



Please ask for Rachel Appleyard
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The Chair and Members of Standards
and Audit Committee

20 July 2021

Dear Councillor,

Please attend a meeting of the STANDARDS AND AUDIT COMMITTEE to be held on WEDNESDAY, 28 JULY 2021 at 2.00 pm in Council Chamber, Town Hall, Rose Hill, Chesterfield, S40 1LP, the agenda for which is set out below.

AGENDA

Part 1(Public Information)

1. Declarations of Members' and Officers' Interests relating to Items on the Agenda
2. Apologies for Absence
3. Minutes (Pages 3 - 10)
4. Procurement update
 - *Report to follow*
5. Standards and Audit Committee Annual Report (Pages 11 - 20)
6. Internal Audit Consortium Annual Report 2020/21 (Pages 21 - 34)
7. Internal Audit Consortium Progress Report (Pages 35 - 44)
8. Implementation of Internal Audit Recommendations (Pages 45 - 58)

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9. External Review of Internal Audit (Pages 59 - 90)
10. Review of the Anti-Fraud, Bribery and Corruption Strategy (including Money Laundering) (Pages 91 - 120)
11. Updates to the Constitution (Pages 121 - 126)

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Randy', written in a cursive style.

Local Government and Regulatory Law Manager and Monitoring Officer

STANDARDS AND AUDIT COMMITTEE**Wednesday, 21st April, 2021**

Present:-

Councillor Rayner (Chair)

Councillors Caulfield
Brady
KellmanCouncillors T Murphy
Snowdon

*Matters dealt with under the Delegation Scheme

**15 DECLARATIONS OF MEMBERS' AND OFFICERS' INTERESTS
RELATING TO ITEMS ON THE AGENDA**

No declarations of interest were received.

16 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor A Brittain.

17 MINUTES**RESOLVED –**

That the Minutes of the meeting of the Standards and Audit Committee held on 3 February, 2021 be approved as a true record and be signed by the Chair.

18 PROGRESS REPORT ON THE 2020/21 INTERNAL AUDIT PLAN

The Internal Audit Consortium Manager presented a report summarising the internal audit reports issued during the period January to March, 2021 and provided an update on the progress made in respect of the 2020/21 internal audit plan.

It was noted that three reports had been issued during this period and had been given the following levels of assurance:

- 'Substantial Assurance' – 1
- 'Reasonable Assurance' – 2

The committee was informed that no fraud had been discovered.

It was reported that a risk analysis would be undertaken to consider which of the audits not completed during this financial year would be included on the 2021/22 internal audit plan.

***RESOLVED –**

That the report be noted.

19 CHESTERFIELD BOROUGH COUNCIL INTERNAL AUDIT PLAN 2021/22

The Internal Audit Consortium Manager presented a report detailing the Internal Audit Plan for 2021/22.

The Public Sector Internal Audit Standards required that a periodic risk-based plan be prepared that would be sufficiently flexible to reflect the changing risks and priorities of the organisation. The internal audit plan links to the Council Plan and audit reviews assess the controls and procedures in operation and make recommendations for improvement.

The internal audit plan, attached at Appendix 1 of the officer's report, detailed the areas where audits would take place during 2021/22 and the number of days allocated to each area. The report noted that the number of contingency days had been increased to allow for the coverage of any unforeseen or emerging risks. In addition, a number of reserve areas had been added to the end of the list; if the contingency days were not required, these would be utilised on the reserve areas.

***RESOLVED –**

1. That the Internal Audit Plan for 2021/22 be approved.
2. That it be noted that the plan is provisional and may need adjusting and prioritising in the light of any emerging risks.

20 CIPFA FRAUD AND CORRUPTION SURVEY RESULTS 2020

The Internal Audit Consortium Manager presented a report on the results of CIPFA's Fraud and Corruption Tracker Survey 2020 (CFaCT), attached at Appendix 1 of the officer's report, which provided a picture of fraudulent activity in local government.

The report also outlined the level of fraud detected by the Council during 2019/20. The only instances of fraud identified were in relation to single person discount.

The Council had controls and procedures in place to mitigate the risk of fraud, these were detailed in paragraph 4.6 of the officer's report.

***RESOLVED –**

1. That the results of CIPFA's Fraud and Corruption Tracker Survey be noted.
2. That the level of fraud detected by Chesterfield Borough Council in 2019/20 be noted.
3. That the fraud prevention measures put in place by Chesterfield Borough Council to reduce the risk of fraud be noted.
4. That an update on the progress made on the recommendations from the audit of Procurement be brought to the next meeting of the Committee on 28 July, 2021.

21 **REVIEW OF THE CODE OF CORPORATE GOVERNANCE AND THE 2020/21 ANNUAL GOVERNANCE STATEMENT**

The Internal Audit Consortium Manager presented a report on the review of compliance with the Code of Corporate Governance requirements during 2020/21 and the Annual Governance Statement for 2020/21.

The report noted that local authorities are recommended to adopt and regularly review a Code of Corporate Governance which details the system by which the Council controls and directs its functions and how it relates to its local community. The outcomes from the review, as detailed in Appendix 1 of the officer's report, demonstrated that compliance with the Code had largely been achieved during 2020/21.

The Annual Governance Statement, as detailed in Appendix 3 of the officer's report, was derived from a detailed review of the assurances by senior officers and from the work undertaken and risks identified by internal audit. The review indicated that many of the Council's processes and procedures were compliant with good practice; however there were some governance issues and future challenges which were detailed within the Statement, including the continuing impact of Covid-19 on the Council's governance arrangements.

***RESOLVED –**

1. That the Annual Governance Statement be approved and be signed by the Leader and Chief Executive.
2. That a review of the Code of Corporate Governance be undertaken in 12 months' time.
3. That progress on the significant issues and future challenges identified in the Annual Governance Statement be monitored by the Corporate Leadership Team.

22 AUDIT STRATEGY MEMORANDUM 2020/21

The Council's external auditors, Mazars, presented the draft Audit Strategy Memorandum for the year ending 31 March, 2021. The memorandum summarised the audit approach taken by Mazars and highlighted significant audit risks and areas of key judgements.

