

Date: 19 September 2018



**District Council**

Town Hall, Penrith, Cumbria CA11 7QF

Tel: 01768 817817

Email: [cttee.admin@eden.gov.uk](mailto:cttee.admin@eden.gov.uk)

Dear Sir/Madam

## **Accounts and Governance Committee Agenda - 27 September 2018**

Notice is hereby given that a meeting of the Accounts and Governance Committee will be held at 6.45 pm on Thursday, 27 September 2018 at the Council Chamber, Town Hall, Penrith.

### **1 Apologies for Absence**

### **2 Minutes of Previous Meeting**

To sign the minutes AGc/14/07/18 to AGc/19/07/18 of the meeting of this Committee held on 26 July 2018 as a correct record of those proceedings (copies previously circulated).

### **3 Declarations of Interest**

To receive declarations of the existence and nature of any private interests, both disclosable pecuniary and any other registrable interests, in any matter to be considered or being considered.

### **4 External Review of the Council's Internal Audit Service (Pages 5 - 16)**

To consider report F58/18 from the Director of Finance which is attached and which seeks to advise Members of the process to secure the external review of the Council's Internal Audit service, as required by Public Sector Internal Audit Standards (PSIAS).

RECOMMENDATIONS that:

1. The appointment of the Chartered Institute of Public Finance and Accountancy to carry out an External Assessment of the Internal Audit service be noted;
2. The action taken to date and proposed method of assessment and scope of the proposed external assessment be approved; and

3. This Committee will receive the review report at its meeting on 29 November 2018.

**5 Annual Review of the Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan** *(Pages 17 - 44)*

To consider report F60/18 from the Director of Finance which is attached and which seeks to undertake the annual review to the Council's existing Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan.

RECOMMENDATION that Members approve the updated draft Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan.

**6 Internal Audit: Implementation of Recommendations** *(Pages 45 - 52)*

To consider report F61/18 from the Director of Finance which is attached and which sets out progress on implementing the agreed recommendations from the internal audit reports.

RECOMMENDATION that progress against the agreed recommendations is noted.

**7 Internal Audit: Completed Reports and Progress against Annual Plan** *(Pages 53 - 78)*

To consider report F65/18 from the Director of Finance which is attached and which seeks to advise Members of the findings and recommendations of reports that have recently been completed by the Council's Internal Audit Services, and advises Members of progress against the agreed Annual Plan for 2018-2019.

RECOMMENDATION that the contents of the report are noted.

**8 Annual Fraud Report 2017-2018** *(Pages 79 - 84)*

To consider report F66/18 from the Director of Finance which is attached and which seeks to give Members an update on how the Council has sought to detect and prevent fraud in 2017-2018, and also includes information that meets the mandatory disclosure requirements of the Local Transparency Code 2015.

RECOMMENDATION that the report be noted.

**9 External Audit Reports** *(Pages 85 - 100)*

To consider report F67/18 from the Director of Finance which is attached and which sets out one report from the Council's External Auditor, Grant Thornton.

RECOMMENDATION that the report of the External Auditor be noted.

**10 Complaints and Compliments - Ombudsman's Annual Report and the Council's own Procedure** *(Pages 101 - 120)*

To consider report G87/18 from the Deputy Chief Executive which is to attached and which advises Members of the contents of the annual report which has been received from the Local Government and Social Care Ombudsman (the Ombudsman) upon complaints relating to the Council for the year ended 31 March 2018 and on complaints raised under the Council's own procedure.

RECOMMENDATION that Members note the comments made by the Local Government and Social Care Ombudsman in the Annual Report

## **11 Review of the Constitution** *(Pages 121 - 124)*

To consider report G86/18 from the Deputy Chief Executive which is attached and which seeks to enable consideration to be given to carrying out a review of the Constitution.

RECOMMENDATIONS that:

1. A review of the Constitution be carried out; and
2. A Panel be established comprising three Members of this Committee to report back with recommendations on any necessary changes to the Constitution.

## **12 Request for Dispensation** *(Pages 125 - 128)*

To consider report G88/18 from the Deputy Chief Executive which is attached and which advises Members of a request for a dispensation to a Member who is currently unable to attend any Council meetings due to illness and ask them to endorse the request.

RECOMMENDATION that the Committee grants a dispensation for Councillor Trevor Ladhams from attending meetings of the Council by reason of illness for a period of six months commencing on 10 September 2018. Any extension to the dispensation to be subject to a further approval by the Committee at the appropriate time.

## **13 Any Other Items Which the Chairman Decides are Urgent**

## **14 Date of Next Scheduled Meeting**

The next scheduled meeting of this Committee to be confirmed as 29 November 2018.

## **15 Exclusion of Press and Public**

To consider whether, in accordance with Section 100A(4) of the Local Government Act 1972, members of the public (including the press) should be excluded from the meeting during discussion of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 to Schedule 12A of the Act

## **16 Internal Audit: Completed Reports and Progress against Annual Plan** (Pages 129 - 138)

This appendix sets out information supporting report F65/18 from the Director of Finance which is exempt under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Action 1972.

Yours faithfully



M Neal  
Deputy Chief Executive (Monitoring Officer)

Democratic Services Contact: Vivien Little

Encs

### **For Attention**

All members of the Council

**Chairman** – Councillor A Connell (Liberal Democrat Group)

**Vice Chairman** – Councillor K Greenwood (Independent Group)

### **Councillors**

P Godwin, Independent Group

A Hogg, Conservative Group

S Jackson, Conservative Group

V Kendall, Conservative Group

J C Lynch, Conservative Group

R Orchard, Conservative Group

V Taylor, Liberal Democrat Group

### **Standing Deputies**

G Nicolson OBE, Conservative Group

J Raine, Conservative Group

M Robinson, Independent Group

M Rudhall, Liberal Democrat Group

J Tompkins, Liberal Democrat Group

M Tonkin, Independent Group

### **Please Note:**

- 1. Access to the internet in the Council Chamber and Committee room is available via the guest wi-fi – no password is required**
- 2. Under the Openness of Local Government Bodies Regulations 2014 this meeting has been advertised as a public meeting (unless stated otherwise) and as such could be filmed or recorded by the media or members of the public**

**Eden District Council**  
**Accounts and Governance Committee**  
**27 September 2018**

## External Review of the Council's Internal Audit Service

<b>Portfolio:</b>	None
<b>Report from:</b>	Director of Finance
<b>Wards:</b>	All Wards
<b>OPEN PUBLIC ITEM</b>	

### 1 Purpose

- 1.1 To advise Members of the process to secure the external review of the Council's Internal Audit service, as required by Public Sector Internal Audit Standards (PSIAS).

### 2 Recommendation

That:

- (1) The appointment of the Chartered Institute of Public Finance and Accountancy to carry out an External Assessment of the Internal Audit service be noted;
- (2) The action taken to date and proposed method of assessment and scope of the proposed external assessment be approved; and
- (3) This Committee will receive the review report at its meeting on 29 November 2018.

### 3 Report Details

- 3.1 Paragraph 7.16 of the Council's Accounting and Audit Rules state:  
*"External Assessments of the Internal Audit service must be conducted at least once every five years by a qualified independent assessor or assessment team from outside the Council. This assessment may take the form of a full external assessment, or a self-assessment with independent external validation."*
- 3.2 Paragraph 1312 of the PSIAS confirms this requirement and states that the Chief Audit Executive (the Director of Finance) must discuss with the Board the form of external assessments and the qualifications and independence of the external assessor or assessment team, including any potential conflict of interest. To comply, the Chief Audit Executive must agree the scope of external assessments with an appropriate sponsor. In this Council's case, this is the Chairman of this Committee, as well as the external assessor or assessment team.
- 3.3 When considering the Internal Audit Charter (Ref: F40/18) at the meeting of this Committee on 28 June 2018, this was raised. No external assessment has taken place since the introduction of the PSIAS in 2013. Therefore, this exercise will take place in 2018. To ensure this requirement, the actions detailed in the paragraphs below were undertaken.

- 3.4 The Director of Finance has consulted with colleagues in other Councils in Cumbria and ascertained there are two main suppliers of the reviews required. One of these is the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA is the recognised public sector accounting and auditing institute. There may be other bodies who can undertake such a review, but to secure the necessary work within the required timeframe, the Director of Finance made a direct appointment to CIPFA to undertake the work.
- 3.5 CIPFA has confirmed that it can undertake the work within the required timeframe. CIPFA is willing to include in the assignment a review of the Council's compliance with the recent CIPFA Statement on the Role of Audit Committees in Local Government.
- 3.6 CIPFA will undertake a full on-site review of the Council's service against the PSIAS and issue a detailed report with any recommendations included. CIPFA provided a list of reference sites and the Director of Finance two by telephone. The two organisations considered the output satisfactory. CIPFA has considered that the resource requirement in carrying out the work required would be no more than seven days to visit the Council and draft and submit the final report.
- 3.7 The following timeline, agreed provisionally with CIPFA to undertake the work, is:
- The Director of Finance and Senior Internal Auditor will undertake an introductory telephone call with the CIPFA representative who will undertake the work. It is expected that this will have taken place by the date of this Committee;
  - Following this telephone call, the consultant will visit the Council during week commencing 8 October 2018 and, after this, will draft the report the following week; and
  - Following agreement of the consultant's report, this Committee will receive a full report at its meeting on 29 November 2018.
- 3.8 Officers have reviewed the requirements. When undertaking the external assessment, the PSIAS requires that stakeholders discuss the proposed assessment. Stakeholders are senior management, including the Chief Executive and the Chairman of this Committee. At Appendix 1, is the assessor's proposed method of assessment, scope, qualifications and experience for approval by this Committee.

## **4 Policy Framework**

- 4.1 The Council has four corporate priorities which are:

- Decent Homes for All;
- Strong Economy, Rich Environment;
- Thriving Communities; and
- Quality Council.

- 4.2 This report meets the Quality Council corporate priority.

## **5 Consultation**

- 5.1 The Council's Management Team, at its meeting on 14 August 2018, considered this report and, therefore, consultation has been undertaken. The Chairman of this Committee has agreed to the work to in connection with this assignment.

## **6 Implications**

### **6.1 Financial and Resources**

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-2019, as agreed at Council on 17 September 2015.

6.1.2 The Internal Audit budget can meet the anticipated maximum cost of the assignment of £7,000. The 2018-2019 revised estimate will assess and include the extra cost when compiling the annual budget cycle.

## 6.2 Legal

6.2.1 The Council's Procurement Rules have been complied with in identifying CIPFA as a suitable provider of the assignment. Paragraph 3.4 of the Procurement Rules states that less than three quotations may be sought in special circumstances where it is not practicable to do otherwise. In such cases, the relevant Senior Manager shall keep a written record detailing the reasons for waiving the rules. This has been done. The work also meets the requirements of the PSIAS.

## 6.3 Human Resources

6.3.1 There are no Human Resources implications.

## 6.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	There are no implications
Health, Social Environmental and Economic Impact	There are no implications
Crime and Disorder	There are no implications
Children and Safeguarding	There are no implications

## 6.5 Risk Management

Risk	Consequence	Controls Required
No external review of the Internal Audit service takes place within the five-year timeframe.	External Audit criticism; substandard Internal Audit service provided; audits delivered of a low quality.	The planned review will ensure that the risks and consequences mitigate this.

## 7 Other Options Considered

7.1 The Council did consider a competitive exercise in procuring the work. However, due to the time constraint and reputation of CIPFA, it was unnecessary and would result in unnecessary delays.

## 8 Reasons for the Decision/Recommendation

8.1 To allow the requirements of the PSIAS to be met in undertaking an external assessment of the Council's Internal Audit service.

### Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	7 August 2018
Monitoring Officer (or Deputy)	15 August 2018
Assistant Director	Not Applicable

**Background Papers: Accounting and Audit Rules**  
**Public Sector Internal Audit Standards**  
**Appendices: Appendix 1 – Letter from CIPFA**  
**Contact Officer: Clive Howey, Director of Finance, 01768 212213**



**Mr Clive Howey**

Appendix 1

Eden District Council

Finance

Town Hall

Corney Square

Penrith

CA11 7QF

16<sup>th</sup> July 2018

Dear Clive,

## Public Sector Audit Standards

Further to our telephone conversation on 13<sup>th</sup> July 2018 CIPFA understands that Eden District Council is currently seeking to establish viable options for the completion of their external assessment in late 2018, early 2019 in accordance with the Public Sector Internal Audit Standards (PSIAS).

The assessment will include a full on-site review against the PSIAS and a detailed report with recommendations. This document outlines the experience CIPFA has and the approach we would take to support the council in a project of this nature.

CIPFA is ideally placed to carry out this review. Through the various facets of our Institute and commercial operations we champion high performance in public services. CIPFA is recognised as the leading independent commentator on managing and accounting for public money.

CIPFA is one of the professional bodies who sets internal audit standards for public bodies and provides professional guidance on the standards as well as other aspects of internal audit. CIPFA is therefore very familiar with internal audit standards in policy and in practice. The PSIAS were developed by CIPFA during a two year collaboration with the CIIA and were published in April 2013.



## Review of Internal Audit and external assessments

CIPFA has conducted a number of assessments of Internal Audit services. In March 2013, ahead of the formal introduction of PSIAS, we completed the first review of Internal Audit against the new standards in the UK when we reviewed the service in Surrey County Council. In 2012, CIPFA also reviewed the Internal Audit service provided by KPMG as part of their quality control for a large public sector client. Other recent case studies include:

- External assessment of North West Leicestershire & Blaby District Council's shared audit function against the PSIAS
- External assessment of Suffolk County Council's internal audit function against the PSIAS
- External assessment of Central Bedfordshire Council's internal audit function against the PSIAS
- We have been commissioned to carry out the external assessment reviews of the following organisations in 2016: Warwick District Council, Bedford Borough Council and Audit Lincolnshire Partnership
- We have been awarded the contract to carry out the EQA's for 9 authorities in the Staffordshire region in 2017/18. This procurement process was managed by Staffordshire County Council
- A review of the internal audit function in Craigavon Borough Council
- A review of financial management in Armagh City and District Council
- A review of the internal audit function in Armagh City and District Council
- A review of the Internal Audit service unit in Cherwell District Council
- A review of the EU's Internal Audit Service against Professional Standards
- The external review of performance against standards in the Government Internal Audit Manual (GIAM) for the internal audit branch of the Department for Social Development in 2007
- In 2018 we completed over 12 PISAS assessment across England.



## Our approach

The methodology set out below describes how CIPFA would deliver this external assessment. It is an approach that has been used successfully many times before:

### Stage 1 Initiate Project

Before the assessment starts, the consultant will meet the project sponsor to:

- Scope and initiate the project.
- Clarify that our understanding of the requirements is correct, in particular, the nature and format of the expected interim and final outputs.
- Agree an outline project plan.
- Discuss the likely format of the final report and how you would like this to be presented, so that this can be taken into account throughout the review.
- Agree arrangements for liaison between the project team and each authority's

main



nominated contact.

### Stage 2 Plan for Fieldwork Stage

Following the initiation meeting, we will plan the fieldwork stage. This will include:

- Arranging interview times with the Head of Internal Audit and staff as well as key internal audit stakeholders, including but not limited to:
  - Chair and Members of Audit Committee
  - Senior officers with responsibility for finance
  - Senior officers with responsibility for commissioning and receiving audits



- Officers with responsibility for risk and governance
- A selection of internal audit clients (as evidenced by audit files)
- External auditors

Interviews should ideally be carried out face to face, although it is appreciated that this may not be possible in all circumstances. We would require the assistance of the council's sponsors in organising this process for maximum efficiency.

### Stage 3 Conduct Review of Internal Audit Arrangements

To reach an opinion on the overall level of **compliance** with PSIAS, we will assess and compare the work and practices of Internal Audit with the PSIAS in each of the following areas:

#### Attribute Standards

- Purpose, authority and responsibility
- Independence and objectivity
- Proficiency and due professional care
- Quality assurance and improvement

#### Performance Standards

- Managing the internal audit activity
- Nature of work
- Engagement planning
- Performing the engagement
- Communicating results
- Monitoring progress
- Communicating the acceptance of risks

To come to an opinion on the **adherence** to standards, it is envisaged that the assessment will encompass the following:

- Fact finding interviews with the Chief Audit Executive, managers and staff
- Interviews with some of Internal Audit's customers
- Interview with the Chair of the Audit Committee for each organisation
- Interview with external auditors where possible – a sample across the organisations would suffice
- Review of any feedback given by the external auditor on the standards and working practices of Internal Audit



- Review of audit reports and a sample of audit files against best practice identified in PSIAS – if the 'group' acts as a single service and all documentation is the same, we could cross-apply to all organisations
- Any emerging findings will be discussed with you at appropriate points during the review

In addition to compliance with the PSIAS, CIPFA can call upon its other key best practice publications for internal audit in local government, as required.

We feel that using the process outlined above will provide the most reliable information on which to base our conclusions. Once we conclude our assessment, we will compare our findings and conclusions with the Council's own self-assessment to identify similarities and differences. Our fieldwork and this analysis will recognise good practice and identify potential areas for improvement.

#### **Stage 4      Preparation of draft report**

In this stage, we will bring together all aspects of the review into a draft report setting out the findings and conclusions together with recommendations for improvement. This report will cover each of the standards. The draft report will be presented to the Council's project sponsors within the agreed timescales. At this stage, the report becomes the property of the Council. We will discuss the format of the report with you at the planning stage to ensure that it meets your needs.

#### **Stage 5      Discussion of draft report**

There should be no surprises in the draft report as at the end of the fieldwork stage; we will discuss with the Council's project sponsors the overall findings prior to reporting. The purpose of producing a draft report is to allow the Council to identify any inaccuracies or misinterpretations. Following issue of the draft report, we will discuss its findings, revisit the original requirement and have an in-depth discussion on the conclusions and recommendations if necessary.

#### **Stage 6      Issue final report**

Following the clearance process, a final report incorporating any amendments that were discussed and agreed with the Council will be prepared and issued. If required, CIPFA will be pleased to meet with senior officers/members, e.g. the Audit Committee to discuss and present the assessment findings.



## Personnel

CIPFA proposes using a very experienced and professionally competent team for an external review of this nature. All members of our team currently hold, or have held, senior positions at Council and/or Audit Committee level and who regularly work with Chief Executives and senior personnel.

Our consultants have been hand-picked from a panel of specialists with the best set of skills to provide your organisation's clients with an ideal mix of internal audit and consulting experience from central government, but also local government, the NHS and the private sector, both in the UK and internationally.

With thorough knowledge of the IPPF, this ensures that we will be able to add value to the assessment process when identifying good practice already existing within the council, but also bringing examples of best practice from other sectors. I have attached the CV of one of our lead consultants on PSIAS EQA projects. The consultant used will be the same throughout for consistency. We would then ensure another consultant is utilised for CIPFA's quality assurance processes.

## Resources and cost

CIPFA considers the resource requirement of carrying out the described work to be **5 days** at a day rate of **£950** (plus VAT, plus consultant's reasonable travel, accommodation and subsistence). We will also take assurances from the completed self-assessment when undertaking the review. Please take into account our discussion regarding time span since last review, and an additional 2 days work may be required.

