Wiltshire Council
Where everybody matters

AGENDA

Meeting: **Audit Committee**

Place: **Kennet Room - County Hall, Bythesea Road, Trowbridge, BA14 8JN**

Date: **Wednesday 17 April 2019**

Time: **10.00 am**

Please direct any enquiries on this Agenda to Jessica Croman, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718262 or email jessica.croman@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225) 713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

Membership:

Cllr Richard Britton (Chairman)   Cllr Andy Phillips
Cllr Stewart Dobson (Vice-Chairman)   Cllr Leo Randall
Cllr Gavin Grant   Cllr John Smale
Cllr Mike Hewitt   Cllr Ian Thorn
Cllr Edward Kirk   Cllr John Walsh
Cllr Tony Jackson

Substitutes:

Cllr Ian Blair-Pilling   Cllr Ruth Hopkinson
Cllr Anna Cuthbert   Cllr Jon Hubbard
Cllr Peter Evans   Cllr Jim Lynch
Cllr Ross Henning   Cllr Ricky Rogers

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Public Participation

Please see the agenda list on following pages for details of deadlines for submission of questions and statements for this meeting.

For extended details on meeting procedure, submission and scope of questions and other matters, please consult Part 4 of the council's constitution.

The full constitution can be found at this link.

For assistance on these and other matters please contact the officer named above for details

AGENDA

Part I

Items to be considered while the meeting is open to the public

1   **Apologies**

To receive any apologies or substitutions for the meeting.

2   **Minutes of the Previous Meeting** *(Pages 7 - 10)*

To confirm and sign the minutes of the meeting held on 6 February 2019.

3   **Declarations of Interests**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

4   **Chairman's Announcements**

To note any Chairman's announcements.

5   **Public Participation**

The Council welcomes contributions from members of the public.

Statements
If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named on the front of the agenda for any further clarification.

Questions
To receive any questions from members of the public or members of the Council received in accordance with the constitution.

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on **10 April 2019** in order to be guaranteed of a written response**.** In order to receive a verbal response questions must be submitted no later than 5pm on **12 April 2019**. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

6   **Q4 IA Update and Year End Summary** *(Pages 11 - 34)*

To consider an update on the Quarter 4 Internal Audit and Year End Summary from SWAP.

7   **Draft Internal Audit Plan** *(Pages 35 - 56)*

To consider the Draft Internal Audit Plan.

8   **Report on 2018/19 Close Down and External Audit Plan Update** *(Pages 57 - 58)*

To consider the report on 2018/19 Close Down and External Audit Update.

9   **Risk and Performance Policy Report** *(Pages 59 - 86)*

To consider the report on Risk and Performance Policy.

10   **Accounting Policies** *(Pages 87 - 110)*

11   **Governance of Partnership Working** *(Pages 111 - 122)*

To consider a report on a framework for governance of partnership working.

12   **Draft Annual Governance Statement** *(Pages 123 - 132)*

To receive a presentation from SWAP on the approach taken to prepare the Annual Governance Statement.

13   **Local Code of Corporate Governance** *(Pages 133 - 152)*

To consider a revised draft of the local code of corporate governance.

14   **Anti-Fraud, Theft and Bribery & Anti-Money Laundering** *(Pages 153 - 154)*

To consider the following:

Anti-Fraud, Theft and Bribery Policy
Anti-Fraud, Theft and Bribery Strategy
Anti-Money Laundering Policy

14a   **Anti-Fraud, Theft and Bribery Policy** *(Pages 155 - 162)*

To consider the revised Anti-Fraud, Theft and Bribery Policy.

14b   **Anti-Fraud, Theft and Bribery Strategy 2019-2022** *(Pages 163 - 182)*

To consider the revised Anti-Fraud, Theft and Bribery Strategy 2019-22.

14c   **Anti-Money Laundering Policy** *(Pages 183 - 190)*

To consider the revised Anti-Money Laundering Policy.

15   **Finance Director Recruitment Update**

To receive an update.

16   **Forward Work Programme** *(Pages 191 - 192)*

To note the Forward Work Programme

17   **Date of Next Meeting**

To note that the next regular meeting of the Committee will be held on 24 July 2019.

18   **Urgent Items**

Any other items of business, which the Chairman agrees to consider as a matter of urgency.

Part II

Items during whose consideration it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed

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AUDIT COMMITTEE

DRAFT MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 6 FEBRUARY 2019 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Gavin Grant, Cllr Mike Hewitt, Cllr Edward Kirk, Cllr Tony Jackson, Cllr Andy Phillips, Cllr Leo Randall, Cllr John Smale, Cllr Ian Thorn and Cllr John Walsh

Also Present:
Cllr Philip Whitehead

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1   **Apologies**

Apologies were received from Cllr Stuart Dobson.

2   **Minutes of the Previous Meeting**

Resolved:

To confirm the minutes of the meeting held on 14 November 2018.

3   **Declarations of Interests**

There were no declarations of interest.

4   **Chairman's Announcements**

There were no Chairman's announcements.

5   **Public Participation**

There were no members of the public present.

6   **External Auditors**

Understanding the Key Steps in the Conduct of an External Audit

Ian Howse, Deloitte, gave an overview of how an audit would be carried out highlighting the key steps involved.

A question was asked on the likeliness of identifying fraud against the level of materiality.

It was noted that a higher amount of testing would be carried out dependant on the level of materiality and compared to testing low risk areas of the accounts.

Audit Plan

Ian Howse referred to the report included in the agenda pack and noted that a hand over meeting had taken place between Deloitte and KPMG where they had an opportunity to examine KPMG's files of work carried out at Wiltshire Council. Deloitte had met with officers, examined much of the work already and identified areas of risk.

Working with SWAP

It was noted that Deloitte and SWAP had been in communication, although according to ISO 600, Deloitte were unable to direct the work of the internal auditors or to rely on it. That said, Deloitte still had an interest in the work carried out by SWAP.

Cllrs Jackson and Walsh arrived at 10:20am.

7   **Approach to Internal Audit Plan 2019/20**

Ian Withers, SWAP, introduced the report which was included in the agenda pack. It was noted that the audit plan would be available in April and that for 2019/20 SWAP were updating the risk assessment for each individual audit entity which would produce the first draft of the Internal Audit Plan for 2019/20. SWAP were assessing the vulnerability by scoring each audit entity in terms of impact and likelihood against a number of risk factors. SWAP's approach to the internal audit plan would involve assurance mapping, taking into consideration the three lines of defence model to determine the extent of audit coverage and work in order to direct resources appropriately, secure greater management buy-in to the control environment and to ensure Internal Audit was recognised as adding value.

Comments were made on the scoring mechanism for the healthy organisation report and a more nuanced scoring approach was requested.

8   **Q3 Internal Audit Report**

Ian Withers, SWAP, introduced the report. It was noted that a reasonable amount of work on the plan had been completed. Resourcing issues within SWAP had been resolved with only one remaining vacancy.

Some changes had been made to the plan which were outlined in the report, which needed the approval of the committee.

A request was made, that within future reports, priority one actions were complimented with commentary.

Resolved

To approve the changes to the Internal Audit Plan.

9   **Update: Anti-Fraud and Corruption Policy**

Ian Withers, SWAP, informed the committee that the national government had recently produced new anti-fraud and corruption standards. SWAP attended a meeting to determine how the new standards would impact the local strategy, the anti-fraud and corruption policy would be presented at the April meeting.

10   **Risk and Performance Management**

Robin Townsend, Director of Corporate Functions & Digital, introduced the paper included with the agenda.

Performance management was currently being reviewed at a strategic level to coincide with the digital programme, looking at how it could be enhanced. The current risk and performance management approach was robust but the aim of reviewing the processes was to evolve them into being more proactive using live data rather than reactive based on historical data. This meant that risk registers throughout the organisation would require updating.

11   **Finance Department Risk Register**

Becky Hellard, Director of Finance & Procurement, gave a presentation on how the organisation approached the risk register, using the risk register from her department as an example of how risk was calculated, how risks were prioritised and how mitigation plans were put in place.

12   **Finance Director Recruitment Update**

Cllr Philip Whitehead, Cabinet Member for Finance, Procurement, ICT and Operational Assets, notified the committee that market testing had been carried out which identified that the market was very quiet with a limited number of candidates. Marketing testing and monitoring would continue with an expectation that the market would pick up in March/ April.

13   **Forward Work Programme**

To include the following on the forward work plan:

- SWAP international standards assessment – July
- Anti-Fraud and Corruption Policy – April
- Risk and Performance Report - April

14   **Date of Next Meeting**

The next meeting of the Audit Committee would take place on the 17 April 2019.

15   **Urgent Items**

There were no urgent items.

(Duration of meeting: 12.00 pm - 11.50 am)

The Officer who has produced these minutes is Jessica Croman, of Democratic Services, direct line 01225 718262, e-mail jessica.croman@wiltshire.gov.uk

Press enquiries to Communications, direct line (01225) 713114/713115

Wiltshire Council

Report of Internal Audit Activity

Plan Progress 2018/19 Quarter 4

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

The contacts at SWAP in connection with this report are:

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Unrestricted

Summary

The Director of Planning is required to provide an opinion to support the Annual Governance Statement.

As part of our plan progress reports, we will provide an ongoing opinion to support the end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work.

Audit Opinion and Summary of Significant Risks

Audit Opinion:

Audit reviews since our last report to Committee, highlight that overall, risks are reasonably well managed with the systems of internal control working effectively.

The Plan continues to be updated to ensure focus is directed to the areas of high risk within the Council and plan progress overall is satisfactory.

Significant Corporate Risks:

In the 2018/19 final audit reports issued to date, one Significant Corporate Risk has been identified in our work. The details of this are included within this report.

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Our audit activity is split between:

- **Operational Audit**
- **School Themes**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**

Role of Internal Audit

The Internal Audit service for Wiltshire Council is provided by SWAP Internal Audit Services (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit Committee at its meeting on 11th April 2018.

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

- Operational Audit Reviews
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Review

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Corporate Leadership Team. The 2018-19 Audit Plan was reported to this Committee and approved by this Committee at its meeting in April 2018. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk, however, we ensure an agile approach to enable us to respond any emerging risks and change.

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Outturn to Date:

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

Internal Audit Work Programme

The schedule provided at **Appendix B** contains a list of all audits as agreed in the Annual Audit Plan 2018/19. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective "assurance opinion" rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit "Audit Framework Definitions" as detailed at **Appendix A** of this document.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a 'Partial Assurance Opinion' have been summarised as part of this report.

However, in circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised.

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Significant Corporate Risks:

Identified Significant Corporate Risks should be brought to the attention of the Audit Committee.

➡ Significant Corporate Risks

We provide a definition of the three Risk Levels applied within audit reports within **Appendix A**. For those audits which have reached report stage through the year, we have assessed the following risks as 'High'.

Review/Risks	Auditors Assessment
Wiltshire Primary School (Anonymised) Objective: To determine from financial health check review the effectiveness of financial management and governance and compliance with SFVS and Wiltshire Schools regulations and through review of personnel files, procedures and documents the adherence to human resources regulations. Risks: 1. The governing body and School staff - Failure to operate sound financial governance risks financial loss, reputational damage and nonachievement of educational goals and priorities. 2. Setting the budget - Failure to set a realistic budget and to manage it effectively risks financial and reputational loss as well as nonachievement of educational goals and priorities. 3. Recruitment and HR Management is not in line with Legislation, Council Policies and Council Procedures.	High

Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.

All audits awarded a Partial or No Assurance rating will be followed up to provide assurance to the Corporate Director, Senior Managers and the Audit Committee, that the agreed actions to mitigate risk exposure have been implemented.

Summary of Work Completed – Partial and No Assurance Opinions

One audit finalised in the period was awarded No Assurance and one audit awarded Partial Assurance. The significant findings from these audits has been summarised below.

St Mary's Catholic Primary School – No Assurance

The scope of the audit focussed on two main areas – Financial Management and Human Resources Management. Although a limited number of basic system procedures and controls are operating, they are not clearly documented, approved by the Governing Body or adhered to, and several concerns are raised over the governance of the School. There are six major issues raised by this audit over the inadequacy of the control framework operating:

- It is evident that the Governing Body undertake more of an operational role in the day to day management of the School rather than a strategic leadership and oversight role, as per their terms of reference and DfE Statutory Guidance (2017);
- The School set a budget for 2017/18 however there was no indication that this has been formally approved. Furthermore, due to the lack of approval there was no indication that this was an accurate budget set using a balanced and clear method;
- The School does not operate a Finance Manual for effective financial governance;
- The Council did not receive a copy of an agreed budget for 2017/18 or the informal version used by the School, part of the Council's requirement for maintained schools to ensure an oversight over the budget as stated in section 2.4.1.3 of the Wiltshire Schools Finance Manual;
- The After-School Care Club operates without any robust governance arrangements. The club operates as a separate entity with its own Ofsted and HMRC numbers but it is not registered as an individual business with Companies House and there is no indication that the Governors had formally agreed to take on its operation and associated risks; and
- There are no approved fully documented operating procedures for HR management which include remuneration, appraisals and promotions for example, although there is a safer recruitment policy, and therefore the risk of tribunal actions over employment matters/rights.

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Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.

Summary of Work Completed – Partial and No Assurance Opinions

Traded Services with Schools – Partial Assurance

Traded Services with Schools has been operating for many years. However, the Traded Services with Schools Team is still in the process of being fully established with several key stages being delayed, such as the appointment of a Commercial Manager. Several components have been put in place, including the introduction of the digital platform, Right Choice which allows all schools to view available packages for each service and purchase them all from one place. This has made invoicing more streamlined and facilitated analysis of purchasing activity that can be extracted directly from the system. There are three core team members:

- Interim Traded Services Director;
- Business Coordinator for Commercial Services; and
- School Improvement Officer.

Currently the team do not come under the umbrella of Traded Services and are funded by Children's Services.

Although decisions are progressing on the direction of Traded Services there are several key controls that are not in place and these need to be addressed. A major concern is that the financial data examined does not suggest that Traded Services with Schools will show a break even or operating profit position for the Council as a commercial venture. Before the Council consider the recommendations made, it is suggested that it reviews the objectives behind introducing a Traded Services with Schools Team and whether it will succeed as a self-funding commercial entity. If it decides it will and continues with this venture, then it needs to fully invest in it and allocate the resources necessary to address the recommendations and meet the objectives of the service.

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Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.

Added Value

Primarily Internal Audit is an assurance function and will remain as such. However, Members requested that we provide them with examples of where we have "added value" to a particular service or function under review. In response to this we have changed our approach and internal processes and will now formally capture at the end of each audit where we have "added value".

The SWAP definition of "added value" is "it refers to extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something "more" while adding little or nothing to its cost".

As we complete our operational audit reviews and through our governance audit programmes across SWAP, we seek to bring information and best practice to managers to help support their systems of risk management and control.

The following are examples of Added Value during 2018/19:

- Sharing of significant risks identified across our Partnership;
- Point of Practice Request from the Local Authority Chief Auditors Network (LACAN) for best practice in relation to the declaration and recording of Members and Officers gifts and hospitality;
- Timely review of the controls operating in the Court of Protection service following the identification of fraudulent activity;

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SWAP Internal Audit Services now has 26 partners, including 18 local authorities, and are proud to be a growing partnership.

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Partner Sharing Reports

With this vast resource of knowledge, SWAP undertake Partner sharing work, whereby requests are sent to each Partner to ascertain information on a specific subject area. A partner Sharing Report is then produced and distributed to each Partner.

The following SWAP Partner Sharing Reports have been produced during 2018/19:

- Building Control: Market Share and Fee Structure
- Electoral Registration Practice
- SEN Transport
- Business Rates Maximisation
- Bed and Breakfast VAT Charges
- Risk Policy/Strategy
- Data Protection Policy and Information
- Other Funding/Grants
- Business Continuity Management
- Sickness Management
- Revenue Debt Recovery
- Adult Debt Recovery Teams
- Waste Partnerships – Value for Money
- Elections – Compliance with DPA
- Parking Services – Benchmarking Survey
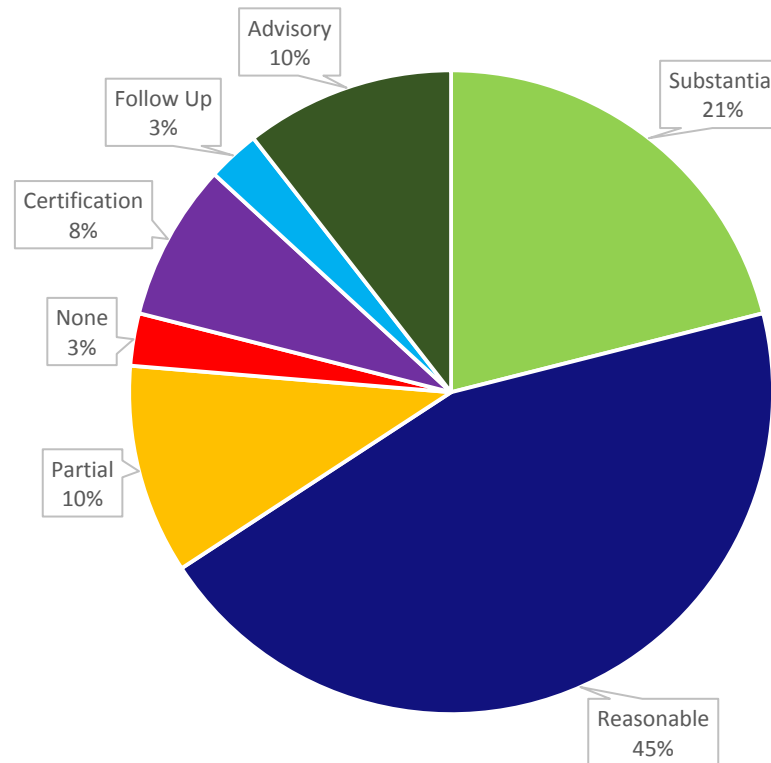
SWAP Performance - Summary of Audit Opinions

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- **Substantial**
- **Reasonable**
- **Partial**
- **None**
- **Non Opinion**
  - Certification
  - Follow Up
  - Advisory

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Summary of Control Assurance

Control Assurance by Category for the 2018/19 Internal Audit Plan

- Advisory 10%
- Follow Up 3%
- Certification 8%
- None 3%
- Partial 10%
- Substantial 21%
- Reasonable 45%

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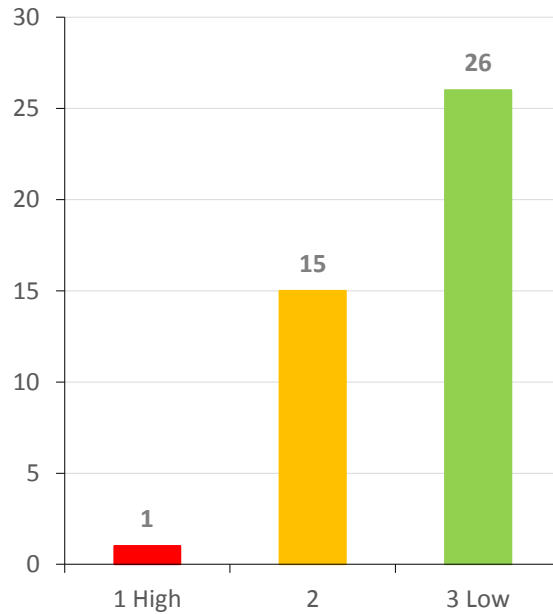Delivering Audit Excellence

Internal Audit Plan Progress 2018/2019
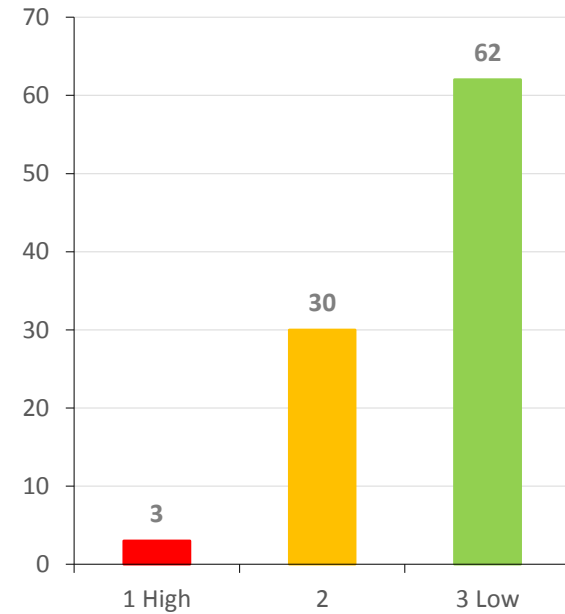
Summary of Audit Recommendations by Priority

Summary of Recommendations

Audit Recommendations by Priority 2018/19 Non Schools

Audit Recommendations by Priority 2018/19 Schools

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Aged Analysis of Audit Recommendations Exceeding the Agreed Target Implementation Date

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Summary of Recommendations

Outstanding Audit Recommendations by Priority
2017/18 and 2018/19
Non Schools

Priority	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	15	0	0	8	16	39
2	3	2	0	2	1	8
1	1	0	0	0	0	1
Totals	19	2	0	10	17	48

Outstanding Audit Recommendations by Priority
2017/18 and 2018/19
Schools

Priority	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	31	0	4	15	19	69
2	4	0	3	6	9	22
1	0	0	0	0	2	2
Totals	35	0	7	21	30	93

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Internal Audit Plan Progress 2018/2019

The Director of Planning for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

SWAP now provides the Internal Audit service for 26 Councils and also many subsidiary bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective outturn performance results for Wiltshire Council for the 2018/19 year (as at 27th March 2019) are as follows;

Performance Target	Average Performance
Audit Plan – Percentage Progress	
Completed	60%
Work at Report Stage	11%
Fieldwork	24%
Scoping	0%
Yet to commence	5%
Draft Reports Issued within 5 working days Issued within 10 working days	52% 72% (Average Days of 10)
Final Reports Issued within 10 working days of discussion of draft report	36% (Average Days of 26)
Quality of Audit Work Customer Satisfaction Questionnaire	99%

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

Approved Changes to the Audit Plan

Planned audit work is as detailed in **Appendix B**. Audit work remains under constant review to ensure that, if necessary, internal audit resources can also be targeted at emerging issues in a timely manner. Any changes that are required are agreed with the Director of Finance & Procurement (Section 151 Officer) and are reported to this Committee.

The Director of Finance & Procurement (Section 151) in discussion with the Head of Audit has agreed that the following amendments be made to the 2017/18 Audit Plan:

Audit	Amendment	Reason
Court of Protection	Addition	Requested by Client
Court of Protection File Review	Addition	Requested by Client
Waste Management Contract	Defer to 2019/20 Plan	Due to current contract issues, the Client has requested a deferral to 2019/20.
Budget Management	Removed	Review work is being carried out on budget management across the Council by Finance. This audit would likely duplicate this.
Main Accounting	Removed	With a change in approach by the new External Auditors, Deloitte, the scope of this audit would likely duplicate work.
Cloud Computing	Removed	There is currently no major migration of applications to the cloud.
Fraud Intelligence Hub	Defer to 2019/20 Plan	The Fraud Intelligence Hub is being developed by the CIPFA Counter Fraud Centre with BEA Systems in London. There are no further plans to extend outside London, however, this will be reviewed in 2019/20.
Liquidlogic Case Management Application	Removed	The implementation of the application has been delayed.
Adoption	Defer to 2019/20 Plan	The commencement date for the new regional adoption agency was delayed.

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Audit	Amendment	Reason
People with Learning Disabilities	Removed	Following research and an initial meeting, audit was advised that a consultant had been engaged. This audit would likely duplicate this work.
Workforce Planning	Defer to 2019/20 Plan	Following discussions with the service, the original scope of this review was found to be of little value at this time.
Financial Assessments	Defer to 2019/20 Plan	This audit has been rolled over due to additional work required as part of the Court of Protection reviews.
Network Management	Defer to 2019/20 Plan	This audit has been deferred to enable us to provide an accurate assurance of risk in this area to support and align with the proposed improvements as part of the Get Well programme.
Direct Payments	Defer to 2019/20 Plan	This audit has been rolled over due to additional work required as part of the Court of Protection reviews.
Cyber Security	Defer to 2019/20 Plan	This is deferred to enable us to provide an accurate assurance of risk to support and align with the proposed improvements as part of the Get Well programme.
Replacement Customer Service Application	Removed	The infrastructure is not advanced enough at present to enable this application to be implemented.
ICT Business Continuity	Defer to 2019/20 Plan	Resourcing issues due to sickness.
Street Lighting Contract Highways Consultancy Contract Ground Maintenance Contract	Merge	These audits will now be merged into one review of the contract management of these specific contracts.