***RESOLVED –**

That the report be noted.

23 2020/21 AUDIT PROGRESS REPORT

The Council's external auditors, Mazars, presented a report updating members on the progress in delivering their responsibilities as external auditors.

The report noted that the 2020/21 audit was expected to be carried out largely remotely and Mazars were in discussions with the Council regarding the detailed year end audit arrangements and the timing of the

main audit visit and completion. The Committee would be kept informed of the audit's progress and any early matters arising.

***RESOLVED –**

That the report be noted.

24 CONSTITUTION UPDATES

The Monitoring Officer presented a report to update members on changes that were required to the Constitution.

The Constitution was approved by Full Council in October, 2020. Since then, changes had been made to reflect the Corporate Management Team restructure, the Leader's portfolio adjustments, routine updates and corrections. A summary of changes was included in Appendix 1 of the officer's report and the changes that required the approval of the Standards and Audit Committee were detailed in Appendix 2 of the officer's report.

***RESOLVED –**

That the changes to the Constitution be confirmed.

25 COVID-19 - END OF REMOTE MEETINGS

The Monitoring Officer and Senior Democratic and Scrutiny Officer presented a report informing members of the need to return to physical meetings and to seek agreement of revised procedures during the current stage of the Covid-19 pandemic.

The Remote Meeting Regulations enabled member level meetings to be held and decisions made remotely, however these regulations would come to an end on 7 May, 2021. A court application seeking a declaration that remote meetings could continue under existing provisions had been made but the outcome was not yet known.

The Standards and Audit Committee approved emergency delegations in March and April, 2020 to enable decision making to continue until the Remote Meeting Regulations were introduced. These emergency delegations could still be used if necessary, however it had been acknowledged that such delegations led to a "democratic deficit". The

Council had therefore made preparations for a return to physical meetings which included undertaking extensive risk assessments based on the different levels of Covid-19 restrictions as well as other practical considerations including retaining virtual options for non-statutory meetings and focussing agendas to reduce the length of meetings.

***RESOLVED –**

1. That the report be noted.
2. That the Committee be informed of the outcome of the high court case, once known.
3. That, if the high court case confirms that attendance at meetings by remote means can continue after 6 May, 2021, all member-level bodies continue to meet remotely until 21 June, 2021 at the earliest and that the position be reconsidered at that point.
4. That, if the high court case is not successful and remote attendance is no longer permitted after 6 May, 2021, the proposals for safely returning to physical meetings, as set out in the officer's report, be supported.
5. That officers, in consultation with the Leader, Leader of the Main Opposition Group, Chair of Standards and Audit Committee, Cabinet Member for Governance and Chair of the relevant committee as appropriate, determine the most effective way to safely reintroduce physical meetings.
6. That appropriate member training and guidance is put in place to enable the safe and effective reintroduction and conduct of physical meetings.
7. That, after consultation with the Leader, Leader of the Main Opposition Group, Chair of Standards and Audit Committee, Cabinet Member for Governance and Chair of the relevant committee as appropriate, the Monitoring Officer be authorised to make any temporary amendments to standing orders as necessary to ensure the safe and effective reintroduction and conduct of physical meetings.

8. That the emergency delegations and remote meetings standing orders approved by this Committee in 2020 be retained.

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For publication

Annual Report of the Standards and Audit Committee

Meeting:	Standards and Audit Committee Council
Date:	28 th July 2021 13 th October 2021
Cabinet portfolio:	Governance
Directorate:	Finance
For publication	

1.0 Purpose of the report

- 1.1 To set out the work of the Standards and Audit Committee for 2020/21 in an annual report in line with best practice.

2.0 Recommendations

- 2.1 That the Standards and Audit Committee consider the attached Standards and Audit Committee Annual Report and refer to Council for approval.
- 2.2 That Council approve the Annual Report of the Standards and Audit Committee.

3.0 Reason for recommendations

- 3.1 To ensure that the Standards and Audit Committee are following good practice guidelines in line with CIPFA's guidance note "Audit Committees – Practical Guidance for Local Authorities" in terms of performance and effectiveness.

4.0 Report details

- 4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) in their guidance note "Audit Committees – Practical Guidance for Local Authorities", recommend that an Audit Committee should produce an annual report on their activity. The Standards and Audit Committee

agreed that the production of an Annual Report would help assess how the Committee was performing and would also raise the profile of the Committee.

4.2 The Annual Report in Appendix 1 summarises the work of the Standards and Audit Committee for the financial year 2020/21.

5.0 Alternative options

5.1 The report is for information.

6.0 Implications for consideration – Council Plan

6.1 The Standards and Audit Committee play a critical role in ensuring that the Council's governance, control and risk management arrangements are appropriate. Appropriate governance, control and risk management arrangements help to ensure that the council's resources and priorities are focused on achieving the objectives within the council plan.

7.0 Implications for consideration – Financial and value for money

7.1 The work of the Standards and Audit Committee helps to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained.

8.0 Implications for consideration – Legal

8.1 None

9.0 Implications for consideration – Human resources

9.1 None

10.0 Implications for consideration – Risk management

10.1 The production of this report provides assurance to Council that the Standards and Audit Committee are fulfilling their terms of reference which reduces the risk of a failure of governance, control and risk management arrangements.

11.0 Implications for consideration – community wellbeing

11.1 Whilst there are not considered to be any direct community and wellbeing impacts in relation to this report, sound internal control, governance and risk management arrangements will support the achievement of the Council's objectives.

12.0 Implications for consideration – Economy and skills

12.1 Whilst there are not considered to be any direct economy and skills impacts in relation to this report, sound internal control, governance and risk management arrangements will support the achievement of the Council's objectives.

13.0 Implications for consideration – Climate Change

13.1 Whilst there are not considered to be any direct climate change impacts in relation to this report, sound internal control, governance and risk management arrangements will support the achievement of the Council's objectives.