The interviews and on-site review days should take no longer than 3-4 days (as above, this may be expanded due to review of internal documents), including file reviews and interviews. There will also be an additional 1-2 days to write up detailed notes, report and for CIPFA's quality assurance process. Our Consultant will want to interview the Chair of the Audit Committees and S151 Officers for each organisation and Head of Internal Audit, as well as a select few stakeholders responsible for Risk and Governance from all sites. The Consultant will also review the Audit files and attend the Audit Committee meeting on-site, if required, in order to help finalise the report.

The above estimate is based on our understanding of your requirements and based on our previous experience. We will advise you on actual time spent as the work progresses but we do not foresee the total project taking more than 5 days.



- Optional: presentation to Committee – 1 day consultancy at £950 plus VAT/ expenses

## Next Steps

Please confirm at your earliest convenience if you would like to proceed with either of the assessments as outlined above and we can arrange to meet to initiate the next steps and plan the project and introduce you to the consultant. As discussed, dates that match Sefton Council for the implementation for the PSIAS process would be circa. March 2018.

The central point of contact for all aspects of this project will be:

### **Amie Hall**

Business Development Manager

[Amie.hall@cipfa.org](mailto:Amie.hall@cipfa.org)

M: 07824 839567

T: 01244 399699

Yours sincerely,

Amie Hall



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**Eden District Council**  
**Accounts and Governance Committee**

27 September 2018

## Annual Review of the Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan

<b>Portfolio:</b>	None
<b>Report from:</b>	Director of Finance
<b>Wards:</b>	All Wards
<b>OPEN PUBLIC ITEM</b>	

### 1 Purpose

- 1.1 The report undertakes the annual review to the Council's existing Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan.

### 2 Recommendation

Members approve the updated draft Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan.

### 3 Report Details

- 3.1 It is good practice that the Council has an Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan to ensure that the Council's approach to any identified fraud, theft, or corruption, is clearly set out so that appropriate action is taken if necessary. This is an important element within the Council's corporate governance arrangements. It is appropriate that Members approve each annual update, as this Committee is responsible for anti-fraud arrangements.
- 3.2 In particular, the review reflects:
- The internal audit report on counter-fraud arrangements (reported to this committee on 26 February 2015);
  - The CIPFA (Chartered Institute of Finance and Accountancy) Code of Practice on Managing the Risk of Fraud and Corruption (the Code. The Code is voluntary. In considering how best to apply the Code it is necessary to consider the scale of Eden and ensure that its application is proportionate.
- 3.3 The Appendix shows Track Changes to the Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan.
- 3.4 Management Team, on 28 August 2018, reviewed the draft update. As part of their review, Management Team accepted their responsibility for ensuring the Council had strong and robust counter-fraud arrangements. Management Team noted that counter-fraud arrangements had been a long-standing item on the Council's corporate Risk Register.
- 3.5 The Annual Fraud Report 2017-2018 is elsewhere on the agenda.

## 4 Policy Framework

4.1 The Council has four corporate priorities which are:

- Decent Homes for All;
- Strong Economy, Rich Environment;
- Thriving Communities; and
- Quality Council

4.3 This report meets the Quality Council corporate priority.

4.2 Whilst the Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan is not one of the identified elements of the budgetary and policy framework, it is an element within the Council's Annual Governance Statement, which is an element of that framework.

## 5 Consultation

5.1 There has been no consultation with Ward Councillors or Portfolio Holders.

## 6 Implications

### 6.1 Financial and Resources

6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-2019, as agreed at Council on 17 September 2015.

6.1.2 There are no proposals in this report that would reduce or increase resources. However, effective anti-fraud procedures are an important safeguard against financial loss.

### 6.2 Legal

6.2.1 The proposals within this report assist the Council in achieving the requirements of the Accounts and Audit Regulations 2015.

### 6.3 Human Resources

6.3.1 There are no Human Resources implications.

### 6.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	No implications
Health, Social Environmental and Economic Impact	No implications
Crime and Disorder	No implications
Children and Safeguarding	No implications

### 6.5 Risk Management

Risk	Consequence	Controls Required
Possible fraud, theft and corruption	Financial loss	Up-to-date policy in place

## 7 Other Options Considered

7.1 None.

## **8 Reasons for the Decision/Recommendation**

- 8.1 This is an important element within the Council's corporate governance arrangements. It is therefore appropriate that Members approve each annual update.

### **Tracking Information**

<b>Governance Check</b>	<b>Date Considered</b>
<b>Chief Finance Officer (or Deputy)</b>	24 August 2018
<b>Monitoring Officer (or Deputy)</b>	3 September 2018
<b>Assistant Director</b>	Not Applicable

**Background Papers:**      **Annual Governance Statement**  
                                 **Benefits Fraud Guidelines**  
                                 **Annual Fraud Report**  
                                 **Responses from officers consulted on draft version**  
                                 **Internal Audit Report on Counter-Fraud Measures**  
                                 **CIPFA Counter-Fraud Strategy**

**Appendices:**              **Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan 2018**

**Contact Officer:**         **Clive Howey, Director of Finance, 01768 212213**

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# Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan ~~2017~~2018

Updated: September ~~2017~~2018  
Update Frequency Annual  
By: Clive Howey, Director of Finance

## Customer Services

Telephone: 01768 817817

Fax: 01768 890470

Write To: Director of Finance, Eden District Council, Town Hall, Penrith, Cumbria  
CA11 7QF

E-Mail: [dof@eden.gov.uk](mailto:dof@eden.gov.uk)

Internet: Information on all of our services is available [on our website](#)

## Accessible Information

A summary of the information contained in this document is available in different languages or formats upon request. Contact Eden District Council's Communication Officer, telephone: 01768 817817, or email: [communication@eden.gov.uk](mailto:communication@eden.gov.uk)

## Traditional Chinese

若閣下要求，本文件的摘要資訊可以其他版式和語言版本向您提供。請聯絡伊甸區地方政府傳訊主任 (Eden District Council's Communication Officer)，其電話為：01768 817817，或發電郵至：[communication@eden.gov.uk](mailto:communication@eden.gov.uk)

## Polish

Streszczenie informacji zawartych w niniejszym dokumencie można uzyskać na życzenie w innym języku lub formie. Prosimy o kontakt telefoniczny z Referentem Rady ds. Komunikacji Okręgu Eden pod numerem telefonu 01768 817817 lub pocztą e-mail na adres [communication@eden.gov.uk](mailto:communication@eden.gov.uk).

## Urdu

اس دستاویز میں موجود معلومات کا خلاصہ درخواست پر مختلف زبانوں یا فارمیٹس میں دستیاب ہے۔ ایڈن ڈسٹرکٹ کونسل کے [communication@eden.gov.uk](mailto:communication@eden.gov.uk) 01768 817817 سے رابطہ کریں، ٹیلی فون: ، یا ای میل:

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## Section 1 - Introduction

### 1.1 The Strategy

The District Council has drawn up an Anti-Fraud, Theft, Bribery and Corruption Strategy to set out its overall policy in respect of fraud, theft, bribery and corruption. This clearly shows that the Council is committed to preventing and detecting fraud, theft, bribery and corruption and, where necessary, pursuing allegations of such activity. It also outlines the Council's commitment to creating an anti-fraud and anti-bribery culture and maintaining high ethical standards.

The Strategy sets out the Council's response to the Bribery Act 2010. The Council, through its Members and officers, is committed to carrying out its activities and functions fairly, honestly and openly. The Council has, and will have, a "zero tolerance" of fraud, bribery, corruption, theft, or any criminal actions. The Accounts and Governance Committee approves this Strategy.

The Strategy complies with CIPFA's (Chartered Institute of Finance and Accountancy) code of practice on managing the risk of fraud and corruption.

### 1.2 Why an Anti-Fraud, Theft, Bribery and Corruption Strategy and Related Procedures Are Needed

Whilst the primary responsibility for maintaining sound arrangements to prevent and detect theft, fraud, bribery and corruption rests with management, it is important that all staff and Members know:

- how to prevent and deter theft, fraud, bribery or corruption;
- how to look for the signs of theft, fraud, bribery or corruption; and
- what to do if they suspect theft, fraud, bribery or corruption is taking place.

It is important that staff and Members do not try to handle the problem themselves, without expert advice and assistance. A badly managed investigation, or improper interference, will prejudice any potential or prospective Police prosecution, so there are a number of procedures to follow.

A commercial organisation can be liable for failing to prevent bribery. This offence arises under Section 7 of the Bribery Act. Commercial organisations should ensure that proper procedures are in place to prevent bribery, insofar as this is practicable. The Council, for its part, will comply with the guidance issued by the Ministry of Justice to secure effective and appropriate procedures to prevent bribery through its activities and those of associated people or bodies.

### 1.3 Definition of Theft, Fraud, Bribery and Corruption

**Theft** is "dishonestly appropriating property belonging to another, with the intention of permanently depriving them".

**Fraud** is "the intentional distortion of financial statements or other records by persons internal or external to the Council, which is carried out to conceal the misappropriation of assets, or otherwise for gain".



These records can include orders, invoices, travel claims, timesheets, flexitime variation sheets, holiday entitlement records, petty cash vouchers, or claims from independent contractors. It may also cover a number of other acts, such as failure to disclose information, or abuse of position.

**Bribery** is the offering, promising, or giving of a financial or other advantage to a person with the intention of bringing about another's improper performance of an activity, or rewarding such improper performance. Bribery can arise where the acceptance of an advantage, in the knowledge that it is offered, promised or given, constitutes an improper performance of an activity.

**Corruption** is "the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by the Council, its Members, or staff". It also includes using personal relationships to influence actions.

This Strategy provides information to all staff that may come across behaviour that they think may be fraudulent or corrupt

## 1.4 Governance

The Accounts and Governance Committee carry out the governance role. The Accounts and Governance Committee ensure there is an appropriate system of internal control to minimise the Council's exposure to theft, fraud, bribery or corruption. It reviews and approves the annual update of this Strategy and Response Plan. It also considers the annual fraud report.

Management Team considers this Strategy as part of the annual update. In so doing, it acknowledges its responsibility for ensuring that the Council has strong and robust anti-fraud arrangements in place.

## Section 2 - Prevention and Deterrence of Theft, Fraud, Bribery and Corruption

### 2.1 Role of Staff

The Council's Staff Code of Conduct and Anti-Fraud, Theft, Bribery and Corruption Strategy both require all staff to report any suspicions of theft, fraud, bribery or corruption, to enable a proper investigation into the circumstances to be undertaken. If a member of staff does not feel comfortable speaking to his/her line manager, he/she should contact the Director of Finance, the Senior Auditor or, where it relates to Benefits or Council Tax Reduction, the Assistant Director Revenues and Benefits. Alternatively, if a member of staff is concerned about the behaviour of another member of staff, he/she may prefer to contact the Monitoring Officer (that is the Deputy Chief Executive), or the Assistant Director Organisational Development, who will then involve the Director of Finance, or the Senior Auditor, if theft, fraud, bribery or corruption is a possibility. The Council has also adopted a Confidential Reporting ('whistle-blowing') Procedure. Section 5 refers to this.

Staff can also go directly to the External Auditor, or the Police (see paragraph 4.10). However, this should only be the case in exceptional circumstances.

## 2.2 Role of Members

Council Members have a duty under the Council's Members' Code of Conduct and this Strategy to report any instances of improper conduct. The Strategy incorporates a list of the internal and external contacts that they may wish to refer their concerns to (see section 4.10).

## 2.3 Role of Managers

### 2.3.1 Theft and Fraud

Whilst it is impossible to create a 100% fraud-proof system, managers must ensure that the system they operate includes a reasonable number of effective controls designed to detect and prevent fraud and error. The actions and controls that managers should consider are as follows:

- documenting procedures and controls and training all staff in their use;
- ensuring all staff are familiar with the Council's Accounting and Audit Rules and Procurement Rules;
- carrying out spot checks to ensure compliance with procedures/regulations;
- ensuring separation of duties between staff (as far as possible) so that no one person is solely responsible for the initiation through to the completion of a transaction, that is, authorising a transaction, processing the transaction, collecting cash/cheques where appropriate, receiving goods/services and recording the transaction;
- assigning appropriate levels of delegation, for example, orders over a certain value to be signed by a restricted number of staff;
- rotating staff responsibilities, where possible, to avoid one person always having sole charge over a given area;
- introducing an adequate "internal check". At its simplest, this involves an independent officer checking the work/calculations/documentation prepared by the initiating officer. "Internal check" may also mean splitting the processing of a transaction between two or more officers. For example, each creditor payment is signed off by different officers for 'goods received' and 'certification'. A different officer then inputs it to generate the payment and finally a different officer sends out the remittance. Unless there is extensive collusion between staff, this will reduce the opportunity for fraud;
- ensuring expenditure is authorised prior to expenses being incurred;
- ensuring expenses/petty cash claims are supported by receipts;
- minimising cash/cheques/stock holdings. Bank cash/cheques regularly, preferably daily, depending on the value and the risk;
- reviewing budget monitoring statements, be alert to trends, for example, falling income or increasing travel expenses and follow up variances;
- ensuring staff take their proper allocation of holidays and that other staff undertake their duties in their absence. Cover arrangements should be robust; and
- regularly review processes to identify 'weak links' that may be vulnerable to fraud.

### 2.3.2 Bribery and Corruption

The wide range of Council services means that there are opportunities for decisions to be improperly influenced in many areas, such as the procurement and delivery of contracts, consents and licences.

#### **Internal Regulations - Council procedures should:**

- ensure Accounting and Audit Rules and Procurement Rules cover the key risk areas;
- ensure Accounting and Audit Rules and Procurement Rules are updated periodically, changes are communicated and additional training is given if necessary;
- ensure the handling of breaches of Accounting and Audit Rules and Procurement Rules are fully documented and dealt with in accordance with the Rules;
- provide all Members and staff with a copy of the relevant Code of Conduct and ask them to confirm that they understand the Code and provide training;
- keep a register for declaration of interests for both staff and Members, reviewed by senior officers on a regular basis;
- keep a register for declaration of hospitality and gifts received for both staff and Members, reviewed by senior officers on a regular basis;
- remind Members and staff of the need to declare interests and gifts/hospitality received;
- require all staff to confirm biennially that they have read and understood this Strategy; and
- every other year, undertake a mandatory training course for all staff on anti-fraud measures.

### 2.3.3 Contracts

- provide within the Procurement Guidance (which supports the Procurement Rules) clear, written instructions, for staff involved in letting and controlling contracts (including the position regarding tender negotiations);
- ensure adequate supervision of/separation of duties between staff letting and controlling contracts, as far as practicable;
- carry out an independent review of circumstances where particular contractors seem to be preferred;
- ensure adequate justification for, and approval of, occasions when negotiated or restricted tendering is used and that this is fully documented;
- ensure tenderers are chosen from an approved list, on a rational basis, to ensure fair competition and equal opportunity to tender;
- carry out spot checks to ensure rules relating to despatch and return of tenders are being complied with;
- ensure contracts are signed by both parties;
- ensure that appropriate provisions are included in contracts to relate to bribery and any criminal activity and their prevention which include sanctions; and
- ensure appropriate monitoring is in place relating to the performance of the service and compliance with an organisation's responsibilities under the Bribery Act.

### **2.3.4 Asset Disposals**

- ensure there are clearly defined procedures for asset sales and that these are fully understood by all relevant Members and staff; and
- document all disposals to demonstrate that the best possible price or consideration have been obtained and/or any relevant dispensations are applicable and have been obtained.

### **2.3.5 Award of Planning Consents and Licences**

- ensure there are written procedures covering delegated powers of Members/staff in awarding planning consents and licences;
- ensure decisions are fully documented so it can be demonstrated that decisions are made on a consistent, fair, lawful and rational basis;
- monitor decisions on planning applications, particularly where Planning Officer recommendations are not followed; and
- ensure an authorisation or approval process is in place for the grant of any consent or licence.

## **2.4 Role of Internal Audit**

The Council's Audit Plan includes the annual audit of the major financial systems listed below:

- Housing Benefits;
- Council Tax;
- Council Tax Reduction Scheme;
- Business Rates;
- Payroll;
- Creditors;
- Loans and Investments;
- Main Accounting System;
- Sundry Debtors; and
- Income Collection.

Audits of the major financial systems include a review of the key controls, based on best practice checklists. Where a specific checklist does not exist, Internal Audit will review the existing internal controls in line with the issues detailed in 2.3.1 above and make recommendations where appropriate. It is not possible to specify controls that will detect the actual receipt of corrupt inducements. Reliance is placed on having adequate procedures in place, based on Accounting and Audit Rules and Procurement Rules, to limit the possibility of corrupt practices. Audit work is normally limited to testing compliance with these procedures and drawing attention to any weaknesses. Any identified weaknesses that might indicate potential fraud, theft, bribery or corruption will be further tested using in-depth substantive testing.

The Council's Senior Auditor:

- co-ordinates the Council's response to the Cabinet Office's National Fraud Initiative (see paragraph 3.2.5). In particular, it ensures the follow-up of any identified issues. However, it is ultimately the responsibility of management to ensure adequate controls and procedures are in place to prevent and detect theft or fraud, in accordance with the guidelines provided under paragraph 2.3.1 of this Strategy;
- advises the Director of Finance on fraud issues; and
- provides a resource (through the provision for consultancy in the Audit Plan) to undertake fraud investigations: this resource is limited and any major fraud would require the Council to buy in additional resources.

## **Section 3 - Detection and Awareness**

### **3.1 Introduction**

This section aims to outline particular risk areas and to give an idea of the types of theft, fraud, bribery or corruption that may occur. Audit Commission surveys have shown that there are far less proven instances of bribery and corruption than there are cases of fraud and theft.

### **3.2 Risk Areas**

3.2.1 Fraud can happen wherever staff or people outside the Council complete official documentation and have the opportunity to take financial advantage of the Council. The risk of fraud, bribery or corruption increases where staff, or outside agents, are in positions of trust or responsibility and are not checked or subjected to effective monitoring or validation. Consequently, the following areas are particularly susceptible to theft, fraud, bribery or corruption:

- claims from contractors/suppliers;
- travel and expense claims;
- cash/cheque receipts;
- petty cash/floats;
- payroll;
- purchasing;
- procurement of contracts;
- delivery of services under contract, particularly where payments are, or may be, received;
- stocks and assets, particularly portable/attractive items;
- treasury management;
- housing benefits;
- Renovation Grants;
- the approval of grants generally;
- disposal of assets;
- development or sale of land;
- inspections;

- the taking of enforcement action;
- award of Consents and Licences;
- money laundering (see section 3.4 below);
- electronic fraud (see section 3.5 below); and
- Council Tax discounts, reductions and exemptions.

3.2.2 In addition, acceptance of gifts and hospitality, secondary employment and pressure selling (suppliers pressurising staff to order goods/services that are not required) can lead to corrupt practices.

3.2.3 The provision of gifts or hospitality is a significant risk area. The offer of any gift or hospitality must be declared by any Member (greater than £25) or officer (greater than £10): Internal Audit should receive a declaration form (officers) and the Deputy Chief Executive (Members). Management Team receive an annual report of all declarations. A prospective recipient of any gift or hospitality should consider why they have received the offer and whether it is intended to influence a decision. Reasonable and proportionate hospitality and gifts may be acceptable and accepted.

