.co.uk/Global/Publication_pdf/LG-Financial-Resilience-2016-tipping-point.pdf is the third in an annual series which assesses whether English local authorities have the arrangements in place to ensure their sustainable financial future.

Local authorities have so far met the challenges of public sector budget reductions. However, some authorities are predicting reaching tipping point, when the pressure becomes acute and financial failure is a real risk. Based on our review of forty per cent of the sector, this report shows that seventy nine per cent of local authorities anticipate some form of tipping point in 2015/16 or 2016/17.

Our report rates local authorities in four areas - key indicators of financial performance, strategic financial planning, financial governance and financial control. It also identifies a series of potential 'tipping point scenarios' such as local authorities no longer being able to meet statutory responsibilities to deliver a range of services.

Our report also suggest some of the key priorities for local authorities in responding to the challenge of remaining financially sustainable. This includes a relentless focus on generating additional sources of revenue income, and improving efficiency through shared services, strategic partnerships and wider re-organisation.

Alternative Delivery Models – are you making the most of them?

Grant Thornton

Alternative delivery models in local government

This report: <http://www.grant-thornton.co.uk/en/Publications/2014/Responding-to-the-challenge-alternative-delivery-models-in-local-government/> discusses the main alternative delivery models available to local government. These are based on our recent client survey and work with local government clients. It aims to assist others as they develop their options and implement innovation strategies.

Local government has increased the variety and number of alternative delivery models it uses in recent years including contracts and partnerships with other public bodies and private sector organisations, as well as developing new public sector and non-public sector entities. With financial austerity set to continue, it is important that local authorities continue innovating, if they are to remain financially resilient and commission better quality services at reduced cost.

This report is based on a brief client survey and work with local authority clients and:

- Outlines the main alternative delivery models available to local authorities
- Aims to assist other authorities as they develop their options and implement innovation strategies
- Considers aspects of risk.

Welfare reforms – what you think of it so far?

Grant Thornton

Reaping the benefits: first impressions of the impact of welfare reform.

The potential scope of this topic is broad, so our report, [Reaping the benefits](#) focuses on the financial and managerial aspects of welfare reform. This involves:

- Understanding the challenges currently facing local government and housing associations in regard to welfare reform and what organisations have been doing to meet this challenge in terms of strategy, projects and new processes.
- Reporting on the early indications of effectiveness following the implementation of these measures and the impact of reform.
- Providing early insight into challenges facing these organisations in the near future.

We have pulled together information from a variety of sources, including our regular conversations across the local government and housing sectors and surveying local authorities and housing associations in England.

We found that:

- In general, organisations have been very active in engaging with stakeholders and putting in place appropriate governance arrangements and systems to implement specific reforms. A minority of organisations did not fully exploit all the options open to them in preparing for reform.
- So far, the indication is that the impact of reform experienced by local authorities and partners has been managed effectively. This may be because the full impact has not yet been felt. Some worrying signs are emerging, including rising rental arrears, homelessness and reliance on food banks, which may be linked to the reforms.
- Looking ahead, further reforms, such as the implementation of universal credit and the move to direct payments present significant uncertainties and challenges over the next few years.

Estimating the impact of business rate appeals

Accounting and audit issues

Business rate appeals provisions

Local authorities are liable for successful appeals against business rates. They should, therefore, recognise a provision for their best estimate of the amount that businesses have been overcharged up to 31 March 2014.

However, there are practical difficulties which mean that making a reliable estimate for the total amount that has been overcharged is challenging:

- the appeals process is managed by the Valuation Office Agency (VOA) and so local authorities are reliant on the information provided to them by the VOA
- some businesses may have been overcharged but not yet made an appeal.

We would expect local authorities:

- to work with the VOA to make sure that they have access to the information they need
- where appeals have been made, to determine a methodology for estimating a provision and to apply this methodology consistently
- where appeals have not been made:
 - to consider the extent to which a reliable estimate can be made (for example, in relation to major businesses)
 - to recognise a provision where a reliable estimate can be made
 - to disclose a contingent liability where a reliable estimate cannot be made
 - to provide a rationale to support their judgement that a reliable estimate cannot be made
- to revisit the estimate with the latest information available immediately before the audit opinion is issued.



© 2013 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. 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.

grant.thornton.co.uk

Taunton Deane Borough Council

Corporate Governance Committee – 10 March 2014

SAP Access Audit Report

Report of the Strategic Finance Officer

(This matter is the responsibility of Executive Councillor *Mrs Vivienne Stock-Williams*)

1. Summary

SCC (and our) external auditors, Grant Thornton, have recently completed an audit report in relation to SAP access by ICT staff for Somerset County Council.

The report identified a number of actions required to resolve some areas of concern relating to SAP system access.

This report provides a copy of the Grant Thornton report and a progress update against the identified actions. All of the actions are scheduled to be completed by 31st March 2014.

2. Background

- 2.1 On 1st April 2009 Taunton Deane Borough Council along with Somerset County Council, Avon and Somerset Police and Southwest One Ltd implemented a new combined back office and finance system, SAP (Systems, Applications, Products)
- 2.2 As part of the audit of Somerset County Council's 2012/13 accounts their external auditor, Grant Thornton (who is also our external auditor) completed a "Review of South West One (SWO) AP IT Controls" audit. Whilst this was part of Somerset CC's accounting audit, as SAP is a shared system the audit was effectively on behalf of all partners. This audit focused specifically on access to the SAP system and was not a general audit of the system or the ICT service.
- 2.3 Taunton Deane Borough Council along with the other partners have recently had a chance to discuss the report with SCC and Grant Thornton
- 2.4 An updated report and comments on the various issues are appended to this report.
- 2.5 It is important to note that the findings from this audit were factored into Grant Thornton's unqualified opinion of the 2012/13 accounts.

3. SAP Access – Overview of Audit Findings

- 3.1 The Grant Thornton report has highlighted some areas of concern relating to access to SAP.
- 3.2 The main issues of the Grant Thornton report are;
- There are users of SAP that can access all company and partner records
 - Some users can access personally identifiable data
- 3.3 All large computer systems have a user based security and access management system in place to ensure users of the system can only access the parts of the system and data that are relevant to their job role. The ICT team responsible for supporting the entire system, and for developing and implementing changes to that system need privileged access to the system in order to perform that role.
- 3.4 The SAP system allows control of these so-called Superuser permissions such that different members of the ICT team have different subsets of the whole permission set. No individual member of the ICT team has all Superuser permissions, and so most support activities require the input from more than one member of the ICT team to complete.
- 3.5 To provide additional mitigation of the risk that these privileged permissions potentially create, non-technical controls are in place in addition to the technical controls provided by the permission subsets. These non-technical controls are known as Secondary Controls, and take the form of documented processes and written approvals to perform certain changes to the system. For example, the process of moving an updated program from the test system to the live system requires the sign off of testing activities and the documented approval of the SAP Support Manager before the update can go ahead.
- 3.6 One of the report findings was that allocation of the subset of Superuser privileges appeared to be excessive. Further analysis identified that some reduction in permissions allocated to certain individuals within the ICT team would be possible without preventing them performing their job role. Implementation of these changes is underway and will be complete by the end of March 2014. In the meantime as discussed above, the Secondary Controls regime is in place to provide assurance that only authorised activities are undertaken by members of the ICT team. The effectiveness and enforcement of the Secondary Controls is subject to a quarterly audit undertaken by external IBM assessors, and to our knowledge this audit has not reported any defects.
- 3.7 The Grant Thornton report did confirm that even though they found a weakness in controls they found no evidence of actual inappropriate access or changes to data.

4. Action Plan and Way Forward

- 4.1 We have worked with the other partners and Grant Thornton to finalise the report, attached as Appendix A.

- 4.2 We have also worked with SWOne to develop an action plan to address the findings. Appendix B shows this action plan – with the specific findings raised by Grant Thornton, the response from SWOne and also our comments on the issue with a RAG status.
- 4.3 Three of the twelve issues have an Amber status as work is still in progress. This work is due to be completed by the end of March 2014 and is being monitored by the Retained ICT Lead. The remainder are closed and have a Green status, demonstrating that significant work that has been completed since the original report was released.
- 4.4 Grant Thornton will review this plan and progress as part of their future work currently being planned.

5. Finance Comments

- 5.1 There are no specific financial implications resulting from this report, although, as stated above, SAP is the Authority's finance system..

6. Legal Comments

- 6.1 There are no specific legal implications resulting from this report.

7. Links to Corporate Aims

- 7.1 There are no Corporate Aim implications of this report.

8. Environmental and Community Safety Implications

- 8.1 There are no environmental and community safety implications of this report.

9. Equalities Impact

- 9.1 There are no equality impacts of this report.

10. Risk Management

- 10.1 The Grant Thornton report highlighted some areas of risk with regard to the ICT access to SAP. However, these risks are being mitigated by the secondary controls that are in place.

11. Partnership Implications

- 11.1 SAP is a shared platform between all the partners of Southwest One. Any changes to this platform need to be agreed by all partners.

12. Recommendations

- 12.1 That the Corporate Governance Committee notes the Grant Thornton report and the actions being taken to address the concerns raised.

Appendices:

Appendix A: Grant Thornton “Review of South West One (SWO) SAP IT Controls”

Appendix B: Action Plan Update

Appendix C: Glossary of Terms

Contact:

Maggie Hammond
01823 358698
m.hammond@tauntondeane.gov.uk

Fiona Kirkham
01823 356522
f.kirkham@tauntondeane.gov.uk



Review of South West One (SWO) SAP IT Controls

Contents

	Appendices	
Introduction	2	Appendix 1: Internal control deficiencies; Summary of findings and
Findings	3	Recommendations. 4
Recommendation	3	

Introduction

1. As part of our 2012/13 interim audit we have completed a high level review of the IT controls operated by IBM over SWO and the system provided under SAP. Somerset County Council shares use of the SWO system with Avon and Somerset Police and Taunton Deane Borough Council. Since inception of the contract IBM has provided the service under a single 'software as a service licence' (SAAS). SAAS is not uncommon as it enables costs to be shared across a number of clients.

2. SAP maintains separation of accounting between the entities in two ways:

1. It can act as a single system (known as a SAP client) which separates accounts by trial balance codes (known as company codes). This method is suitable for large companies who have several subsidiaries that have their own legal status. This method allows for consolidation of accounts at group level. At a technical level, it uses a shared database schema that stores a shared set of configuration parameters and a shared set of users. Each table in the database contains data from each of the trial balance codes. Access to data is restricted through the SAP security model and requires detailed access permissions to be created to ensure adequate restrictions. From the perspective of administration, this method represents the easiest method to manage as there is only a single system to manage. It is likely to be the lowest cost model because of this. In our view, however, it is the least secure method to manage legal entities that have no relation to each other.
2. The second method is a single system with multiple clients i.e. a client for each legal entity. In this case, each SAP client has its own database schema, configuration parameters and users. This method can use multiple trial balance codes to separate accounts if an organisation wishes, but, unlike the first method, the data in each client can be physically and logically separated from the data in another client. Because the data lies in a different database schema it does not use a shared set of users, it has its own users. In this model the security model only has to restrict access to specific functions and data since all users in the database belong to the entity itself.

3. The contract that SCC entered into uses the first option above and we have therefore sought evidence as to how effective access controls are being operated.

Findings

4. We have set out in Appendix 1 our detailed findings and recommendations for improving controls but there are two key issues that are set out below that require the Council's urgent response.
5. Our review included two basic tests for access to unsecured custom programs and table access (SA38 and SM30/31). These are sensitive SAP transactions that are difficult to implement with users because they give considerable access across the system and should be restricted from end users as well as ICT support staff that are not required to access those parts of the application. We found what we consider to be an excessive number of users from each of the legal entities with access to these transactions given the level of support needed for an SAP application that is not required to be supported 24/7.
6. We identified 26 users who had access to the custom program SA38. SWO, because of confidentiality, have not given us the names of these users. As we are unable to identify these individuals we only have SWO's assurance that these are genuine seconded employees. We have therefore been unable to form a view as to the appropriateness of this level of access or who is gaining access. However, this appears to be an excessive number of users.
7. It should be noted that while we have identified this potential weakness in control we have no evidence of actual, inappropriate access or changes to data. However, our review was not intended to go into this level of detail and further testing would be required to establish if inappropriate access had been made.

Recommendation

8. We have set out in Appendix 1 our recommendations for improving controls.

Appendix 1: Internal control deficiencies; Summary of findings and Recommendations.

	Issue and risk	Recommendation	Priority
1	<p>Active Directory – Timely Removal of Access</p> <p>The Council has a Changes/Leavers form for line manager to complete to notify IT of leavers. However, the form is not always completed and reliance is placed on HR department notifying IT of changes or leavers. HR only process these changes on a monthly basis which means that active accounts could remain dormant for up to 4 weeks before being disabled.</p> <p>There is a risk that leaver's accounts could be used by current members of staff to gain unauthorised access to sensitive information or be able to manipulate data that will not be attributable to their accounts.</p>	<p>Implement a robust process to ensure leavers have all their IT rights revoked in a timely manner and that any changes in status are notified to IT immediately.</p>	<p>Medium</p>

	Issue and risk	Recommendation	Priority
2	<p>SAP - Intruder Lockout Controls/Monitoring</p> <p>Where users are authenticated by SAP controls rather than Tivoli Access Manager (TAM), users are not locked out if they fail to provide the correct password after a given number of attempts. This increases the chances that the account will be compromised over a period of time and the greater the chance that unsuccessful attempts will go undetected. A reasonable number is a maximum of 6 attempts, after which the account should be locked and user initiated lockouts should be investigated by security personnel.</p> <p>Furthermore, management do not investigate login failures on high risk or privileged user accounts.</p> <p>The SAP system resets the counter on a daily basis and therefore the most effective review frequency is daily. This setting is hard coded and cannot be extended for a longer period.</p> <p>Some privileged accounts have user names that may identify them as privileged. To avoid this some councils use randomly generated user names for all user accounts.</p>	<p>Review account lockout settings over the SAP GUI and ensure that user accounts are locked out where the number of failed attempts to gain entry has been reached (maximum of 6 failed attempts). Furthermore, management should ensure that invalid attempts and account lockouts are regularly reviewed using report RSUSR006.</p> <p>Privilege accounts should be given user names that are randomly generated.</p>	Medium
3	<p>SAP Password Controls</p> <p>We noted the following SAP password controls issues:</p> <ol style="list-style-type: none"> 1. Not currently enforcing 'strong' passwords by the use of a special character and/or numeric character; 2. No minimum password length; and 3. No password expiration period. <p>The lack of strong/complex passwords facilitates password</p>	<p>Password controls should be improved by the implementation and enforcement of:</p> <ol style="list-style-type: none"> 1. Increased password complexity by enforcing a special character and/or numerical character in the password string. 2. Password dictionary controls to prevent the use of common words as passwords; 3. A minimum password length; and 	Medium

	Issue and risk	Recommendation	Priority
	<p>guessing and may potentially allow the system to be compromised by unauthorised users.</p> <p>Where passwords do not expire, there is a risk that they will become vulnerable to being disclosed over time and can therefore provide access to the system and data</p>	<p>4. A forced password change interval to expire after a reasonable amount of time. It is recommended that passwords are changed between 60 and 90 days.</p>	
4	<p>SAP Default Passwords</p> <p>The SAP default accounts use powerful profiles that give full access to the productive or installation reference system. Default passwords were still assigned to default accounts:</p> <p>Continued use of the default passwords significantly reduces the effectiveness of password controls and increase the risk of unauthorised access.</p>	<p>Default or trivial passwords for SAP should be changed immediately and regularly thereafter.</p>	Medium
5	<p>SAP Segregation of Duties</p> <p>There is no segregation between users who are capable of programming and users who have a batch administration or operations role.</p> <p>The lack of segregation between programming, operations and management prevents adequate controls being exercised which could lead to unauthorised changes being made to the system. Without management segregation the risk of unauthorised changes remaining undetected is increased.</p>	<p>1. Segregation should be maintained between programmers and those who administer programs that are run as batch processes. Programmers should not have access to change batch programs in production nor select which programs are run.</p> <p>2. Where there are difficulties in separating the functions, mitigating controls should be considered that periodically review changes made to the batch programs and ensure that changes are authorised.</p>	Medium

	Issue and risk	Recommendation	Priority
6	<p>SAP Segregation of Duties – Programming/Security</p> <p>There is inadequate separation of responsibilities for programming from security or other operational functions.</p> <p>The failure to maintain separation between programming responsibilities and system security can potentially allow system security parameters to be compromised and unauthorised data changes to be go undetected.</p>	<p>Programmers should be restricted from having any operational access in the production environment which is best achieved by removing their user record. Temporary production access may be appropriate for certain change projects, however it is recommended that such access is removed after a defined period of time or closure of the project.</p>	Medium
7	<p>Segregation of Duties – SAP Transports</p> <p>One user has the ability to transport changes made in the development environment directly to the production environment via STMS transport tools. A user can therefore make a change in the development system and pass it through to production system without anyone else being involved. A segregation of duties is essential to avoid this potential weakness.</p>	<p>Programmers should:</p> <ul style="list-style-type: none"> • be restricted from accessing SAP transport utilities. This should be achieved by removing all user records for programmers. • not have any privileged access to the operating system on the SAP server or have the ability to remotely call the SAP transport program 'tp'. 	High

8	<p>SAP Direct Access to Production</p> <p>Programmers have direct access to the final working version of the system rather than making sure that changes are made in development and only transferred to production following suitable change controls, testing and authorisation.</p> <p>Direct access to programming editing tools in the production environment represents a high risk to the organisation as it allows unauthorised changes to be made to data and programs.</p>	<p>Ensure that all development keys are removed from the production environment to ensure that direct changes are not applied without an approved transport.</p>	High
9	<p>SAP Excessive Privileges – RZ10</p> <p>The RZ10 transaction allows many system security and operational parameters to be switched off or changed. It should be used only where there is approval from management under a change control process. At present it is not appropriately restricted and 12 dialogue users have access.</p> <p>Inappropriate use of the RZ10 transaction can expose the SAP system to security breaches and other operational problems.</p>	<p>Ensure that access to the RZ10 transaction code is restricted to the system administrator and the EMERGENCY or fire-fighter user ID. No end users or other IT staff should have access to this transaction.</p>	High
10	<p>SAP Excessive Privileges - SAP All Privilege</p> <p>The review noted the SAP_ALL profile had been allocated to the following users:</p> <p>SUPPORT</p> <p>CSMADM</p> <p>DDIC</p>	<p>The SAP_ALL profile should be reserved for use within an emergency or fire-fighter type ID that can be locked when not in use. SAP ALL access should be time limited and its use monitored.</p>	High

	<p>The SAP_ALL authorisation profile contains virtually full system rights and should not be used with any dialogue type accounts within the production environment. The profile provides access to all IT functions as well as business transactions which with misuse can cause operational instability and financial misstatements. Restricting the use of SAP_ALL to an emergency or fire-fighter type account can limit the use of such accounts through limiting their period of validity. It also enables monitoring of when the account has been used by referring to the SAP change document log contained in the report RSUSR002.</p>		
11	<p>SAP Excessive Privileges – SA38</p> <p>It was noted that 26 users had access to the SA38 privilege. The use of the transaction code SA38 in the production environment should be highly restricted since it provides access to run custom programs that have not been secured with authorisation objects or authorisation groups, thereby allowing the user to access functionality and data not associated with their normal SAP role.</p> <p>It should be noted that in many SAP implementations, custom programs may be inherited from legacy SAP installations and new custom programs may not have been programmed using authority checks. Access to SA38 provides full access to any program that does not contain an authority check and can therefore circumvent the standard SAP authorisation model.</p>	<p>The use of SA38 should be restricted to system administrators and personnel who have been given permission to access all custom programs and data.</p>	<p>High</p>

12	<p>SAP Excessive Privileges – SCC4</p> <p>Access to the client administration transaction code SCC4 has not been restricted. 8 accounts were identified with this privilege.</p> <p>The client administration function provided by SCC4 allows the SAP client to be opened for changes which if done in an inappropriate or unauthorised manner can have significant consequences for the integrity of the data within the system.</p>	<p>Client administration function should be restricted to the system administrator and the emergency user or fire-fighter ID. Management should regularly review the SCC4 change log to ascertain if the SAP client has been opened with proper authorisation.</p>	High
----	---	--	------

ACTION PLAN UPDATE

APPENDIX B

#	Description	Issue & Risk	Recommendation	Priority	SWO Category	SWO Comments	SWO View of Risk	Status	TDBC RAG	TDBC Narrative
1	Active Directory – Timely Removal of Access	<p>The Council have a Changes/Leavers form for the line manager to complete to notify IT of leavers. However, the form is not always completed and reliance is placed on HR department notifying IT of changes or leavers. HR only process these changes on a monthly basis which means that active accounts could remain dormant for up to 4 weeks before being disabled.</p> <p>There is a risk that leaver's accounts could be used by current members of staff to gain unauthorised access to sensitive information or be able to manipulate data that will not be attributable to their accounts.</p>	Implement a robust process to ensure leavers have all their IT rights revoked in a timely manner and that any changes in status are notified to IT immediately.	Medium	Active Directory	Access to SAP is not controlled by same process as AD. The AD process is agreed with the client. No remedial action to be taken	Not applicable to SAP	Closed		Agreed
2	SAP - Intruder Lockout Controls/Monitoring	<p>Where users are authenticated by SAP controls rather than Tivoli Access Manager (TAM), users are not locked out if they fail to provide the correct password after a given number of attempts. This increases the chances that the account will be compromised over a period of time and the greater the chance that unsuccessful attempts will go undetected. A reasonable number is a maximum of 6 attempts, after which the account should be locked and user initiated lockouts should be investigated by security personnel.</p> <p>Furthermore, management do not investigate login failures on high risk or privileged user accounts.</p> <p>The SAP system resets the counter on a daily basis and therefore the most effective review frequency is daily. This setting is hard coded and cannot be extended for a longer period.</p> <p>Some privileged accounts have user names that may identify them as privileged. To avoid this some organisations use randomly generated user names for all user accounts.</p>	<p>Review account lockout settings over the SAP GUI and ensure that user accounts are locked out where the number of failed attempts to gain entry has been reached (maximum of 6 failed attempts). Furthermore, management should ensure that invalid attempts and account lockouts are regularly reviewed using report RSUSR006.</p> <p>Privilege accounts should be given user names that are randomly generated.</p>	Medium	Authentication	<p>Normal access to SAP is via employee portal which goes through TAM and therefore DOES apply password policy. As a result of this recommendation, direct SAP GUI access is possible and this is being disabled through a technical change which has been developed and tested in preproduction. Implementation to production will be done during a regular maintenance window targeted for early feb, pending change approval.</p> <p>In response to this recommendation, SWO are implementing a process to review the priveledged account login failures using a TAM report quarterly as part of their existing BAU controls.</p> <p>Reset counter is set in TAM for normal access. SAP GUI access is being revoked per item 2.</p> <p>The only accounts which could be definitively identified as privileged from the username alone, are the SAP standard accounts eg DDIC and SAP*. SWO reviewed this recommendation with GT who accepted that this was not applicable in this case as low risk.</p>	<p>Users going directly via SAP GUI rather than employee portal would not have password rules enforced.</p> <p>Risk of brute force attack if user ID's were known. This risk has increased following SCC's publication of the GT report.</p> <p>Any attack on the system is likely to target known admin id's.</p>	Closed		The change to disable SAP GUI access has now been implemented. All user access to SAP is authenticated via TAM
3	SAP Password Controls	<p>We noted the following SAP password controls issues:</p> <ol style="list-style-type: none">1. Not currently enforcing 'strong' passwords by the use of a special character and/or numeric character;2. No minimum password length; and3. No password expiration period. <p>The lack of strong/complex passwords facilitates password guessing and may potentially allow the system to be compromised by unauthorised users.</p> <p>Where passwords do not expire, there is a risk that they will become vulnerable to being disclosed over time and can therefore provide access to the system and data</p>	<p>Password controls should be improved by the implementation and enforcement of:</p> <ol style="list-style-type: none">1. Increased password complexity by enforcing a special character and/or numerical character in the password string.2. Password dictionary controls to prevent the use of common words as passwords;3. A minimum password length; and4. A forced password change interval to expire after a reasonable amount of time. It is recommended that passwords are changed between 60 and 90 days.	Medium	Authentication	This is set in TAM for normal access. SAP GUI access is being revoked per item 2.	As per SAP GUI access.	Closed		The change to disable SAP GUI access has now been implemented. All user access to SAP is authenticated via TAM