14.0 Implications for consideration – Equality and diversity

14.1 None

Document information

Report author	
Jenny Williams Internal Audit Consortium Manager Finance	
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
None	
Appendices to the report	
Appendix 1	Annual Report of the Standards and Audit Committee 2020/2021



CHESTERFIELD
BOROUGH COUNCIL

STANDARDS AND AUDIT COMMITTEE

ANNUAL

REPORT

2020/21

Standards and Audit Committee

Chesterfield Borough Council

Annual Report 2020/21

1. Background

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) in their guidance note "Audit Committees – Practical Guidance for Local Authorities", recommend that an Audit Committee should produce an annual report on their activity.
- 1.2 The Standards and Audit Committee produce an annual report as a means of assessing how the Committee is performing and raising the profile of the work of the Committee across the Council.
- 1.3 Audit Committees are widely recognised as a core component of effective governance, their key role is to independently oversee and assess the internal control environment, comprising governance, risk management and control and advise the Council on the adequacy and effectiveness of these arrangements. At Chesterfield Borough Council the statutory duty to promote and maintain high standards of conduct by members is also overseen by the Committee.
- 1.4 The Committee is responsible for: –
 - Promoting and maintaining high standards of conduct
 - Good governance
 - Internal Audit
 - External Audit
 - Risk Management
 - The control environment
 - Anti-fraud and anti- corruption arrangements

- Carrying out hearings into alleged misconduct by councillors

Details of the responsibilities of the Committee are set out in the Council's Constitution (Part 2, Article 9).

- 1.5 The Committee meets on a regular basis. Chaired by Councillor Mark Rayner it is advised by the Interim Service Director - Finance, Helen Fox, the Internal Audit Consortium Manager, Jenny Williams, and the Monitoring Officer, Gerard Rogers.

2. Membership and Meetings

- 2.1 The Standards and Audit Committee is composed of eight members, 6 councillors and 2 parish representative members (appointed by Brimington Parish Council and Staveley Town Council respectively). During 2020/21 these members were: -

Councillor Rayner (Chair)
Councillor Kellman (Vice-Chair)
Councillor Brady
Councillor Murphy
Councillor Snowdon
Councillor Brittain
Councillor Caulfield
Councillor Wilson

- 2.2 The meetings are also attended by the Council's external auditor Mazars.
- 2.3 During the 2020/21 financial year the Standards and Audit Committee met on 6 occasions.

3. Standards and Audit Committee Business

- 3.1 During the year the Committee conducted the following business: -

Internal Audit

- Received the annual internal audit report for 2019/20
- Approved the internal audit plan for 2020/21
- Received internal audit updates of progress against the audit plan for 2020/21
- Monitored the implementation of internal audit recommendations
- Discussed the inadequate procurement report and called in the Chief Executive and the Assistant Director Customers, Commissioning and Change to present a progress report.
- Agreed to the procurement of an assessor to undertake the external review of internal audit.
- Received and approved the Internal Audit Charter.

External Audit

- Received the external auditors Audit Completion Report for the year ending 31 March 2020

Statement of Accounts

- Approved the 2019/20 statement of accounts
- Approved the "Letter of Representation" prepared by the Council's responsible financial officer in respect of compiling the financial statements.

COVID - 19 Related

- Approved the arrangements for the operation of remote meetings.
- Considered a report by the Monitoring Officer reviewing the effectiveness of the emergency delegated decision-making process introduced because of the pandemic.
- Considered and approved 2 new proposed delegations in response to the Business and Planning Bill to be enacted July 2020. Approved a further delegation to enable the provisions

of the Business and Planning Act relating to determining additional Environmental Approvals to be put into effect.

Treasury Management

- Considered the treasury management 2019/20 annual report and monitoring report 2020/21
- Approved the 2021/22 Treasury Management Strategy

Risk Management

- Considered the Risk Management Strategy for 2020/21 and an annual review of 2019/20.

Good Governance

- Reviewed, amended and approved the Code of Corporate Governance and Annual Governance Statement for 2019/20
- Produced the 2019/21 Annual Report of the Standards and Audit Committee for Council
- Undertook a self -assessment of the Standards and Audit Committee against the CIPFA model and produced a summary of the results / action plan.
- Considered the Local Government and Social Care Ombudsman Annual Review Letter 2019/20

Standards of Conduct

- Considered and provided feedback for the Local Government Association (LGA) on the draft and final LGA model Member Code of Conduct

4. The Committee's Main Achievements / Outcomes

The Standards and Audit Committee aims to add value through its activity and this year its most significant achievements have been to: -

- Act as the key driver in ensuring that the issues relating to procurement are now being addressed.
- Ensuring that the Council can continue to operate during the COVID- 19 pandemic by reviewing and approving revised delegation procedures and the operation of remote meetings.
- Ensured that the 2019/20 Annual Governance Statement is a true and transparent reflection of the Council's governance, risk and control arrangements.

5 Conclusion

- 5.1 In conclusion, the Committee has continued to make a positive contribution to the Council's overall governance risk, and control arrangements including in relation to COVID-19.
- 5.2 The Committee will continue to support the Council in the year ahead by supporting the work of internal and external audit, the Service Director -Finance and the Monitoring Officer.

Councillor Mark Rayner (Chair)
Chesterfield Borough Council Standards and Audit
Committee

For publication

Internal Audit Consortium Annual Report 2020/2021

Meeting:	Standards and Audit Committee
Date:	28 th July 2021
Cabinet portfolio:	Governance
Directorate:	Finance
For publication	

1.0 Purpose of the report

1.1 The purpose of this report is to: -

- Present a summary of the internal audit work undertaken during 2020/21 from which the opinion on the internal control environment is derived.
- Provide an opinion on the overall adequacy and effectiveness of the Council's control environment including any qualifications to that opinion.
- Draw attention to any issues that need to be considered for inclusion in the Annual Governance Statement.
- Compare work undertaken with that which was planned and summarise performance.
- Comment on compliance with the Public Sector Internal Audit Standards (PSIAS).
- Comment on the results of the internal quality assurance programme.
- Confirm the organisational independence of internal audit
- Review the performance of the Internal Audit Consortium against the current Internal Audit Charter.