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At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- **Substantial**
- **Reasonable**
- **Partial**
- **None**

Each audit covers key risks to that area. At the commencement of each audit risks are assessed at the corporate level on an inherent basis (the risk of exposure with no controls in place). The Client will also assess where they believe their level of risk to be, with controls in operation. Once the audit is completed, the lead auditor will carryout a final evaluation of the residual risk level, taking into consideration controls found to be in operation.

Audit Framework and Definitions

Assurance Definitions

None	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Definition of Corporate Risks

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

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Recommendations are prioritised from 1 to 3, based on importance to the service area. These are not necessarily how important they are to the organisation at a corporate level.

Categorisation of Recommendations

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

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Internal Audit Work Plan

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major	⟷	3 = Minor
						1	2	3
Complete								
Operational	Off Street Parking	Q1	Completed	Partial	2		1	1
Operational	Risk and Performance Management	Q1	Completed	Reasonable	7	1	6	
Operational	Supply Chain Management	Q1	Completed	Partial	5			5
Operational	Property Management – Third Party Income	Q1	Completed	Reasonable	5		2	3
Operational	Staff Survey Action Plans	Q1	Completed	Reasonable	2		1	1
Operational	Schools Financial Value Standard	Q1	Completed	Reasonable	5			5
Non-Opinion	National Fraud Initiative	Q1	Completed	Advisory	N/A			
Non-Opinion	Data Analytics Exercises	Q1	Completed	Advisory	N/A			
School	Thematic – Health & Safety of School Premises	Q1	Completed	Reasonable	3		2	1
Grant Certification	Public Health Grant	Q1	Completed	Certification	N/A			
School	Clarendon Juniors	Q1	Completed	Partial	12		7	5
School	Clarendon Infants	Q1	Completed	Reasonable	10		2	8
School	St Mary's	Q1	Completed	No Assurance	27	3	12	12
School	North Bradley Primary	Q1	Completed	Reasonable	7		2	5
School	Westbury Leigh	Q1	Completed	Substantial	4			4

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Internal Audit Work Plan							APPENDIX B		

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major	↔	3 = Minor	
						Recommendation			
						1	2	3	
Operational	Homelessness Reduction Act	Q2	Completed	Reasonable	1		1	
Follow Up	Land Charges	Q2	Completed	Follow Up	N/A			
Operational	Traded Services with Schools	Q2	Completed	Partial	5		3	2
Grant Certification	Local Authority Bus Subsidy	Q2	Completed	Certification	N/A			
Operational	Housing Repairs Contract	Q2	Completed	Advisory	N/A			
Operational	Early Years Funding	Q2	Completed	Substantial	0			
Operational	Management of Blue Badges	Q2	Completed	Reasonable	0			
Operational	Financial Regulations and Contract Standing Orders	Q3	Completed	Reasonable	2		1	1
School	St Thomas A Beckett	Q3	Completed	Reasonable	8		1	7
Key Control	Accounts Receivable	Q3	Completed	Substantial	1			1
Operational	Apprenticeship Levy	Q3	Completed	Reasonable	1			1
School	Cricklade St Sampson	Q3	Completed	Reasonable	3			3
School	Wylye Valley	Q3	Completed	Reasonable	8		3	5
Key Control	Housing and Council Tax Benefit	Q3	Completed	Substantial	1			1
Operational	Pension Fund Transfer	Q3	Completed	Substantial	0			
Key Control	Council Tax	Q3	Completed	Reasonable	2			2

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Internal Audit Work Plan							APPENDIX B		

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major	↔	3 = Minor
						Recommendation		
						1	2	3
Key Control	Business Rates	Q3	Completed	Substantial	0			
School	Studley Green	Q3	Completed	Reasonable	8			8
Key Control	Accounts Payable	Q3	Completed	Reasonable	3			3
Operational	Disabled Facilities Grants	Q4	Completed	Substantial	0			
Grant Certification	Troubled Families	Q1-Q4	Completed	Certification	N/A			
School	Monkton Park	Q4	Completed	Reasonable	3			3
Key Control	Treasury Management	Q4	Completed	Substantial	0			
Non-Opinion	Court of Protection	Q4	Completed	Advisory	N/A			
Reporting Stage								
Operational	General Data Protection Compliance	Q1	Draft Report					
Operational	Deferred Payments	Q2	Draft Report					
Operational	Data Breaches	Q2	Draft Report					
Operational	Counter Fraud Strategy and Framework	Q2	Draft Report					
Operational	Digital Transformation Stream	Q3	Draft Report					
Operational	Pensions	Q4	Discussion					
School	Amesbury Primary	Q4	Draft Report					

Internal Audit Work Plan								APPENDIX B	

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Minor Recommendation		
						1	2	3
In Progress								
Operational	Highways Contract – Use of Subcontractors	Q1	Fieldwork					
Advisory	Annual Governance Statement	Q1	Fieldwork					
Advisory	Organisational Fraud Awareness	Q1	Fieldwork					
Operational	Community Infrastructure Levy/S106 Agreements	Q2	Fieldwork					
Operational	Employment and Skills (Children's Services)	Q2	Fieldwork					
Operational	Mobile Computing/Device Management	Q2	Fieldwork					
Operational	Families and Children Transformation Stream	Q2	Fieldwork					
School	Thematic – Schools Financial Management	Q2	Fieldwork					
Key Control	Payroll	Q3	Fieldwork					
Follow Up	ICT Asset Management	Q3	Fieldwork					
Operational	Premises Health and Safety	Q3	Fieldwork					
School	Shalborne	Q4	Fieldwork					
Grant Certification	Growth Hub	Q4	Fieldwork					
Operational	Adult Social Care Contracts	Q4	Fieldwork					
Key Control	Housing Rents	Q4	Fieldwork					

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major	⟷	3 = Minor
						Recommendation		
						1	2	3
Non-Opinion	Court of Protection File Review	Q4	Fieldwork					
Yet to Commence								
Operational	Community Engagement Transformation Stream	Q3	Yet to Commence					
Operational	Commercialisation Transformation Stream	Q3	Yet to Commence					
Operational	Contract Reviews - Highways Consultancy / Street Lighting / Grounds Maintenance	Q3	Yet to Commence					

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Wiltshire Council

Proposed 2019-20 Internal Audit Plan
and Internal Audit Charter

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

The Internal Audit Plan: Summary

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2019/20 financial year.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage, will enable us to provide a well-informed and comprehensive year-end annual internal audit opinion.

Introduction and Objective of the Internal Audit Plan

Internal audit provides an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness.

Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed.

It should be noted that internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three lines of defence' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Authority's AGS.

It is the responsibility of the Authority's Corporate Leadership Team, and the Audit Committee, to determine that the audit coverage contained within the proposed audit plan is sufficient and appropriate in providing independent assurance against the key risks faced by the organisation.

When reviewing the proposed internal audit plan (as set out in Appendix 1), key questions to consider include:

- Are the areas selected for coverage this coming year appropriate?

- Does the internal audit plan cover the organisation's key risks as they are recognised by the Corporate Leadership Team and Audit Committee?

- Is sufficient assurance being received within our annual plan to monitor the organisation's risk profile effectively?

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The Internal Audit Plan: Approach

To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, in order to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes.

- Approach to Internal Audit Planning 2019/20

The factors considered in putting together the 2019/20 internal audit plan have been set out below:

Review of the Authority's current risk management framework, processes and risk management maturity

SWAP risk-assessment, based on our knowledge of the organisation, incorporating previous internal audit work, as well as emerging regional and national issues

Inclusion of audit follow up work incorporating any prior year weaknesses identified

Review of the Authority's key objectives and corporate plans

Review of the key risks featuring in the Authority's risk register

We also look to accommodate specific requests for assurance or advisory work from management and Members

Review of the Authority's fundamental business processes and key services

Liaison with External Audit and other relevant assurance providers where necessary

[Due to the pace of change within Local Authorities, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning has therefore also changed to reflect this. Instead of preparing a full twelve-month plan, we will prepare quarterly 'Agile', risk-assessed work plans, containing key areas of coverage, to ensure that we are auditing the right areas at the right time.]

We will regularly re-visit and adjust our programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems and controls. Our 2019/20 audit plan therefore reflects an increased contingency allocation, in order that the plan can remain flexible to respond to new and emerging risks as and when they are identified.

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The Internal Audit Plan: Risk Assessment

A documented risk assessment prior to developing an internal audit plan, ensures that sufficient and appropriate areas are identified for consideration.

As above, it is the responsibility of the Authority's Leadership Team, and the Audit Committee to ensure that, following our risk assessment, the proposed plan contains sufficient and appropriate coverage.

● Internal Audit Annual Risk Assessment

Our 2019/20 internal audit programme of work is based on a documented risk assessment, which SWAP will re-visit regularly, but at least annually. The input of senior management as well as review of the Authority's risk register will be considered in this process.

Below we have set out a summary of the outcomes of the risk assessment for Wiltshire Council:

Local Issues

Procurement & Commissioning
Programme Management
Partnership Governance
Safeguarding Children/Adults
Adoption/Fostering
Council Oversight of Maintained Schools
People Management
Public Health
Homelessness Strategy
Expenses
Income targets

Regional Issues

Devolution
Use and Management of Reserves
Achievement of Saving Targets
Calculation & Recording of Savings
Robustness of Medium-Term Financial Plan (MTFP)
Commercial Investments & Income Generation Strategies
Ongoing GDPR Compliance
Disclosure & Barring Service Checks
ICT Contract Management
Revenues Debt Recovery
Direct Payments
Fire Safety Management

Risk Assessment

Core Areas of Recommended Coverage

Risk Management
Financial Management
Corporate & Ethical Governance
Performance Management
ICT Security
Fraud Prevention & Detection
Information Management
Procurement and/ or Contract Management
Transformation Programme Management & Benefits
Realisation

National Issues

Brexit
Digital Transformation
Children's/ Adult's Social Care Budget Management
Children's Social Care Recruitment & Retention
SEND funding
Apprenticeship Schemes
Alternative Delivery Models
Supply Chain Management & Supplier Resilience
Making Tax Digital
Premises Health & Safety
The Role of Scrutiny

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The Internal Audit Plan: Coverage

Following our SWAP Risk Assessment above, we have set out how the proposed 19/20 plan presented in Appendix 1 provides coverage of the Authority's key corporate outcomes, as well as our core areas of recommended coverage.

Internal audit is only one source of assurance; therefore, where we have highlighted gaps in our coverage, assurance should be sought from other sources where possible in order to ensure sufficient and appropriate assurances are received.

Internal Audit Coverage in 2019/20

Following our SWAP risk assessment, we have set out below the extent to which the proposed plan presented in Appendix 1 provides coverage of the Authority's key corporate objectives, as well as our core areas of recommended coverage. Where we have highlighted limited or no coverage, Senior Management and Audit Committee should seek and document assurance from alternative sources, or consider re-focussing internal audit resource to provide coverage of these areas:

Community Involvement | Commercialism

People | Change

Corporate Outcomes

One Wiltshire Estate | Digital

Performance | Delivering Together

Reasonable Coverage | Partial Coverage | Limited Coverage | No Coverage

Risk Management

Performance Management

Procurement and/ or Contract Management

Information Management

Financial Management

Programme & Project Management

Corporate Governance

Core Assurance

People & Asset Management

Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.

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SWAP INTERNAL AUDIT SERVICES
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SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves. The SWAP Partnership now includes 26 public sector partners, crossing eight Counties, but also providing services throughout the UK.

As a company, SWAP has adopted the following values, which we ask our clients to assess us against following every piece of work that we do:

- **Candid**
- **Relevant**
- **Inclusive**
- **Innovative**
- **Dedicated**

Your Internal Audit Service

Audit Resources
The 2019/20 internal audit programme of work will be equivalent to 1800 days, including counter fraud and corruption work. The current internal audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work. The key contacts in respect of your internal audit service for Wiltshire Council are:

David Hill, Director – David.Hill@SWAPaudit.co.uk, 07595711087
Charlotte Wilson, Principal Auditor – Charlotte.Wilson@SWAPaudit.co.uk, 07732688505

Conformance with Public Sector Internal Audit Standards
SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Every three years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in March 2016 which confirmed conformance with the Public Sector Internal Audit Standards.

Conflicts of Interest
We are not aware of any conflicts of interest within Wiltshire Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

Consultancy Engagements
As part of our internal audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value and improve the organisation's operations. Consultancy work that is accepted, will contribute to our annual opinion and will be included in our plan of work.

Approach to Fraud
Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption. We have dedicated counter fraud resource available to undertake specific investigations if required. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with

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Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- **Benchmarking and sharing of best-practice between our public-sector Partners**

- **Regular newsletters and bulletins containing emerging issues and risks**

- **Communication of fraud alerts received both regionally and nationally**

- **Annual Member training sessions**

management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

Our Reporting

A summary of internal audit activity will be reported quarterly to senior management and the Audit Committee. This reporting will include any significant risk and control issues (including fraud risks), governance issues and other matters that require the attention of senior management and/or the Audit Committee. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the organisation.

Internal Audit Performance:

As part of our regular reporting to senior management and the Audit Committee, we will report on internal audit performance. The following performance targets will be used to measure the performance of our audit activity:

Performance Measure	Performance Target
Delivery of Annual Internal Audit Plan Completed at year end	>90%
Quality of Audit Work Overall Client Satisfaction (*did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation*)	>95%
Outcomes from Audit Work Value to the Organisation (*client view of whether our audit work met or exceeded expectations, in terms of value to their area*)	>95%

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It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review.

Link to Corporate Outcome/ Corporate Risk Register or Healthy Organisation Theme	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead
	Key Control Audits *TOTAL DAYS:*	**200**
Financial Management *Effective Financial Management is the bedrock of any successful organisation and is vital to the ongoing ability of local authorities to deliver services that the public wants*	**Key Financial Controls** *All key financial systems are subject to cyclical audits to review key controls as a minimum and to provide assurance on effectiveness of controls* *Main Accounting and Bank Reconciliation* *Accounts Payable/Electronic ordering systems/BACS payments* *Accounts Receivable* *Payroll and expenses* *Council Tax & Business Rates* *Housing & Council Tax Benefits* *Housing Rents* **New Finance System Implementation Support** *Adhoc advice to support the implementation of the new financial system*	**Director Finance & Procurement** – *Becky Hellard* **Director Finance & Procurement** – *Becky Hellard*
	Governance Audits *TOTAL DAYS:*	**125**
Corporate Governance *Corporate Governance refers to the strategic management practices and values and beliefs by which the Council operates*	**Financial Regulations and Contract Standing Orders Compliance** *Financial Regulations and Contract Standing Orders are a key part of financial governance and have recently been updated. This audit is to assess compliance by Officers and Members* **Council Oversight of Maintained Schools** *An audit to ascertain what internal controls are operating over maintained schools*	**Director Finance & Procurement** – *Becky Hellard* **Director Education & Skills** – *Helean Hughes*

SWAP INTERNAL AUDIT SERVICES *Assuring – Improving – Protecting*

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	Healthy Organisation *Drawing on the concept of Combined Assurance, the Healthy Organisation review is carried out jointly by Senior Management and Internal Audit together. It is a Health Check on 8 essential corporate functions which underpin day to day operational activities derived from work by the West of England Chief Internal Auditors Group and drawing on CIPFA and IIA material* **Partnership Governance** *Working in partnership & collaboration with other organisations has become increasingly important, to ensure a joined-up approach to service delivery, to maximise the use of resources and to help deliver key aims and objectives. This audit will be split into two phases, firstly identifying and risk assessing all partnerships across the Authority. This will be followed by a review of a selection of high-risk partnerships to assess the effectiveness of the framework established to govern these partnership arrangements*	**Director Finance & Procurement** – *Becky Hellard* *Director Legal & Democratic Services – Ian Gibbons*
	IT Audits **TOTAL DAYS:**	**155**
Risk Management *Organisations which can demonstrate and operate under a structured and active risk management approach, are far more likely to be able to focus upon their key priorities and outcomes and, in doing so, take informed and robust decisions*	**ICT Business Continuity** *Disaster Recovery processes have been invoked recently due to a UPS failure in one of the data centres resulting in a loss of services and business areas within the authority having to refer to their Service Business Continuity plans. There was an indication that business areas still relied heavily on the restoration of ICT to maintain their own BCPs. This review will test the controls in place between the business area and ICT*	**Director Digital Transformation & ICT** – *Paul Day*
Commissioning & Procurement *Assessing Procurement & Commissioning activity of a Local Authority is a critical determinant in establishing its effectiveness in both being able to deliver benefit for its community, but also in showing whether it can maximise value for money for its taxpayers*	**WAN Procurement Approach** *The authority is due to replace the contract for the Wide Area Network. Technologies for delivery of a WAN have changed significantly so this review will ensure that the authority have considered cost, resilience and future proofing*	**Director Digital Transformation & ICT** – *Paul Day*

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SWAP INTERNAL AUDIT SERVICES — Assuring – Improving – Protecting

Information Management *Effective Information Management will facilitate and support effective working, better decision-making, improved customer service and business transformation*	**Data Centre Operations** *The authority operates in a hybrid environment between 2 data centres and cloud provision. There have been recently failures in the data centres that have resulted in a loss of business continuity. This review will assess the adequacy of the environmental and physical controls for the 2 data centres*	**Director Digital Transformation & ICT** – *Paul Day*
	ICT & Digital Strategy *The new ICT and Digital Strategy has been presented to and approved by the Scrutiny Committee. It is due to be presented to Cabinet on 26th March 2019. This review will consider the controls in place to ensure it remains managed and realistic*	**Director Digital Transformation & ICT** – *Paul Day*
	High Level Cyber Security *At present, the authority is not PSN compliant and the wider strategy and policy frameworks need maturing. This would indicate specific control issues regarding ICT vulnerability and subsequent cyber security require awareness and improvement*	**Director Digital Transformation & ICT** – *Paul Day*
	Management of Hybrid Cloud Operations *Once the review for the data centre has been complete, we can them form an opinion on the controls in place regarding the management of the cloud element. These two reviews combined may influence future decisions of either a hybrid or full cloud environment*	**Director Digital Transformation & ICT** – *Paul Day*
	GDPR Compliance *An audit to assess the level of ongoing compliance with GDPR. This follows on from the GDPR Readiness work completed in 2018/2019*	**Director Corporate Functions & Digital** – *Robin Townsend*
Programme & Project Management *Organisations which can demonstrate and operate under a structured and active approach are far more likely to be able to focus their efforts and successfully achieve the delivery of anticipated outcomes*	**Agile ICT Audit Project Assurance including Get Well** *At present, the last major investment in the ICT Enterprise was in 2009 so at present, many parts of the infrastructure require a major refresh. This is being facilitated by a requirement for £13m of Capital of which £7.5m will be set aside for the "Get Well" programme which will be facilitated by various projects to upgrade infrastructure, communications, operating systems including the move to Windows 10 and ICT Service Management Processes. The timeline for the "Get Well" programme is currently 18 – 24 months.* *These days are available as part of an ongoing risk advisory at key part of the programme*	**Director Digital Transformation & ICT** – *Paul Day*

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	Service Reviews	TOTAL DAYS:	490
Financial Management *Effective Financial Management is the bedrock of any successful organisation and is vital to the ongoing ability of local authorities to deliver services that the public wants*	**Pension Fund Investments Transfer** *The pension fund investment management has been transferred to Brunel Investments Partnership. An audit review was undertaken in 2018/19 of the readiness for the transfer of assets. This audit is to conduct an annual check on the funds transfer to Brunel to ensure the project remains on track delivering the expected outcomes*		**Director Finance & Procurement** – *Becky Hellard*
	Corporate Debt Management *A review to identify the most efficient way of collecting debt for each income stream as well as how bad debts are collected once the standard routes are exhausted.* *Phase 1 will focus on the identification of the various income streams and every potential debt.* *Phase 2 of this work will identify the most efficient way of collecting debt for each income stream as well as the collection of bad debts once standard routes are exhausted.*		**Director Finance & Procurement** – *Becky Hellard*
	Medium Term Financial Strategy *A review of the effectiveness of the medium-term financial plan including the realisation of financial benefits and how embedded these are in the plan*		**Director Finance & Procurement** – *Becky Hellard*
	Adult Services - Deputyship for Service Users *Where the Court of Protection has appointed the Council to act on behalf of Service Users to provide assurance that processes and procedures are operating with appropriate control to adequately protect the Service Users interests*		**Director Access & Reablement** – *Emma Legg*
	Deprivation of Assets *To provide assurance that Service Users have not deprived themselves of assets prior to the financial assessment*		**Director Access & Reablement** – *Emma Legg*
	Financial Assessments *To review the controls operating over financial assessments and personal budgets for adult social care to ensure effectively supported by evidence of capital and savings to determine level of contributions*		**Director Access & Reablement** – *Emma Legg*

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	Commercial Trading *A review of Traded Services with Schools has been carried out in 2018/19. This audit will review the controls operating including to set, collect and manage fees and trading accounts across the Council as a whole with a focus on ensuring traded services are appropriately costed and corporate savings targets achieved*	**Director HR & OD** – *Jo Pitt*
	High Needs Block *A review to ensure adequate strategic and operational management of the High Needs Block funding*	**Director Education & Skills** – *Helean Hughes*
	Direct Payments *This audit will review the controls operating and compliance with statutory requirements of the Health & Social Care Act 2002 and to ensure direct payments not misused by service users. The audit will include the use of data analytics where appropriate to identify any themes or recurrent control weakness*	**Director Access & Reablement** – *Emma Legg*
Commissioning & Procurement *Assessing Procurement & Commissioning activity of a Local Authority is a critical determinant in establishing its effectiveness in both being able to deliver benefit for its community, but also in showing whether it can maximise value for money for its taxpayers*	**Contract Management** *A review of the end to end process of commissioning, procurement and contract management to provide assurance that the Council's contracts are being actively and effectively managed.*	**Director Finance & Procurement** – *Becky Hellard*
	Adoption *A regional adoption agency is due to go live imminently. This audit will examine the Council's relationship and expenditure controls*	**Director Families & Children** – *Lucy Townsend*
	Travel and Expense Claims Cloud Based System *A new cloud-based system has been tested by Payroll & Fleet. An RFQ is currently being drafted to procure the new application. This is to review the specification and controls to be implemented to ensure an adequate and robust system is implemented. A follow up of the previous staff travel and expense audit is also to be included*	**Director HR & OD** – *Jo Pitt*
	Waste Management Contract *The service is due to move to one integrated contract with a single provider, the value of which will be in excess of £30m per annum. This audit is to review the contract management arrangements to ensure the continued provision of agreed contracted services.*	**Director Waste & Environment** – *Tracy Carter*

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	Housing Repairs *Housing Repairs represents a major area of Housing service expenditure, approximately £5.4M per annum (revenue). The responsive repairs partnering contract terminated at the end of March 2019 and the majority of repairs and voids have been brought back in house. This audit is to provide support with this change as well as advice on the control environment.*	**Director Housing & Commercial** – *Simon Hendey*
	Public Health Contract Compliance *Public Health provides a number of health-related services to the public that are commissioned through external suppliers. This audit is to ensure that services are procured in accordance with policy and procedures and are not subject to legal challenge and to confirm that contracted services are delivered in accordance with the terms and conditions of the contract and the desired outcome achieved.*	**Director Public Health & Protection** – *Tracy Daszkiewicz*
Programme & Project Management *Organisations which can demonstrate and operate under a structured and active approach are far more likely to be able to focus their efforts and successfully achieve the delivery of anticipated outcomes*	**Programme Management** *This review is to examine the programme management approach to ensure projects are adequately managed and monitored to deliver the required outcomes in line with the new business case framework as well as demonstrating clear links to services plans and Council objectives* **Adult Social Care Transformation Stream** *The Transformation Streams are key in supporting the delivery of the Council's Business Plan priorities. This audit will review the programme management of the Transformation Stream to assess progress and ensure expected outcomes are being delivered* **SEN Children's Transition to Adult Services** *Currently, children will move to Adult Services at the age of 25. Wiltshire Council is considering a whole life plan. This piece of work will assess the arrangements in place for this transition* **Transformation Delivery – Lessons Learnt** *There have been a number of recent incidents where councils have failed to secure the expected benefits and revenue savings from ambitious transformation programmes and depleted reserves to compensate. This will review the lessons learnt from such cases and provide assurance around the various transformation streams*	**Director Corporate Functions & Digital** – *Robin Townsend* **Various** **Director Families & Children** – *Lucy Townsend* **Various**