3.2.4 Benefit payments are a particular risk area for local authorities. With the creation of the Department for Works and Pension's (DWP) Single Fraud Investigation Service the Council's Benefits Investigation Team were transferred to this new service (July 2015). The Council no longer investigates benefit fraud itself. However, it seeks to minimise any fraud by:

- passing any potential frauds to the DWP for investigation
- participating in DWP fraud initiatives
- maintaining effective controls to prevent fraud entering the benefits system

3.2.5 The Council participates in the National Fraud Initiative (NFI) run by the Cabinet Office. This matches data from a variety of sources to identify potential frauds. The exercise is co-ordinated by the Senior Auditor and all potential fraudulent payments are followed up by relevant staff.

3.2.6 Applications for employment are another risk area and, for this reason, the Council has an Employment Screening Policy. Employment screening provides some assurance that a prospective employee is trustworthy and has the necessary skills and/or experience required to perform their role. It can also act as a deterrent to dishonest individuals applying for positions within the Council in the first place. Screening checks therefore include:

- verification of the identity of the individual;
- references from previous employers;
- verification of qualifications;
- proof of right to work in the UK;
- Disclosure and Barring Service (DBS) disclosures where appropriate; and
- investigation of breaks in employment history.

3.2.7 With effect from 1 April 2010, the Council incorporates Baseline Personnel Security Standards (BPSS) into the employment screening process, in response to 'Government Connect' requirements. Government Connect is a pan-government programme providing an accredited and secure network between central government and every local authority in England and Wales. The network is GCSX (Government Connect Secure Extranet). The associated Public Services Network requires that all users who have access to restricted data and all those who have GCSX accounts be cleared to the specified BPSS as a minimum.

### **3.3 Signs of Fraud, Bribery, or Corruption**

3.3.1 Fraud involves the falsification of records. Managers need to be aware of the possibility of fraud when reviewing claims/forms/ documentation for authorisation. Issues which should give rise to suspicion are:

- documents that have been altered using different pens or different handwriting;
- claims that cannot be checked because supporting documentation is inadequate (for example, no vouchers/receipts);
- strange trends (in value, volume, or type of claim);
- illegible text/missing details;
- delays in documentation completion or submission;
- use of numerous cost centres to code expenditure (to avoid showing a large variation on one particular budget);
- large payments where no VAT number is quoted;
- invoices that quote a P O Box number, rather than a specific address; and
- lack of authorisation for computer input/no supporting documentation.

3.3.2 Indicators that a member of staff may be acting corruptly or fraudulently are:

- apparently living beyond their means;
- under financial pressure;
- exhibiting signs of stress or behaviour not in keeping with their usual conduct;
- not taking annual leave;
- refusing to allow another member of staff to be involved in their duties;
- attracting complaints from members of the public;
- having private discussions with contractors;
- unusual work patterns, for example, always be the first in the office or the last to leave;
- irregular behaviour; and
- over-familiarity with contractors or suppliers.

3.3.3 Suspicions of bribery and corruption may come from outside the normal course of work. Sources should be followed up promptly and with due discretion and tact and reported to the appropriate director.



### 3.4 Money Laundering

Money laundering is the practice whereby criminals attempt to 'clean' the proceeds of criminal activity by passing it through a legitimate institution. The Proceeds of Crime Act 2002 imposes an obligation on a variety of organisations, including local authorities, to report any incident that lead them to suspect that an individual or other body is making transactions with the proceeds of any criminal activity.

The Council does not have a statutory obligation to comply with the Money Laundering Regulations 2007. It is good practice to adopt policies and procedures that meet the key elements of the regulations.

The Council's Anti-Money Laundering Officer is the Director of Finance. In the event of a major transaction being identified that could involve money laundering, the Director of Finance, or the Senior Auditor, should be contacted for advice on how to proceed.

Almost all the major cash transactions of the Council occur as part of its Treasury Management operations, whereby the Council lends, and is repaid, large sums. The Council's Treasury Management Policy Statement deals with this. Any attempt to launder cash will tend to involve larger sums of money. The only other area where large sums of money are received is the sale of assets. The Council can take confidence from the following:

- (a) the Legal Services Section will deal with the sale and will confirm the identity of the payee during the course of the process of sale;
- (b) receipts will normally be taken through BACS or cheques and the relevant bank will be required to comply with the money laundering regulations for their client; and
- (c) most customers will be long-standing tenants or known businesses.

Staff who receive cash as part of their job should be vigilant for any unusual transactions that might indicate that an attempt is being made to launder money. Report any suspicions immediately to the Director of Finance.

As an additional safeguard, receipts of notes, coins, or travellers' cheques will not be accepted over £5,000 for any one transaction.

### 3.5 Electronic Fraud

Electronic fraud is a growing area. It may take a number of forms:

- external hacking into systems and accessing bank details - a specialist company is commissioned to test the vulnerability of the Council's IT network from external attack; and
- identity theft of Council staff - this is particularly important where staff have access to a Council credit card, or hold passwords required to access bank details. Staff are periodically reminded about basic safeguards to help prevent identity theft.



The Council meets the Public Sector Network requirements. This ensures secure communication with other public sector bodies. As part of this:

- the Council has a designated Security Officer. The role is undertaken by the Infrastructure Manager within the shared IT service; and
- a third party is commissioned to test the ability of the network to withstand hacking.

### **3.6 Annual Fraud Report**

The Accounts and Governance Committee receive an annual report on the Council's anti-fraud activities and any instances of fraud are considered. This includes the requirements of the Transparency Code.

## **Section 4 - Theft, Fraud, Bribery and Corruption Response Plan**

### **4.1 Introduction**

This section sets out the responsibilities of staff and Members and actions to be taken in cases where theft, fraud, bribery or corruption is suspected within the Council.

The following procedure is where fraud, theft, bribery and corruption are the predominant feature of a particular case. There will be other cases where minor fraud is a subsidiary element of a broader case. In such a case, it may be appropriate for the lead officer to be a senior officer, other than the Senior Auditor. However, the Director of Finance should still be informed of any fraud as soon as it is discovered.

### **4.2 Suspicion of Theft, Fraud, Bribery or Corruption**

- 4.2.1 All financial irregularities should be reported immediately to the Director of Finance. Where actions are thought to be deliberate, the possibility of theft, fraud, bribery or corruption should be considered.

Cases of theft, fraud, bribery and corruption often come to light in the following ways:

- management follow-up in areas where there is evidence of controls not being applied;
- outline system checks; and
- tip-offs from a third party.

Initial reports should be treated with discretion and caution, as apparently suspicious circumstances may turn out to have a reasonable explanation, or could be malicious.

Where suspicions are aroused during audit reviews, the details should be immediately brought to the attention of the Director of Finance. Consideration should then be given to consulting the Police, depending on the scale of the incident, at the discretion of the Director of Finance. Ordinarily, where criminal conduct is suspected reasonably and properly, the Police should be contacted.

The Director of Finance will consult with the Chief Executive and/or the Deputy Chief Executive whenever criminal activity is suspected, so that due consideration can be given to involving the Police, or any other enforcement body. All cases must be treated with discretion. Relevant personnel will be informed of any suspected criminal activity strictly on a 'need to know' basis.

Initial interviews of those suspected of theft, fraud, bribery or corruption should be undertaken by the Senior Auditor and the Director of Finance. As soon as it becomes clear that a criminal activity is taking place and a prosecution may be pursued, the Police should be contacted. In such a case, any interview is best conducted by the Police.

#### **4.3 Commercial Organisations and Bribery**

Any commercial organisation will be liable to prosecution if a person associated with it bribes another. It is a defence for that organisation to show that it has adequate procedures in place to prevent bribery.

The Council, for its part, should ensure that its procedures are sufficient to prevent bribery and corruption insofar as this is practicable. It can require, reasonably, that those commercial organisations with which its contracts are aware of its anti-bribery stance and have appropriate procedures in place themselves. Any contractor which performs services or functions on behalf of, or for, the Council will be associated with it. The Council's reputation may be damaged by the actions and activities of a third party with whom it is, or has been, associated. It is in the Council's interests to seek to ensure that the commercial organisations with which it contracts have effective procedures in place to prevent bribery. The Council, and any public authority, can be expected to have, and to practice, high ethical standards of behaviour.

The Council's Executive and Management Team are committed to a zero tolerance of bribery in any form. The Council is committed to openness, transparency and ethical practices in the conduct of its activities. The Council is committed to good and effective governance.

#### **4.4 Review and Monitoring in Relation to Bribery**

The Council will regularly review the procedures it has in place generally, and specifically, to prevent bribery from occurring. The risks of bribery which the Council faces will be reviewed annually in the monitoring of the Strategy. The risks and their assessment will be overseen by the Management Team. 'Exposure to bribery and corruption' is a risk within the corporate risk register. This is reviewed quarterly by Management Team. Members and officers require to be aware and appropriately trained. The Council's policies and procedures need to be known and understood.

The Council will undertake due diligence enquiries in its application of its procedures and assessments to ensure proper and justifiable decisions are made.

The Council does, and will, undertake training on a regular basis for its staff and Members on ethical behaviour, the codes of conduct and the relevant procedures and practices. This Strategy will be made known and be accessible, readily, for staff and Members. The commercial organisations which perform the main contracted services for and on behalf of the Council will receive a copy of this Strategy so that they are fully aware of the Council's stance and expectations.

#### **4.5 Responsibilities of the Director of Finance**

As soon as possible, and where appropriate, the Director of Finance should:

- appoint a member of staff to lead the investigation (the Lead Officer), normally the Senior Auditor. If it appears that, prima facie, the Police may ultimately be involved, an informal discussion with the Police may be appropriate;
- inform other managers, for example, the Chief Executive, the Monitoring Officer; and
- inform external audit.

The preliminary findings of the Lead Officer should then be reviewed and a decision made whether to:

- discontinue the investigation;
- continue with a full investigation; and
- involve the Police and/or external audit.

If the Lead Officer is to continue with the investigation, the Director of Finance should:

- agree the objectives and terms of the investigation, as proposed by the Lead Officer;
- agree the resources that are necessary for the investigation, as recommended by the Lead Officer;
- inform the Chief Executive;
- manage any public relation issues that may arise and liaise with the Lead Officer throughout the investigation;
- liaise with the Monitoring Officer and the Assistant Director Organisational Development in considering whether disciplinary processes and actions should be instituted and/or action taken under any contract; and
- report the outcome to the Chief Executive.

#### **4.6 Responsibilities of the Lead Officer**

The Lead Officer will organise the investigation on behalf of the Director of Finance and keep him/her informed of significant events. In some circumstances the Lead Officer will be the Director of Finance.

If suspicions are confirmed by an initial consideration of the facts, the Lead Officer will set up a full investigation by:

- agreeing terms of reference, scope, key issues and target dates; and
- identifying staff needs and likely cost.

The Lead Officer will be the point of contact for liaison with the Police, external audit, and so on. He/she should ensure there is consideration of whether, or not, the Regulation of Investigatory Powers Act applies to any aspect of the investigation.

The Lead Officer will report progress to the Director of Finance and recommend action (internal disciplinary action or prosecution).

The Lead Officer will arrange any necessary recovery action.

The Lead Officer will prepare a summary note identifying system weaknesses and lessons to be learnt, together with an action plan specifying officers responsible and completion dates.

It is important that all documentation and articles are collated at an early stage.

Advice can be obtained from Cumbria Constabulary (see paragraph 4.10). Guidelines are set out in the CIPFA booklet: *'The Investigation of Fraud in the Public Sector'*. Key points include:

- prime documents should be removed to a safe place, with copies being used for working purposes (in order to maintain secrecy, batches of documents, as opposed to individual items, should be removed);
- working papers should be dated, initialled and set out in such a way that a lay person could understand them and they could be presented in Court;
- observation of activities should be undertaken by two members of staff, in accordance with the Regulation of Investigatory Powers Act; and
- interviewing must observe the Police and Criminal Evidence Act requirements and is best done by the Police.

#### **4.7 Responsibilities of the Chief Officer**

In conjunction with the relevant Assistant Director, the Chief Officer will make any necessary arrangements:

- for the member of staff under suspicion to be suspended, if required, pending the investigation and provide alternative staff cover;
- to secure any documents, equipment, or premises that could be interfered with; and
- to arrange to have documents available for scrutiny.

#### **4.8 Responsibilities of the Assistant Director Organisational Development**

If staff are involved:

- advise on personnel and procedural issues in relation to:
  - ▷ investigations;
  - ▷ suspension;
  - ▷ disciplinary proceedings; and
  - ▷ dismissal;

- advise managers on the wording of future references, file notes and personal file details.

#### 4.9 Action to be Taken by Staff on the Discovery of a Potential Offence

On discovering or suspecting theft, fraud, bribery or corruption, it is essential that staff inform the Director of Finance, the Monitoring Officer, or the Senior Auditor immediately. If this is not practicable, an Assistant Director should be informed. Out of office hours, the Chief Officer must use discretion as to whether to inform the Police. This is particularly relevant in cases of theft, where a delay in reporting to the Police may be undesirable.

Confidentiality will be respected and anonymous 'tip-offs' will be assessed and followed up where appropriate. It is in the interest of staff to report suspicions. Full details should be made available, though any actions should not arouse the suspicions of those who may be involved. The Council's Confidential Reporting Code gives full details of how confidentiality is dealt with and how those with concerns can report outside the Council if they wish.

During an investigation, details should not be discussed with anyone other than members of the Investigation Team, as this may jeopardise the successful outcome.

Media attention should be directed to the Director of Finance, who will liaise with the Communications Officer and the Police as appropriate. Once a potential offence is suspected to have been committed, a decision will require to be taken on whether, and when, to involve the Police, or any investigation agency. This decision will be taken with the relevant Chief Officer, in consultation with the Chief Executive, the Director of Finance, and any appropriate Member. The decision should be taken promptly. Care should be taken not to affect any prospective Police investigation. Account should be taken of the seriousness of the offence, its nature, effect and impact in deciding whether to call the Police. If Police intervention is thought necessary, or likely, they should be informed at the earliest possible stage. Advice should be sought from the Police, or the Monitoring Officer, if necessary. Contact should be maintained by the Investigation Officer until any investigation has been concluded.

#### 4.10 Contact Telephone Numbers

##### Internal

Director of Finance	Ext 2213
Monitoring Officer (Deputy Chief Executive)	Ext 2237
Assistant Director Organisational Development	Ext <del>2113</del> <u>2243</u>
Senior Auditor	Ext 2227

##### External

Cumbria Police	101 (ask for the Fraud Squad)
External Audit – Grant Thornton	<u>0161 953 6900</u>

## 4.11 Prosecution Policy

It is Council policy that any apparent criminal activity committed against the Council will be referred to the Police, or other appropriate enforcement agency. In appropriate cases, the Council will also use civil procedures to recover any losses it has incurred.

## Section 5 - Council Guidelines

### 5.1 List of Guidelines

The Council has various guidelines which are designed to give a framework for internal control and to ensure that sound systems are in place. It is important that all Members and staff are aware of the content of these guidelines. The most important documents in respect of anti-fraud and corruption are:

<b>Accounting and Audit Rules</b>	<a href="#">Procurement, Tendering and Contracts</a>
<b>Procurement Rules</b>	<a href="#">Procurement, Tendering and Contracts</a>
<b>Code of Conduct for Members</b>	<a href="#">Constitution</a> (Part 5: Codes and Protocols)
<b>Code of Conduct for Officers</b>	<a href="#">Constitution</a> (Part 5: Codes and Protocols)
<b>Confidential Reporting Procedure</b>	<a href="#">Council Policy and Strategy Documents</a> Confidential Reporting Code
<b>Planning Code of Conduct</b>	<a href="#">Constitution</a> (Part 5: Codes and Protocols)
<b>Bribery Act 2010 Guidance</b>	<a href="#">Bribery Act Guidance</a>

## Section 6 - Annual Update

6.1 The monitoring and review of the Strategy will normally be undertaken annually. However, it may be updated in response to any stimuli, such as an external report, or an incident of fraud, theft, corruption, or bribery. The review will take account of any guidance and revisions to the guidance on bribery. The Director of Finance is responsible for its update. It will be approved by the Accounts and Governance Committee.

6.2 In drafting the amended version the Director of Finance will consult:

[Chief Officers](#)

[Section Heads](#)

[Senior Managers](#)

Internal Audit

External Audit

Financial Services

Key staff on housing benefits, property sales and cash collection.

6.3 The final version will be posted on the Corporate and Members' Bulletin Boards and made available on the Fraud page of the Corporate Centre section of SharePoint.

6.4 The Council's major contractors will be made aware of this Strategy.

If staff have any queries on the content of these guidelines, please contact the Director of Finance.

Updated September ~~2017~~2018

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## Impact Assessment – Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan ~~2017~~2018

### 1. About the policy/service/function

Name of Policy/Service/Function being assessed	Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan <del>2017</del> 2018	
Job Title of Officer completing EIA	Director of Finance	
Department/service area	Finance	
Telephone number and email contact	01768 212213; <a href="mailto:dof@eden.gov.uk">dof@eden.gov.uk</a>	
Date of Assessment	September <del>2017</del> 2018	
Main aims and objectives of policy/service/function	This Strategy shows that the Council is committed to preventing and detecting fraud, theft, bribery and corruption and, where necessary, pursuing allegations of such activity. It also outlines the Council's commitment to creating an anti-fraud and anti-bribery culture and maintaining high ethical standards	
Is this a: (please copy ✓ and place into appropriate box)		
New Policy/service/function or a proposal?		
Review of an existing policy?	✓	
A changing/updated policy/service/function?		
Who are the stakeholders?		
Officers and members of the public		

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## 2. Gathering relevant information, evidence, data and research

Consider the sources of information, evidence, data and research that will help you build up a picture of the likely impacts of your policy/service/function on the protected characteristic groups.

List your sources of information and what they tell you. (Refer to Section 7.0, Step 2 on page 6 of the Guidance Notes).

Information Source	Location of data/information (give a link here if applicable)	What does the data/information tell us?
Previous Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan	Council records	<p>The Strategy is updated annually by the Director of Finance and then agreed by the Accounts and Governance Committee. In updating the Strategy, a wide variety of officers (internal auditors, Human Resources) are consulted.</p> <p>An annual fraud report is taken to the Accounts and Governance Committee. Continuing low levels of fraud, bribery and corruption (for example, no non-benefit fraud identified in the National Fraud Initiative) are evidence of the Strategy's effectiveness.</p>

### 3. Assessing the Impacts

From the information, evidence, data and research you have gathered, use this section to identify the risks and benefits for each of the different protected characteristic groups.

Protected Characteristic Group	Positive Impact or benefit (Y/N)	Negative Impact or risk (Y/N)	No impact (✓)	Details of likely impact(s)	How do you know?	Action required to address impact(s)  Give justification if action not possible	Note any opportunities to promote equality
Age			✓				
Disability			✓				
Gender			✓				
Race			✓				
Religion or Belief (including non-belief)			✓				
Marriage and Civil Partnership			✓				
Pregnancy and Maternity			✓				
Gender Reassignment			✓				
Sexual Orientation			✓				
Rural Resident			✓				

#### 4. Action Planning

What is the negative/ adverse impact or area for further action?	Actions proposed to reduce/eliminate the negative impact	Who will lead on the action(s)?	Resource implications/ resources required	When? (target completion date)	Monitoring Arrangements
Not Applicable					

#### 5. Outcome of Equality Impact Assessment

	Tick Appropriate Box
<b>No major change needed</b> - the analysis shows the Strategy is robust and evidence shows no potential for fraud and corruption	✓
<b>Adjust the policy/service/function</b> - alternatives have been considered and steps taken to remove barriers or to better advance equality. Complete the action plan.	
<b>Adverse impact(s) identified but continue</b> - this will need a justification or reason. Complete the action plan.	

