



TO THE CHAIRMAN AND MEMBERS OF THE STANDARDS AND AUDIT COMMITTEE

You are hereby summoned to attend a meeting of the Standards and Audit Committee to be held on Thursday, 26 November 2020 at 7.00 pm. The meeting will be held virtually and webcast live through the Council's website in accordance with the Coronavirus Act 2020 and The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 (S.I.2020 No. 392).

The agenda for the meeting is set out below.

RAY MORGAN
Chief Executive

NOTE: Filming Council Meetings

Please note the meeting will be filmed and will be broadcast live and subsequently as an archive on the Council's website (www.woking.gov.uk). The images and sound recording will also be used for training purposes within the Council. By joining the meeting remotely you are consenting to being filmed.

AGENDA

PART I - PRESS AND PUBLIC PRESENT

1. Minutes

To approve the minutes of the meeting of the Standards and Audit Committee held on 17 September 2020 as published.

2. Apologies for Absence

To receive any apologies for absence.

3. Declarations of Interest (Pages 5 - 6)

- (i) To receive declarations of interest from Members and Officers in respect of any item to be considered at the meeting.
- (ii) In accordance with the Officer Employment Procedure Rules, the Director of Legal and Democratic Services, Peter Bryant, declares a disclosable personal interest (non-pecuniary) interest in any items concerning the companies of which he is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that Mr Bryant may advise the Committee on those items.
- (iii) In accordance with the Officer Employment Procedure Rules, the Director of Finance,

Leigh Clarke, declares a disclosable personal interest (non-pecuniary) interest in any items concerning the companies of which she is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that Mrs Clarke may advise the Committee on those items.

4. Urgent Business

To consider any business that the Chairman rules may be dealt with under Section 100B(4) of the Local Government Act 1972.

Matters for Determination

5. Update on External Audit

Reporting Person – Leigh Clarke / BDO

6. Internal Audit Progress Report STA20-017 (Pages 7 - 16)

Reporting Person – Juan Fosco

7. Internal Audit Charter STA20-016 (Pages 17 - 30)

Reporting Person – Juan Fosco

8. Anti-Fraud and Corruption and Confidential Reporting Policies STA20-019 (Pages 31 - 56)

Reporting Person – Peter Bryant

9. Standards Hearings Sub-Committee - 13 October 2020 STA20-018 (Pages 57 - 60)

Reporting Person – Peter Bryant

AGENDA ENDS

Date Published - 18 November 2020

For further information regarding this agenda and arrangements for the meeting, please contact Doug Davern on 01483 743018 or email doug.davern@woking.gov.uk



Mixed Sources

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Schedule Referred to in Declaration of Interests

Council-appointed directorships

Peter Bryant, Director of Legal and Democratic Services

Thameswey Limited
Thameswey Developments Limited
Thameswey Housing Limited
Thameswey Energy Limited
Thameswey Central Milton Keynes Limited
Thameswey Guest Houses Limited
Thameswey Solar Limited
Thameswey Maintenance Services Limited
Thameswey Sustainable Communities Limited
Energy Centre for Sustainable Communities Limited
Rutland (Woking) Limited (alternate for Ray Morgan)
Rutland Woking (Carthouse Lane) Limited (alternate for Ray Morgan)
Woking Necropolis and Mausoleum Limited
Brookwood Cemetery Limited
Brookwood Park Limited
Kingfield Community Sports Centre Limited

Leigh Clarke, Director of Finance

Kingfield Community Sports Centre Limited

STANDARDS AND AUDIT COMMITTEE – 26 NOVEMBER 2020

INTERNAL AUDIT PROGRESS REPORT

Executive Summary

Financial Regulation 2.8 requires that the Chief Finance Officer shall regularly report to the Standards and Audit Committee (Committee) on the work undertaken by Internal Audit. Similarly, it is a requirement under the Internal Audit Charter approved with the Committee that Internal Audit provides a quarterly report on internal audit progress and key findings to the Committee.

This report covers internal audit activity and performance from 04 September to 11 November 2020.

Recommendations

The Committee is requested to:

RESOLVE That the report be received and progress against the 2020-21 Internal Audit Plan and implementation of Internal Audit recommendations be noted.

The Committee has the authority to determine the recommendation(s) set out above.

Background Papers: None.

Reporting Person: Graeme Clarke, Director, Mazars LLP
E-Mail: graeme.clarke@mazars.co.uk
Juan Fosco, Manager, Mazars LLP
E-Mail: juan.fosco@mazars.co.uk

Contact Person: Leigh Clarke, Finance Director
Ext. 3277, E-Mail: Leigh.Clarke@woking.gov.uk

Date Published: 18 November 2020

STA20-017

1.0 Introduction

- 1.1 Financial Regulation 2.8 requires that the Chief Finance Officer shall regularly report to the Standards and Audit Committee (Committee) on the work undertaken by Internal Audit. Similarly, the Internal Audit Charter approved with the Committee requires that Internal Audit provide a quarterly report on internal audit progress and key findings to the Committee.
- 1.2 The Committee approved the 2020/21 Internal Audit Plan (Plan) on 5 March 2020.
- 1.3 The purpose of this report is to outline the following in respect of Internal Audit Activity during the period:
- An update on progress in delivering the 2020/21 Plan;
 - A summary of any Limited/Nil Assurance reports issued, and high priority recommendations raised; and
 - An update on follow up activity and any recommendations outstanding for implementation.
- 1.4 This report covers internal audit activity and performance from 04 September 2020 to 11 November 2020.

2.0 Internal Audit Progress

- 2.1 Since the last Committee despite the continued Covid-19 pandemic and second lockdown, progress against the Plan remains on track. All audits planned for Q2 and Q3 are either finalised, at draft report stage or in progress in line with the expectations from Corporate Management Group (CMG). For example, due to a delayed start in commencing the reviews due to Covid-19, the two phases of the Key Financials Testing audit were merged into one after discussions with the Finance Director and relevant area managers.
- 2.2 The table below provides a summary of progress relevant to the 2020/21 Plan:

Audit Status	Number of reviews	Percentage %
Finalised	4	19%
Draft	2	9.5%
Fieldwork in progress	3	14.5%
Not yet started	12	57%
Total	21	100%

- 2.3 As at 11 November 2020, this equates to approximately 43% of the Plan being delivered to at least draft report stage and/or as work in progress. Further detail on the Plan and status is included in Appendix 1
- 2.4 In the period, using contingency days in the Plan, it was agreed with CMG that an advisory review related to the Council's Covid-19 response and lessons learnt be undertaken. A draft report relating to this was issued to the Council in October 2020.

3.0 Audit Reports Issued

- 3.1 From the seven reviews for which draft and final reports have been issued at the time of drafting this report, six are on an assurance basis, where we provide an opinion based on our assessment of the control environment. One of these related to the final report concluding the 2019/20 Plan. Definitions of the assurance levels and recommendations gradings we use in our reports are included in Appendix 3.
- 3.2 Details of the reports issued in the period of this report are as follows:

Audit Title	Assurance Opinion	Date Issued	Recommendations by Priority		
			High	Medium	Low
2019/2020 Internal Audit Plan					
Flexi-Route – IT Application Audit	Satisfactory	28/09/2020	-	1	3
2020/2021 Internal Audit Plan					
Complaints	Satisfactory	23/10/2020	-	2	1
Covid-19 Response (*Draft)	N/A – Advisory	28/10/2020	-	-	-
Payroll (*Draft)	Substantial	28/10/2020	-	-	-
Planning Enforcement	Satisfactory	18/09/2020	-	2	2
Safeguarding	Satisfactory	22/10/2020	-	2	1
Treasury Management	Satisfactory	07/10/2020	-	2	0
Total			-	9	7

*Draft reports currently awaiting management responses, and which may lead to changes in content including assurance levels and/or recommendations.