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People & Asset Management *Organisations which can demonstrate and operate under a structured and active approach to asset management are far more likely to be able to focus any available investment against key priorities and, as a direct result, deliver improved outcomes*	**Strategic Assets and Facilities** *An audit to assess the management of strategic assets and repairs. To include strategy for disposal* **Planned Maintenance of Leasehold Properties** *Ensuring all recharges for planned maintenance are recovered* **Workforce Planning** *A new People Strategy was launched in 2017/18 with the aim of being aligned to the Council's Business Plan. This audit will review the implementation of the action plan, supporting the delivery of the Business Plan and transformation with a focus on the priority of employee engagement* **Homelessness Strategy** *The Homelessness Reduction Act 2017 which came into force in April 2018 places a new responsibility on the Council. It significantly reformed England's homelessness legislation by placing duties on local authorities to intervene at earlier stages to prevent homelessness in their areas. This review is to assess the compliance of the strategy with the Homelessness Reduction Act*	**Director Housing & Commercial** – *Simon Hendey* **Director Housing & Commercial** – *Simon Hendey* **Director HR & OD** – *Jo Pitt* **Director Housing & Commercial** – *Simon Hendey*
Schools and Early Years		**TOTAL DAYS:** 155
Performance Management *Performance management provides a transparent platform upon which the service is accountable to its citizens and service users for the effectiveness of its service provision and delivery of its objectives*	**School Audits** *Based on intelligence from Children's Services to undertake school audits on specific areas of concern as and when required (either as thematic school audits, or individual specific schools)* **Schools – Follow-Ups and School Visit Contingency** *Follow up of prior year 'Partial' audits and the implementation status of agreed actions and school visit requests during the year*	**Various** **Various**

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	Follow Up Audits *TOTAL DAYS:*	**32**
Performance Management *Performance management provides a transparent platform upon which the service is accountable to its citizens and service users for the effectiveness of its service provision and delivery of its objectives*	**Follow Up Work** *Follow up of prior year 'Partial' audits and the implementation status of agreed actions*	**Various**
	Counter Fraud & Corruption *TOTAL DAYS:*	**360**
	Proactive Fraud Investigations *Linked to risks in Protecting the Public Purse* **Reactive Fraud Investigations** *To undertake ad hoc unplanned investigations as agreed* **National Fraud Initiative** *To assist the Council to monitor investigation of matches* **Organisational Fraud Awareness** *Fraud awareness is key across the Council in responding to fraud and corruption and developing a strong anti-fraud culture and deterrent. This will be by seeking to raise awareness of the risk of fraud and corruption amongst officers, residents and Members to maximise protection of the Council's assets and reputation. SWAP will raise awareness through for example use of the Intranet, e-learning, workshops and alerts to in particular to key groups of officers* **Data Analytics Exercises** *The use of data analytics to examine 100% of data transactions is an effective tool in identifying fraud and error*	

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	Fraud Intelligence Hub *In 2016 the CIPFA Counter Fraud Centre, together with BAE developed a Counter Fraud Hub for London using advanced analytical software. This has yielded significant results in the matching of data across Londo n Councils and identifying fraud. They are now looking at expanding outside London and developing pilots. The Council's S151 Officer has already registered interest in the Council being a pilot and for this piece of work and SWAP will take this forward*	
	Other *TOTAL DAYS:*	*283*
	Grant Certifications *Troubled Families* *Public Health Grant* *Growth Hub* *Local Authority Bus Subsidy* **Contingency for Emerging Risk Areas and Specific Management Requests** **Ad Hoc Requests for Audit Advice & Guidance** **Audit Planning and Committee Reporting**	

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SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

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The Internal Audit Charter

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

Approval
This Charter was last approved by the Audit & Governance Committee on 13th March 2017 and is reviewed each year to confirm it remains accurate and up to date.

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

The budget for the provision of the internal audit service is determined by the Council, in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the Council, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the Council's level of contribution to SWAP. This is reviewed each year by the Head of Internal Audit, Chief Financial Officer (as s151 Officer) in consultation with the Chief Executive of SWAP.

Role of Internal Audit
The Accounts and Audit (England) Regulations 2015, state that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance."*

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

Responsibilities of Management and of Internal Audit

Management[1]
Management is responsible for determining the scope, except where specified by statute, of internal audit work and for deciding the action to be taken on the outcome of, or findings from, their work. Management is responsible for ensuring SWAP has:

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

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

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

[1] In this instance Management refers to the Corporate Leadership Team

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Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS); SWAP has been independently assessed and found to be in Conformance with the Standards.

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

Relationship with the External Auditors/Other Regulatory Bodies
Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

Status of Internal Audit in the Organisation
The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. The Chief Executive of SWAP and the Assistant Director also report to the Head of Internal Audit, Chief Financial Officer (as s151 Officer), and reports to the Audit & Governance Committee as set out below.

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

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

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

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management of risks;
- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls with regard to the objectives of the Council and its services;

- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether Dorset County Council is in compliance;

- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;

- appraising the economy, efficiency and effectiveness with which resources are employed;

- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.

- reviewing the operations of the council in support of the Council's anti-fraud and corruption policy.

- at the specific request of management, internal audit may provide consultancy services provided:

  ➢ the internal auditor's independence is not compromised

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➢ the internal audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay

➢ the scope of the consultancy assignment is clearly defined and management have made proper provision for resources within the annual audit plan

➢ management understand that the work being undertaken is not internal audit work.

Planning and Reporting

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

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

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

Internal audit reports will normally be by means of a brief presentation to the relevant manager accompanied by a detailed report in writing. The detailed report will be copied to the relevant line management, who will already have been made fully aware of the detail and whose co-operation in preparing the summary report will have been sought. The detailed report will also be copied to the Head of Internal Audit, Chief Financial Officer (as s151 Officer) and to other relevant line management.

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

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

February 2019

Head of Internal Audit Engagement

Challenges facing the Head of Internal Audit in a challenging Local Government.

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The Role of the HoIA and engagement with our Partners & Clients

Note – CIPFA has produced draft guidance on the Head of Internal Audit (HIA) Principles. The document covers 5 Key Principles for the HIA and some of the content of this document has been gleaned from that.

Local Government finds itself in an unprecedented time of financial pressure, increasing challenges and transformation. As a result, the HIA faces the challenge of meeting the higher expectations from their organisations to help them look forward and navigate their way through the ever-changing risk environment.

Whilst the HIA is not responsible for the production of the Annual Governance Statement (AGS), the annual opinion of the HIA should support the organisation's AGS by providing adequate assurance on risk management and the effectiveness of the control environment.

It is of course the Senior Leadership Team's responsibility to ensure the organisation is achieving its objectives and that there is good governance and an effective framework for managing risk and internal control. The HIA's Annual Opinion offers independent assurance that that is the case; to do that effectively, the HIA's Opinion must be 'evidence based' with a sound knowledge and understanding of organisations risks.

To enable the HIA's Opinion to be truly evidence based, it has to begin with an Annual Plan which focusses on the major and strategic risks faced by the organisation. The plan must be flexible to respond to new risks, not the following year, but, as they emerge. In order to achieve this the HIA must have their 'finger on the pulse' of the organisation and have the full support and engagement of the Senior Leadership Team for the organisation they serve.

The CIPFA document referred to above states that there should be an establishment of "*clear lines of reporting to the leadership team and to the audit committee*."

For SWAP Partners, the role of HIA is filled by the site Assistant Director. They are responsible for the development of the Annual Audit Plan and for offering an Assurance Opinion at the end of the year. Whilst the process for planning and reporting to the Audit Committee seems to be reasonably sound[**], there could be some improvement in the on-going communication between the HIA and the Senior Leadership and Departmental Management Teams.

In an unstable world, the risks facing organisations is rapidly changing more than ever. In order to provide their assurance, the HIA must become of aware of these pressures and be involved at an early stage so that their annual plan can be flexed accordingly to meet these emerging risks and add true value to the organisation. Failure to achieve that will result in a risk that annual plan will be adhered to and delivered but will not support an 'evidence based' annual opinion from the HIA; reducing the confidence the organisation can have in the assurance offered.

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We therefore propose that the HIA (or their Senior Representative) should meet with the Senior Leadership and Departmental Management Teams on a quarterly basis in line with the following timetable:

MONTH	Meeting Purpose
JANUARY	Review progress against the annual plan and discuss the development of the following year plan.
MARCH	Review progress against the annual plan and agree the following year plan for approval by the Audit Committee.
JULY	Review progress against the annual plan and discuss new and emerging risks. Determine if the current plan needs to be 'flexed' accordingly.
OCTOBER	Review progress against the annual plan and discuss new and emerging risks. Determine if the current plan needs to be 'flexed' accordingly.

Such meetings would not of course preclude ad-hoc urgent requests to flex the plan to meet immediate needs.

We recommend that SWAP Client Officers submit this proposal to their respective Senior Leadership Teams for agreement and implementation effective from January 2019.

**SWAP is currently in the process of reviewing its planning processes to ensure it is robust and fit for purpose in providing an 'evidence based' opinion.

Wiltshire Council

Audit Committee

17 April 2019

Subject: **Year End Closedown**

Cabinet member: **Cllr Philip Whitehead – Finance, Procurement, IT and Operation Assets**

Key Decision: **No**

Purpose of Report

1.   This report updates the Audit Committee on year end closedown.

Background

2.   The Council has recently passed its financial year end of 31 March. Annual work is ongoing in order to produce a draft Statement of Accounts by the statutory deadline of 31 May 2019.

3.   The draft Statement of Accounts will be brought, together with the Outturn report, to Cabinet on 11 June 2019.

4.   Deloitte start their final audit on 3 June and it is proposed that the final audited accounts will be brought to the next Audit Committee on 21 July 2019.

Main Considerations

5.   Full information on closedown has been sent to budget managers and information has been included in the Electric Wire. Forms and detailed information have been uploaded to the Wire so they are easily available for all staff.

6.   This is the first year of audit from Deloitte. In preparation for the year end audit, they have recently finished interim work which will used during the final audit.

7.   Accountancy produce a year end timetable which shows deadlines that are required to be met to year end deadlines. At time of writing all work had met the year end time table. It is not expected there will be any delays in the closedown process. Further updates of current position will be made during the audit committee.

8.   A summary of the key dates in the timetable is as follows:

Sunday	31	March	YEAR END 2018/2019
Friday	5	April	Date for final AP run that will be carried back into old year
Thursday	11	April	Final Sundry Creditors and Debtors schedules to be completed and posted
Wednesday	17	April	Reconciliation of all feeder systems completed
Wednesday	17	April	Audit Committee Discuss draft AGS and Accounting Policies
Tuesday	30	April	Ledger closes for period 13 @ 5.00 pm
Friday	17	May	Final Revenue outturn report circulated to CFO
Friday	31	May	Sign Off Draft Accounts Chief Financial Officer
Monday	3	June	Final Audit Deloitte Commences
Tuesday	11	June	Cabinet receives outturn report and draft accounts
Wednesday	24	July	Audit committee Meeting to sign off accounts
Wednesday	24	July	Sign off and audit close

Risk Assessment

9.   There are no direct risk implications associated with this report.

Equality and Diversity Impact of the Proposal

10.   None have been identified as arising directly from this report.

Environmental Impact of the Proposal

11.   There are no direct environmental implications associated with this report.

Financial Implications

12.   This report gives an update on the Council's closedown process and preparation of the annual Statement of Accounts.

Legal Implications

13.   None have been identified as arising directly from this report.

Recommendations

14.   It is recommended that the Audit Committee notes this report.

BECKY HELLARD
Interim Director Finance & Procurement

Report Author: Matthew Tiller – Chief Accountant

Wiltshire Council

Cabinet

26 March 2019

Subject: **Adoption of a new Performance Management and Risk Management Policy**

Cabinet Member: **Cllr Philip Whitehead**

Key Decision: **N**

Executive Summary

This report introduces an updated policy for the management of performance and risk across the Council.

Wiltshire Council uses performance and risk management alongside strong budget management to ensure that the work undertaken by the Council's services and partnerships is delivering the stated priorities of the Council; making the best use of available resources.

The new policy combines and codifies existing practice and also responds to the recommendations of the recent Corporate Peer Challenge. Among other recommendations the corporate peers suggested that in order to enable the most effective delivery of the Business Plan the Council should seek to clarify and quantify its key priorities. Sharper focus should be brought to organisational delivery and resource allocation which underpin this. Also, that the Council should more closely align financial and budget planning to organisational priorities and underpin this with a more robust planning and performance management regime. This will enable better linking of business and financial planning and further supporting a culture of openness and accountability.

A recent internal audit of Performance and Risk concluded that the most significant action required was to put in place up-to-date and comprehensive strategic documentation. The audit report also suggested that the Council should revisit its risk appetite and how this is defined.

The new policy is a response to these findings and recommendations and also formalises much of the current practice which has been developed since previous separate strategies were approved. The new policy sets out an assurance framework; including risk and linking to financial management, which through business planning, monitoring and management links all activity back to Wiltshire Council's strategic priorities as set out in the Business Plan.

Proposal(s)

Cabinet are asked to approve and adopt the new Performance and Risk Management Policy, to delegate to the Cabinet member for Finance, Procurement, ICT and Operational Assets the authority to approve amendments do not make material change to the policy and to delegate to the Director of Corporate Functions & Digital and the Director of Finance the responsibility for the policy's implementation.

Reason for Proposal(s)

Current strategies do not reflect practice which has been developed and improved in recent years. The new policy clarifies and codifies a corporate approach to performance and risk management that also meets the recommendations of the Corporate Peer Challenge and Internal Audit.

Alistair Cunningham,
Corporate Director

Wiltshire Council

Cabinet

26 March 2019

Subject: **Adoption of a new Performance Management and Risk Management Policy**

Cabinet Member: Cllr Philip Whitehead

Key Decision: N

Purpose of Report

1. This report introduces the new corporate Performance and Risk Management Policy that sets out an assurance framework including business planning, performance management and risk management. The Cabinet is asked to approve the policy.

Relevance to the Council's Business Plan

2. The Council's Business Plan explains that Wiltshire Council will work to become an innovative and effective Council. One of the eight key areas highlighted under this ambition is performance. Approving this new policy is a step towards delivering effective performance management driving a focus on customers and delivering better outcomes.

Background

3. Performance and Risk Management currently operates across Wiltshire Council on a set of informally agreed principles. The existing Risk Management Strategy dates from 2014 and the practice of risk management in Wiltshire Council has grown and improved beyond the boundaries set by that strategy. Performance Management operates by a process agreed and supported by the Corporate Leadership Team.

4. The Corporate Peer Challenge, undertaken by the Local Government Association at the end of 2017, identified the need *"To enable the most effective delivery of the Council's Business Plan it should seek to clarify and quantify its key priorities. In such a way a sharper focus can be brought to organisational delivery and resource allocation which underpin this."*. The Council's response to this particular challenge has been to develop a comprehensive service planning approach which would form part of an Assurance Framework *"…one that more explicitly links business, risk, financial planning, and major programmes into one coherent whole with a clear and coherent 'Golden Thread' throughout".*

5. The Corporate Policy and Assurance team have been developing this assurance framework for the last 12 months. The new Performance and Risk Management Policy ensures that the future development of that framework and the practice it leads to addresses the needs identified by the Peer

Challenge. The policy and its associated guidance have been designed to implement a standard approach across the Council while minimising the demands on services to complete reporting processes.

6. In October and November 2018 an internal audit of Performance and Risk Management in Wiltshire Council was completed at the request of the Council's Audit Committee. Overall the conclusion was that controls in place were *Reasonable*.

7. One high priority recommendation was made which was to ensure that there is appropriate strategic documentation in place to manage performance and risk across the Council. The new Performance and Risk Management Policy and its related guidance are the required strategic documentation.

8. The Audit also suggested that the Council review and set its risk appetite. Currently the Council has a blanket score level risk appetite that has not been fully reviewed since 2014. The new Performance and Risk Management Policy sets out a process by which the Council will set a more nuanced risk appetite in the future and a process for reviewing the appetite set.

Main Considerations for the Council

9. The new Performance and Risk Management Policy aims to provide a framework that covers business planning, performance and risk management and a link with financial management. There are a number of key areas in which the new policy will shape the Council's approach to performance and risk management.

A Corporate Performance Assurance Framework

10. The new policy makes provision for a consistent approach to business planning to be the link that connects performance, risk and financial management to the priorities in the Council's business plan. Outcome delivery planning will be used to direct activities across the organisation; replacing service-based business planning. Outcomes around which delivery plans are established will be developed from Wiltshire Council's Business Plan. Each outcome plan will involve actions from a number of service areas.

11. Every service activity has a measure of success that can be used as a performance measure and the risks that prevent success are considered. Outcome plans are written with the proposed budget in mind in the final quarter of the financial year. Budget planning is informed by service planning (which covers the following four years) in the third quarter of the following financial year.

Wiltshire Council's Corporate Assurance Framework
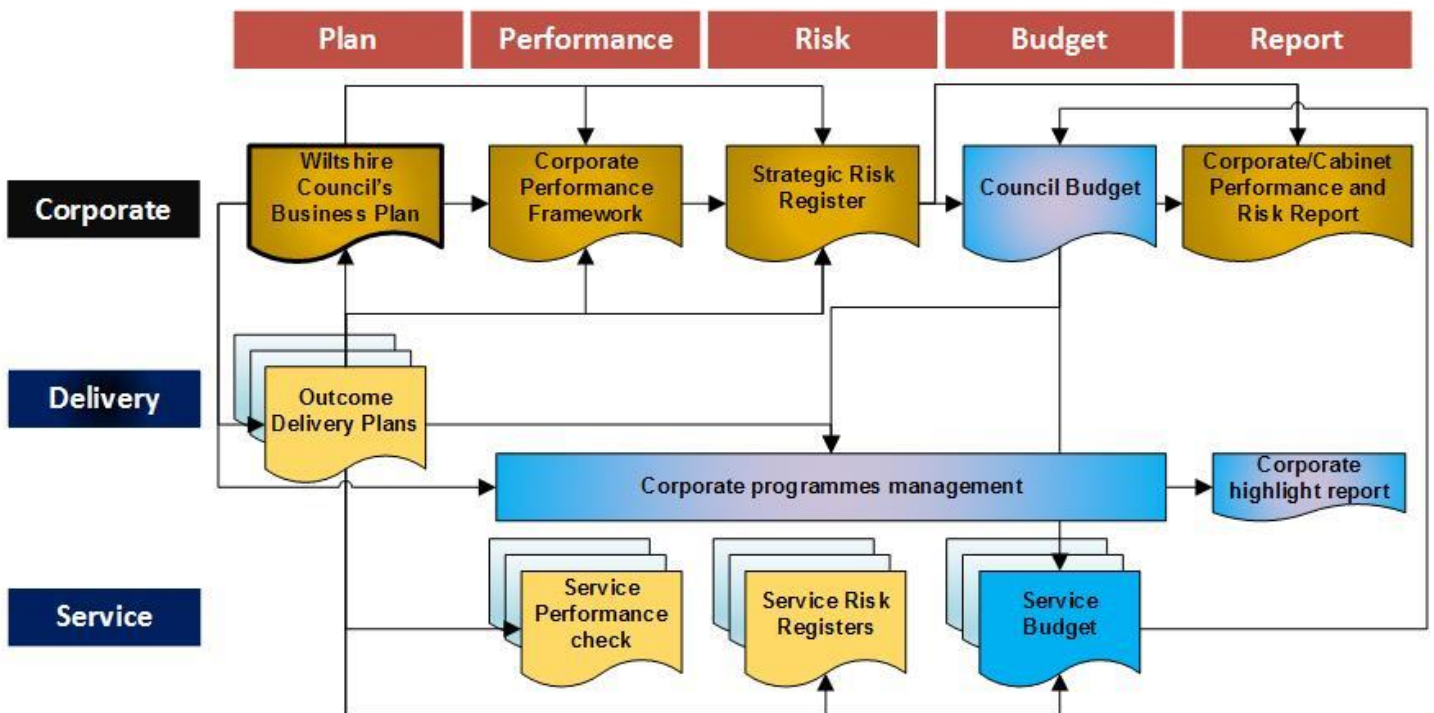
12. The policy will apply across the whole Council and all departments will be required to follow the guidance in terms of planning, performance management and risk management. This consistency of approach is essential to ensure that the Council is able to understand how well it is performing and to prioritise resources to make changes and improvement where they are most needed.

13. A Corporate Performance Framework has been created from service plans and links specific performance measures to business plan outcomes. This will continue to be updated from outcome plans.

14. A Strategic Risk Register has been created from risks identified through the business planning process, management overview and programme management. The strategic risk register is designed to provide an overview of the major risks to the Council as a whole. These are the risks that, if they became an issue, could prevent the Council realising its strategic ambitions. The register includes significant service risks and strategic composite risks (an overview of similar risks across different services).

Roles and Responsibilities

15. The Cabinet own the policy and reviews and amendments to the policy will be approved by Cabinet in the future.

16. The Council's Audit Committee will have an opportunity to comment on and review the process by which the policy is implemented in order to be assured that performance and risk management are carried out in a robust manner.

17. The Financial Planning Task Group (a task group of the Council's Overview and Scrutiny Management Committee) will review the reporting of performance and risk on a quarterly basis.

18. The Council's Corporate Leadership Team own the Corporate Performance Framework and the Strategic Risk Register.

19. The Cabinet member for Finance, Procurement, ICT and Operational Assets will have an input into the formation and changes to the Corporate Performance Framework and the Strategic Risk Register. Other Cabinet leads will have influence through the Outcome Scorecard process.

20. Individual services have responsibility for scoring risks and compiling performance measures that belong to them. Processes designed to ease these tasks have been implemented and the corporate team is available to support services where needed.

21. Services also have responsibility to identify new risks or performance measures that may be relevant.

22. The corporate risk and performance team is responsible for the collection, collation and reporting of corporate performance and strategic risk. The team will also be providing training and support for services and managers to help ensure a consistent approach to performance and risk management across the Council.

Reporting

23. Reporting of performance measures from the Corporate Performance Framework and risk scores from the Strategic Risk Register will happen at three distinct levels.

   a. Director – quarterly submissions of performance information and risks scores will be reviewed by directorate management teams and signed off by Directors. Score cards and risks registers for this purpose are provided by the corporate team.

   b. Outcome – a scorecard for each Outcome Delivery Plan will be compiled on a quarterly basis to included key measures and risks. Corporate Directors have the option to use these in meetings including key members of staff and key Councillors, specifically cabinet leads.

   c. Whole Council – the Cabinet will continue to receive a quarterly report which will summarise the Corporate Performance Framework with selected measures from the framework showing progress towards the Business Plan outcomes. The report will also include the Strategic risk register.

24. Formalising the assurance framework in the Performance and Risk policy and a change to the corporate budgeting timetable (moving the final budget setting earlier in the financial year) provides the opportunity to include financial reporting alongside performance and risk. This is a long-held aspiration.

<u>Risk Appetite</u>

25. A recommendation of the recent internal audit was to review the Council's risk appetite.

26. Risk appetite is the amount and type of risk that the Council is willing to take in order to achieve its strategic objectives.

27. The Council's risk appetite was last set in 2014 and at a single generic level across all risks. The new Corporate Performance and Risk Policy demands that the Council takes a more nuanced approach and sets an appetite for each of the major risk categories it employs.