2.0 Recommendation

2.1 That the Internal Audit Consortium Annual Report for 2020/21 be accepted.

3.0 Reason for recommendation

- 3.1 To present to Members the annual report for the Internal Audit Consortium in respect of Chesterfield Borough Council for 2020/21.
- 3.2 To ensure compliance with the Public Sector Internal Audit Standards.
- 3.3 To provide an annual opinion on the overall adequacy and effectiveness of the Council's control environment including any qualifications to that opinion.

4 Report details

BACKGROUND

- 4.1 The Public Sector Internal Audit Standards require that the Internal Audit Consortium Manager deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

IMPACT OF COVID 19

- 4.2 The advent of COVID- 19 has unsurprisingly had an impact on the extent of completion of the 2020/21 internal audit plan however, enough of the internal audit plan (along with reliance on other assurances) has been completed to be able to give an unlimited audit opinion in respect of the 2020/21 financial year.

SUMMARY OF WORK UNDERTAKEN

- 4.3 Appendix 1 details the audit reports issued in respect of audits included in the 2020/21 internal audit plan. The appendix shows for each report the overall assurance level provided on the reliability of the internal controls and the assurance level given at the last audit. The report opinions can be summarised as follows:

Assurance Level	2019/20 Number	2019/20 %	2020/21 Number	2020/21 %
Substantial	11	38	8	40
Reasonable	15	52	12	60
Limited	2	7	0	0
Inadequate	1	3	0	0

Total	29	100	20	100
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4.4 A definition of the above assurance levels is shown in Appendix 1.

4.5 No fraud was identified.

4.6 The following table summarises the performance indicators for the Internal Audit Consortium as detailed in the Internal Audit Service Plan:

Description	2020/21		2021/22
	Plan	Actual	Plan
Cost per Audit Day	£294	£284	£306
Percentage of Plan Completed	75%	67%	75%
Sickness Absence (Average Days per Employee)	8.0 (Corporate Trigger)	0.00	8.0
Customer Satisfaction Score	85%	95.5%	85%
To issue internal audit reports within 10 days of the close out meeting	90%	100%	90%
Number/proportion of audits completed within time allocation	80%	Not measured	80%
Quarterly reporting to Standards and Audit Committee	100%	100%	100%

20/30 audits have been completed = 67%. Although not reaching the target this is still considered a major achievement given the circumstances and the redeployment of the team to business grants (Senior Auditor for 3 months and both Auditors for 2 months).

OPINION ON THE ADEQUACY AND EFFECTIVENESS OF THE CONTROL ENVIRONMENT

4.7 The Internal Audit Consortium Manager is responsible for the delivery of an annual audit opinion that can be used by the council to inform its governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

4.8 Although COVID-19 has meant that less internal audit work has been undertaken than usual during the year, in my opinion, sufficient work has been completed and assurances ascertained to be able to provide an

unlimited opinion on the systems of governance, risk management and control in place.

- 4.9 As well as internal audit work assurance has also been gained from previous years' work, the work of the Risk Management Group, PSN compliance, external audit and compliance with the Code of Corporate Governance.
- 4.10 In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2020/21.
- 4.11 Assurance can never be absolute. In this context "reasonable assurance" means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas where improvements are required.
- 4.12 Overall, 100% of the areas audited received Substantial or Reasonable Assurance demonstrating that there are effective systems of governance, risk management and control in place.
- 4.13 Performance management procedures are in place to ensure that the Corporate Leadership Team receive regular reports in relation to outstanding audit recommendations in order that appropriate action can be taken.
- 4.14 The Standards and Audit Committee also receive a 6-monthly report in relation to outstanding audit recommendations. Where a limited or inadequate assurance audit report is issued, managers are required to attend the Standards and Audit Committee to discuss progress and to provide assurance that recommendations are being implemented in a timely fashion.
- 4.15 Members should also be aware of the high- risk areas that are highlighted within the Council's 2020/21 Annual Governance Statement: -
- Having a sustainable financial plan
 - Workforce capacity
 - Health & Safety
 - Procurement
 - Asset Management
 - Project Management

- Recovery from COVID-19

ISSUES FOR INCLUSION IN THE ANNUAL GOVERNANCE STATEMENT

4.16 The internal control issues arising from audits completed in the year and outstanding internal audit recommendations have been considered during the preparation of the Annual Governance Statement. Significant issues and challenges raised in the Annual Governance Statement because of internal audit work are in relation to procurement, project management, health & safety and asset management, further work is needed to make improvement in these areas.

COMPARISON OF PLANNED WORK TO ACTUAL WORK UNDERTAKEN

4.17 The Internal Audit Plan for 2020/2021 was approved by the Standards and Audit Committee on the 22nd April 2020. 20/30 audits have been completed. In respect of the remaining audits the majority of these have been scheduled into the 2021/22 Internal Audit Plan. Appendix 2 details the audits completed and those deferred.

COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS AND OTHER QUALITY ASSURANCE RESULTS

4.18 During 2020/21 a self- assessment was undertaken to review compliance with the Public Sector Internal Audit Standards. The review confirmed that there were no significant areas of non- compliance.

4.19 An external review of internal audit took place in May 2021 the results of which conclude "Current services are assessed to "generally conform" with the PSIAS and compare favourably with peers, there are no areas where the service does not comply with the Standards".

4.20 An improvement spreadsheet is utilised to identify further areas for improvement. This spreadsheet is discussed at team meetings and actions agreed accordingly. An action plan will be developed from the points arising in the 2021 external review and this will be used to further drive improvement.

4.21 It can be confirmed that the internal audit activity is organisationally independent. Internal audit reports directly to the Service Manager - Finance but has a direct and unrestricted access to the Corporate Leadership Team and the Standards and Audit Committee.