3.3 As can be seen in the table above, no ‘High Priority’ recommendations were raised in the reports finalised in the period. Further details of recommendations raised can be found in the summary reports for each audit provided separately to Members.

4.0 Follow-Ups

4.1 Since the last Committee meeting, the new Action Management system has been populated with 2018/19, 2019/20 and current 2020/21 recommendations from finalised reports. All recommendations raised have been assigned to relevant Officers.

4.2 Reporting tools are not yet implemented within the Action Management System. It is expected that this tool will be implemented in Q4 and this requirement has been escalated with the Democratic Services and ICT Teams. A report will, in turn, be extracted from the Action Management System and will be included in the upcoming Internal Audit progress reports.

4.3 In addition to the monitoring of management updates on progress within Action Management, spot checks are undertaken by Internal Audit to confirm that recommendations are being implemented in practice. A procedure is in place to escalate recommendations that have not been implemented as agreed to CMG and finally to this Committee where necessary.

4.4 As of 04 September 2020, there are two outstanding high priority recommendations within Action Management (i.e. recommendations that are past their agreed implementation dates) that have been confirmed as not yet implemented. These two are related to Counter-Fraud. Further detail of these recommendations is included in Appendix 2 of this report.

5.0 Implications

Financial

5.1 There are minimal financial implications regarding the implementation of internal audit recommendations. Some audit recommendations are designed to improve value for money and financial control.

Human Resource/Training and Development

- 5.2 Some audit recommendations need officer resource to put in place.

Community Safety

- 5.3 There is a minimal impact on Community Safety.

Risk Management

- 5.4 Internal Audit identifies weaknesses in the control environment. Implementation of recommendations, therefore, improves the control environment and hence the management of risk.

Sustainability

- 5.5 There is minimal impact on sustainability issues.

Equalities

- 5.6 There is minimal impact on equalities issues.

Safeguarding

- 5.7 There is minimal impact on safeguarding issues.

REPORT ENDS

APPENDIX 1

CURRENT PROGRESS - 2020/21 PLAN

Audit	Progress	Assurance Opinion	Recommendations		
			High	Medium	Low
Quarter Two					
Safeguarding Children and Adults	Final	Satisfactory	0	2	1
Freedom Leisure – Contract Management	Fieldwork Complete	N/A	-	-	-
Planning Enforcement	Final	Satisfactory	0	2	2
Complaints	Final	Satisfactory	0	2	1
Procurement	Fieldwork Complete	N/A	-	-	-
Covid-19 Response	Draft	N/A - Advisory	-	-	-
Quarter Three					
Private Sector Leasing	Starts 19/11/2020	N/A	-	-	-
Key Financial Systems	In Progress	N/A	-	-	-
Treasury Management	Final	Satisfactory	0	2	0
Victoria Square – Change Control	-	N/A	-	-	-
Payroll	Draft	Substantial	-	-	-
Quarter Four					
Bringing Empty Homes Back into Use	Starts in January 2021	N/A	-	-	-
Affordable Housing Delivery	Starts in February 2021	N/A	-	-	-
Community Infrastructure Levy	Resource available	N/A	-	-	-
Capital Programme	Resource available	N/A	-	-	-
Utilities and Energy Management	Starts in January 2021	N/A	-	-	-
On-Street Parking	Starts in February 2021	N/A	-	-	-
Budgetary Control	Starts 22/02/2021	N/A	-	-	-
Risk Management	Starts 08/03/2021	N/A	-	-	-
Business Planning	Resource available	N/A	-	-	-
Economic Development	Resource available	N/A	-	-	-
IT					
Capita Open Housing	-	N/A	-	-	-
Office 365	-	N/A	-	-	-
Total			0	8	4

APPENDIX 2

OUTSTANDING HIGH PRIORITY RECOMMENDATIONS

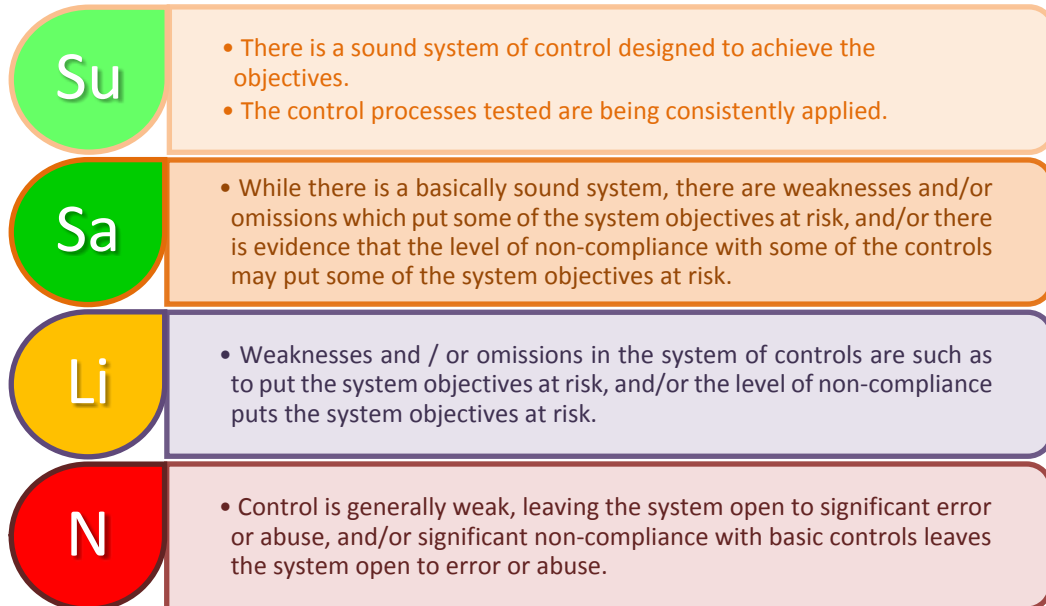
Counter Fraud					
	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
1	<p>Fraud risk identification is essential in order to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the Council and its service users. Although it was apparent that staff involved in counter fraud work are aware of fraud risks facing the Council, how they may occur and how they should be managed, the Council has not undertaken a formal fraud risk assessment.</p> <p>Where a fraud risk assessment is not undertaken, the Council may not be directing its counter fraud activity at the areas of greatest risk. Without a risk assessment and also a low number of reported cases of fraud, this may provide a false impression on the prevalence of fraud.</p>	<p>A fraud risk assessment should be undertaken so as to provide a basis for prioritising counter fraud activity. The Council should use published estimates of fraud loss, and where appropriate its own measurement exercises, to aid its evaluation of fraud risk exposure. This information should be used to evaluate the harm to the aims and objectives of the Council that different fraud risks may cause.</p> <p>The risk assessment should be reviewed periodically (at least annually) and reported to CMG.</p>	High	<p>Agreed. A Fraud risk assessment will be completed to inform future counter fraud work.</p> <p>November 2020: This has been delayed by the focus on responding to the Covid-19 pandemic. The Fraud team from Reigate and Banstead Borough Council are being engaged to assist the Council in undertaking this risk assessment.</p>	<p>31 March 2020</p> <p>Director of Finance</p> <p>Revised timescale: 31 December 2020</p>
2	<p>Organisations require a counter fraud strategy to set out their approach to managing fraud risks and defining responsibilities for action. Although the Council has an Anti-Fraud and Corruption Policy, a</p>	<p>A Counter Fraud and Corruption Strategy should be developed to address the fraud risks identified (see recommendation 1). The strategy should include a mixture of both proactive and reactive approaches that are best suited to addressing the Council's fraud and corruption risks.</p>	High	<p>Agreed, once the risk assessment (recommendation 1) has been completed, a Counter Fraud and Corruption Strategy will be prepared.</p>	<p>30 June 2020</p> <p>Director of Finance</p>