28. Risks are scored by multiplying an impact score by a likelihood score. All risks thus have a score level between one and 16. Risk appetite is applied to the inherent risk score.

29. The risk appetite is shown as a score above which a risk is expected not to be tolerated by the Council. A higher risk appetite level means that the Council could be prepared to accept a greater risk in order to achieve its priorities. A lower risk appetite level means that the Council is less prepared to tolerate risk.

30. The Corporate Performance and Risk Team have reviewed recent risk scoring and the Corporate Leadership Team have agreed the following risk appetite.

Risk Category	Risk Appetite (Maximum Inherent Risk tolerated)	
Health and Safety	< 8	Less risk accepted
Legal	< 9	
Staffing/ People	< 9	
Financial	< 12	
Service delivery	< 12	
Reputation	< 16	More risk accepted

31. In the agreed appetite above the Council is suggesting that it is more willing to risk damage to its reputation that it is to see health and safety compromised in pursuit of its priorities.

32. In future risks that fall outside the Council's set appetite will be highlighted and reported. There will be an expectation that such risks will be treated (mitigated against), terminated or transferred rather than tolerated.

33. The Corporate Performance and Risk policy states that the Council's risk appetite will be reviewed by the Corporate Leadership Team. This review will occur once a year in the first quarter of the financial year.

Overview and Scrutiny Engagement

34. Feedback from the Financial Planning Task Group has influenced the development of practice and the approach taken in the draft policy.

Safeguarding Implications

35. There are no safeguarding implications of the decision being proposed.

Public Health Implications

36. There are no public health implications of the decision being proposed.

Procurement Implications

37. There are no procurement implications of the decision being proposed.

Equalities Impact of the Proposal

38. The Proposal does not impact on any group who share a protected characteristic more than the population as a whole.

Environmental and Climate Change Considerations

39. There are no environmental or climate change considerations.

Risks that may arise if the proposed decision and related work is not taken

40. There is a reputational and service delivery risk that if the new Corporate Performance and Risk Management policy is not approved Wiltshire Council will not be responding to the outcomes of the Corporate Peer review or of its own internal audit.

41. There is a service delivery risk that without formalising the current arrangements for performance and risk management across the Council the Council will be unable to ensure that it is managing its services, delivering against its strategic aims and prioritising its scarce resources as efficiently as possible.

42. There is a reputational risk that in not formalising a risk management process one or more improperly managed risks will become issues that do great damage to the Council's ability to deliver its strategic programme.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

43. There is a service delivery risk that the potential for a Strategic Performance Hub, for which a business case is currently being prepared, can overtake and clash with the proposed policy. The Policy and approach have been designed in a way that they can be incorporated into a future Strategic Performance Hub should it be developed.

44. There is a service delivery risk that those with responsibility for managing performance and risk at a service level are unaware or not used to the prescribed approach. The likely outcome is that we would not achieve a standardised approach to performance and risk management across the Council. In order to prevent this the corporate Performance and Risk Management team will provide training and support to all services as required.

Financial Implications

45. Adoption of this policy provides the opportunity to link financial planning with business planning as well as linking financial reporting to performance reporting. This closer linking at a corporate level will enable the best information to be available to decision makers.

Legal Implications

46. Regular review of Performance and Risk Management Policy ensures a healthy corporate approach to management. The Development of this policy will assist in providing a consistent approach to business planning to be the link that connects performance, risk and financial management to the priorities in the council's business plan. Adherence to this policy can support the review that provides evidence for the completion of the annual governance statement.

47. Paragraph 3.1 of Part 3 section B provides that the Cabinet can Adopt on behalf of Wiltshire Council any plans, policies or strategies which do not form part of the policy framework and are not the responsibility of any other part of the local authority. This Policy meets this criteria.

48. It is recommended that regular (annual) review of this policy is undertaken to ensure that it remains fit for purpose. Annual Gove statement

Conclusions

49.   Cabinet are asked to approve and adopt the new Performance and Risk Management Policy and agree the suggested risk appetite.

Robin Townsend (Director - Corporate Functions and Digital)

Report Author: Toby Eliot, Corporate Support Manager,
toby.eliot@wiltshire.gov.uk, Tel: 01225 713886

February 2019

Appendices

Appendix 1 – Performance and Risk Management Policy

Wiltshire Council Performance and Risk Management Policy

February 2019

Document control

Reference Number	1.0	Status	Draft
Sponsor(s)	Cllr Philip Whitehead Robin Townsend	Author(s)	Toby Eliot
Document objectives	To establish a unified approach to performance and risk management across Wiltshire Council		
Intended Recipients	Leaders, councillors and staff of Wiltshire Council. Specifically, Cabinet, CLT and heads of service.		
Group/Persons Consulted:		Responsible Cabinet Member Performance and Risk leads across council services Internal Audit Financial Planning Task Group	
Ratifying Body	Cabinet	Date Ratified	March 2019
Date of Issue	February 2019		
Next Review Date		March 2020	
Contact for Review		Toby Eliot, Corporate Support Manager	

Wiltshire Council Performance and Risk Management Policy

Table of Contents

1 Introduction

Wiltshire Council's vision is to create stronger communities in the county. We will achieve this by growing the economy, providing the building blocks for strong communities, protecting those who are most vulnerable and becoming an innovative and effective council.

Wiltshire Council will use performance and risk management alongside strong priority based budgeting to ensure that the work undertaken by the council's services and partnerships is delivering the stated priorities of the council while maximising the use of available resources.

The purpose of Performance Management is to evaluate the efficiency and effectiveness of the work undertaken by the council, to understand where improvements can be made and to prioritise those changes to delivery.

The purpose of Risk Management is to provide decision makers with evidenced assessment of the likely impact of their decisions for the people of Wiltshire and on the council as a whole. It also enables decision makers to identify and evaluate emerging risks, consider mitigating factors and adapt plans accordingly.

Performance and risk management sit together with financial management in helping guide the decisions of Wiltshire Council and helping shape the ongoing change within the County and facing the organisation. Performance and risk management operate at the corporate level and at each outcome and service level. This policy covers all general principles for performance and risk management across Wiltshire Council.

2 Aims

The aim of this policy is to ensure delivery of our priorities by providing a clear framework for managing Performance and Risk Management across the council.

By achieving this the Council will improve its ability to:

- Articulate our priorities in terms of performance outcomes
- Prioritise what gets done within the resources available
- Provide and demonstrate value for money
- Provide excellent services for the community
- Improve delivery of outcomes
- Motivate and manage our staff who are the key resource

- Improve the way we use information to make decisions
- Enhance the link between risk and the performance of the Council

3 Objectives

This policy and its related guidance set out how Wiltshire Council will:

- Provide an understanding and overview of performance and risk across all council services to improve the corporate decision making process.
- Define an outcome based planning process to align the work of all services across the council.
- Assess, record, monitor and manage performance outturns and risk at strategic and operational levels
- Ensure that all staff have an understanding of the success of their input into the delivery of outcomes and have a clear knowledge of where there is a need to change and improve.
- Ensure that work undertaken by the council and partners is aligned to the delivery of the council's strategic priorities and that the measurement of the success of that work delivers the ambition in the council's Business Plan.
- Ensure that risks that have an impact on the council's ability to achieve its strategic priorities are identified, understood and managed at appropriate levels. And that, with the setting of appropriate risk appetites, risk management is seen as an enabler of change.

4 Principles

The following apply across Wiltshire Council:

Corporate responsibility
The monitoring and management of performance and risk across the council is set within a strategic context and the overview is owned by the corporate leadership team. Corporate teams will help collate the information identified and manage the corporate reporting to the Corporate Leadership Team (CLT) and Cabinet, but the accountability and responsibility of identifying, recording, monitoring and managing risk, performance and planning sits with Heads of Service and with Directors[1].

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[1] The Corporate Leadership Team is also assessing the viability of establishing a Business Intelligence Hub – a professional BI community that will analyse and evaluate data and turn it into an actionable business intelligence and insight that drives transformation for our customers.

The BIH will provide a service to all parts of the organisation to help make more informed decisions that maximise productivity and operation efficiencies, encourage innovations and make services run smarter. Roles and responsibilities are subject to change based on the potential for the development of a BIH (February 2019).

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The Corporate Assurance Framework (performance, risk and financial management) is described in the diagram below.

Wiltshire Council's Corporate Assurance Framework
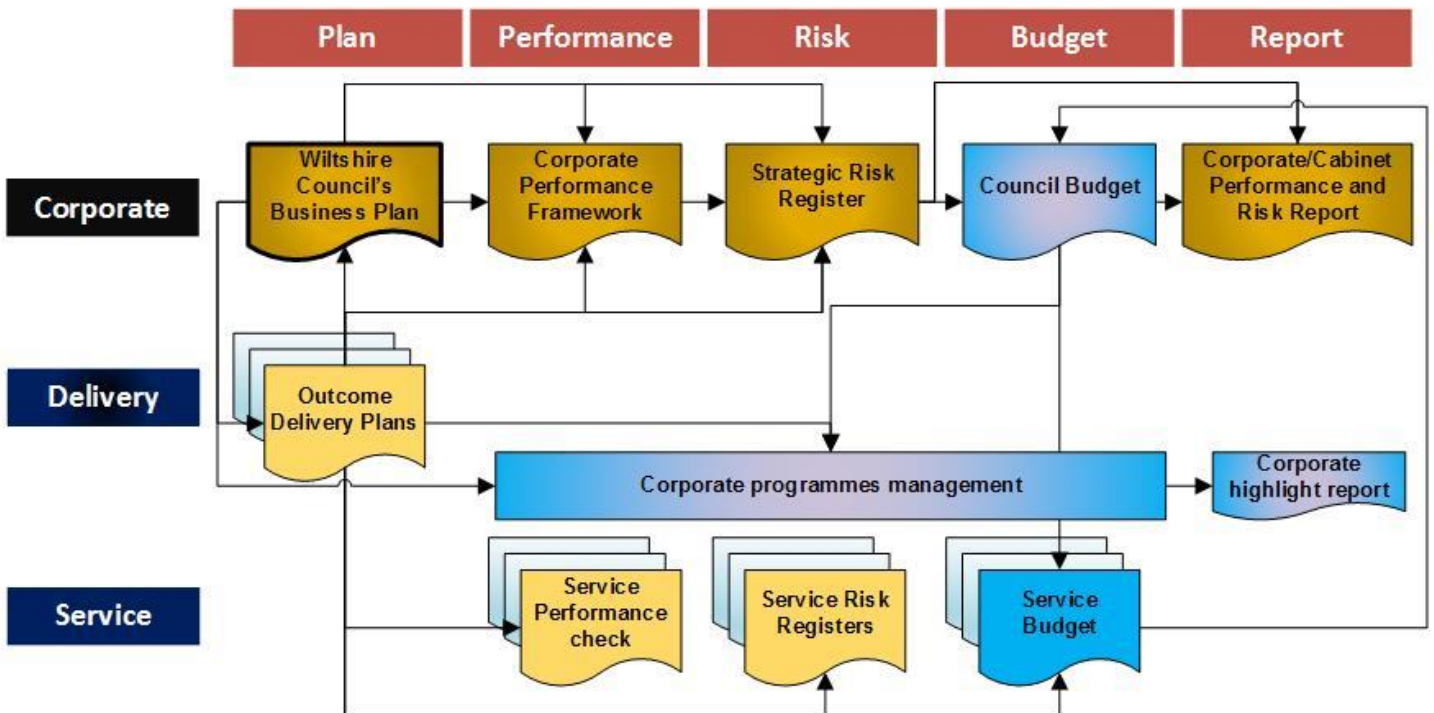
Reporting at the highest level will be in summary and by exception. Not all the information will be reported on every occasion but all the information will be collated and available to review.

Business Planning

Outcome delivery planning will be used to direct activities across the organisation; identify risks and performance measures that inform the organisation about its ability to meet its stated priorities; underpinned by comprehensive resource planning across the council and identifies what the council will do differently to achieve its priorities with its given resources

Performance Management

Performance is viewed in relation to the stated outcomes in the council's business plan. The reporting of performance at an organisational level is viewed through the ambitions and framework of the business plan.

Data and information will be aligned (alongside priority based budgeting), reworked and studied to provide effective performance management information in order to make robust strategic decisions.

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Data and information used will be accurate, timely and appropriate to the matter in hand.

Risk Management

Risks are defined in relation to the organisation's ability to achieve its stated priorities and underlying goals in the business plan. Strategic Risks will be managed at the corporate level.

Risks will be owned and managed in service areas and, through a process of defined escalation, reported at a corporate level.

5 Business Planning Process

Business planning will develop the actions to be undertaken to deliver the priorities set out in the council's Business Plan. Business planning enables CLT to ensure that resource is being allocated to deliver the stated priorities of the council while maximising the best use of available resources. The Corporate Leadership Team will ask services what they need to do to in order to help deliver the council's business plan priorities. Plans will be completed cross-service to deliver individual identified outcomes. This will enable the council to align the work of all services to deliver the agreed outcomes.

Outcomes around which delivery plans are established will be developed from Wiltshire Council's Business Plan. The planning process will be owned by CLT and individual Directors will own their respective individual delivery actions. Each outcome plan will involve actions from a number of service areas.

Business planning will take place in the final quarter of the financial year (January to March) influenced by and influencing the proposed budget for the following three years and, in turn, influencing the budget planning process in the following year.

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Enablers of change will be identified, defined and underpin specific outcomes. Outcome delivery plans will cover a rolling four-year period. Change actions will be planned over those four years.

Once an action is described the resource (support from elsewhere in the organisation) and the links to the major corporate programmes will be identified. Then the governance framework (measure of success, decision gateways and risks) will be described. The information provided can then be used across the council.

Risks identified will be lodged on the appropriate register.

Corporate support will provide advice as to how to define a measure that may be added to the Corporate Performance Framework or for a Corporate Director's scorecard.

6 Performance Management Process

A continuous cycle of performance management will drive the decisions on service priorities and resource allocation across the Council. Performance information will inform planning at output, outcome and corporate level. Monitoring of performance at each of those levels will lead to revision of what is undertaken in order to deliver the council's strategic priorities.

Performance measures will be identified through the business planning process either during the annual review or at other time during the year. Output measures will be identified by those services that contribute to planned activity designed to achieve a specified outcome. A dialogue, including positive challenge, with the Corporate Performance and Risk Team allows the identified measure to be included on the Corporate Performance Framework (CPF).

The CPF is a matrix of performance measures that identify progress towards business plan priorities. Measures are recorded against specific business plan outcomes rather than the major priority or the grouped goal ensuring that the detail of the business plan is aligned to service level activity.

Measures are also grouped by what they tell the organisation. The four groups are:

i) **Outcome.** Achieving intention. The impact that what we do is having, directly related to our expressed ambition. A measure of effectiveness. Can be framed as benefit realisation**.**

ii)   **Output.** Achieving a key milestone which will have a positive impact in the longer-term Outcome

iii) **Process.** How well the system works. A measure of our efficiency of the activity planned to deliver outcomes.

iv)   **Volume/Prevalence**. The amount of work done or required. A 'number of' or a proportion or ratio for comparison

The council has a preference for outcome measures that clearly describe success. However, it's often the case that outcome measures are not available or it is difficult to draw a direct cause/event relationship between work done and the outcome and therefore it's essential to be able to use other measures that demonstrate contribution to outcome.

Measures are reported quarterly in accordance with the guidance available in the performance and risk section of SharePoint. It's understood that some measures will be reported more and some less frequently according to the nature of the measure. All measures will be available for review at a set point after the quarter end.

Measures that appear on the CPF will be fully defined including how they link to the business plan, at what level they can be reported and how an assessment of progress is made. There will be a calculated assessment of progress after each submission for each measure. The parameters of this calculation are variable in order to take account of different types of measure[2].

7 Risk Management Process

Monitoring, managing and responding to risks are pre-requisites if we are to have confidence in delivering our business plan priorities or to continue to improve our services.

The risk management process is a cyclical process. The Council's approach to the assessment of risk is set out in the guidance available on the performance and risk management area of SharePoint.

Risk assessment is a planned and systematic process starting with the defined outcomes.
- Identifying the events that can have an impact on achieving outcomes;
- Analysing and evaluating the potential likelihood and impact of the risk;

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[2] Ongoing work to develop a Businesses Intelligence Hub and establish the technology to support the hub will develop the recording, monitoring and reposting of performance measures from across the council.

- Planning response including: identifying and taking appropriate actions to mitigate the risk;
- Proactively monitoring, reviewing, communicating and responding to risks on a regular basis.

Define Outcomes (linked to the Business Plan) → Identify Potential Events → Analysie and Evaluate → Plan Responce → Regular Monitoing and Review

Risk Management Cycle
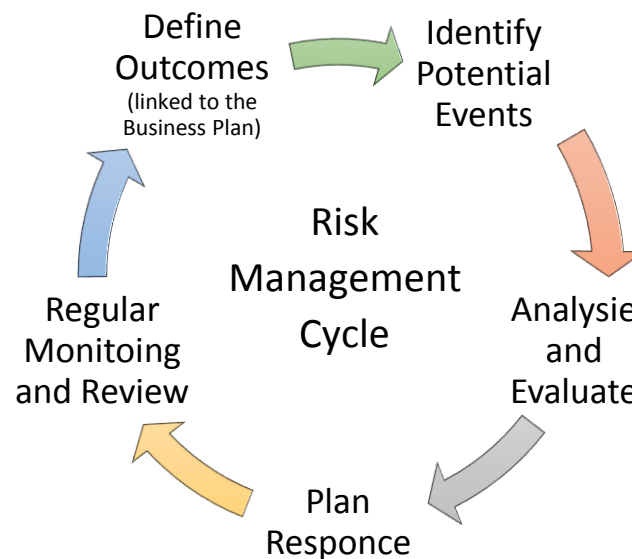
The assessment methodology is appropriate for use in service assessments, business cases, programmes, projects, partnerships and developing contracting / procurement exercises in supporting identification of risks and mitigating actions.

Risk management requires an assessment of the response to a risk. In some circumstances, it is appropriate to tolerate the risk as it is rather than spend resources attempting to mitigate that risk further.

The risk management assessments will be held as linked-to detailed risk action plans where appropriate.

Risk appetite is the amount and type of risk that the council is willing to take in order to achieve its strategic priorities. A risk appetite will be set for each of the major category of risk. This will be approved by CLT and reviewed on an annual basis.

All service risks will be recorded on service risk registers. These registers are held centrally and used to combine and report risk. Risk registers are living documents and therefore must be reviewed regularly and amended as appropriate. The risk registers are to be monitored at least quarterly, unless a significant event has occurred that warrants early updating and exception reporting.

Risks do not remain static, so regular reports on the Council's risks are essential for keeping all stakeholders informed of the changing conditions, our past performance in dealing with risk and our plans for dealing with future risks. This can help ensure

that any serious risk is effectively managed and promptly drawn to the attention of the relevant level of management.

Risk across the council will be reported quarterly to CLT and Cabinet in the form of a strategic risk register (SRR). This risk register will combine significant service risks and corporate composite risks. Other risk will be reported by exception.

Service, project and directorate risk registers will be used to understand and manage risks at all levels of the council.

Support for services in identifying, quantifying, assessing and managing risks will be available from the corporate Performance and Risk team.

8 Roles and Responsibilities

All members, managers and employees need to understand the role of performance management as well as the nature of risk. Everyone in the organisation should accept accountability and responsibility for managing and improving performance and reviewing and managing those risks associated with their area of activity.

Wiltshire Council's constitution identifies some responsibility for the management of performance and risk. Part 3, (3.3.1) says that the role of the Leader of the Council within the Budget and Policy framework includes probity and financial monitoring and risk management. While, section C, appendix 2 (also part 3) identifies the Cabinet member for Finance, Procurement, IT and Operational Assets as responsible for Performance and Risk.

In addition, this policy ascribes the following roles:

Cabinet members:
- Hold the Corporate Leadership Team accountable for the effective management of risks by officers and of decision making based on performance evaluation.
- Approve the Performance and Risk Management Policy.
- Review significant risks on the Council's risk register every quarter.
- Review key performance against the business plan every quarter.

Audit Committee:
- Monitor and review the effective development and operation of performance and risk management, and to receive progress reports as required;

Financial Planning Task Group
- Review the quarterly Cabinet Performance and Risk reports on behalf of the Overview and Scrutiny Management Committee (OSMC).
- Annually review the Corporate Performance Framework on behalf of the OSMC.

All members:
- Understand the principles of performance and risk management and consider performance evaluation and risk assessment as part of the decision-making process.

Corporate Directors
- Champion performance and risk management across the council.
- Make outcome planning a key part of strategic planning.

Corporate Leadership Team (CLT):
- Take responsibility for the Performance and Risk Management Policy and related guidance
- Own the business planning process.
- Consider regular reports on the Council's performance and risk management arrangements and significant performance outturns and major changes in risks with exception reports as appropriate. Own and approve changes to the Corporate Performance Framework.
- Own and approve changes to the Strategic Risk Register.
- Ensure a consistent approach to performance and risk management across the council.

Directors for Finance and Corporate Functions & Digital
- Be responsible for the effective reporting of Performance and Risk Management in combination with Financial Management.
- Ensure the outcome planning process is applied effectively and adhered to.

Directors
- Take a lead for outcome planning.
- Identify individuals to act as lead contact with the Performance and Risk team.
- Make performance and risk management a key part of the management process.
- Take ownership of directorate scorecards and risk registers.

<u>Heads of Service and Managers</u>
- Have an understanding of performance and risk management and their benefits; identify training requirements for their service areas and actively promote performance and risk management ensuring that the guidance is followed.
- Put in place arrangements for the effective management of risks – identifying, evaluating, managing, communicating and responding to risks through the structured approach in this Policy and the supporting Risk Management Guidance.
- Make performance and risk management the basis for changes delivered in teams.

<u>Internal Audit</u>
- Provide assurance on the effectiveness of the performance and risk management policy and processes.

<u>The Performance and Risk Team:</u>
Responsible for the effective integration and delivery of performance and risk management arrangements into the way the Council works in order to support performance improvement. Key aspects include:
- Support, challenge and inform Cabinet, CLT to ensure process is appropriate and followed.
- Produce and provide reports on performance and risk as described in the *Reporting* section of this policy.
- Support services to complete the outcome planning process then coordinate the dissemination and correlation of the data produced from that process.
- Produce detailed guidance on the process of performance management, risk management and output planning at all levels of the council.
- Promote a risk aware culture, promote risk management practice and an awareness of the council's risk appetite.
- Promote an understanding of Performance management and the role it plays in decision making at all levels.
- Provide support for service leads to report on both performance measures and risk assessment.
- Quality assure the information provided in service planning, performance and risk management.

<u>All Staff</u>
- Support managers in the identification, assessment and reporting of risk and report emerging risks to line managers.

- Understand the performance information the team produces and your contribution to that performance.
- Contribute to service plans and understand how individual tasks fit within it and link to the council's business plan.

9 Reporting

The reporting of performance, risk and outcome plan information will be done across all levels of the council with data, information and intelligence. Specifically, the following regular reports are produced[3].

Corporate Performance and Risk Report:
- Produced quarterly and delivered at the Cabinet in the final month of the following quarter.
- Includes at least one measure that relates to each of the identified business plan outcomes and includes commentary to explain the measure, the performance and the inferences drawn. Will often include comparisons and trend information. All measures are drawn from the corporate performance framework.
- Where possible a link will be drawn between the performance reported and the quarterly budget monitoring.
- The Strategic Risk Register along with an explanation of change and commentary designed to promote Cabinet and public understanding of the risks faced by the council.
- Produced by the Performance and Risk Team with input from the Finance team and all relevant directors.
- Additional areas of focus suggested by the responsible Cabinet member or CLT.
- The report passes CLT and the Financial Planning Task Group on its way to Cabinet.

Outcome Scorecards:
- One for each identified Business Plan outcome, produced quarterly or another schedule set out by the Corporate Director.
- A combination of performance measures, service level risks and financial information.

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[3] The types, frequency and contents of reports is subject to change based on the potential for the development of a Corporate Performance Hub, which is currently being explored, and the ongoing Corporate Business Intelligence review. (February 2019).