#### 6. Review

Date of the next review of the Equality Impact Assessment	September <del>2018</del> 2019
Who will carry out this review?	Director of Finance

**Eden District Council**  
**Accounts and Governance Committee**  
**27 September 2018**

## Internal Audit: Implementation of Recommendations

<b>Portfolio:</b>	None
<b>Report from:</b>	Director of Finance
<b>Wards:</b>	All Wards
<b>OPEN PUBLIC ITEM</b>	

### 1 Purpose

- 1.1 To set out progress on implementing the agreed recommendations from internal audit reports.

### 2 Recommendation

That progress against the agreed recommendations is noted.

### 3 Report Details

- 3.1 TIAA Limited, an external contractor, undertakes the Council's internal audit service, along with the Council's Senior (Internal) Auditor. This Committee receives a summary of the completed report. This includes full details of any recommendations not agreed by management.
- 3.2 All audits categorise their recommendations as 'Major', 'Important', or 'Minor'. All 'Major' or 'Important' recommendations outstanding at the last Committee meeting, plus any new recommendations from completed audits (except for those noted as 'implemented' in the audit report), are reported to this meeting. The Appendix to this report sets out the current position on these recommendations. If a recommendation has not been actioned by the due date, there is an explanatory note. Recommendations not due for action yet are shaded.
- 3.3 South Lakeland District Council track any recommendations relating to Information Technology (IT), as they are the employing authority for the shared service. The Shared IT Board considers IT audits.

### 4 Policy Framework

- 4.1 The Council has four corporate priorities, which are:
- Decent Homes for All;
  - Strong Economy, Rich Environment;
  - Thriving Communities; and
  - Quality Council.
- 4.2 Internal Audit supports all four corporate priority areas.

### 5 Consultation

- 5.1 There has been no consultation with Ward Councillors or Portfolio Holders.

## 6 Implications

### 6.1 Financial and Resources

6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-2019, as agreed at Council on 17 September 2015.

6.1.2 There are no implications.

### 6.2 Legal

6.2.1 There are no Legal implications.

### 6.3 Human Resources

6.3.1 There are no Human Resources implications.

### 6.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	There are no implications
Health, Social Environmental and Economic Impact	There are no implications
Crime and Disorder	There are no implications
Children and Safeguarding	There are no implications

### 6.5 Risk Management

Risk	Consequence	Controls Required
Recommendations are not implemented in accordance with the agreed timescale	There is a risk that the Council's systems will not be as efficient and as effective as they should be	Effective internal audit and monitoring of implementation of recommendations

## 7 Other Options Considered

7.1 None.

## 8 Reasons for the Decision/Recommendation

8.1 Whilst some target dates remain outstanding, implementation of the agreed recommendations is progressing.

### Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	9 August 2018
Monitoring Officer (or Deputy)	3 September 2018
Assistant Director	Not Applicable

**Background Papers:** TIAA Internal Audit reports  
Senior Auditor reports

**Appendices:** Progress on Implementing Recommendations

**Contact Officer:** Clive Howey, 01768 212213

## Progress on Implementing Recommendations

Audit Year 2015-2016							
Audit	Reported to Accounts and Governance Committee	Ref	Detail	Priority	Due By End Of	Responsible Officer	Current Position
Local Plans	25 June 15	1	The land supply should cover a five year period (plus a 20% buffer), in line with national guidance. The adoption of the Local Plan is key to resolution.	Important	To be adopted 30 Sep 2017	Principal Planning Officer (Policy)	The Local Plan was submitted on 23 December 2015 and, despite staff shortages, the hearings re-commenced in May 2017, followed by an unexpected interim consultation and the Major Modifications consultation. Following the Major Modifications consultation in July to August 2017, the Planning Inspector asked for a further 6-week consultation on part of the draft Local Plan. The inspector received the final consultation in February 2018. On receipt of the Inspector's draft report for fact checking, this checking was put on hold following an ECJ preliminary ruling on Habitat Regulation assessments. This required additional work on two sites and a further 3-week consultation. On conclusion, the Inspector received the report. In late August 2018 the Inspector published a decision recommending that the Local Plan, with agreed modifications, is sound and capable for adoption. A report to Council recommending adoption of the Local Plan is pending

### Audit Year 2015-2016

<b>Audit</b>	<b>Reported to Accounts and Governance Committee</b>	<b>Ref</b>	<b>Detail</b>	<b>Priority</b>	<b>Due By End Of</b>	<b>Responsible Officer</b>	<b>Current Position</b>
		2	To improve accountability and ensure Members have sight over the methodology being applied and the current shortfall in land supply, the annual monitoring report and its publication date. To be included in the 2016-2017 annual report.	Important	30 Sept 17	Principal Planning Officer (Policy)	The next iteration of the five year Land Supply Statement will accompany the Local Plan when adopted.

### Audit Year 2017-2018

<b>Audit</b>	<b>Reported to Accounts and Governance Committee</b>	<b>Ref</b>	<b>Detail</b>	<b>Priority</b>	<b>Due By End Of</b>	<b>Responsible Officer</b>	<b>Current Position</b>
Assurance Review of the National Non-Domestic Rates Arrangements 2016-2017	29 June 2017	3	Procedures relating to Business Rates be redrafted as part of the implementation of the new Business Rates system, ensuring they cover system procedures as well as those tasks that sit outside of the system.	Important	1 Apr 18	Shared Local Taxation Manager	Guides are completed and due to be tested with a new member of staff starting in September 2018.
		4	Testing the application of the annual parameters be formally evidenced, with confirmation provided by someone other than the person who applied the updates.	Important	30 Jun 18	Shared Local Taxation Manager	Completed.
Appraisal Review of the Corporate Planning Arrangements 2016-2017	29 June 2017	5	A six monthly monitoring report on the progress against the Council Plan be produced to be published on the website easily identifying the links to the priorities within the Council Plan.	Important	Jan 18	Assistant Director Legal Services	A link to the monitoring report is on the Council Plan web page during the lifetime of the Council Plan 2019-2023.





Audit Year 2017-2018							
Audit	Reported to Accounts and Governance Committee	Ref	Detail	Priority	Due By End Of	Responsible Officer	Current Position
Appraisal Review of the Corporate Planning Arrangements 2016-2017 (continued)	29 June 2017	6	A process be implemented to ensure all staff have an annual appraisal, with a six monthly review, which is linked to the Strategic Actions within the Portfolio Plans.	Important	Summer 2017	Assistant Director Organisational Development	<p>Reminders have been provided and all managers are in the process of undertaking this year's appraisals with Part 2 to take place in January. Further work is progressing on the strategic review of performance management of staff, including the appraisal process and the outcome of that is expected to be presented to Management Team in early winter, with staff consultation to follow and implementation of a revised process for the next appraisal cycle in June 2018.</p> <p><b>Update June 2018</b></p> <p>Progress on this activity was considerably slowed due to the recruitment and selection activity for the Chief Executive post (the process was very labour-intensive). We are working towards a pilot of the new scheme taking place in June 2018, with a full roll-out in time for the mid-year appraisal process (around December 2018/January 2019).</p> <p><b>Update September 2018</b></p> <p>The pilot has been postponed pending input from the new Chief Executive and a review of performance management at the council generally. An update on the way forward will be provided for the next meeting.</p>

**Audit Year 2018-2019**

<b>Audit</b>	<b>Reported to Accounts and Governance Committee</b>	<b>Ref</b>	<b>Detail</b>	<b>Priority</b>	<b>Due By End Of</b>	<b>Responsible Officer</b>	<b>Current Position</b>
Sundry Debtors System	28 June 2018	7	Management approve a full review of ways in which the operation of the Sundry Debtors System could be improved, including consideration of the re-allocation of responsibilities and alternative charging and payment methods as outlined in the Internal Audit Consultancy Report being submitted to Management Team on 12 June 2018 and Accounts and Governance Committee on 28 June 2018.	Important	To be confirmed	Assistant Director Revenues and Benefits	It is agreed that a review is needed but no timescale has been agreed for the review to take place. The re-allocation of resources will be considered as part of a review of the Revenues and Benefits Section due to be carried out in the autumn. However, the ongoing digital project and the recent change of ownership of the current payments system will have an impact on both the review of the Section and the wider review of the Sundry Debtors system.
Creditor Payments and Orders	28 June 2018	8	It should be ensured that the value of the order is entered as part of the order description text in cases where the cost is known or fixed.	Important	31 Jul 18	Assistant Director Financial Services	Finance staff continue to reiterate this message with Services to ensure orders are raised with appropriate information.

Audit Year 2018-2019							
Audit	Reported to Accounts and Governance Committee	Ref	Detail	Priority	Due By End Of	Responsible Officer	Current Position
Assurance Review of Heart of Cumbria Limited	28 June 2018	9	Article 15 and/or Article 55 be revised to ensure that compliance with Article 55, whereby minutes of Directors' resolutions must be retained for seven years, cannot lead to non-compliance with Article 15, whereby a record of Directors' decisions must be kept for 10 years.	Important	31 Jul 18	Senior Legal Advisor and Solicitor	The Board of Directors has considered this recommendation. The Directors will propose to the Company's AGM that the retention period is 7 years in both instances.
		10	Directors' Decision D2/12/16 be effected, in that the Company Secretary be instructed to seek amendment to Article 9.1 and 9.3 to indicate that notice of Directors' meetings be given in writing. Alternatively it be minuted as to why the Decision need not now be effected.	Important	31 Jul 18	Senior Legal Advisor and Solicitor	This recommendation, re-considered by the Board of Directors, will be raised at the Company's AGM as a proposed revision to the Articles.
		11	Outstanding Directors' Decisions from previous Directors' meetings be noted at each subsequent Directors' meeting until such Decisions have been implemented.	Important	31 Jul 18	Senior Legal Advisor and Solicitor	The Board of Directors has considered this recommendation and the practice will be formally adopted. There was an informal process to this effect.

**Eden District Council**  
**Accounts and Governance Committee**  
**27 September 2018**

## Internal Audit: Completed Reports and Progress against Annual Plan

<b>Portfolio:</b>	None
<b>Report from:</b>	Director of Finance
<b>Wards:</b>	All Wards
<b>OPEN PUBLIC ITEM</b>	
Appendix E is exempt under Paragraph 3 of Schedule 12 A of the Local Government Act 1972	

### 1 Purpose

#### 1.1 To advise Members of:

- the findings and recommendations of reports that have recently been completed by the Council's Internal Audit Service; and
- progress against the agreed Annual Plan for 2018-2019.

### 2 Recommendation

That the contents of the report be noted.

### 3 Report Details

- 3.1 The Accounts and Audit (England) Regulations 2015 state that 'A relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards'. The standards referred to are the Public Sector Internal Audit Standards (PSIAS) and the associated Chartered Institute of Public Finance and Accountancy (CIPFA) Local Government Application Note (LGAN).

- 3.2 The PSIAS provides the following definition of internal audit:

*Internal Audit is 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.*

- 3.3 The LGAN expands on this definition as follows:

*The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising the organisation that these arrangements are in place and operating properly. The annual internal audit opinion, which informs the governance statement, both emphasises and reflects the importance of this aspect of internal audit work. The organisation's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.*

*To provide optimum benefit to the organisation, Internal Audit should work in partnership with management to improve the control environment and assist the organisation in achieving its objectives. This partnership must operate in such a way as to ensure that legal requirements and those of the PSIAS are met.*

*Internal audit provides an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. It may also undertake consulting services at the request of the organisation, subject to there being no impact on the core assurance work and the availability of skills and resources.*

- 3.4 Section 151 of the Local Government Act 1972 states that every local authority in England and Wales should 'make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs'. CIPFA has defined 'proper administration' in that it should include 'compliance with the statutory requirements for accounting and internal audit'.
- 3.5 The CIPFA *Statement on the Role of the Chief Financial Officer in Local Government* states that the Chief Financial Officer must:
- Ensure an effective internal audit function is resourced and maintained;
  - Ensure that the authority has put in place effective arrangements for the internal audit of the control environment;
  - Support the authority's internal audit arrangements, and
  - Ensure that the audit committee receives the necessary advice and information, so that both functions can operate effectively.
- 3.6 Audit reports presented throughout the year maintain this compliance. Reporting requirements are set out at paragraphs 7.4, 7.5 and 7.8 of the Council's Accounts and Audit Regulations. In accordance with Regulation 7.8b this report includes summaries of all internal audit reports completed since the last meeting of the Accounts and Governance Committee. Summary reports are used to demonstrate 'openness' in audit and governance processes but protect information on data and procedures that may be confidential or are not relevant in the public domain. Full copies of the reports are available to Members on request.

### 3.7 Audits Completed

- 3.7.1 The following audit reports have been finalised since the last reports to the meeting of the Accounts and Governance Committee on 26 June 2018. Please note that Appendix E, Assurance Review of the Digital Innovation Programme is not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972

Audit	Summary Report	Assurance* Level	Recommendations (by Priority*)		
			1	2	3
<b>In-house Service</b>					
Internal Audit of Fundamental Systems – Periodic Update Report April to August 2018	Appendix B (Page 8)	Reasonable (Six systems)	0	0	0

Audit	Summary Report	Assurance* Level	Recommendations (by Priority*)		
			1	2	3
<b>Bought-in-Service (TIAA Limited)</b>					
Assurance Review of Insurance, Risk Management and Health and Safety	Appendix C (Page 18)	Substantial	0	0	0
Assurance Review of the Digital Innovation Programme	Appendix E (Page 27 )	Limited	1	6	0

\*See Appendix D (page 25) for Definition of Assurance Levels and Recommendation Priorities

3.7.2 There are two reports from TIAA Limited on this report. The Director of Finance meets monthly with TIAA Limited to track delivery of the Plan. The Assurance Review of the Digital Innovation Programme was included in the 2017-2018 Plan and was withdrawn from the meeting of this Committee on 26 June 2018.

#### 3.7.3 **Rejected Recommendations (Priority 1 and 2)**

There were no rejections.

#### 3.7.4 **Recommendations (Priority 1 and 2) from Previous Audits Not Actioned**

There are none.

### **4 Policy Framework**

4.1 The Council has four corporate priorities which are:

- Decent Homes for All;
- Strong Economy, Rich Environment;
- Thriving Communities; and
- Quality Council.

4.2 This report meets the Quality Council corporate priority. Implementation of the recommendations arising from internal audit reports will aid the achievement of all of the Council's priorities and objectives.

### **5 Consultation**

5.1 There has been no consultation with Councillors.

### **6 Implications**

#### **6.1 Financial and Resources**

6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-2019, as agreed at Council on 17 September 2015.

6.1.2 One of the purposes of internal audit is to 'add value' and improve an organisation's operations and processes. Many of the recommendations made because of audit work are dependent on achieving these requirements. Recommendations are likely to result in cost savings because of improved working methods, or reduce the risk of loss or waste, rather than increase costs. There may also be cases where a weakness in controls identifies additional resources to address.

## 6.2 Legal

6.2.1 The legal implications are set out at paragraphs 3.1 to 3.4 of this report.

## 6.3 Human Resources

6.3.1 There are no Human Resources implications.

## 6.4 Statutory Considerations

<b>Consideration:</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and Diversity	There are no implications
Health, Social Environmental and Economic Impact	There are no implications
Crime and Disorder	There are no implications
Children and Safeguarding	There are no implications

## 6.5 Risk Management

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
Issues raised by Internal Audit are not appropriately actioned by management	Weak systems control, increased risk of theft and fraud.	Reporting of internal audit recommendations publicly to Committee and tracking implementation of these.
Audit programme slipping	Approved programme not delivered, resources not directed as planned and reported.	Regular reporting on internal audit progress.

## 7 Other Options Considered

7.1 None.

## 8 Reasons for the Decision/Recommendation

8.1 The summary reports for the completed audits and progress against the agreed Plan are set out for Members' review.

### Tracking Information

<b>Governance Check</b>	<b>Date Considered</b>
<b>Chief Finance Officer (or Deputy)</b>	6 September 2018
<b>Monitoring Officer (or Deputy)</b>	13 September 2018
<b>Assistant Director</b>	N/A



<b>Background Papers:</b>	<b>Internal Audit working papers and reports 2018-2019</b> <b>Agreed Internal Audit Plan 2018-2019 (report F17/18;</b> <b>Accounts and Governance Committee, 22 February 2018</b>	
<b>Appendices:</b>	<b>Appendix A</b>	<b>Progress against the 2018-2019 Internal Audit Plan as at 31 August 2018</b>
	<b>Appendix B</b>	<b>Internal Audit of Fundamental Systems - Periodic Update Report April to August 2018</b>
	<b>Appendix C</b>	<b>Assurance Review of Insurance, Risk Management and Health and Safety</b>
	<b>Appendix D</b>	<b>Definition of Assurance Levels and Recommendation Priorities</b>
	<b>Appendix E</b>	<b>Assurance Review of the Digital Innovation Programme</b> - Please note that Appendix E is not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972
<b>Contact Officer:</b>	<b>Clive Howey, Director of Finance, 01768 212213</b>	

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## Progress against the 2018-2019 Internal Audit Plan

TIAA's Limited are shaded grey

	Days	Current Position
<b>Fundamental Systems</b>		
Payroll	23	Planned work is currently 16 days behind schedule and there has been an over-run of 4 days in the work that has been undertaken to date. Further details are included in the Periodic Audit Work Report included as Appendix B
Creditors/Ordering	18	
Income Collection	16	
Sundry Debtors	14	
Main Accounting System	21	
Treasury Management/Investments	8	
Fundamental Systems Consultancy	30	See separate Audit Consultancy Report
Council Tax	10	Planned for Quarter 3.
Business Rates	10	Planned for Quarter 3.
Benefits	20	Planned for Quarter 3.
<b>Other Services/Systems</b>		
Insurance, Risk Management and Health and Safety	10	Audit complete – included on this agenda
Premises and Clubs Licenses	10	Audit commenced 28 August 2018; report to Committee 29 November 2018
Procurement and Contract Monitoring	10	Planned for Quarter 3.
Development Control and Building Regulations	10	Planned for Quarter 3.
	<b>210</b>	

**Internal Audit of Fundamental Systems - Periodic Update Report  
April to August 2018**

KEY POINTS	
<b>Overall Assurance Level*</b>	<b>Main Accounting</b> – Substantial <b>Payroll</b> – Reasonable <b>Creditor Payments / Ordering</b> – Reasonable <b>Income Collection</b> – Reasonable <b>Sundry Debtors</b> – Reasonable <b>Treasury Management</b> - Reasonable
Recommendations*	
Priority 1	None
Priority 2	None
Priority 3	None
Other Issues	
Action Plan	
This report has been issued to the respective managers for information and requests made to take action on the minor issues noted. Any ongoing problems in these areas will be included in future reports to the Accounts and Governance Committee.	

\* See Appendix A for Definitions of Assurance Level and Recommendation Priorities

## **Background**

The Internal Audit Plan requires that an internal audit of each of the Council's 'fundamental financial systems' is undertaken each year. In order for sufficient reliance to be placed on the work undertaken on these systems for the purpose of providing the Annual Internal Audit Opinion and satisfying the requirements of External Audit it is generally expected that sample testing of transactions to verify the satisfactory operation of controls and procedures within these systems covers a minimum of 9 months of the financial year. To minimise the pressure on Internal Audit resources in the final quarter of the year, audit work on the fundamental systems is therefore planned to be undertaken on a periodic basis so that testing can be spread across the year.