Counter Fraud					
	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>Counter Fraud and Corruption Strategy has not been developed setting out the Council's approach to managing the risk of fraud.</p> <p>The Local Government Transparency Code 2015 requires the annual publication of data relating to the Council's counter fraud work; however, we were unable to locate any transparency data related to fraud.</p> <p>Where the Council does not have a Counter Fraud and Corruption Strategy, actions, responsibilities and accountability may be unclear. As a result, the fraud risks the Council is exposed to may not be managed effectively.</p>	<p>Proactive and reactive components of a good practice response to fraud risk can be found in CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption.</p> <p>The strategy should include clear identification of responsibility and accountability for delivery of tasks within the strategy, and also for providing oversight.</p> <p>A report should be prepared for CMG and the Standards and Audit Committee (or another suitable committee) at least annually on performance against the counter fraud strategy.</p> <p>The Council should also comply with the Local Government Transparency Code 2015 requirement to publish data relating to the Council's counter fraud work.</p>		<p>November 2020:</p> <p>This has been delayed by the focus on responding to the Covid-19 pandemic. The Fraud team from Reigate and Banstead Borough Council are being engaged to assist the Council in developing an appropriate Strategy following completion of the risk assessment.</p>	<p>Revised timescale:</p> <p>31 March 2021</p>

APPENDIX 3

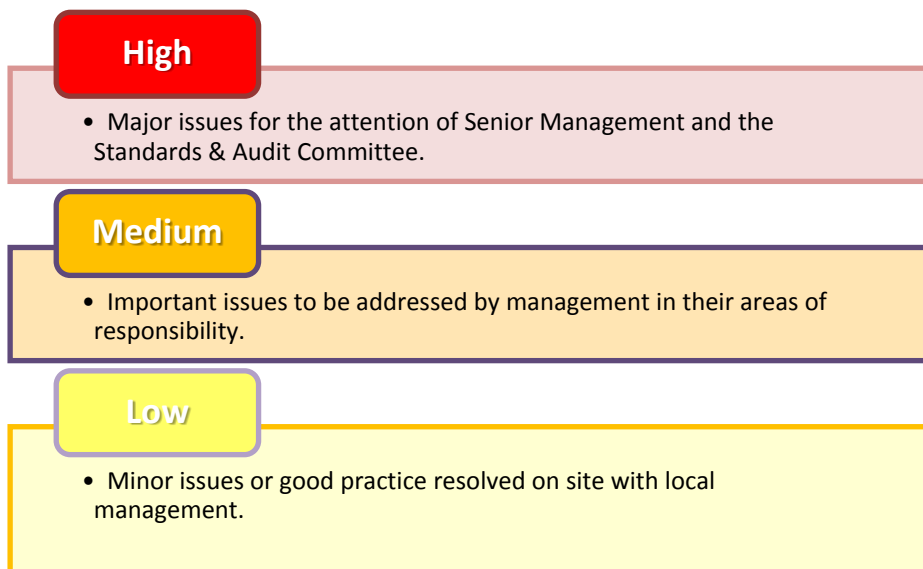
DEFINITIONS OF ASSURANCE

We have four categories by which we classify internal audit assurance over the processes we examine, and these are defined as follows:



Recommendation Gradings

In order to assist management in using our internal audit reports, we categorise our recommendations according to their level of priority as follows:



STANDARDS AND AUDIT COMMITTEE – 26 NOVEMBER 2020

INTERNAL AUDIT CHARTER

Executive Summary

The Internal Audit Charter is a formal document that defines Internal Audit's purpose, authority and responsibility and is a requirement under the UK Public Sector Internal Audit Standards (PSIAS). The Charter establishes Internal Audit's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the Standards and Audit Committee; authorises access, to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit's activities.

Besides presentational changes, the content of the Charter was not substantially changed from the one presented and approved in November 2019.

Recommendations

The Committee is requested to:

RESOLVE That the Internal Audit Charter be approved.

The Committee has the authority to determine the recommendation(s) set out above.

Background Papers: None.

Reporting Person: Graeme Clarke, Director, Mazars LLP
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Date Published: 18 November 2020

STA20-016

Introduction

- 1.1 The Internal Audit Charter is a formal document that defines Internal Audit's purpose, authority and responsibility and is a requirement under the UK Public Sector Internal Audit Standards (PSIAS). The Charter establishes Internal Audit's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the Standards and Audit Committee (SAC); authorises access, to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit's activities.
- 1.2 The Charter provides a framework for the conduct of the service and will be reviewed annually and presented to the Corporate Management Group and the SAC for final approval.
- 1.3 Besides presentational changes, the content of the Charter was not substantially changed from the one presented and approved in November 2019. The Charter can be found in Appendix 1.

Implications

Financial

- 1.4 There are minimal financial implications regarding the implementation of internal audit recommendations. Some audit recommendations are designed to improve value for money and financial control.

Human Resource/Training and Development

- 1.5 Some internal audit recommendations need a resource to put in place.

Community Safety

- 1.6 None.

Risk Management

- 1.7 Internal Audit identifies weaknesses in the control environment. Implementation of recommendations, therefore improves the control environment and hence the management of risk.

Sustainability

- 1.8 There is minimal impact on sustainability issues.

Equalities

- 1.9 There is minimal impact on equalities issues.

Safeguarding

- 1.10 There is minimal impact on safeguarding issues.

REPORT ENDS

Woking Borough Council

Internal Audit Charter

November 2020



Introduction

The Internal Audit Charter sets out the terms of reference and serves as a basis for the governance of Woking Borough Council's (Council) Internal Audit function. It sets out the purpose, authority and responsibility of the function following the Professional Internal Auditing Standards. The Charter will be reviewed and updated annually by the Standards and Audit Committee (SAC).

The PSIAS also include a Mission for Internal Audit which is 'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight'.

Nature and Purpose

The Council has developed a risk management framework which includes:

- Identification of the significant risks in the Council's operations and allocation of a risk owner to each;
- An assessment of how well the significant risks are being managed; and
- Periodic reviews by the CMG of the significant risks, including reviews of key risk indicators, governance reports and action plans, and any changes to the Council's risk profile.

A system of internal control is one of the primary means of managing risk. Consequently, the evaluation of its effectiveness is central to Internal Audit's responsibilities.

The Council's system of internal control comprises the policies, procedures and practices, as well as an organisational culture that collectively supports the Council's effective operation in the pursuit of its objectives. The risk management, control and governance processes enable the Council to respond to significant business risks, be these of an operational, financial, compliance or other nature, and are the direct responsibility of the CMG.

The Council needs assurance over the significant business risks set out in the risk management framework. Also, there are many other stakeholders, both internal and external, requiring assurance on the management of risk and other aspects of the Council's business, including Members and regulators. There are also many assurance providers. The internal audit function is the third line of defence in the Council's 'three lines of defence approach' to risk and assurance. The first line of defence comprises the Council's core operational services, and the second line includes the oversight functions such as risk management.

Internal Audit is defined by the Institute of Internal Auditors' International Professional Practices Framework as 'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by

bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.’

Within the Council, Internal Audit Services, including the Head of Internal Audit role on behalf of the Council, are contracted out and delivered by Mazars LLP. Internal Audit provides independent and objective assurance to the organisation, its Members, the Chief Executive, the CMG, and in particular to the Chief Finance Officer to help them discharge their responsibilities relating to the proper administration of the Authority’s financial affairs under S151 of the Local Government Act 1972.

Also, the Accounts and Audit Regulations (2015) specifically require the provision of internal audit service. In line with regulations, Internal Audit provides independent assurance on the adequacy and effectiveness of the Authority’s governance, risk management and internal control systems.

In particular, Internal Audit carries out assurance and consulting activities across all aspects of the Council’s business, based on a programme agreed with the SAC. In doing so, Internal Audit works closely with the Authority’s risk owners, service line risk teams, and the CMG.