4	SAP Default Passwords	The SAP default accounts use powerful profiles that give full access to the productive or installation reference system. Default passwords were still assigned to default accounts: <removed for security purposes>. Continued use of the default passwords significantly reduces the effectiveness of password controls and increase the risk of unauthorised access.	Default or trivial passwords for SAP should be changed immediately and regularly thereafter.	Medium	Authentication	Following the recommendation, SWO have rectified the specified accounts in November 2013	Risk of system access via SAP standard account. However, these were already locked down.	Closed		Agreed
5	SAP Segregation of Duties	There is no segregation between users who are capable of programming and users who have a batch administration or operations role. The lack of segregation between programming, operations and management prevents adequate controls being exercised which could lead to unauthorised changes being made to the system. Without management segregation the risk of unauthorised changes remaining undetected is increased.	1. Segregation should be maintained between programmers and those who administer programs that are run as batch processes. Programmers should not have access to change batch programs in production nor select which programs are run. 2. Where there are difficulties in separating the functions, mitigating controls should be considered that periodically review changes made to the batch programs and ensure that changes are authorised.	Medium	Segregation of Duties	GT confirmed this applies to one user. Secondary controls were already in place. User cannot be amended without impacting service. Change control process is in place requiring management approval to implement changes. Separation of duties is also in place across the SAP team. SWO recognise that these are soft controls. A hard implementation would require additional resources.	Low risk as secondary controls are in place	Closed		TDBC agree that secondary controls in place provide sufficient mitigation of this risk
6	SAP Segregation of Duties – Programming/Security	There is inadequate separation of responsibilities for programming from security or other operational functions. The failure to maintain separation between programming responsibilities and system security can potentially allow system security parameters to be compromised and unauthorised data changes to be go undetected.	Programmers should be restricted from having any operational access in the production environment which is best achieved by removing their user record. Temporary production access may be appropriate for certain change projects, however it is recommended that such access is removed after a defined period of time or closure of the project.	Medium	Segregation of Duties	Change control process is in place requiring management approval to implement changes. Separation of duties is also in place across the SAP team. SWO recognise that these are soft controls. A hard implementation would require additional resources.	Low risk as secondary controls are in place	Closed		TDBC agree that secondary controls in place provide sufficient mitigation of this risk
7	Segregation of Duties – SAP Transports	One user has the ability to transport changes made in the development environment directly to the production environment via STMS transport tools. A user can therefore make a change in the development system and pass it through to production system without anyone else being involved. A segregation of duties is essential to avoid this potential weakness.	Programmers should: be restricted from accessing SAP transport utilities. This should be achieved by removing all user records for programmers. not have any privileged access to the operating system on the SAP server or have the ability to remotely call the SAP transport program 'tp'.	High	Segregation of Duties	Change control process is in place requiring management approval to implement changes. Separation of duties is also in place across the SAP team. SWO recognise that these are soft controls. A hard implementation would require additional resources.	Low risk as secondary controls are in place	Closed		TDBC agree that secondary controls in place provide sufficient mitigation of this risk
8	SAP Direct Access to Production	Programmers have direct access to the final working version of the system rather than making sure that changes are made in development and only transferred to production following suitable change controls, testing and authorisation. Direct access to programming editing tools in the production environment represents a high risk to the organisation as it allows unauthorised changes to be made to data and programs.	Ensure that all development keys are removed from the production environment to ensure that direct changes are not applied without an approved transport.	High	Segregation of Duties	This is not correct. Th one user who was the identified 'programmer' in finding 7 does not have a development key in production therefore cannot do developments directly in production.	N/A	Closed		Agreed
9	SAP Excessive Privileges – RZ10	The RZ10 transaction allows many system security and operational parameters to be switched off or changed. It should be used only where there is approval from management under a change control process. At present it is not appropriately restricted and 12 dialogue users have access. Inappropriate use of the RZ10 transaction can expose the SAP system to security breaches and other operational problems.	Ensure that access to the RZ10 transaction code is restricted to the system administrator and the EMERGENCY or fire-fighter user ID. No end users or other IT staff should have access to this transaction.	High	SAP Priveleges	GT have identified 26 ID's with RZ10 and SM38. Whilst these are all priveledged users in the SAP support team, it will be further restricted according to business need. Nobody outside the SAP techincal team has access to this transaction. Target number is 3 for RZ10 and 16 for SA38 by end March 2014.	SWO accept GT's view of risk.	In Progress	A	Progress to make the required changes is tracked at the fortnightly SAP Cross Authority Change Board meeting. In the meantime strong secondary controls migitate the level of risk

10	SAP Excessive Privileges - SAP All Privilege	<p>The review noted the SAP_ALL profile had been allocated to the following users: SUPPORT CSMADM DDIC</p> <p>The SAP_ALL authorisation profile contains virtually full system rights and should not be used with any dialogue type accounts within the production environment. The profile provides access to all IT functions as well as business transactions which with misuse can cause operational instability and financial misstatements. Restricting the use of SAP_ALL to an emergency or fire-fighter type account can limit the use of such accounts through limiting their period of validity. It also enables monitoring of when the account has been used by referring to the SAP change document log contained in the report RSUSR002.</p>	The SAP_ALL profile should be reserved for use within an emergency or fire-fighter type ID that can be locked when not in use. SAP ALL access should be time limited and its use monitored.	High	SAP Priveleges	<p>All of GT's recommendations were already in place at the time of audit. SAP all is reserved for those 3 accounts + firefighter. Support and Firefighter ID's are locked when not in use, DDIC and CSMADM cannot be locked and are required by the system. Support and Firefighter access is time limited by management approval at the point they are needed and its use monitored through shared priviledge ID audits. As a result of the report, SWO have also removed dialogue access for CSMADM.</p>	Appropriate care has been taken of these accounts.	Closed		Agreed
11	SAP Excessive Privileges – SA38	<p>It was noted that 26 users had access to the SA38 privilege. The use of the transaction code SA38 in the production environment should be highly restricted since it provides access to run custom programs that have not been secured with authorisation objects or authorisation groups, thereby allowing the user to access functionality and data not associated with their normal SAP role.</p> <p>This could expose the organisations data to users who do not work directly for the organisation.</p> <p>It should be noted that in many SAP implementations, custom programs may be inherited from legacy SAP installations and new custom programs may not have been programmed using authority checks. Access to SA38 provides full access to any program that does not contain an authority check and can therefore circumvent the standard SAP authorisation model.</p>	The use of SA38 should be restricted to system administrators and personnel who have been given permission to access all custom programs and data.	High	SAP Priveleges	As per item 9.	An SA38 user can run programs in the system. In theory therefore, writing and running a malicious program. le Read and Write	In Progress	A	Progress to make the required changes is tracked at the fortnightly SAP Cross Authority Change Board meeting. In the meantime strong secondary controls migitate the level of risk
12	SAP Excessive Privileges – SCC4	<p>Access to the client administration transaction code SCC4 has not been restricted. 8 accounts were identified with this privilege.</p> <p>The client administration function provided by SCC4 allows the SAP client to be opened for changes which if done in an inappropriate or unauthorised manner can have significant consequences for the integrity of the data within the system.</p>	Client administration function should be restricted to the system administrator and the emergency user or fire-fighter ID. Management should regularly review the SCC4 change log to ascertain if the SAP client has been opened with proper authorisation.	High	SAP Priveleges	These are all priveledged users in the SAP support team, it will be further restricted according to business need. Nobody outside the SAP technical team has access to this transaction. Target number is 3 for SCC4 by end Q1.	SWO agree with GT's risk assessment. Read and Write available depending on the other transactions available to the user	In Progress	A	Progress to make the required changes is tracked at the fortnightly SAP Cross Authority Change Board meeting. In the meantime strong secondary controls migitate the level of risk

Appendix C – Glossary of Terms

Term	Description
AD	Active Directory – the user directory, permissions and security system used by Microsoft Windows servers
BAU	Business As Usual – processes and activities which form part of the day to day running of the service
CSMADM	SAP User ID used to access support activities within the system
DDIC	SAP User ID used to access support activities within the system
DICBERCLS	Database field where specific details of access limitations are held
Employee Portal	The web browser based screen which all non-ICT users use to access the SAP system
EPIUSE	SAP tool used to clone data between live, test & development systems
GUI	Graphical User Interface – the SAP ‘screen’ that connects directly to the SAP system
IT	The Information Technology support team – this report
RSUSR002	SAP report on users, user roles and authorisations
RZ10	SAP program used to manage access profiles within the system
S_TABU_DIS	SAP authorisation profile that enables limiting of access to data
SA38	SAP program used to run other programs
SAP_ALL	Permissions group with full permissions on SAP system
SCC4	SAP program used to manage changes to the SAP client system
SM30	SAP program used to display and update background table data
SM31	SAP program used to display and update background table data
SM38	SAP program to display transaction queues and activity logs
STMS	SAP Transport Management System – the mechanism by which changes are moved from the development -> test -> live environments
SUPPORT	SAP User ID used to access support programs within the system
TAM	Tivoli Access Manager – an authentication and authorisation system used to manage user access into SAP

Taunton Deane Borough Council

Corporate Governance Committee - 10 March 2014

Corporate Anti-Fraud Policy

Report of Head of Revenues and Benefits

(This matter is the responsibility of the Executive Councillor Vivienne Stock-Williams)

Executive Summary

On 9 December 2010 the Corporate Governance Committee approved the formation of a Corporate Anti-Fraud function to lead or advise on any investigations into fraudulent activity within Taunton Deane Borough Council.

The Committee agreed the function should produce and update a Corporate Anti-Fraud Policy and Strategy and to own and lead on the corporate approach to anti-fraud. It was also agreed the new Corporate Anti-Fraud function should be designed into the restructure plans for the Council over the coming months.

While the function and formation of a Corporate Anti-Fraud Team is yet to be designed into the joint structure for Taunton Deane Borough Council and West Somerset Council, it was felt prudent to undertake preliminary work to develop a Corporate Anti-Fraud Policy

The Corporate Governance Committee is invited to comment upon the policy ([Appendix B](#)) and recommend its adoption to Executive.

1. Background

- 1.1. The Revenues and Benefits Service has its own Anti-Fraud and Error Policy and we have corporate policies for Whistleblowing and Anti-Bribery. However, we recognise we need to do more to secure the gateways of fraud, corruption and bribery within the authority and to extend our focus across the entire organisation.
- 1.2. The proposed Corporate Anti-Fraud Policy ([Appendix B](#)) sets out the high level priorities we need to meet to achieve the Council's vision of zero tolerance for fraud, corruption and bribery throughout the authority by creating a strong and effective anti-fraud, anti-corruption and anti-bribery culture.
- 1.3. The policy brings together existing policies on Whistleblowing and Anti-Bribery as well as updating the Revenues and Benefits Service's anti-fraud measures. It also sets out the context and anti-fraud activities in other Council services such as Housing and Procurement as well as plans and protocols to effectively mitigate against fraud within the Council.

2. Corporate Anti-Fraud Policy

- 2.1. In developing the Corporate Fraud Policy attached at [Appendix B](#), we have drawn on good practice provided by the Chartered Institute of Public Finance and Accountancy (CIPFA - the Red Book 2), the Audit Commission (Protecting the Public Purse) as well as the National Fraud Strategy published by the Attorney General's Office.
- 2.2. The Audit Commission's Use of Resources fraud checklist has formed the foundation for the [Corporate Anti-Fraud Action Plan](#). The Action Plan is a "living" document that we will update as and when new guidance, legislation or good practice is available.
- 2.3. The policy will require further development by the new Corporate Anti-Fraud function as the team is recruited and settles into the joint structure for Taunton Deane Borough Council and West Somerset Council.

3. Finance Comments

- 3.1. Taunton Deane Borough Council is facing severe financial pressures and needs to make the most efficient and effective use of its resources. The Anti-Fraud Policy 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.

4. Legal Comments

- 4.1. The legislation concerning matters within the Anti-Fraud Policy is mainly contained in:
 - The Fraud Act 2006
 - Theft Act 1968
 - Bribery Act 2010
 - Local Government Finance Act 1992
 - Regulation of Investigatory Powers Act 2000
 - Social Security Administration Act 1992
 - Police and Criminal Evidence (PACE) Act 1984 and the Criminal Procedure and Investigations Act 1996
 - Prevention of Social Housing Fraud Act 2013
 - The Detection of Fraud and Enforcement (England) Regulations 2013.

5. Links to Corporate Aims

- 5.1. Achieve financial sustainability by protecting the Council's overall financial exposure and risk.
- 5.2. Transform the way we work by creating effective risk management processes that are developed and applied throughout the organisation to ensure good governance and internal control.

6. Environmental and Community Safety Implications

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

7. Equalities

- 7.1. An Equality Impact Assessment (EIA) is attached at [Appendix A](#).

8. Risk Management

- 8.1. There is always a risk that fraud (and error) will occur, but this risk is and will be managed through the controls and policies that TDBC puts into place. Currently fraud referrals are risk-assessed and intelligence-graded in relation to the level of risk involved before being accepted for investigation/rejection. The risk to TDBC in not introducing and implementing an effective anti-fraud strategy would be both reputational and financial.

9. Partnership Implications

- 9.1. Partnership implications have been considered, and there are not expected to be any specific implications relating to this report.

10. Recommendation

- 10.1. The Corporate Governance Committee is invited to comment upon the policy and recommend its adoption to Executive.

Heather Tiso
Head of Revenues & Benefits
DDI: 01823 356541 (Internal Ext: 2245)
h.tiso@tauntondeane.gov.uk

Helen Vile
Overpayments, Investigations & Support Services Team Leader
DDI: 01823 356437 (Internal Ext: 2598)
h.vile@tauntondeane.gov.uk

Equalities Impact Assessment form

What are you completing this impact assessment for? E.g. policy, service area	Corporate Anti-Fraud Policy
Section One – Aims and objectives of the policy /service	
<p>Taunton Deane Borough Council aims to promote a clear, fair and consistent approach to anti-fraud 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-corruption and anti-bribery culture.</p> <p>The Council has produced an anti-fraud policy to support the achievement of these aims. The Council's objective is to produce a definitive anti-fraud policy informed by published best practice. The Policy 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 	
Section two – Groups that the policy or service is targeted at	
<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, benefits, 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 Housing Benefit or Council Tax legislation to those with a specific impairment or disability. 	
Section three – Groups that the policy or service is delivered by	
Taunton Deane Borough Council's Corporate Anti-Fraud Team.	
Section four – Evidence and Data used for assessment	
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.	

Section Five - Conclusions drawn about the impact of service/policy/function on different groups highlighting negative impact or unequal outcomes

The Anti-Fraud Policy aims to prevent, detect and deter Fraud in Taunton Deane Borough. It provides:

Assurance to residents of Taunton Deane Borough 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.

Section six – Examples of best practise

Our policy has been developed taking into consideration advice given by the Chartered Institute of Public Finance and Accountancy, the Audit Commission and the Attorney General's Office

Signed: Manager
completed by

Signed: Group Manager/Director



Corporate Anti-Fraud Policy

Corporate Anti-Fraud Policy

© Taunton Deane Borough Council 2014
The Deane House • Belvedere Road • Taunton • Somerset TA1 1HE
Telephone (01823) 356356 • Fax (01823) 356386

Revision history

Version number	Date	Summary of changes	Author
V0.1	25/10/2013	Initial creation of document	Heather Tiso
V0.1	6/11/2013	Re-drafting	Heather Tiso
V0.2	7/1/2014	Re-drafting	Helen Vile
V1.1	9/1/2014	Final Draft	Heather Tiso
V1.2.	20/1/2014	Corrections	Heather Tiso
V1.3.	24/1/2014	Additions following Legal Team input	Heather Tiso
V1.4.	30/1/2014	Final Policy	Heather Tiso

Approvals

This document has been approved by the following people.

Name	Role
Shirlene Adam	Strategic Director (151 Officer)
Councillor David Reed	Chair: Corporate Governance Committee

Table of Contents

Policy	1
Introduction	1
Aims and Objectives	2
Corporate Anti-Fraud Team	2
National Regional and Local Policy Context	3
Resources	4
Key priorities	4
Culture	4
Awareness and Training	6
Publicity	6
Working in Partnership	6
Prevention	7
Redirected Benefit Mail	7
Deterrence	8
Verification	8
Interventions	8
Data-Matching	9
Detection and Investigation	9
Targeting Specific Groups	10
Intelligence Gathering	10
Appointment of Authorised Officers	10
Use of surveillance	11
Retention of Documents	11
Appendix 1 – Corporate Governance Framework	13
Legislative Requirements and external guidance	13
Corporate Provisions	13
Policies, Protocols, Plans and Procedures	14
Document Review	14

Appendix 2 – Definition of Fraud, Corruption and Bribery	17
Fraud by false representation	17
Fraud by failing to disclose information	17
Fraud by abuse of position	17
What is corruption?	17
Examples of Fraud and Corruption	18
Definition of Bribery	18
Appendix 3 - Corporate Anti-Fraud Action Plan 2014-15	19
Appendix 4 - Corporate Anti-Fraud: Responsibilities	27
Elected Members	27
Corporate Management Team and Lead Officers	27
Managers, Team Leaders and those with supervisory responsibility	28
Individual members of Staff	28
South West Audit Partnership (SWAP)	29
External Audit	29
Contractors, Partners and Other Associated Bodies Responsibilities	29
Collective Responsibilities	30
Document Review	30
Appendix 5 - Code of Conduct for Investigators	31
Introduction	31
Code of Conduct	31
Appendix 6 - Corporate Anti-Fraud Response Protocol	33
Introduction	33
Aims	33
Reporting a Suspected Fraud or Incident of Bribery or Corruption	33
What to do if you suspect fraud, corruption or bribery or may be occurring	34
Preliminary Actions	34
Investigation	34
Prevention of Further Loss	35
Dealing with Employees under suspicion	35
Dealing with Members under suspicion	35
Reporting outcomes	35
Individual Feedback	35
Prosecutions and sanctions	35
Savings/Recovery Action	35
Disciplinary Action	36
Financial Recovery	36
Future Actions	36
Confidentiality	36
Linkage between Criminal and Disciplinary proceedings	36
Links to Prosecution Sanction and Redress Policy	36
Media and Communications	36

Appendix 7 - Prosecution, Sanctions and Redress Protocol	37
Introduction	37
Levels of Authorisation	37
Sanctions	37
Housing Benefit Fraud	39
Local Authority Caution	39
Administrative Penalty	39
Employer Administrative Penalty	41
Prosecution	42
Loss of benefit provisions	43
Council Tax Support Fraud	44
Review and Discontinuance	45
Accepting Guilty Pleas	45
Internal Fraud	45
Redress	46
Civil Penalties	46
Proceeds of Crime	46
Publicity	47
Document Review	47
Appendix 8 - Corporate Anti-Fraud Prevention Protocol	48
Internal Control	48
Staff Recruitment and Propriety and CRB checks	48
Collaboration with Outside Agencies	49
National Fraud Initiative	49
Audit Corporate Fraud, Corruption and Bribery Compliance Checks	49
Document Review	49
Appendix 9 - Corporate Anti-Fraud Communications and Publicity Plan	50
Introduction	50
Aims	50
Communicating with the Media	51
Decision process for the publications of prosecutions	51
External Investigations	51
Internal investigations	51
Consultation	51
Anonymity	51
Communicating with Partners and Stakeholders	51
Communicating with Internal staff	52
Communicating with Elected Members	52
Communicating with the public.	52
Document Review	52

Appendix 10 - Whistleblowing Policy	53
Who can use this policy?	53
What is included in the policy?	53
Safeguards	54
Harassment or Victimisation	54
Confidentiality	54
Anonymity	54
False and Malicious Allegations	54
How to raise a concern	55
If you are a member of the Public	55
If you are an employee of the Council	55
Members of the Public and Employees	55
What you need to include	56
How the Council will respond	56
How the Concern can be taken further	57
The Role of the Monitoring Officer	57
Review of policy	57
Appendix 11 - Anti-Bribery Policy	60
Scope of this policy	60
TDBC's Commitment to Action	60
TDBC's Proportionate Procedures	61
Top level commitment	61
Risk Assessment	61
Due Diligence	61
Communication (including training)	61
Monitoring and review	61
Penalties	61
Bribery is not tolerated	62
Facilitation payments	62
Gifts and hospitality	62
Public contracts and failure to prevent bribery	62
Your responsibility as a member or officer	62
Raising a concern	63
Appendix 12 - Audit Commission Use of Resources fraud checklist	64

Appendix 13 - Tenancy Fraud Policy	66
Introduction	66
What is tenancy fraud?	67
Legislative context	68
Prevention of Social Housing Fraud Act 2013	68
Making false statements to obtain Council housing	68
Eviction	68
Policy Objectives	69
Application for Housing Stage	69
Property Viewings	70
Tenancy Sign up	70
New Tenant Follow Up Visit	71
Reports from the Public	71
Publicity	72
Investigative and proactive measures	72
Supporting Victims of Unlawful Subletting	73
Evidence for circumstances and identity	73
Monitoring and Review	75
Appendix 14 – Right to Buy Policy	76
Introduction	76
Appendix 15 Home Improvement Grants	77
Appendix 16 Procurement (Invoice & Mandate Fraud)	78
Insider Invoice Fraud	78
Supplier Invoicing Fraud:	79
Mandate Fraud:	79
Rogue Publisher Fraud:	80
Control Measures:	80

Policy

Introduction

This Corporate Anti-Fraud Policy sets out the high level priorities that must be met to achieve the Council's vision of zero tolerance for fraud, corruption and bribery throughout the authority by creating a strong and effective anti-fraud, anti-corruption and anti-bribery culture.

The borough of Taunton Deane is mainly rural with a Population of 110,000. The borough covers 462 sq. km extending from the Somerset Levels along the River Tone, with the Quantock hills to the north and the Blackdown hills to the South. The main centres of population are Taunton (66,000) and Wellington (13,000). The borough also has major rural centres at Wiveliscombe and Bishops Lydeard and a number of minor rural centres and smaller villages. We have one neighbourhood in the most deprived 5% in the country and a further three in the most deprived 10% in the country. Although issues of deprivation are experienced across the Deane, these are concentrated in North Taunton, Taunton East and parts of Wellington.

With the responsibility for delivering services and benefits, Taunton Deane Borough 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, corruption and bribery whether these are attempted internally or externally against the Council as an organisation or by individuals. This commitment is realised through this Corporate Anti-Fraud Policy. The Policy establishes the Council's aims and objectives and sets out a cohesive framework for effectively managing the risks associated with employees, Members and third parties.

Taunton Deane Borough 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, corruption and bribery. This environment will support and reinforce the Council's vision for fraud, corruption and bribery to be minimised throughout the authority, and linked third parties, by creating a strong and effective anti-fraud, anti-corruption and anti-bribery culture.

Consequently, this Policy must be read in conjunction with the Corporate Governance Framework that details policies, protocols and procedures to protect the Council against fraud, corruption and bribery to demonstrate the importance of Taunton Deane Borough Council's commitment to good overall governance. These are set out in [Appendix 1](#).

Fraud, Corruption and Bribery are defined for the purposes of this Policy by the Fraud Act 2006 and the Bribery Act 2010 definitions are included in [Appendix 2](#). This will be updated by any future statute or guidance.

Aims and Objectives

The Council aims to address, and where appropriate investigate, all incidents of fraud, corruption and bribery in a structured and prioritised way as set out in this Policy in all areas of the organisation and the services it provides or manages to support the corporate objective of :-

Zero tolerance for fraud, corruption and bribery 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.

To deliver these aims the Council will, through this Policy and related policies, protocols, procedures seek to:

- a) Reduce and minimise fraud, corruption and bribery and contingent losses in all areas of the Council
- b) Promote good Governance in all areas of the Council
- c) Apply designated resources to meet genuine service needs by filtering out fraud, corruption and bribery and applying risk proportionate resource allocation.
- d) Help maintain the principles of the Council's Medium Term Financial Strategy by deterring fraud, corruption and bribery and minimising irrecoverable losses
- e) Promote fraud awareness
- f) Promote public confidence, engage with stakeholders, members and employees to report crime and to minimise the reputational risk to the Council from adverse publicity
- g) Pursue zero tolerance of fraud, corruption and bribery and apply appropriate sanctions, ranging from criminal prosecutions and civil hearings to disciplinary action, to all who commit acts of fraud, corruption or bribery against the Council.

Corporate Anti-Fraud Team

The Council has agreed to set up a dedicated Corporate Anti-Fraud Team.

Officers in this team will be accredited Counter Fraud Officers through the national Professionalism in Security qualifications (Foundation and Advanced) or equivalent.

