

Public Document Pack



JOINT AUDIT AND STANDARDS COMMITTEE	
DATE:	MONDAY, 28 MARCH 2022 9.30 AM
VENUE:	FRINK ROOM (ELISABETH) ENDEAVOUR HOUSE

Members		
<u>Conservative</u> Melanie Barrett James Caston Mary McLaren David Muller (Co-Chair)	<u>Independent</u> John Nunn <u>Liberal Democrat</u> Bryn Hurren (Co-Chair) Mike Norris	<u>Green Party</u> Austin Davies Rachel Eburne

A G E N D A

PART 1

MATTERS TO BE CONSIDERED WITH THE PRESS AND PUBLIC PRESENT

Page(s)

1 SUBSTITUTES AND APOLOGIES

Any Member attending as an approved substitute to report giving his/her name and the name of the Member being substituted.

2 DECLARATION OF INTERESTS

Members to declare any interests as appropriate in respect of items to be considered at this meeting.

3 JAC/21/19 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 29TH NOVEMBER 2021

4 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE COUNCIL'S PETITION SCHEME

5 QUESTIONS BY THE PUBLIC

To consider questions from, and provide answers to, the public in relation to matters which are relevant to the business of the meeting and of which due notice has been given in accordance with the Committee and Sub-Committee Procedure Rules.

6 QUESTIONS BY COUNCILLORS

To consider questions from, and provide answer to, Councillors on any matter in relation to which the Committee has powers or duties and of which due notice has been given in accordance with the Committee and Sub-Committee Procedure Rules.

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	Report by the Corporate Manager – Democratic Services attached.	

Note: The date of the next meeting is 16th May 2022 commencing at 9.30am

Introduction to Public Meetings

Babergh/Mid Suffolk District Councils are committed to Open Government. The proceedings of this meeting are open to the public, apart from any confidential or exempt items which may have to be considered in the absence of the press and public.

Domestic Arrangements:

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- Cold water is also available outside opposite the room.
- Please switch off all mobile phones or turn them to silent.

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If you hear the alarm:

1. Leave the building immediately via a Fire Exit and make your way to the Assembly Point (Ipswich Town Football Ground).
2. Follow the signs directing you to the Fire Exits at each end of the floor.
3. Do not enter the Atrium (Ground Floor area and walkways). If you are in the Atrium at the time of the Alarm, follow the signs to the nearest Fire Exit.
4. Use the stairs, not the lifts.
5. Do not re-enter the building until told it is safe to do so.

Agenda Item 7

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

COMMITTEE: Joint Audit and Standards Committee	REPORT NUMBER: JAC/21/20
FROM: John Snell – Corporate Manager – Internal Audit and Risk Management	DATE OF MEETING: 28 March 2022
OFFICER: John Snell – Corporate Manager – Internal Audit and Risk Management	KEY DECISION REF NO. N/A

MANAGING THE RISK OF FRAUD AND CORRUPTION ANNUAL REPORT 2021/2022

1. PURPOSE OF REPORT

- 1.1 This report explains the current arrangements in place across both Councils to ensure there is a pro-active corporate approach to preventing fraud and corruption and creating a culture where fraud and corruption will not be tolerated. It also provides details of proactive work undertaken by Internal Audit to deter, prevent and detect fraud and corruption.
- 1.2 Internal audit has an important role to play in ensuring that management has effective systems in place to detect and prevent corrupt practices within an organisation. This is part of its normal role of supporting Management and the Joint Audit and Standards Committee oversight of risk management. However, it is not the job of internal audit directly to detect or prevent corrupt practices - this is the responsibility of management. Internal audit's role includes promoting anti-fraud and anti-bribery best practice, testing and monitoring systems and advising on change where it is needed.

2. RECOMMENDATIONS

- 2.1 That the contents of this report detailing the progress made in ensuring there are effective arrangements and measures in place across both Councils to minimise the risk of fraud and corruption be noted.

REASON FOR DECISION

Anti-fraud and corruption work form an important part of the Councils' corporate governance and internal control framework arrangements.

3. KEY INFORMATION

- 3.1 This report shows those responsible for governance how both Councils are looking to fight fraud and corruption more effectively. It brings together in one document a summary of the outcomes of our work to deter, prevent and detect fraud and corruption over the last 12 months.
- 3.2 Although both Councils have traditionally encountered low levels of fraud and corruption, the risk of such losses both internally and externally is fully

recognised as part of each Council's operations that need to be managed proactively and effectively.

Levels of officer responsibility

- 3.3 The Corporate Manager – Internal Audit and Risk Management is responsible for the development and maintenance of a Prevention of Financial Crime Policy and ensuring that Councillors and staff are aware of its content; and ensuring that there is a pro-active approach to fraud prevention, detection and investigation and promotes a council wide anti-fraud culture across both Councils.
- 3.4 Internal Audit will support management by advising on controls to prevent and detect fraud and help build anti-fraud awareness amongst staff. However, ownership of fraud lies in the directorates, and not Internal Audit.

Internal Audit

- 3.5 Fraud and corruption risks are identified as part of the annual planning process and contributes to the overall formation of audit coverage. Under the Public Sector Internal Audit Standards (PSIAS) we consider aspects of fraud risk in planning all audits.
- 3.6 Whilst it is not a primary role of an internal audit function to detect fraud, it does have a role in providing an independent assurance on the effectiveness of the processes put in place by management to manage the risk of fraud, and where necessary investigating the causes of fraud and responding to whistleblowing allegations.
- 3.7 The annual Audit Plan has an allowance for Internal Audit to undertake irregularity investigations, National Fraud Initiative (NFI) related work, and proactive anti-fraud and corruption work. This is at a level deemed proportionate to the identified risk of fraud within the Councils and is supported by senior management.

Fraud Risk Register

- 3.8 Part of delivering good governance as defined by CIPFA/SOLACE is ensuring counter fraud arrangements are in place and operating effectively.

Internal Audit has produced a Fraud Risk Register, which contains a list of areas where Internal Audit and Corporate Managers believe the Councils are susceptible to fraud. The register enables the Councils to focus on suitable internal controls to mitigate any subsequent risk. The register also influences the audit planning process.

Policies and Procedures

- 3.9 The Councils are committed to ensuring that the opportunity for fraud and corruption is minimised, which is supported by the Prevention of Financial Crime Policy.