In addition to providing independent assurance to various stakeholders, Internal Audit helps identify areas where the Council’s existing processes and procedures can be developed to improve the extent with which risks in these areas are managed. Public money is safeguarded and used economically, efficiently and effectively. In carrying out its work, Internal Audit liaises closely with the CMG and management in the service lines.

The independent assurance provided by Internal Audit also assists the Council to report annually on the effectiveness of the system of internal control included in the Authority’s Annual Governance Statement.

Authority and Access to Records, Assets and Personnel

Internal Audit has unrestricted right of access to all Council records and information, both manual and computerised, cash, stores and other property or assets it considers necessary to fulfil its responsibilities. Internal Audit may enter Council property and has unrestricted access to all locations and officers where necessary on-demand and without prior notice. Right of access to other bodies funded by the Council should be set out in the conditions of funding.

Any restriction (management or other) on the scope of Internal Audit’s activities will be reported to the Standards and Audit Committee.

Internal Audit is accountable for the safekeeping and confidentiality of any information and assets acquired in the course of its duties and execution of its responsibilities.

Internal Audit will consider all requests from the external auditors for access to any information, files or working papers obtained or prepared during audit work that has been finalised, and which external audit would need to discharge their responsibilities.

Responsibility

The Head of Internal Audit is required to provide an annual opinion to the Council and the Chief Finance Officer and the Chief Executive, through the SAC, on the adequacy and the effectiveness of the Council's risk management, control and governance processes. To achieve this, Internal Audit will:

- Coordinate assurance activities with other assurance providers (such as the external auditors, etc.) such that the assurance needs of the Council, regulators and other stakeholders are met in the most effective way.
- Evaluate and assess the implications of new or changing systems, products, services, operations and control processes.
- Carry out assurance and consulting activities across all aspects of the Council's business based on a risk-based plan agreed with the SAC.
- Provide the Chief Finance Officer, Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls associated with the management of risk in the area being audited.
- Issue periodic reports to the CMG and the SAC summarising results of assurance activities.
- Promote an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud.
- Assist in the investigation of allegations of fraud, bribery and corruption within the Authority and notifying management and the SAC of the results.
- Assess the adequacy of remedial action to address significant risk and control issues reported to the SAC. Responsibility for remedial action in response to audit findings rests with line management.

There are inherent limitations in any system of internal control, and thus errors or irregularities may occur and not be detected by Internal Audit's work. Unless specifically requested and agreed, Internal Audit will not perform substantive testing of underlying transactions.

When carrying out its work, Internal Audit will provide line management with comments and report breakdowns, failures or weaknesses of internal control systems together with recommendations for remedial action. However, Internal Audit cannot absolve line management of responsibility for internal controls.

Internal Audit will support line managers in determining measures to remedy deficiencies in risk management, control and governance processes and compliance to the Council's policies and standards and will monitor whether such actions are implemented on a timely basis.

Where appropriate, Internal Audit will undertake assurance or consulting activities for the benefit of the Council in organisations wholly owned or controlled by the Authority. Internal Audit may also assure the Council on third party operations (such as contractors and partners) where this has been provided for as part of the contract.

The SAC is responsible for ensuring that Internal Audit is adequately resourced and afforded a sufficiently high standing within the organisation, necessary for its effectiveness.

Scope of Activities

As highlighted in the previous section, there are inherent limitations in any system of internal control. Internal Audit, therefore, provides the Members via the SAC, the Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the Council's governance, risk management and control processes using a systematic and disciplined approach by:

- Assessing and making appropriate recommendations for improving the governance processes, promoting appropriate ethics and values, and ensuring effective performance management and accountability;
- Evaluating the effectiveness and contributing to the improvement of risk management processes; and
- Assisting the Council in maintaining effective controls by evaluating their adequacy, effectiveness and efficiency and by promoting continuous improvement.

The scope of Internal Audit's value-adding activities includes evaluating risk exposures relating to the Council's governance, operations and information systems regarding the:

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

Reporting

For each engagement, Internal Audit will issue a report to the lead auditee identified for each internal audit and the Chief Finance Officer or their nominee, and a summary of the report to the CMG and the SAC.

The PSIAS require the Head of Internal Audit to report at the top of the organisation, and this is done in the following ways:

- The Internal Audit Charter is reported to the CMG and presented to the SAC annually for formal approval.
- The annual risk-based plan is compiled by the Head of Internal Audit taking account of the Council's risk management framework and after input from members of the CMG. It is then presented to the CMG and SAC annually for comment and formal approval.
- The internal audit budget is reported to Executive and Full Council for approval annually as part of the overall Council budget.
- The adequacy, or otherwise, of the level of internal audit resources (as determined by the Head of Internal Audit) and the independence of internal audit will be reported at least annually to the SAC through the annual Head of Internal Audit report.
- Performance against the annual risk-based plan and any significant risk exposures and breakdowns, failures or weaknesses of internal control systems arising from internal audit work are reported to the CMG and SAC on a quarterly basis.
- Any significant consulting activity not already included in the risk-based plan and which might affect the level of assurance work undertaken will be reported to the SAC
- Any instances of non-conformance with PSIAS must be reported to the CMG and the SAC and will be included in the annual Head of Internal Audit report. If there is significant non-conformance, this may be included in the Council's Annual Governance Statement.

Independence

The Head of Internal Audit has free and unfettered access to the following:

- Chief Executive;
- Chief Finance Officer;
- Monitoring Officer;
- Chair of the SAC; and
- Any other member of the CMG.

The independence of the Head of Internal Audit is further safeguarded as the service is contracted. Also, his/her annual appraisal ensures it is not inappropriately influenced by those subject to internal audit.

To ensure that internal auditor objectivity is not impaired and that any potential conflicts of interest are appropriately managed, all internal audit staff are required to make an annual personal independence responsibilities declaration via the contracted suppliers procedures which include deadlines for:

- Annual Returns (a regulatory obligation regarding independence, fit and proper status and other matters which everyone in the contracted supplier must complete);
- Personal Connections (the system for recording interests in securities and collective investment vehicles held by partners, directors and managers, and their immediate family members); and
- Continuing Professional Development (CPD).

Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the SAC. To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for a period of at least 12 months.

External Auditors

The External Auditors fulfil a statutory duty. Effective collaboration between Internal Audit and the External Auditors will help ensure effective and efficient audit coverage and resolution of issues of mutual concern. Internal Audit will follow up on the implementation of internal control issues raised by External Audit. Internal Audit and External Audit liaise periodically to:

- Plan the respective internal and external audits;
- Discuss potential issues arising from the external audit; and
- Share the results of significant issues arising from audit work.

Due Professional Care

The Internal Audit function is bound by the following standards:

- Chartered Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- PSIAS;
- Relevant Authority Policies and Procedures; and
- Relevant legislation.

Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of on-going performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor. An independent EQA of our internal audit services was undertaken in 2019 with full compliance with PSIAS confirmed.

A programme of Continuous Professional Development CPD is maintained for all staff working on internal audit engagements to ensure that auditors preserve and enhance their knowledge, skills and audit competencies to deliver the risk-based plan. The Head of Internal Audit is required to hold a professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced.

Performance Measures

In seeking to establish a service which is continually improving, we acknowledge it is essential that we agree on measures by which Internal Audit should demonstrate both that it is meeting the Council's requirements and that it is improving over the life of the contract. This will be both through quantifiable factors within Key Performance Indicators (KPIs) and additionally through a number of measures to further seek to establish the value derived from internal audit. Any such measures will be discussed and agreed with the SAC and Chief Finance Officer.