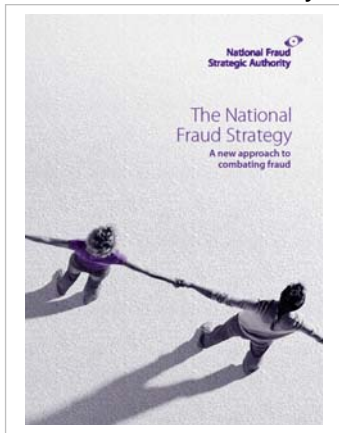
As Authorised Officers they will use investigative powers under the Social Security Administration Act (SSAA) 1992 and the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013

The Team will undertake pro-active initiatives designed to make use of data already held to ensure good quality evidence, and expedient investigations, for example:

- Council house purchases under the right to buy scheme
- Landlord/tenant collusion
- Matching claim data to data already held by the authority

National Regional and Local Policy Context

In March 2009 the Attorney General's Office published the UK's first National Fraud Strategy.



(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118480/national-fraud-strategy.pdf)

This is a key element in the Government's response to National fraud levels; it highlights the importance of opportunities for action and co-operation across the public and voluntary sectors in order to effectively combat fraud. It demonstrates the commitment given by the government to tackle fraud in various organisations.

The 2009 good practice guidance produced by the Chartered Institute of Public Finance and Accountancy (the Red Book 2) and the Audit Commission (Protecting the Public Purse) draw attention to the importance of partnership working and show up areas of potential fraud.



<http://www.cipfa.org/services/networks/better-governance-forum/counter-fraud/fighting-fraud-locally>



<http://www.audit-commission.gov.uk/wp-content/uploads/2012/11/20121107-ppp2012.pdf>

Working together and improving effective relationships with other organisations and using the publications above, as well as the Audit Commission's Use of Resources fraud checklist ([Appendix 12](#)) will form the foundation for the Corporate Anti-Fraud Action Plan ([Appendix 3](#)). The Action Plan will be a "living" document that we will update as and when new guidance, legislation or good practice is available.

The Council recognises it needs to do more to secure the gateways of fraud, corruption and bribery within the authority and to extend its focus across the entire organisation. These areas for improvement are set out and prioritised in the Corporate Anti-Fraud Action Plan ([Appendix 3](#)).

This Corporate Anti-Fraud Policy links to Taunton Deane Borough Council's Corporate plan in the aims of ensuring the Council is well managed and provides value for money, uses data more intelligently, and continually appraises what it does and how it does it and delivers services to the highest affordable standards.

Resources

During 2013/14 the Council plans to spend £83m in the delivery of its services. In addition the Council is seeking to secure income through grants, fees and charges of £69m (exclusive of Council Tax) to help fund expenditure. The total value of transactions that may therefore be subject to some form of fraudulent activity is £152m.

In addition the Council is responsible for the collection of local taxation through the administration of both Council Tax and National Non Domestic Rates that in total equates to a further £94m passing through the Council's financial processes. The Council is also responsible for the administration and payment of Housing Benefit of £32m

To meet the challenge of a "Zero" tolerance to fraud and corruption on the above value of £278m of financial transactions, the Council has agreed to set up a dedicated Corporate Anti-Fraud Team. The work of the Corporate Anti-Fraud Team will be supplemented by the Internal Audit function through SWAP to review the effectiveness of the Council's corporate governance framework and internal controls. This is further supplemented by CMT and Lead Officers ensuring sufficient staffing resources are efficiently deployed to comply with the governance and internal control frameworks.

The Chief Executive will appoint fraud officers as inspectors who have powers of entry and inspection under relevant legislation. Inspectors will exercise these powers with due diligence. Any abuse of inspectors' powers will result in revocation and may lead to disciplinary action.

Key priorities

The Council's priority for Corporate Anti-Fraud is to link the Action Plan with the key elements of this Policy and related anti-fraud, anti-corruption and anti-bribery procedures, codes and guidance to deliver the [aims and objectives](#) detailed earlier. Key elements to achieve priorities are summarised below and detailed in Appendices.

Culture

The Council's Governance Framework ([Appendix 1](#)) sets the culture and tone of the organisation in supporting openness, honesty and intolerance of fraud, corruption and bribery. The elements in the Governance Framework exist to protect the Council against fraud and loss. It is a priority to ensure these support and enhance the Council's anti-fraud, anti-corruption and anti-bribery culture.

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](#)).

CMT and Lead Officers must ensure the risks of fraud, corruption and bribery are effectively managed at strategic and operational levels with competent and trained staff working with systems that incorporate effective anti-fraud, anti-corruption and anti-bribery 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 4](#).

The risks of fraud, corruption and bribery 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. These requirements are detailed in the Corporate Anti-Fraud Prevention Protocol ([Appendix 8](#))

Arrangements will be put into place to measure the extent to which a corporate anti-fraud, anti-corruption and anti-bribery culture exists and is developing throughout the organisation, e.g. through a staff survey. The Corporate Anti-Fraud Team will measure not only anti-fraud, anti-corruption and anti-bribery activity e.g. attempts, referrals, investigations, sanctions, but will also measure outcomes. All staff will be advised on the actions to take if they suspect fraud, or corruption or bribery. These are detailed in the Corporate Anti-Fraud Response Protocol ([Appendix 6](#)). Appropriate sanctions must be taken if fraud, corruption or bribery is detected and where possible losses must be minimised. These are set out in the Prosecutions, Sanctions and Redress Policy ([Appendix 7](#)).

Awareness and Training

The success of this policy and its general credibility will depend on the effectiveness of programmed 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 risk areas will receive annual 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 Corporate Anti-Fraud Team 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. Activities will be governed by a Code of Conduct ([Appendix 5](#)).

Publicity

The Corporate Anti-Fraud Team's Communication and Publicity Plan ([Appendix 9](#)) will include measures to highlight both internally and externally the effectiveness of the Council's anti-fraud, anti-corruption and anti-bribery arrangements by reporting on items such as potential and actual financial savings, sanctions achieved, and case outcomes.

Working in Partnership

Taunton Deane Borough Council works with other agencies to support their anti-fraud activities. These agencies include:

- Local Authorities Investigation Officers Group (LAIOG)
- National Anti-Fraud Network (NAFN)
- The Department for Works and Pensions (DWP)
- Other Local Authorities and County Councils
- 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. This agreement sets out the principles for effective partnership working between the DWP Fraud Investigation Team and Investigation Officers for Taunton Deane Borough 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 TDBC

interest. It sets out the reasons we should work together and what we are jointly trying to achieve in doing so.

Prevention

Within the Council's [Constitutional](#) arrangements and Corporate Governance Framework there are a number of key roles and measures to assist with the prevention of fraud, corruption and bribery. The responsibilities of employees, management and members are detailed in [Appendix 4](#), but other measures are set out in the Corporate Anti-Fraud Action Plan ([Appendix 3](#)) and include, for example, the Corporate Anti-Fraud Team working with the South West Audit Partnership (SWAP) to conduct routine or ad hoc compliance audits or checks to ensure adequate measures have been built in to systems and processes, highlighting potential risks and recommending preventative or mitigation guidance or solutions.

Counter fraud resources will be allocated on a risk basis and directed to areas with the greatest potential benefit to the Council. Other methods of prevention such as propriety checking are detailed in the Corporate Anti-Fraud Prevention Protocol ([Appendix 8](#)). The following details specific activities undertaken in preventing fraud:

- Compliance with the good practice set down in the Department for Work & 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 Support 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, Newsletters, articles in the Deane Dispatch and the annual booklet accompanying Council Tax and NNDR bills;
- 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;
- Suitable training in Fraud Awareness for all relevant staff
- Our ability and willingness to respond to recommendations on good practice by the Audit Commission, the South West Audit Partnership (SWAP) and our own evaluation to improve performance;
- Using integrated Document Management in the Revenues and Benefits Service to electronically store all documents we receive and enable instant viewing access. This reduces 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

Redirected Benefit Mail

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.

Deterrence

There are a number of ways to deter fraud, corruption and bribery. The Council will use the Corporate Anti-Fraud Communications and Publicity Plan ([Appendix 9](#)) to encourage a zero tolerance culture in the Council. We will publicise positive outcomes of taking action against fraud, corruption or bribery through the Prosecution, Sanctions and Redress Policy ([Appendix 7](#)) to send a clear message the Council is committed to reducing fraud and error and corruption and bribery (see [Publicity](#)). Proactive work to contribute towards deterrence is outlined in the Corporate Anti-Fraud Action Plan ([Appendix 3](#)).

The following are some of the anti-fraud measures taken to prevent, detect and deter fraud in Taunton Deane Borough Council:

Verification

We will carry out robust verification on all claims for Housing Benefit, Council Tax Support, 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 a benefit, a discount, a grant or Housing.

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.

Housing staff will retain a photograph of all tenants on file. These will be updated at intervals so they remain current.

All application forms will be written in plain English 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.

Data-Matching

Taunton Deane Borough 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

Detection and Investigation

The Council takes ultimate responsibility for the protection of its public purse but in turn it is the responsibility of CMT and Lead Officers to protect their service area from losses and prevent and detect fraud, corruption and bribery. 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 are to be put in place to ensure that loss is minimal and there is a definitive process to refer discrepancies for investigation and monitoring. Such referral processes will be well publicised, user friendly and accessible. The referral process is detailed in the Whistle-blowing Policy ([Appendix 10](#)).

There are many activities and procedural arrangements we have to maximise detection of fraud and error. For example:

- The existence of a dedicated Corporate Anti-Fraud Team
- Adherence to the good practice detailed in the DWP's Verification Framework;
- Participation in the National Benefits Fraud Hotline Service;
- Operating the mail "Do Not Redirect Scheme" - the Post Office also tells us the address the mail would have been redirected to;
- Closer working initiatives with Department for Work and Pensions (DWP) colleagues;
- A robust fraud referral and risk assessment;
- Participation in Data Matching;
- Providing relevant training and feedback to promote awareness and understanding of fraud and error issues and to keep all appropriate officers abreast of legislative changes;
- Membership and participation in the Local Authority Investigation Officers Group and the National Anti-Fraud Network (NAFN);
- Using all relevant and legal opportunities available to us to gather evidence and information;
- Our wish to improve performance by responding to good practice recommendations by the Audit Commission, SWAP and our own evaluation.

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

Taunton Deane Borough 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.

The Revenues and Benefits Service subscribes to the Local Authority Investigation Officers Group (LAIOG). LAIOG hold regular meetings updating officers on legislation and other relevant information. Officers are allowed to get and add information to the LAIOG website.

We also subscribe to the Experian product “Investigator On-Line” and will use this product to gather information in the support of our investigations.

Appointment of Authorised Officers

Legislation allows the Council to appoint existing employees as “Authorised Officers”. An Authorised Officer is able to enter premises (such as the claimant’s place of work) to enquire and examine records about any person believed to be a Housing Benefit claimant or after a test of reasonableness, a person who could supply information about the investigation, for example partners of claimants or employers. The Council can prosecute the company or any third-party who has relevant information but refuses to co-operate with such an investigation. The Council has appointed Authorised Officers who have the same power to enter business premises as the DWP.

The power to enter premises in respect of a Council Tax Reduction scheme offence does not exist. However, if this information is obtained for a Housing Benefit Investigation then the information can be used in an investigation into a Council Tax Support claim.

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 Taunton Deane Borough Council's RIPA Policy & 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 or by the Audit Commission.

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

Retention of Documents

Taunton Deane Borough Council will retain evidence and documentation for investigations in accordance with legislation, policy, best practice and internal procedures.

Document Review

This Policy and the Governance Framework will require regular review to ensure that elements are kept up to date. Review will take place at least on annual basis. Minor technical, procedural or legislative amendments will be agreed between the Manager for the Corporate Anti-Fraud Team, the relevant Assistant Director and the relevant Portfolio Holder.

Appendices

<u>Appendix 1</u>	<u>Corporate Governance Framework</u>
<u>Appendix 2</u>	<u>Definition of Fraud, Corruption and Bribery</u>
<u>Appendix 3</u>	<u>Corporate Anti-Fraud and Corruption Action Plan</u>
<u>Appendix 4</u>	<u>Corporate Anti-Fraud and Corruption Responsibilities</u>
<u>Appendix 5</u>	<u>Investigators Code of Conduct</u>
<u>Appendix 6</u>	<u>Corporate Anti-Fraud and Corruption Response Protocol</u>
<u>Appendix 7</u>	<u>Prosecutions Sanctions and Redress Protocol</u>
<u>Appendix 8</u>	<u>Corporate Anti-Fraud Corruption Prevention Protocol</u>
<u>Appendix 9</u>	<u>Corporate Anti-Fraud and Corruption Communications and Publicity Plan</u>
<u>Appendix 10</u>	<u>Whistle-blowing Policy</u>
<u>Appendix 11</u>	<u>Anti-Bribery Policy</u>

[Appendix 12](#) [Audit Commission Checklist](#)
[Appendix 13](#) [Tenancy Fraud Policy](#)

Appendix 1 – Corporate Governance Framework

The Council has a statutory responsibility under section 151 of the Local Government Act 1972 to ensure the proper administration of its financial affairs and under sections 4 and 5 of the Local Government and Housing Act 1989 has a duty to ensure the Council has appropriate support to deliver its services and to deliver them lawfully and ethically.

As part of that responsibility the Corporate Anti-Fraud Policy demonstrates Taunton Deane Borough Council's commitment to implement a robust anti-fraud approach to protect public funds. This document lists the other documents or mechanisms adopted by the Council to deliver that commitment.

Legislative Requirements and external guidance

- [Prevention of Social Housing Fraud Act 2013](#)
- [Bribery Act 2010](#)
- CRB Codes of Practice
- Data Protection and Data Quality Policy and Procedures
- [Equality Act 2010](#)
- Human Rights Act & European Convention on Human Rights
- Independent External Inspection and Audit
- [Investigator's Code of Conduct](#)
- National Fraud Initiative and other Data Matching
- Police and Criminal Evidence Act/Codes of Practice
- Governance and Scrutiny Committees
- [Criminal Procedures and Investigation Act 1996](#)
- CIPFA Red Book 2 "Managing the risk of Fraud"

Corporate Provisions

The Council's [Constitution](#) - containing rules and procedures to address how decisions will be taken, the limitations in place on doing so for different parts of the organisation as well as Codes of Conduct and Procedure Rules including (but not exclusively limited to) –

- The delegation of functions to Members and Officers
- Rules of Procedure for Full Council, the Executive, Scrutiny Committees, Corporate Governance Committee and other Committees and Sub-Committees
- Financial Procedure Rules
- Contract Procedure Rules
- Employee Standard and Code of Conduct
- Appointment of staff

Policies, Protocols, Plans and Procedures including-

- Anti-Money Laundering Policy
- Complaints Procedures
- Corporate Anti-Fraud Policy
- Corporate Debt Recovery Policy
- [Tenancy Fraud Policy](#)
- Disciplinary Procedures
- Recruitment and Selection Procedures
- IT Security Policy
- Partnership working and Contract Procedures
- [Prosecution and Sanction Policy](#)
- Register of Interests gifts and hospitality for both Members and Officers
- Regulation of Investigatory Powers Policy
- Internal Control Frameworks
- [Whistle-blowing Policy](#)

Structures to facilitate the application of the above include-

- Anti-Fraud Hotline
- Corporate Anti-Fraud Team
- Corporate Induction
- Royal Mail Do Not Redirect Service
- Single Person Discount Review
- Service Induction
- Training programmes for Members and Officers

Document Review

This document will be reviewed at least annually and amendments will be agreed between the Manager for the Corporate Anti-Fraud Team, the relevant Assistant Director and the relevant Portfolio Holder.

Appendix 2 – Definition of Fraud, Corruption and Bribery

The Fraud Act 2006 came into force on the 15 January 2007. This 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

Fraud by 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.

Fraud by 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.

Fraud by 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 replaces 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.

What is corruption?

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

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).

Examples of Fraud and Corruption

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

Other legislation can be used in the prosecution of offences against the Council such as the Social Security Administration Act. These offences are not listed here, but it should be noted that there are a number criminal offences other than those of the Fraud Act 2006 and civil proceedings may also be considered in some circumstances. These offences may stand alone or work in conjunction with other offences considered for fraudulent matters.

Definition of 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 (http://www.opsi.gov.uk/acts/acts/2010/ukpga_20100023_en_1) 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, Taunton Deane Borough Council is considered to be a commercial organisation

Appendix 3 - Corporate Anti-Fraud Action Plan 2014-15

References: A = TDBC Anti-Fraud action

B = Audit Commission - Use of Resources fraud 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 & corruption.	n/a	Complete
B2	Do we have the right approach, and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with Fighting Fraud Locally?	Complete	This is clearly stated in the Corporate Anti-Fraud & Corruption Policy documents. The Government's "Fighting Fraud Locally" strategy document has been updated for 2012. Relevant policies and strategies reflect this latest publication, but will be updated to consider new versions.	Corporate Anti-Fraud Team Manager	Complete
B3 B4	Do we have dedicated counter-fraud staff? Do counter-fraud staff review all the work of our organisation?	Complete	The Council has approved the creation of a Corporate Anti-Fraud Team that consists of 6 dedicated counter-fraud staff who will review all the work of TDBC. 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.	Strategic Director (151 Officer)	Complete

Ref	Action	Status	Comments	Officer	Target date
General					
A1	Clear, Practical and Accessible Policies and Procedures to be in place.	In progress	Work will be undertaken to review and update relevant policies to take account of anti-fraud legislation	Corporate Anti-Fraud Team Manager	Throughout 2014-15
B5	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 Corporate Governance Committee. The SWAP Plan shows planned work. Annual Reports from Audit as well as the Corporate Anti-Fraud Team Report show outcomes.	Group Auditor for SWAP Corporate Anti-Fraud Team Manager	Complete
B6	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" • Audit Commission checklist 	Corporate Anti-Fraud Team Manager	Complete
A2	Continue to promote the Anti-Fraud and Corruption Strategy, the revised Anti-Fraud and Corruption Policy, and other work to staff / public / Partners	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. 	Corporate Anti-Fraud Team Manager	Throughout 2014-15
B7	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? 				

Ref	Action	Status	Comments	Officer	Target date
General					
B8	Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	Complete	<p>Corporate Anti-Fraud Team Manager attends South West regional fraud groups where issues are discussed.</p> <p>Corporate Anti-Fraud Manager and SWAP receive electronic bulletins from various sources e.g. National Anti-Fraud Network (NAFN), and the Audit Commission's National Fraud Initiative (NFI).</p> <p>Regular pro-active fraud intelligence gathering from various sources exist e.g. CIPFA.</p> <p>Corporate Anti-Fraud staff regularly attend specialist fraud seminars.</p>	Group Auditor for SWAP Corporate Anti-Fraud Team Manager	Complete
B9	Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters	Complete	<p>Corporate Anti-Fraud Team share knowledge and data (where allowed) through the South West regional fraud group and the DWP.</p> <p>The Council participates in the NFI.</p>	Group Auditor for SWAP Corporate Anti-Fraud Team Manager	Complete
B11	Do we maximise the benefit of our participation in the Audit Commission 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.	Group Auditor for SWAP Corporate Anti-Fraud Team	On-going

				Manager	
Ref	Action	Status	Comments	Officer	Target date
General					
B10	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 (151 Officer) Group Auditor for SWAP	Complete
B12	Do we have arrangements in place that encourage staff to raise their concerns about money laundering?	Complete	Staff received briefing on Money Laundering	Strategic Director (151 Officer)	Complete
B13 A3	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? 	In progress	The Whistle-blowing policy requires review by the Monitoring Officer and is shown on the Council's Intranet	Monitoring Officer	30 June 2014
B14	Do we have effective fidelity insurance arrangements?	Complete	All staff are covered to a value in line with other comparable Local Authorities.	Strategic Director (151 Officer)	Complete
B15	Have we reassessed our fraud risks since the change in the financial climate?	Complete	Risks have been reassessed to provide an updated action plan. The counter-fraud action plan is kept under constant review and reported to the Corporate Governance Committee. Recruitment required to bring newly	Group Auditor for SWAP	Complete
B16	Have we amended our counter-fraud plan as a result?			Corporate Anti-Fraud Team	
B17	Have we reallocated staff as a result?			Manager	

			created Corporate Anti-Fraud Team up to full staffing complement		
Ref	Action	Status	Comments	Officer	Target date
General					
A4	<p>Ensure the Corporate Governance Committee and Strategic Director (151 Officer) endorse the revised Anti-Fraud & Corruption Policy.</p> <p>Top level commitment - establishing a culture across the organisation in which fraud, corruption and bribery are unacceptable. Making the message clear and regularly referring to it with staff and partners.</p> <p>A senior officer within the organisation should take the overall responsibility for developing and implementing the programme</p>	Complete	Report presented to the Corporate Governance Committee in March 2014 on revised policy	Corporate Anti-Fraud Team Manager	31 March 2014
A5	Produce an annual staff newsletter highlighting the outcome of fraud work.	In progress	A Newsletter will be produced for distribution to all TDBC staff and Members	Corporate Anti-Fraud Team Manager	30 September 2014
A6	SWAP to produce managers' briefings following fraud investigations to highlight risks and control measures	On-going	Briefings will be issued to highlight risks and control measures	Group Auditor for SWAP	On-going
A7	Refresh the anti-fraud training for Members and Officers	In progress	Corporate Anti-Fraud Team will provide training during 2014-15	Corporate Anti-Fraud Team Manager	Throughout 2014-15

Ref	Action	Status	Comments	Officer	Target date
Housing Tenancy					
B18	Do we take effective action to ensure that social housing is allocated only to those who are eligible?	On-going	The Council reviews the relevant NFI matches in this area. Cases are investigated by Corporate Anti-Fraud Team.	Group Auditor for SWAP Corporate Anti-Fraud Team Manager	On-going
B19	Do we ensure that social housing is occupied by those who are allocated properties?				
Procurement					
B20	Are we satisfied our procurement controls are working as intended?				
B21	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?				
Recruitment					
B22	Are we satisfied our recruitment procedures achieve the following: <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; andDo they ensure agencies supplying us with staff undertake the checks that we require?	Complete	Robust procedures are now in place and have recently been audited. The NFI matches concerning eligibility to work in the UK are always reviewed.	Human Resources Manager	Complete

Ref	Action	Status	Comments	Officer	Target date
Council Tax					
B25	Are we effectively controlling the discounts and allowances we give to council tax payers?	Complete	<p>The Revenues and Benefits Service carries out an annual review of all discounts and allowance in the following areas:</p> <ul style="list-style-type: none"> • Single Person Discount • Disabled Banding <p>In addition, regular checks are undertaken to ensure continued entitlement to exemptions</p>	Head of Revenues and Benefits	Continuous
Housing and Council Tax Benefit					
B26	<p>When we tackle housing and council tax benefit fraud do we make full use of:</p> <ul style="list-style-type: none"> • The National Fraud Initiative [NFI]; • Department for Work and Pensions; • Housing Benefit Matching Service; • Internal data matching; and • Private sector data matching? 	Complete	<p>We fully utilise the NFI and make full use of the Housing Benefit Matching Service.</p> <p>Data matching is also carried out in the following areas:</p> <ul style="list-style-type: none"> • Council Tax Discounts • Council Tax Support Claims • Housing tenancies. 	Head of Revenues and Benefits	Continuous
Emerging Fraud Risks					
B27	<p>Do we have appropriate and proportionate defences against emerging fraud risks:</p> <ul style="list-style-type: none"> • Business rates; • Local Council Tax Support; • Right to Buy; and • Grants? 	Complete	<p>The Revenues and Benefits Service carries out an annual review of all Business Rate discounts.</p> <p>In addition, regular checks are undertaken to ensure continued</p>	<p>Head of Revenues and Benefits</p> <p>Housing Service</p>	Continuous

			entitlement	Manager	
--	--	--	-------------	---------	--

Appendix 4 - Corporate Anti-Fraud: Responsibilities

Fraud, corruption and bribery are an ever present threat to Taunton Deane Borough Council's resources and therefore must be a concern to all staff and members. Whilst the Corporate Anti-Fraud team undertake the prevention, detection and investigation of fraud, corruption and bribery, everyone in the Council has a responsibility and role to help prevent fraud, corruption and bribery. 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. Corporate Anti-fraud Awareness Training will be available to Members to give them a greater awareness of fraud bribery and corruption. This training will incorporate training related to 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, corruption or bribery 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 Councils [Constitution](#)

Corporate Management Team and Lead Officers

Officers in the Corporate Management Team and those who are Lead Officers are responsible for:

- Providing firm leadership
- Setting standards by their own behaviour
- Operating within the Councils [Constitution](#)
- Ensure compliance with corporate policy, procedures and internal control frameworks.
- Promoting awareness of the Corporate Anti-Fraud Policy 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 are available to take appropriate legal action where necessary.

- Embedding and supporting an anti-fraud, anti-bribery 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, corruption or bribery 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, corruption and bribery
- Ensuring that internal controls and risk management provisions are followed to minimise fraud, corruption and bribery.
- Reporting any suspicions or allegations of fraud, corruption or bribery against the Council as detailed in the [Whistle-blowing Policy](#).
- Fully co-operating with any investigation undertaken by or under the direction of the Chief Executive, Deputy Chief Executive, a Head of Service, Internal or External Audit, and the Police.
- 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.