The purpose of this report is to record the progress of this work and raise any issues that require management attention so that action can be taken now, rather than in response to the 'final' report for each system which will be issued when work is complete at the end of the financial year.

Reporting progress on audit work and informing the Accounts and Governance Committee and Management of Governance, Risk and Control issues is a requirement of the Public Sector Internal Audit Standards (PSIAS).

## **Basis of Audit Work**

Audit work included:

- establishing the objectives of each system and the management criteria for determining whether these objectives are being accomplished
- identifying the risks and controls associated with the system
- undertaking appropriate testing to establish that controls are operating consistently and effectively, appropriate records are kept and resources are utilised efficiently.

An assessment was then made of:

- the extent to which defined system objectives are being met
- the adequacy and effectiveness of Governance, Risk Management and Control issues in respect of the system
- the probability of significant errors, fraud and non-compliance

It should be noted that the Assurance Levels shown below are based on audit work undertaken to date which covers only the system areas shown. Further sampling and testing is required before a final opinion can be given. This will then form the basis of the Annual Audit Opinion.

System – Main Accounting		
Control / System Areas Examined in Period: <ul style="list-style-type: none"> <li>• Preparation &amp; Approval of Budget Estimates</li> <li>• Uploading &amp; Reconciliation of Budgets to Financial Ledger</li> <li>• Reconciliation of Control Accounts</li> <li>• Review and Verification of Bank Reconciliations</li> <li>• Ledger Trial Balances</li> <li>• Journal Transactions</li> <li>• VAT Returns &amp; Records</li> <li>• Supplementary Estimates</li> <li>• Opening Balances</li> </ul>		
Issues Arising		
<ul style="list-style-type: none"> <li>• No Issues Arising</li> </ul>		
Audit Opinion		
Issue	Audit Comment	Assurance
Governance	No Governance issues identified	Substantial
Risk Management	No issues identified.	Substantial
Control Processes	No Control issues identified from the work undertaken to date	Substantial
Probability of Significant Errors, Fraud or non-compliance	On the basis of work undertaken to date the probability of any of these is considered low.	Substantial

System – Payroll		
Control / System Areas Examined in Period: <ul style="list-style-type: none"> <li>• Payroll Control Account</li> <li>• Monthly Processing Records &amp; Checks</li> <li>• Pay Tables including Tax &amp; NI Rates</li> <li>• Payroll Deductions</li> <li>• Verification of Monthly Payment Totals and Costing &amp; Accounting Entries</li> <li>• BACS Payment Records, Reports &amp; Checks</li> <li>• Verification of Payslip Totals / Details</li> </ul>		
Issues Arising		
<ul style="list-style-type: none"> <li>• Payment Control Sheets – there is an ongoing issue that these are not always signed to confirm that the BACS Input Report had been downloaded even though audit testing shows this is being done.</li> </ul>		
Audit Opinion		
Issue	Audit Comment	Assurance
Governance	No Governance issues identified	Substantial
Risk Management	No issues identified	Substantial
Control Processes	The only issue identified was that payment control forms are not always signed to evidence that the BACS Input Report has been downloaded.	Reasonable
Probability of Significant Errors, Fraud or non-compliance	Testing to date would indicate that probability is low with only the minor issue above noted	Reasonable

System – Creditors & Ordering		
Control / System Areas Examined in Period: <ul style="list-style-type: none"> <li>• Creditors Control Account</li> <li>• Payment Run Controls &amp; Checks</li> <li>• BACS &amp; Cheques Payment Records &amp; checks including Cash Book Entries</li> <li>• National Fraud Initiative (NFI) Matches</li> </ul>		
Issues Arising		
<ul style="list-style-type: none"> <li>• NFI Matches – review of returned matches identified two duplicate payments (to the same firm) totalling £4,122.70</li> </ul>		
Audit Opinion		
Issue	Audit Comment	Assurance
Governance	No Issues identified	Substantial
Risk Management	The identification of duplicate payments shows that there is an element of risk in this area.	Reasonable
Control Processes	The NFI matches identified two duplicate payments which indicates a possible weakness in controls but previous testing would indicate that this may be an isolated incident (both payments were to the same company)	Reasonable
Probability of Significant Errors, Fraud or non-compliance	No issues other than the two duplicate payments noted above which related to invoices for the same work being submitted twice by the same company.	Reasonable



<b>System – Income Collection</b>
<p>Control / System Areas Examined in Period:</p> <ul style="list-style-type: none"> <li>• Income Collection &amp; Receipting Records</li> <li>• Posting of Income Totals to Collection Funds / Control Accounts</li> <li>• Verification of Income Received to Bank Account Entries</li> <li>• PARIS System Issues &amp; Consultancy Work including proposal to transfer income collection system</li> </ul>
<b>Issues Arising</b>
<ul style="list-style-type: none"> <li>• PARIS system – whilst there are still some intermittent issues these are now much less frequent and the system generally appears more stable. However the product was bought by another company who subsequently decided to no longer support it. The Council therefore needs to replace the current software within the next year.</li> </ul>

<b>Audit Opinion</b>		
<b>Issue</b>	<b>Audit Comment</b>	<b>Assurance</b>
Governance	Card payment or system failures can lead to poor customer satisfaction but reports of this happening are now less frequent.	Reasonable
Risk Management	Income may be lost if a card payment fails and the customer cannot be identified. The transfer to a new software package obviously carries a number of risks if not managed correctly.	Reasonable
Control Processes	Control processes are good and generally work well identifying any errors that do occur. It will need to be ensured that appropriate controls are in place with the new software.	Reasonable
Probability of Significant Errors, Fraud or non-compliance	Whilst some transaction errors do occur these tend not to be 'significant' and existing controls are effective in identifying and correcting these.	Reasonable

System – Sundry Debtors		
Control / System Areas Examined in Period: <ul style="list-style-type: none"> <li>• Sundry Debtors Control Account</li> <li>• Invoice Authorisation</li> <li>• Write-Offs</li> <li>• Verification of Paid Invoices to Receipts</li> <li>• Posting of Income to Debtor Accounts</li> <li>• Sundry Debtors Suspense Account</li> </ul>		
Issues Arising		
<ul style="list-style-type: none"> <li>• Control Account – problems continue to be found with evidence of a lack of understanding in some areas of the process. The Control A/C was subsequently reconciled and transactions corrected following assistance by audit but no reconciliations in the current year have been ‘signed off’ yet.</li> <li>• Invoice Authorisation – further evidence was found of delays in authorising some invoices.</li> </ul>		
Audit Opinion		
Issue	Audit Comment	Assurance
Governance	Delays in sending out invoices does not reflect well on the Council. Previous issues also prevent ‘Substantial’ assurance being given until the system is fully reviewed.	Reasonable
Risk Management	Only minor risks arising from the issues noted above have been identified so far in the current year but some processes need to be fully reviewed following risks highlighted in previous audit reports.	Reasonable
Control Processes	Control processes have improved since the various weaknesses reported as a result of previous audits but the issues noted above still indicate a lack of understanding in the processes required in some areas. It is also a concern that issues continue to exist with control account reconciliations.	Reasonable
Probability of Significant Errors, Fraud or non-compliance	Apart from the issues noted above, audit work undertaken in the year to date has not highlighted any major concerns in this respect.	Reasonable

System - Treasury Management		
Control / System Areas Examined in Period: <ul style="list-style-type: none"> <li>• Policy Statement &amp; Strategy</li> <li>• Monitoring Reports to the Executive &amp; Scrutiny Co-ordinating Board</li> <li>• Performance Indicators &amp; Benchmarking</li> <li>• Cash Flow Management</li> <li>• Weekly Reporting to Management</li> <li>• Procedure Notes</li> <li>• Approved List &amp; Direct Dealing Mandates</li> <li>• Borrowing &amp; Investment Register</li> <li>• CCLA Property Fund</li> </ul>		
Issues Arising		
<ul style="list-style-type: none"> <li>• Borrowing &amp; Investment Register – the audit recommendation made last year to ensure all monitoring and reporting records and processes record the same totals i.e. all fund investment types has caused some delays in compiling / reconciling the Register. A meeting is due to be held to resolve the remaining problems and testing indicates that satisfactory progress is being made and any remaining differences between records are reconcilable.</li> </ul>		
Audit Opinion		
Issue	Audit Comment	Assurance
Governance	Treasury Management is a high profile area and any weaknesses are likely to have an impact on governance arrangements. No issues were identified from the work undertaken today apart from the need to finalise new reporting procedures as noted above.	Reasonable
Risk Management	Treasury Management is inherently subject to risk due to the sums involved and the markets invested in. From the work undertaken to date it appears that risks are generally well managed and controlled.	Substantial
Control Processes	Control procedures are generally good and the issue concerning consistency of reporting is being addressed.	Reasonable
Probability of Significant Errors, Fraud or non-compliance	Due to the amounts generally involved there is the possibility of any error being significant, but generally controls are good so actual probability is low.	Substantial

## Periodic Audit Work Plan Progress

System	Annual Days	Planned Days To Date	Actual Days To Date	Planned Work Outstanding	Over (+) Under(-) Planned
Main Accounting	21.0	7.8	9.3	1.5	+3.0
Payroll	23.0	6.8	2.7	3.2	-0.9
Creditors & Ordering	18.0	5.8	1.3	4.1	-0.4
Income Collection	16.0	6.4	3.3	3.2	+0.1
Sundry Debtors	14.0	3.8	1.9	2.6	+0.7
Treasury Management	8.0	2.9	2.9	1.6	+1.6
<b>Totals</b>	100.0	33.5	21.4	16.2	+4.1

It can be seen from the above table that 16 days planned work remains outstanding as at the end of August. This is primarily due to time being needed at the start of current year to complete last year's planned audit work. The delay in completing last year's work was primarily due to the time spent investigating a number of reports which were made under the Council's Confidential Reporting Code.

The over-run of 4 days in comparison to time planned for this year is partly due revising testing strategies and working paper formats due to changes in some of the systems audited and partly due to some increased sample sizes as testing was undertaken to the date of the test rather than just for the period originally planned. Corresponding savings will therefore be made when testing in these areas is completed later in the year.

Work was also undertaken in the period in respect of some of the 'Consultancy' audit work included in the plan although the need to replace the Income Collection system as noted above means that this will need to be re-planned, as changes to improve the PARIS system will no longer be required and much of the Payment Card Industry Data Security Standards (PCI-DSS) work will now no longer need to be done as the proposed replacement Income Collection system is a "fully hosted" service. This means that many of the PCI-DSS compliance requirements are now longer the responsibility of the Council as card data is not recorded and processed via its computer network. Initial demonstrations of the proposed replacement software also indicate that it may be possible to address some of the problems identified with the Sundry Debtors system with additional functionality available in the new Income system in comparison to what the PARIS system is able to do. Progress will be reported in future audit reports.

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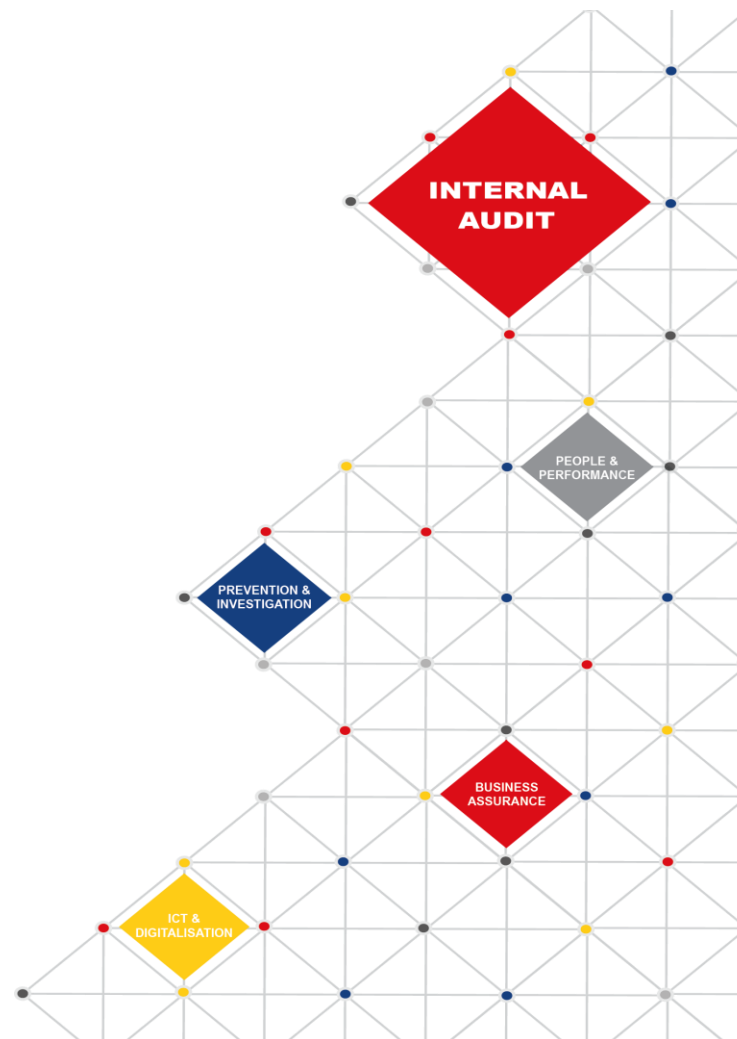
## Eden District Council

### Assurance Review of Insurance, Risk Management and Health and Safety

July 2018

**FINAL**

## Appendix C



## Executive Summary

### OVERALL ASSURANCE ASSESSMENT



### OVERALL CONCLUSION

The Council takes a proactive, joined up approach to risk management, insurance and health and safety and its risk register is reviewed regularly.

- Officers have sufficient knowledge and experience to be able to deliver the services in a professional and efficient manner.
- Quarterly meetings of the Health & Safety Management Group and the Risk Management Group help ensure that important actions are tracked and implemented.
- There is a comprehensive suite of corporate health and safety procedures, regularly reviewed and updated, and an annual review of the Risk Management Strategy.
- Health and safety incident reporting is well-controlled using standard template forms, with proper action taken and lessons learned put in place.

### SCOPE

The review provided a high level assessment of the controls and processes around risk management, insurance and corporate health and safety.

### ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

## Management Action Plan - Priority 1, 2 and 3 Recommendations

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
There are no recommendations arising from this review.							



## Operational Effectiveness Matters

Ref	Risk Area	Item	Management Comments
No Operational Effectiveness Matters were identified.			

## Detailed Findings

---

### Introduction

1. This review was carried out in June 2018 as part of the planned internal audit work for 2018/19. Based on the work carried out an overall assessment of the overall adequacy of the arrangements to mitigate the key control risk areas is provided in the Executive Summary.

### Background

2. Risk management, insurance and corporate health and safety are key areas of operation whereby insufficient controls could expose the Council to potentially large claims and loss of reputation.

### Materiality

3. Insurance Premiums for the 2018/19 financial year are expected to be approx. £74,000, representing 0.8% of the overall Base Budget of £8.7 million and a decrease of 27.7% below the previous year's actual premiums.

### Key Findings & Action Points

4. The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed for their full impact before they are implemented.

### Scope and Limitations of the Review

5. The review provided a high level assessment of the controls and processes around risk management, insurance and corporate health and safety.
6. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.

### Disclaimer

7. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty

of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

## Risk Area Assurance Assessments

8. The definitions of the assurance assessments are:

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
<b>Reasonable Assurance</b>	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
<b>Limited Assurance</b>	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
<b>No Assurance</b>	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

## Acknowledgement

9. We would like to thank staff for their co-operation and assistance during the course of our work.

## Release of Report

10. The table below sets out the history of this report.

<b>Date draft report issued:</b>	12 <sup>th</sup> July 2018
<b>Date management responses received:</b>	18 <sup>th</sup> July 2018
<b>Date final report issued:</b>	23 <sup>rd</sup> July 2018

**Definition of Assurance Levels and Recommendation Priorities**

Assurance Level	Definition	Basis of Opinion
Substantial	There is a sound system of internal control in place which adequately supports the achievement of system objectives and minimises risk.	Audit testing indicates that controls are consistently and effectively applied and no weaknesses were identified. However, as audit work is primarily sample-based, 'complete' assurance cannot be given.
Reasonable	There is a reasonable system of internal control which should ensure that system objectives are generally achieved but some weaknesses have been identified which may result in errors or performance issues in certain areas.	Testing has identified that whilst there is generally a good system of internal control, there are some areas where controls could be improved, or are not always effectively applied. Consequently, a small number of errors may also have been identified.
Partial	Although some areas may be satisfactory, an unacceptable number of weaknesses have been identified across the control system, which means there is a high risk of failure of meeting all objectives and there is the possibility of loss, damage to reputation, or fraud, in some areas.	The results of the audit work indicate that an unsatisfactory level or range of internal controls are in place, or that controls are not being operated effectively and consistently. This is likely to be evidenced by a significant level of error being identified by audit testing.
Minimal	The overall system of control is weak and the system is vulnerable and open to error and abuse. There is a high risk of system objectives not being achieved and / or the achievement of objectives cannot be substantiated.	Significant non-compliance, or a lack of adequate controls was identified, leaving the system vulnerable to error and abuse. Control arrangements are of a generally poor standard. High numbers and / or values of errors have been identified.

## Audit Recommendation Priorities and Follow-up Protocol

Priority	Definition	Follow Up
Priority 1	The recommendation addresses a serious control weakness which, if not corrected, is highly likely to result in a failure to meet the relevant system objective and it is considered there is a high risk of loss, error, fraud, or reputational damage.	Follow-up will be performed by a specific date agreed with senior management.
Priority 2	The recommendation addresses a weakness in control procedures which could result in failure to meet the stated system objective and / or may result in loss, fraud, error, or reputational damage	Follow-up will be performed within 6 months.
Priority 3	A recommendation which is concerned with improving operational procedures or efficiency, but does not necessarily relate to an identified control weakness and is unlikely to result in additional risk if not actioned.	Follow-up will be undertaken as part of the next audit, or within a year (whichever is sooner).

**Eden District Council**  
**Accounts and Governance Committee**  
**27 September 2018**  
**Annual Fraud Report 2017-2018**

<b>Portfolio:</b>	None
<b>Report from:</b>	Director of Finance
<b>Wards:</b>	All Wards
<b>OPEN PUBLIC ITEM</b>	

## **1 Purpose**

- 1.1 This report gives Members an update on how the Council has sought to detect and prevent fraud in 2017-2018.
- 1.2 The report includes information that meets the mandatory disclosure requirements of the Local Government Transparency Code 2015.

## **2 Recommendation**

That the report be noted.