Approved by the Standards and Audit Committee on XX XXX 2020

STANDARDS AND AUDIT COMMITTEE – 26 NOVEMBER 2020

ANTI-FRAUD AND CORRUPTION AND CONFIDENTIAL REPORTING POLICIES

Executive Summary

The Anti-Fraud and Corruption Policy and the Confidential Reporting Policy have been reviewed and updated, and are received by the Standards and Audit Committee on a biennial basis.

Copies of the revised policies are appended to this report.

Recommendations

The Committee is requested to:

RESOLVE That the revised Anti-Fraud and Corruption Policy and Confidential Reporting Policy appended to this report be approved.

The Committee has the authority to determine the recommendation(s) set out above.

Background Papers: None.

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STA20-019

Anti-Fraud and Corruption and Confidential Reporting Policies

1.0 Introduction

- 1.1 The Anti-Fraud and Corruption Policy and the Confidential Reporting Policy have been reviewed and updated, and are received by the Standards and Audit Committee on a biennial basis. Copies of the revised policies are appended to this report, with the proposed changes shown in track-changes. These changes are not substantive (both policies remain “fit for purpose” in their current form, subject to minor changes to contact details etc.).

2.0 Implications

Financial

- 2.1 None.

Human Resource/Training and Development

- 2.2 None.

Community Safety

- 2.3 None.

Risk Management

- 2.4 Reviewing the policies on a regular basis reduces the risk of the Council being subject to fraud.

Sustainability

- 2.5 None.

Equalities

- 2.6 None.

Safeguarding

- 2.7 None.

3.0 Conclusions

- 3.1 The policies have been reviewed and are recommended for approval by the Committee, as slightly amended.

REPORT ENDS

Anti-Fraud and Corruption Policy

Anti-Fraud and Corruption Policy

Policy Agreed

Document Type:	Corporate Policy
Document Name:	Anti-Fraud and Corruption Policy
Document Location:	Information for Employees / Policies
Effective Date:	November 20 2018
Review Date:	November 202 20
Owner:	Head of Human Resources
Consultee:	Unison and Corporate Management Group (CMG)
Approved By Date:	2 69 th November 20 2018
Keywords:	Fraud, Corruption, Money Laundering
Equality Impact Assessment in place:	Yes
Relevant External Law, Regulation, Standards:	Local Government Act 1972, Fraud Act 2006, Bribery Act 2010, Localism Act 2011 and The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012

Date	Change Details
<u>26 November 2020</u>	<u>Minor updating amendments</u>
13 December 2018	Moved Policy into new policy template
5 December 2018	Changed reference in document from staff to employees
29 November 2018	Updated job titles and contact details

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1.0 Introduction

- 1.1 This policy sets out the Council's anti-fraud and corruption arrangements and applies to all employees and Members. It also sets out the expectations which apply to the conduct of others engaged by the Council on public sector work, including the conduct of contractors, partners and subsidiaries. The policy encompasses all aspects of Council activity.
- 1.2 The policy complements a range of policies and procedures such as the Code of Conduct for Employees, Members' Code of Conduct, Confidential Reporting Policy, Information Security Policy, Financial Regulations and Standing Orders. The policy should, therefore, be read in conjunction with these policies and procedures.
- 1.3 In administering its responsibilities, the Council is determined to combat fraud and corruption, whether it is attempted on or from within the Council, and is committed to an effective Anti-Fraud and Corruption strategy designed to prevent and detect fraud.
- 1.4 This commitment will result in the desired outcome of creating a zero tolerance culture, promoting high ethical standards, encouraging prevention, promoting detection, and formalising the procedures for investigation. This will assist in minimising the opportunity for fraud and corruption to exist within the Council's systems. This framework is in line with the strategic aims and objectives of the Council in relation to preventing crime and ensuring value for money.
- 1.5 The Council's Anti-Fraud and Corruption strategy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act.
- 1.6 The Council has a corporate fraud resource which is responsible for the initial investigation of Corporate Fraud, with additional support and expertise brought in through the Council's Internal Audit contract, or other specialist resource, as required.

2.0 Scope

- 2.1 The policy applies to Members and to all employees who work for the Council. The term "employees" includes temporary and agency employees.
- 2.2 In addition, individuals and organisations engaged by the Council on public service work (e.g. contractors and partners) and the Council's subsidiaries are expected to act with integrity and without thought or actions involving fraud or corruption. They should also report suspicions of fraudulent activity.
- 2.3 The framework applies to all aspects of the Council's business. Where fraud and corruption is identified, the Council may actively involve the police, pursue prosecution wherever relevant and take disciplinary action where appropriate.

3.0 Culture

- 3.1** The Council supports the principles of public life set down by the Nolan Committee for Standards in Public Life (as amended and extended by Statutory Instrument 2001/1401) which, whilst introduced for Members, is also considered applicable to Officers:
- **Selflessness:** Holders of public office should serve only the public interest and should never improperly confer an advantage or disadvantage of any person.
 - **Honesty and Integrity:** Holders of public office should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.
 - **Objectivity:** Holders of public office should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.
 - **Accountability:** Holders of public office should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.
 - **Openness:** Holders of public office should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.
 - **Personal Judgement:** Holders of public office may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.
 - **Respect for Others:** Holders of public office should promote equality by not discriminating unlawfully against any person, and by treating people with respect regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers and its other employees.
 - **Duty to uphold the Law:** Holders of public office should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.
 - **Stewardship:** Holders of public office should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.
 - **Leadership:** Holders of public office should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.
- 3.2** The Council is determined that the culture of the organisation is one of honesty and opposition to fraud and corruption. These principles must therefore be adopted by all Members and employees, and will be reflected in our procedures and ways of working in order to assist in the prevention of fraud and corruption.
- 3.3** There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council, such as contractors, partners, suppliers, subsidiary companies and users of Council services, will act with integrity and that Council Members and employees at all levels will lead by example in these matters, ensuring adherence to legal requirements, standing orders, financial regulations, codes of conduct, procedures and professional practices.
- 3.4** The Council's employees are an important element in its stance against fraud and corruption, and they are positively encouraged and expected to raise any concerns that they may have on these issues which are associated with Council activity. This can be done using the Council's Confidential Reporting Policy (see separate policy) in the knowledge that such concerns will be treated in confidence and investigated properly and fairly

3.5 The Finance Director is responsible for following up on any allegation of fraud or corruption received. He / she will do so in accordance with the procedures laid down in the Council's Financial Regulations and will:

- Arrange for the allegation to be investigated
- Deal promptly with the matter
- Record all evidence received
- Ascertain whether the evidence is sound and adequately supported
- Implement Council disciplinary procedures where relevant

3.6 The Council will adopt a zero tolerance approach to fraud, irrespective of its value. There is an expectation that those who defraud the council or who are corrupt will be dealt with swiftly and firmly. The Council will be robust in dealing with financial malpractice. The Council will also safeguard its employees against unfounded allegations. It will operate fair procedures, and will take disciplinary action against any employee who makes a deliberately false accusation.

4.0 Definitions

4.1 Fraud

The 2006 Fraud Act created, for the first time, a statutory offence of fraud, and defined three ways in which the offence can be committed:

- Fraud by false representation (s.2 of the Act)
- Fraud by failing to disclose information (s.3 of the Act)
- Fraud by abuse of position (s.4 of the Act)

The Fraud Act also makes it an offence (i) to possess any article for use in or in connection with fraud and (ii) to obtain services dishonestly.

4.2 Corruption

Corruption is the offering, giving, soliciting or acceptance of any inducement or reward which may influence any person to act inappropriately.

5.0 Reporting Procedure

- 5.1 Employees are required under Financial Regulations to report all suspected irregularities to the Finance Director. Reporting is essential to the Anti-Fraud and Corruption Framework as it ensures:
- Consistent treatment of information regarding fraud and corruption
 - Proper investigation by an independent and experienced ~~audit~~ team
 - The optimum protection of the Council's interests
- 5.2 The Council has produced a separate, complementary Confidential Reporting Policy which should be read in conjunction with this part of the Anti-Fraud and Corruption Policy. This provides a clear route by which concerns can be raised by both Members and officers, and those outside the organisation who are providing, using or paying for public services.
- 5.3 Members of the Public are also encourage reporting concerns through any of the above routes, or the Council's Complaints Procedure.