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 etc.
- 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, corruption or bribery 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 Department, they must ensure the benefit paid is based on their true circumstances and any relevant changes in their circumstances are reported promptly.

Audit Responsibilities

It is not the responsibility of Internal and External Auditors to prevent fraud and error or to detect fraud, corruption and bribery.

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, corruption and bribery when examining and evaluating the effectiveness of controls that may assist in deterring and preventing fraud, corruption and bribery as well as identifying financial irregularity.

Other responsibilities of SWAP on the anti-fraud, anti-corruption and anti-bribery 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, corruption and bribery;
- 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 Internal Audit, External Audit and the Corporate Anti-Fraud Team are complementary.

External Audit

The role of External Audit is not to detect fraud, corruption and bribery. 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.

Contractors, Partners and Other Associated Bodies Responsibilities

Contractors, partners and others working with the Council are expected to maintain strong anti-fraud, anti-corruption and anti-bribery principles and to have in place adequate anti-fraud, anti-corruption and anti-bribery 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.

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

Document Review

This document will be reviewed at least annually and amendments will be agreed between the Manager for the Corporate Anti-Fraud Team, the relevant Assistant Director and the relevant Portfolio Holder.

Appendix 5 - Code of Conduct for Investigators

Introduction

This code is a guide to investigating staff on their conduct, responsibilities and duties. The Code does not restrict the Investigator's discretion, but aims to define the conduct on which their discretion should be exercised. It also applies to Investigators when not at work (where their actions may reflect on their professionalism regarding their employment).

Code of Conduct

The Officer will act in accordance with Taunton Deane Borough Council's Corporate Code of Conduct as set out in the Staff Handbook.

1. The Officer must be aware he or she is an employee of the Council and act as a direct representative of the Council.
2. The Officer will perform the duties and undertake the responsibilities as specified in the Person Specification and Job Description of the relevant post in a professional and responsible manner. Duties must be performed with no prejudices and in a manner showing courtesy to all concerned.
3. When carrying out duties the Officer must act lawfully at all times. The Officer must show regard and compliance to relevant legislation governing investigative work such as:
 - Human Rights Act 1998
 - Police and Criminal Evidence Act 1984
 - Criminal Procedures and Investigations Act 1996
 - Regulation of Investigatory Powers Act 2000
 - RIPA [Communications Data] Order 2003
 - Data Protection Act 1998
 - Social Security Administration Act 1992
 - Social Security Fraud Act 2001
 - Race Relations Act 1976 and the Race Relations (Amendment) Act 2000
 - Fraud Act 2006
 - Criminal Justice Act 1967 (and subsequent amendments)
 - Identity Card Act 2006
 - Theft Act 1968
4. The Officer must show regard and compliance to the associated Codes of Practice, procedures and regulatory guidance. Particular regard will be shown to the provisions of the code of conduct set out in the Criminal Procedures & Investigation Act (CPIA) 1996.
5. The Officer will maintain separate fraud files for all investigations. They will keep any records that are needed for the purposes of disclosure under any of the legislation detailed at point 3.
6. The Officer must demonstrate complete impartiality in their dealings with colleagues and the general public and never condone nor engage in, directly or indirectly, any form of harassment, victimisation or discrimination.

7. The Officer must use any designated powers in accordance with their intended use and must not abuse those powers or use them for anything but their prescribed use.
8. The Officer must perform duties in line with the Corporate Anti-Fraud and Corruption Policy and all associated Corporate Anti-Fraud and Corruption related protocols, policies and plans.
9. The Officer must declare any membership of any club or society to the line manager.
10. The Officer must also report any interest that may cause conflict with the procedures or decision making. An “interest” is defined as a legal interest in any property involved in the alleged fraud, or a personal relationship with any persons involved in an alleged fraud.
11. The Officer must inform the Manager for the Corporate Anti-Fraud Team immediately of any summons, charge, criminal convictions or anything else which may compromise their ability to carry out investigations.
12. The Officer will carry out the duties within the standard working hours unless otherwise arranged.
13. The Officer must have due regard for their own health and safety and that of others in the course of business. The Officer will not be expected to take any action which may cause harm of a physical or mental condition to themselves or others.
14. The Officer will take all necessary precautions and follow the Council’s Lone Worker Procedure and the Health and Safety Policy to ensure safety when working alone and out of hours.
15. The Officer will exercise particular care when making visits on their own in the following circumstances and seek appropriate advice from a senior officer if necessary:
 - Visits to persons living alone
 - Visits after dark
 - Visits to hostels or accommodation providing ‘Care in the Community’
 - Visits to young persons
16. The Officer must be aware of the potential for violence from persons under investigation and should not place themselves in a situation where there is a risk of attack. The Officer must always check Taunton Deane’s Customer Liaison list before an interview. The Officer must not carry out unaccompanied visits or interviews with known potentially violent persons.
17. The Officer must dress in a manner suitable to the nature of the duties.
18. The Officer will be expected to maintain a high level of knowledge of relevant legislation and procedures to enable the duties to be performed at the required standard.
19. The Officer must maintain accurate records of all visits, interviews and telephone calls in an approved format. QB50 notebooks must be kept securely.
20. The Officer must show their ID card before entering a person’s home. If asked to leave, they must do so immediately.
21. An Officer in breach of any of the above rules may be subject to Taunton Deane Borough Council’s disciplinary procedures.

Appendix 6 - Corporate Anti-Fraud Response Protocol

Introduction

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

The Protocol:

- details the processes for responding to any incidents of suspected fraud, corruption or bribery
- 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 Response Protocol supports the aims, objectives and key priorities of the Corporate Anti-Fraud Policy. The Response Protocol 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 Corporate Anti-Fraud Team, relevant Lead Officers and officers in Taunton Deane Borough 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, corruption and bribery ([Appendix 2](#)) and the [Whistle-blowing Policy](#) that are clearly linked with this Response Protocol.

If a person has any suspicions that fraud, corruption or bribery is taking or has taken place, the first step is to formally raise this as a concern. The [Whistle-blowing Policy](#) explains the process. Allegations of fraud, corruption or bribery can be reported to the Corporate Anti-Fraud Team. 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 via internal mail, email, in person or over the phone, all directly to the Corporate Anti-Fraud Team. Other issues may require investigation by Audit or the Police. If it is considered to be inappropriate to refer a concern to Corporate Anti-Fraud Team then a referral can be made to either the Manager for the Corporate Anti-Fraud Team or the Council's Monitoring Officer.

What to do if you suspect fraud, corruption or bribery or 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.

All referrals passed to the Corporate Anti-Fraud Team are looked at within 5 days of receiving the allegation. On receipt of the referral, the team will sift the referral to determine the value and priority level of the information received.

Preliminary Actions

Following the sift process some cases may be rejected due to lack of information or lack of a clear allegation on which to base an investigation. Preliminary checks are done on all cases after they have been sifted. 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. 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 Corporate Anti-Fraud Team or the Council's Monitoring Officer.

Investigation

1. The Corporate Anti-Fraud Investigation Officers determine which cases are to be allocated for investigation and which cases require a more discrete approach. Where a referral has been made to the Council's Monitoring Officer they will decide whether to refer the case back to the Corporate Anti-Fraud Team or to follow point 3.
2. The Corporate Anti-Fraud Team will discuss cases and allocate them for investigation on a weekly basis. The allocation is made by collective decision to avoid conflicts of interest and/or prejudice.
3. Where a case is inappropriate for team allocation, cases will be investigated by a nominated Investigation Officer or the SWAP Auditors who will feed back their findings to the Council's Monitoring Officer.
4. 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 usually be made by the individual investigator 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.
5. The investigation will utilise various investigation techniques and intelligence sources available to the Corporate Anti-Fraud Team. 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.
6. Any complaints about the Investigation should be dealt with via the Council's grievance procedure

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, corruption or bribery.

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, corruption or bribery 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 Corporate Anti-Fraud Team 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, corruption or bribery 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 relevant Assistant Director (for Corporate Anti-Fraud), monthly to the Section 151 Officer and Portfolio Holder and Quarterly to the Department for Work and Pensions. All staff and members will receive information on prosecutions and sanctions through a quarterly newsletter.

Savings/Recovery Action - will be measured and reported on quarterly to the Head of Finance, the Section 151 Officer and the relevant Portfolio Holder

Disciplinary Action - will be monitored and reported on by the Head of Personnel and Support Services.

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 Corporate Anti-Fraud Team will, where appropriate, produce a report for the relevant Lead Officer for a Service to identify areas of weakness that allowed the fraud to take place and what future actions may prevent a recurrence.

Confidentiality

See the [Whistle-blowing Policy](#). 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 Policy

All cases will be measured against the criteria laid out in the [Prosecution, Sanction and Redress Policy \(Appendix 7\)](#). The decision on the appropriate sanction following an investigation will be made in line with that Policy.

Media and Communications

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

Document Review

This document will be reviewed at least annually and amendments will be agreed between the Manager for the Corporate Anti-Fraud Team, the relevant Assistant Director and the relevant Portfolio Holder.

Appendix 7 - Prosecution, Sanctions and Redress Protocol

Introduction

The Council's Corporate Anti-Fraud Policy requires that if fraud, corruption or bribery is detected an appropriate sanction is taken and loss is minimised. This measure supports an anti-fraud, anti-corruption and anti-bribery 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 approved by the Manager for the Corporate Anti-Fraud Team. This includes cases where a caution or administrative penalty has been refused.
2. Any decision to administer a Caution, Administrative Penalty or Prosecution related to a fraud against Housing Benefit, Council Tax Support, or fraud related to a Council Tax or Business Rate Discount or Exemption, must be approved by the Head of Revenues and Benefits.
3. The final decision to prosecute will be taken once the case papers have been examined by Legal Services. 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 the Council's own 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

Sanctions

Staff found to be involved in fraudulent activity (or bribery 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 on the following page will be considered when deciding whether to prosecute. In [Housing Benefit Fraud](#) or [Council Tax Support Fraud](#) the guidelines outlined in those sections 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 bribery or corruption) perpetrated? • Was it opportunist? • How much planning went into the fraud (corruption or bribery)? • How long did it continue?
Persistent offender	<ul style="list-style-type: none"> • Have they previously committed fraud (or been involved with bribery 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 corruption or bribery) 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 bribery or 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, corruption or bribery 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?

	<ul style="list-style-type: none"> • 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?

Housing Benefit Fraud

The following factors need to be considered along with those on the previous page. Social Security legislation allows local authorities to sanction claimants by way of cautions and administrative penalties as well as by prosecution. Local Authorities can also seek redress by way of overpayment recovery.

Each case will be considered on its merits and a blanket policy will not be applied. It is only possible to administer a Local Authority Caution or Administrative Penalty with the acceptance of the offender. A Caution or Penalty cannot be imposed.

Local Authority Caution

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

- The person has never previously offended
- There was no planning involved in the fraud
- There is evidence of the offender's guilt sufficient to give a realistic prospect of conviction.
- It is not a complex fraud
- Penalty action is not appropriate
- The offence is minor
- The amount of overpayment is relatively low and/or the fraud has taken place over a relatively short period of time
- The offence was admitted during an interview under caution (IUC)
- The persons has expressed remorse or regret
- It may not be in the public interest to prosecute, i.e. there might be social or medical factors to consider
- There is a strong likelihood of the full amount being repaid.

If the person refuses the caution the case will normally be referred for prosecution.

Administrative Penalty

Section 15 of the Social Security (Fraud) Act 1997 allows the Council to apply a penalty equal to 30% of the total overpayment of benefit.

The Welfare Reform Act introduced in 2012 penalties equal to 50% of overpaid benefit or a set amount of £350 whichever is greater. These are for overpayments on or wholly after 8 May 2012. Overpayments that started before this date will still be offered the 30% penalty rate. This is offered as an alternative to prosecution.

The standard of evidence must be of the standard required for the case to proceed for prosecution. If the offer of an administrative penalty is declined then the case should be passed for prosecution.

An Administrative Penalty cannot be cited in court if there are any future proceedings taken against the claimant. The claimant must have attended the Interview under Caution if an Administrative Penalty is to be offered.

Administrative Penalties are generally offered for overpayments between £100 and £1,999. The officer responsible for the Administrative Penalty interview is not involved in the investigation process. The amount of the Administrative Penalty is not negotiable with the offender.

The Council may consider issuing an Administrative Penalty when:

- The person has never previously offended
- There was no planning involved in the fraud
- There was no other person involved in the fraud
- A caution is not appropriate
- The offence is minor
- The amount of overpayment is between £0 and £1,999 or the overpayment is £2,000 or over but the claimant has significant ill health where a Prosecution would have a severe impact on their health
- Where the fraud has taken place over a relatively short period of time
- The offence was not admitted during the IUC (interview under caution)
- It may not be in the public interest to prosecute i.e. there might be social or medical factors to consider.
- It does not cause undue financial hardship to the offender to impose the Administrative Penalty
- The person has committed an offence, which has a realistic prospect of conviction.
- The evidence is sufficient for a prosecution.
- The person is aware of the terms of the Administrative Penalty.
- The case meets the Public Interest Test.
- There has been no previous sanction applied to the person for a benefit fraud offence within five years recorded on the Department of Works & Pensions database.
- Where the case is a Joint working case with the Department of Work & Pensions where it is their intention to offer an Administrative Penalty.
- Where there has been an attempt to claim benefit fraudulently but no payment has been made.
- The Administrative Penalty is likely to be effective and have a deterrent effect.
- Where a claimant has a high level of capital or income and is therefore in a position to pay a penalty.

At the Administrative Penalty Interview, the claimant is informed of the following:

- They will be asked no further questions relating to the offence that has been alleged as these would have been asked in the Interview under Caution.
- That there is sufficient evidence for instituting criminal proceedings.
- That it has been decided to offer them the alternative of an Administrative Penalty, rather than referring the case for prosecution.
- They will be expected to make a decision within a fixed period of time on whether to agree to pay a penalty.

- Recovery of the penalty will occur in the same way as the recovery of the overpayment.
- Failure to repay the debt or default on instalments will result in civil proceedings for recovery.

If the person declines the offer of an Administrative Penalty then the case will be passed for prosecution. The court will be informed in any particular case that the defendant has been offered an Administrative Penalty but declined to accept it.

Employer Administrative Penalty

An Administrative Penalty may be offered to an employer who has committed an offence of:

- making a false statement or
- obstructing an Authorised Officer or
- failing to provide the required information or
- committing false accounting

when dealing with an enquiry concerning their employees, i.e. under section 109B (2) or 109C of the Social Security Administration Act 1992.

If it is established an offence has been committed there must be grounds for recommending proceedings and prosecution must not be a first option. In these cases the amount of the Administrative Penalty is £1,000.

If the penalty is being offered to an employer and the grounds for instigating proceedings against them is because of incitement, conspiracy or aiding and abetting (England and Wales) (i.e. conduct that facilitates the commission of a benefit offence by an employee) and the employer's conduct involved more than five employees the amount of the Administrative Penalty is £5,000.

In all other cases where the employer has less than five employees the amount of the Administrative Penalty is £1,000 multiplied by the number of employees involved in the employer's conduct.

Repeat offences only should be considered for prosecution. This is because for sanction action to be effective subsequent offences should be dealt with more severely than previous ones.

If the employer declines the offer of an Administrative Penalty then the case will be passed for prosecution. The court will be informed in any particular case that the employer has been offered a penalty but declined to accept it.

Prosecution

Officers must consider all the issues addressed earlier before recommending prosecution. In addition, the following circumstances or combinations of circumstances will be considered in making the decision to prosecute:

- The amount of the Overpayment and the duration of the alleged offence.
- An abuse of position or privilege.
- Does the claimant suffer from significant mental or physical ill health and would a prosecution have a severe adverse impact on their health.
- Did the claimant voluntarily disclose any information prior to the commencement of the Investigation?
- Any previous incidence of fraud.
- Social factors.
- Whether there is evidence that the suspect was a ring leader or an organiser of the offence.
- Whether there was any planning in the process.
- Whether the claim was false from inception.
- Whether there are grounds for believing that the alleged offence is likely to be continued or repeated, based on any history or recurring conduct.
- Whether the alleged offence, irrespective of its seriousness, is widespread in the area where it was committed
- The offender has previously been involved in benefit fraud activity
- The offence continued over a period of time in e.g. in excess of 3 months;
- Conspiracy or collusion was involved between claimant/landlord/ staff member/employer;
- The level of intent displayed in the action of the offender was premeditated or calculated;
- The offender held a position of trust;
- Numerous dishonest acts were involved in the fraud;
- Benefit was overpaid or the value of the fraud was in excess of £2,000;
- The offender refused to accept a Formal Caution;
- The offender refused the offer of an Administrative Penalty or has revoked the offer during the 28 day cooling off period.

In cases where the overpaid benefit is less than £2,000, the case will be prepared for proceedings if the following criteria is met:

- The person has failed to attend two opportunities to attend for an Interview under Caution, without reasonable excuse.
- The person has failed to attend the interview for the offer of an Administrative Penalty or Formal Caution, or at the interview declines the sanction offered.
- The person has had a previous benefit fraud sanction applied within five years or has had a similar offence recorded against them on the Police National Computer.
- In joint cases with the Department of Work & Pensions where it is their intention is to prosecute.
- Where a claim has been false from the inception.
- Where forged or fraudulent documents have been produced.

The above circumstances and factors are for guidance and some flexibility is allowed so that all relevant circumstances of each case can be taken into consideration. Any decision taken in relation to the most appropriate form of sanction will be clearly documented. This will detail the reasoning for the decision and will be countersigned by the Manager for the Corporate Anti-Fraud Team and the Head of Revenues and Benefits.

Loss of benefit provisions

The Loss of Benefit provisions are designed to be a deterrent against abuses of the benefit system. Social security (Loss of Benefit) Regulations 2001 as amended by the Social Security (loss of benefit) Amendment Regulations 2013 allow for reduction or withdrawal of Social Security benefits and allowances in payment to individuals and their partners who have accepted the offer of a caution, administrative penalty or have been prosecuted. This includes both DWP and Local Authority benefits, such as Housing Benefit.

These Regulations enable the Council to apply a sanction to the customer's Housing Benefit award where it is established a benefit fraud has been committed. In cases where a conviction, caution or administrative penalty has been administered for a first offence and the whole period of the fraud was committed on or after 1 April 2010, then the following list is the level of Loss of Benefit imposed dependant on the nature and frequency of fraud offences;

- Level 1 - Offences that result in an Administrative Penalty or caution will result in a Loss of Benefit penalty of 4 weeks
- Level 2 – For a first benefit fraud conviction the Loss of Benefit penalty duration will be 13 weeks
- Level 3 - Where there are two offences, within a set time period, with the latter resulting in a conviction the Loss of Benefit penalty will be for a period of 26 weeks
- Level 4 - A 3 year Loss of Benefit penalty will apply where there are three offences within a set time period the latter resulting in a conviction

- Level 5 - An immediate 3 year Loss of Benefit for serious organized and identity fraud cases

Council Tax Support Fraud

On 1 April 2013 Council Tax Benefit was replaced by Taunton Deane Borough Council's Localised Council Tax Support Scheme. As a result of this change Taunton Deane Borough Council cannot obtain information for, or impose sanctions on cases of Council Tax Support fraud under the current Housing and Council Tax Benefit underpinning legislation (Social Security Administration Act 1992).

The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 are made under Sections 14A to 14C of the Local Government Finance Act 1992. The Regulations make provision for the creation of offences and power to impose penalties in connection with Council Tax Support.

Regulation 11 of the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 details penalties to be given as an alternative to prosecution. The key points are as follows:

- Personal information in relation to Council Tax Reduction fraud cases can now be obtained under Regulation 3 of the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 by an Officer authorised by the Council's Section 151 Officer.
- Under Regulation 11 of the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, the Council can consider whether to administer an administrative penalty in lieu of prosecution in Council Tax Reduction Fraud cases, which is already in existence under the Social Security Administration Act 1992 for Housing and Council Tax Benefit Fraud cases.
- The amount of the administrative penalty is 50% of the amount of the excess reduction (rounded down to the nearest penny). This penalty can be a minimum of £100 and a maximum of £1,000.
- There is an option for a fine of £100 for individuals if there are ground for instituting proceedings; or if the act or omission could have resulted in the amount of Council Tax the person is liable to pay being reduced under the Council Tax Reduction Scheme by an amount greater than the amount of reduction to which the person was entitled to under the scheme

Under Regulation 11 of The Council Tax Reduction Schemes (detection of Fraud & Enforcement) (England) Regulations 2013, the Council can consider whether to administer an administrative penalty in lieu of prosecution in Council Tax Reduction fraud cases. The regulation applies where:

- a) Liability to pay Council Tax has been reduced under the Council Tax Reduction Scheme;
- b) the amount of Council Tax reduced is greater than the amount entitled under the scheme;
- c) the award of the reduction was attributable to an act or omission on the part of a person; and

- d) there are grounds for instituting proceedings against a person for an offence (under these Regulations or any other enactment) relating to the award of the excess reduction.

Where Regulation 11 applies Taunton Deane Borough Council may give the individual written notice to invite them to pay a penalty and inform them that if they agree, no proceedings will be instituted against them.

The amount of the penalty is 50% of the amount of the excess reduction (rounded down to the nearest penny). It can be a minimum of £100 or a maximum of £1000. To be calculated on a daily basis beginning on the first day in respect of the excess reduction was awarded and ending with the day on which the authority knew or ought reasonably to have known that an excess had been awarded.

Regulation 11 also applies where it appears to a billing authority that:

- a) there are grounds for instituting proceeding against a person for an offence (under these Regulations or any other enactment) relating to an act or omission on the part of the person in relation to a Council Tax Reduction Scheme; and
- b) the act or omission could have resulted in the amount of Council Tax the person is liable to pay being reduced under a Council Tax Reduction Scheme by an amount greater than the amount of reduction to which the person was entitled to under the scheme.

The amount of penalty in a case falling into the above category is £100.

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 Corporate Anti-Fraud Team will liaise with the appropriate Lead Officer for the appropriate service 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 Corporate Anti-Fraud Team.

Civil Penalties

The aim of the civil penalty is to address the financial loss to the Exchequer which arises from claimant error in Housing Benefit and Council Tax Support claims and make customers more personally responsible for overpayments they incur in relation to such claims.

Civil Penalties for both Housing Benefit and Council Tax Support matters can be offered to customers where a customer:

- a) negligently makes incorrect statements and fails to take reasonable steps to correct the error or
- b) fails, without reasonable excuse, to provide information or to disclose changes in their circumstances.

A penalty administered for Council Tax Support is £70, as set out in the Council Tax Reduction schemes (Detection of Fraud and Enforcement) (England) Regulations 2013.

A penalty administered for Housing Benefit is £50 as set out in the Social Security (Civil Penalties) Regulations 2012.

Other types of redress and recovery examples are shown below:

Case Type	Method of Redress/Recovery
Benefits	<ul style="list-style-type: none">• Recovery of overpayment from Landlord or Tenant by issuing an invoice or recovering from on-going benefits; using bailiff powers and seeking court costs
Case Type	Method of Redress/Recovery
Revenues	<ul style="list-style-type: none">• Imposing fines on false SPD claims• Prosecution for false statements• Attachment of earnings• Pursuing debts through legal proceedings• Using bailiff powers

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.

Other Civil Penalties

Under the Regulatory Enforcement and Sanctions Act 2008, other 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.

Publicity

The [Corporate Anti-Fraud Communications and Publicity Plan](#) should be read before publicising any fraud cases.

Document Review

This document will be reviewed at least annually and amendments will be agreed between the Manager for the Corporate Anti-Fraud Team, the relevant Assistant Director and the relevant Portfolio Holder.

Appendix 8 - Corporate Anti-Fraud Prevention Protocol

Preventative Action is crucial to the success of implementing the Corporate Anti-Fraud Policy. Detailed preventative actions are included in the Corporate Anti-Fraud and Corruption Action Plan but the broad areas are:

Internal Control

Lead Officers have responsibility to review and identify fraud, corruption and bribery risks within new policies and systems; likewise to revise existing policies and systems to remove potential weaknesses.

Lead Officers must ensure that adequate levels of internal check are included in operational procedures. It is important that 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.

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 identify policy, system or operational weaknesses to allow the fraud, corruption or bribery to take place, the Corporate Anti-Fraud Officer will complete a report highlighting the area of weakness and the appropriate Lead Officer will be responsible for ensuring appropriate action and prioritising by risk.

Staff Recruitment and Propriety and CRB checks

As an organisation using the Criminal Records Bureau (CRB) Disclosure Service to assess applicants' suitability for positions of trust, Taunton Deane Borough Council complies fully with the CRB Code of Practice and undertakes to treat all applicants for positions fairly. It undertakes not to discriminate unfairly against any subject of a Disclosure on the basis of a conviction or other information revealed.