4.22 Quality control procedures have been established within the internal audit consortium as follows:

- Individual Audit Reviews – Working papers and reports are all subject to independent review to ensure that the audit tests undertaken are appropriate, evidenced and the correct conclusions drawn. All reports are reviewed to ensure that they are consistent with working papers and in layout. Whilst these reviews may identify issues for clarification, the overall conclusion of the quality assurance checks is that work is being completed and documented thoroughly.
- Customer Satisfaction – A Customer Satisfaction Survey form is issued with each report. This form seeks the views of the recipient on how the audit was conducted, the report and recommendations made.
- Client Officer Views – A survey form has been issued to the client officer seeking their views on the overall performance of the Internal Audit Consortium for the year in achieving the objectives set out in the Internal Audit Charter.
- All staff have been provided with a copy of the Public Sector Internal Audit Standards and the Internal Audit Manual has been updated to reflect the requirements of the standards and issued to all staff. The audit manual was reviewed and updated in May 2020.

4.23 The above quality control procedures have ensured conformance with the PSIAS.

4.24 Based on the customer satisfaction survey forms returned, the average score was 95.5% for customer satisfaction during 2020/21 (2019/20 result 94%).

4.25 The results of the Client Officer survey for Chesterfield were a score of 100% (a score of 35/35 over 7 questions).

REVIEW OF PERFORMANCE OF THE INTERNAL AUDIT CONSORTIUM AGAINST THE CURRENT INTERNAL AUDIT CHARTER

4.26 The Audit Charter was last reported to and approved by the Audit and Standards Committee in September 2020.

4.27 Based on the information provided in this report on the completion of the 2020/21 internal audit plan, it is considered that the requirements of the Charter were met during the year.

5 Alternative options

5.1 Not applicable.

6 Implications for consideration – Council Plan

6.1 Audit reviews help to ensure that the council's resources and priorities are focused on achieving the objectives within the council plan.

7 Implications for consideration – Financial and value for money

7.1 Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained.

8 Implications for consideration – Legal

8.1 The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account public sector internal auditing standards or guidance".

9 Implications for consideration – Human resources

9.1 None.

10 Implications for consideration – Risk management

10.1 Regular audit reviews help to ensure that risk is managed appropriately. Internal audit makes recommendations to reduce the level of risk and improve the control environment.

11 Implications for consideration – community wellbeing

11.1 Whilst there are not considered to be any direct community and wellbeing impacts in relation to this report, sound internal control, governance and

risk management arrangements will support the achievement of the Council's objectives.

12 Implications for consideration – Economy and skills

12.1 Whilst there are not considered to be any direct economy and skills impacts in relation to this report, sound internal control, governance and risk management arrangements will support the achievement of the Council's objectives.

13 Implications for consideration – Climate Change

13.1 Whilst there are not considered to be any direct climate change impacts in relation to this report, sound internal control, governance and risk management arrangements will support the achievement of the Council's objectives.

14 Implications for consideration – Equality and diversity

14.1 None.

Document information

Report author	
Jenny Williams Internal Audit Consortium Manager Finance	
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
None	
Appendices to the report	
Appendix 1	Internal Audit Reports Issued 2020/21
Appendix 2	Comparison of planned work to work completed 2020/21

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Appendix 1

Chesterfield Borough Council – Internal Audit Reports Issued 2020/2021

Ref	Report Title	Overall Opinion/ Assurance	
		2020/21	Previous Audit
1	Community Safety	Reasonable	New
2	Council Tax	Reasonable	Reasonable
3	Crematorium	Reasonable	Substantial
4	Taxi Licensing	Reasonable	Limited
5	Stores	Reasonable	Satisfactory
6	Climate Change	Substantial	New
7	VAT	Substantial	Satisfactory
8	Sale of Council Houses	Reasonable	Reasonable
9	Housing Benefits	Substantial	Substantial
10	Cash and Bank	Substantial	Substantial
11	C & D Book independent checks	Substantial	Substantial
12	Committee Processes	Reasonable	New
13	CIPFA Financial Management Code	Substantial	New
14	Accounts Payable	Reasonable	Reasonable
15	Ethical Governance	Reasonable	New
16	Housing Rents Accounting System	Reasonable	Substantial
17	Choice Based Lettings	Substantial	Limited
18	Cyber Risk and Network Security	Reasonable	Limited
19	Safeguarding	Substantial	Limited
20	Section 106 / CIL	Reasonable	Section 106 Limited, CIL Reasonable

Internal Audit Assurance Level Definitions

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

Appendix 2

Comparison of planned work to work completed 2020/21

	Audit Complete
	Ongoing
	Audit deferred

Main Financial Systems	Priority	Audit Days 2020/21	
Cash and Banking	M	15	
CIPFA Financial Management Code of Practice	M	10	
Creditor Payments (Accounts Payable)	H	25	
Housing / Council Tax Benefits	H	20	
Housing Rents	H	20	
Housing Repairs – Revenue (Voids)	M	20	
Council Tax	M	15	
Payroll	H	20	
VAT	L	8	
Total		153	
Other Operational Audits			
Brimington Parish Council	N/A	5	
Choice Based Lettings	M	10	
Community Safety	L	10	
Contract Final Accounts		5	
Committee report process	M	10	
Crematorium	H	12	
Healthy Living Centre	M	15	
Markets Income	M	12	
PPP Client Monitoring Procedures		5	
Rechargeable Repairs	L	10	
Refuse Collection – Domestic	L	10	
Sale of Council Houses	M	10	
Section 106 / CIL Agreements	M	12	
Stores	L	10	
Taxi Licences	M	12	
Queens Park Sports Centre	M	20	
Total		168	
Computer and IT Related			
Cyber risks / network security / DR	H	15	
Inventory / disposal of old equipment	M	10	

New system Review / upgrades		5	
Total		30	
Cross Cutting Issues			
Business Continuity Planning	M	12	
Climate Change	H	5	
Corporate Governance and Annual Governance Statement	H	18	
Ethical Governance	M	12	
Financial Advice / Working Groups/Transformation Projects		25	
Property Repairs (Non housing)	H	12	
Projects e.g. Economic Development, Town Hall restack	M	20	
Safeguarding	M	12	
Total		116	
Fraud and Corruption			
Review of Anti- Fraud Bribery and Corruption Strategy	M	3	
Total		3	
Location / Regularity			
Petty Cash	L	5	
CIPFA Apprenticeship		30	
Contingency/Special Investigations		30	
Update Test Schedules		10	
Audit Committee / Client Officer Liaison		15	
Planned Total Days 2020/21		560	

For publication

Internal Audit Progress Update

Meeting:	Standards and Audit Committee
Date:	28 th July 2021
Cabinet portfolio:	Governance
Directorate:	Finance
For publication	

1.0 Purpose of the report

- 1.1 To present for members' information a summary of Internal Audit Reports issued April to July 2021 and an update on the progress made in respect of the 2020/21 internal audit plan.