Pro-active Anti-Fraud Work

Raising awareness

- 3.10 Work continues on raising fraud awareness across both Councils and includes:
- Alerting staff of National Fraud Bulletins, where relevant, to ensure that related internal controls are present and operating effectively.
 - Subscription to the National Anti-Fraud Network, which provides proactive intelligence of potential fraud and error risks.
 - The Councils, through the Shared Revenues Partnership, continue to give out a strong message about fraud in both publicly issued and internal documents regarding Council Tax and Housing Benefit claim forms.
 - Fair Processing Notices, which inform the public that we will use their data for the prevention and detection of crime, have been updated as part of the General Data Protection Regulations (GDPR).
 - Attending the Organised Fraud and Intelligence Group (OFIG) webinar in February 2022 to alert the Councils to fraud trends nationally and attending CIPFA 'Internal Fraud' webinars in January 2022 to explore and further strengthen internal controls to mitigate fraud.
 - Both Councils are committed to being open and transparent. The Communities and Local Authorities (CLG) Code of Recommended Practice for Local Authorities on Data Transparency has set out data publishing requirements on Local Authorities. This includes publishing information on each Council's counter fraud work.

Suffolk Counter Fraud Group

- 3.11 To help fight fraud and corruption locally each Council across Suffolk have nominated a representative to sit on the Suffolk Counter Fraud Group and meet regularly.
- 3.12 The objectives of the group are:
- Keep up to date with national developments in relation to fraud, e.g. Strategies, Counter Fraud Profession, what other Local Authorities are doing;
 - Identify and share emerging national and local fraud risks;
 - Explore possibility of sharing and matching data held by Local Authorities to identify possible fraud or error;
 - Explore possibility of joint working and sharing resources for proactive exercises utilising limited resources across Suffolk Local Authorities;
 - Share material/resources/ideas of promoting fraud awareness amongst staff and Councillors;

- Joint training of staff where appropriate and beneficial;
- Share best practice in relation to working arrangements, investigations and case management; and
- Investigate cases jointly where appropriate.

Councils leading the way in fraud prevention

- 3.13 The Councils' Shared Revenues Partnership team has been recognised by the Department for Working Pensions (DWP) for their work to reduce fraud and error in Housing Benefit payments.
- 3.14 In conjunction with the Department for Work and Pensions (DWP) and HM Revenue and Customs (HMRC) the SRP use the Verify Earnings and Pensions (VEP) service to ensure data in respect of Housing Benefit claimants is up to date. Between February 2021 and January 2022 using the data received via VEP alerts SRP have identified £13,587.32 worth of overpayments for Babergh (84 cases) and £9,194.61 worth of overpayments for Mid Suffolk (78 cases). These cases are classified as 'claimant error' for which the councils receive 40% subsidy back from Central Government. The Councils are also entitled to recover the overpayment of benefit through clawback from existing claimants or through invoice payment arrangements where they are no longer claiming.

Fraud update from the Shared Revenues Partnership (SRP)

- 3.15 From September 2021 SRP ceased to undertake Risk Based Verification. Due to the increase in data available to minimise fraud and error, SRP moved to a Localised Verification Framework (LVF).

The LVF has utilised expertise from within SRP to develop an evidence framework that works in conjunction with our e-form to adjust evidence requests in real time. This approach reduces the need for customers to gather evidence already available to SRP and minimises staff time spent waiting for and processing unnecessary documentation.

Customers will be informed of the evidence requirement at the point they submit their claim online and will be asked to upload any documents required. Officer's will be able to see what evidence has been requested and will receive a checklist of information which can be checked against Government data sharing portals to verify the details provided by the applicant.

- 3.16 The SRP secured funding from Suffolk County Council to carry out a monthly review of single resident discount during 2021/22. Although work continues on the monthly review, the current number of discounts removed and the value of debt created since April 2021 is shown below:

	<i>Number Removed</i>	<i>Value for 2021/22</i>
<i>Babergh</i>	223	£80,139
<i>Mid Suffolk</i>	271	£82,128

National Fraud Initiative (NFI)

- 3.17 The NFI is an exercise that matches electronic data held within, and between public and private sector bodies to prevent and detect fraud. All mandatory participants, including Councils, must provide data for matching with other organisations.
- 3.18 The NFI exercise takes place every two years, with the latest main data extraction completed in December 2020, as part of the 2020/21 exercise. The Election and Single Discount Council tax data annual upload was completed in December 2021.
- 3.19 Internal Audit take a leading role in co-ordinating this exercise across both Councils and with the Shared Revenues Partnership (SRP) working across service areas to support staff in providing data and subsequently investigating and recording the results of matches. Resource levels do not allow all NFI matches to be investigated and an assessment of those that appear to be of a higher risk for examination must be carried out. Higher risk matches are those defined as having a strong match that identifies an individual, e.g., same Date of Birth and National Insurance number.
- 3.20 Investigation of 103 High-Risk matches reviewed resulted in Babergh District Council recovering £872 due to ‘creditor data matching errors’ (2 separate purchase orders were raised and goods receipted under different suppliers for the same invoice. This was due to an administrative error and the user has been provided further guidance to avoid this re-occurring). Mid Suffolk District Council recorded 20 housing data matching errors, where tenants had not updated their new address or updated changes to their personal circumstances. These have now been corrected with no further action required.
- 3.21 Business grants data has again been added to this year’s upload to NFI to assist in the detection of fraudulent applications. In order to support the detection of fraud even further, NFI has introduced additional powers in terms of obtaining and analysing data within the private and public sector for all business grants, including Covid Business Support grants. The fees are envisaged by NFI not to cause a barrier to local authorities. This is now a mandatory exercise.

Housing tenancy fraud investigations

- 3.22 No housing tenancy fraud investigations have been identified other than the those identified through the NFI exercise. The results are summarised as follows:
- 17 cases (8 MSDC, 9 BDC) were identified as “gas capping” (the term used in this instance is where a property has been empty for a long time with no gas usage). This raised suspicions within the Housing team who started to

- log these cases as “abandonment.” Housing have since changed this process and now have a bespoke “gas capping job” which, if the property is found to be abandoned, would then instigate the abandonment process.
- 24 cases (11 MSDC, 13 BDC) were identified where a person had gone into a care/nursing home but lacked the capacity to give notice. In these instances, the Housing team have served a Notice to Quit and followed the abandonment process.

Right to Buy (RTB)

- 3.23 Mid Suffolk District Council has reported a suspected Money Laundering crime to National Crime Agency in February 2022. This was discovered when an application was received to buy a property without the required evidence to demonstrate the origin of funds for the purchase. The applicant re-applied on several occasions but continued to fail to provide the necessary evidence. The Officer took advice from the Corporate Manager, Internal Audit and East Suffolk’s Fraud Specialist and the potential crime logged as appropriate.