Immigration status and proof of the right to work in the UK will be requested from successful job applicants by Human Resources. 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 which handle money regularly, will have additional checks such as CRB or financial checks. All these checks will be undertaken by trained staff. Discrepancies or queries will be referred to the Corporate Anti-Fraud Team through the Fraud referral form or sent through internal post to the Corporate Anti-Fraud Team. These will be looked at within 3 days. If there is an urgent referral this must be marked as urgent and a 'phone call to the Corporate Anti-Fraud Team may be made if extra speedy resolution is required.

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.

Collaboration with Outside Agencies

Formalised partnerships with Southwest One, SWAP, the Police, Her Majesty's Revenue and Customs and the Department for Work and Pensions are established as these are essential for the successful pursuit of fraud, corruption and bribery. These partnerships facilitate multi agency investigations, the sharing of information and pooling of resources. Existing contacts will be built upon and formalised.

National Fraud Initiative

As part of the annual external audit process, the Audit Commission requires the Council to participate in the National Fraud initiative (NFI). The Serious Crime Act 2007 amended the Audit Commission Act 1998 and gave the Audit Commission new statutory powers to conduct data matching exercises. 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.

Audit Corporate Fraud, Corruption and Bribery Compliance Checks

Internal Audit conduct compliance checks throughout the Council. Any issues identified by Internal Audit regarding potential fraud, corruption or bribery arising from discrepancies or loop holes in systems will be highlighted to the Corporate Anti-Fraud Team to decide if a proactive investigation is required and/or to identify future preventative measures to avoid occurrence and re-occurrence of fraud, corruption or bribery. The issues or outcomes will be monitored by the Audit Team and the appropriate Lead Officer.

Document Review

This document will be reviewed at least annually and amendments will be agreed between the Manager for the Corporate Anti-Fraud Team, the relevant Assistant Director and the relevant Portfolio Holder.

Appendix 9 - Corporate Anti-Fraud Communications and Publicity Plan

Introduction

The Council's Corporate Anti-Fraud Policy 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 and corruption activities.

The Corporate Anti-Fraud Team 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 and
- 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.
- Taunton Deane Borough residents (to show that appropriate action is being taken by the Council).

To raise & increase awareness about:

- The Corporate Anti-Fraud Team 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 Corporate Anti-Fraud Team 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 Corporate Anti-Fraud Team 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 Corporate Anti-Fraud Team Manager and authorised by the relevant Assistant Director (for Corporate Anti-Fraud). 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 Lead Officer in consultation with the Corporate Anti-Fraud Team 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 Corporate Anti-Fraud Team Manager.

Communicating with Partners and Stakeholders

A quarterly 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 Corporate Anti-Fraud Team 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 Corporate Anti-Fraud Team.

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 updated quarterly. Intranet pages will also be used for consultation e.g. a staff survey.

The Corporate Anti-Fraud Team 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 Corporate Anti-Fraud Team will provide briefings and reports to the Corporate Governance Committee. Updates will also be provided to Standards Committee Members. Fraud awareness training will be provided for Members and within the Council and the Corporate Anti-Fraud Team will provide guidance on corporate 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 Corporate Anti-Fraud Team 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 benefit fraud as well as 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.

Document Review

This document and the attached plan will be reviewed at least annually and amendments will be agreed between the Manager for the Corporate Anti-Fraud Team, the relevant Assistant Director and the relevant Portfolio Holder.

Appendix 10 - Whistleblowing Policy

Taunton Deane Borough 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 in good faith even if they were mistaken. In addition employees have statutory protection against reprisals under the Public Interest Disclosure Act 1998 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 TDBC 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;

- Chief Finance Officer - Shirlene Adam (s.adam@tauntondeane.gov.uk)
- Human Resources Manager - Martin Griffin (m.griffin@tauntondeane.gov.uk)
- Legal – Monitoring Officer – Bruce Land (bdlang@westsomerset.gov.uk)
- Group Auditor - Chris Gunn (Chris.Gunn@southwestaudit.gov.uk)

The Council has set up an arrangement for a confidential answer phone service with the South West Audit Partnership (01458 257462). You can also email them at; confidential@southwestaudit.gov.uk

If you are an employee of the Council

You should normally raise your concern(s) with your immediate manager or their superior. 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 following individuals;

- Chief Finance Officer - Shirlene Adam (s.adam@tauntondeane.gov.uk)
- Human Resources Manager - Martin Griffin (m.griffin@tauntondeane.gov.uk)
- Legal – Monitoring Officer – Bruce Land (bdlang@westsomerset.gov.uk)
- Group Auditor - Chris Gunn (Chris.Gunn@southwestaudit.gov.uk)

The Council has set up an arrangement for a confidential answer phone service with the South West Audit Partnership (01458 257462). You can also email them at; confidential@southwestaudit.gov.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.pcaw.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, the Group Auditor will write to you;

- acknowledging that the concern; has been received,
- indicating how he/she proposes to deal with the matter; and
- 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, if they so wish, 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 you are 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 later 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".

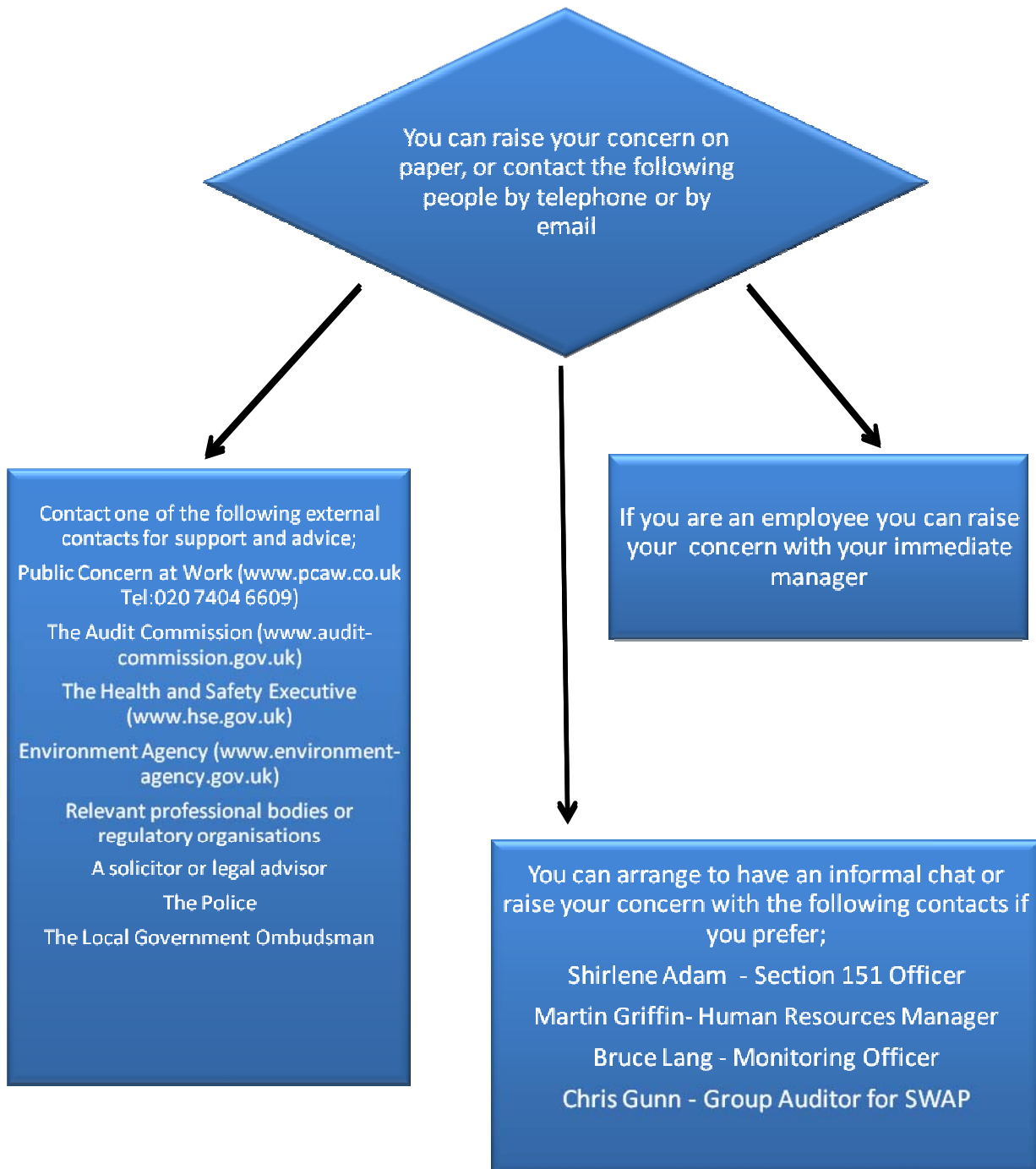
The Role of the Monitoring Officer

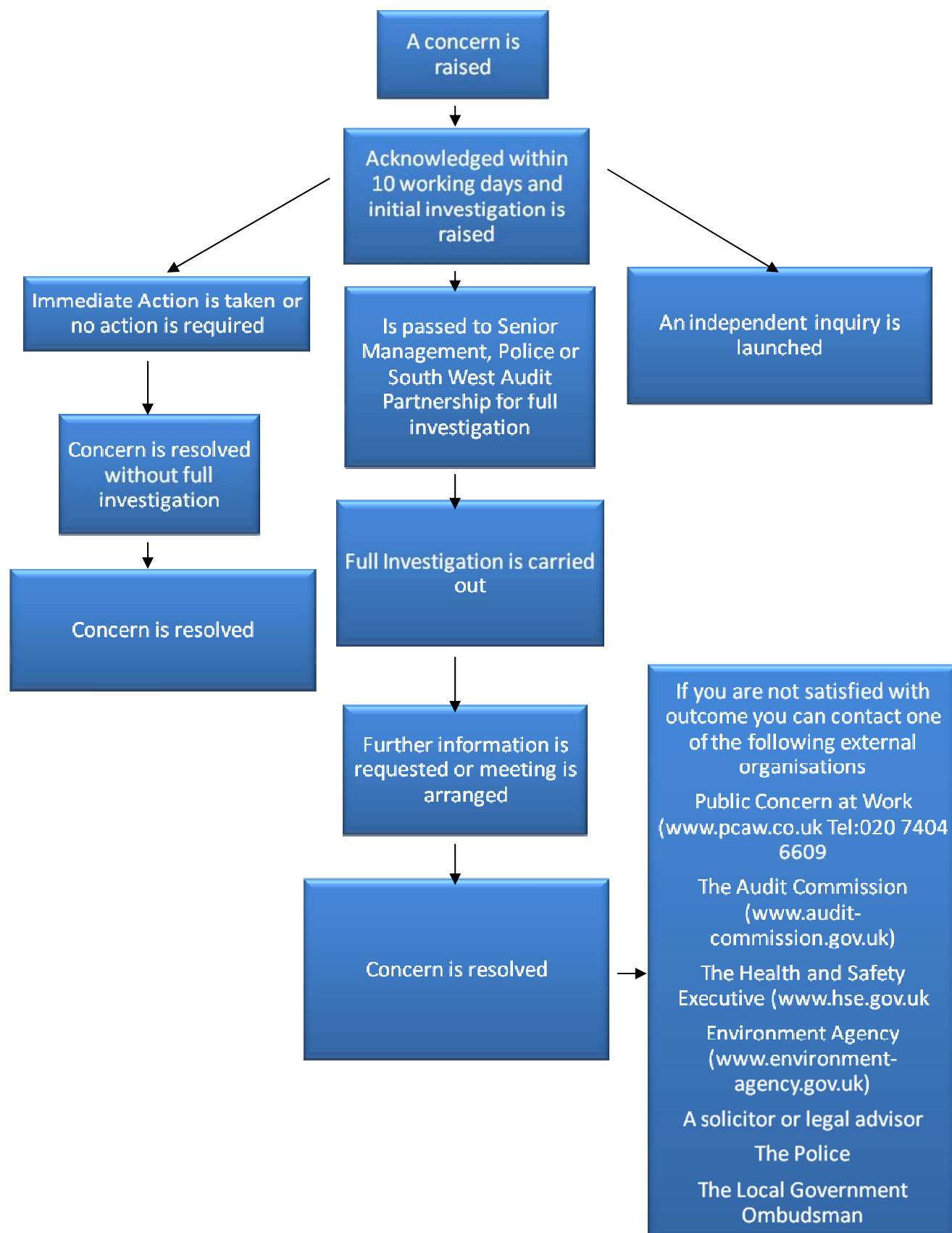
The Monitoring Officer is responsible for ensuring that the Council adheres to this Policy and the officer's contact details are documented in this policy should you have any concerns with it. The Monitoring Officer is also responsible for reporting to the Council on any findings of improper or unlawful 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. Next Review date planned: 1 May 2013.

How to raise your concern





Appendix 11 - 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.

TDBC 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 TDBC operates, in respect of the lawful and responsible conduct of activities.

Scope of this policy

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

Within TDBC, 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.

TDBC's Commitment to Action

TDBC 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 key 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.

TDBC's Proportionate Procedures

TDBC'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

CMT and Executive 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

TDBC 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

TDBC 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)

TDBC 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

TDBC 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

TDBC 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 2006 (which gives effect to EU law in the UK), TDBC 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. TDBC 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

TDBC 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 wrong-doing is reported, TDBC will act as soon as possible to evaluate the situation. TDBC 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. TDBC 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.

TDBC 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.

Appendix 12 - Audit Commission

Use of Resources fraud checklist

General	Yes	No
1. Do we have a zero tolerance policy towards fraud?		
2. Do we have the right approach and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with <i>Fighting Fraud Locally</i> ?		
3. Do we have dedicated counter-fraud staff?		
4. Do counter-fraud staff review all the work of our organisation?		
5. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?		
6. Have we assessed our management of counter-fraud work against good practice?		
7. 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? 		
8. Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?		
9. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters		
10. Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action?		
11. Do we maximise the benefit of our participation in the Audit Commission National Fraud Initiative and receive reports on our outcomes?		
12. Do we have arrangements in place that encourage staff to raise their concerns about money laundering?		
13. Do we have effective arrangements for: <ul style="list-style-type: none"> • Reporting fraud; • Recording fraud; and • Whistle-blowing? 		
14. Do we have effective fidelity insurance arrangements?		
15. Have we reassessed our fraud risks since the change in the financial climate?		
16. Have we amended our counter-fraud plan as a result?		
17. Have we reallocated staff as a result?		
Housing Tenancy	Yes	No
18. Do we take proper action to ensure we only allocate social housing to those who are eligible?		
19. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated		

Procurement	Yes	No
20. Are we satisfied our procurement controls are working as intended?		
21. Have we reviewed our contract letting procedures since the investigations by the Office of Fair Trading into cartels and compared them with best practice?		
Recruitment	Yes	No
22. Are we satisfied our recruitment procedures: <ul style="list-style-type: none"> • Prevent us employing people working under false identities; • Confirm employment references effectively • Ensure applicants are eligible to work in the UK; and • Require agencies supplying us with staff to undertake the checks that we require? 		
23. Where we are expanding the use of personal budgets for adult social care, in particular direct payments, have we introduced proper safeguarding proportionate to risk and in line with recommended good practice?		
24. Have we updated our whistle-blowing arrangements for both staff and citizens so that they may raise concerns about the financial abuse of personal budgets?		
Council Tax Discount	Yes	No
25. Do we take proper action to ensure that we only award discounts and allowances to those who are eligible?		
Housing and council tax benefits	Yes	No
26. When we tackle housing and council tax benefit fraud do we make full use of: <ul style="list-style-type: none"> • National Fraud Initiative; • Department for Work and Pensions • Housing benefit matching service; • Internal data matching; and • Private sector data matching? 		
Emerging fraud risks		
27. Do we have appropriate and proportionate defences against emerging fraud risks: <ul style="list-style-type: none"> • Business rates; • Right to Buy; • Social Fund and Local Welfare Assistance; • Local Council Tax Support; • Schools; and • Grants? 		

Appendix 13 - Tenancy Fraud Policy

Introduction

Taunton Deane Borough Council allocates social housing through choice based lettings. The Council will allocate social housing to those in housing need and to those who will use it as their only or principal home (as outlined in the Housing Act 1996). The Council's Allocations Policy is the framework document outlining the Council's criteria for the allocation of social housing.

Part VII of the Housing Act 1996 also places a duty on local housing authorities to provide advice and assistance to homeless people and people threatened with homelessness.

The Council owns and manages its own stock of approximately 6,000 properties, including supported units for older people.

Social housing is a valuable national asset, which provides security and stability to millions of people in housing need in England. However, the Audit Commission estimates that there are as many as 50,000 social homes across the country that may be occupied fraudulently. This equates to more than 1 in 100 housing association and council homes.

The National Fraud Authority, in association with the Chartered Institute of Housing, published The [Guide to Tackling Tenancy Fraud](#) in 2011. The Guide identified the following "key learnings and recommendations" for social landlords:

- All landlords should ascertain the level of unlawful occupation in their stock.
- More local authorities should provide a fraud investigatory service to housing associations in return for nomination rights to homes recovered
- Registered providers of social housing should have robust internal audit processes in place to detect possible fraudulent or corrupt actions by staff.
- Local authorities should consider photographing tenants at allocation and existing tenants at tenancy audits.
- Local authorities should consider the balance of the resources they allocate to housing benefit and housing tenancy fraud.
- A consistent best practice tenancy audit checklist and training needs to be devised to show how these can be carried out effectively.
- The Government should consider further incentivising local authorities and registered providers to investigate and recover unlawfully sublet properties.
- Registered providers and councils should commit to joint working and there should be political and managerial commitment to the recovery of unlawfully sub-let properties.
- Housing tenancy fraud is not restricted to London and work needs to be done to promote investigations outside London

Those who commit tenancy fraud deprive people who are genuinely in need from accessing social housing. This is unacceptable and so the Council, as a landlord, has a duty to make the best use of public resources by ensuring that existing stock is

properly managed and that tenancy fraud is prevented or appropriately dealt with when detected.

Tenancy fraud has a damaging impact upon the Council and its residents because:

- It can prevent people in genuine need accessing Council housing.
- The Council is not able to make best use of its housing stock.
- Some residents could spend longer in unsatisfactory, overcrowded or temporary housing if they are prevented from accessing housing because it is being blocked due to tenancy fraud.
- There is a greater risk of the property being used for illegal purposes.
- There is a greater risk of damage to the property as a result of modifications made to it to make it suitable for subletting to a number of tenants.
- The Council may have more difficulty gaining access to the property to carry out essential maintenance work, putting at risk the health and safety of the property and the occupiers within it.
- Unauthorised sub-tenants, unaware of their status, could be vulnerable to being charged increased rents or at risk of eviction and homelessness should the unlawful activity be detected.

This policy applies to all Taunton Deane Borough Council tenancy lets, including lets made to new tenants, transfers and mutual exchanges.

What is tenancy fraud?

This policy defines 'fraud' according to the Audit Commission's interpretation as:

"any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss".

- Tenancy fraud can present itself in various forms and at any stage during the tenancy life cycle. It can include:
- Fraudulently obtaining a tenancy (e.g. through misrepresentation of identity or circumstances).
- Non-occupation by the tenant as their principal home.
- Unlawful subletting (e.g. subletting the whole property to a single household or multiple sublets within one property).
- Wrongly claimed succession.
- Unauthorised assignments.
- "Key selling" (where the tenant leaves the property and passes on the keys in return for a one-off lump sum payment or favour).
- Not notifying the landlord when the tenant moves out or passes away.

Legislative context

Prevention of Social Housing Fraud Act 2013

This Act began as a Private Member's Bill which was presented on 20 June 2012. The Bill attracted cross party support and Government backing - it completed its parliamentary stages and received Royal Assent on 31 January 2013.

The Act extends to England and Wales and was brought fully into force in England on 15 October 2013 (The Prevention of Social Housing Fraud Act 2013 (Commencement) (England) Order 2013 SI 2013/2622. The Act:

- creates new criminal offences of unlawful subletting by assured and secure tenants in social housing;
- gives local authorities powers to prosecute in cases of unlawful subletting;
- enables the courts to order the recovery of any profit made from unlawful subletting from tenants; and
- provides that assured tenants who unlawfully sublet the whole of their dwelling cannot subsequently regain their security of tenure.

Only a Local Authority can take action for illegal subletting in the Courts. The authority can use powers granted in the Prevention of Social Housing Fraud Act 2013 to gain an "unlawful profits order" from the court. This means a landlord can recover any profit made from sub-letting homes from tenants by proving the profits exist. We would do not have to show any loss.

Landlords could previously claim back the profits under the common law principle of unjust enrichment, but this put a higher burden of proof on the landlord.

Making false statements to obtain Council housing

It is a criminal offence to knowingly or recklessly make a statement which is false in a material particular or to knowingly withhold information when applying to join the local authority waiting list or when applying as a homeless person.

A strict time limit of six months applies from the date of the commission of the offence or from when the matter of the complaint arose. A prosecution cannot be pursued once the time limit has expired.

Eviction

For secure and flexible tenancies, the court may order possession if it considers it "reasonable" and is satisfied that the tenancy was obtained through deliberate falsification.

For introductory tenancies, the Council does not have to prove "reasonableness" and can obtain possession as long as the court is satisfied that the procedures relating to the service of the notice of proceedings for possession and any review of the decision to serve the notice have been correctly followed. However, there may be occasions where the Council would need to establish that eviction is a proportionate step to take pursuant to the Human Rights Act before the Court will make an Order for Possession.

Policy Objectives

The Tenancy Fraud policy includes the following nine objectives:

1. Housing applicants and their household members will be asked to supply proof of their current address at the application for housing stage.
2. Proof of identity will be requested to be brought along to the property viewing.
3. Proof of identity will be requested to be brought along to the tenancy sign up appointment.
4. A full-face photograph of new tenants will be requested at the tenancy sign up appointment.
5. Information about the rights and responsibilities around occupation will be provided to every new Council tenant at the sign up appointment.
6. New tenant follow up visits will be carried out to check all correct persons have taken up occupancy.
7. There will be a variety of ways that the public can report cases of suspected tenancy fraud.
8. Regular awareness raising campaigns will be carried out about the impact of tenancy fraud with information on how the public can report suspected incidents.
9. During the course of the tenancy there will be sound mechanisms in place to detect and identify tenancy misuse.

In meeting these objectives, Taunton Deane Borough Council undertakes to take the action detailed below.

Application for Housing Stage

Policy Objective 1: Housing applicants and their household members will be asked to supply proof of their current address at the application for housing stage.

- The Council will take action to verify information supplied by the housing applicant. This may involve cross-checking the supplied details with both internal and external data sources to highlight any discrepancies or inconsistencies, with investigative action being taken upon any discrepancies found.
- The proof of residency can include any of the suggested documentation listed in the [Evidence for Circumstances and Identity](#) section.
- For existing tenants wishing to transfer or mutually exchange, this information will also be requested as part of the application.
- Housing applications are reviewed once a year on the date of the anniversary of the initial application.

Property Viewings

Policy Objective 2: Proof of identity will be requested to be brought along to the property viewing.

- The Council will take action to verify information supplied by the housing applicant. This may involve cross-checking the supplied details with both internal and external data sources to highlight any discrepancies or inconsistencies, with investigative action being taken upon any discrepancies found.
- Getting evidence to validate identity can prevent tenancies from being obtained through deception.
- When a property is ready to be let the successful housing applicant(s) will be asked to supply two forms of identification at the property viewing.
- The [Evidence for Circumstances and Identity](#) section details the types of identification that can be accepted. Should it be a joint tenancy, proof of identity will be requested for each joint applicant.

Tenancy Sign up

Policy Objective 3: Proof of identity will be requested to be brought along to the tenancy sign up appointment.

- When the applicant(s) are asked to collect the keys and sign the tenancy agreement they will be asked to supply identification once again (as outlined in the [Evidence for Circumstances and Identity](#) section).

Policy Objective 4: A full-face photograph of new tenants will be requested at the tenancy sign up appointment.

- Having a photograph of the tenant(s) on file significantly reduces the opportunity for identity impersonation and unlawful subletting as they can be used to compliment identity checks and support the investigation.
- The applicant(s) will be asked to bring a passport size photograph to the sign up appointment.
- If the applicant is not able to supply a passport photograph (e.g. due to cost), they will be asked to consent to having a digital photograph taken at the appointment.
- The reasons for requesting a photograph should be clearly explained and the applicant reassured that the Council complies with all data protection requirements regarding the use of personal information.
- All such photographs taken will be electronically stored on the applicant(s) tenancy file. The tenant will be asked to sign a consent form which states that they agree to the storing of their photograph on file.