## **3 Report Details**

- 3.1 Like any organisation, the Council is potentially vulnerable from fraud, either from its employees, or from members of the public. The Council's approach to protecting itself from fraud is set out in its Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan, updated annually and approval sought from this Committee as set out elsewhere on this agenda.
- 3.2 The main area where the Council is particularly vulnerable to fraud is that of benefits payments. The Council administers the national scheme for Housing Benefits and the local scheme for Council Tax Reduction. Prior to April 2013, this was the national Council Tax Benefits scheme. . These are means-tested benefits that assist those on low incomes to meet their Housing and Council Tax costs. Housing Benefit is a direct payment, whilst Council Tax Reduction is a reduction in liability. Because of the complexity of the schemes and the large amounts involved, they are particularly susceptible to fraud.
- 3.3 In July 2015, responsibility for detecting and investigating Housing Benefit fraud transferred to the Single Fraud Investigations Service (SFIS), run by the Department for Works and Pensions.
- 3.4 There is always the possibility that the Council might suffer from fraud arising in other areas than benefits. This report looks at fraud in benefits and fraud in all other areas.  
Adequacy of Counter-Fraud Resources
- 3.5 In assessing the resources required, it is important to reflect the Council's small size. The Council does not now have any dedicated counter-fraud staff. A variety of staff is regularly involved in counter-fraud work as follows:

- Director of Finance - in his role as Head of Internal Audit, the post holder is responsible for counter-fraud arrangements generally and, in particular, is responsible for:
  - Counter-fraud strategy;
  - Annual fraud report;
  - Undertaking biennial anti-fraud training; and
  - Undertaking biennial check that all staff have read the Counter-Fraud Strategy.
- Senior Internal Auditor:
  - Advises the Director of Finance on the above; and
  - Co-ordinates the National Fraud Initiative (NFI) response.
- Staff in Financial Services - clearing NFI matches;
- Staff in Benefits - clearing NFI matches.

- 3.6 It is not currently possible to quantify the amount of time spent on counter-fraud activity. However, this is now a requirement of the Transparency Code and time spent on such activity recorded separately in the Council's timesheet system.
- 3.7 In February 2016, an internal audit of counter-fraud arrangements did not suggest that any additional resources were required for day-to-day counter fraud: to assess this had been part of the audit brief. However, it is clear that if the Council ever has to deal with a major fraud event, it would have to buy in resources.

#### Mandatory Requirements of the Transparency Code 2015

- 3.8 Local authorities must publish the following information about their counter fraud work. The Council shows its response too:
- **Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers** – none, as the Council has no housing stock;
  - **Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud** – no full time equivalent: this is due to the situation outlined in 3.3 above;
  - **Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists** - none: as noted above, the Council would buy-in such expertise as and when required;
  - **Total amount spent by the Authority on the investigation and prosecution of fraud** – nil: although there is some staff input as and when required as noted above there is no longer any dedicated resource. If any 'general awareness' training is required then there would be the cost of attending a suitable course. If needed, the Head of Internal Audit would buy-in additional resources to deal with an urgent need to address any major fraud.
  - **Total number of fraud cases investigated** - see elsewhere in this report.

#### Corporate Ownership of Counter-Fraud Arrangements

- 3.9 The Counter-Fraud Strategy notes that whilst this Committee has ultimate oversight of counter-fraud arrangements, the Council's Management Team is responsible for ensuring that strong and robust counter-fraud arrangements are in place.
- 3.10 The final draft of this report was circulated to Management Team on 3 September 2018.



### National Fraud Initiative (NFI)

- 3.11 The Council is obliged to take part in the NFI. This is a Cabinet Office data matching exercise that tackles a broad range of fraud risks faced by the public sector. Since 1996, the NFI has embedded the statutory external audit process for audited and inspected bodies. The initial focus was on Housing Benefits, but coverage has grown considerably in recent years and now matches records across a range of Council activities. Originally, the NFI was run on a two-year cycle, with Benefits, Creditor Payments, Payroll, Licensing and Insurance Claim data being submitted in one year and Council Tax/Single Person Discount and Electoral Registration data being submitted the next. Since 2014, the requirement has been for the Council Tax/Single Person Discount and Electoral Registration matching exercises to be undertaken annually. This also led to the introduction of Council Tax data matching with some of the bi-annual data submitted for the 2016-2017 exercise.
- 3.12 The Council's Senior Internal Auditor undertakes the co-ordination of the NFI. To support and inform the 'annual audit opinion', the Senior Internal Auditor reviews identified Payroll and Creditor matches with input from the staff responsible for these areas. The Visiting and Support Officer reviews benefits matches, with progress and outcomes monitored by the Senior Internal Auditor as the NFI 'key contact'.
- 3.13 Over the years, the standard of matches provided by the NFI has improved and some new match types have been introduced. Participation is now an important element in the Council's approach to fraud prevention. Following investigation, it is generally found that most of the matches have a legitimate explanation. For this reason time spent in investigating the matches is not considered as "investigation and prosecution of fraud" as in most cases there is no evidence to indicate that a fraud may have been committed. Work undertaken does however contribute to providing assurance that the lack of identified fraud is indicative of no discernible fraud actually taking place. The identification of some overpayments due to 'error' is different to overpayments arising from actual fraudulent claims or actions.
- 3.14 Work on the matches returned from the 2016-2017 NFI data submission relating to Housing Benefits, Payroll, Creditor Payments (and associated 'standing data'), Licensing records and Insurance Claims is now complete.
- 3.15 All 667 matches were checked. These comprised of 172 Benefits matches and 260 Council Tax Reduction Scheme (CTRS) matches to various data sets, 187 Creditors' matches, 32 Payroll matches and 16 'Procurement' matches.
- 3.16 Investigations identified overpayments of £10,637.77, relating to 'errors' in nine of the Benefits matches returned and overpayments of £1,335.66 due to error in three Council Tax Reduction Scheme matches.
- 3.17 Two duplicate payments totalling £4,122.70 were identified from the Creditors matches and the firm concerned has been contacted to obtain repayment. Many of the creditors matches are due to routine reasons, for example, payment of monthly/quarterly standing orders/invoices, or annual grants, or the repayment of failed BACS payments. This shows that whilst filtering by the NFI has improved the standard of matches, there is still scope for improvement.

- 3.18 As noted in 3.11 above the Council submits Council Tax and Electoral Register data to the NFI on an annual basis. The main purpose is to identify cases where Single Person Discount (SPD) on Council Tax has been awarded, but the Electoral Register shows more than one person at the address. The returned matches identified cases where SPD is being received, but a 'rising 18' at the address means that SPD may cease to be applicable. Due to the volume of matches received and the timing of these it is not possible to complete all investigations in the year to which they relate. This report therefore includes the outcome of the 2016-17 exercise and the current position with the 2017-18 matches. Data submitted in 2016-17 resulted in reports detailing 429 'Electoral Register', 35 'rising 18' matches and 648 matches to 'other datasets' (i.e. Concessionary Travel Passes, Blue Badges, Housing Waiting Lists, Pension Payments, as well as the Council's own data) being received. All matches have now been investigated and 39 'errors' found resulting in a total of £24,395.00 being identified for repayment. This compares to £17,016.97 arising from 36 cases of 'error' identified from the 350 matches returned as part of the 2015-2016 exercise.
- 3.19 The results of the 2017-18 Council Tax and Electoral Register data submission were received in January 2018, and comprised of 487 'Electoral Register', 36 'rising 18' and 924 matches to 'other datasets'. 904 of these have been investigated to date with errors discovered in 19 cases and £5,730.44 identified for repayment. The final outcome of this submission will be reported in next years Annual Fraud Report.

#### Benefit Fraud

- 3.20 In addition to the NFI data matching with the DWP and HMRC, SFIS receive cases of suspected fraud.
- 3.21 The Council's Benefits Investigation Team disbanded in July 2015 when SFIS took over these investigations.
- 3.22 There were 11 referrals in 2017-2018. The Council no longer receives NFI referrals for customers receiving a passported benefit. The DWP receive these directly.
- 3.23 The DWP do not advise the Council of the outcome of cases referred.

#### Other Fraud Areas

- 3.24 All internal audits consider possible exposure to fraud. The risk is greater in some audit areas, for example, Creditor payments, than others. Internal Audit identified no issues in relation to fraud during the year. There was no identification of fraud from other sources.

#### Money Laundering

- 3.25 No money laundering issues were identified during the year.

#### Confidential Reporting Code

- 3.26 There were four referrals under the Confidential Reporting Code in the year which were all investigated and appropriate action taken to address the issues raised.

#### Effectiveness of the Anti-Fraud Strategy

- 3.27 The CIPFA Code of Practice on managing the risk of fraud and corruption requires an annual assessment of the effectiveness of the counter fraud strategy.

- 3.28 As the Head of Internal Audit and the lead officer for counter fraud arrangements, I consider that the Strategy has shown itself to be effective. This is based on:
- This reports which shows low level of identified fraud; and
  - The recent Internal Audit review of counter-fraud arrangements.

#### Register of Interests and Gifts and Hospitality

- 3.29 In order to monitor compliance with standards of conduct, the Council publishes a Register of Members' Interests on its website. Staff must declare all offers of gifts or hospitality to Internal Audit. Management Team receives annually the entries in the Register.

## **4 Policy Framework**

- 4.1 The Council has four corporate priorities which are:

- Decent Homes for All;
- Strong Economy, Rich Environment;
- Thriving Communities; and
- Quality Council

- 4.3 This report meets the Quality Council corporate priority.

- 4.2 Whilst the Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan is not one of the identified elements of the budgetary and policy framework, it is an element within the Council's Annual Governance Statement, which is an element of that framework.

## **5 Consultation**

- 5.1 There has been no consultation with Ward Councillors or Portfolio Holders.

## **6 Implications**

### **6.1 Financial and Resources**

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-2019, as agreed at Council on 17 September 2015.
- 6.1.2 There are no direct financial implications arising from this report. However, having effective systems in place against fraud is an important protection against financial loss.

### **6.2 Legal**

- 6.2.1 The proposals within this report assist the Council in achieving the requirements of the Accounts and Audit Regulations 2015.

### **6.3 Human Resources**

- 6.3.1 There are no Human Resources implications.

### **6.4 Statutory Considerations**

<b>Consideration:</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and Diversity	No implications
Health, Social Environmental and Economic Impact	No implications
Crime and Disorder	No implications
Children and Safeguarding	No implications

## 6.5 Risk Management

Risk	Consequence	Controls Required
Fraud not detected, nor discouraged	Financial loss to the Council	Effective policies and monitoring in place

## 7 Other Options Considered

7.1 None.

## 8 Reasons for the Decision/Recommendation

8.1 This is an important element within the Council's corporate governance arrangements. It is therefore appropriate that Members approve each annual update.

### Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	3 September 2018
Monitoring Officer (or Deputy)	3 September 2018
Assistant Director	Not Applicable

**Background Papers:** F37/18 - Internal Audit Annual Report 2017-2018

Internal Audit Files

Investigation Team Files

**Appendices:** None

**Contact Officer:** Clive Howey, Director of Finance, 01768 212213

**Eden District Council**  
**Accounts and Governance Committee**  
**27 September 2018**

## External Audit Reports

<b>Portfolio:</b>	None
<b>Report from:</b>	Director of Finance
<b>Wards:</b>	All Wards
<b>OPEN PUBLIC ITEM</b>	

### 1 Purpose

- 1.1 To set out a report from the Council's External Auditor, Grant Thornton.

### 2 Recommendation

That the report of the External Auditor be noted.

### 3 Report Details

- 3.1 The External Auditor has issued one report since the last meeting. This is:
- Audit Update Report.
- A copy is appended as Appendix 1 to this report.
- 3.2 A member of Grant Thornton's audit team will be at the Committee meeting to answer any questions Members might have.

### 4 Policy Framework

- 4.1 The Council has four corporate priorities which are:
- Decent Homes for All;
  - Strong Economy, Rich Environment;
  - Thriving Communities; and
  - Quality Council.
- 4.2 This report meets the Quality Council corporate priority.

### 5 Consultation

- 5.1 There has been no consultation with Ward Councillors or Portfolio Holders.

### 6 Implications

#### 6.1 Financial and Resources

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-2019, as agreed at Council on 17 September 2015.
- 6.1.2 There are no Financial and Resources implications.

## 6.2 Legal

6.2.1 There are no Legal implications.

## 6.3 Human Resources

6.3.1 There are no Human Resources implications.

## 6.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	There are no implications
Health, Social Environmental and Economic Impact	There are no implications
Crime and Disorder	There are no implications
Children and Safeguarding	There are no implications

## 6.5 Risk Management

Risk	Consequence	Controls Required
External Auditor comments and views are not made known to Members.	Necessary remedial action is not identified and actioned.	Proper consideration of the External Auditor's reports is an important governance control and ensures that the independent views of the Auditor are made known to Members and remedial action is identified and actioned.

## 7 Other Options Considered

7.1 No other options have been considered.

## 8 Reasons for the Decision/Recommendation

8.1 To keep Members updated on the work of the External Auditor.

### Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	13 September 2018
Monitoring Officer (or Deputy)	7 September 2018
Assistant Director	Not Applicable

**Background Papers: None**

**Appendices: Appendix 1 – Audit Update Report**

**Contact Officer: Clive Howey, Director of Finance, 01768 212213**

# Audit Progress Report and Sector Update

Eden District Council

September 2018



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# Introduction



**Gareth Kelly**

**Engagement Lead**

T +44 (0)141 223 0891  
M +44 (0)7880 456 154  
E [gareth.kelly@uk.gt.com](mailto:gareth.kelly@uk.gt.com)



**Simon Hardman**

**Engagement Manager**

T +44 (0)161 234 6379  
M +44 (0)7880 456 202  
E [simon.hardman@uk.gt.com](mailto:simon.hardman@uk.gt.com)

This paper provides the Accounts and 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 local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Accounts and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk).

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 Engagement Manager.

# Progress at 4 September 2018

## 2017/18 Audit

We have completed our audit of the Council's 2017/18 financial statements. Our audit opinion, including our value for money conclusion and certificate of audit closure was issued on 27 July 2018.

We issued an:

- unqualified opinion on the Council's financial statements; and
- unqualified value for money conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

We have issued all our deliverables for 2017/18 and have concluded our work on the 2017/18 financial year. Our Annual Audit Letter, summarising the outcomes of our audit has been presented to the Full Council on 6 September 2018.

## 2018/19 Audit

We have begun our planning processes for the 2018/19 financial year audit.

Our detailed work and audit visits will begin later in the year, or early in 2019, and we will discuss the timing of these visits with management. In the meantime we will:

- continue to hold regular discussions with management to inform our risk assessment for the 2018/19 financial statements and value for money audits;
- review minutes and papers from key meetings; and
- continue to review relevant sector updates to ensure that we capture any emerging issues and consider these as part of audit plans.

## Other areas

### Certification of claims and returns

We are required to certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. This certification work for the 2018/19 claim will be concluded by November 2018.

The results of the certification work are reported to you in our certification letter.

### Meetings

We met with Finance Officers in August as part of our liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your new Chief Executive in July to discuss the Council's strategic priorities and plans.

### Events

We provide a range of workshops, along with network events for members and publications to support the Council. Our next event is our Employment Tax and HR Forums that are taking place in our Manchester and Liverpool offices during October 2018.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

# Audit Deliverables

2018/19 Deliverables	Planned Date	Status
<b>Fee Letter</b> Confirming audit fee for 2018/19.	April 2018	Complete
<b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Accounts and Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	February 2019	Not yet due
<b>Interim Audit Findings</b> We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	April 2019	Not yet due
<b>Audit Findings Report</b> The Audit Findings Report will be reported to the July Accounts and Governance Committee.	July 2019	Not yet due
<b>Auditors Report</b> This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Not yet due
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	August 2019	Not yet due

# Sector Update

Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with Accounts and Governance Committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

# CIPFA consultation – Financial Resilience Index

The Chartered Institute of Public Finance and Accountancy (CIPFA) has consulted on its plans to provide an authoritative measure of local authority financial resilience via a new index. The index, based on publically available information, will provide an assessment of the relative financial health of each English council.

CIPFA has designed the index to provide reassurance to councils who are financially stable and prompt challenge where it may be needed. To understand the sector's views, CIPFA invited all interested parties to respond to questions it has put forward in the consultation by the 24 August.

The decision to develop an index is driven by CIPFA's desire to support the local government sector as it faces a continued financial challenge. The index will not be a predictive model but a diagnostic tool – designed to identify those councils displaying consistent and comparable features that will highlight good practice, but crucially, also point to areas which are associated with financial failure. The information for each council will show their relative position to other councils of the same type. Use of the index will support councils in identifying areas of weakness and enable them to take action to reduce the risk of financial failure. The index will also provide a transparent and independent analysis based on a sound evidence base.

The proposed approach draws on CIPFA's evidence of the factors associated with financial stress, including:

- running down reserves
- failure to plan and deliver savings in service provision
- shortening medium-term financial planning horizons.
- gaps in saving plans
- departments having unplanned overspends and/or undelivered savings.

Conversations with senior practitioners and sector experts have elicited a number of additional potential factors, including:

- the dependency on external central financing
- the proportion of non-discretionary spending – e.g. social care and capital financing - as a proportion of total expenditure
- an adverse (inadequate) judgement by Ofsted on Children's services
- changes in accounting policies (including a change by the council of their minimum revenue provision)
- poor returns on investments
- low level of confidence in financial management.

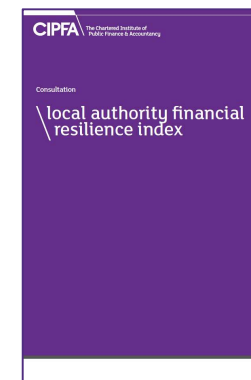
The consultation document proposes scoring six key indicators:

1. The level of total reserves excluding schools and public health as a proportion of net revenue expenditure.
2. The percentage change in reserves, excluding schools and public health, over the past three years.
3. The ratio of government grants to net revenue expenditure.
4. Proportion of net revenue expenditure accounted for by children's social care, adult social care and debt interest payments.
5. Ofsted overall rating for children's social care.
6. Auditor's VFM judgement.

## CIPFA Consultation

### Challenge question:

Are you aware of the Council's response to the Financial Resilience Index consultation?



# MHCLG – Social Housing Green Paper

The Ministry of Housing, Communities and Local Government (MHCLG) published the Social Housing Green Paper, which seeks views on government's new vision for social housing providing safe, secure homes that help people get on with their lives.

With 4 million households living in social housing and projections for this to rise annually, it is crucial that MHCLG tackle the issues facing both residents and landlords in social housing.

The Green Paper aims to rebalance the relationship between residents and landlords, tackle stigma and ensure that social housing can be both a stable base that supports people when they need it and also support social mobility. The paper proposes fundamental reform to ensure social homes provide an essential, safe, well managed service for all those who need it.

To shape this Green Paper, residents across the country were asked for their views on social housing. Almost 1,000 tenants shared their views with ministers at 14 events across the country, and over 7,000 people contributed their opinions, issues and concerns online; sharing their thoughts and ideas about social housing,

The Green Paper outlines five principles which will underpin a new, fairer deal for social housing residents:

- Tackling stigma and celebrating thriving communities
- Expanding supply and supporting home ownership
- Effective resolution of complaints
- Empowering residents and strengthening the regulator
- Ensuring homes are safe and decent

Consultation on the Green Paper is now underway, which seeks to provide everyone with an opportunity to submit views on proposals for the future of social housing and will run until 6 November 2018.

The Green Paper presents the opportunity to look afresh at the regulatory framework (which was last reviewed nearly eight years ago). Alongside this, MHCLG have published a Call for Evidence which seeks views on how the current regulatory framework is operating and will inform what regulatory changes are required to deliver regulation that is fit for purpose.

The Green Paper acknowledges that to deliver the social homes required, local authorities will need support to build by:

- allowing them to borrow
- exploring new flexibilities over how to spend Right to Buy receipts
- not requiring them to make a payment in respect of their vacant higher value council homes

As a result of concerns raised by residents, MHCLG has decided not to implement at this time the provisions in the Housing and Planning Act to make fixed term tenancies mandatory for local authority tenants.