2.0 Recommendations

- 2.1 That the report be noted.

3.0 Reason for recommendations

- 3.1 To update Members on progress against the 2020/21 Internal Audit Plan and to provide assurance on the governance, risk and control processes in place.

4.0 Report details

- 4.1 The Public Sector Internal Audit Standards require that the Internal Audit Consortium Manager reports periodically to the Standards and Audit Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.
- 4.2 The 2020/21 Internal audit plan was approved at the Standards and Audit Committee on the 5th May 2020. This is the last report in respect of the

2020/21 internal audit plan as the team have now started work on the 2021/22 internal audit plan.

- 4.3 Attached, as Appendix 1, is a summary of reports issued April to July 2021 for audits included in the 2020/21 internal audit plan. This period 5 reports have been issued 2 with substantial assurance and 3 with reasonable assurance.
- 4.4 The assurance level is awarded in respect of the controls in place and the system's ability to meet its objectives and manage risk in line with the definitions below.

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

- 4.5 No fraud has been detected.
- 4.6 Appendix 2 shows the 2020/21 internal audit plan and details the audits that have been completed and those that have been deferred. Where audits were not completed they were considered for inclusion in the 2021/22 internal audit plan following a risk assessment exercise and consultation with the Corporate Leadership Team.

5.0 Alternative options

- 5.1 The report is for information.

6.0 Implications for consideration – Council Plan

6.1 Audit reviews help to ensure that the council's resources and priorities are focused on achieving the objectives within the council plan.

7.0 Implications for consideration – Financial and value for money

7.1 Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained.

8.0 Implications for consideration – Legal

8.1 The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account public sector internal auditing standards or guidance".

9.0 Implications for consideration – Human resources

9.1 None.

10.0 Implications for consideration – Risk management

10.1 Regular audit reviews help to ensure that risk is appropriately managed.

11.0 Implications for consideration – community wellbeing

11.1 Whilst there are not considered to be any direct community and wellbeing impacts in relation to this report, sound internal control, governance and risk management arrangements will support the achievement of the Council's objectives.

12.0 Implications for consideration – Economy and skills

12.1 Whilst there are not considered to be any direct economy and skills impacts in relation to this report, sound internal control, governance and risk

management arrangements will support the achievement of the Council's objectives.

13.0 Implications for consideration – Climate Change

13.1 Whilst there are not considered to be any direct climate change impacts in relation to this report, sound internal control, governance and risk management arrangements will support the achievement of the Council's objectives.

14.0 Implications for consideration – Equality and diversity

14.1 None

Document information

Report author	
Jenny Williams Internal Audit Consortium Manager Finance	
Background documents	
None	
<i>This must be made available to the public for up to 4 years.</i>	
Appendices to the report	
Appendix 1	Reports issued April – July 2021
Appendix 2	Progress on the 2020/21 Internal Audit Plan

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Chesterfield Borough Council – Internal Audit Consortium

Report to Standards and Audit Committee

Summary of Internal Audit Reports Issued April - July 2021

Page 41

Report Ref No.	Report Title	Scope & Objectives	Assurance Level	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
016	Housing Rents	To ensure that rents are collected promptly and accurately	Reasonable	8/4/21	29/4/21	18/5/21	3 (2M 1L)	3
017	Choice Based Lettings	To ensure that the approved policy is adhered to	Substantial	8/4/21	29/4/21	12/4/21	2 (1M 1L)	2
018	Cyber Risk and Network Security	To review the systems and procedures in place that protect against a cyber attack and help to ensure network security	Reasonable	20/5/21	10/6/21	18/6/21	5 (1M 4L)	5
019	Safeguarding	To ensure that the Council has policies, systems and procedures in place to protect the vulnerable.	Substantial	19/5/21	6/6/21	26/5/21	1L	1

Report Ref No.	Report Title	Scope & Objectives	Assurance Level	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
020	Section 106 / CIL	To ensure that Section 106 / CIL agreements are appropriately set up and monitored	Reasonable	13/7/21	3/8/21		6 (4M 2L)	Note 1

Note 1 Response not due at time of writing report

H = High Priority

M = Medium Priority

L = Low priority

Chesterfield Borough Council Internal Audit Plan 2020/21

	Audit Complete
	Ongoing
	Audit deferred

Main Financial Systems	Priority	Audit Days 2020/21	
Cash and Banking	M	15	
CIPFA Financial Management Code of Practice	M	10	
Creditor Payments (Accounts Payable)	H	25	
Housing / Council Tax Benefits	H	20	
Housing Rents	H	20	
Housing Repairs – Revenue (Voids)	M	20	
Council Tax	M	15	
Payroll	H	20	
VAT	L	8	
Total		153	
Other Operational Audits			
Brimington Parish Council	N/A	5	
Choice Based Lettings	M	10	
Community Safety	L	10	
Contract Final Accounts		5	
Committee report process	M	10	
Crematorium	H	12	
Healthy Living Centre	M	15	
Markets Income	M	12	
PPP Client Monitoring Procedures		5	
Rechargeable Repairs	L	10	
Refuse Collection – Domestic	L	10	
Sale of Council Houses	M	10	
Section 106 / CIL Agreements	M	12	
Stores	L	10	
Taxi Licences	M	12	
Queens Park Sports Centre	M	20	
Total		168	