- Reported to a meeting including the Corporate Director, relevant members of Cabinet and invited heads of service. Used to discuss progress, priority and resources.

Reports to the Audit Committee
- Annual report from the Performance and Risk team which covers the effectiveness of corporate performance and risk management and the changes made over the previous 12 months.

Service level reports
- Provision of up-to-date automated scorecards, risk registers and performance checks created as part of the data reporting process.
- Risk registers and performance checks to be used in management meeting to help make strategic service level decisions.

Other reporting will be available on an ad hoc basis.

10 Glossary

Corporate composite risks	Risks that show the combined risk of broadly similar hazards identified in a number of different service areas.
Corporate Performance Framework (CPF)	Measures, grouped by type, linked to outcomes in turn linked to priorities.
Data	Factual information used as the basis for decision making.
Information	Organised or structured data that has been processed and can be used for a specific purpose.
Intelligence	Interpretation of information to provide understanding in context.
Measure	Normally numerical. A set of data that is fully defined and tells the organisation something about progress towards an outcome.
Outcome	A statement of effectiveness linked to priorities and expressed in terms of customer of business purpose.
Performance Management	Evaluating work done and progress towards objects set, then making changes to future activity to ensure continued or improved progress.
Priorities	The Council's \business Plan describes three main priorities: • Growing the Economy • Strong Communities and • Protecting the Vulnerable.
Risk Management	Full understanding of the impacts of potential future events and making decisions about actions as a result.
Significant service risks	Risks that relate to a particular service area, but should they become an issue will impact across the whole organisation and whose mitigation is the responsibility of more than one service area.
Strategic Risk Register (SRR)	Risks that have been elevated from the service and provide an overview of the risks that have an organisational impact.

11 Related Documents

The policy is linked to the Council's Business Plan and is a response to it.

There are links to the reporting provided by the Council's Medium-Term Financial Strategy.

Service and Outcome plans are prepared and reviewed under the roles and responsibilities set out in this policy.

Appropriate guidance for officers working under the policy is provided by the corporate team.

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Wiltshire Council

Audit Committee

17 April 2019

Subject:	**Accounting Policies**
Cabinet member:	**Cllr Philip Whitehead – Finance, Procurement, IT and Operation Assets**
Key Decision:	**No**

Purpose of Report

1.   This report presents the proposed Accounting Policies to be adopted for the 2018/19 financial year end and to be used in the preparation of the Statement of Accounts for the financial year ending 31 March 2019. Adopting the proposed policies will support the timely production of a high-quality set of annual accounts that meets the requirements of accounting codes of practices.

Background

2.   The Statement of Accounts includes policies on all the key accounting matters that affect the figures and disclosures in the statements.

3.   The policies proposed are in line with Chartered Institute of Public Finance and Accountancy (CIPFA)'s Code of Practice on Local Authority Accounting for the year ending 31 March 2019 and take account of local circumstances. However, there is little discretion to the Council, as the proper accounting practises, which apply to all local authorities, are set down in the Code.

4.   The disclosed policies are those which are fundamental to the understanding of the Statement of Accounts. The matters covered in the proposed policy statement have a significant impact on the way the accounts are prepared and are those commonly adopted by other local authorities.

Main Considerations

5.   The Council's accounting policies are regularly reviewed to ensure they are up to date. These include minor wording charges in order to add clarity.

6.   The accounting policies are included annually in the statement of Accounts that is adopted by Audit committee in July each year. They are included in Appendix A.

Changes to the Accounting Policies

7. There have been some changes to the 2018/19 CIPFA Code of Practice on Local Authority Accounting which is effective from 1 April 2018. These relate to the code's adoption of International Financial Reporting standards (IFRS) 9 (Financial Instruments) and 15 (Revenue from Contracts with Customers). The adoption of these standards by the Code includes transitional arrangements, which require only 1 April 2018 opening balances to be restated, rather than full prior year restatement.

8. Changes in the 2018/19 Code have led to major amendments in the following policies:

   - Accounting policy ii. Accrual of Income & Expenditure. This has been rewritten to reflect the requirement of IFRS 15;
   - Accounting policy v. Government Grants and Contributions. This has an extra section relating to the Community Infrastructure Levy (CIL);
   - Accounting policy viii. Overheads and Support Services. This has been amended to reflect changes in the way support services can be allocated;
   - Accounting policy xv. This has been updated to reflect requirements of IFRS 9; and
   - Accounting policy xxviii. Council Tax and Non-domestic Rates This has been added to give more clarity.

Risk Assessment

9. There are no direct risk implications associated with this report.

Equality and Diversity Impact of the Proposal

10. None have been identified as arising directly from this report.

Environmental Impact of the Proposal

11. There are no direct environmental implications associated with this report.

Financial Implications

12. The Council's accounting policies will be used in the production of the Council's accounts for 2018/2019.

Legal Implications

13. None have been identified as arising directly from this report.

Recommendations

14. It is recommended that the Audit Committee approves the accounting policies in appendix A for the 2018/19 financial year to be used in the preparation of the Statement of Accounts for the financial year ending 31 March 2019.

Reason for Recommendations

15. For Members to note the Council's Accounting Policies and the future reporting arrangements.

BECKY HELLARD
Interim Director Finance & Procurement

Report Author: Matthew Tiller – Chief Accountant

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Notes to Accounts Annex 1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/2019 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 supported by International Financial Reporting Standards (IFRS).

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Landfill Allowance Schemes

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Council (WDA) are recognised as current assets and are initially measured at fair value.

Landfill allowances allocated by DEFRA are accounted for as a government grant. After initial recognition, allowances are measured at the lower of cost and net realisable value. As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination).

The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation, the existence of which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset, the existence of which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

iv. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year and included in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

v. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and

- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support development in the area.

CIL is received without outstanding conditions, it is therefore recognised at the commencement dare od rhea chargeable development in the Comprehensive Income & Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely ued to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

vi. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the

Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the Council are eligible to join the following separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)

- The Local Government Pensions Scheme, administered by Wiltshire Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the Wiltshire pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (based on the indicative rate of return on high quality corporate bonds (the Iboxx Sterling Corporates Index, AA over 15 years).

The assets of Wiltshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

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The change in the net pension liability is analysed into the following components:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs

- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve

- contributions paid to the Wiltshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable

but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

vii.VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

viii.   Overheads and Support Services

The costs of overheads and support services are not recharged to services as part of normal management accounts reporting. Therefore, they are no recharges for overheads and support services within the Comprehensive Income & Expenditure Statement.

ix. Intangible Fixed Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrated that the project is technical, feasibly and is intended to be completed (with adequate resources being available) and the authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributed to the asset and is restricted to that incurred during the development phase.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services.

Amortisation, impairment losses and disposal gains and losses can be charged to the Comprehensive Income and Expenditure Statement. However, they are not permitted to have an impact on the General Fund Balance, so the gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement.

x. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition: Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council does not have a fixed de-minimis level for the recognition of capital expenditure but recognises expenditure as capital where appropriate.

Measurement: Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost

- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)

- Surplus Assets – the current value measurement base is fair value, estimated at highest as best use from a market participants perspective

- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use value (EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment: Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).
Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the remaining useful life of the property as estimated by the valuer

- vehicles, plant, furniture and equipment – Straight line allocation over a useful life of 5 years or in the case of services within buildings remaining useful life of the services as estimated by the valuer

- Infrastructure – straight-line allocation over 60 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that

would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received from a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets) are payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement).

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing.

xi. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price tat would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measure at the highest and best use. Properties are not depreciated but revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the to the financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance and are therefore reserved out in the Movement in Reserves Statement.

xii. **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service

- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance of a Minimum Revenue Provision (MRP).

Housing Revenue Account capital charges are calculated in accordance with the prescribed statutory determination.

xiii.   Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xiv.   Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases
Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as a gain or loss on disposal.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received)

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

xv. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Loans and receivables

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and there cashflow characteristics. There are three main classes of financial assets measures at:

- Amortised cost;
- Fair value through profit or loss; and
- Fair value through other comprehensive income

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, expect for those whose contractual payments, are not solely payment of principal and interest

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the balance Sheets when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Income and Expenditure

line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance sheet is the outstanding principal receivable (plus accrued interest) and interest is credited to the CIES is the amount receivable for the year in the loan agreement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only life time leases are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk platys a crucial part is assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime bases of 12 month expected losses.

Financial Assets measured at Fair Value through Profit or Loss

Financial assets that are measured ay FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as thy arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices - the market prices
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following 3 levels:
- Level 1 inputs– quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset.

xvi. Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. Long term contracts are accounted for on the basis of charging the Surplus or

Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xvii. Interest in companies and other entities

The council has no material interest in any companies or other entities.

xviii. Private Finance Initiative (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

  i. Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement

  ii. Finance cost – an interest charge made on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

  iii. Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

  iv. Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)

  v. Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xix. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and

Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

xx. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

xxi. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

xxii. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

xxiii. Non-Compliance with Code of Practice

For operational reasons, the accounts do not fully comply with the Code of Practice on minor points. The main non-compliance is in relation to debtors and creditors. Whilst the accounts are maintained on an accruals basis i.e. all sums due to or from the Council are included whether or not the cash has actually been received or paid in the year, exceptions are made for quarterly utilities payments based on meter reading dates. Since these policies are applied consistently year on year, they have no material effect on any one year's accounts.

xxiv. Foreign Currency

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date of the transaction. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xxv. Heritage Assets

The Council's Heritage Assets are assets that are kept to increase the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below.

If items are of a material nature a separate external revaluation exercise would be commissioned and the assets carried at market value in the balance sheet, alternatively insurance valuations would be used to establish value. If this was the case these assets would be reviewed for impairment on a regular basis and the figures in the balance sheet updated accordingly. Any disposals would be treated in the same way as other assets. If the values of the assets are of limited or no value, then they will be disclosed in a note to the accounts only and not brought into the balance sheet with a value. This decision is made based on whether the cost of obtaining a valuation exceeds the benefits to the users of the accounts.

For Wiltshire Council, which does not hold museum or art collections, the costs of commissioning external valuations exceeds the benefit to the users of the accounts therefore the assets are disclosed in a note to the accounts only. The assets disclosed in note 34 include a property (the East Grafton Windmill), the White Horse in Westbury, and a small collection of art held across the county.

xxvi. Carbon Reduction Commitment scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. Phase 2 of this scheme began from 1 April 2014. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

xxvii. Fair value measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a)   in the principal market for the asset or liability, or

b)   in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

xxviii. Council Tax and Non-domestic Rates

Billing authorities act as agents. Collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund, 9the Collection Fund) for the collection and distribution due in respect of council tax and NDR. Under legislation framework for the Collection fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be more or less than predicted.

Accounting for Council Tax and Non-Domestic Rates (NDR)

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of the accrued income for the year. However, regulations determine the amount of the council tax and NDR that must be in the Council's General Fund. Therefore, the difference between the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as aa reconciling item in the movement in Reserves Statement.

The balance sheets includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears impairment allowances for doubtful debts, overpayments and prepayments and appeals.

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Wiltshire Council   **AGENDA ITEM No.**

Audit Committee

17 April 2019

A partnership working framework for Wiltshire Council

Purpose

1. To set out a partnership working framework for councillors and officers when considering Wiltshire Council's engagement in partnerships.

Proposals

2. That the Audit Committee:

   Recommends to full council the removal of the Partnership Protocol in the Council's Constitution and adoption by Cabinet of a new partnership working framework as set out below.

Background

3. In May 2018 a change was made to the terms of reference for the Audit Committee in Part 3 of Wiltshire Council's Constitution clarifying that governance of partnership working is in the Audit Committee's remit as follows:

   To oversee the process for production of the annual governance statement (AGS), to review the supporting evidence including the arrangements for governance of partnership working, and to approve the draft AGS;

4. At the time of the change to these terms of reference, it was not made clear what the partnership working arrangements would be reviewed against. The existing Partnership Protocol that is included in the Council's Constitution was written in December 2010. While the legal principles behind partnerships have not changed since then, the economic context within which the Council operates has changed significantly, as has the partnership landscape (given the demise of requirements for local area agreements, comprehensive area assessment and sustainable community strategies amongst other things).

5. In February 2018 Cabinet approved a new "Commercial Policy and Approach". This policy "*sets out an approach, and a definition and vision for how we will continue to be more commercial but built from a base of strong financial and business planning*". That commerciality, the policy urges, will be delivered through a range of effective and efficient models of delivery, and gives examples of innovative delivery models that are in use now by the Council. Partnerships are included in the range of delivery models but are only one element of the range available to the Council.

6. In 2010 the main mechanisms for delivery were contracts and partnerships and partnerships were an important and frequently used mechanism. The Constitution recognised that importance at the time by the inclusion of the Partnership Protocol; there was no equivalent protocol for other delivery mechanisms such as joint ventures, trusts, or other forms of traded services.

7. The disadvantage of the present Partnership Protocol is that it gives partnerships undue special, favoured, place above other delivery mechanisms and sits outside and at odds with the Commercial Policy and Approach. Whilst proper processes must be observed in the management of partnerships, this could be maintained through a partnership working framework without the need or emphasis of a constitutional protocol.

8. This paper sets out a proposed partnership working framework for the Audit Committee's consideration before recommending adoption by Cabinet.

Relevance to the Council's Business Plan

9. A key priority of the Business Plan is 'working with our partners as an innovative and effective council'. This commits the council to ensuring it operates as a 'healthy organisation' which has strong checks and balances in place and promotes a culture of innovation and critical analysis. This means working according to the principles set out in eight themes including one on 'delivering together' which states:

We work closely with our key public sector partners – including Wiltshire Police, the Police and Crime Commissioner, the NHS, Dorset and Wiltshire Fire and Rescue Service, the military, DWP and other government agencies, Wiltshire College, academies, training providers and all social housing providers, town and parish councils, the private sector and the voluntary and community sector - to achieve positive outcomes for Wiltshire's communities.

Main considerations

10. A draft partnership working framework is attached as Appendix 1 for initial consideration by the Audit Committee.

11. Subject to Audit Committee's consideration and adoption of the framework by Cabinet, it is proposed that a partnership audit and review is undertaken immediately using the template within its annex.

12. It is intended that the proposed framework would replace the existing Partnership Protocol which Council should be asked to remove from the Constitution.

Recommendation

13. To ask the Audit Committee to:

a. Consider the draft partnership working framework attached as Appendix 1 and, subject to any changes or comments the Committee wishes to make in the content,

to recommend its adoption by Cabinet.

b. To recommend Council to remove the Partnership Protocol [8] from the Council's Constitution for the reasons set out in paragraphs 3-7 above.

Reason for Proposal

14. To strengthen and improve the Council's arrangements for governing partnership working to enable the Council to deliver the priorities in its Business Plan, including in particular 'working with our partners as an innovative and effective council'

Ian Gibbons

Director Legal and Democratic Services and Monitoring Officer

Becky Hellard

Chief Finance Officer / Section 151 Officer

Robin Townsend

Director Corporate Functions and Digital

Report Author:

David Bowater

Senior Corporate Services Officer

Appendix 1 – Draft Partnership Working Framework

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Partnership Working Framework

April 2019

Document control

Reference Number	1.1	Status	Draft
Sponsor(s)	Ian Gibbons	Author(s)	David Bowater
Document objectives	To define the way Wiltshire Council will engage in partnership working		
Intended Recipients	Councillors and senior officers		
Group/Persons Consulted:		Audit Committee	
Ratifying Body	Cabinet	Date Ratified	Yet to be considered
Date of Issue	April 2019		
Next Review Date		Month and Year	
Contact for Review		David Bowater, Senior Corporate Support Manager	

1. Introduction to the Policy/ Purpose of the Policy

Wiltshire Council is fully committed to partnership working. We recognise the strength and value of effective partnerships in contributing to the improvement of the wellbeing of our communities. This can include:

- Improved coordination of services
- Tackling complex cross-cutting issues
- Stimulating more creative approaches to problems
- Wielding greater influence
- Reducing waste and improving economies of scale
- Meeting statutory requirements
- Learning from people in different organisations

The partnership working framework is designed for Councillors and officers to define the way the council should engage in partnership. This framework identifies:

1. How the Council defines a partnership;
2. How the Council enters and engages in partnerships;
3. Considerations for identifying, managing and supporting partnerships arrangements, including good governance.

Use of the framework will ensure that for each partnership the council is clear about:

- purpose and expected outcomes
- legal status
- accountability
- risks for the council
- review arrangements

2. Key Definitions

The word partnership is used with increasing frequency across all sectors. It can mean different things to different groups.

Wiltshire Council defines a partnership as a group of stakeholders brought together from more than one organisation, to be responsible for tackling challenges, and exploiting opportunities in which they have a shared interest. **A partnership can be described as a joint working arrangement where the Partners**:

- are otherwise independent bodies;
- agree to co-operate to achieve common goals or outcomes;
- create a new organisational structure or process to achieve these outcomes;
- plan and implement a jointly agreed programme, often with joint staff or resources;
- share relevant information, and pool risks and rewards.

Further guidance from CIPFA adds clarity in defining two forms of partnership not underpinned by a contract.

- **Executive Partnerships** – to procure, directly, the services needed for the purposes of the Partners, or commission services jointly on behalf of Partner organisations, or which act in some other way on behalf of the Partners.
- **Advisory (Strategic) Partnerships** – the Partners agree collectively what each should do henceforth, individually, to further the collective objectives of the partnership.

The following are not regarded as partnerships:

- An arrangement made by the Council with a third party to deliver one or more services on its behalf. This is a contract for services. The Council is defined as the procurer/commissioner of the service and the third party as the contracted provider of that service. *This is governed by Wiltshire Council's* commercial *and contracts policy.*
- Forums or groups of elected Councillors and/or officers from local authorities and others who come together to discuss forthcoming issues, policy and strategy. *For example: the Council is part of a local authority scrutiny network which formulates best practice to improve service delivery.*
- Contractual arrangements that include partnership arrangements and partnership arrangements that include contractual arrangements: *this could for example include s75 agreements with the NHS. These arrangements need to be dealt with via the contract Regulations in* Part 10 of the constitution

3. Working in partnership

Wiltshire Council will enter into partnership arrangements when:

- The delivery of outcomes for our communities is more effective and they deliver added value (delivering something that is unlikely to be achieved by another form of working arrangement)
- They are required by Government;
- They strengthen our ability to access external funding;
- They demonstrate good governance ie are consistent and well-managed.

These criteria all demonstrates the council's commitment to work in partnership with others as an innovative and effective council.

Partnership working can be rewarding and deliver results for communities; however, it can also be difficult and resource intensive, especially in the early stages. Therefore, the Council will consider other options before taking the decision to enter into a new partnership. These include:

- using an existing partnership to deliver the objective – this will almost certainly deliver results more quickly and effectively because the partnership is already established, even if it requires some adjustment to existing scope and membership of the partnership;
- Consulting others on proposals but ensuring that one agency retains responsibility for decisions and actions;
- Contractual arrangements, if different benefits are to be produced for different Partners.

Any participation by Wiltshire Council in partnerships must be approved by the relevant head of service and director.

The council will undertake an audit of the partnership arrangements on a periodic basis, using the template at **Annex 1.** The template will be completed by the council's lead officer representative on the partnership. The results of this will inform the production of the annual governance statement agreed by the Audit Committee and in turn full council.

Through ongoing review it may be identified that it is time for a partnership to end. Partnerships may end for a number of reasons, such as:
- The partnership achieves what it set out to do;
- The priorities of the Council change;
- On review, the partnership is not delivering the what it was set up to do and a new approach needs to be explored;
- The partnership is replaced by another arrangement;
- External funding or resources cease;
- On review, an adverse level of risk of continuing the partnership is identified;
- The legal framework upon which the partnership was founded changes.
  When a partnership ends the council will:
- Evaluate which schemes or initiatives need to be sustained and how this might take place
- Ensure that if it is the lead partner or accountable body that suitable succession strategies are in place

4. Considerations for Identifying and Managing Partnerships

Legal Status

It is important to understand the distinction between what many normally refer to as partnership working and a formally constituted legal partnership. This framework talks about the former although in many cases they will contain aspects that are legally binding. It is also important to ensure that the Council has the legal power to enter into the partnership, and equally important, is not contravening any law in doing so. The status of any partnership should be clear. A partnership "agreement" or "Terms of Reference" are required to define how Partners will work together. The length and status of this document will vary between partnerships. It may be that some parts of the agreement will have the status of a protocol or statement of intent, while other parts are legally binding. The different roles that the Council can play in partnerships needs to be understood. Which role it plays can have a significant impact on the responsibilities and liabilities of the Council. Early advice from Wiltshire Council's legal advisors should be sought to ensure this is clear. Council's legal advisors may need to be involved in the development of the partnership (in particular regarding legal powers, legal structure and to help identify and consider legal liabilities) and must be involved in the drawing up of any legally binding agreements. The responsibilities of all Partners should be clarified and be in the agreement. These can include health and safety, community safety, equality, or other statutory responsibilities. While the partnership may not be bound by statutory duties in these areas, the Council must ensure that it fulfils its statutory duties in its work through the partnership. Representation of the Council on the partnership should be made clear. Substitute representatives should be identified as required.

Accountability

It is important to understand any partnership's accountability from a number of aspects. There should be a clear statement about how and to whom the partnership is accountable and what this accountability includes. The partnership should identify which organisation/ authority's constitution the partnership is answerable to and include this in any partnership ' agreement' or ' Terms of Reference' drawn up. A statement should also be made on the constituent member's accountability to each other, including any expectations of behaviour.

Finance and Resources

Heads of Service and the Lead Officer should keep under review the resource implications of each partnership, particularly for staff, finance and operational assets, and delivery of corporate priorities – and whether these deliver value for money.

Risk Management

Risks should be understood and evaluated at all stages of partnership development. In considering risks, these could be viewed in two timeframes:

- At the point of deciding whether to enter into a partnership, the risks to the Council should be considered using the Council' s risk management approach. These should form part of any documentation that is used to support the development of a partnership, and the mitigation plans should be clearly understood by all involved;
- When the decision to enter into a partnership has been made, if the Council is the lead body the Council will ensure that the governance arrangements of the partnership include effective management of risk. As the lead agency the Council will ensure that the risks associated with the partnership working are recorded with service change plans and where appropriate the corporate risk register. If the Council is not the lead agency, the representatives should seek to ensure that minimum standards of risk management are in place, and that the representatives understand the level of risk attached to the Council's involvement

Roles of Councillors and Officers

Guidance to Councillors Appointed to Outside Bodies is provided as part of protocol 3, alongside the advice included in paragraph 13 of the Councillor / Officer Relations Protocol, which forms part of the Council's Constitution.

The Council will be represented on any agreed partnership by specified Councillors or officers. Each partnership that the Council is represented on will be allocated a sponsoring officer who (usually the Director or Service Manager), although they may personally not be the representative on the partnership, they will be responsible for ensuring the delivery of this protocol in respect of the relevant partnership.

Any specified officers or Councillors attending approved partnerships will represent only the Council. They shall abide by their respective Council Codes of Conduct at all times. Council representatives will be required to:

- Act on behalf of the Council within specific parameters;
- Ensure activities are co-ordinated across the Council to meet the Council's commitments to the partnership;
- Seek agreement for any new resources not already agreed or budgeted for in line with financial delegations.

Representation on any partnership does not permit any officer or Councillor to commit the Council to use resources not contained within approved budgets nor to act as a public spokesperson for the Council.

Council's legal advisors can provide any necessary advice and guidance to representatives on partnerships regarding potential liabilities for them and the Council, and on their responsibilities and accountabilities.

Communication in a Partnership setting

Guidance on all media and marketing issues for the partnership should be sought from the Council communications team in accordance with the Council's Media Relations Protocol [Protocol 7 of the Constitution]. Each partnership should ensure full agreement from all partners to the arrangements for communications for that partnership.

All Partners have a role in communicating and implementing partnership plans. Good communication of decisions and actions is required for the partnership to succeed. It should also be clear what information is available to whom and when through the life of the partnership. The Council will endeavour to ensure that any consultation programmes and publicity exercises for the Council, its partnerships and its Partners are co-ordinated effectively.