Coronavirus implications

- 3.24 Fraudsters are exploiting the spread of coronavirus (COVID-19 and Omicron) in order to carry out fraud and cybercrime. We have issued alerts to our residents to help minimise the risk of becoming a victim of such frauds and cybercrime.
- 3.25 In response to COVID-19, the Government are continuing to provide funding through Local Authorities to support businesses. A member of the Internal Audit team is continuing to support the Business Cell to provide a level of assurance that funds are only paid to eligible businesses and ensuring that appropriate action is taken to recover any funds that have been paid out fraudulently or in error. The auditor will still focus on the end-to-end process of the business grant funding from receipt of application to issue of payment and any post-event assurance undertaken by liaising and reporting to Department for Business, Energy & Industry Strategy (BEIS). This work will continue while the grants are available.

To date only one fraudulent grant application has been paid in error by Babergh District Council. The fraudulent application was also received by another council in the south of England who alerted us to the commercial identity fraud. Officers, including those from the Share Legal Service, immediately investigated the case and referred the fraudulent application to Action Fraud. Action Fraud do not provide feedback on developments, but Babergh District Council has commenced the debt recovery process as per the instructions issued by Business, Industry and Energy Strategy (BEIS). No other frauds have been identified through the NFI data matching exercise, Spotlight checks (company and bank verification) or our own inhouse systems.

Conclusions

3.26 The Councils remain committed to providing services carried out in accordance with the highest ethical standards and takes steps to investigate all concerns arising.

Looking ahead/Future developments

3.27 Some areas where a focus can be expected for 2022/23 follows:

- Continue ongoing NFI exercise;
- Ongoing COVID-19/Omicron support work around business grants;
- Supporting the Business Cell by providing a level of assurance over the administration of energy rebate payments recently announced by Government;
- Supporting both Councils to improve levels of awareness of fraud risks amongst staff;
- Continue collaborating with neighbouring councils to share knowledge and expertise on anti-fraud and corruption measures through the Suffolk Fraud Group; and
- Currently the general public can report fraud through a dedicated email and phone number via Suffolk County Council. These are then passed to Babergh and Mid Suffolk District Councils where relevant. In order to increase the speed of this service, a dedicated phone number and email for Babergh and Mid Suffolk District Council only will be available shortly to the general public to report allegations of fraud directly. The general public can either phone us and report a fraud through Customer Services or log it online, on our website. The report will be added to a secure platform, accessed by Internal Audit who will coordinate and manage the subject matter internally. When the form has completed all testing successfully, it will be promoted as appropriate as a live service.

4. LINKS TO JOINT CORPORATE PLAN

4.1 Work undertaken to reduce fraud and enhance the Councils' anti-fraud and corruption culture contributes to the delivery of all its aims and priorities.

5. FINANCIAL IMPLICATIONS

5.1 Whilst there are no direct implications arising from this report, given the low levels of fraud detected, there are potential resource implications concerning anti-fraud and corruption issues. Any implications arising from the need to introduce additional controls and mitigations will be addressed with management. The emphasis always will be to improve controls without increasing costs or jeopardising efficient and compliant service delivery.

6. LEGAL IMPLICATIONS

6.1 There are no legal implications arising from these proposals.

7. RISK MANAGEMENT

7.1 This report is most closely linked with the Council's Significant Business Risk No. 14 – The Council may be perceived to be untrustworthy and have a poor reputation. Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If robust anti-fraud and corruption arrangements are not in place with sufficient and adequate resources this could affect the achievement of the Councils' strategic aims and priorities, key projects, the delivery of services and its reputation.	Unlikely (2)	Bad (3)	<p>The risk of fraud and corruption in relation to each Councils' activities is taken into consideration both as part of each Councils' approach to risk management and also in the development of the annual Internal Audit Plan. In practice, each Councils' mitigating controls include clear policies and procedures available to all staff and Councillors; Internal Audit who investigate potential areas of fraud and corruption; the bi-annual participation in the National Fraud Initiative; and a sound internal control environment – as demonstrated by internal and external audit opinions and the Annual Governance Statement.</p> <p>The production of an annual report helps mitigate its reputational risk by providing assurance to stakeholders on how the risks are managed.</p>

8. CONSULTATIONS

8.1 During preparation this report has been shared with both Chairs of the Joint Audit and Standards Committee; the Section 151 Officer and the Assistant Director, Law and Governance and Monitoring Officer. Any comments received have been incorporated in the report.

9. EQUALITY ANALYSIS

9.1 An equality analysis has not been completed because the report content does not have any impact on the protected characteristics.

10. ENVIRONMENTAL IMPLICATIONS

10.1 There are no environmental implications arising from this report.

Agenda Item 8

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

COMMITTEE: Joint Audit and Standards Committee	REPORT NUMBER: JAC/21/21
FROM: Corporate Manager – Internal Audit	DATE OF MEETING: 28 th March 2022
OFFICER: Corporate Manager – Internal Audit & Data Protection	KEY DECISION REF NO. Item No.

INTERNAL AUDIT PLAN 2022/23

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform Councillors of the proposed Internal Audit Plan for the next financial year 2022/23 and provide Councillors with a review of the variety and scope of projects and corporate activities that will be supported through the work of the team.

2. OPTIONS CONSIDERED

- 2.1 The Public Sector Internal Audit Standards require that a risk-based plan of internal audit is produced. There are no alternative options to consider.

3. RECOMMENDATIONS

- 3.1 That the contents of this Internal Audit report, supported by Appendix A, be noted.

REASON FOR DECISION

For the Committee to note Internal Audit's plan of work for 2022/23.

4. KEY INFORMATION

- 4.1 Each Council is required by statute to maintain an adequate and effective Internal Audit function, which forms an integral part of each Council's corporate governance, risk management and internal control arrangements. It is therefore essential that the Internal Audit Plan directs resources to areas of highest risk and has the approval and support of senior management and Councillors.
- 4.2 The preparation and development of the Internal Audit Plan is described in more detail in Appendix A below. The plan will be kept under review to ensure it reflects the evolving risk profile and priorities of the Councils going forward. Should significant amendments be necessary these will be discussed with senior management, including the Section 151 Officer and, where deemed necessary, reported back to this Committee.