Policy Objective 5: Information about the rights and responsibilities of the tenancy will be provided to every new Council tenant at the tenancy sign up appointment.

- The sign up appointment is also where new tenants are provided with information about how to conduct their tenancy in an appropriate manner and the consequences if there is a breach.

- All new tenants will be provided with a handbook at the sign up stage, which includes information about the tenancy agreement and the consequences if this agreement is broken.

New Tenant Follow Up Visit

Policy Objective 6: New tenant follow up visits will be carried out to check all correct persons have taken up occupancy.

- Settling in visits carried out shortly after signing the tenancy agreement are useful for the following reasons:
 - To confirm that occupancy has been taken up.
 - To validate that the residents living in the property are the ones on the tenancy agreement.
 - To provide the new tenant(s) with advice and assistance on any property or tenancy related issue.
- New tenant visits will be carried out 4 to 6 weeks after the tenancy start date. The visits will check that the tenant has moved into the property as his/her main residence and validate the identity of the tenant(s) through checking that the photograph/s on file match the tenant(s) in occupation.

Reports from the Public

Policy Objective 7: There will be a variety of ways that the public can report cases of suspected tenancy fraud.

- Local residents are in a good position to notice changes in activities within their communities, which may lead to suspicions of tenancy fraud. This is because local residents develop day-to-day relationships with their neighbours so they are well placed to notice if new neighbours arrive or the previous resident moves away.
- Public reports of suspected tenancy fraud are a very important source of intelligence for the Council. The Council will take all reports seriously, whether anonymous or not, and act upon them promptly. Requests for anonymity will be respected.
- The public will be able to report suspected cases of tenancy fraud:
 - By telephoning the Fraud Hotline number where callers can speak to a trained investigator
 - In person at the Deane House
 - Online via a web based reporting form at www.tauntondeane.gov.uk
 - By email at investigators@tauntondeane.gov.uk

Publicity

Policy Objective 8: Regular awareness raising campaigns will be carried out about the impact of tenancy fraud with information on how the public can report suspected incidents.

- It is very important that reporting mechanisms are well publicised and accessible to all members of the community. The identity of those reporting suspected incidents of tenancy fraud will be protected if requested.
- Raising awareness amongst residents about the impact of tenancy fraud and that the Council is serious about eliminating it will encourage the reporting of suspicious incidents.
- Reporting tenancy fraud will be advertised as follows:
 - Through an article four times a year in the newsletter "Deane Dispatch".
 - By placing posters on communal area notice boards.
 - By having a page dedicated to tenancy fraud on the housing section of the Council's website.

Investigative and proactive measures

Policy Objective 9: During the course of the tenancy there will be sound mechanisms in place to detect and identify tenancy misuse.

- There are a variety of proactive measures that can be employed to actively detect tenancy fraud. These will be routinely in place so that the Council remains proactive about tackling it.
- No access for gas safety checks could indicate an abandoned property or that it is being unlawfully occupied. The Council will investigate all cases where no access is given.
- The Council will take part in the National Fraud Initiative, which is a data matching exercise run every two years. The Council will use the information obtained through this initiative to its full potential to help focus its fight against tenancy fraud.
- Tenancy fraud investigations will be carried out by trained investigators from the Council's Corporate Anti-Fraud Team and where tenancy misuse is discovered then appropriate action will be taken against the perpetrators.
- Housing Services staff will receive periodic training on how to identify and take the appropriate action to deal with tenancy fraud.
- It is also important that the Council works in partnership with other local authorities, housing associations and landlords to provide a joint effort wherever possible in detecting and tackling tenancy fraud

Supporting Victims of Unlawful Subletting

Some unlawful sub-tenants may be unaware of their unlawful status and could be vulnerable to illegal eviction by the tenant at little or no notice when the situation has been uncovered. Unlawful sub-tenants are also vulnerable to eviction by the Council when it sets about recovering the property.

Victims of unlawful subletting will be offered advice from the Housing Options and Private Sector team in relation to their future housing options and rights.

Evidence for circumstances and identity

Housing Application Stage

Residency proof

One of the following documents can be accepted to validate current residence:

- Household/utility bill
- Council Tax bill
- Payslip with address
- Tenancy agreement
- Letter from Housing Benefit which confirms benefit to the current address
- Bank/Building Society statements
- Child benefit or Job Seeker's allowance book
- Pension book
- TV Licence
- Car registration documents
- Correspondence from Government department such as DWP, NHS or Borders and Immigration
- College/school letter
- Tenancy Agreement (if you signed within the last four weeks)
- Mobile telephone statement

Proof of residency can be a photocopy and will be checked against the application form before being placed on file.

Proof of children in residency

One of the following documents can be accepted to validate proof of children under the age of 16 or in full-time education:

- Child benefit letter, with address as on the application and dated within the last 4 weeks, or an old Child Benefit letter together with the applicant's most recent bank statement showing the credit and the current address.
- Child Tax Credit letter.

Children that do not live with the applicant on a full time basis cannot be considered as part of the housing application.

No fixed address

If the applicant has no fixed address they should provide a contact address and a letter from the person at that address giving their consent for correspondence to live there.

Former homeowners

If the applicant has previously owned a home either in the United Kingdom or abroad, they are to supply the completion statement for the sale of that property.

Foreign nationals

- EU/EEA nationals – Will need to supply proof of working in the UK, a copy of a recent wage slip. If a couple where the partner is not working, they are to provide proof of civic partnership or marriage.
- A2 nationals – Will need to supply the same details as EU/EEA nationals and if they arrived before 2006 a photocopy of their visa or if they arrived after 2006 a copy of their registration certificate.
- Rest of the world - Will need to supply a clear photocopy of their passport and visa.

Property Viewing and Tenancy Sign Up Stages

Proof of identity

The following documents can be accepted to validate identity:

- Full UK or EU driving licence (with photograph) or a ten year UK or EU passport (with photograph)
- Plus one of the following:
 - Home Office documents confirming status
 - A current, valid credit or debit card with supporting bank statement with address
 - Child benefit or Job seeker's allowance book showing names and address
 - Pension book showing name and address
 - For elderly residents, the travel pass issued for free public transport (with photograph)

If a passport or driving licence with a photograph is not available, it is possible to accept two of the following forms of identification:

- Home Office documents confirming status
- A current, valid credit or debit card with supporting bank statement with address
- Child benefit or Job seeker's allowance book showing names and address
- Pension book showing name and address
- For elderly residents, the travel pass issued for free public transport (with photograph)

If none or only one of the above is available, the following documents may be considered, but do not provide conclusive proof of identity:

- Student identity card – from reputable university or college
- Public sector work ID card
- National Insurance Number Card
- Medical card with national insurance number
- Birth/adoption/marriage certificate
- P46/P60
- Certificate of employment in HM Forces

The documentation must be the original copies. Photocopies will not be accepted.

Monitoring and Review

Having an understanding of the extent of tenancy fraud and possible trends locally will be useful for responding to any issues. The following information will be recorded and used to monitor the levels of tenancy fraud in Council stock:

- Numbers of tenancy frauds and types each year.
- The action taken and outcomes.

This information will be recorded by both the Housing Management team and the Corporate Anti-Fraud Team and reported in the annual report to tenants and used to evidence how the Council is performing in the tackling of tenancy fraud.

This Policy will be reviewed by the Housing Services Manager and the Corporate Anti-Fraud Team Manager on an annual basis.

Appendix 14 – Right to Buy Policy

Introduction

The Right to Buy Discount represents a significant incentive for fraudulent activity.

To be eligible for the scheme the tenant (or joint tenant) must:

- Have rented in the public sector for at least 2 years if their tenancy started before 18 January 2005 or
- Have rented in the public sector for at least 5 years if their tenancy started after 18 January 2005

The tenant or joint tenant will not be eligible if:

- There is a Possession Order over the property
- We have applied to have their Right to Buy suspended because of tenancy breaches
- The tenant has been made bankrupt and this has not been discharged
- There are on-going bankruptcy proceedings
- They have made agreements with creditors to pay debts
- They have had their Secure Tenancy suspended by Court order
- Their Right to Buy has been suspended because they have been involved in Anti-Social Behaviour

Some companies have sought to entice Public Sector Tenants into agreements with them which may result in the tenants losing their homes. These are called “Deferred Resale Agreements” and involve the tenant in receiving money up front to buy their home thereby allowing the company receiving the property to charge rent to the tenant.

If a tenant makes one of these agreements they would be required to repay the Right to Buy Discount immediately.

Appendix 15 Home Improvement Grants

Home Improvement Grants are available to home-owners and tenants to adapt their properties for people with disabilities and special needs.

This is a “means tested” grant and applicants are required to provide proof of ID and NINO as well as proof income and savings.

Applicants are required to provide original documents.

Applicants must provide original letters proving a “passporting benefit”, for example Housing Benefit/Income Support/Pension Guarantee Credit.

Check is made with Taunton Deane Borough Council’s Revenues and Benefits Service to confirm the applicant receives a qualifying benefit.

If the applicant works they must provide copies of 3 months wage slips if in full time work and 12 months if employment is not regular.

Copies of Bank statements are required and may also be used to confirm receipt of benefits.

If the applicant is an owner/occupier evidence of ownership is required and this may involve a check with the Land Registry if title deeds or proof of mortgage are not available.

Any false applications would result in the Grant having to be repaid.

Additionally a tenant is also required to obtain permission from their landlord to carry out the proposed alterations.

Taunton Deane Borough Council makes payment direct to the contractor for the work. Invoices are monitored and payments are authorised by 2 members of staff before payment.

Appendix 16 Procurement (Invoice & Mandate Fraud)

Public Sector bodies can be vulnerable to invoicing and mandate fraud from both inside and outside their organisations.

Insider Invoice Fraud

This refers to cases where a Council employee can access the Council's assets and payments to commit fraud.

Payment to Dormant Suppliers:

Payment Control Measures:

- Monitor spending with individual suppliers
- Conduct regular reviews of suppliers to confirm they are still active
- Closure of accounts when suppliers cease to be active
- Separation of duties and authorisations
- Audit trail of Supplier detail changes (e.g. Bank Account details)
- Checks of actual spend against budgets
- Up-to-date list of Authorisers
- All payments approved by an authorised officer

Supplier Control Measures:

- Non-approved suppliers to be blocked centrally
- Limit number of officers able to create suppliers in the system
- Segregation of duties and authorisation applied to supplier creation process
- Independent verification of supplier details
- Audit trail of supplier creation

Changes of Supplier Address and Bank details

- Segregation of duties when changing payment details so that more than one member of staff is required to carry out this function
- Supporting evidence recorded and retained
- Audit trail of address/bank detail creation and changes
- Sample checking of address/bank detail changes

Undisclosed Relationship/Collusion with Suppliers

- Pro-Active testing of employee to vendor address matching
- Clearly defined policies and guidelines
- Audit Trail of purchasing decisions
- Segregation of Duties
- Promotion of Whistle Blowing Policy
- Covert and/or overt investigations

Supplier Invoicing Fraud:

Supplier submitting false or duplicate invoices

- Effective goods receipting and invoice matching process
- Checking process for duplicated invoice values from the same supplier
- Checking process for duplicated invoice/order numbers from same supplier

Supplier submitting invoices for work contracted but not delivered

- Effective goods receipting and invoice matching process
- Segregation of Duties (invoice handling separated from goods receipting)
- All goods and services must be receipted before payment of invoice
- Robust procedures to recover any overpayments
- Clear directions of use of Government Procurement cards

Altered amounts

- Effective goods receipting and invoice matching process
- Segregation of Duties

Invoices for goods/services not delivered

- Purchase orders should be processed and approved by and an authorised officer before orders goods or services
- Supplier invoices should only be paid where there is a completed approval matched to the purchase order
- Effective goods/services receipting and invoice matching process
- Segregation of Duties

Invoices for work not to contracted standard

- Quality checking process implemented
- Monitoring of budget spend and follow up checks on over/under expenditure
- Sample of invoices checked against goods/services delivered

Mandate Fraud:

Mandate fraud is when authorities are fraudulently advised of changes to supplier bank details.

Details of suppliers can be obtained from sources such as corrupt staff, published contract information and on-line logs of supplier contracts for example.

Request to change Bank details from an external source

- Confirm request with supplier using existing contact details
- Send a notification to the supplier confirming the change of details
- Check information on the request form to existing records before making any changes

Fraudulent Requests to set up Standing Orders

- Control account reconciliations to be performed monthly to confirm the financial statement accurately reflect transactions, enabling discrepancies to be identified and timely corrective action to be taken
- There should be a documented process in place to manage changes to the general ledger and compliance with this should be monitored

Rogue Publisher Fraud:

Publisher Fraud involves organisations being misled into paying for services such as advertising space in publications which is not required and may not even be provided.

This can be carried out in a number of ways:

- Invoices are sent to Local Authorities for adverts in publications that do not exist
- Local Authorities receive calls from “rogue publishers” claiming to be from genuine publications they have used before. If they express an interest they are passed to another operative who arranges for the advert to be placed. If the subsequent invoice is queried the “rogue publisher” claims a verbal contract exists.
- Local Authorities may be contacted with offers of a free listing in a “business directory”. They may be asked to complete and return a form confirming the Local Authorities details. In the small print it will state that by signing the form the organisation is committing to an order and agreeing to pay for on-going entries in the directory
- Rogue publishers will call organisations asking for the names of 2 members of staff who can authorise the placement of an advertisement in one of their publications. They then call one of these members of staff and ask them to authorise an advert that has been booked by the other person
- Authorities are contacted by telephone or letter and asked if they wish to place an advert in the next edition of a publication that they are falsely informed they have used before
- Rogue publishers mislead organisations to believe they are registered charities by using name which are very similar to genuine well-known charities
- Rogue publishers will claim their publications are being produced in conjunction with other agencies, when these actually have no involvement at all

Control Measures:

- Never place adverts over the telephone
- Request written details of the service being offered including full terms and conditions
- Keep a record of all calls from publishers noting all details
- Query invoices for services that do not appear to have been received
- Register at www.tpsonline.org.uk/ to opt out of receiving unsolicited sales and marketing calls.

Taunton Deane Borough Council

Corporate Governance Committee – 10th March 2014

Risk Management

Report of the Performance Lead

(This matter is the responsibility of Executive Councillor Vivienne Stock-Williams)

1. Executive Summary

This report provides an update on progress with the Council's approach to Risk Management (Strategic, Projects, and Operational).

The new Joint Management Team (JMT) has recently undertaken a fundamental review and refresh of the Corporate Risk Register – this has been created as a new joint risk register for Taunton Deane and West Somerset, which will enable JMT to manage strategic risks for both councils by the new '*One Team*' organisation.

A Risk Management Action Plan is included within this report – this outlines the key areas of focus to further improve and embed Risk Management during 2014.

2. Background

2.1 Introduction

Risk Management is an important element of management and in planning and providing the safe delivery of economic, efficient, and effective Council services. It is recognised as an integral part of good management practice. To be most effective, risk management should become part of the Council's culture. It should be part of the philosophy, practices and service planning rather than viewed as a separate initiative. When this is achieved, risk management becomes the business of everyone in the organisation and therefore is embedded

2.2 Roles and responsibilities

2.2.1 Corporate Governance committee

The Corporate Governance committee is responsible for monitoring the corporate governance of the authority. It will receive regular reports on way risk is being managed in the authority to monitor the effectiveness of the Council's risk management and internal control arrangements. It is also responsible for approving the Risk Management Strategy and implementation plan.

- 2.2.2 Individual Members (in particular Portfolio Holders / Shadow Portfolio Holders) have a responsibility to understand the strategic risks the council faces. They will be kept informed on the management of those risks through regular performance management reports and through updates from senior managers.

3. Risk Management progress update

3.1 Corporate Risk Register refresh for 2014

- 3.1.1 A copy of the refreshed **Corporate Risk Register for 2014 is found in Appendix B.**

- 3.1.2 The Corporate Risk Register is a 'live' document and is formally reviewed by JMT on a quarterly basis as part of the corporate performance review. There are clear links between the corporate risk register (ie strategic risks) and the monitoring and review of corporate priorities and performance indicators (as reported on the Corporate Performance Scorecard).

- 3.1.3 In line with the corporate **Risk Management Strategy (see appendix A)**, the Joint Management Team (JMT) have undertaken a thorough process of reviewing and refreshing the Corporate Risk Register. A summary of the process is as follows:

- Strategic risk identification workshop (JMT meeting 14 November 2013)
- Further analysis and understanding of risks, and refining of risk descriptions with individual JMT risk 'owners' during December 2013 / January 2014
- Assessment of risks (probability & impact levels – taking existing control measures into account) undertaken by JMT (meeting 29 January 2014)
- Risk response planning with individual JMT risk 'owners' during February 2014

- 3.1.4 Risk management should be applied continuously with information made available **when critical decisions are being made.** The timing of the review of the council's strategic risks was therefore appropriate considering recent significant changes to the council's context, ie:

- Decision on Joint management & shared services
- Decision of SW1 services return to TDBC
- Decisions re other corporate projects, ie Customer Access & Council Accommodation, DLO depot relocation, Asset Strategy
- Budget-setting decisions to be made re 2014/15 Theme savings business cases
- Penny James' new Joint CEO role
- The Growth & Regeneration programme's new vision & direction arising from the *'Town Centre Re-think'* and *'Taunton Growth Prospectus'* projects

- 3.1.5 Regular review and monitoring of the Corporate Risk Register is now included as an integral part of the quarterly JMT corporate performance review meetings. The next

review is scheduled for early June 2014 (Quarter 4 performance review). The key outcomes of the CMT risk review process are:

- To review and approve refreshed Corporate Risk Register (with recent updates from each risk owner), and to consider TDBC overall risk exposure (summary risk profile)
- To identify any new strategic risks for inclusion on the Corporate Risk Register
- To consider any risks that require escalating to the Corporate Risk Register from Theme / Service or Project risk registers

3.2 Operational, Programme and Project Risk Registers

3.2.1 Each 'Theme' / Service and corporate programme or project has a risk register in place. These are constantly under review and are updated as part of the annual service planning process. The highest areas of risk are considered by JMT for escalation to the Corporate Risk Register – this happens during JMT quarterly corporate performance review meetings.

3.4 Approach and actions for joint Risk Management – TDBC & WSC (March – June 2014)

3.4.1 The focus for the next few months (ie the 'interim' period until the restructure of 'tiers 4 & 5' is completed and in place for 1st July 2014) is to adopt a new approach to joint risk management for TDBC and West Somerset. This approach was endorsed by JMT in January 2014.

3.4.2 Key principles:

1. The aim is to fully align and combine the Risk Management Frameworks at TDBC & WSC into a single common and consistent framework for both councils, identifying and adopting best practice from both (the interim approach proposed below is the start of this process)
2. The approach will ensure robust but proportionate risk management which is fit for purpose
3. The approach will support JMT and Members and will inform decision-making, especially in the early stages of joint management and sharing services

3.4.3 Specific actions (Strategic, Programmes, Projects, Services & Partnerships) are outlined below:

Strategic actions

- a) Develop a new combined corporate risk register (capable of recording different risk scores for each council where required, and showing TD / WSC / both)
 - Talk to other shared service councils re a joint approach

- Create Risk Response Plans & post response (target) risk scores following assessment / evaluation process (DW & KB with each risk owner)
- b) Create a combined Risk Management Strategy:
 - common scales for impact & probability,
 - roles & responsibilities,
 - strategic risk appetite & tolerance levels for the different categories of risk / difference business areas etc)
- c) Complete a high-level risk management 'health-check' to help identify any significant 'missings'

Programmes, Projects, Services & Partnerships

- a. Collate all existing risk registers – identify any missings
- b. Partnership risk management - identify key strategic & service delivery partners and review risk management arrangements in place
- c. Assistant Directors to review and consider whether any high-level risks for escalation
- d. Upload corporate & all programme / project risk registers to one place that JMT can access (eg a sharepoint site?)

Other considerations

- a. Agree a standard risk register template
- b. Develop a combined Corporate Risk Management Action Plan
- c. Review how risks are reported in Member committee reports, and how these risk are then collated and managed as part of the on-going RM process

4. Finance Comments

- 4.1 Financial risk is explained in the Risk Management Strategy and considered within the Corporate Risk Register.

5. Legal Comments

- 5.1 Legal risk is explained in the Risk Management Strategy and considered within the Corporate Risk Register.

6. Links to Corporate Aims

- 6.1 As this report covers the Council-wide approach to managing risk, all Corporate Priorities are affected

7. Environmental and Community Safety Implications

- 7.1 These areas are considered within the Corporate Risk Register.

8. Equalities Impact

- 8.1 An Equalities Impact Assessment is not required. Equalities issues are considered within the Risk management process.

9. Risk Management

- 9.1 This report outlines all aspects of corporate Risk Management.

10. Partnership Implications

- 10.1 Partnership risk management is referred to in the Risk Management Strategy, Action Plan, and Corporate Risk Register.

11. Recommendations

- 11.1 It is recommended that the Corporate Governance Committee note progress with Corporate Risk Management, the Corporate Risk Register, and the approach and actions to achieve joint Risk Management for TDBC and West Somerset.

Contact: Dan Webb
Performance Lead
01823 356441
Ext: 2504
d.webb@tauntondeane.gov.uk

APPENDIX A

TDBC Corporate Risk Management Strategy and Process Guide

1. Introduction

This Risk Management Strategy refers specifically to risk management at the corporate / strategic perspective for TDBC.

The purpose of this strategy is to act as a communications tool to ensure that the Joint Management Team (JMT) has a shared understanding of the responsibilities and process for Risk Management, as well as the measures of *probability* and *impact*.

This Risk Management Strategy has been created for application at a strategic level, where the primary concern is the long-term strategic goals and decision-making which sets the context for decisions at all other levels of the organisation. This should be achieved through the Corporate Strategy and Corporate Transformation / Change Programmes, where Risk Management should be the basis for effective management, objective-setting, and decision-making at all times.

As a guide, the criteria for risks to be included on the Corporate Risk Register is:

- Risks associated with strategic goals and decisions, ie overall long-term 'business' success, vitality and viability
- Risks with organisation-wide and/or significant community impact
- Risks with high priority and/or urgency that require managing at CMT level (for example risks that have been escalated from operational or project risk registers)

Corporate Governance & Internal Control – the UK Corporate Governance Code (2010) states: *"The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board should maintain sound risk management and internal control systems"*.

Some key definitions / Glossary of Terms

RISK – an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives.

THREAT – an uncertain event (risk) that would have a negative impact on objectives if it occurred

OPPORTUNITY - an uncertain event (risk) that would have a positive impact on objectives if it occurred

ISSUE – a relevant event that has happened, was not planned and requires management action. Issues can be problems, benefits, or just situations that have occurred (eg a query or change request).

RISK MANAGEMENT - is the systematic application of principles, an approach and a process to the tasks of identifying and assessing risks, and then planning and implementing risk responses.

RISK CAPACITY – is the maximum amount of risk that an organisation can bear, linked to such factors as its reputation, capital, assets, external regulators/Government.

RISK APPETITE – is the amount of risk the organisation is willing to accept, ie the propensity to take risk versus the propensity to exercise control.