Information Sharing

The Council' s Data Protection Policy will apply where Council business is concerned. The Council will seek to secure an Information Sharing Agreement within a partnership and between partnership organisations where appropriate.

Performance Management Arrangements

Any partnership that the Council enters into must be clear on its purpose and the outcomes it is to deliver. The Council will ensure that partnerships have in place robust performance management arrangements. When entering into partnership arrangements the Council should ascertain whether:

- The partnership has an officer accountable for monitoring its performance (usually a head of service or above);
- The partnership has a credible evidence base to inform its objective, planning and target setting;
- There are action plans in place;
- Partners share information to enable effective performance monitoring and option appraisal;
- There are joint mechanisms in place for performance management;
- Findings are owned and acted upon.

Annex 1

Partnership audit template

Name of Partnership	

Type of Partnership including statutory/ legal status	Statutory/ non-statutory Executive / advisory
Partnership area of work	
Does the partnership have terms of reference agreed by all partners?	Insert hyperlink where possible
Membership of the partnership	
Elected member contribution to partnership	
Organisation that the partnership is accountable to	
Service Manager accountable for the Partnership	
Name of responsible officer identified for the Partnership	
Start and proposed end date of partnership	
Contribution of partnership to Council's Business Plan 2017-27	
Funding sources available to the partnership	
Council resources made available to the partnership including; Finance; Staff; Accommodation; Legal; IT; Administration; Training; Insurance; Recruitment; Payroll; Health and safety; Advice; Communications	
Risks to the council associated with partnership	e.g. extent of financial and reputational risk if partnership ceases / ongoing involvement
Key partnership plans or strategies	Insert hyperlink where possible
Mechanisms in place to review performance	
Key sub groups	
Are there any plans for reforming the partnership in the pipeline?	
Information sharing arrangements	

Annual Governance Statement

Requirements and Process

South West Audit Partnership

What does the AGS do?

Provide a meaningful but <u>brief</u> communication regarding the review of governance.

Be high level, strategic and written in an open and readable style

Focus on outcomes and value for money and relate to the authority's vision for the area.

The AGS should include:

An acknowledgement of responsibility for ensuring that there is a sound system of governance.

A reference to and assessment of the effectiveness of key elements of the governance framework.

An opinion on the level of assurance that the governance arrangements can provide

The AGS should include:

An agreed action plan dealing with significant governance issues and also indicating how previous actions have been resolved

A conclusion

The signature of the leading member (or equivalent) and chief executive (or equivalent) on behalf of the authority.

Current and Proposed Process

Currently - AGS put together annually

Proposed – Local Code of Governance reviewed quarterly.

South West Audit Partnership

The Local Code of Corporate Governance:

In support of the governance objective the 2016 Guidance requires *inter alia* that authorities develop and maintain an up-to-date local code of governance.

Existing local codes will need to be re-drafted because the new guidance revises the principles.

The Local Code should be maintained in year.

The Seven Principles

Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

Ensuring openness and comprehensive stakeholder engagement

Defining outcomes in terms of sustainable, economic, social and environmental benefits

Determining the interventions necessary to optimize the achievement of the intended outcomes

Developing the Council's capacity, including the capability of its leadership and the individuals within it

Managing risks and performance through robust internal control and strong public financial management

Implementing good practices in transparency, reporting and audit, to deliver accountability

The Seven Principles

Annual Governance Statement (AGS)

Audit Committee

Leader, Cabinet Members, Chief Financial Officer, Monitoring Officer, Corporate Leadership Team

(Provides oversight of the 3 lines of defence assurance framework)

2nd Line of Defence

Oversight/Support

Strategy / Policy / Direction Setting / decision-making, assurance oversight.

1st Line of Defence

Business and Operational Management

Delivering objectives, identifying risks and improvement actions, implementing controls, progress reporting, provides management assurance, ensuring compliance.

3rd Line of Defence

Independent Assurance

Independence challenge and audit, reporting assurance, audit opinion assurance levels.

Committee and Scrutiny Functions

Senior Management Functions

Quality Control Checks

Risk Management

Functional compliance (Information Management, HR, Legal, Contract and Financial management

Operational Management and staff

Managing Performance and Data Quality

Programme and Project Management

Delivery of Service Business Plans

Internal Audit

External Audit

External Inspections

Review Agencies

Regulators

New Process 2019

Assurance Framework

- IA Healthy Organisation Review to review the robustness of the Local Code of Governance (LCG)
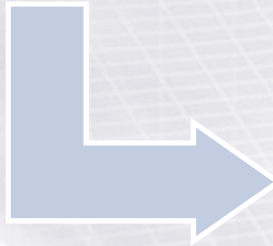
Corporate Governance Officers Group

- Review the LCG and issues arising from the many assurance streams.
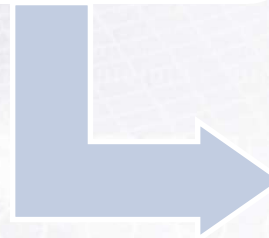
Produce AGS

South West Audit Partnership

Wiltshire Council

Audit Committee

17th April 2019

Subject: **Local Code of Corporate Governance**

Executive Summary

Attached as Appendix 1 is a revised draft of the local code of corporate governance (the current draft is protocol 10 of the constitution).

A presentation will be provided on the day outlining a proposed new process for developing the Annual Governance Statement for 2019

Proposal(s)

1. That the Audit Committee note and comment upon the revised local code of corporate governance ahead of consideration by Cabinet and Council.

2. That the Audit Committee note and comment upon the proposed process for developing the Annual Governance Statement for 2019.

Reason for Proposal

Councils are required to develop and maintain an up-to-date local code of governance. Wiltshire's existing code is based on CIPFA guidance which has been updated. A new draft is attached based on the revised principles. This will have to be adopted by full council to replace the current constitution's protocol 10.

It is proposed that progress on delivery against the code is reviewed by officers on a quarterly basis and that this informs the future development of the Annual Governance Statement for consideration by Audit Committee and Cabinet in due course.

Ian Gibbons
Director Legal and Democratic Services (Monitoring Officer)

Becky Hellard
Chief Finance Officer / Section 151 Officer

Robin Townsend
Director Corporate Functions and Digital

Wiltshire Council

Audit Committee

17th April 2019

Subject:	**Local Code of Corporate Governance**

Purpose of Report

1.	To propose a new local code of corporate governance.

Background

1.1	Regulation 6(1)(a) of the Accounts and Audit regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its systems of internal control and include a statement reporting on the review with any published Statement of Accounts. This is known as an Annual Governance Statement.

1.2	The Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be prepared in accordance with proper practices in relation to accounts. Therefore, a local authority should provide this statement in accordance with guidance produced by the Chartered Institute of Public Finance and Accounting (CIPFA) 'Delivering Good Governance in Local Government Framework (2016) and reflect this in its local code of corporate governance.

1.3	The local code of corporate governance is a small part of the council's overarching assurance framework and there are also important responsibilities to provide a statement of accounts, a constitution that provides for effective decision making, including overview and scrutiny, internal and external audit and to have in place a robust performance and risk management framework. These elements are set out in an annex to the code.

Main Considerations

2.	The attached draft local code of corporate governance (Appendix 1) is intended to replace the out of date protocol 10 of the Wiltshire Council

constitution. It reflects updated CIPFA guidance which outlines the following seven principles:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable, economic, social and environmental benefits
- Determining the interventions necessary to optimize the achievement of the intended outcomes
- Developing the Council's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit, to deliver accountability
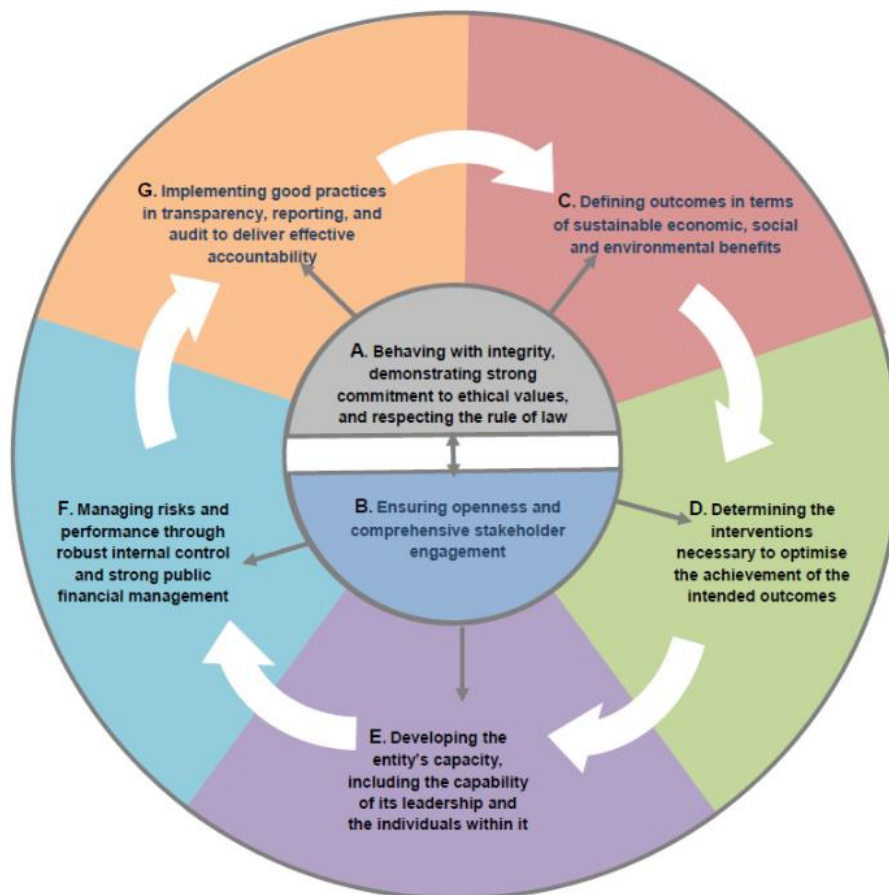
3. The draft local code of corporate governance provides further levels of detail on which the council can monitor its progress against each of the seven principles.

4. It is proposed that progress on delivery against the code is reviewed by officers on a quarterly basis and that this informs the future development of the Annual Governance Statement for consideration by Audit Committee and Cabinet in due course.

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5.   The next steps will be for the Annual Governance Statement to be prepared on the basis of the proposed new code for consideration by Audit Committee as an initial draft in June and, following consideration by Cabinet, for Audit Committee to approve the final version as part of the Annual Statement of Accounts in July 2019.

Ian Gibbons
Director Legal and Democratic Services (Monitoring Officer)

Becky Hellard
Chief Finance Officer / Section 151 Officer

Robin Townsend
Director Corporate Functions and Digital

Report Authors:
David Hill, South West Audit Partnership
David Bowater, Wiltshire Council

Appendix 1:
Draft Local Code of Corporate Governance

Wiltshire Council
Local Code of Corporate Governance

1. Delivering Good Governance

1.1   The Delivering Good Governance in Local Government Framework, published by CIPFA in association with SOLACE, sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that :

- Resources are directed in accordance with agreed policy and according to priorities
- There is sound and inclusive decision making
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities

1.2   Governance is a term used to describe the arrangements (including political, economic, social, environmental, administrative, legal, and other arrangements) put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

1.3   Good governance enables the Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times.

1.4   The Delivering Good Governance in Local Government Framework sets out seven core principles of governance as detailed in the diagram below. Wiltshire Council is committed to these principles of good governance and confirms this through the adoption, monitoring and development of this document - the Council's Local Code of Corporate Governance.

1.5   Our Local Code is underpinned by the Delivering Good Governance in Local Government Framework and comprises policies, procedures, behaviours and values by which the Council is controlled and governed. These key governance areas, and how the Council provides assurance that it is complying with these, are set out in more detail within its Governance Assurance Framework.

1.6   The Council recognises that establishing and maintaining a culture of good governance is as important as putting in place a framework of policies and procedures. The Council expects councillors and officers to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability in carrying out their duties.

2.   Principles of Good Governance

2.1   The principles of good governance describe the outcomes this Code is attempting to deliver, and reflect those set out in the Framework:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable, economic, social and environmental benefits
- Determining the interventions necessary to optimize the achievement of the intended outcomes
- Developing the Council's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit, to deliver accountability

2.2   Further information on the way in Wiltshire Council considers its commitment to these principles is set out at the end of this document.

3.   Status

3.1   Regulation 6(1)(a) of the Accounts and Audit regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its systems of internal control and include a statement reporting on the review with any published Statement of Accounts. This is known as an Annual Governance Statement.

3.2   The Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be prepared in accordance with proper practices in relation to accounts. Therefore a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government Framework (2016) and this section of the Code.

4.   Monitoring and Review

4.1   The Council will monitor its governance arrangements for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date. This process of review will form the basis for the production of the Annual Governance Statement. In order to ensure that the Annual Governance Statement is evidence-based and effective, the council has established a steering group of officers with responsibility for oversight of compliance with this code - the Corporate Governance Officers Group.

4.2   The council is committed to delivering on the seven key principles of corporate governance. Each of these principles gives rise to a number of requirements, which in turn translate into a range of actions and sources of evidence of the effectiveness of the principles. The principles are supplemented by a range of internal controls, checks and balances which, as a whole, form the council's assurance framework (appendix 1). The council will maintain an evidence-base of information about the efficacy of this Code of Corporate Governance. This will identify the key assurance systems and processes, state how compliance with each of those requirements can be evidenced and assign accountability for each element to a named officer.

4.3   The assurance framework includes reference to the Senior Information Risk Owner who provides an annual report to the Audit Committee on information governance arrangements. The Public Sector Equality Duty also features and is a key duty which we have to demonstrate we are meeting in our decision making. Undertaking equality analysis is a systematic and thorough way of finding out whether a policy or service affects different groups of people in different ways and such analysis needs to be embedded as part of the normal policy making and political decision making process.

4.4   This Code of Corporate Governance and the supporting assurance framework will, together, provide a sound basis to bring together the many strands of assurance required by a large and complex authority into coherent and transparent governance arrangements. Drawing on this, on an annual basis, the Executive Directors and Leader of the Council will publish an Annual Governance Statement which will:

- provide a meaningful but brief overview of governance in a readable style
- assess how the Council has complied with this Local Code of Corporate Governance
- provide an opinion on the effectiveness of the Council's arrangements
- provide details of how continual improvement in the systems of governance will be achieved
- include agreed actions dealing with significant governance issues and indicate how previous actions have been resolved

5.   Certification

5.1   We hereby endorse our commitment to this Local Code of Corporate Governance and will ensure that the Council continues to review, evaluate and develop the Council's Governance arrangements to ensure continuous improvement of the Council's systems.

Cllr
Leader of the Council

Alistair Cunningham
Executive Director

Carlton Brand
Executive Director

Terence Herbert
Executive Director

Statement of Principles of Good Governance

Principles, Behaviours and Actions

Principle 1 – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Behaving with integrity	▪ Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Council. ▪ Ensuring members take the lead in establishing specific standard operating principles or values for the Council and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles). ▪ Leading by example and using the above standard operating principles or values as a framework for decision making and other actions. ▪ Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.
Demonstrating strong commitment to ethical values	▪ Seeking to establish, monitor and maintain the Council's ethical standards and performance. ▪ Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the Council's culture and operation. ▪ Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values. ▪ Ensuring that external providers of services on behalf of the Council are required to act with integrity and in compliance with ethical standards expected by the Council.
Respecting the rule of law	▪ Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.

Principles, Behaviours and Actions	
	- Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. - Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders. - Dealing with breaches of legal and regulatory provisions effectively. - Ensuring corruption and misuse of power are dealt with effectively.
Principle 2 – Ensuring openness and comprehensive stakeholder engagement	
Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.	
Openness	- Ensuring an open culture through demonstrating, documenting and communicating the Council's commitment to openness. - Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided. - Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. - Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action.
Engaging comprehensively with institutional stakeholders	- Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably - Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. - Ensuring that partnerships are based on

Principles, Behaviours and Actions	
	– trust – a shared commitment to change – a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.
Engaging with individual citizens and service users effectively	▪ Establishing a clear policy on the type of issues that the Council will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. ▪ Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement. ▪ Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. ▪ Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account. ▪ Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity. ▪ Taking account of the impact of decisions on future generations of tax payers and service users.
Principle 3 – Defining outcomes in terms of sustainable, economic, social and environmental benefits	
The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the Council's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.	
Defining outcomes	▪ Having a clear vision, which is an agreed formal statement of the Council's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the Council's overall strategy, planning and other decisions.

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Principles, Behaviours and Actions	
	▪ Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer. ▪ Delivering defined outcomes on a sustainable basis within the resources that will be available. ▪ Identifying and managing risks to the achievement of outcomes. ▪ Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.
Sustainable economic, social and environmental benefits	▪ Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision. ▪ Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints. ▪ Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. ▪ Ensuring fair access to services.
Principle 4 – Determining the interventions necessary to optimise the achievement of the intended outcomes	
Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.	
Determining interventions	▪ Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided. ▪ Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.

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Principles, Behaviours and Actions	
Planning interventions	▪ Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.
	▪ Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.
	▪ Considering and monitoring risks facing each partner when working collaboratively, including shared risks.
	▪ Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.
	▪ Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.
	▪ Ensuring capacity exists to generate the information required to review service quality regularly.
	▪ Preparing budgets in accordance with objectives, strategies and the medium term financial plan.
	▪ Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.
Optimising achievement of intended outcomes	▪ Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.
	▪ Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.
	▪ Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.
	▪ Ensuring the achievement of 'social value' through service planning and commissioning.
Principle 5 – Developing the Council's capacity, including the capability of its leadership and the individuals within it	
Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to	

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Principles, Behaviours and Actions	
guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.	
Developing the Council's capacity	▪ Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness. ▪ Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently. ▪ Recognising the benefits of partnerships and collaborative working where added value can be achieved. ▪ Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.
Developing the capability of the Council's leadership and other individuals	▪ Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. ▪ Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body. ▪ Ensuring the leader and the Executive Directors have clearly defined and distinctive leadership roles within a structure whereby the Executive Directors leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority. ▪ Developing the capabilities of members and senior management to achieve effective leadership and to enable the Council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: – ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged

Principles, Behaviours and Actions

	– ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis – ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external - Ensuring that there are structures in place to encourage public participation. - Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections. - Holding staff to account through regular performance reviews which take account of training or development needs. - Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

Principle 6 – Managing risks and performance through robust internal control and strong public financial management
Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Managing risk	- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making. - Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. - Ensuring that responsibilities for managing individual risks are clearly allocated.

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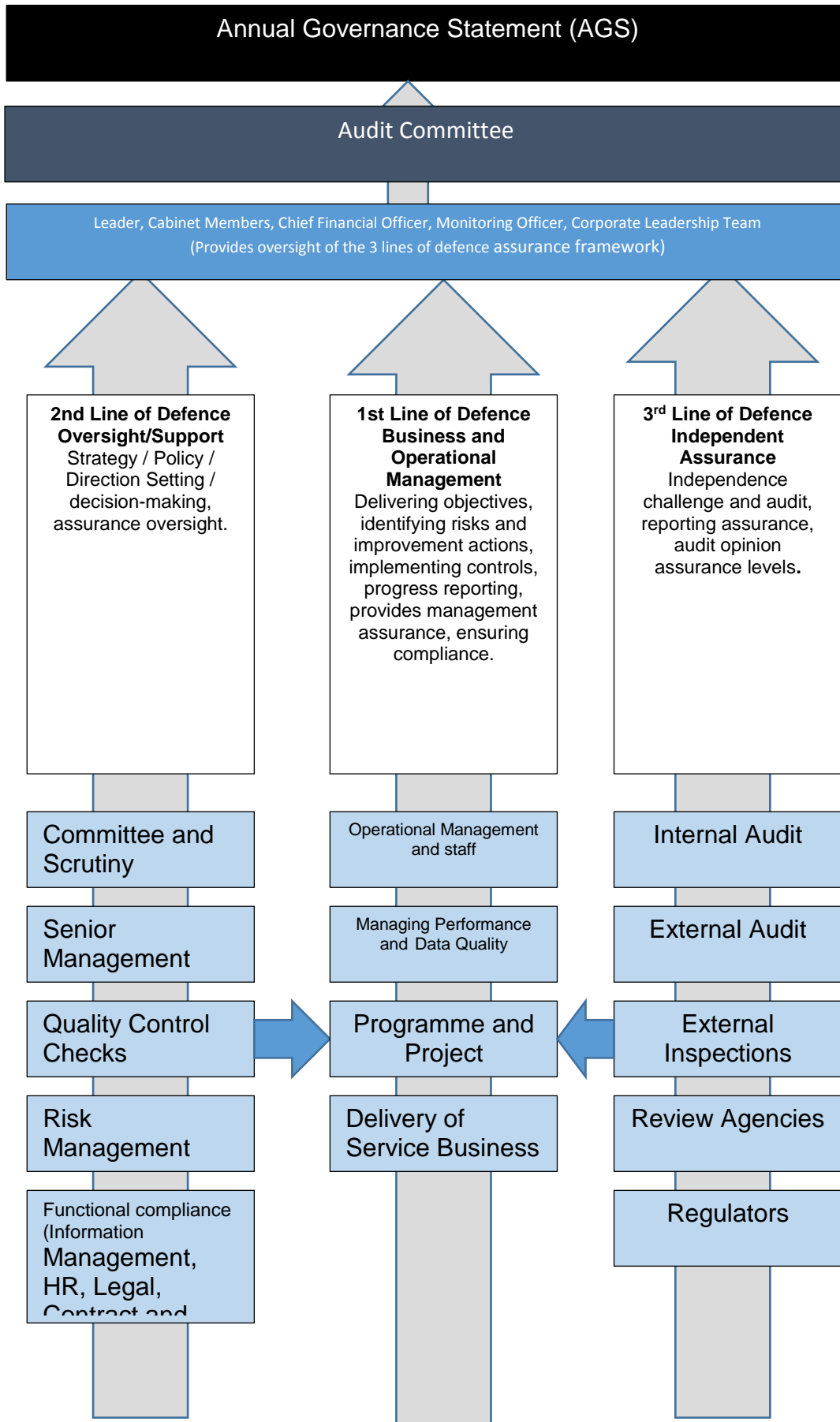| **Principles, Behaviours and Actions**	
Managing performance	• Monitoring service delivery effectively including planning, specification, execution and independent post implementation review. • Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the Council's financial, social and environmental position and outlook. • Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the Council's performance and that of any organisation for which it is responsible. • Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. • Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).

Robust internal control	• Aligning the risk management strategy and policies on internal control with achieving objectives.
	
	 • Evaluating and monitoring risk management and internal control on a regular basis.
	
	 • Ensuring effective counter fraud and anti-corruption arrangements are in place.
	
	 • Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
	
	 • Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body:
	
	    – provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment
	
	    – that its recommendations are listened to and acted upon

Managing data	• Ensuring effective arrangements are in place for the safe collection, storage, and use and sharing of data, including processes to safeguard personal data. • Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.

Principles, Behaviours and Actions	
	▪ Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.
Strong public financial management	▪ Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance.
	▪ Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.
Principle 7 – Implementing good practices in transparency, reporting, and audit to deliver effective accountability	
Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.	
Implementing good practice in transparency	▪ Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.
	▪ Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.
Implementing good practices in reporting	▪ Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.
	▪ Ensuring members and senior management own the results reported.
	▪ Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement).
	▪ Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate.
	▪ Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.

Principles, Behaviours and Actions	
Assurance and effective accountability	▪ Ensuring that recommendations for corrective action made by external audit are acted upon. ▪ Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon. ▪ Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. ▪ Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement. ▪ Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.

Version Control

Version	Prepared/Reviewed By	Date	Approved By	Date
2019 V1	David Bowater	March 2019		

Appendix 1

Annual Governance Statement (AGS)

Audit Committee

Leader, Cabinet Members, Chief Financial Officer, Monitoring Officer, Corporate Leadership Team
(Provides oversight of the 3 lines of defence assurance framework)

2nd Line of Defence Oversight/Support	**1st Line of Defence Business and Operational Management**	**3rd Line of Defence Independent Assurance**
Strategy / Policy / Direction Setting / decision-making, assurance oversight.	Delivering objectives, identifying risks and improvement actions, implementing controls, progress reporting, provides management assurance, ensuring compliance.	Independence challenge and audit, reporting assurance, audit opinion assurance levels.
Committee and Scrutiny	Operational Management and staff	Internal Audit
Senior Management	Managing Performance and Data Quality	External Audit
Quality Control Checks	Programme and Project	External Inspections
Risk Management	Delivery of Service Business	Review Agencies
Functional compliance (Information Management, HR, Legal, Contract and		Regulators

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Wiltshire Council

Audit Committee

17 April 2019

Draft Anti-Fraud, Theft and Bribery Strategy and Policy, Anti-Money Laundering Policy

Executive Summary

The above Strategy and Policies are due for review and therefore have been revised to update current legislation and operating procedures.