The Green Paper is available on the MHCLG's website at:  
<https://www.gov.uk/government/consultations/a-new-deal-for-social-housing>

## Social Housing Green Paper Consultation



### Challenge question:

Do you know what the Social Housing Green Paper means for your local authority?



# MHCLG – Business rate pilots

The Secretary of State has invited more councils to apply for powers to retain the growth in their business rates under the new pilots. The pilots will see councils rewarded for supporting local firms and local jobs and ensure they benefit directly from the proceeds of economic growth.

From April 2019, selected pilot areas will be able to retain 75% of the growth in income raised through business rates, incentivising councils to encourage growth in business and on the high street in their areas. This will allow money to stay in communities and be spent on local priorities - including more funding to support frontline services.

This follows the success of previous waves of business rates retention pilots, launched in a wide range of areas across country in 2017 and 2018.

The current 50% business rates retention scheme is yielding strong results and in 2018 to 2019 it is estimated that local authorities will keep around £2.4 billion in business rates growth.

Findings from the new round of pilots will help the government understand how local authorities can smoothly transition into the proposed system in 2020.

Proposals will need to show how local authorities would 'pool' their business rates and work collaboratively to promote financial sustainability, growth or a combination of these.

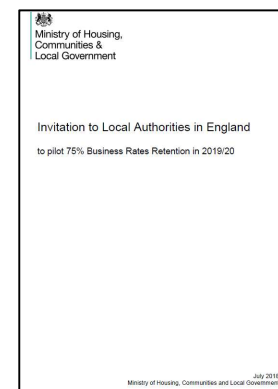
Alongside the pilots, the government will continue to work with local authorities, the Local Government Association, and others on reform options that give local authorities more control over the money they raise and are sustainable in the long term.

The invitation is addressed to all authorities in England, excluding those with ongoing business rates retention pilots in devolution areas and London. Due to affordability constraints, it may be necessary to assess applications against selection criteria, which will include:

- Proposed pooling arrangements operate across a functional economic area
- Proposal demonstrates how pooled income from growth will be used across the pilot area to either boost further growth, promote financial sustainability or a combination of these
- Proposal sets out robust governance arrangements for strategic decision-making around management of risk and reward and outlines how these support the participating authorities' proposed pooling arrangements

Any proposals will need to show that all participating authorities have agreed to become part of the suggested pool and share additional growth as outlined in the bid. The Section 151 officer of each authority will need to sign off the proposal before submission.

Proposal for new pilots must be received the MHCLG by midnight on Tuesday 25<sup>th</sup> September 2018.



# Institute of Fiscal Studies: Impact of 'Fair Funding Review'

The IFS has published a paper that focuses on the issues arising in assessing the spending needs of different councils. The government's 'Fair Funding Review' is aimed at designing a new system for allocating funding between councils. It will update and improve methods for estimating councils' differing abilities to raise revenues and their differing spending needs. The government is looking for the new system to be simple and transparent, but at the same time robust and evidence based.

## Accounting for councils' spending needs

The IFS note that the Review is seeking a less subjective and more transparent approach which is focused on the relationship between spending and needs indicators. However, like any funding system, there will be limitations, for example, any attempt to assess needs will be affected by the MHCLG's funding policies adopted in the year of data used to estimate the spending needs formula. A key consideration will be the inherently subjective nature of 'spending needs' and 'needs indicators', and how this will be dealt with under any new funding approach. Whilst no assessment of spending needs can be truly objective, the IFS state it can and should be evidence based.

The IFS also note that transparency will be critical, particularly in relation to the impact that different choices will have for different councils, such as the year of data used and the needs indicators selected. These differentiating factors and their consequences will need to be understood and debated.

## Accounting for councils' revenues

The biggest source of locally-raised revenue for councils is, and will continue to be, council tax. However, there is significant variation between councils in the amount of council tax raised per person. The IFS identify that a key decision for the Fair Funding Review is the extent to which tax bases or actual revenues should be used for determining funding levels going forward.

Councils also raise significant sums of money from levying fees and charges, although this varies dramatically across the country. The IFS note that it is difficult to take account of these differences in a new funding system as there is no well-defined measure of revenue raising capacity from sales, fees and charges, unlike council tax where the tax base can be used.

## The overall system: redistribution, incentives and transparency

The IFS also identify that an important policy decision for the new system is the extent to which it prioritises redistribution between councils, compared to financial incentives for councils to improve their own socio-economic lot. A system that fully and immediately equalises for differences in assessed spending needs and revenue-raising capacity will help ensure different councils can provide similar standards of public services. However, it would provide little financial incentive for councils to tackle the drivers of spending needs and boost local economics and tax bases.

Further detail on the impact of the fair funding review can be found in the full report <https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>.





# The Vibrant Economy Index

## a new way to measure success

Our Vibrant Economy Index uses data to provide a robust, independent framework to help everyone understand the challenges and opportunities in their local areas. We want to start a debate about what type of economy we want to build in the UK and spark collaboration between citizens, businesses and place-shapers to make their places thrive.

Places are complex and have an intrinsic impact on the people and businesses within them. Economic growth doesn't influence all of the elements that are important to people's lives – so we shouldn't use GDP to measure success. We set out to create another measure for understanding what makes a place successful.

In total, we look at 324 English local authority areas, taking into account not only economic prosperity but health and happiness, inclusion and equality, environmental resilience, community and dynamism and opportunity. Highlights of the index include:

- Traditional measures of success – gross value added (GVA), average workplace earning and employment do not correlate in any significant way with the other baskets. This is particularly apparent in cities, which despite significant economic strengths are often characterised by substantial deprivation and low aspiration, high numbers of long-term unemployment and high numbers of benefit claimants
- The importance of the relationships between different places and the subsequent role of infrastructure in connecting places and facilitating choice. The reality is that patterns of travel for work, study and leisure don't reflect administrative boundaries. Patterns emerge where prosperous and dynamic areas are surrounded by more inclusive and healthy and happy places, as people choose where they live and travel to work in prosperous areas.
- The challenges facing leaders across the public, private and third sector in how to support those places that perform less well. No one organisation can address this on their own. Collaboration is key.

Visit our website ([www.granthornton.co.uk](http://www.granthornton.co.uk)) to explore the interactive map, read case studies and opinion pieces, and download our report **Vibrant Economy Index: Building a better economy**.

### Vibrant Economy app

To support local collaboration, we have also developed a Vibrant Economy app. It's been designed to help broaden understanding of the elements of a vibrant economy and encourage the sharing of new ideas for – and existing stories of – local vibrancy.

We've developed the app to help people and organisations:

- see how their place performs against the index and the views of others through an interactive quiz
- post ideas and share examples of local activities that make places more vibrant
- access insights from Grant Thornton on a vibrant economy.

We're inviting councils to share it with their employees and the wider community to download. We can provide supporting collateral for internal communications on launch and anonymised reporting of your employees' views to contribute to your thinking and response.

To download the app visit your app store and search 'Vibrant Economy'

- Fill in your details to sign up, and wait for the verification email (check your spam folder if you don't see it)
- Explore the app and take the quiz
- Go to the Vibrant Ideas section to share your picture and story or idea



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# Links

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## Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

## National Audit Office link

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

## Ministry of Housing, Communities and Local Government links

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/728722/BRR\\_Pilots\\_19-20\\_Prospectus.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf)

## Institute for Fiscal Studies

<https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>



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Report No: G87/18

**Eden District Council**  
**Accounts and Governance Committee**

**27 September 2017**

## **Complaints and Compliments - Ombudsman's Annual Report and the Council's own Procedure**

<b>Portfolio:</b>	Eden Development Portfolio
<b>Report from:</b>	Deputy Chief Executive
<b>Wards:</b>	All Wards
<b>OPEN PUBLIC ITEM</b>	

### **1 Purpose**

- 1.1 To advise Members of the contents of the annual report which has been received from the Local Government and Social Care Ombudsman (the Ombudsman) upon complaints relating to the Council for the year ended 31 March 2018 and on complaints raised under the Council's own procedure.

### **2 Recommendation**

It is recommended that Members note the comments made by the Local Government and Social Care Ombudsman in the Annual Report.

### **3 Report Details**

- 3.1 Attached to this report, as Appendix 1, is the annual letter which has been received from the Ombudsman. Twelve enquiries and / or complaints were received by the Ombudsman in the reporting period which is 1 April 2017 to 31 March 2018. These related to Planning and Development, Environmental Services, Benefits and Tax and Corporate and Other Services. Ten decisions were made during the reporting period. Two investigations were referred back for local resolution (Benefits and Tax and Environmental Services and Public Protection and Regulation). Five investigations were closed after initial enquiries, as there was insufficient evidence of fault in the way the Council considered the matter (Environmental Services and Public Protection and Regulation and Planning and Development). Two investigations were not upheld (planning and development) and one was upheld (Corporate and Other Services).
- 3.2 The case which was upheld is attached as Appendix 2 to this report. The complaint related to a review of the Council's decision to restrict the complainant's access to services under the Unacceptable Behaviour Policy. In this case whilst some fault was found there was no significant injustice to the complainant and there were insufficient grounds to warrant further investigation.
- 3.3 The annual letter does not raise any particular concerns. The number of enquiries which have been referred to the Ombudsman varies over the years. There were eight enquiries in 2016 - 2017, eighteen enquiries in 2015 - 2016

(six related to the same planning application) and twelve enquiries in 2014 – 2015.

- 3.4 The Ombudsman has published details of complaints and enquiries received and decided about all local Councils in 2017 - 2018. A comparison of the complaints and enquiries received about Eden and other Cumbrian authorities is shown in the tables at Appendix 3
- 3.5 The Ombudsman, usually, would decline to consider a complaint unless the Council has had the opportunity of reviewing it through its own processes and procedures.

### **The Council's own Complaints Process**

- 3.6 Complaints are considered in accordance with the Council's Corporate Complaints Policy. There is scope within the Policy for complaints to be dealt with informally and promptly in the first instance before they reach the stage of a formal complaint. We aim to respond to a formal stage one complaint in full within 10 working days. If, however, a complaint is complicated and likely to take longer to resolve the investigating officer can set a reasonable and appropriate revised timescale and keep the customer informed of this and of the progress of the complaint.
- 3.7 There is provision for certain types of issues and complaints to fall outside the complaints policy because there are other processes more suitable for dealing with them or because they are outside of the Council's control. These 'exceptions' are listed below:
- Matters of law or central government policy;
  - Complaints from staff about employment related issues; including appointments, dismissals, pay, pensions and discipline. These are dealt with separately under the Council's HR policies and procedures;
  - Commercial or contractual matters, for example contracts for the supply of goods and services to the Council. Complaints about the negotiation of council leases, or the disposal of Council land may be dealt with through this policy and procedure
  - Complaints where a customer or the Council has started legal proceedings but not where a customer has only threatened legal action
  - Complaints that have already been decided by a court or independent tribunal should not be accepted but complaints about the implementation of a court or tribunal's decision should be investigated.
  - Disagreement with a planning permission, enforcement decision or other consent under planning legislation.
  - Services for which there are alternative statutory, appeal, tribunal or other processes, including appeals against the refusal of planning permission or planning enforcement, a refusal to grant or renew a licence or appeals against statutory notices, parking charges and housing benefit decisions.
- 3.8 There is attached to this report as Appendix 4, details of the complaints which have been considered in accordance with the Council's complaints policy. The report identifies the nature of the complaint and the outcome. Formal complaints which are not settled in the initial stages may be referred to the Human Resources and Appeals Sub-Committee as an appeal.

- 3.9 There has been one appeal to the Human Resources and Appeals Sub-Committee during the year which was upheld and a number of recommendations put forward which are being progressed. These recommendations can be summarised as follows:
1. That consideration should be given to investigating the feasibility of recording telephone conversations between officers and members of the public as a matter of course.
  2. That if a complaint be escalated, complainants should receive copies of all notes from any meetings which they attended.
  3. That an internal review should take place on all address databases (GIS, Electoral Services, Council Tax) to ensure that there is consistency in how the addresses are recorded.
  4. That a review of Eden District Council's unacceptable behaviour policy be undertaken, and that consideration be given to offering staff conflict training.
- 3.10 Four complaints which were considered to fall outside of the Council's complaints policy were referred to the Local Government and Social Care Ombudsman by the complainant and each case was either closed after initial enquiries or not upheld.
- 3.11 The complaints, by service over the last four years and their number were:

	<b>2017-18</b>	<b>2016 - 17</b>	<b>2015 – 16</b>	<b>2014 – 15</b>
Benefits and Tax	2	3	6	1
Corporate and Other Services	0	4	3	2
Environmental Services	1	1	0	2
Housing	0	0	0	0
Planning and Development	10	10	5	12
Other	4	0	0	0
<b>Total</b>	<b>17</b>	<b>18</b>	<b>14</b>	<b>17</b>

- 3.12 A central record is maintained of formal compliments. The formal compliments are those which are made in writing. Sixty-three compliments were recorded during the last financial year. The compliments received by category were:

	2017-18	2016 - 17	2015 – 16	2014 – 15
Customer and Corporate Services	20	14	8	11
Environmental Services	0	3	4	0
Financial Services	0	0	0	1
Governance	37	38	31	33
Technical Services	14	8	0	5

- 3.14 Council Managers seek feedback in a variety of ways. The formal compliments and complaints process is not a complete picture of customer response. Licensing, Environmental and Planning Services sections and the Contact Centre undertake formal satisfaction surveys.

## **4 Policy Framework**

- 4.1 The Council has four corporate priorities which are:

- Decent Homes for All;
- Strong Economy, Rich Environment;
- Thriving Communities; and
- Quality Council

- 4.2 This report meets the Quality Council corporate priority.

## **5 Consultation**

- 5.1 There has been no consultation on the contents of this report.

## **6 Implications**

### **6.1 Financial and Resources**

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-19 as agreed at Council on 17 September 2015.

- 6.1.2 There are no proposals in this report that would reduce or increase resources.

### **6.2 Legal**

- 6.2.1 The Council is obliged to respond to complaints of maladministration and through the Ombudsman. The Local Government Act 1974, prescribes the way in which the Ombudsman conducts investigations. The provision of an annual report is a statutory requirement.

### **6.3 Human Resources**

- 6.3.1 There are no specific Human Resources implications arising out of the report.



## 6.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	There are no implications arising out of the report.
Health, Social Environmental and Economic Impact	There are no implications arising out of the report
Crime and Disorder	There are no implications arising out of the report.
Children and Safeguarding	There are no implications arising out of the report.

## 6.5 Risk Management

Risk	Consequence	Controls Required
That complaints are not properly managed.	Reputational damage to the Council.	<ol style="list-style-type: none"><li>1. Complaints thoroughly and properly investigated.</li><li>2. Appropriate action taken in the interests of the provision of good quality services to the public.</li><li>3. A reasoned approach to issues raised which enables the Council to make improvements which are due and thereby minimise any recurrence of the complaint or any adverse finding.</li></ol>

## 7 Other Options Considered

7.1 Not alternatives are suggested.

## 8 Reasons for the Decision/Recommendation

8.1 To respond properly to the annual report from the Ombudsman.

### Tracking Information

<b>Governance Check</b>	<b>Date Considered</b>
<b>Chief Finance Officer (or Deputy)</b>	17 September 2018
<b>Monitoring Officer (or Deputy)</b>	17 September 2018
<b>Relevant Assistant Director</b>	18 September 2018

### Background Papers:

<b>Appendices:</b>	<b>Appendix 1</b>	<b>Local Government and Social Care Ombudsman Annual Review Letter</b>
	<b>Appendix 2</b>	<b>Investigation Upheld</b>
	<b>Appendix 3</b>	<b>Comparison with other Authorities</b>
	<b>Appendix 4</b>	<b>Council's own Formal Complaints Report</b>

**Contact Officer:**    **Mr M Neal**  
                                 **Direct Dial 01768 212237**

## Local Government & Social Care OMBUDSMAN

18 July 2018

*By email*

Rose Rouse  
Chief Executive  
Eden District Council

Dear Rose Rouse,

### **Annual Review letter 2018**

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGSCO) about your authority for the year ended 31 March 2018. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

### **Complaint statistics**

In providing these statistics, I would stress that the volume of complaints does not, in itself, indicate the quality of the council's performance. High volumes of complaints can be a sign of an open, learning organisation, as well as sometimes being an early warning of wider problems. Low complaint volumes can be a worrying sign that an organisation is not alive to user feedback, rather than always being an indicator that all is well. So, I would encourage you to use these figures as the start of a conversation, rather than an absolute measure of corporate health. One of the most significant statistics attached is the number of upheld complaints. This shows how frequently we find fault with the council when we investigate. Equally importantly, we also give a figure for the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. Both figures provide important insights.

I want to emphasise the statistics in this letter reflect the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, some of whom may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside an annual review of local government complaints. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

**Future development of annual review letters**

Last year, we highlighted our plans to move away from a simplistic focus on complaint volumes and instead turn focus onto the lessons that can be learned and the wider improvements we can achieve through our recommendations to improve services for the many. We have produced a new corporate strategy for 2018-21 which commits us to more comprehensively publish information about the outcomes of our investigations and the occasions our recommendations result in improvements to local services.

We will be providing this broader range of data for the first time in next year's letters, as well as creating an interactive map of local authority performance on our website. We believe this will lead to improved transparency of our work, as well as providing increased recognition to the improvements councils have agreed to make following our interventions. We will therefore be seeking views from councils on the future format of our annual letters early next year.

**Supporting local scrutiny**

One of the purposes of our annual letters to councils is to help ensure learning from complaints informs scrutiny at the local level. Sharing the learning from our investigations and supporting the democratic scrutiny of public services continues to be one of our key priorities. We have created a dedicated section of our website which contains a host of information to help scrutiny committees and councillors to hold their authority to account – complaints data, decision statements, public interest reports, focus reports and scrutiny questions. This can be found at [www.lgo.org.uk/scrutiny](http://www.lgo.org.uk/scrutiny). I would be grateful if you could encourage your elected members and scrutiny committees to make use of these resources.

**Learning from complaints to improve services**

We share the issues we see in our investigations to help councils learn from the issues others have experienced and avoid making the same mistakes. We do this through the reports and other resources we publish. Over the last year, we have seen examples of councils adopting a positive attitude towards complaints and working constructively with us to remedy injustices and take on board the learning from our cases. In one great example, a county council has seized the opportunity to entirely redesign how its occupational therapists work with all of its districts, to improve partnership working and increase transparency for the public. This originated from a single complaint. This is the sort of culture we all benefit from – one that takes the learning from complaints and uses it to improve services.

**Complaint handling training**

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2017-18 we delivered 58 courses, training more than 800 people. We also set up a network of council link officers to promote and share best practice in complaint handling, and hosted a series of seminars for that group. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely,



Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

Local Authority Report: Eden District Council  
For the Period Ending: 31/03/2018

For further information on how to interpret our statistics, please visit our website:  
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

### Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
0	1	1	0	2	0	0	8	0	12

### Decisions made

				Detailed Investigations			Total
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	
0	0	2	5	2	1	33%	10

Notes	Complaints Remedied	
	by LGO	Satisfactorily by Authority before LGO Involvement
	0	0

Our uphold rate is calculated in relation to the total number of detailed investigations.  
The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

## Appendix 2

6 October 2017

**Complaint reference:**  
17 005 497

**Complaint against:**  
Eden District Council

Local Government  
**OMBUDSMAN**

### **The Ombudsman's final decision**

Summary: Mr A complains the Council delayed unreasonably in reviewing its decision to restrict his communication and access to its services under its Unacceptable Behaviour Policy. There was delay by the Council in carrying out its review but as this delay has not caused significant injustice to Mr A, and it will shortly be reviewing its position again following recent events involving Mr A, there are insufficient grounds to warrant further investigation of the complaint by the Ombudsman.