5. LINKS TO JOINT CORPORATE PLAN

The delivery of a comprehensive Internal Audit service supports the Councils' Corporate Plan helping to ensure that the right people are doing the right things, in the right way, at the right time, for the right reasons.

- 5.1 Appendix A provides a summary of the proposed work under each of the Councils' Strategic Priorities. This work will contribute to the 2022/23 Internal Audit opinion on the Councils' control environment provided by the Corporate Manager – Internal Audit, as required by the Accounts and Audit (England) Regulations 2015.

6. FINANCIAL IMPLICATIONS

- 6.1 Whilst there are no direct financial implications arising from this report, as the Internal Audit plan will be funded from within approved budgets, there are positive impacts on the overall financial control environment from the operation of a robust internal audit plan.

7. LEGAL IMPLICATIONS

- 7.1 There are no direct legal implications arising from this report.

8. RISK MANAGEMENT

- 8.1 This report is most closely linked to the Councils' Significant Risk number 14, "The Councils may be perceived to be untrustworthy and have a poor reputation". The key operational risk, however, is set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Internal controls within each Council may not be efficient and effective. As a result, each Council may not identify any significant weakness that could impact on the achievement of their aims and/or lead to fraud, financial loss or inefficiency.	Unlikely 2	Bad 3	Councillors receive and note the internal audit work programme and other reports on internal controls throughout the year. The work programme is based on an assessment of risk for each system or operational area.

9. CONSULTATIONS

- 9.1 The Internal Audit Plan was presented to the Senior Leadership Team (SLT) including the S151 Officer as part of the audit planning process.
- 9.2 As part of the preparation for this Plan, the Corporate Manager – Internal Audit engaged with senior management to identify their views of the coming year's risks linked to the Corporate Plan and Delivery Programme, and to gather and map risk assurance across the Councils' functions.
- 9.3 This report has been shared with both Chairs of the Joint Audit and Standards Committee and the Cabinet Members for Customers, Digital Transformation & Improvement.

10. EQUALITY ANALYSIS

10.1 An equality analysis has not been completed as the report content does not have any impact on the protected characteristics.

11. ENVIRONMENTAL IMPLICATIONS

11.1 There are no environmental implications arising from this report.

12. APPENDICES

Title	Location
(a) Detailed Proposed 2022/23 Internal Audit Plan	Attached

13. BACKGROUND DOCUMENTS

13.1 There are no further documents.

Authorship:

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1. Approach to Audit Planning

- 1.1 The provision of a risk based Internal Audit Plan consistent with each Council's priorities is an essential part of ensuring probity and soundness of each Council's internal controls, risk exposure and governance framework.
- 1.2 The scope of internal audit work is planned to cover all operational and management controls (including governance and risk management arrangements) and is not restricted to the audit of systems and controls necessary to form an opinion on the financial statements. This does not imply that all systems are subject to review but were included in the audit needs assessment and considered for review following the assessment of risk.
- 1.3 There is due consideration in planning this work to ensure that Internal Audit maintains its objectivity and independence. The prioritisation of unplanned work will also take account of the requirements of the approved audit plan.
- 1.4 In line with the Councils' Internal Audit Charter the plan has been constructed to ensure that it delivers against the Public Sector Internal Audit Standards (PSIAS) and the requirement to produce an annual Head of Internal Audit opinion. In doing this it can be confirmed that the plan covers the following activities:
 - Governance processes
 - Monitoring
 - Ethics
 - Information and Information Technology governance
 - Risk management
 - Fraud management
- 1.5 The planning process also recognises that the Councils' are continuing to strive to improve services and use innovative approaches in addressing service delivery against a background of reducing resources.

2. Internal Audit Resources 2022/23

- 2.1 The Audit Plan will continue to be resourced from existing staff and from an external audit partner. This arrangement still allows a direct internal provision plus the commissioning of external skills and capacity and provides a blend of resources from within the Councils and from an external partner of services.

3 Development of the Internal Audit Plan 2022/23

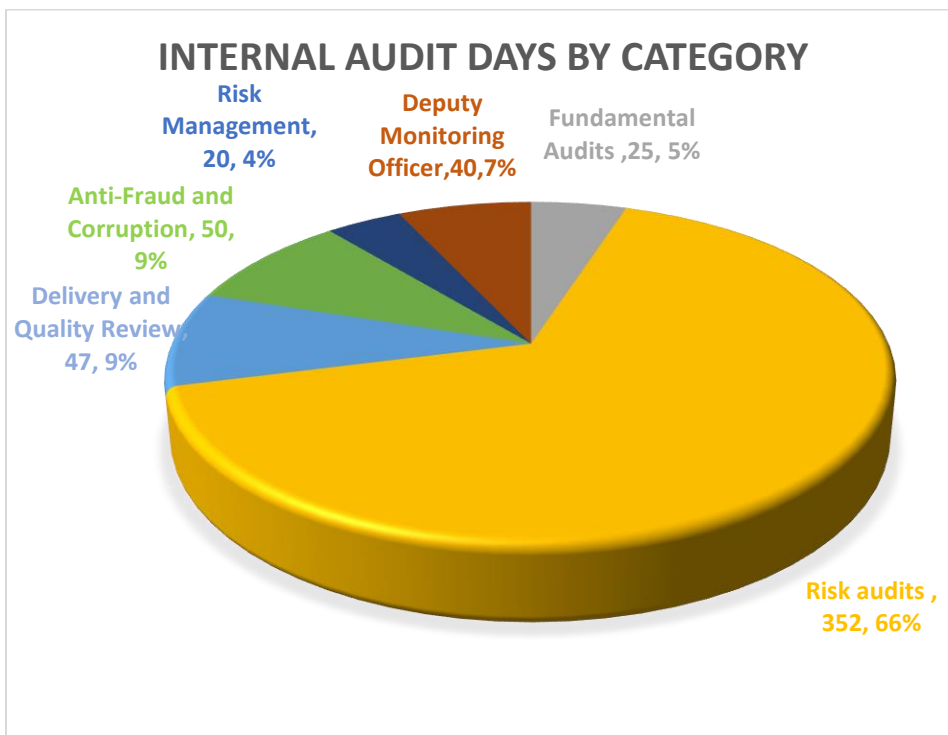
- 3.1 The construction of the Audit Plan has been developed to support both the Annual Governance Statement and the Councils' Strategic Priorities. Factors used in the risk assessment of services and processes to inform the proposed focus of audit for 2022/23 have been based largely, but not exclusively, on the following:
 - Review of each Council's strategic priorities contained in the Corporate Plan and those outcomes that support them.
 - The Significant and Operational Risk Registers – including any specific COVID-19 related risks identified;

- Engagement with senior management to identify management’s view of the coming year’s risks linked to the Corporate Plan and Delivery Programmes about which assurance is required.
- Consideration of 2022/23 Budget to evaluate levels of income and expenditure, value of assets, volume of transactions;
- Interest to Internal Audit – e.g. the level of past audit opinions; recommendations made and implemented; fraud risks; values and complexities of transactions etc.; and
- Control assurance in respect of the three lines of defence: Sound management of front-line operations; Oversight of management activity within a professional framework; and External review by independent assurance providers;

4. Breakdown of planned time

4.1 The plan in Annex A provides the detail of time allocated. The coverage within individual audits continues, where appropriate, to include looking at transformation opportunities for improving efficiency and adding value.