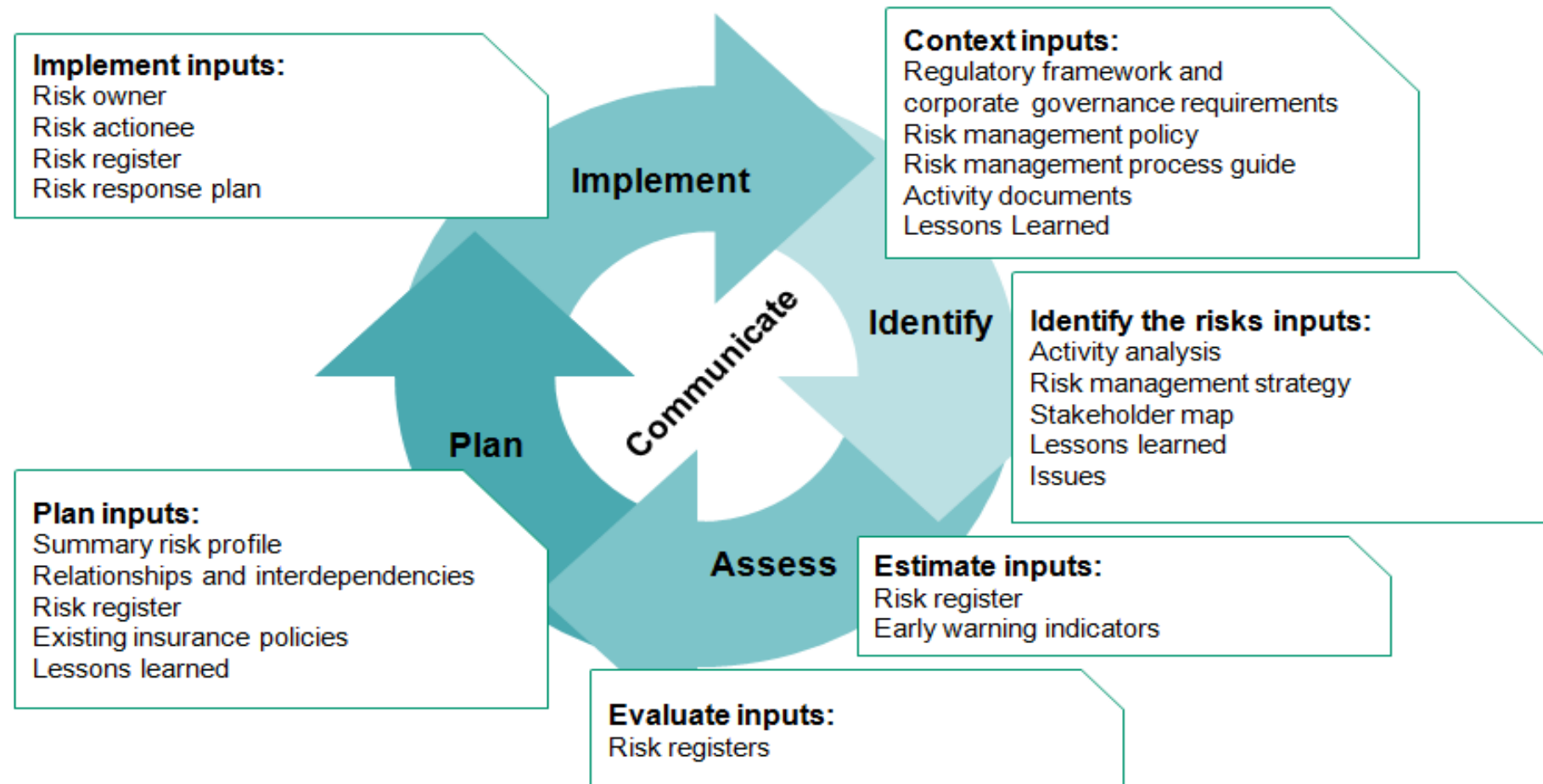
Risk appetite must be integrated with the control culture of the organisation. The strategic level is proportionately more about risk taking than exercising control.

RISK TOLERANCE – the threshold levels of risk exposure which, when exceeded, will trigger an escalation. Risk tolerances are defined by considering the risk appetite (eg at a strategic level, or for a specific project or service) in the context of the overall organisational risk capacity.

2. Summary of risk management process, tools & techniques

The management of risk process steps

The output of each process step provides most of the inputs to the next process step. The output of the implement step is a Risk progress report.



The primary processes and associated tools & techniques are shown below

Process	Tools & techniques	Goals and Outputs
Identify <ul style="list-style-type: none"> Context Risks & Issues 	<ul style="list-style-type: none"> Stakeholder analysis (including RACI diagram) SWOT analysis / PESTLE analysis Horizon scanning Brainstorming Prompt list Risk descriptions (ie risk 'event' and 'effect') Define the Probability Impact grid & scales 	<ul style="list-style-type: none"> Identify Context - to obtain information about the organisation and how it fits into the wider organisation & community Identify Risks & Issues – to identify risks to & issues affecting the achievement of strategic/corporate objectives with the aim of minimising threats and maximising opportunities The 1st stage in the preparation of a Risk & Issues Register
Assess Estimate & evaluate	<ul style="list-style-type: none"> Probability assessment Impact assessment (Cost; People; Operational requirements) Proximity assessment Risk evaluation – the overall risk exposure by evaluating the net effect identified threats and opportunities (Summary Risk Profiles) 	<ul style="list-style-type: none"> To prioritise each risk and issue so that it is clear which are most important and urgent To understand the overall Risk Exposure faced by the organisation The 2nd stage in the completion of the Risk & Issues Register
Plan	Risk & Issue response action planning	<ul style="list-style-type: none"> The preparation of specific management responses to the risks (threats & opportunities) and issues identified – ideally to remove or reduce threats & to maximise opportunities Important to identify individuals responsible for the response action and ownership of each risk / issue The final stage in the completion of the Risk & Issues Register NB – an additional Risk / Issue Response action plan may be necessary where a more robust & detailed action plan is needed
Implement	Ensure that planned risk & issue management actions are implemented and monitored and regularly reviewed	<ul style="list-style-type: none"> To ensure that the planned management actions are implemented and monitored as to their effectiveness, and corrective action is taken where responses do not match expectations Update the Risk & Issues Register as necessary with new risks, closed risks, revised risk scores, changes/additions to the response actions

3. RECORDS & TEMPLATES

3.1 Risk & Issues Register

To help keep things simple, we have produced a template that combines both Risks and Issues onto a single register. The template allows for clear distinction between Risks and Issues.

The Risk & Issues Register template is attached here.



Risk & Issue Register
template (Jan 12).xls

This template includes guidance on its completion plus an example of a risk and an issue.

3.2 Summary risk profile

Once the Risk Registers have been completed they will be supplemented with a Summary Risk Profile. This is a simple graphical representation of the total risk to the project, showing all the key risks on one picture. The Summary Risk Profile includes the 'Risk Tolerance Line' and will clearly show all risks that sit above this line indicating the highest priority, therefore requiring the closest management attention.

Example of a Summary Risk Profile

PROBABILITY (A)	Very Likely 5			Risk 2		
	Likely 4			Risk 1	Risk 4	
	Feasible 3		Risk 3			
	Slight 2					
	Very Unlikely 1					
		Insignificant 1	Minor 2	Significant 3	Major 4	Critical 5
	IMPACT (B)					

4. SCALES FOR ESTIMATING PROBABILITY AND IMPACT

Probability scale			
Score	Probability	Criteria	Likelihood
5	Very likely	>75%	Almost certainly will occur
4	Likely	51-75%	More likely to occur than not
3	Feasible	26-50%	Fairly likely to occur
2	Slight	6-25%	Unlikely to occur
1	Very unlikely	0-5%	Extremely unlikely or virtually impossible

Financial loss Impact scale		
Score	Impact	
5	Critical	£250k+ financial loss
4	Major	£100k - £250k financial loss
3	Significant	£30k - £100k financial loss
2	Minor	£10k - £50k financial loss
1	Insignificant	<£10k financial loss

HR / staff Impact scale		
Score	Impact	
5	Critical	Widespread, long-term staff morale problem, breakdown in industrial relations, multiple redundancies
4	Major	Widespread, medium-term staff morale problem, threat to industrial relations, several redundancies
3	Significant	Widespread short-medium term staff morale issues, small number of redundancies
2	Minor	General, short-term staff morale issues
1	Insignificant	Isolated, short-term staff dissatisfaction

Legal & compliance / internal control Impact scale		
Score	Impact	
5	Critical	Major legal implications (high cost & complex / lengthy to resolve) / Criminal prosecution. Gross failure to comply with statutory duties / failure of key internal controls. Central Government intervention (removal of delegated powers).
4	Major	Significant legal implications. Major compliance issues that need to be addressed urgently by senior management / Corporate Governance committee.
3	Significant	Some difficult legal implications, but resolvable at a 'medium' cost. Significant and urgent non-compliance issues.
2	Minor	Some minor legal issues, resolvable at a fairly low cost. Minor but urgent non-compliance issues.
1	Insignificant	Easy to resolve legal issues, no/low cost Minor, non-urgent non compliance issues

Strategic / corporate priorities Impact scale(Quality & sustainable growth & development / a vibrant economic environment / a vibrant social, cultural & leisure environment / plus key business principles & core values)

Score	Impact	
5	Critical	Corporate priorities & outcomes are undeliverable. Major long-term detrimental impact on the community & 'quality of life' (eg crime, deprivation, economy, health, housing, the environment etc)
4	Major	Corporate priorities & outcomes very difficult to deliver - major changes required in objectives and/or timescale. Some detrimental medium-term impact on community & quality of life.
3	Significant	Significant changes needed to objectives &/or timescales to deliver corporate priorities. Some short-medium term detrimental impact on community & quality of life.
2	Minor	Some changes needed to objectives &/or timescales - minimal short-term impact on community.
1	Insignificant	Some minor changes needed - negligible impact on community

Operational Impact scale (service & project delivery)

Score	Impact	
5	Critical	Major change in any of the critical & statutory requirements of the services / key projects. Not possible to deliver the changes / complete the project (various reasons eg: IT / technology, buildings, equipment, processes). Major, long-term decline in operational performance.
4	Major	Change in any of the critical & statutory requirements of the service / key projects. Very difficult to deliver the changes / complete the project Significant medium - long term decline in operational performance.
3	Significant	Change in multiple requirements of the service / key projects. Difficult to deliver the changes / complete the project. Noticable medium-term decline in operational performance
2	Minor	Changes in ancillary service / project requirements. Some difficulty delivering changes / aspects of the project Some short - medium term decline in operational performance.
1	Insignificant	Minor changes in ancillary service / project requirements. Some minor, short-term disruption whilst changes delivered. Isolated short-term decline in performance.

Public relations & reputation Impact scale (General Public, Partners & other key stakeholders)

Score	Impact	
5	Critical	Major, irreparable long-term (ie 3+ months) reputational damage. Concerted attacks on standing & reputation by stakeholders & Press. Multiple serious complaints and significant Ombudsman involvement.
4	Major	Major, short-term (ie 1-3 months) damage. Media interest. Significant number of serious complaints.
3	Significant	Significant, short to medium-term damage / loss of trust. Significant increase in minor level complaints.
2	Minor	Minor, medium-term damage. Noticable increase in minor level complaints.
1	Insignificant	Minor, short-term (less than a month) damage

Health & Safety, wellbeing & welfare Impact scale

Score	Impact	
5	Critical	Significant injuries or fatalities to employees or third parties / the public
4	Major	Noticable increase in major injuries.
3	Significant	Noticable increase in minor injuries.
2	Minor	Slight increase in minor injuries
1	Insignificant	Negligible or no minor injuries.

5. ROLES & RESPONSIBILITIES

All members of JMT are required to follow the Corporate Risk Management Policy, and this Risk Management Strategy.

Senior Leadership Team (SLT - Chief Executive & Directors)

Will demonstrate commitment to risk management through:

- Being actively involved in the identification and assessment of strategic risks, and helping Theme Managers & Leads understand and appreciate the significance of these throughout the organisation
- Monitor and act on escalated risks
- Encouraging staff to be open and honest in identifying risks, near misses and salvaged situations, and missed opportunities.
- Ensuring that the risk management process is part of all major projects partnerships and change management initiatives.
- Monitoring and reviewing regularly relevant PI's to reduce or control the significant risks.

Portfolio Holder (...insert name...):

To consult with relevant Officers before taking a decision within his or her delegated authority. In doing so, the individual Member must take account of legal and financial liabilities and financial and other Risk Management issues that may arise from the decision.

Joint Management Team:

- Ensure Risk Management Strategies exists for their areas
- Ensure that the Corporate Risk Management Policy is implemented throughout their Theme and ensures participation in the delivery of risk management
- Own and manage escalated risks as appropriate
- Escalate risks (ie to JMT / Director and/or Portfolio Holder) or delegate risks (eg to Lead Officers)
- Assist their teams in embedding the necessary risk management practices
- Contribute to the identification of key risk areas and ensures that risk registers are in place, with a regular risk review and escalation process
- Establish how risk management will be integrated with performance management and change control within their area

Service Manager / Lead Officers:

- Participates in the identification, assessment, planning and management of risks
- Implements the Risk Management Policy within their area of responsibility
- Escalates risks as necessary (eg to Theme Manager)
- Understands the Risk Management Policy & Strategy and how it affects them and their teams

Reporting and escalation

The JMT Structure Chart illustrates the appropriate reporting lines and routes for escalation of Risks and Issues. This is found on the intranet: ([link](#))

6. Early Warning Indicators (EWI)

An EWI is a measure (like a KPI), but should be seen as a leading indicator for an objective. For example, the Theme / Service may have an objective and associated KPI about the level of customer service excellence delivered. An EWI for this objective may be the retention rate of staff within key customer-facing roles.

The following are examples of KPIs and EWIs that should be monitored on a regular basis (minimum quarterly), providing a trend analysis and guidance on the 'health' of the Theme and its services:

- New risks that materialise
- Finance (budget monitoring) – variance to budget
- Staff sickness levels
- Staff turnover
- Accidents and incidents (staff and public)
- Customer satisfaction
- Internal audit results (ie 'Partial' or 'No' opinion, and Priority 4 & 5 recommendations)
- Achievement of 'delivery on time' targets ('inputs')
- Complaints / Feedback data (eg % resolved within 10 days, % upheld, trends/repeated complaints)
- Performance 'outputs' vs. Target (actuals year-to-date, or projected year-end outturn)

The current set of corporate Early Warning Indicators is found in the Corporate Performance Scorecard.

7. Timing of Risk Management activities

Risk Management should be applied continuously with information made available when critical decisions are being made. At the strategic level, the emphasis is on long-term goals; these set the context for decisions at other levels of the organisation. The risks associated with strategic decisions may not become apparent until well into the future. It is, therefore, essential to review these decisions and associated risks regularly.

Risk Management should be the basis for effective management of the organisation at all times, including in support of decision-making when planning the introduction of change to any organisational perspective: Strategic; Programmes & Projects; Operational

Trigger points should be used to monitor and review risks, for example:

- Changes in organisational structure and/or personnel changes
- Change Management activities
- Introduction of new or changed standards or processes
- Whenever something unexpected occurs or fails within the organisation
- Review / refresh of Corporate Strategy

- Initiation of new partnerships
- Annual Service Planning
- Quarterly monitoring and review of performance & risk
- Programme or Project initiation (and on-going project management & review)
- Inclusion in Council Reports (especially where key decisions are required)

Risk No.	Date raised	Risk group heading	Risk / Issue description	TDBC, WSC, or BOTH	Risk Owner	Existing Control Measures	Current Assessment		Score	Proximity	Risk response option	Risk / Issue Response Action	Target score (post response)		Score
							Probability	Impact					Probability	Impact	
1	Dec-13	Transformation	Joint-management & shared services ('JMASS') TDBC & WSC have entered into a new joint-management & shared services arrangement from 2014 - if the management resource & capacity to run the new structure effectively is insufficient: RISK - failure to deliver the ambitions and financial savings as stated in the 'JMASS' business case. 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	BOTH	Shirlene	~ Effective governance arrangements in place ~ Consultation with Joint Unison Board ~ Information briefings ~ Programme plan in place	Slight(2)	Critical(5)	10	Feb-15	Accept	~ Fortnightly JMASS project meetings to review progress ~ responsibility for financial monitoring allocated ~ regular SLT discussions	Slight(2)	Critical(5)	10
2	Dec-13	Transformation	The wider transformation programme 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 - Risk of failure to deliver an effective programme of change to achieve the desired outcomes and benefits for the council(s). 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	BOTH	Richard	~ existing individual projects being managed robustly	Feasible(3)	Critical(5)	15	14/15	Reduce	~ Recruitment of new Programme Manager part of re-structure process Spring 2014 ~ Working with the ICT service to understand & minimise the costing for transformation ICT work & to identify possible alternative delivery options	Slight(2)	Critical(5)	10
3	Dec-13	Transformation	Shared Services across Somerset and wider Public Sector Government policy is pushing wider transformation of public sector. No clear ambition has emerged for Somerset. RISK - wider transformation opportunities may be missed - or - if identified could slow down the pace of the TDBC / WSC transformation programme. Effects: (as per Risk no. 1 above)	BOTH	Penny	~ Somerset Public Sector CEO meetings ~ contact with DCLG re central govt expected outcomes ~ Somerset Task & Finish review ~ LGA Shared CEO Special Interest Group ~ Support from LGA to Somerset to facilitate wider discussions	Slight(2)	Critical(5)	10	NOW	Share	Continued leadership engagement with wider public sector partners at political and officer level	Slight(2)	Critical(5)	10
4	Jan-14	Political	National changes to Law/Policy drivers Changes advocated or made maybe missed or not evaluated in a timely manner. The risk is the Councils are non-compliant and/or changes undermine the delivery of key priorities. Key effects: financial impact, failure to achieve the desired outcomes and benefits of the HRA Business Plan for the community and councils	BOTH	Penny	~ 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	Feasible(3)	Critical(5)	15	NOW	Reduce	JMT to review on quarely basis the national picture	Slight(2)	Critical(5)	10
5	Jan-14	Financial	Asset Management A new TDBC Corporate Asset Management Strategy has been approved, however there is a need to refresh the strategy for West Somerset Council. There is a need to ensure adequate capacity, resource/funding, and expertise for effective asset management, as well as the appetite to take decisions to maximise opportunities. Poor data management may also lead to poor decisions. RISK - failure to deliver Asset Management strategies and failure to manage existing assets appropriately. Key effects: ~ financial (asset base that is unaffordable to maintain, inability to maximise income opportunities) ~ failure to comply with community requests relating to assets ~ increased risk & liabilities in relation to disrepair & compliance matters	BOTH	James	~ TDBC approved Asset Strategy & 2 year funding secured to deliver the new plan ~ direct control of former SW1 Estates team to prioritise workload (following decision to bring the service back to TD from SW1)	Likely(4)	Critical(5)	20	NOW	Reduce	~ Asset strategy & plan to be refreshed for WSC ~ Implement the approach & key activities (phase 1 & 2) as outlined in the report to TDBC council Dec 2013 ~ Recruitment of new Property & Development Assistant Director post ~ team restructure arising from JMASS project	Slight(2)	Critical(5)	10
6	Dec-13	Financial	Medium Term Financial Planning (MTFP) The key financial risk factors are: continuing budgetary pressures & adverse economic conditions, an environment of major financial risk & uncertainty (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). Risk of failure to agree and deliver a sustainable MTFP for the next 5 years Key effects may include: ~ 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	BOTH	Shirlene	~ on-going raising of profile and awareness of financial challenges with Members ~ regular reviews, updates (latest forecasts) & reporting of MTFP position ~ budget-setting / approval process	Likely(4)	Critical(5)	20	end 2015	Reduce	~ fundamental review of WSC finances (including revenues, capital, treasury management) ~ new Treasury Management contract in place for WSC ~ Executive/Cabinet discussions on budget position linkage of Asset Management plans, Health & Safety plans with Financial plans (TDBC & WSC)	Feasible(3)	Critical(5)	15
7	Dec-13	Partnerships	Southwest One The Southwest One contract is due to end in 2017 – there is uncertainty regarding future plans for the partnership beyond 2017. If there is no clear plan and timetable to reach a decision on the future of the SW1 partnership - Risk of failure to properly implement a succession plan for Southwest One services Key effects: deterioration of services (pre 2017), financial impact, reputational damage	TDBC	Richard	~ succession planning process has commenced	Slight(2)	Critical(5)	10	14/15	Reduce	~ Completion of a /Succession Options review & the implementation of any agreed actions.	Slight(2)	Significant(3)	6

Risk No.	Date raised	Risk group heading	Risk / Issue description	TDBC, WSC, or BOTH	Risk Owner	Existing Control Measures	Current Assessment		Score	Proximity	Risk response option	Risk / Issue Response Action	Target score (post response)		Score
							Probability	Impact					Probability	Impact	
8	Dec-13	Leadership & People	<u>Political leadership and decision-making</u> TDBC remains in a 'no overall control' position, therefore the political balance of the council can present difficulties with decision-making. If there is a lack of clear political leadership, then - There is a risk of failure to reach decisions on key strategic issues. Key effects may include: ~ difficulties with long-term strategic & operational planning; ~ lack of cross-party buy-in to the corporate strategy	TDBC	Penny	~ Corporate Business Plan approved in 2013 ~ Leader / Director meetings ~ Shadow Executive engagement ~ Joint Portfolio / Shadow PFH briefings ~ Cross-party steering groups on key issues ~ Group Leaders meetings	Feasible(3)	Critical(5)	15	NOW	Reduce	~ Increase frequency of Group Leaders meetings ~ Improve engagement between JMT and Shadow Executive and Leader of Opposition	Slight(2)	Major(4)	10
9	Dec-13	Corporate Aim (TDBC)	<u>Growth & Development - Taunton town centre regeneration</u> In January 2014, the Executive approved a re-think of the Taunton town centre including a range of proposals for sites throughout the town. This also included a mandate to establish a new programme management arrangement to progress the delivery. There is a high dependance of other partners / agencies to support and deliver the programme. Risk of failure to achieve the council's ambitions for the regeneration of Taunton town centre. Key effects may include: ~ the 'Firepool' site may fail to attract private sector investment & stagnates ~ detrimental impact on the local economy ~ damaged reputation for Taunton, and TDBC ~ negative effect on inward investment decisions	TDBC	Brendan	~ mandate approved to establish a Programme Management approach in 2014 ~ Taunton Economic Advisory Board ~ Programme SRO in place (Brendan Cleere)	Feasible(3)	Major(4)	12	5 - 10 years		The Growth & Development Director is currently 're-framing / refreshing' the growth programme outcomes and ambitions and will develop the headline risks & risk response from that position.			
10	Dec-13	Corporate Aim (TDBC)	<u>Growth & Development - Infrastructure delivery</u> A new Growth Prospectus for Taunton was approved in January 2014. There are however significant factors to address such as: inadequate management resource, a lack of funding, prioritisation of funding for any one particular project ('all the eggs in one basket'), and any failure to engage with funding providers. These are causes of the following risk: Risk of failure to deliver the key components of the Infrastructure Delivery Plan (IDP) and the approved Growth Prospectus for Taunton. Key effects may include: ~ lack of new / improved infrastructure needed to support & deliver the vision outlined in the Growth Prospectus for Taunton ~ M5 & A358 do not improve (traffic problems worsen); ~ Unable to attract inward business investment to Taunton Deane ~ Detrimental impact on the local economy	TDBC	Tim	~ implementation of Community Infrastructure Levy (CIL) from April 2014 ~ New Home Bonus funds ringfenced for growth initiatives ~ Growth prospectus has prioritised the schemes	Feasible(3)	Major(4)	12	from 2016	Reduce	~ ensure adequate resources focussing on delivering Growth Prospectus ~ ensure Taunton schemes are high profile with key funding providers (eg LEP) ~ prioritisation of CIL receipts	Slight(2)	Major(4)	8
11	Dec-13	Corporate Aim (TDBC)	<u>Growth & Development - Housing & employment land delivery</u> Factors such as: the uncertain economic climate (national & local) and a lack of market appetite for growth, the extent of our ability to influence other agencies to address key issues, the Planning process, and identification of deliverable sites - are all causes of the following risk: Risk of failure to deliver proposals in the Development Plan relating to housing and employment land. Effects: in addition to those described above in risk no. 7, the council would be open to unplanned development	BOTH	Tim	~ TDBC Approved Core Strategy & Site Allocations work ~ Monkton Heathfield - Capacity Funding award ~ emerging WSC Local Plan	Feasible(3)	Major(4)	12	from 2015	Reduce	~ meet the timetable for preparation of Planning Policy documents ~ working with developers to bring forward Monkton Heathfield, other Urban Extensions, and other development sites across the 2 districts ~ dependancy / links with Infrastructure risk & actions (risk 10)	Slight(2)	Major(4)	8
12	Dec-13	Corporate Aim (WSC)	<u>Hinkley Point</u> 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. There is a 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). Key effects may include: ~ 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)	BOTH	Brendan / new Nuclear Programme Manager	Risk to be further described and assessed once new Programme manager appointed.						The Growth & Development Director is currently 're-framing / refreshing' the growth programme outcomes and ambitions and will develop the headline risks & risk response from that position.			
13	Dec-13	Communities	<u>Welfare Reforms</u> 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. Risk of the Council failing to adequately support our community and services for the impact of the Government's Welfare Reform Agenda Key effects include: ~ taxes and rents harder to collect ~ more vulnerable people - individuals & families may be unable to manage ~ increased pressure and demand on services	BOTH	Paul F / Simon	~ Halcon One Team approach	Feasible(3)	Critical(5)	15			~ Initiation of a new project Please note - the Assistant Director (Resources) - Paul Fitzgerald has only recently been appointed and will therefore develop a risk response action plan as part of his business planning for 2014/14			

[illegible]

Taunton Deane Borough Council

Corporate Governance Committee – 10 March 2014

Internal Audit Plan Progress 2013-14

Report of the Assistant Director – Corporate Services, Richard Sealy and the Audit Manager, Alastair Woodland.

(This matter is the responsibility of Executive Councillor John Williams, the Leader of the Council).

1. Executive Summary

The Internal Audit function plays a central role in corporate governance by providing assurance to the Corporate Governance Committee, looking over financial controls and checking on the probity of the organisation.