6.0 Responsibilities and Mechanisms for Prevention

- 6.1 The Council recognises that prevention is a key measure in the fight against fraud and corruption.
- 6.2 **Members**
- 6.2.1 Members have responsibility for the active promotion of the Council's anti fraud culture and are required to operate within:
- The Members' Code of Conduct
 - The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
 - Council Standing Orders
 - The Localism Act 2011
- 6.2.2 Members must be seen to act with integrity at all times and, in particular, they must declare any interest that may affect their participation in an issue where this has any bearing on their personal or business life or wellbeing of themselves, their family or close personal associates. These matters are brought to the attention of Members at induction courses run for new Members and are in the Council's Standing Orders.
- 6.3 **Employees**
- 6.3.1 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage. The Council will establish, as far as possible, the previous record of prospective employees, in terms of their honesty and integrity. Temporary employees should be treated in the same manner as permanent employees.
- 6.3.2 Employee recruitment must, therefore, be in accordance with approved Human Resources procedures. In particular, employment offers should only be made subject to the satisfactory written references and relevant clearance, as required by prevailing safeguarding legislation, being received. Appropriate checks and clearances should also be obtained for volunteers and anybody else engaged by the Council on public services work.
- 6.3.3 Council employees are expected to follow any Code of Conduct related to their personal Professional Institute, and also to abide by the Council's Code of Conduct for Employees.

6.3.4 The Council has in place disciplinary procedures for all categories of employees.

6.3.5 The role that employees are expected to play in the council's framework or internal control will feature in employee's induction courses and ongoing training events. Section 117 of the Local Government Act 1972 imposes a statutory duty of disclosure where officers hold direct or indirect pecuniary interests in Council contracts. The section also prohibits the acceptance of fees or rewards other than proper remuneration. The Council's Standing Orders restate these requirements and additionally provide that officers should disclose interests. The declaration of such external interests as are relevant to employment is given fuller explanation in the Council's Code of Conduct for Employees.

6.4 Internal Control Systems

6.4.1 The Council has Standing Orders and Financial Regulations in place that must be followed by all employees. In addition, the Council has developed procedure and guidance notes in various financial and non-financial areas. All employees must adhere to these.

6.4.2 The Finance Director has a statutory responsibility, under Section 151 of the Local Government Act 1972, for the administration of the Council's financial affairs.

6.4.3 The Council is committed to continuing with systems and procedures which incorporate efficient and effective internal controls designed to minimise risk, including the risk of fraud. These include adequate separation of duties to ensure that error or impropriety is prevented.

6.4.4 Under Financial Regulations, designated employees must ensure that these controls (including those in a computerised environment) are properly documented, maintained and are effective. The existence, appropriateness, and effectiveness of these internal controls are subject to independent review by the Council's Internal Audit Service who takes the risk of fraud into account when planning and conducting their work.

6.4.5 External Audit are required, as part of their statutory duties, to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.

6.5 Election Fraud

6.5.1 Election fraud damages the free and fair democratic process of electing representatives to the Council, County Council or Parliament. The Council established an Elections and Electoral Registration Review Panel in 2005 to seek improvements to the quality and accuracy of the Register of Electors and to the security of the vote. The Panel reviews the effectiveness of the controls that have been put in place to minimise the risk of fraud in the compilation of the Electoral Register and in elections. The Panel provides an Annual Report to Council.

6.5.2 Any suspected fraudulent activity will not be tolerated and will be referred by the Returning Officer to the police to investigate.

6.6 Bribery

6.6.1 Bribery is a criminal offence. The 2010 Bribery Act makes organisations and their employees liable for acts of bribery committed in the UK and abroad.

The Act includes four offences:

- Offering, promising or giving a bribe to another person
- Requesting, agreeing to receive or accepting a bribe from another person
- Bribing a foreign public official
- A corporate offence of failing to prevent bribery. An organisation will be liable to prosecute if it fails to stop individuals operating on its behalf from being involved in bribery (due to there being no adequate procedures in place to prevent such actions)

6.6.2 Procedures are in place to prevent and deter bribery. Codes of conduct include formal guidelines over the receipt and reporting of gifts and hospitality (see the Code of Conduct for Employees and the Members' Code of Conduct). Employees are required to make declarations of interest, where relevant.

6.6.3 Officers and Members declare interests at Council meetings, where appropriate. The extent to which Officers and Members should withdraw from the meeting is governed by the relevant Code of Conduct.

6.6.4 Contract Standing Orders set out controls over the invitation, opening and recording of tenders. The contract tendering procedure requires an anti-collusion clause to be signed by tenderers. Contract award procedures also include due diligence checks.

7.0 Liaising with Others

7.1 Arrangements are in place to encourage the exchange of information, in line with the Data Protection Act 2018 and the General Data Protection Regulation (GDPR), between the Council and other agencies on national and local fraud and corruption activity relating to public bodies.

7.2 Data matching is the comparison of persona data held in different systems. One important use of data matching is the identification of potential fraud. The Council participates in the Cabinet Office's National Fraud Initiative and other data matching exercise.

8.0 Money Laundering

8.1 Money Laundering is defined as:

- The process by which the proceeds of crime are concealed, disguised, converted, transferred or removed from England, Wales, Scotland or Northern Ireland
- Being involved in an arrangement which a person knows, or suspects facilitates the acquisition, retention, use or control of criminal property
- Acquiring, using or possessing criminal property

8.2 Any service within the Council that receives money from an external person or body is potentially at risk from a money laundering operation. Vigilance is therefore vital.

8.3 Those employees considered most likely to encounter money laundering will receive training on how to identify and report suspicions as to the appropriateness of transactions. The Council has nominated the Finance Director as the main point of contact for money laundering issues. Any such suspicion must be reported to the Finance Director who will decide whether it is necessary to, and if so arrange to, file a report with the National Crime Agency (NCA).

8.4 The risk of money laundering in corporate borrowing and lending is managed by applying best practice in the Treasury Management function and adhering to the best practice policies and procedures set out in the CIPFA Code of Practice for Treasury Management.

9.0 Detection and Investigation

9.1 Preventative systems, particularly internal control systems within the Council, have been designed to help prevent and detect any fraudulent activity. It is the responsibility of the Corporate Management Group and Senior Managers to maintain the internal control systems and to ensure that the Council's resources are properly applied in the manner and on the activities intended. This includes responsibility for the prevention and detection of fraud and other illegal acts.

9.2 However, it is often the alertness of employees that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may have been committed or is in progress.

9.3 Despite the best efforts of managers and auditors, many frauds are discovered by chance or by "tip-off" and, as described in section 5, the Council has a Confidential Reporting Policy to enable such information to be dealt with properly.

9.4 The Finance Director is responsible for the investigation of all suspected frauds, thefts or other irregularities. Investigating officers, ~~normally~~ drawn from the council's fraud team or through the outsourced Internal Audit Service or other specialist provider, will work closely with management to ensure that all allegations and evidence are properly investigated and reported upon, and where appropriate, maximum recoveries are made for the Council.

9.5 The Council's disciplinary procedures will be used where the outcome of the audit investigation indicates improper behaviour involving employees.

- 9.6** Where financial impropriety is discovered, the Council's presumption is that the Police will be called in. The Crown Prosecution Service determines whether a prosecution will be pursued. Referral to the Police is a matter for the Finance Director, in consultation with the Head Director of Legal and Democratic and Legal Services. Referral to the Police will not prohibit action under the Council's disciplinary procedure.
- 9.7** The External Auditor also has powers to independently investigate fraud and corruption, and the Council can use his services for this purpose too.