4.2 The 534 days audit work proposed in the plan is structured to reflect the audit disciplines undertaken to support delivery of the governance and professional framework. The resources committed to each category is annotated in the detailed plan in Annex A, and in summary below:



4.2.1 **Fundamental Audits (Managing Finance) (25 days)** to cover fundamental systems audit work on which reliance may be placed by the external auditors as they assess

the Councils' final accounts. Where the control environment continues to improve there has been reduction in audit time allocated to audit in this area.

4.2.2 **Risk Audits (352 days)** identified in the audit planning and assurance process, conducted to support management reliance over the key controls in effect to manage major aspects of the Councils' operation. This includes follow ups and work in progress carried forward from 2022/23. As the business continues to transform audit resource is allocated to this activity in this year's plan; and resources allocated to support projects to provide the necessary assurances around governance, risk profile and internal control arrangements. Projects will continue to be evaluated in terms of risk and scoped accordingly as management request support from Internal Audit.

4.3 **Additional audit activity**

4.3.1 **Deputy Monitoring Role (40 days)** - The Corporate Manager - Internal Audit performs the role of Deputy Monitoring Officer for the Councils, with the specific duty to ensure that the Council, its officers, and its Elected Councillors, maintain the highest standards of conduct in all they do, pursuant to Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000.

4.3.2 **Risk Management (20 days)** - Audit work will help to ensure that the Councils identify and effectively manage significant business and operational risks in line with the Risk Management Strategy. The number of days has reduced as management look to move risk management under the responsibility of the Assistant Director for Customer Services and incorporate it alongside performance, policy and insight.

4.3.3 **Counter fraud and corruption work (50 days)** - Ongoing proactive testing of systems and processes help to identify potential fraud and misappropriation, as well as non-compliance with policies and procedures. The audit team will reactively investigate potential wrongdoing, responding to fraud and corruption relating to non-benefit fraud cases. This includes co-ordinating data matching for the National Fraud Initiative (NFI); raising fraud awareness and providing training in areas such as money laundering; providing advice to services on introduction of new systems or procedures.

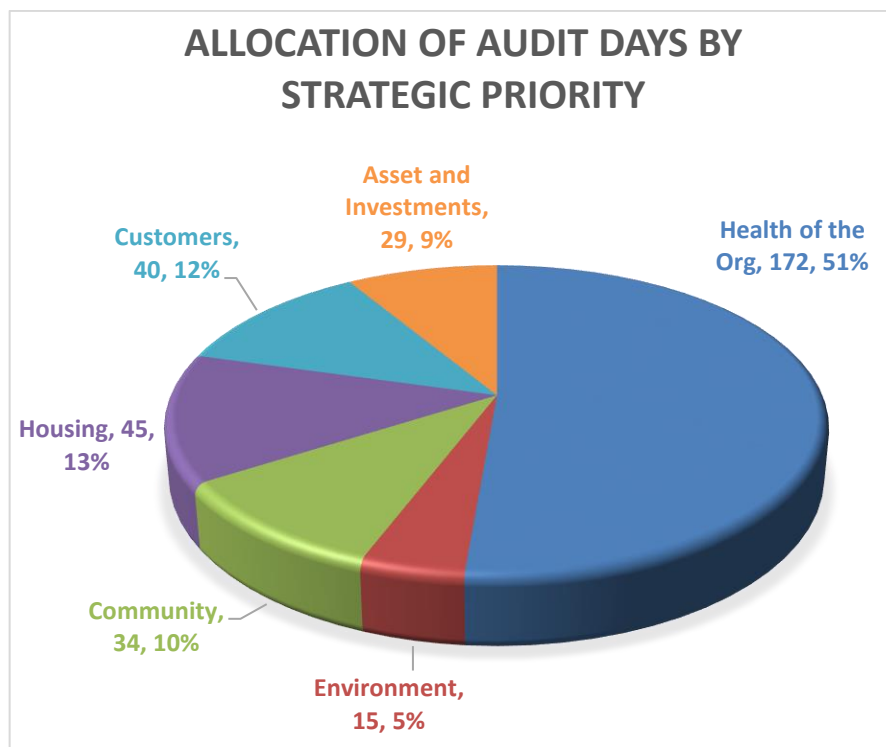
4.4 **Other aspects of our work (Delivery and Quality 47 days) include:**

4.4.1 **Governance arrangements** - audits which contribute to the development of both Council's Corporate Governance Framework and feed into the Annual Governance Statement.

4.4.2 **Miscellaneous audit delivery and quality review** - includes unplanned audits and requests from management and compilation of the Annual Governance Statement.

4.4.3 **Advice and guidance** - the team proactively provide ongoing advice across both Councils. Whether through attendance at working groups, projects or responding to enquiries, early audit advice and support can help maintain a robust control environment and feed in good practice. It is likely to remain an area of demand during 2022/23 as managers at all levels, especially those implementing new systems, structures and relocations, require support.

5. Internal audit days planned against the Councils' Strategic Priorities amounts to 335 days as shown below:



- 5.1 The relative emphasis on audit coverage relates to the Health of the Organisation, in particular around contract management and spend. This is to provide assurance of the veracity of the procurement processes and procedures, budgetary control to enable the Councils to conduct their business in the most efficient and effective manner based on sound financial information, various government grant funding schemes to provide assurance in administering the various grant funding and ensuring that the prescribed criteria in terms of eligibility is met, and providing assurance through testing that the control environment to support the implementation of a new finance system is sound.
- 5.2 The next largest audit resource relates to Housing to ensure that the systems of control in respect of Council House Rent Setting is operating adequately and being consistently applied and that the allocation of housing accommodation is only given to persons who are qualified to receive housing from the Councils.
- 5.3 Work around customers focusses on quality and management of data and ensuring appropriate safeguards are in place to in still customer confidence in the Councils' actions.
- 5.4 The Community work focusses with focus on helping to create the right conditions for communities to work, live and thrive together in a safe environment through funding sources.
- 5.5 Assets and Investment work concentrates largely on the adequacy of the governance arrangements in place with each Council's Growth Company and partner and that robust arrangements are in place for the effective oversight on management of the Councils' assets.