Computer and IT Related			
Cyber risks / network security / DR	H	15	
Inventory / disposal of old equipment	M	10	
New system Review / upgrades		5	
Total		30	
Cross Cutting Issues			
Business Continuity Planning	M	12	
Climate Change	H	5	
Corporate Governance and Annual Governance Statement	H	18	
Ethical Governance	M	12	
Financial Advice / Working Groups/Transformation Projects		25	
Property Repairs (Non housing)	H	12	
Projects e.g. Economic Development, Town Hall restack	M	20	
Safeguarding	M	12	
Total		116	
Fraud and Corruption			
Review of Anti- Fraud Bribery and Corruption Strategy	M	3	
Total		3	
Location / Regularity			
Petty Cash	L	5	
CIPFA Apprenticeship		30	
Contingency/Special Investigations		30	
Update Test Schedules		10	
Audit Committee / Client Officer Liaison		15	
Planned Total Days 2020/21		560	

For publication

Implementation of Internal Audit Recommendations

Meeting:	Standards and Audit Committee
Date:	28 th July 2021
Cabinet portfolio:	Governance
Directorate:	Finance
For publication	

1.0 Purpose of the report

- 1.1 To present for members' information a summary of internal audit recommendations made, implemented and outstanding.

2.0 Recommendations

- 2.1 That the report be noted, and it acknowledged that the implementation of some recommendations has been delayed due to the impact of COVID 19.
- 2.2 That a further summary of outstanding internal audit recommendations be submitted to the Standards and Audit Committee in February 2022.

3.0 Reason for recommendations

- 3.1 To inform Members of the progress made in respect of implementing internal audit recommendations so that they can assess if appropriate and timely action is being taken.

4.0 Report details

- 4.1 It has previously been agreed by the Standards and Audit Committee that a report detailing outstanding internal audit recommendations be brought to the Standards and Audit Committee every 6 months. The last report was brought in November 2020.

4.2 The implementation of audit recommendations is being monitored by the Corporate Leadership team on a regular basis and they have committed to being pro- active in ensuring that recommendations are implemented as agreed where possible.

4.3 Attached, as Appendix 1, is a summary of made, implemented and outstanding internal audit recommendations as at the end of June 2021. It should be noted that the implementation of some recommendations has been delayed due to the impact of COVID 19.

5.0 Alternative options

5.1 The report is for information.

6.0 Implications for consideration – Council Plan

6.1 The implementation of internal audit recommendations helps to ensure that controls and procedures are in place and operating which in turn helps to ensure that the council's resources and priorities are focused on achieving the objectives within the council plan.

7.0 Implications for consideration – Financial and value for money

7.1 Internal audit recommendations are aimed at ensuring there are controls in place to protect the Council's finances and thus contributing towards achieving value for money.

8.0 Implications for consideration – Legal

8.1 None

9.0 Implications for consideration – Human resources

9.1 None

10.0 Implications for consideration – Risk management

10.1 The timely implementation of internal audit recommendations helps to ensure that the risk of error or fraud is reduced and that internal controls are operating effectively.

11.0 Implications for consideration – community wellbeing

11.1 Whilst there are not considered to be any direct community and wellbeing impacts in relation to this report, the implementation of internal audit recommendations will support the achievement of the Council's objectives.

12.0 Implications for consideration – Economy and skills

12.1 Whilst there are not considered to be any direct economy and skills impacts in relation to this report, the implementation of internal audit recommendations will support the achievement of the Council's objectives.

13.0 Implications for consideration – Climate Change

13.1 Whilst there are not considered to be any direct climate change impacts in relation to this report, the implementation of internal audit recommendations will support the achievement of the Council's objectives.

14.0 Implications for consideration – Equality and diversity

14.1 None

Document information

Report author	
Jenny Williams Internal Audit Consortium Manager Finance	
Background documents	
None	
<i>This must be made available to the public for up to 4 years.</i>	
Appendices to the report	
Appendix 1	A summary of the status of internal audit recommendations

Summary of Internal Audit Recommendations Made, Implemented and Outstanding

	Recommendations made		
	2018/19	2019/20	2020/21
High	7	9	1
Medium	67	35	24
Low	102	96	31
Total	176	140	56

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Audit	Date Audit Undertaken	Recommendations outstanding June 21		
		High	Medium	Low
Money Laundering	March 2018			1
Sickness Absence Management	March 2019			1
Housing Repairs	June 2019		1	
Museum	September 2019			1
Property Safety Inspections	October 2019		3	1
Gifts & Hospitality	January 2020	1		
Treasury Management	January 2020			1
Payroll	February 2020			4
Recruitment & Selection	May 2020		2	
Housing Repairs Capital Programme	April 2020		1	
Procurement	May 2020	1	1	
Community Safety	June 2020			2
VAT	September 20			1
Committee Processes	October 20			1
Total		2	8	13

Audit Recs 17/18	Recommendations	Priority	Agreed Implement ation Date	Managers Comments
Money Laundering – March 18	An internal risk assessment should be conducted to assess the level of exposure to the Authority, as required within the AML Regulations	L	March 2019 Extended to September 2021	Training for essential staff took place in Feb 2020 delayed as professional training difficult to source. Risk assessment in progress but delayed due to Covid pressures. Target date for completion September 2021.

Audit Recs 18/19	Recommendations	Priority	Agreed Imp Date	Managers Comments
Sickness Absence Management – March 19 50	Consideration should be given to reporting sickness absences to department managers to ensure that the reports being produced are relevant and practical.	L	July 2019 Extended to July 2021	Following the implementation of the leave management module on Resourcelink a new process is being developed to ensure management receive the reports they need. These should be in place by July 2021.
Housing Repairs – June 19	It is essential that a regular costing exercise is completed to ensure that the responsive repairs jobs are profitable for OSD, Consideration should be given to implementing this as part of the inspection process.	M	September 2019 Affected by COVID 19	Identified to be part of the Post Inspection checks. On a value over £1000.00. delayed due to Covid-19 and the Senior Technical Officer – Performance dealing with other work streams. Will commence again once workload has decreased and it can be focused upon.