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### **The complaint**

1. Mr A complains the Council delayed unreasonably in reviewing its decision to restrict his communication and access to its services under its Unacceptable Behaviour Policy.

### **The Ombudsman's role and powers**

2. We investigate complaints of injustice caused by 'maladministration' and 'service failure'. I have used the word 'fault' to refer to these. We cannot question whether a council's decision is right or wrong simply because the complainant disagrees with it. We must consider whether there was fault in the way the decision was reached. (*Local Government Act 1974, section 34(3), as amended*)
3. We must also consider whether any fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'. We provide a free service, but must use public money carefully. We may decide not to start or continue with an investigation if we believe:
  - it is unlikely we would find fault, or
  - the fault has not caused injustice to the person who complained, or
  - the injustice is not significant enough to justify our involvement, or
  - it is unlikely we could add to any previous investigation by the Council, or
  - it is unlikely further investigation will lead to a different outcome, or
  - we cannot achieve the outcome someone wants, or
  - there is another body better placed to consider this complaint, or
  - it would be reasonable for the person to ask for a council review or appeal.

(*Local Government Act 1974, section 24A(6), as amended*)

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### **How I considered this complaint**

4. In considering the complaint I reviewed the information provided by Mr A and the Council. Both Mr A and the Council were given the opportunity to comment on my draft decision.

### **What I found**

5. In October 2015 the Council wrote to Mr A to explain why it had activated its Unacceptable Behaviour Policy against him citing, amongst other reasons, his unreasonably persistent contact and the making of unfounded accusations and excessive demands. The Council set out the means by which contact from him would be accepted which included being given a telephone number on which to leave messages, details of an officer he could contact and an email address where his communication would be considered and to which a response would be made if appropriate.
6. The letter confirmed the access restrictions would apply for six months after which time they would be reviewed on a six month basis. It advised the decision to manage his contact with the Council would be reconsidered if he demonstrated an acceptable approach or if circumstances which had led to the decision changed.
7. The Council reviewed its decision in May 2016 having invited Mr A to comment. It wrote to him in June 2016 to confirm that the continuing high level of contact and the unacceptable nature of some of his contact meant the restrictions would remain in place for a further six months after which time a further review would take place.
8. In March 2017 Mr A complained to the Council that he was being victimised as a result of its decision to restrict his access. The Council responded to his complaint on 4 May 2017 and confirmed it was satisfied the arrangements put in place had been made in accordance with the Council's policy and that the review of the decision had been properly undertaken. However, the Council noted that the six month review period had passed and so confirmed it would be undertaking a further review. It invited Mr A to provide his comments by 17 May 2017.
9. In July 2017 Mr A provided the Council with information about a medical condition he had recently been diagnosed with.
10. In the meantime, as the Council had not completed the review, Mr A complained to the Ombudsman. On 1 August 2017 the Council advised it was currently carrying out the review and that it would be taking the further information Mr A had provided into account.
11. On 6 September 2017 the Council wrote to Mr A to advise that having reviewed his interactions and found a more acceptable approach over the last 8 months it had been minded to remove the restrictions. However, prior to writing to him to inform him of this an incident came to light involving his contact with the Council's Out of Hours Service during August 2017. This led the Council, following discussions with its Legal team, to confirm that until this incident had been fully investigated by the relevant parties the restrictions would continue to apply. It concluded by advising Mr A that once the investigations had been completed it would review the situation again, taking into account the result of the investigations.

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12. In responding to my enquiries the Council has confirmed that the incident which occurred has resulted in a police investigation. The Council has no control over this nor can it give a timescale for its completion. However, it has confirmed that it will review Mr A's contact arrangements under its Unacceptable Behaviour Policy once the police investigation has concluded

### **Analysis**

13. There was delay by the Council in carrying out the six monthly review of its decision to restrict Mr A's contact. The review should have taken place at the beginning of December 2016 but was not started until May 2017 when the Council realised it was outstanding. While this was fault, I do not consider Mr A was caused injustice sufficient to warrant any further investigation of the complaint by the Ombudsman.
14. I note the Council has not yet made a decision on the review but given the police investigation currently taking place, I see no grounds to criticise the Council for waiting for the outcome of it before reviewing Mr A's case again.

### **Final decision**

15. There was delay by the Council in carrying out its review but as this delay has not caused significant injustice to Mr A, and it will shortly be reviewing its position again following recent events involving Mr A, there are insufficient grounds to warrant further investigation of the complaint by the Ombudsman.

### **Investigator's decision on behalf of the Ombudsman**



### Local Government and Social Care Ombudsman - Complaints and Enquiries Received (by Category) 2017-2018

Authority	Adult Social Care	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environmental Services, Public Protection and Regulation	Highways and Transport	Housing	Planning and Development	Other	Total
Allerdale BC	0	1	3	0	4	0	1	6	0	15
Barrow BC	0	3	0	1	1	1	0	0	0	6
Carlisle CC	0	1	0	0	0	0	0	6	0	7
Copeland BC	0	0	1	0	4	0	0	1	0	6
Eden DC	0	1	1	0	2	0	0	8	0	12
South Lakeland DC	0	0	1	0	2	1	0	3	0	7
LDNPA	0	0	0	0	0	0	0	4	0	4

## Appendix 4

## The Council's own Complaints Procedure

Reference	Date Received	Department	Regarding	Response Date	Outcome
449	11/01/16	Planning	Siting of a mobile field shelter and related matters	Various	Extensive correspondence with the complainant. Human Resources and Appeals Committee was put on hold by the complainant in agreement with the Council.  Referred to the Ombudsman by the complainant. Currently under investigation.
466	24/04/17	Council Tax	Contact with Council Tax Officers. Complainant believed the Council's actions amounted to discrimination.	05/05/17	Investigated as a Stage 1 complaint. No evidence of fault found. No request received to progress the complaint.
467	02/06/17	Building Control	Safe standards of operation within the Department. Inconsistent procedures which are not fit for purpose. The service is unresponsive to feedback.	31/08/17	Investigated as a Stage 1 complaint. Investigating Officer met with the complainant. Full response addressing all the issues and two recommended actions put forward to the Department.  No request received to progress the complaint.
468	13/07/17	Leisure	Female only swimming sessions.	03/08/17	Investigated as a Stage 1 complaint. Response given addressing the

Reference	Date Received	Department	Regarding	Response Date	Outcome
					<p>concerns raised and setting out the reasons for the different types of swim sessions available.</p> <p>No request received to progress the complaint.</p>
EX05	12/04/17	Planning	Planting of replacement trees on a neighbouring property.	23/05/17	Falls outside the Council's Complaints Policy. Response sent clarifying the issues raised by the complainant and advising the Council can take no action in relation to these issues.
EX06	13/06/17	Planning	Democratic deficit regarding a planning application.	17/05/05 17/07/07	Falls outside the Council's Complaints Policy. Response sent clarifying the issues raised by the complainant and setting out the Council's position. Complainant provided with contact details for the Local Government and Social Care Ombudsman.
EX07	25/07/17	Planning	Information given to the Planning Committee and determination of a planning application	29/09/17	Falls outside the Council's Complaints Policy. Response sent clarifying the issues raised by the complainant and setting out the Council's position. Complainant provided with contact details for the Local Government and Social Care Ombudsman.

Reference	Date Received	Department	Regarding	Response Date	Outcome
EX13	22/08/17	Planning	Manner in which a planning application has been handled and approval of the application.	21/09/17	Falls outside the Council's Complaints Policy. Response sent clarifying the issues raised by the complainant and setting out the Council's position. Complainant provided with contact details for the Local Government and Social Care Ombudsman.
EX08	18/11/17	Planning	The manner in which a planning application has been processed.	08/12/17	Falls outside the Council's Complaints Policy. Response sent clarifying the issues raised by the complainant and setting out the Council's position. Complainant provided with contact details for the Local Government and Social Care Ombudsman.
469	22/11/17	Elections	Customer service within elections and inconsistent address records within the Council.	Appeal - 04/04/18	Meeting held with the complainant. Investigated as a Stage 1 complaint. Appeal request received. The Panel put forward a number of recommendations which are being progressed.
EX09	24/11/17	Planning	Democratic process relating to the planning committee and consideration of a planning application.	23/01/18	Falls outside the Council's Complaints Policy. Response sent clarifying the issues raised by the complainant and setting out the Council's position. No request received to progress the complaint.

Reference	Date Received	Department	Regarding	Response Date	Outcome
EX11	30/11/17	Planning	Distress caused by the approval of a planning application.	08/12/17	Falls outside the Council's Complaints Policy. Response sent clarifying the issues raised by the complainant and setting out the Council's position. Complainant provided with contact details for the Local Government and Social Care Ombudsman.
EX12	27/11/17	Planning	Decision to grant full approval for a planning application.	08/12/17	Falls outside the Council's Complaints Policy. Response sent clarifying the issues raised by the complainant and setting out the Council's position. Complainant provided with contact details for the Local Government and Social Care Ombudsman.
EX10	04/02/18	ACV	Decision of the Council not to register an Asset of Community Value	12/03/18	Falls outside the Council's Complaints Policy. Complainant advised that there is no scope within the Council's complaints policy to overturn the decision. Complainant provided with contact details for the Local Government and Social Care Ombudsman.
18/00	27/02/18	Council Tax	Administration of Council tax.	09/03/18	Investigated as a Stage 1 complaint. Apologies for delays in responding to the complainants requests for single resident discount. Further information

Reference	Date Received	Department	Regarding	Response Date	Outcome
					requested from the complainant in order to progress application.  No request received to progress the complaint.
18/01	25/01/18	Planning	Alleged illegal felling of trees		Ongoing.
18/08	January 2018 to July 2018	Environmental Services	<p>Related to various issues initially considered to be service requests. Complaints continued and escalated and related to collection of refuse at complainant's property, discrimination, being unable to contact staff, staff not responding, attitude of staff and staff putting phone down.</p> <p>Concerns were raised by staff regarding the content of some of the emails from the complainant and behaviour towards staff over the telephone and in person.</p>	Various	<p>Comprehensive response sent addressing all issues under Stage 1 of the complaints procedure.</p> <p>Complainant was asked to modify behaviour.</p> <p>Request to proceed to Stage 2 received. In accordance with the Complaints procedure the complainant was asked to clarify why they were dissatisfied with the Stage 1 response. The complainant refused to do so.</p> <p>The Complainant was notified that the Council will not progress the complaint further.</p> <p>The Council is reviewing contact by the complainant under its Unacceptable Behaviour Policy.</p> <p>Referred to the Ombudsman by the complainant.</p>



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Report No: G86/18

**Eden District Council**  
**Accounts and Governance Committee**  
**27 September 2018**

## Review of the Constitution

<b>Portfolio:</b>	Resources
<b>Report from:</b>	Deputy Chief Executive
<b>Wards:</b>	All Wards
<b>OPEN PUBLIC ITEM</b>	

### 1 Purpose

- 1.1 To enable consideration to be given to carrying out a review of the Constitution.

### 2 Recommendation

It is recommended that:

- 2.1 a review of the Constitution be carried out; and
- 2.2 a Panel be established comprising three Members of this Committee to report back with recommendations on any necessary changes to the Constitution.

### 3 Report Details

- 3.1 There was a comprehensive review of the Constitution which took place in the municipal years 2015-2016 and 2016-2017. The result of this is an amended Constitution which has been designed to be easier to use with a table of contents referenced to page numbers. The Constitution is up to date and feedback received by the Deputy Chief Executive and his officers from Members has been favourable in terms of the format and usability of the current Constitution.
- 3.2 In recent years there has been an annual review of the Constitution. On 30 November 2017 this Committee resolved not to set up a working group to review the constitution for 2017/18 due to the substantial review carried out in the previous year.
- 3.3 If a working group is set up, the first meeting of the group could be to determine what particular aspects of the Constitution should be reviewed and how the review should be undertaken. It is envisaged that the group would report back to the Accounts and Governance Committee either when its deliberations have been concluded or when discrete aspects of the review have been concluded. Ultimately it will be a matter for Council to decide whether to make any further changes to the Constitution having regard to any recommendations from this Committee.

- 3.4 It is considered that a review of the constitution would be appropriate. It is considered that the setting up of a Member working group would be a positive step in the carrying out the work involved in that review.

## **4 Policy Framework**

- 4.1 The Council has four corporate priorities which are:

- Decent Homes for All;
- Strong Economy, Rich Environment;
- Thriving Communities; and
- Quality Council

- 4.2 This report meets the Quality Council corporate priority

## **5 Consultation**

- 5.1 The Chairman and Vice Chairman of the Accounts and Governance Committee have been consulted upon the proposals within this report.

## **6 Implications**

### **6.1 Financial and Resources**

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-19 as agreed at Council on 17 September 2015.

- 6.1.2 There are no proposals in this report that would reduce or increase resources.

### **6.2 Legal**

- 6.2.1 The Constitution has over recent years been reviewed on an annual basis, for 2017-2018 it was judged a formal Member review was not required. It is a matter for Council itself to approve the formal and final version of the Constitution.

### **6.3 Human Resources**

- 6.3.1 There are no human resources implications arising out of the proposals within this report.

### **6.4 Statutory Considerations**

<b>Consideration:</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and Diversity	There are no implications arising from this report.
Health, Social Environmental and Economic Impact	There are no implications arising from this report.
Crime and Disorder	There are no implications arising from this report.
Children and Safeguarding	There are no implications arising from this report.

## 6.5 Risk Management

Risk	Consequence	Controls Required
Over time the Constitution ceases to be fit for purpose and does not include the provisions which are considered to be necessary and required.	Risk of decisions being challenged due to not being made in accordance with proper administrative requirements.	Annual consideration given to the need to review the Constitution.

## 7 Other Options Considered

- 7.1 The Committee could either set up a Constitution Review Group or decide not to do so.

## 8 Reasons for the Decision/Recommendation

- 8.1 To enable consideration to be given to the need for any amendments to the Constitution.

### Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	14 September 2018
Monitoring Officer (or Deputy)	17 September 2018
Relevant Assistant Director	18 September 2018

**Background Papers:** Council Constitution

**Appendices:** None

**Contact Officer:** Matthew Neal, Deputy Chief Executive (Monitoring Officer) - telephone 01768 212237

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Report No: G88/18

**Eden District Council**  
**Accounts and Governance Committee**

**27 September 2018**

## Request for Dispensation for Attendance

<b>Report from:</b>	Deputy Chief Executive
<b>Wards:</b>	Kirkby Stephen
<b>OPEN PUBLIC ITEM</b>	

### 1 Purpose

- 1.1 To advise Members of a request for a dispensation to a Member who is currently unable to attend any Council meetings due to illness and ask them to endorse the request.

### 2 Recommendation

That a dispensation be granted for Councillor Trevor Ladhams from attending meetings of the Council by reason of illness for a period of six months commencing on 27 September 2018. Any extension to the dispensation to be subject to a further approval by the Committee at the appropriate time.

### 3 Report Details

- 3.1 Section 85 of the Local Government Act 1972 states that where a Member fails throughout a period of six consecutive months from the date of their last attendance to attend any meeting of the authority, then, subject to certain exceptions, he/she ceases to become a Member of the authority unless the failure was due to some reason approved before the expiry of that period.
- 3.2 The Accounts and Governance Committee has authority to grant a dispensation for attendance at Council meetings for Councillors in circumstances when it is likely that the Councillor may be absent for six consecutive months from the date of the last attendance.
- 3.3 This Committee previously granted a dispensation for attendance to Councillor Ladhams which expired on 31 January 2016 due to an injury. There has been a re-occurrence of this injury, and Councillor Ladhams has requested that a dispensation be sought. Councillor Ladhams's last attendance at a meeting was at Council on 12 July 2018.
- 3.4 Councillor Ladhams is still reading emails and reports, and dealing with any issues within his ward that occur as much as possible. Kirkby Stephen is a two member ward. Councillor Ladhams is in contact with Councillor Kendall who also represents the Kirkby Stephen Ward in order to ensure that any issues are picked up.
- 3.5 A dispensation would allow him to attend if he were able but for his apologies to be given if necessary. The circumstances are considered sufficient to merit then grant of a dispensation from attendance. The matter of any potential

extension to the dispensation shall be considered at the appropriate time by the Committee should the need arise.

## **4 Policy Framework**

4.1 The Council has four corporate priorities which are:

- Decent Homes for All;
- Strong Economy, Rich Environment;
- Thriving Communities; and
- Quality Council

4.2 This report meets the Quality Council corporate priority.

4.3 The Council's policy stipulates that members who foresee that they will be unable to attend meetings for a longer period of up to six months (for example due to illness) may seek a dispensation from the Accounts and Governance Committee.

4.4 Members would ordinarily have to give apologies for and explain any non-attendance at meetings. A Member may be subject to a referral to this Committee for a failure to attend meetings. This Committee does consider Members' attendance and the dispensation is proposed in this case to prevent any referral to or requirement to make an explanation to the Committee, or his automatic cessation of being a Member due to non-attendance.

## **5 Consultation**

5.1 Councillor Ladhams has been consulted fully throughout this process and agrees with the report's recommendation.

## **6 Implications**

### **6.1 Financial and Resources**

6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-19 as agreed at Council on 17 September 2015.

6.1.2 There are no proposals in this report that would reduce or increase resources.

### **6.2 Legal**

6.2.1 A Councillor who fails to attend any meeting of the authority for six months ceases to be a Member unless a dispensation has been granted by the Authority concerned. The dispensation has to be given before the expiry of the six month period.

### **6.3 Human Resources**

6.3.1 There are no Human Resources implications

### **6.4 Statutory Considerations**

<b>Consideration:</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and Diversity	The Council should have regard to a Members' medical circumstances in relation to any non-attendance

Health, Social Environmental and Economic Impact	The Council should have regard to a Members' medical circumstances in relation to any non-attendance
Crime and Disorder	None arising from this report
Children and Safeguarding	None arising from this report

## 6.5 Risk Management

Risk	Consequence	Controls Required
That Councillor Ladhams is unable to attend Council meetings and his membership of the Council lapses	That the Council would be required to hold a by-election due to a lapsed Membership of the Council	That the Committee considers requests for dispensation on their merit to ensure that Members concerned are not in breach of the law and the Council's policy on attendance.

## 7 Other Options Considered

7.1 No other options have been considered in relation to this report.

## 8 Reasons for the Decision/Recommendation

8.1 To comply with legislation and the agreed policies of the Council and enable a dispensation to be given because of the medical circumstances for Councillor Ladhams to allow him time to recuperate without the prospect of ceasing to be a Member.

## Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	14 September 2018
Monitoring Officer (or Deputy)	19 September 2018
Relevant Assistant Director	9 September 2018

**Background papers:** CLS87/15 Request for Dispensation for Attendance Report

**Appendices:** N/A

**Contact Officer:** Claire Watters, Member Services Officer

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