5.6 Work on the Environment priority focusses on ensuring that the Councils' Licensing function is operating satisfactorily with adequate controls in place.

6. Delivering and updating the Plan

6.1 The intention is that as far as possible the proposed audits will be undertaken. However, it is recognised that the plan needs to be flexible to respond to changing circumstances or emerging risks. The plan is therefore a statement of intent.

6.2 The audit plan as presented at Annex A represents the Corporate Manager – Internal Audit's current view of how audit resources can be most effectively used. Where significant deviations to the audit plan are required these would be reported back to this Committee as appropriate.

7. Annual Internal Audit Opinion

7.1 The Corporate Manager – Internal Audit is satisfied that the level and mix of resources, together with the areas covered in the audit plan will enable him to provide an annual internal audit opinion.

Circulation:

Presented to Senior Leadership Team, including the S151 Officer;

Joint Chairs of the Joint Audit and Standards Committee;

Prioritised Internal Audit Plan for 2022/23 All audits to include control environment, good practice and transformational aspects			
Audit	Days	Key areas	Intended benefits to the Council
Health of the Organisation - The right people are doing the right things, in the right way, at the right time, for the right reasons and are able to prove it			
Contract Spend	25	A review of expenditure on suppliers to determine that appropriate contracts or service agreements were in place, relevant to the level of spend incurred.	R To improve strategic procurement and spend control by providing improved visibility and control of contracts throughout the contract lifecycle.
Contract Management	15	Oversight and management of contracts that supports and builds on the work undertaken by the East of England Local Government Association.	R Gain assurance of the veracity of the procurement processes and procedures implemented across the business to ensure that the right people are doing the right things, in the right way, at the right time, for the right reasons and are able to prove it.
Implementation of a new Financial Management System	20	Support the Finance Team during the implementation phase by undertaking an independent focussed review of: a) User Acceptance Testing (UAT) b) Data Migration testing c) Setup of approval flows and roles d) Risk log	R To provide management with assurance that the systems of control are present within the new Financial Management System and operate as designed.
General Ledger	10	Focus on reconciliations and management oversight	F Gain assurance of the veracity of the processes and procedures implemented across the business to ensure that the right people are doing the right things, in the right way, at the right time, for the right reasons and are able to prove it.
Budgetary control	20	Process of managing centralised budgets; communication and challenge of budgets spread across services; control of one activity dependant upon another.	R In addition these reviews provide governance assurance to the S151 Officer and Senior Management
Fees and Charges	15	The audit to undertake the following: a) Review Policy and Procedures b) Carry out walkthrough testing on a sample of fees and charges from agreed Council schedule through to charging c) Review key factors considered when setting fees and charges	R To provide assurance to management that procedures and controls within the system will ensure that: a) Fees and Charges are correctly calculated on a regular basis. b) The principals behind the Fees and Charges are understood and can be explained when necessary.
Register of Interests, Gifts and Hospitality	12	To review the adequacy and effectiveness of the Council's 'Acceptance by Employees of offers of Gifts and Hospitality Policy' and Declaration of Interests.	R This work supports the governance and effective operation of the organisation and can aid with the security of assets.
Election Costs	10	Following each election period, the Council is required to complete an election expenses return for the Election Claims Unit at the Cabinet Office. The election expenses return includes all allowable expenditure incurred by the Council in relation to the running of an election. Focus will be on: a) Ensuring that all associated procurement was reasonable, providing effective use of public funding, and that it was within the funding limits available. This will be achieved through the review and authorisation of all purchases and monitoring of expenditure actual against budget figures. b) Ensuring adequate controls are in place for the payment of election related expenses.	R To provide assurance to the Councils' Returning Officer that the expenses claim forms for the 2021 Suffolk County election, which was held on 6th May 2021 were in accordance with the election expenses guidance from the Cabinet Office.
Support Central Government various Grant Funding Schemes	30	To ensure that the prescribed criteria in terms of eligibility is met.	R Provide assurance in administrating the various grant funding grants.
Payroll/Establishment list	15	Part 1 - Identify and test the design and operating effectiveness of key controls in relation to the Councils' payroll processes (Inc. starters and leavers and changes to payroll standing data). Part 2 - Support the HR Team during the implementation phase by undertaking an independent focussed review of: a) User Acceptance Testing (UAT) b) Data Migration testing c) Setup of approval flows and roles d) Risk log	F Gain assurance that services are managing and controlling both the costs of employees and effective recording and authorising correctly as part of the Councils' budgetary control and corporate governance processes.
	172	Health of the Organisation	