A detailed action plan is to be produced and presented at the next Audit Committee which will enable the committee to monitor progress in implementing the Strategy.

Proposal(s)

That the Audit Committee note and comment upon the revised Strategy and Policies.

Reason for Proposal

It is the role of the Audit Committee to monitor the development and implementation of the council's anti-fraud, theft and bribery policy.

Becky Hellard
Interim Director Finance

Ian Gibbons
Director Legal and Democratic Services / Monitoring Officer

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Anti-Fraud, Theft, and Bribery Policy
2019/22

Introduction

This policy provides an overview of the measures designed to combat any attempted fraudulent or corrupt act. For ease of understanding it is separated into the following areas:

- Culture
- Prevention
- Detection
- Reporting
- Investigations
- Discipline and prosecution
- Recovery of losses

Appendix I - Fraud response plan

Appendix II - Warning signs of potential fraud

1. Culture

1.1 Whilst there is a need for an anti-fraud, bribery and corruption policy it is equally important to emphasise the faith the council places in the integrity and honesty of its entire staff. The council also expects that all outside individuals and organisations including suppliers, contractors and claimants will act towards the council with honesty and integrity.

1.2 All councillors and employees are expected to be aware of standards of conduct and the procedures designed to reduce the risk of fraud, bribery and corruption occurring.

1.3 All employees shall be responsible for their own conduct, with managers being additionally responsible for maintaining internal checks and control procedures within their service area.

1.4 Fraud, bribery and corruption risks will be considered as part of the council's strategic risk management arrangements.

1.5 The council is determined that the culture and tone of the organisation is one of honesty, openness and opposition to fraud, bribery and corruption. The council will not tolerate fraud, bribery or corruption of any form or degree in the administration of its responsibilities whether from inside or outside the council.

1.6 There is an expectation that, and requirement that, all individuals and organisations associated in whatever way with the council will act with integrity and that councillors and employees at all levels, will lead by example.

1.7 The council's employees are an important element in its stance on fraud and corruption and are positively encouraged to raise any concerns that they may have on these issues, immaterial of seniority, rank or status, where they are associated with the council's activity. This they can do in the knowledge that such concerns will, wherever possible, be treated in confidence and properly investigated. The public also has a role to play in this process and should inform the council if they feel fraud/corruption may have occurred.

2. Prevention

2.1 The council recognises that a key preventive measure in the fight against fraud, bribery and corruption is the taking of effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff, in terms of their propriety and integrity. In this regard temporary and contract staff will be treated in the same manner as permanent staff.

2.2 The council will regularly review and keep its disciplinary procedures up to date and in line with good practice.

2.3 The council has contract procedure rules and financial procedure rules in place that specify procedures to be followed in administering the council's affairs and place a requirement on employees when dealing with the council's affairs to act in accordance with best practices.

2.4 The Director of Finance has been designated with the statutory responsibilities as Chief Financial Officer as defined by section 151 of the Local Government Act 1972. These

responsibilities outline 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 the responsibility or the administration of those affairs'.

'Proper administration' encompasses all aspects of local authority financial management including:
- Compliance with the statutory requirements for accounting and internal audit;
- Managing the financial affairs of the council
- The proper exercise of a wide range of delegated powers both formal and informal;
- Under these statutory responsibilities the section 151 officer contributes to the anti-fraud and corruption framework of the council.

2.5 The solicitor to the council (monitoring officer) is responsible for ensuring that all decisions made by the council are within the law. The monitoring officer's key role is to promote and maintain high standards of conduct throughout the council by developing, enforcing and reporting appropriate governance arrangements including codes of conduct and other standard policies.

2.6 The council has developed and is committed to continuing, with systems and procedures that incorporate efficient and effective internal controls, which include adequate separation of duties wherever possible. It is required that the directors, assistant directors and heads of service and other key managers will ensure that such controls, including those in a computerised environment are properly maintained. Their existence and appropriateness will be independently reviewed by the council's internal audit service.

2.7 The council will work with Partner Organisations to develop where possible a joint approach to antifraud activity.

3. Detection

3.1 Directors, assistant directors, heads of service and all managers shall ensure that internal control is implemented and maintained and will report any matters where internal control has failed to the chief internal auditor.

3.2 Internal audit has a preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud and corruption. Internal audit may be requested to investigate cases of suspected financial irregularity, fraud or corruption, except benefit fraud investigations, in accordance with agreed procedures.

Within the financial procedure rules in the constitution (Paragraph 20 of the Part 9 of the Wiltshire Council Constitution), representatives of internal audit on behalf of the Chief Financial Officer are empowered to:

- enter at all reasonable times any council premises or land
- have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary
- have access to records belonging to third parties such as contractors when required
- require and receive such explanations as are regarded necessary concerning any matter under examination

- require any employee of the council to account for cash, stores or any other council property under his/her control or possession

3.3 The council will take part in the National Fraud Initiative.

3.4 The audit and governance committee will review and approve as part of the annual audit plan the internal audit programme for fraud prevention and detection work.

3.5 The council's code of practice on whistleblowing allows employees and councillors to raise any concerns they may have in confidence and anonymously should they wish.

4. Reporting

4.1 The council expects all elected members and employees of the council to report any concerns that they may have in respect of fraud and corruption. Members of the public outside individuals and organisations including suppliers, contractors and claimants are also encouraged to report concerns.

4.2 As set out in the whistleblowing policy, employees are encouraged and expected to raise any concerns they may have without fear of recrimination. Such concerns will be treated in the strictest confidence and will be properly investigated.

4.3 Employees should normally raise concerns with their immediate manager or that manager's manager. This depends, however on the seriousness of the issues involved and who is suspected of the malpractice. If staff believe that their management is involved, they should approach:

i) The S151 and Director of Finance Officer Tel: xxxx
ii) The Head of Internal Audit – (South West Audit Partnership) Tel: xxxx
iv) The Solicitor to the Council – Tel: xxxx

4.4 Elected councillors should normally report any concerns to the appropriate senior management team member or one of the officers listed in3.

4.5 The council discourages anybody who has reasonably held suspicions from doing nothing, trying to investigate the matter themselves, approaching or accusing the individual themselves. Any of these actions could result in any counter fraud investigation being compromised.

4.6 Senior management is responsible for following up any allegation of fraud or corruption and will do so in line with the council's financial regulations.

4.7 Senior management is expected to deal swiftly and firmly with those who have defrauded the council or who are corrupt.

4.8 There is a need to ensure that any investigation process is not misused and therefore, any abuse such as raising unfounded malicious allegations will, where appropriate, be dealt with as a disciplinary matter.

5. Investigations

5.1 The investigation of fraud, bribery and corruption is a complex and specialist area and will usually be undertaken by internal audit, or for less complicated cases, managers, under internal audit advice. Internal audit will ensure that there is a procedure that can be implemented to ensure that all evidence is correctly obtained, stored and recorded.

5.2 Depending on the nature and anticipated extent of the allegations, internal audit will normally work closely with management and other agencies to ensure that all allegations and evidence is properly investigated and reported on.

5.3 To facilitate audit work and investigations, internal audit staff are accorded rights, by the Accounts and Audit Regulations 2015, to access all necessary documents, records, information and explanations from any member of staff.

5.4 When undertaking fraud investigations, council investigators will observe the Police and Criminal Evidence Act Codes of Practice and where necessary the Council's policies in respect of the Regulation of Investigatory Powers Act 2000 (RIPA Policies).

5.5 Any decision to refer an investigation to the police will be taken by the chief internal auditor in consultation with the chief finance officer and others, as appropriate.

6. Discipline and prosecution

6.1 The council's disciplinary procedures will be used where the outcome of any investigation indicates improper behaviour.

6.2 The chief finance officer is responsible for deciding in consultation with the relevant member of management board and the chief internal auditor as appropriate, whether any matter under investigation should be referred for police investigation and take recovery action as appropriate on such matters.

7. Recovery of losses

7.1 The council will normally seek to recover losses incurred as a result of fraud, bribery and corruption.

7.2 If anyone under investigation offers money in settlement of any losses to the council, it should be made clear that any monies offered will be accepted:

- Without prejudice to any other actions the council may wish to take;
- That acceptance is only in respect of losses identified to date; and
- That the council reserves the right to seek recovery any further losses that may come to light in the future.

7.3 Consideration will be given to legal action against the perpetrator of fraud or those benefiting from fraud in order to cover the council's losses.

8. The council's human resources policies

8.1 All investigations, internal procedures and codes of conduct will comply with and take account of the council's HR policies.

9. Data protection

9.1 The council will share any personal data with the police or any other body in connection with the detection, investigation or prosecution of fraud in line with the Data Protection Act 1998.

10. Working with other agencies

10.1 There are arrangements in place to continue to develop and encourage the appropriate exchange of information between the council and other agencies in relation to fraud, bribery and corruption to help prevent, deter and detect fraud. These include, but are not limited to:

- Police
- Department for Work and Pensions (DWP)
- HMRC
- National Anti-Fraud Network
- External Audit
- Other authorities

11. Related policies and other strategies

11.1 The following policies support or are linked to the anti-fraud, bribery and corruption policy (hyperlinks to be added).

- Anti-Money Laundering Policy
- Codes of Conduct (employees and councillors)
- Grievance Policy and Procedure
- Financial Procedure Rules
- Contracts Procedure Rules
- Whistleblowing or Confidential Reporting Code
- Equality Policy
- Disciplinary Procedures

Appendix I

ANTI-FRAUD, THEFT AND BRIBERY RESPONSE PLAN

Stage 1 – Commencing an investigation

Decisions to proceed with an investigation will be made by the appropriate Director in conjunction with the Head of Internal Audit, and the Chief Finance Officer. At this point the above officers will need to assess whether there is a requirement for any INTERNAL employee to be suspended.

Stage 2 – Appointment of investigating officers

For each investigation, the first step will be to appoint an investigating officer.
The Head of Internal Audit may appoint a lead officer from Internal Audit and decide on the overall lead for the investigation (depending on its nature/significance).

Stage 3 – Planning the investigation

The investigating officer will need to liaise with the internal audit lead officer to ensure that a plan of action is drawn up. The internal audit officers will as a matter of priority ensure that all relevant evidence including documentary records pertaining to the investigation are immediately secured.

Stage 4 – Referral to police

If the investigation relates to a suspected criminal offence, the Head of Internal Audit will need to consider (in conjunction with the relevant member of management board and the chief finance officer) whether to inform the police. If they decide that a formal police investigation is necessary then liaison with the police will normally be via legal and the Head of Internal Audit.

Stage 5 – Gathering evidence

The investigating officer will ensure, in conjunction with the internal audit lead officer that all evidence of fraud or corruption relating to the investigation is gathered objectively, systematically and in a well-documented manner. Where this is being carried out in conjunction with a police investigation the internal audit lead officer will be responsible for preparing any required statement and assembling all evidence and exhibits. The internal audit lead officer will keep the investigating officer fully informed of all developments with any police investigation.

Stage 6 – Progress reviews

During the investigation, the internal audit lead officer will produce confidential interim reports (which can be verbal reports) on progress and findings. These will normally be to the investigating officer.

Appendix II

WARNING SIGNS FOR POTENTIAL FRAUD, BRIBERY, CORRUPTION

As stated above managers are responsible for the design of systems, (in conjunction with compliance with corporate policies), which must include controls that will prevent and detect fraud within their processes. Employee training and awareness is essential in ensuring that they are alert to the signs that a fraud may be being undertaken.

External
Supplier Invoices
- There is no record of an official order made
- The invoice contains errors in detail such as officer's name and addresses
- Goods have not been received
- Stated website has limited contact information
- Documents supporting supplier invoices are inadequate or obviously altered
- Key documents appear to have been photocopied
- Evidence that a document has been altered.

Customer Applications and Payments
- Gaps in information given
- Unable to supply identification
- Unable to provide original documents
- Only able to supply photocopied documents
- Unwilling to meet at their home
- Large transactions paid by cash
- Overpayments made and refunds requested

Internal
- A person has a sudden change of lifestyle without apparent reason or unexplained and sudden wealth
- Noticeable personality or routine changes - continually works after hours, comes in frequently on weekends, insists on taking work home, requests for unusual patterns of overtime
- Possessiveness of job and records - reluctant to take holiday, go off sick or share responsibility
- Misfiled or missing documents such as receipts, estimates, correspondence.
- Computer enquiries made which are not necessary to job role,
- Suppliers & contractors insisting on dealing with a particular officer
- Unexplained budget pressures
- Poor audit trails

Anti-Fraud, Theft and Bribery Strategy and Policy
2019/22

Document control

Reference Number	0.1	Status	Approved
Sponsor(s)	Names of those managing the policy process	Author(s)	Interim Director of Finance and Procurement
Document objectives	To establish / promote / unify / state / xxxx a description of the area of work the policy is designed to influence.		
Intended Recipients	Not names but groups, roles and organisations		
Group/Persons Consulted:		Broad groups (e.g. elected members, partners, public). Not a description of the consultation process.	
Ratifying Body	Name of Board, Committee or Group	Date Ratified	Month and Year
Date of Issue	Month and Year (original issue)		
Next Review Date		Month and Year	
Contact for Review		Name and Position	

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Unrestricted

1. Introduction to the Strategy

Foreward

The local authority landscape has changed dramatically over the last few years and will continue to do so. Welfare reforms, decentralisation of government and austerity measures mean that local authorities are being expected to do more than ever before with less resource, increased devolution of decision making to communities and individuals, as well as working in more and more innovative partnerships. Strong governance, reducing fraud and corruption and ensuring council funds are properly directed to essential services, is a key aim in delivering our vision to create stronger more resilient communities. It is estimated that fraudsters cost the local tax payer many millions of pounds each year.

A new Fighting Fraud Locally Strategy has been produced as a result of collaboration between local authorities and key stakeholders from across the counter fraud landscape. The document provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities.

We are determined that we will protect ourselves from fraud and corruption from within and outside the organisation. We advocate a zero-tolerance approach and will seek to prevent fraud and corruption, including theft and bribery, in all areas of our activities. Where any instances are discovered, the Council will take all action as is necessary to hold perpetrators to account and reduce losses to an absolute minimum. Our aim is to make clear to all that we will not tolerate fraud or corruption. We expect anyone with a concern, to report the matter immediately so we can investigate. We will make sure that these reports are dealt with promptly and where a report is substantiated, we will take effective and speedy action. In all cases, we will provide a clear explanation to anybody who raises concerns.

Wiltshire Council is committed to protecting public monies and we will work hard to prevent fraud and corruption from ever happening, but where it does occur, we will continually seek out the perpetrators, prosecuting and seeking recovery.

Executive Summary

Wiltshire Council recognises that it has a duty to protect the public purse. Anti-fraud, theft and bribery is everyone's responsibility. This strategy applies to:

- Councillors;
- Employees;
- Agency Staff;
- Contractors;
- Consultants;
- Suppliers;
- Service Users;
- Employees and committee members of organisations funded by Wiltshire Council; and
- Employees and Principals of partner organisations.

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In addition to the above Wiltshire Council also expects its residents to adhere to the principles of the strategy and to be honest in their dealings with the Council.

It is estimated that the total loss to local authorities as a result of fraud is £2.1 billion[1] a year and whilst local authorities detected 3% fewer cases than in previous exercises the value had increased by 6%, which implies larger fraud cases.

Wiltshire Council is committed to tackling fraud, corruption, theft and bribery and will ensure that there are clear whistle blowing arrangements in place. As a local authority we are legally required to publish annually details of counter fraud work. Specifically, local authorities must publish the following information about their counter fraud work:

- Number of occasions they use powers under The Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers;
- Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud;
- Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists;
- Total amount spent by the authority on the investigation and prosecution of fraud; and
- Total number of fraud cases investigated.

The Code also recommends that local authorities publish details about the number of cases where fraud and irregularity has been identified and the monetary value for both categories that has been detected and recovered.

The Council will fulfil its aim to reduce fraud and corruption to an absolute minimum through a strategic approach consistent with that outlined in the Local Government Fraud Strategy 'Fighting Fraud Locally'. The key themes of this approach are Acknowledge, Prevent and Pursue: -

Acknowledge: acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

Prevent: preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Pursue: punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response.

The ongoing development of the strategy will be based upon comprehensive ongoing risk assessments in all areas of council activity, to reduce losses from fraud and corruption to an absolute minimum, through: -
- Reinforcing an organisational culture of zero tolerance to fraud and corruption;
- Encouraging prevention;
- Pro-actively detecting fraud and corruption; and

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[1] Published by the National Fraud Authority

- The instigation of legal, disciplinary and recovery action against any individual found to have acted fraudulently or corruptly in their relationship and dealings with the Council.

This holistic approach to tackling fraud and corruption will become an integral part of existing governance arrangements, policies and procedures. Providing a raft of measures designed collectively to deter would be offenders. This strategy supports the Council's vision to create strong communities in Wiltshire. The Anti-Fraud, Corruption, Theft and Bribery Strategy underpins the principles in seeking to ensure sound governance. In adopting this approach and culture the strategy supports the outcomes in enabling greater engagement with the community and partners, whilst protecting the public purse.

2. The Legal Framework

A priority aim is to fully integrate this strategy into existing policies, procedures and controls' ensuring it becomes a key part of the council's governance and risk management framework.

Objectives:
- To risk-assess new and existing fraud threats;
- To create a strong counter-fraud and counter-corruption culture within the council;
- To maintain effective systems and procedures for the prevention and detection of fraudulent and corrupt activity;
- To establish an effective response to suspected cases of fraud and corruption, to ensure all suspicions are properly and thoroughly investigated;
- To take appropriate and strong action to deal with proven fraudsters; and
- To vigorously pursue all forms of redress to recover financial losses.

The aims of this strategy have been turned into a set of actions which are contained in a timetabled action plan and can be found as an appendix to this document. Delivery of the action plan will be reviewed and monitored by regular reporting to the Audit Committee and an annual update to Full Council.

3. Key Definitions

Fraud
The Fraud Act 2006 establishes that fraud may be committed in the following ways:
a) Fraud by false representation
b) Fraud by failing to disclose information
c) Fraud by abuse of position.

Bribery

The Bribery Act 2010 establishes that an offence of bribery occurs when a person offers, gives or promises to give a financial or other advantage to another in exchange for improperly performing a relevant function or activity. Similarly, the offence of being bribed is defined as requesting, accepting or agreeing to accept such an advantage in exchange for improperly performing such a function or activity.

Theft

The Theft Act 1968 states that 'a person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'.

4. Scope of the Strategy

The Fraud Triangle - Causes of Fraud

There are 3 components in the Fraud Triangle:

1. Pressure – a non-shareable financial problem, usually personal to the fraud perpetrator and they feel unable or unwilling to share the problem.
2. Opportunity – an opportunity that exists for fraud to take place. This is usually due to a lack of robust internal controls and the violator feels that they can take advantage of the opportunity. Often this involves a level of technical skill which is why the violator will find the opportunity to commit fraud within their own function.
3. Rationalisation – many rationalise that the fraud was justified and that it was a part of a general irresponsibility for which they are not accountable.

Changes to the National and Public Sector Counter Fraud Landscape:

There have been significant changes nationally, including areas covering organised fraud and anti-corruption. The National Crime Agency was created in October 2013 and in May 2014 produced the National Strategic Assessment of Serious Organised Crime. Action Fraud is the national reporting point for fraud and cyber-crime.

Local government is not immune from organised fraud. Recent years have seen several cases where perpetrators have been part of a larger criminal network, crossing local authority boundaries.

On 18th December 2014 the Home Office published the first UK Anti-Corruption Plan. The response to corruption follows the UK's four components of the Serious and Organised Crime Strategy:

Pursue: prosecuting and disrupting people engaged in serious and organised criminality

Prevent: preventing people from engaging in serious and organised crime

Protect: increasing protection against serious and organised crime

Prepare: reducing the impact of this criminality where it takes place.

The plan sets out the immediate priorities for the government, which are to build a better picture of the threat from corruption, increase protection and strengthen the law enforcement response.

As a result of the Fraud, Error and Debt Taskforce's work, central government is driving ahead with a broad agenda of activity on fraud, error, debt and grants. This include the roll out of the Debt Market Integrator, a new way of collecting public sector debt and developing capability across central government in countering fraud through the development of government standards for counter fraud work. It also includes projects to enhance the use of data analytics across government and increasing the efficiency and effectiveness of government grant

The National Fraud Initiative (NFI), an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud, is now under the control of the Cabinet Office. The NFI team continues to carry out data matching work with local authorities.

5. Relevant Criteria and application of the Policy

Anti-fraud culture

The Council is resolute that the culture and tone of the authority is one of honesty with zero tolerance towards fraud and corruption, this is already demonstrated through its behavioural framework and codes of conduct for employees and members. The right organisational culture will be continually reinforced by:

- Raising awareness of this strategy to new and existing employees; and
- Publicising the results of all proactive work, sanctions and recovery of losses due to fraud and corruption increase and maintain the general public awareness of the facilities available to report concerns about fraud and corruption.

6. Review

Governance

The Council has already established a robust framework of procedures and controls which provide the major elements of its anti-fraud and corruption governance arrangements. This strategy is an integral part of a series of interrelated policies, procedures and controls designed to deter any attempted fraudulent or corrupt act, see :-
http://www.wiltshire.gov.uk/council/howthecouncilworks/plansstrategiespolicies.htm

These policies, procedures and controls include: -

- Council Constitution including Financial Regulations;
- Standards Committee;
- Code of Conduct for Councillors; for Employees;
- Registers of Interest;
- Procurement Rules and Guidance;
- Anti-Money Laundering Policy and Procedures;
- Whistle Blowing Policy;

- HR policies and procedures for managing performance including disciplinary matters;
- HR policies and procedures for managing recruitment;
- I.T. Security Policy;
- Benefit Fraud Sanction Policy; and
- Benefit Fraud Strategy.

Acknowledge

Assessing and understanding fraud risk:

The ongoing development of this strategy will be informed through gaining a clear understanding of the threat, emerging risks, trends and the savings that can be achieved by investing in countering fraud and corruption. This will focus on greater use of technology and interrogation of data to assess vulnerability and proactively target higher risk areas. We will also be focusing on raising staff awareness of the risks of fraud and corruption and what they can do to prevent or identify it.

Maintaining a robust anti-fraud response

Whistle blowing remains the most common way that fraud and corruption is detected in large organisations. The Council will raise awareness and continually promote its whistle-blowing policy and other associated policies and procedures ensuring all reports of suspected fraud or corruption are treated seriously and acted upon. Thereby developing a robust and proportionate response to counter any threats. http://www.wiltshire.gov.uk/council/howthecouncilworks/plansstrategiespolicies/whistleblowingp olicy.htm

Prevention

Enhancing fraud and corruption controls and processes

The best way to fight fraud and corruption is to prevent it happening in the first place. The council will continually work towards realigning counter fraud resources away from enforcement towards prevention; ultimately, aiming to deter all would be offenders.

An effective internal control framework covering all the Council's systems both financial and non-financial is essential in the fight against fraud and corruption. The governance and risk management arrangements form an integral part of this arrangement. The investigation team (Internal Audit) will support the existing framework by working alongside managers and policy makers to ensure new and existing systems are customer centric, efficient, secure and offer value for money.

Preventative measures will be supported by the ongoing assessment of those areas most vulnerable to the risk of fraud and corruption, in conjunction with risk management arrangements and risk-based audit reviews. The annual publication 'Protecting the Public Purse' provides details of the key fraud risks faced by local government. The Council will undertake a review of the high-risk areas identified in the publication. The reviews will support the development of effective, value for money counter fraud measures that also enhance the quality of our customer service.