The 2013-14 Annual Audit Plan is on track to provide independent and objective assurance on TDBC's Internal Control Environment. This work will support the Annual Governance Statement.

2. Background

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 September (**Appendix B**).
- 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 (**Appendix A**).

Members will note that where a partial assurance has been awarded, Internal Audit will follow up on the agreed management responses to provide assurance that risk exposure has been reduced.

3. Detailed Update

Please refer to the attached SWAP Progress Report.

4. Finance Comments

There are no specific finance issues relating to this report.

5. Legal Comments

There are no specific legal issues relating to this report.

6. Links to Corporate Aims

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.

7. Environmental Implications

There are no direct implications from this report.

8. Community Safety Implications (if appropriate, such as measures to combat anti-social behaviour)

There are no direct implications from this report.

9. Equalities Impact

There are no direct implications from this report.

10. Risk Management

Any large organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the risks it may face. TDBC 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 since the last committee report are documented in **Appendix B**.

11. Partnership Implications

There are no direct implications from this report.

12. Recommendations

Members are asked to note progress made in delivery of the 2013/14 internal audit plan and significant findings.

Contact:

Ian Baker – Director of Quality 01823 356417 Ian.Baker@southwestaudit.co.uk	Alastair Woodland – Audit Manager 01823 356160 Alastair.woodland@southwestaudit.co.uk
---	---



Taunton Deane Borough Council

Report of Internal Audit Activity, March Update, 2013 - 14

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

Audit Manager

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 2013-14

Audit Plan progress Page 2

Report on Significant Findings Page 3

Non-Opinion Review – Taxi Licence Fee Page 4

Future Planned Work & Conclusions Page 5

Appendices

Appendix A - Audit Plan Progress 2013-14 Page 6 - 9

Appendix B - High Priority Findings and Recommendations (since last Committee) Page 10

Appendix C - Audit Definitions Page 11

Summary

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 Taunton Deane Borough 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 24th June 2013.

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 2013.

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.

Audit Plan Progress

Outturn to Date:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action

Audit Plan Progress

The schedule provided at [Appendix A](#) contains a list of all audits as agreed in the Annual Audit Plan 2013/14. 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” opinion 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 C](#).

Where assignments record that recommendations have been made to reflect that some control weaknesses have been identified as a result of audit work, these are considered to represent a less than significant risk to the Council’s operations. However, in such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. To further assist with this assurance all 4 & 5 priority recommendations will be followed up by internal audit to confirm the weakness has been addressed.

Further, should an audit review identify any significant corporate risk as ‘very high’, as described in [Appendix C](#), these will also be brought to the attention of the Audit Committee.

Audit Plan Progress

Update 2013-14:

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

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. I attach as [Appendix B](#), a summary of the agreed actions relating to those reviews completed for 2013/14 that have not been previously reported where the Auditor assessed the priority to be a level 4 (Medium/High) or 5 (High).

Since my December report for 2013/14 there has been one review concluded and assessed as 'Partial' and I include the Auditor's Opinion as follows:

Procurement Cards

Whilst there is no evidence that cards are being misused some essential controls are missing that would provide reasonable assurance that the opportunity for card misuse is reduced; most notably there is no corporate policy or guidance in place, signed agreement forms from card holders on their responsibility for the safe custody of the cards could not be provided and receipts are not always retained for purchases.

There are areas where the introduction of best practice operated by other local authorities and central government departments would enhance the control framework. It was also surprising to find that there was no definitive list of who had a card and at what transaction level. The list to provide the overview had to be pulled together during the audit.

Non-Opinion Reviews

Taxi Licence Fees

In 2012 an objection to the Audit of the Taunton Deane Borough Council Accounts 2011/12 was received by Grant Thornton, the External Auditors for TDBC. The objection related to the Council's setting of its taxi licence fees as follows;

- (i) the Council has levied licence fees in excess of its own calculation of 'reasonable costs ';* and
- (ii) notwithstanding objection (i) above, the Council's 'reasonable costs' are excessive.*

Following investigation by the External Auditors the following recommendation was made;

Recommendation 1: *Consider the cost and benefits of introducing a system of time recording, or employ a time and motion study, to provide a more robust evidence base for cost apportionment for the purposes of licence fee setting.*

A new approach for the calculation of Licensing Fees has been adopted by the Council. As observed by the External Auditors *'The Council does not have a time recording system and neither has it undertaken a formal Time and Motion study. Instead, the Council has applied "a best recollection and the professional judgement of those involved". We have not, therefore, been able to independently verify the accuracy of the precise time allocations applied by the Council.'*

In response to this SWAP was asked by the Section 151 Officer to conduct a review into the reasonableness of the Licensing Fee Calculations. The Scope of the work was to observe the processes within the Taxi Licensing Fee Construction Model (FCM) in order to provide independent assurance on the accuracy and reasonableness of the stated figures (both salary costs and time for each activity).

Audit Plan Progress

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

A review of the Fee Construction Model (FCM) itself showed that the Excel document used and the formulas contained within it appear reasonable. The cost figures calculated within the Model can be deconstructed and their origins identified and agreed back to salary cost information. It is clear that a great deal of time has been spent developing the Fee Construction Model.

Whilst the time available did not permit all processes to be fully tested the Model is comprehensive, fair and transparent. There were some time variations, both to the benefit of the service user and some to the Authority. As the model breaks processes down into minutes and seconds it is expected that some degree of variation would exist and therefore the model will need moderating as part of the normal review of service activities. We are therefore satisfied that the model, in overall terms, does provide a reasonable basis for calculating the license fees for 2014-15.

Future Planned Work

The audit plan for 2013/14 is detailed in [Appendix A](#). Members will note that there were necessary changes to the plan throughout the year; any changes made have been subject to agreement with the appropriate service manager and the Section 151 Officer.

Conclusions

Steady progress has been made against the 2013/14 plan and we have not identified any significant corporate risks since our last update in December 2013. Overall, on the balance of audits undertaken to date, the internal controls environment appears *Reasonable*.

There has been difficulty in progressing and finalising some of the IT audits involving South West One. This has been escalated and it is anticipated that Data Centre Facilities Management and System Development Life Cycle will be finalised shortly and work will commence on the IT Financial Controls, Incl Access (Key Financial System Audit).

I will continue to update Members on progress against the plan and am confident that reviews currently in progress or draft will be completed, although with some inevitable carry forward into the new financial year.

Audit Plan 2013

Audit Plan Progress 2013-14

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
ICT Audits	Data Centre Facilities Management	1	Draft							
Special Review	Contract Benefits- Van Hire	1	Final	Non-Opinion	6	0	0	4	2	0
ICT Audit	System Development Life Cycle	1	Draft							
Operational Audit	Car Park Contract Management	1	Final	Reasonable	2	0	0	2	0	0
Operational Audit	Taunton Deane Partnership's 'Priority Areas Strategy' (PAS) programme	1	Final	Partial	9	0	0	4	5	0
Operational Audit	1. Contract Audit- Spend Analysis	1	Final	Reasonable	2	0	0	2	0	0
Operational Audit	Affordable Housing	1	Final	Substantial	0	0	0	0	0	0
Follow-up	Project Taunton- Follow up	1	Final	Follow-up	0	0	0	0	0	0
Follow-up	Business continuity Arrangements- Follow up	1	Final	Follow-up	4	0	0	0	3	1
Non- Opinion	Taxi Licences	1	Final	Non-Opinion	0	0	0	0	0	0




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 2013

Audit Plan Progress 2013-14

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor			5 = Major	
						Recommendation				
						1	2	3	4	5
Operational Audit	2. Contract Audit- Pre & Current	1 & 2	In progress							
Governance, Fraud & Corruption	Fighting Fraud Locally	2	Final	Reasonable	6	0	1	3	2	0
ICT Audit	Non-SAP business critical applications-civica	2	Final	Reasonable	8	0	2	5	1	0
Operational Audit	Procurement Cards	2	Final	Partial	6	0	0	4	2	0
Operational Audit	Revs and bens brought in house	2	Final	Non-Opinion	0	0	0	0	0	0
Operational Audit	Community Infrastructure Levy (CIL)	2	Final	Non-Opinion	0	0	0	0	0	0
Follow-up	Equality Impacts on Decisions- Follow-up	2	Final	Follow-up	0	0	0	0	0	0
Follow-up	Data Security Breaches Follow-up	2	Final	Follow-up						
Operational Audit	Audit Universe (New)	2	Drafting							
Governance, Fraud & Corruption	Council Tax Reduction Scheme	3	In progress							
Key Control	Creditors	3	Draft							



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 2013

Audit Plan Progress 2013-14

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor		↔		5 = Major	
						Recommendation					
						1	2	3	4	5	
Key Control	Council Tax & NNDR (Dropped – replaced by Audit Universe)	3	Dropped								
Key Control	Debtor	3	Drafting								
Key Control	Housing Benefits (Dropped – Fleet vehicles and Fuel)	3	Dropped								
Key Control	Main Accounting (Dropped – replaced by Trouble Families)	3	Dropped								
Key Control	Payroll	3	Discussion Document								
Key Control	Capital Accounting	3	Discussion Document								
Key Control	Housing rents	3	Discussion Document								
Key Control	Treasury Management (Dropped – replaced by Taxi Licenses)	3	Dropped								
Governance, Fraud & Corruption	Debt Management	3	In progress								
Follow Up	ICT Strategy – Follow Up	3	Final	Follow-up	8	0	1	3	2	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.

Audit Plan 2013

Audit Plan Progress 2013-14

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor			5 = Major	
						Recommendation				
						1	2	3	4	5
ICT Audit	IT Financial Controls, Inc Access (Key Financial System Audit)	3								
Follow-up	IS Regulatory Compliance- Follow-up	4	In progress							
Operational Audit	Troubled Families (New)	4	In progress							
Governance, Fraud & Corruption	Home working Arrangements	4	Discussion Document							
ICT Audit	Disaster Recovery Arrangements	4	In progress							
Operational Audit	Imprest Analysis/Cash Handling	4	Final	Reasonable	1	0	0	1	0	0
Operational Audit	DLO Fleet Vehicles, inc fuel check (New)	4	In progress							
Operational Audit	Health & Safety	4	In progress							
Operational Audit	Partnership Arrangement	4	In progress							
Operational Audits	Somerset Waste Partnership Plan contribution	4								
Non-Opinion	West Somerset Council	All								



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.

High Priority Findings and Recommendations

APPENDIX B

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Procurement Cards					
There is no training or guidance provided for cardholders before being issued with a purchasing card.		I recommend that the Strategic Finance Officer creates a corporate Purchasing Card Policy. The policy should include the procedures in place for when a card holder changes post or leaves the Authority. The DLO Purchasing Card policy could be used as a template.	Agreed. Policy provided to be tailored to TDBC, approved and circulated for information.	31.3.14	Strategic Finance Officer
Not all the purchasing card holders have records of signed agreements detailing the security arrangements for the purchasing cards.		I recommend that the Strategic Finance Officer ensures that the corporate Purchasing Card Policy details security arrangements for purchasing cards. There should be signed agreements in place for all purchasing card holders confirming they will abide by the policy.	Agreed. Policy provided includes the relevant information and templates that will be utilised.	31.3.14	Strategic Finance Officer

Audit Framework Definitions

Control Assurance Definitions

Appendix C

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.

Taunton Deane Borough Council

Corporate Governance Committee - 10th MARCH 2014

Report of the Assistant Director – Corporate Services, Richard Sealy and the Audit Manager, Alastair Woodland.

(This matter is the responsibility of the Leader of the Council, Cllr John Williams)

Executive Summary

This report introduces the Internal Audit Plan for 2014/15 and also incorporates an 'Internal Audit Charter' which sets out the operational relationship between TDBC and the South West Audit Partnership (SWAP).

This is a flexible plan that may be amended during the year to deal with shifts in priorities. The following plan has the support of the Section 151 Officer.

1. Background

Internal Audit Plan 2014-15 (Appendix A)

- 1.1 The Internal Audit service for Taunton Deane Borough Council is delivered by South West Audit Partnership (SWAP).
- 1.2 The internal audit plan for 2014/15 is set out in the attached report from SWAP. I am satisfied that this plan is focussed on key risks areas, and will help provide me with assurance on internal controls.
- 1.3 This has been discussed and supported by the Councils Corporate Management Team and is now shared with Members for approval.

Internal Audit Charter (Appendix B)

- 1.4 The internal audit service provided by the South West Audit Partnership (SWAP), works to a Charter that defines its roles and responsibilities and the roles and responsibilities of the Borough's managers as they relate to internal audit. Best practice in corporate governance requires that the Charter be reviewed and approved annually by the Corporate Governance Committee.
- 1.5 The Charter was last reviewed by the Corporate Governance Committee at their meeting on 24 June 2013. This was later than usual so that any changes required by the Public Sector Internal Audit Standards (PSIAS) could be reflected in the Charter.
- 1.6 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.

2. Financial Issues / Comments

2.1 The plan will be delivered within the agreed budget for internal audit.

3. Legal Comments

3.1 There are no legal implications from this report.

4. Links to Corporate Aims

4.1 No direct implications.

5. Environmental and Community Safety Implications

5.1 No direct implications.

6. Equalities Impact

6.1 The approval of the internal audit plan does not require an equalities impact assessment to be prepared.

7. Risk Management

7.1 Any risks identified will feed in to the corporate risk management process.

8. Partnership Implications

8.1 The Strategic Director and the Internal Audit Team (SWAP – South West Audit Partnership) meet regularly to review the progress against plan. Quarterly updates are provided to this Committee.

9. Recommendation

9.1 The Corporate Governance Committee is requested to approve the Internal Audit Plan for 2014/15.

9.2 The Corporate Governance Committee is requested to approve the Internal Audit Charter.

Contact Officers:

Ian Baker – Director of Quality Tel: 01823 356417 Ian.Baker@southwestaudit.co.uk	Alastair Woodland – Audit Manager Tel: 01823 356160 Alastair.woodland@southwestaudit.co.uk
--	--



Taunton Deane Borough Council

Internal Audit Plan 2014-15

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

Audit Manager

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 Taunton Deane Borough Council (TDBC) 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 24th June 2013

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 Corporate Governance Committee will undertake this function. The plan is presented in [Appendix A](#) to this report and represents the internal audit activity for the 2014/15 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.

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.

The Annual Plan - Continued

The Annual Plan - Continued

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.

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 2013-14 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;

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

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

Corporate Priorities – To recognise the importance of the area as aligned to the priorities in the Corporate Plan.

Business Critical – This provides coverage of those areas that could have a significant impact on the Council's core ability to deliver services.

Risk Register – To recognise the risk associated with this area/system as contained within the corporate risk register or service risk register.

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.

Audit History - These reviews have been prioritised as a result of the time period since the last review and or significance of previous audit findings.

Financial – This considers the value and number of transactions going through the system which creates an inherent risk.

Reputational – This recognises the embarrassment to the Authority should something go wrong and become public knowledge.

Performance – This takes into account where there is known performance failure/issues known to the service, i.e. KPI failures.

Audit Plan 2013-14

APPENDIX A

Audit Title	Resource (days)	Key Drivers									
		Business Change / Improvement	Fraud	Corporate Priorities	Business Critical	Risk Register	Best Value Review	Audit History	Financial	Reputational	Performance
Key Control											
Creditors	15		Y		Y				Y		
Council Tax & NNDR	15		Y		Y				Y		
Debtors	12		Y		Y				Y		
Housing Benefits	12		Y		Y				Y		
Main Accounting	15		Y		Y				Y		
Payroll	10		Y		Y				Y		
Treasury Management	8		Y		Y				Y		
Internal Audit Plan – 2014/2015											Page 6
Governance, Fraud & Corruption											
Fraud Theme	10		Y							Y	
Absence Management - Theme	5						Y				Y
WSC Shared Services	10	Y		Y	Y	Y				Y	
Choice Based Letting	5							Y			
Private Water Supply	10	Y								Y	
Data Transparency	10	Y								Y	
Governance, Fraud & Corruption Continued											
Safer Somerset Partnership/ Community Safety	5							Y			

Audit Title	Resource (days)	Key Drivers									
		Business Change / Improvement	Fraud	Corporate Priorities	Business Critical	Risk Register	Best Value Review	Audit History	Financial	Reputational	Performance
Legal Services - Shared Services	5	Y								Y	
Asset Management Theme	10	Y		Y			Y				
Protective Marking - Theme	8	Y								Y	
ICT Audits											
Corporate Information Security Controls (CIS)	12				Y					Y	
Threat Protection	12				Y					Y	
IT Financial Key Controls	15		Y		Y				Y	Y	Y
Operational Audits											
Community Infrastructure Levy (CIL)	12	Y				Y				Y	
Housing Sales (right to buy)	10		Y					Y			
Parks & Open Spaces	12							Y		Y	
Safeguarding	12							Y		Y	
Housing Voids	12			Y				Y		Y	
Commercial Properties/Rents	12							Y		Y	Y
Housing New Build	10	Y	Y	Y					Y	Y	
Follow-Up Audits											
PAS	4										
Procurement Cards	4										
Data Centre	4										
Non Project Related											
Somerset Waste Partnership Plan Contribution	5										
Follow-ups	8										

Audit Title	Resource (days)	Key Drivers									
		Business Change / Improvement	Fraud	Corporate Priorities	Business Critical	Risk Register	Best Value Review	Audit History	Financial	Reputational	Performance
Corporate Advice	12										
Corporate Meetings	16										

Internal Audit Charter

Purpose

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

Approval

This Charter was approved by the Corporate Governance 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 Corporate Governance Committee¹ on 12th March 2012.

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 Strategic Director (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 Corporate Governance 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.

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 Corporate Governance Committee in this instance represents the Board.

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

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 interpretation provided by the Public Sector Internal Audit Standards (PSIAS).

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 Taunton Deane Borough 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 Group Audit Manager also report to the Strategic Director, as Section 151 Officer, and reports to the Corporate Governance 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 Taunton Deane Borough 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 Taunton Deane Borough 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 Corporate Governance 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 Corporate Governance Committee. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Corporate Governance 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 Strategic Director (Section 151 Officer) and to other relevant line management.

The Chief Executive of SWAP will submit an annual report to the Corporate Governance 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 the Group Audit Manager have the unreserved right to report directly to the Leader of the Council, the Chairman of the Corporate Governance Committee, the Council's Chief Executive Officer or the External Audit Manager.

Revised March 2014

Taunton Deane Borough Council

Corporate Governance Committee - 10 March 2014

South West Audit Partnership Governance Arrangements

Report of the Director - Operations (Shirlene Adam).

This matter is the responsibility of the Leader of the Council, Cllr John Williams

1. Executive Summary

Full Council (March 2013) approved the governance arrangements for Taunton Deane Borough Council re South West Audit Partnership Ltd.

This report amends the Officer "Director" for Taunton Deane Borough Council to reflect the responsibilities set out in the new Joint Management Team.

2. Background

- 2.1 South West Audit Partnership was formed in 2005 to deliver the internal audit function to two authorities in the Somerset. By 2013 the partnership had expanded to twelve partners across the South West and a different form of governance model was needed.
- 2.2 Reports to our Corporate Governance Committee (Feb 2013) and our Full Council (March 2013) outlined the proposal to form a Company Limited by Guarantee – South West Audit Partnership Ltd. The reports explained the governance that would be put in place and Taunton Deane's appointments to the Members Board and the Board of Directors.
- 2.3 Since the Company was formed in April 2013, the representation on the Members Board has been undertaken by the Chair of Corporate Governance Committee. This is working well and there is no need to make any changes.
- 2.4 Representation at Officer level – as a Director on the Board has been undertaken by the Deputy s151 Officer (with the Client & Corporate Services Manager acting as Alternate). Clearly with the new Joint Management Team arrangements now in place we need to amend this to reflect new roles and responsibilities.

3. The Proposal

- 3.1 The Board of Directors continues to be a "hands on" role and it is appropriate that this continues to be carried out by Officers.
- 3.2 The Assistant Director – Corporate Services is responsible for the audit function and should now be this Council's Director on South West Audit Partnership Ltd.
- 3.3 The "Alternate" should be the Assistant Director – Resources.

4. Financial Issues / Comments

4.1 There are no financial implications from this report.

5. Legal Comments

5.1 Good, transparent governance arrangements are essential. The Director on the Board of South West Audit Partnership Ltd will have legal responsibilities to the Company.

6. Links to Corporate Aims

No direct implications.

7. Environmental and Community Safety Implications

No direct implications.

8. Equalities Impact

No implications.

9. Risk Management

Any risks identified will feed in to the corporate risk management process.

10. Partnership Implications

The CEO of South West Audit Partnership Ltd has been briefed on and is fully supportive of our proposal.

11. Recommendation

That Members of Corporate Governance Committee request Full Council to approve the nomination of:-

- a. the Assistant Director – Corporate Services as this Councils Director on the Board of South West Audit Partnership Ltd
- b. the Assistant Director – Resources as the Alternate Director.

Contact: Shirlene Adam
Director of Operations
01823 356310
s.adam@tauntondeane.gov.uk

10/03/2014, Report:Health and Safety Update Report

Reporting Officers:Catrin Brown

10/03/2014, Report:Grant Thornton - Cerification of Grant Claims

Reporting Officers:Dan Webb

10/03/2014, Report:Grant Thornton - External Audit Update

Reporting Officers:Peter Lappin

10/03/2014, Report:Anti-Fraud and Error Policy

Reporting Officers:Heather Tiso

10/03/2014, Report:Risk Management Update

Reporting Officers:Dan Webb

10/03/2014, Report:Internal Audit Plan 2013/14 - Progress Report

Reporting Officers:Alastair Woodland

10/03/2014, Report:Internal Audit Plan 2014/15

Reporting Officers:Alastair Woodland

10/03/2014, Report:SAP Access Audit Report

Reporting Officers:Maggie Hammond

10/03/2014, Report:Directors Appointment - (SWAP)

Reporting Officers:Shirlene Adam

19/05/2014, Report:Whistleblowing Policy Refresh

Reporting Officers:Maggie Hammond

19/05/2014, Report:Money Laundering Policy Refresh

Reporting Officers:Maggie Hammond

19/05/2014, Report:Pensions Deficit Presentation

Reporting Officers:Anton Sweet

19/05/2014, Report:External Audit - Fees Report 14/15

Reporting Officers:Richard Sealy

19/05/2014, Report:External Audit Plan 2013/14

Reporting Officers:Peter Lappin

19/05/2014, Report:Regulation of Investigatory Powers Act (RIPA) - Policy and Porcedures Update

Reporting Officers:Richard Bryant

19/05/2014, Report:Update on Internal Audit Plan 2013/14 actions from Corporate Governance Meeting 10 March 2014

Reporting Officers:Maggie Hammond,Richard Sealy

23/06/2014, Report:HRA Self-Financing Code Self Assessment Outcome

Reporting Officers:James Barrah

23/06/2014, Report:Health and Safety Update Report

Reporting Officers:Catrin Brown

23/06/2014, Report:Draft Annual Governance Statement 2012/13

Reporting Officers:Maggie Hammond

23/06/2014, Report:Risk Management Update

Reporting Officers:Dan Webb

23/06/2014, Report:Annual Report of SWAP

Reporting Officers:Alastair Woodland

23/06/2014, Report:Internal Audit - Review of Charter

Reporting Officers:Alastair Woodland

23/06/2014, Report:Internal Audit - Review of Effectiveness

Reporting Officers:Shirlene Adam

23/06/2014, Report:Training/Overview of Technical Changes to Statement of Accounts 13/14

Reporting Officers:Peter Lappin,Paul Fitzgerald

23/06/2014, Report:Update on Approach to Corporate Fraud

Reporting Officers:Paul Fitzgerald

22/09/2014, Report:Health and Safety Update Report

Reporting Officers:Catrin Brown

22/09/2014, Report:Grant Thornton - Financial Resilience

Reporting Officers:Peter Lappin

22/09/2014, Report:Grant Thornton - Audit Findings

Reporting Officers:Peter Lappin

22/09/2014, Report:Grant Thornton - Certification Plan

Reporting Officers:Peter Lappin

22/09/2014, Report:Approval of Statement of Accounts 2013/14

Reporting Officers:Paul Fitzgerald

22/09/2014, Report:Internal Audit Plan 14/15 - Progress Report

Reporting Officers:Alastair Woodland

08/12/2014, Report:Health and Safety Update Report

Reporting Officers:Catrin Brown

08/12/2014, Report:Grant Thornton - Annual Audit Letter 2012/13

Reporting Officers:Peter Lappin

08/12/2014, Report:Grant Thornton - External Audit Update

Reporting Officers:Peter Lappin

08/12/2014, Report:Internal Audit Plan - Progress Report

Reporting Officers:Alastair Woodland

08/12/2014, Report:Corporate Governance Action Plan Update

Reporting Officers:Dan Webb