Environment - promoting and actioning a more sustainable approach to the way live and operate			
Licensing	15	The review to focus on: a) All relevant policies and procedures are in place, up to date and have regular updates planned in b) All Roles and responsibilities clearly defined, leaving no ambiguity where responsibility sits and decision-making takes place c) Officers are adequately trained and qualified to perform their duties d) Any adverse reports are followed up on a timely basis and enforcement action is monitored to ensure compliance e) All associated fees are collected promptly	R To provide assurance to Management that the Councils' Licensing function is operating satisfactorily with adequate controls in place.
	15	Environment planned days	
Community - creating the right conditions for communities to work and live together in the most sustainable way			
External Funding	12	Part 1 - The mechanisms in place for identifying and bidding for external funding. Part 2 - Through sample testing ensure that the Councils' policies and procedures as well as the funding terms & conditions are being adhered to when managing external funding received by the Councils.	R To provide management with assurance that the Councils' policies and procedures as well as the funding terms & conditions are being adhered to when managing external funding received by the Councils.
Community Grant Funding	12	To ensure that a fair and transparent application process (to include pre-grant due diligence procedures are undertaken during the grant fund application process) exists to ensure that grant funding is awarded to eligible organisations that support the Councils' objectives and priorities.	R To support local groups source funding to enable the realisation and completion of community projects. Increase social connections, helping people form strong and meaningful relationships and creating a sense of community and belonging, and helping people feel more connected
Planning Enforcement (Follow Up)	10	The review to include the prioritisation of limited resources and ensuring the prompt completion of prioritised investigations and referrals and that case sign-off's have been correctly exercised.	R Planning enforcement is an important part of the planning process in protecting the environment and a crucial component of controlling development.
	34	Community capacity building and engagement planned days	
Housing delivery – More of the right type of homes, of the right tenure in the right place			
Council House Rent Setting	20	To ensure the Councils have set their rents in line with the government's Policy Statement on Rents for Social Housing as set out in the Rent Standard.	R To provide management with assurance that the systems of control in respect of Council House Rent Setting is operating adequately and being consistently applied.
Council House Lettings	15	To ensure that the current systems and processes in place for tenancy lettings, allocations and assessments are robust, and operating effectively in line with regulatory standards The Housing Act 2006 provides very specific guidance on the allocation process, for example paragraph 161 states that, "A local housing authority shall allocate housing accommodation only to persons who are qualified to be allocated housing accommodation by that authority". Furthermore, paragraph 167 states that, "Every local housing authority shall have a scheme (their "allocation scheme") for determining priorities, and as to the procedure to be followed, in allocating housing accommodation".	R To provide management with assurance that the allocation of housing accommodation is only given to persons who are qualified to receive housing from the Councils.
Disabled Facilities Grant	10	To ensure approved applications are compliant with local/legislative requirements	R A Disabled Facilities Grant or DFG is available from Local Authorities to pay for essential housing adaptations to help disabled people stay in their own homes.
	45	Housing delivery planned days	
Customers - further develop and improve customer access and experience through customer insight and intelligence			
Data Quality/Management	25	To review the Councils' arrangements to have data management governance mechanisms in place with defined accountabilities to effectively support data infrastructure planning, data collection, storage, and usage to meet the Councils' current and future needs.	R Establishing a governance structure at the right level will facilitate the provision of effective oversight for the development and implementation of the data strategy across the Councils and enhance decision making.
PCIDSS (payment card industry data security standards)	15	To provide assurance that the systems of control in respect of the latest Payment Credit Industry Data Security Standard is effective and consistently applied.	R PCI DSS compliance builds trust with our customers and helps to prevent data breaches.
	40	Customers planned days	

Assets and Investments - improved achievement of strategic priorities and greater income generation through use of new and existing assets				
Babergh Growth and Mid Suffolk Growth Company's (partnership with NORSE Group)	15	To seek assurances from the Norse Group that their governance arrangements are robust and that our respective Business Plans have been shared with one another and subjected to due diligence checks before formal sign-off.	R	To provide management with assurance that the Councils' property portfolio governance arrangements are sound.
Acquisitions	14	A review of processes and procedures within the Council for land and building acquisitions.	R	To provide management with assurances that robust arrangements are in place for the effective oversight on management of assets regarding the recording, reporting, use and maintenance to ensure that they adhered to good practices.
	29	Asset and Investment planned days		
Other Audit Activity				
Work in progress from previous year	10	Finalisation of any outstanding work. Liaison with External Auditors over review of internal audit work.	R	Covering statutory work in conjunction with External Audit. The beneficial outcomes can include an improved control environment, enhanced management information and streamlined processes thereby improving organisational efficiency. In addition these reviews provide governance assurance to the S151 Officer and Senior
Follow Ups	12	Implementation of audit recommendations deemed as high risk.	R	
Requests for support from management	20	Unplanned investigations assessing the impact on controls and processes through specific events.	R	
Deputy Monitoring Role	40	Work to be undertaken by the Corporate Manager - Internal Audit.	MO	
RIPA	10	Work to be undertaken by the Corporate Manager - Internal Audit.	A	
Annual Governance Statement	12	Collation, interpretation, challenge and presentation of management opinion of control assurance and governance across the Councils.	Q	
Anti-Fraud & Corruption work including the National Fraud Initiative (NFI)	40	Proactive: Money Laundering, Policy reviews, Advice and guidance - awareness and staff training. NFI - co-ordinating bi-annual exercises and oversight. COVID-19; support the Business cell re emergency and discretionary payments. Review of fraud risks within the Housing Service Reactive: investigations	A	
Audit Management and service delivery	35	Service delivery - (Cttee reports, audit planning and control risk assessment).	Q	Supports the governance and effective operation of the organisation and can aid with the security of assets. It will further provide information and feedback to Members and Officers, as well as ensuring the Councils meet the reporting requirements of statutory and Local Government bodies.
Risk Management	20	Committee report cycle – JASC annually. Review and challenge of Significant Risk Register. Training, advice and guidance to members & officers. Annual review joint Risk Management Strategy and maintain oversight of the Operational Risk Registers.	RM	
	199	Other Audit Activity planned days		
Total days	534			

Agenda Item 9

BABERGH AND MID SUFFOLK DISTRICT COUNCILS

TO:	Joint Audit and Standards Committee	REPORT NUMBER: JAC/21/22
FROM:	Monitoring Officer	DATE OF MEETING: 28 March 2022
OFFICER:	Emily Yule, Monitoring Officer	KEY DECISION REF NO. N/A

CODE OF CONDUCT COMPLAINTS MONITORING REPORT

1. PURPOSE OF REPORT

- 1.1 The report provides the Committee with an update on Code of Conduct complaints received or determined since the last time that such complaints were reported to the Committee.

2. OPTIONS CONSIDERED

- 2.1 The Monitoring Officer is required by the constitution to regularly report complaints to the Joint Audit and Standards Committee.

3. RECOMMENDATION

- 3.1 That the Code of Conduct Complaints monitoring information contained in the report be noted.

4. KEY INFORMATION

- 4.1 The Monitoring Officer receives and investigates code of conduct complaints made about Councillors. These complaints are allocated to either the Monitoring Officer or one of the two Deputy Monitoring Officers and are processed in accordance with the adopted code of conduct complaints procedure. An initial assessment is made of the complaint to establish whether or not the code of conduct is engaged. If the complaint is valid, the Monitoring Officer will write to the Councillor who is the subject of the complaint to ask for their response. The Monitoring Officer will then decide whether the complaint can be determined or whether further investigation is required. Councillors will normally be informed whenever a complaint is made about them unless there is good reason not to inform them. Complaints cannot be made anonymously unless the complainant is able to demonstrate that they may be at risk of harm if anonymity was not granted.
- 4.2 The Councils have appointed a number of Independent Persons, with whom the Monitoring Officer is required to consult before making a finding of a breach of the code. In practice the Independent Persons are often consulted at a number of stages in the complaints process.
- 4.3 This report covers complaints received in the period from 17 November 2021 to 11 March 2022. The complaints are listed in the tables below along with the complaints from the previous period that have already been reported to Committee.