Detection

Making better use of technology
A key feature in the drive towards detecting fraud and corruption at the outset will be the ongoing use and development of information sharing as well as better use of data to verify and validate transactions.

The sheer diversity of the services the Council and its partners provide, and the multiplicity of systems used to manage them generates huge volumes of records and data. The council will reengineer its fraud detection processes by comparing data from a variety of its systems, as well as, partners systems to identify anomalies, improve information sharing across services and inform the risk management process.

The Council is required to submit data to the National Fraud Initiative a data matching exercise that helps prevent and detect fraud. The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

Correction (Recovering losses)

Prioritising fraud recovery and the use of civil sanctions
Fraud must not pay, where fraud or corruption is discovered the full range of sanctions will be deployed, including civil, disciplinary and criminal action. Every effort will be made to recoup losses and confiscate assets gained as a result of criminal activity.

Punishment

Developing capability to punish fraudsters
Criminal prosecutions deter offenders and reinforce a culture of zero tolerance towards fraud. Successful prosecutions require cases to be professionally investigated ensuring all evidence is collected within the law. Investigative staff must be adequately trained with the appropriate skills and access to specialist resources to secure effective prosecutions.

Collaborating across local authorities, other organisations and with law enforcement
Organised fraud has no respect for boundaries and can cross a range of organisations and services. Effective cooperation and joint working between local authorities and with other agencies including the Police and NHS Primary Care Trust will be essential in the ongoing development of the council's strategic response.

Deterrence

We are developing a communication strategy which will set out our detailed approach, but this will be underpinned by our commitment to always be proactive in promoting our culture and approach to fraud and corruption, both internally to the council's staff and councillors, but also externally to the public, businesses and partners. We will always publicise successful prosecutions. We will also listen to and take seriously all allegations.

7. Further Information

Please refer to:

Appendix A Anti-Fraud, Theft and Bribery Policy

Appendix A

Anti-Fraud, Theft, and Bribery Policy
2019/22

Introduction

This policy provides an overview of the measures designed to combat any attempted fraudulent or corrupt act. For ease of understanding it is separated into the following areas:

- Culture
- Prevention
- Detection
- Reporting
- Investigations
- Discipline and prosecution
- Recovery of losses

Appendix I - Fraud response plan

Appendix II - Warning signs of potential fraud

1. Culture

1.1 Whilst there is a need for an anti-fraud, bribery and corruption policy it is equally important to emphasise the faith the council places in the integrity and honesty of its entire staff. The council also expects that all outside individuals and organisations including suppliers, contractors and claimants will act towards the council with honesty and integrity.

1.2 All councillors and employees are expected to be aware of standards of conduct and the procedures designed to reduce the risk of fraud, bribery and corruption occurring.

1.3 All employees shall be responsible for their own conduct, with managers being additionally responsible for maintaining internal checks and control procedures within their service area.

1.4 Fraud, bribery and corruption risks will be considered as part of the council's strategic risk management arrangements.

1.5 The council is determined that the culture and tone of the organisation is one of honesty, openness and opposition to fraud, bribery and corruption. The council will not tolerate fraud, bribery or corruption of any form or degree in the administration of its responsibilities whether from inside or outside the council.

1.6 There is an expectation that, and requirement that, all individuals and organisations associated in whatever way with the council will act with integrity and that councillors and employees at all levels, will lead by example.

1.7 The council's employees are an important element in its stance on fraud and corruption and are positively encouraged to raise any concerns that they may have on these issues, immaterial of seniority, rank or status, where they are associated with the council's activity. This they can do in the knowledge that such concerns will, wherever possible, be treated in confidence and properly investigated. The public also has a role to play in this process and should inform the council if they feel fraud/corruption may have occurred.

2. Prevention

2.1 The council recognises that a key preventive measure in the fight against fraud, bribery and corruption is the taking of effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff, in terms of their propriety and integrity. In this regard temporary and contract staff will be treated in the same manner as permanent staff.

2.2 The council will regularly review and keep its disciplinary procedures up to date and in line with good practice.

2.3 The council has contract procedure rules and financial procedure rules in place that specify procedures to be followed in administering the council's affairs and place

a requirement on employees when dealing with the council's affairs to act in accordance with best practices.

2.4 The Director of Finance has been designated with the statutory responsibilities as Chief Financial Officer as defined by section 151 of the Local Government Act 1972. These responsibilities outline 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 the responsibility or the administration of those affairs'.

'Proper administration' encompasses all aspects of local authority financial management including:
- Compliance with the statutory requirements for accounting and internal audit;
- Managing the financial affairs of the council
- The proper exercise of a wide range of delegated powers both formal and informal;
- Under these statutory responsibilities the section 151 officer contributes to the anti-fraud and corruption framework of the council.

2.5 The solicitor to the council (monitoring officer) is responsible for ensuring that all decisions made by the council are within the law. The monitoring officer's key role is to promote and maintain high standards of conduct throughout the council by developing, enforcing and reporting appropriate governance arrangements including codes of conduct and other standard policies.

2.6 The council has developed and is committed to continuing, with systems and procedures that incorporate efficient and effective internal controls, which include adequate separation of duties wherever possible. It is required that the directors, assistant directors and heads of service and other key managers will ensure that such controls, including those in a computerised environment are properly maintained. Their existence and appropriateness will be independently reviewed by the council's internal audit service.

2.7 The council will work with Partner Organisations to develop where possible a joint approach to antifraud activity.

3. Detection

3.1 Directors, assistant directors, heads of service and all managers shall ensure that internal control is implemented and maintained and will report any matters where internal control has failed to the chief internal auditor.

3.2 Internal audit has a preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud and corruption. Internal audit may be requested to investigate cases of suspected financial irregularity, fraud or corruption, except benefit fraud investigations, in accordance with agreed procedures.

Within the financial procedure rules in the constitution (Paragraph 20 of the Part 9 of the Wiltshire Council Constitution), representatives of internal audit on behalf of the Chief Financial Officer are empowered to:

- enter at all reasonable times any council premises or land
- have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary
- have access to records belonging to third parties such as contractors when required
- require and receive such explanations as are regarded necessary concerning any matter under examination
- require any employee of the council to account for cash, stores or any other council property under his/her control or possession

3.3 The council will take part in the National Fraud Initiative.

3.4 The audit and governance committee will review and approve as part of the annual audit plan the internal audit programme for fraud prevention and detection work.

3.5 The council's code of practice on whistleblowing allows employees and councillors to raise any concerns they may have in confidence and anonymously should they wish.

4. Reporting

4.1 The council expects all elected members and employees of the council to report any concerns that they may have in respect of fraud and corruption. Members of the public outside individuals and organisations including suppliers, contractors and claimants are also encouraged to report concerns.

4.2 As set out in the whistleblowing policy, employees are encouraged and expected to raise any concerns they may have without fear of recrimination. Such concerns will be treated in the strictest confidence and will be properly investigated.

4.3 Employees should normally raise concerns with their immediate manager or that manager's manager. This depends, however on the seriousness of the issues involved and who is suspected of the malpractice. If staff believe that their management is involved, they should approach:

i) The S151 and Director of Finance Officer Tel: xxxx
ii) The Head of Internal Audit – (South West Audit Partnership) Tel: xxxx
iv) The Solicitor to the Council – Tel: xxxx

4.4 Elected councillors should normally report any concerns to the appropriate senior management team member or one of the officers listed in3.

4.5 The council discourages anybody who has reasonably held suspicions from doing nothing, trying to investigate the matter themselves, approaching or accusing

the individual themselves. Any of these actions could result in any counter fraud investigation being compromised.

4.6 Senior management is responsible for following up any allegation of fraud or corruption and will do so in line with the council's financial regulations.

4.7 Senior management is expected to deal swiftly and firmly with those who have defrauded the council or who are corrupt.

4.8 There is a need to ensure that any investigation process is not misused and therefore, any abuse such as raising unfounded malicious allegations will, where appropriate, be dealt with as a disciplinary matter.

5. Investigations

5.1 The investigation of fraud, bribery and corruption is a complex and specialist area and will usually be undertaken by internal audit, or for less complicated cases, managers, under internal audit advice. Internal audit will ensure that there is a procedure that can be implemented to ensure that all evidence is correctly obtained, stored and recorded.

5.2 Depending on the nature and anticipated extent of the allegations, internal audit will normally work closely with management and other agencies to ensure that all allegations and evidence is properly investigated and reported on.

5.3 To facilitate audit work and investigations, internal audit staff are accorded rights, by the Accounts and Audit Regulations 2015, to access all necessary documents, records, information and explanations from any member of staff.

5.4 When undertaking fraud investigations, council investigators will observe the Police and Criminal Evidence Act Codes of Practice and where necessary the Council's policies in respect of the Regulation of Investigatory Powers Act 2000 (RIPA Policies).

5.5 Any decision to refer an investigation to the police will be taken by the chief internal auditor in consultation with the chief finance officer and others, as appropriate.

6. Discipline and prosecution

6.1 The council's disciplinary procedures will be used where the outcome of any investigation indicates improper behaviour.

6.2 The chief finance officer is responsible for deciding in consultation with the relevant member of management board and the chief internal auditor as appropriate, whether any matter under investigation should be referred for police investigation and take recovery action as appropriate on such matters.

7. Recovery of losses

7.1 The council will normally seek to recover losses incurred as a result of fraud, bribery and corruption.

7.2 If anyone under investigation offers money in settlement of any losses to the council, it should be made clear that any monies offered will be accepted:

- Without prejudice to any other actions the council may wish to take;
- That acceptance is only in respect of losses identified to date; and
- That the council reserves the right to seek recovery any further losses that may come to light in the future.

7.3 Consideration will be given to legal action against the perpetrator of fraud or those benefiting from fraud in order to cover the council's losses.

8. The council's human resources policies

8.1 All investigations, internal procedures and codes of conduct will comply with and take account of the council's HR policies.

9. Data protection

9.1 The council will share any personal data with the police or any other body in connection with the detection, investigation or prosecution of fraud in line with the Data Protection Act 1998.

10. Working with other agencies

10.1 There are arrangements in place to continue to develop and encourage the appropriate exchange of information between the council and other agencies in relation to fraud, bribery and corruption to help prevent, deter and detect fraud. These include, but are not limited to:

- Police
- Department for Work and Pensions (DWP)
- HMRC
- National Anti-Fraud Network
- External Audit
- Other authorities

11. Related policies and other strategies

11.1 The following policies support or are linked to the anti-fraud, bribery and corruption policy (hyperlinks to be added).

- Anti-Money Laundering Policy
- Codes of Conduct (employees and councillors)

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- Grievance Policy and Procedure
- Financial Procedure Rules
- Contracts Procedure Rules
- Whistleblowing or Confidential Reporting Code
- Equality Policy
- Disciplinary Procedures

Appendix I

ANTI-FRAUD, THEFT AND BRIBERY RESPONSE PLAN

Stage 1 – Commencing an investigation

Decisions to proceed with an investigation will be made by the appropriate Director in conjunction with the Head of Internal Audit, and the Chief Finance Officer. At this point the above officers will need to assess whether there is a requirement for any INTERNAL employee to be suspended.

Stage 2 – Appointment of investigating officers

For each investigation, the first step will be to appoint an investigating officer.
The Head of Internal Audit may appoint a lead officer from Internal Audit and decide on the overall lead for the investigation (depending on its nature/significance).

Stage 3 – Planning the investigation

The investigating officer will need to liaise with the internal audit lead officer to ensure that a plan of action is drawn up. The internal audit officers will as a matter of priority ensure that all relevant evidence including documentary records pertaining to the investigation are immediately secured.

Stage 4 – Referral to police

If the investigation relates to a suspected criminal offence, the Head of Internal Audit will need to consider (in conjunction with the relevant member of management board and the chief finance officer) whether to inform the police. If they decide that a formal police investigation is necessary then liaison with the police will normally be via legal and the Head of Internal Audit.

Stage 5 – Gathering evidence

The investigating officer will ensure, in conjunction with the internal audit lead officer that all evidence of fraud or corruption relating to the investigation is gathered objectively, systematically and in a well-documented manner. Where this is being carried out in conjunction with a police investigation the internal audit lead officer will be responsible for preparing any required statement and assembling all evidence and exhibits. The internal audit lead officer will keep the investigating officer fully informed of all developments with any police investigation.

Stage 6 – Progress reviews

During the investigation, the internal audit lead officer will produce confidential interim reports (which can be verbal reports) on progress and findings. These will normally be to the investigating officer.

Appendix II

WARNING SIGNS FOR POTENTIAL FRAUD, BRIBERY, CORRUPTION

As stated above managers are responsible for the design of systems, (in conjunction with compliance with corporate policies), which must include controls that will prevent and detect fraud within their processes. Employee training and awareness is essential in ensuring that they are alert to the signs that a fraud may be being undertaken.

External
Supplier Invoices
- There is no record of an official order made
- The invoice contains errors in detail such as officer's name and addresses
- Goods have not been received
- Stated website has limited contact information
- Documents supporting supplier invoices are inadequate or obviously altered
- Key documents appear to have been photocopied
- Evidence that a document has been altered.

Customer Applications and Payments
- Gaps in information given
- Unable to supply identification
- Unable to provide original documents
- Only able to supply photocopied documents
- Unwilling to meet at their home
- Large transactions paid by cash
- Overpayments made and refunds requested

Internal
- A person has a sudden change of lifestyle without apparent reason or unexplained and sudden wealth
- Noticeable personality or routine changes - continually works after hours, comes in frequently on weekends, insists on taking work home, requests for unusual patterns of overtime
- Possessiveness of job and records - reluctant to take holiday, go off sick or share responsibility
- Misfiled or missing documents such as receipts, estimates, correspondence.
- Computer enquiries made which are not necessary to job role,
- Suppliers & contractors insisting on dealing with a particular officer
- Unexplained budget pressures
- Poor audit trails

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Draft Anti-Money Laundering Policy

April 2019

Unrestricted

Document control

Reference Number	0.1	Status	Approved
Sponsor(s)	Names of those managing the policy process	Author(s)	Names of those writing or writing the policy
Document objectives	To establish / promote / unify / state / xxxx a description of the area of work the policy is designed to influence.		
Intended Recipients	Not names but groups, roles and organisations		
Group/Persons Consulted:		Broad groups (e.g. elected members, partners, public). Not a description of the consultation process.	
Ratifying Body	Name of Board, Committee or Group	Date Ratified	Month and Year
Date of Issue	Month and Year (original issue)		
Next Review Date		Month and Year	
Contact for Review		Name and Position	

Unrestricted

1. **Introduction to the Policy/ Purpose of the Policy**

   Although local authorities are not obliged to comply with the requirements of the Money Laundering Regulations 2017, guidance from CIPFA indicates that they should embrace the underlying spirit of the legislation and regulations.

   Wiltshire Council takes a zero–tolerance approach to fraud and corruption and as such will be taking a proactive approach to the prevention, detection and reporting of suspected money-laundering incidents. This Policy sets out the Council's commitment to ensuring compliance with the requirements of legislation relating to money-laundering and criminal property. The Policy sits alongside the Council's Anti–Fraud and Corruption Policy Statement.

   This policy applies to all employees, whether permanent or temporary, and Members of the Council. Its aim is to enable employees and Members to respond to a concern they have in the course of their dealings for the Council. Individuals who have a concern relating to a matter outside work should contact the Police.

2. **The Legal Framework**

   Money laundering offences are contained in the Proceeds of Crime Act 2002 (POCA)[1] and the Terrorism Act 2000/2006 (TACT)[2].
   There are three main offences:
   - **Concealing**: knowing or suspecting a case of money laundering but concealing or disguising its existence.
   - **Arranging**: becoming involved in an arrangement to launder money or assisting in money laundering.
   - **Acquisition**: use or possession: benefiting from money laundering by acquiring, using or possessing the property concerned.

   There is also a 'third party' offence – failure to disclose one of the three main offences detailed above.

   POCA creates an obligation on persons in the regulated sector (mainly the financial services sector) to report their suspicion or knowledge of another person's money-laundering to the National Crime Agency (NCA)3, and failure to report is an offence. There are also offences of tipping off about a money laundering disclosure, tipping off about a money-laundering investigation and prejudicing money-laundering investigations.

   The Terrorism Act 2000 made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism or resulting from acts of terrorism.

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[1] POCA an Act that allows the confiscation or civil recovery of property which is or represents property obtained through unlawful conduct

[2] TACT allows the detention of suspected terrorists without charge for 28 days, includes financing and supporting terrorism

Although the term 'money laundering' is generally used to describe the activities of organised crime, for most people it will involve a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.

The principal offences under POCA and TACT apply to local authorities although some of the other offences (failure to disclose, and tipping-off) do not apply provided the Council does not undertake activities regulated under the Financial Services and Markets Act 20004[3].

The main requirements of the legislation are:
- To appoint a money laundering reporting officer (MLRO)
- Maintain client identification procedures in certain circumstances
- Implement a procedure to enable the reporting of suspicions of money laundering
- Maintain record keeping procedures

3. Key Definitions

Money-laundering is generally defined as the process by which the proceeds of crime, and the true ownership of those proceeds, are changed so that the proceeds appear to come from a legitimate source. Money-laundering can arise from small profits and savings from relatively minor crimes, such as regulatory breaches, minor tax evasion or benefit fraud. Because banks and financial institutions have developed procedures to alert them to potential money laundering, criminals look for other ways of placing cash within the financial system (for example, by investing in property).

4. Scope of the Policy

How the Council will embrace the Act

- Training of staff and relevant Members to recognise transactions that may indicate money laundering.
- The mandatory requirement for staff to read the anti-money laundering policy
- The Appointment of a Money-laundering Reporting Officer who will receive staff disclosures on suspicions of money-laundering
- Verifying the identity of individuals involved in transactions where appropriate, and keeping records of evidence obtained
- Establishing internal procedures to help prevent money-laundering.
- Reporting any suspicious transactions to the NCA
- Threshold for cash payments
- All personal data collected must be kept in compliance with the Data Protection Act.

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[3] The FSA regulate services such as insurance, investment business and banking

Circumstances that may be susceptible to money-laundering

- Sale of Council land/buildings (as sale proceeds could be in cash)
- Sales of Council properties (under the right-to-buy scheme)[4]
- Receipt of cash payments
- Investments – this would cover activities such as the issues of local bonds or transfers to or from non-UK banks

Indicators that should raise suspicion include:

- Where the person you are dealing with is excessively secretive or obstructive
- Where a transaction seems unusual, such as an unusually large cash payment
- An overpayment or duplicate payment in cash where the refund is requested by cheque
- Where a customer pays funds to the Council but then ends the transaction for no apparent reason, or unexpectedly asks for money to be refunded or forwarded to a third party
- Where a customer tells you that funds are coming from one source and at the last minute the source changes
- Absence of an obvious legitimate source of funds e.g. where an individual is on a low income and is purchasing a property from the Council
- Movement of funds overseas, particularly to a high-risk country
- Individuals and companies that are insolvent but have funds • Purchase of property (e.g. a Council house) where no mortgage is involved

5. Relevant Criteria and application of the Policy

Identification, information about source of money, and record-keeping
In some circumstances you may wish to seek confirmation of the identity of an individual involved in a transaction with the Council (such as the purchase of a property from the Council). This could be, for instance, where the individual is not represented by a solicitor (who would be expected to have carried out the necessary checks). Evidence of identification and details of the transaction must be kept for at least 5 years.

Where there is no obvious source of funds, you may consider asking the individual to explain the source of the funds. Assess whether you think their explanation is valid - for example, the money may have been received from an inheritance or from the sale of another property.

Reporting Procedure for Suspicions of Money Laundering
The Council has appointed the S151 Officer and Head of Internal Audit as appointed officers. Where you know or suspect that money laundering activity is taking/has taken place, you must disclose this as soon as practicable to the MLRO. The disclosure should be within "hours" of the information coming to your attention, not weeks or months later.

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[4] NCA an National Crime Agency that aims to protect the public from the most serious threats of organised crime

Your disclosure should be made to the MLRO on the above contact details. The disclosure must include as much detail as possible including:

- Full details of the people involved
- Full details of the nature of their/your involvement.
- The types of money laundering activity involved
- The dates of such activities
- Whether the transactions have happened, are ongoing or are imminent
- Where they took place
- How they were undertaken
- The (likely) amount of money/assets involved
- Why, exactly, you are suspicious.

Along with any other available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable the MLRO to prepare a report to the National Crime Agency (NCA), where appropriate. You should also provide copies of any relevant supporting documentation.

Once you have reported the matter to the MLRO you must follow any directions given to you. You must NOT make any further enquiries into the matter yourself: any necessary investigation will be undertaken by the NCA. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

Do not, therefore, make any reference on a client file to a report having been made to the MLRO – should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made. The MLRO will keep the appropriate records in a confidential manner.

6. Review

Disclosure by the Money Laundering Reporting Officer
Upon receipt of a disclosure of a suspicion, the MLRO must note the date of receipt and acknowledge receipt of it. They should also advise you of the timescale within which they expect to respond to you.

The MLRO will consider the report and any other available internal information they think relevant, for example:

- Reviewing other transaction patterns and volumes
- The length of any business relationship involved
- The number of any one-off transactions and linked one-off transactions
- Any identification evidence held

The MLRO will undertake such other reasonable inquiries they think appropriate in order to ensure that all available information is considered in deciding whether a report to the NCA is required. The decision will be made in consultation with the Head of Legal. The MLRO may also need to discuss the report with you.

Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:

- There is actual or suspected money laundering taking place; or
- There are reasonable grounds to know or suspect that is the case; and
- Whether they need to seek consent from the NCA for a particular transaction to proceed.

Where the decision verifies the suspicion the MLRO must report the matter as soon as practicable to the NCA on their standard report form.

Where the MLRO suspects money laundering but has a reasonable excuse for nondisclosure (for example, professional privilege), then he must note the report accordingly; he can then immediately give his consent for any ongoing or imminent transactions to proceed.

In cases where legal professional privilege may apply, the MLRO must liaise with the Council's Section 151 Officer and Monitoring Officer to decide whether there is a reasonable excuse for not reporting the matter to the NCA.

Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not be completed until the NCA has given consent, or the relevant time limits have expired without objection from the NCA.

Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then he shall mark the report accordingly and give his consent for any ongoing or imminent transaction(s) to be made.

All disclosure reports referred to the MLRO and reports made by him to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

The MLRO commits a criminal offence if he knows or suspects, or has reasonable grounds to do so, through a disclosure being made to him, that another person is engaged in money laundering and he does not disclose this as soon as practicable to the NCA.

7. Further Information

No further supporting documents

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Wiltshire Council
Where everybody matters

PROPOSED WORK PROGRAMME FOR THE AUDIT COMMITTEE 2019

17 April 2019 10 am	Q4 IA update and year end summary	SWAP		4 April 2019	9 April 2019
	Draft Internal Audit Plan	SWAP			
	Report on 2018/19 close down and external audit plan update	Becky Hellard			
	Risk and Performance Policy Report	Robin Townsend			
	Accounting Policies	Becky Hellard			
	Partnership Governance arrangements	Ian Gibbons			
	Draft Annual Governance Statement	Ian Gibbons			
	Anti-Fraud and Corruption Policy	SWAP			
	Finance Director Recruitment Update				

24 July 2019 10am	Report to those charged with Governance (ISA 260) 2018/2019	Deloitte		11 July 2019	16 July 2019
	Pension Assurance on accounts	Pension Fund/ Jim Brewster			
	Statement of Accounts	Becky Hellard			
	Annual Governance Statement	Ian Gibbons			
	Grant Certification Report 2018/19	Deloitte			

PROPOSED WORK PROGRAMME FOR THE AUDIT COMMITTEE - 2019

	IA annual report 2018/2019	SWAP			
	Q1 IA Report	SWAP			
	Appointment of a member to the Constitution Focus Group	Chairman			
	30 min add on – not part of formal meeting – Confidential meeting with external auditors (annually)				

7 November 2019 10am	Q2 IA report	SWAP			
	External audit update	Deloitte		24 Oct	30 Oct
	Risk and Performance Report Update	Robin Townsend			
	SWAP international standards assessment Triennial External Assessment Review on Compliance to Public Sectors Internal Audit Standards	SWAP			