10.0 Reporting of Outcomes

- 10.1** The nature of reports to management will vary depending on the type of alleged fraud being investigated. Any such reports will be treated as confidential.
- 10.2** Where, after investigation, it is believed that a loss may have occurred the Finance Director will report the matter to the Corporate Management Group.
- 10.3** Where a suspected fraud or other irregularity is material or could negatively impact on the Council's reputation, the Leader, the relevant member of the Executive and the Chairman of the Standards and Audit Committee must be informed.
- 10.4** On conclusion of the investigation, the Finance Director will consult with the Chairman of the Standards and Audit Committee as to whether it is appropriate to submit a summary report to the Committee. These reports will describe the area investigated, the outcome, action taken to prevent re-occurrence, any losses and action taken to recover such losses. Such reports will be included in Part II of the agenda as confidential items, where appropriate.
- 10.5** The Council's Marketing and Communications Team will co-ordinate any communications with the media arising from an investigation. Employees are not permitted to speak to the media regarding an investigation; failure to comply with this requirement may lead to disciplinary action.

11.0 Training

- 11.1** The Council recognises that the continuing success of its Anti-Fraud and Corruption Strategy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of employees throughout the organisation.
- 11.2** All employees will be instructed as to what action to take should they suspect fraud or corruption. New employees will receive instruction and advice in the Council's induction training programme. This policy and the Confidential Reporting Policy are available on Ewokplus and on the Council's website.
- 11.3** The Corporate Management Group and Senior Managers will be responsible for ensuring that all employees are properly trained in the procedures they should follow when undertaking their duties. Employees not availing themselves of such training and guidance are clearly at risk of breaching the Council's rules and requirements. It is important that all employees are aware of their responsibilities. Ignorance of these rules and requirements will not be a defence in any resultant disciplinary proceedings.
- 11.4** ~~The investigation of fraud and corruption centres on the Council's corporate fraud resource. It is clear, therefore, that e~~Employees involved in the investigation of fraud and corruption ~~this work~~ should also be properly and regularly trained and their training plans will reflect this requirement.
- ~~—11.5 Following a recommendation, in November 2016, from the Council's internal audit service, specific training will be provided to Members and Officers on the differences between gifts/hospitality and bribes.~~

12.0 Summary

- 12.1** The Council has in place a clear network of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments, in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.
- 12.2** Consequently, the Council maintains a continuous overview of these arrangements. In particular, Standing Orders and Financial Regulations, various Codes of Conduct and Financial Practice and audit arrangements are subject to regular review. This policy will be subject to biennial review to ensure its currency.

Confidential Reporting Policy

November 202018

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Confidential Reporting Policy

Policy Agreed

Document Type:	Corporate Policy
Document Name:	Confidential Reporting Policy
Document Location:	Ewokplus
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Relevant External Law, Regulation, Standards:	Public Interest Disclosure Act 1998

Date

Change Details

<u>26 November 2020</u>	<u>Updated contact details</u>
13 December 2018	Moved Policy into new policy template
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1.0 Introduction

- 1.1 This policy is designed for employees so that they may raise concerns in the knowledge that they will be protected under its safeguards. The policy complies with the Public Interest Disclosure Act 1998 which gives statutory protection to any employee who raises concerns in good faith about a possible wrong-doing.
- 1.2 Local government employees have an individual and collective responsibility regarding their conduct and practices which are always subject to public scrutiny. As individuals employees are required to work within Woking Borough Council's Code of Conduct for Employees which is made available to all employees. The Council's regulatory framework also includes standing orders, financial regulations and the standards of the relevant professional organisations to which employees belong.
- 1.3 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice. However, if the Council has a chance to deal with a potentially serious problem at the earliest opportunity this can reduce the damage that may be caused to persons, property or the Council's reputation.
- 1.4 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment all employees have a duty to bring to the attention of management any deficiency in the provision of service and any impropriety or breach of procedure in accordance with paragraph 5.1 of the Anti Fraud and Corruption Policy which reflects Financial Regulations. It is recognised that most cases will have to proceed on a confidential basis.
- 1.5 Employees who are aware of another employee committing any acts of wrong-doing who decide to ignore these actions and do not report their concerns may themselves also be subject to disciplinary action for knowingly allowing this wrong-doing to continue.
- 1.6 This policy document makes it clear that employee can raise concerns without fear of victimisation, subsequent discrimination or disadvantage. This Confidential Reporting policy is intended to encourage and enable employees to raise serious concerns within the Council rather than overlooking a problem or 'blowing the whistle' outside.
- 1.7 The policy applies to all employees and those contractors engaged by the Council on public service work. It also covers suppliers and those providing services under a contract with the Council in their own premises, for example, temporary accommodation for the homeless. Partners and subsidiaries are also expected to meet the expectations set out in the policy.
- 1.8 These procedures are in addition to the Council's complaints procedures and other statutory reporting procedures applying to some departments. Employees are responsible for making service users aware of the existence of these procedures.
- 1.9 This policy has been discussed with the relevant trade unions and professional organisations and has their support.

2.0 Aims and Scope of this Policy

2.1 This policy aims to:

- Encourage employees to feel confident in raising serious concerns and to question and act upon concerns about practice;
- Provide avenues for employees to raise those concerns and receive feedback on any action taken;
- Ensure that employees receive a response to their concerns and are aware of how to pursue those concerns if they are not satisfied;
- Reassure employees that they will be protected from possible reprisals or victimisation if they have a reasonable belief that they have made any disclosure in good faith.

2.2 There are existing procedures in place to enable employees to lodge a grievance relating to their own employment (reference: Grievance Policy and Anti-Bullying and Harassment Policy). The Confidential Reporting Policy is intended to cover major concerns that fall outside the scope of other procedures. These include:

- Conduct which is an offence or a breach of law;
- Disclosures related to miscarriages of justice;
- Health and safety risks, including risks to the public as well as other employees;
- Damage to the environment;
- The unauthorised use of public funds;
- Possible fraud and corruption;
- Sexual or physical abuse of clients; or
- Other unethical conduct.

2.3 Thus, any serious concerns that employees have 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 be reported under the Confidential Reporting Policy. This may be about something that:

- Makes employees feel uncomfortable in terms of their own standards or experience or the standards that they believe the Council subscribes to; or
- Is against the Council's Standing Orders and policies; or
- Falls below established standards of practice; or
- Amounts to improper conduct.

2.4 This policy does not replace the corporate complaints procedure.

3.0 Safeguards against harassment or victimisation

- 3.1 The Council is committed to good practice and high standards and wants to be supportive of employees.
- 3.2 The Council recognises that the decision to report a concern can be a difficult one to make. If what employees are saying is true, they should have nothing to fear because they will be doing their duty to their employer and those for whom they are providing a service.
- 3.3 The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect employees when they raise a concern in good faith.
- 3.4 Where an employee is being considered under the Council's disciplinary or redundancy procedures this will not affect their right to raise a concern under this policy.

4.0 Confidentiality

- 4.1 All concerns will be treated in confidence and every effort will be made not to reveal employees identity if they so wish. At the appropriate time, however, employees may need to come forward as a witness or provide a statement as part of the evidence.
- 4.2 The Council will do all that it reasonably can to support the employee once they take the decision to voice their concerns.

5.0 Anonymous Allegations

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

6.0 Untrue Allegations

- 6.1 If employees make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against them. If, however, employees make an allegation frivolously, maliciously or for personal gain, action may be taken against them.