4.4 Information relating to Babergh District Council

Babergh		
	Previous Complaints (13.07.2021 – 16.11.2021)	Current Complaints (17.11.2021 – 11.03.2022)
No. of complaints received	6	15
No. of complaints against district councillors	1	0
No. of complaints against parish councillors	5	15
No. of complaints upheld	1	2
No. of findings of no breach	5	8
No. of complaints where complaint is referred to the police	0	0
No. of complaints pending decision	0	5

4.4.1 There has been a significant increase in the number of town and parish council complaints received compared to the last period, however this is the result of multiple complaints about the same issue in two cases. The complaints that were not upheld tended to relate to issues that are outside of the remit of the Monitoring Officer or scope of the code of conduct. In one case the Councillor resigned before the complaint could be investigated.

4.4.2 Two complaints were upheld and the Councillors were found to be in breach of the code of conduct. The recommended sanctions were as follows:

Complaint Number	Details of Complaint	Recommendation
1	Failure to treat others with respect	No recommendation as the subject of complaint had apologised ahead of the investigation's conclusion.
2	Bullying and harassment	That the Councillor apologise for their actions and undergo further Code of Conduct training.

4.5 Information relating to Mid Suffolk District Council

Mid Suffolk		
	Previous Complaints (13.07.2021 – 16.11.2021)	Current Complaints (17.11.2021 – 11.03.2022)
No. of complaints received	12	4
No. of complaints against district councillors	1	0
No. of complaints against parish councillors	11	4
No. of complaints upheld	7	1
No. of findings of no breach	5	3
No. of complaints where complaint is referred to the police	0	0
No. of complaints pending decision	0	0

4.5.1 Conversely, there was a decrease in the number of complaints received in the Mid Suffolk area for this period. However, this is linked to there being eight complaints about a single issue in the previous period.

4.5.2 One complaint was upheld:

Complaint Number	Details of Complaint	Recommendation
1	Conflict of interests.	The Councillor was issued with a formal warning regarding disclosure of interests.

4.6 Informal advice and assistance

4.6.1 The Monitoring Officer and team have received a high number of informal enquiries from parish clerks and members of the public in the last period. These relate to issues such as casual vacancies, registers of interests and informal advice on conduct issues. There has also been a large number of queries about parish council procedure rules and access to information held by parish councils which are outside of the Monitoring Officer's remit to investigate.

5. LINKS TO CORPORATE PLAN

- 5.1 To provide public confidence and legitimacy to the decision-making process that underpins all decisions that are made by the Council that support the priorities identified in the Corporate Plan.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no direct financial implications arising from this report.

7. LEGAL IMPLICATIONS

- 7.1 Under the Localism Act 2011, the Monitoring Officer is required to establish a local code of conduct for councillors and to investigate complaints made relating to breaches of that code.

8. RISK MANAGEMENT

- 8.1 Key Risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Complaints are not handled promptly	2 - Unlikely	1 - Minimal	Monitoring of complaints, clear complaints procedure
Decisions are not sound	2 - Unlikely	3 - Bad	Apply adopted procedures, consult with the independent person

9. CONSULTATIONS

- 9.1 No public consultation was required for this report.

10. EQUALITY ANALYSIS

- 10.1 Equality Impact Assessment (EIA) is not required for this report.

11. ENVIRONMENTAL IMPLICATIONS

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

12. APPENDICES

Title	Location
None	None

13. BACKGROUND DOCUMENTS

13.1 None.

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Agenda Item 10

BABERGH AND MID SUFFOLK DISTRICT COUNCILS

TO: Joint Audit and Standards Committee	REPORT NUMBER: JAC/21/23
FROM: Corporate Manager – Democratic Services	DATE OF MEETING: 28 March 2022

JOINT AUDIT AND STANDARDS COMMITTEE FORWARD PLAN

Date of Committee – 28 March 2022

Topic	Purpose	Lead Officer
Managing the Risk of Fraud and Corruption - Annual Report	For comment and agreement	Corporate Manager – Internal Audit
Internal Audit Plan 2022/23	For comment and agreement	Corporate Manager – Internal Audit
Complaints Monitoring report	To note	Monitoring Officer

Date of Committee – 16 May 2022

Topic	Purpose	Lead Officer
Annual Internal Audit Report 2021/22	For comment and agreement	Corporate Manager – Internal Audit
Joint Annual Governance Statement 2021/22	For comment and agreement	Corporate Manager – Internal Audit
Statement of Accounts and Auditors Report 2020/21	To approve the final audited Statements of Accounts and the joint external auditor's report for 2020/21	Corporate Manager – Financial Services, Commissioning and Procurement
Complaints Monitoring report	To note	Monitoring Officer

Date of Committee – 25 July 2022

Topic	Purpose	Lead Officer
Annual Treasury Management Report – 2021/22	To note and make Recommendations to both full Councils	Corporate Manager – Financial Services
Annual Audit Letter 2020/21	To Note	Ernst and Young
Annual Complaints Monitoring report	To note	Monitoring Officer

Date of Committee – 26 September 2022

Topic	Purpose	Lead Officer
Significant Risk Register Report and Risk Management Activity	To note	Corporate Manager – Internal Audit
Complaints Monitoring report	To note	Monitoring Officer

Date of Committee – 28 November 2022

Topic	Purpose	Lead Officer
Half Year Report on Treasury Management 2022/23	To note and make Recommendations to both full Councils	Corporate Manager – Financial Services
Internal Audit Half Yearly Report 2022/23	To note	Ernst and Young
Complaints Monitoring report	To note	Monitoring Officer

Date of Committee – 30 January 2023

Topic	Purpose	Lead Officer
Joint Capital, Investment and Treasury Management Strategies 2023/24	To note and make Recommendations to both full Councils	Corporate Manager – Financial Services
Complaints Monitoring report	To note	Monitoring Officer

Date of Committee – 27 March 2023

Topic	Purpose	Lead Officer
Managing the Risk of Fraud and Corruption - Annual Report	For comment and agreement	Corporate Manager – Internal Audit
Internal Audit Plan 2023/24	For comment and agreement	Corporate Manager – Internal Audit
Complaints Monitoring report	To note	Monitoring Officer

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