7.0 How to Raise a Concern

- 7.1** Financial Regulations require that the Finance Director shall be informed of any possible irregularity affecting the resources of the Council, in order that an independent investigation may be undertaken. However, as a first step, employees may raise their concerns with their immediate manager or their superior. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if employees believe that management is involved, they may approach the Chief Executive, Deputy Chief Executive, the Finance Director, the Monitoring Officer, or the Head of Internal Audit. Alternatively employees may wish to raise the matter with their Union representative or a member of Human Resources employees who will be required to report the allegation to the Finance Director. Employees can also raise the matter with the independent charity "Public Concern at Work" by telephoning 020 3117 2520 or e-mailing whistle@protect-advice.org.uk If the matter concerns allegations of fraud or corruption, the Finance Director will be informed in accordance with Financial Regulations.
- 7.2** The Council has produced a separate Code of Conduct for Employees and Anti-Fraud and Corruption Policy that should be read in conjunction with this policy.
- 7.3** Complaints may be raised verbally or in writing. Employees who wish to make a written report are invited to use the following format: the background and history of the concern (giving relevant dates); the reason why they are particularly concerned about the situation.
- 7.4** The earlier employees express the concern; the easier it is to take action.
- 7.5** Although employees are not expected to prove beyond doubt the truth of an allegation, they will need to demonstrate to the person contacted that there are reasonable grounds for their concern.
- 7.6** Advice/guidance on how matters of concern may be pursued can be obtained from:
- Chief Executive, Ray Morgan (x3333)
 - Finance Director, Leigh Clarke (x3277)
 - Monitoring Officer, Peter Bryant (x3030)
 - Head of Internal Audit, [Graeme Clarke \(020 7063 4968/07794 031307\)](tel:02070634968)~~James Graham (07863 161433)~~
 - Head of Human Resources, Amanda Jeffrey (x3904)
 - The charity "~~Protect~~Public Concern at Work" (020 3117 2520).
- 7.7** Employees may wish to consider discussing a concern with a colleague first and they may find it easier to raise the matter if there are two (or more) employees who have had the same experience or concerns.
- 7.8** Employees may invite a trade union or professional association representative, or a friend to be present during any meetings or interviews in connection with the concerns they have raised. Individuals who raise a concern who are not in direct employment of the Council may elect to bring a friend with them to any meeting or interviews.

8.0 How the Council will respond

- 8.1** The Council will respond to employees concerns. Testing out employees concerns is not the same as either accepting them or rejecting them.
- 8.2** Where appropriate, the matters raised may:
- be investigated by management, internal audit, or through the disciplinary process;
 - be referred to the police;
 - be referred to the external auditor;
 - form the subject of an independent inquiry.
- 8.3** In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle which the Council will have in mind is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.
- 8.4** Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 8.5** Within ten working days of a concern being received, the Monitoring Officer will write to the employees who made the allegation in confidence:
- Acknowledging that the concern has been received;
 - Indicating how we propose to deal with the matter; giving an estimate of how long it will take to provide a final response;
 - Telling them whether any initial enquiries have been made;
 - Supplying employee with information on employee support mechanisms, and
 - Telling employees whether any further investigations will take place and if not, why not.
- 8.6** The amount of contact between the officers considering the issues and the employee will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seek further information from the person who made the allegation.
- 8.7** Where any meeting is arranged, off-site if employees so wish, they can be accompanied by a union or professional association representative or a friend.
- 8.8** The Council will take steps to minimise any difficulties which employees may experience as a result of raising a concern. For instance, if employees are required to give evidence in criminal or disciplinary proceedings the Council will arrange for them to receive advice about the procedure.
- 8.9** The Council accepts that employees need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, they will be informed of the outcome of any investigation.

9.0 The Responsible Officer

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

10.0 How the matter can be taken further

- 10.1** This policy is intended to provide employees with an avenue within the Council to raise concerns. The Council hopes that employees will be satisfied with any action taken. If they are not, and if they feel it is right to take the matter outside the Council, the following are possible contact points:

- The charity "~~Protect~~ublic Concern at Work" - (020 3117 2520), (whistle@protect-advice.org.uk)
- External Audit, [BDO LLP \(Leigh Lloyd-Thomas; 020 7893 2616\)](#)
- The National Audit Office (enquiries@nao.org.uk, whistleblowing hotline 020 7798 7999);
- Trade union (see Woking Unison pages on Ewok for contact details);
- Local Citizens Advice Bureau (03444 111 444);
- Relevant professional bodies or regulatory organisations,
- A relevant voluntary organisation;
- The police

- 10.2** If employees do take the matter outside the Council, they should ensure that they do not disclose confidential information unless required to do so by law. Employees must not communicate any matters relating to the allegation and investigation with the media.

11.0 Monitoring and Reporting

- 11.1** All concerns raised through this procedure will be brought to the attention of the Responsible Officer i.e. the Monitoring Officer, who will monitor how they are dealt with and report on outcomes as necessary.

STANDARDS COMMITTEE – 26 NOVEMBER 2020

STANDARDS HEARINGS SUB-COMMITTEE – 13 OCTOBER 2020

Executive Summary

This report advises the Standards and Audit Committee of a decision made by the Standards Hearings Sub-Committee on 13 October 2020.

Recommendations

The Committee is requested to:

RESOLVE That the decision of the Standards Hearings Sub-Committee on 13 October 2020 be noted.

The Committee has the authority to determine the recommendation(s) set out above.

Background Papers: None.

Reporting Person: Peter Bryant, Director of Legal and Democratic Services/Monitoring Officer
Email: peter.bryant@woking.gov.uk, Extn: 3030

Contact Person: Peter Bryant, Director of Legal and Democratic Services/Monitoring Officer
Email: peter.bryant@woking.gov.uk, Extn: 3030

Date Published: 18 November 2020

STA20-018

1.0 Introduction

- 1.1 The Council's "Arrangements for Dealing with Standards Allegations under the Localism Act 2011" ("Arrangements") provide for decisions of the Standards Hearings Sub-Committee to be reported to the Standards and Audit Committee.
- 1.2 This report advises the Committee of a decision of the Sub-Committee, on 13 October 2020, in respect of a complaint against Councillor John Bond.

2.0 The Complaint

- 2.1 On 19 October 2019, Councillor Bond submitted a complaint against another Councillor. The complaint was contained in an email to the Monitoring Officer. Councillor Bond copied his email to "Councillors".
- 2.2 The Monitoring Officer considered that there was an arguable case that Councillor Bond had breached the Members' Code of Conduct in copying his email about the other Councillor to "Councillors". This was on the basis that, in doing so, Councillor Bond had breached the "Protocol for Complaints Submitted by Members under the Members' Code of Conduct", adopted by the Council on 4 April 2019. This stated that Member complaints against another Member should be confidential to:-
 - (i) The two Members concerned (i.e. the Member submitting the complaint and the Member who is the subject of the complaint);
 - (ii) The Monitoring Officer, and
 - (iii) The persons notified of the complaint by the Monitoring Officer in accordance with the Council's "Arrangements for dealing with Standards Allegations under the Localism Act 2011".
- 2.3 The Monitoring Officer considered that the "breach" merited a formal investigation under the Arrangements.
- 2.4 The Monitoring Officer appointed Mr John Austin, an external investigator, to carry out the investigation.
- 2.5 Mr Austin concluded that, in copying his email about the other Councillor to all Councillors, Councillor Bond had breached the Members' Code of Conduct.

3.0 Standards Hearings Sub-Committee

- 3.1 On 13 October 2020, the Council's Standards Hearings Sub-Committee conducted a local hearing to determine whether Councillor Bond had breached the Members' Code of Conduct.
- 3.2 The Sub-Committee concluded that Councillor Bond had failed to comply with the Members' Code of Conduct. The Sub-Committee decided to report its findings, for information, to Council at its meeting on 3 December 2020. The report would include reference to Councillor Bond's acknowledgement that, in copying his email to "Councillors", he had failed to comply with the "Protocol for Complaints Submitted by Members under the Members' Code of Conduct".

REPORT ENDS