Audit Recs 18/19	Recommendations	Priority	Agreed Imp Date	Managers Comments

Audit Recs 19/20	Recommendations	Priority	Agreed Imp Date	Managers Comments
Museum & Revolution House Income Audit – September 19 Page 51	It is recommended that a lock is provided for the donations box as soon as practical.	L	End November 2019	<p>Not completed, museum has been closed. We've been looking into getting contactless donation boxes but have run up against issues with regard to information security but still hope to progress this moving forward.</p> <p>Now that the Museum is open we will look at the lock on the cash donation box again with a view to replacing it but, as stated previously, it isn't as simple as it appears.</p>
Property Inspections – October 19	As agreed in the previous audit it would be prudent to create a solid fuel service and electrical inspection service option on the keystone asset management system to enable it to be used for these services (similar to the gas servicing programme).	M	1st April 2020 Affected by COVID 19	The Solid Fuel servicing of CBC appliances and tenants own at the time of the last service are recorded within the gas Servicing database (Keystone) to produce the 'next service date' the same as Gas servicing. This was put in place following the previous Audit. Discussions have already taken place with Asset Management to

Audit Recs 19/20	Recommendations	Priority	Agreed Imp Date	Managers Comments
Page 52				<p>produce a 5 year programme of Electrical Testing. Once agreed a database in Keystone can be created alongside the Gas/solid fuel database. ICT involvement / assistance will be required to create the new database. Discussions are taking place with regards to replacing/upgrading the current Keystone system. The 'new' system will look to incorporate the recommendations.</p> <p>A decision is required by Housing to agree whether CBC will accept Solid Fuel appliances in CBC owned properties. Consideration on the cost of servicing the additional appliances and the environmental impact/policy</p>
Property Inspections – October 19	An annual reconciliation of properties on the keystone system and properties on each service programme should be completed to ensure that all properties are recorded within the correct programmes	M	October 2019 Affected by COVID 19	A report for Gas Servicing was put in place October 2019 and produced on a weekly basis. The report is monitored and discussed weekly by the Gas team at OSD. The report shows properties which are working their way through the legal process where access has not been granted to date. The report will be enhanced to pick up Solid Fuel

Audit Recs 19/20	Recommendations	Priority	Agreed Imp Date	Managers Comments
Page 53				<p>servicing.</p> <p>Currently Electrical Testing is not on Keystone and therefore not picked up until such time the data is available. Clarification is required of the 330 properties missing from Keystone to determine what these properties are and what appliance? . Discussions are taking place with regards to replacing/upgrading the current Keystone system. The 'new' system will look to incorporate the recommendations.</p> <p>Note that during the Covid-19 Pandemic the service dates of a number of properties have gone over the service date. Currently working through the list to bring back in line as quick we can.</p>
Property Inspections – October 19	It is essential that a comprehensive record of electrical testing is created and that this is then used to create a programme of electrical testing ensuring that all council properties are fully compliant within the 5-year period.	M	April 2020 Affected by COVID 19	This is on-going with a 'new' list provided for 2020/2021. The programme has been in progress as of July 2020. Delayed due to Covid-19 Pandemic and therefore the potential number of properties tested this year will be reduced. A programme has been produced by Asset Management and the programme delivered for OSD by an

Audit Recs 19/20	Recommendations	Priority	Agreed Imp Date	Managers Comments
				Electrical Sub-Contractor. Difficulties in gaining access increased due to the Covid-19 pandemic.
Property Inspections – October 19	<p>It is essential that monitoring statistics are available for all type of service, if services are expanded with keystone as part of R1 monitoring reports should also be created.</p>	L	April 2020 Affected by COVID 19	<p>Once reports are available, we can see what monitoring statistics can be produced. It is unsure what report was run and what criteria was used to arrive at the 330 properties. Keystone does not hold the same number of properties as Northgate due to there not being each service currently recorded on the system. Discussions are taking place with regards to replacing/upgrading the current Keystone system. The 'new' system will look to incorporate the recommendations if not available currently.</p>
Gifts, Hospitality and Personal Interests – January 20	<p>A review of the current declaration process (gifts/hospitality and interests) is required with emphasis on the following controls being implemented:</p> <ul style="list-style-type: none"> • Central record to be maintained (alleviating the need for six monthly renewal of declaration returns) • All employees are regularly made aware of their duty to disclose gifts/hospitality and personal interests • The awareness communications are clear 	H	December 20	<p>The new system has not yet been progressed however support services are working hard to gather the return of all forms and disclosures.</p>

Audit Recs 19/20	Recommendations	Priority	Agreed Imp Date	Managers Comments
	<p>and easily understood</p> <ul style="list-style-type: none"> • Declaration forms are made available to all employees • Declarations are reviewed when received • Evidence of approval of gifts/hospitality by Manager's to be retained • A senior corporate manager is given responsibility for overseeing employee record collection and monitoring 			
Treasury Management – January 20	Consideration should be given to recording the brokers fees and gross investment income for investments and money markets funds within the councils FMS to ensure that the amount of fees being charged can be monitored	L	31st March 2020 Extended to 1st April 2021	Intended to implement from April 2020. Delayed due to requirement to work from home. Will implement when able to return to office currently anticipated in September 2021.
Recruitment and Selection – May 20	It is essential that the Recruitment & Selection policy is updated as soon as possible to ensure the correct policy documents/guidance is available and that the revised policy is reviewed at regular intervals.	M	End August 2020	Delayed due to COVID 19
Recruitment and Selection – May 20	As Recruitment & Selection Training is mandatory it is essential that HR ensure that all members involved in the Selection Process have had the required training.	M	End November 2020	This has been impacted on by Covid-19. Providing training via Microsoft teams is not ideal and has only been used for essential training. A programme of training will be developed for 21/22. Competency framework training has been delivered during April and May 21.

Audit Recs 19/20	Recommendations	Priority	Agreed Imp Date	Managers Comments
Housing Repairs – Capital Programme – April 20	It must be ensured that appropriate contract documentation (including signed SLA's) are held for each contract/programme	M	June 2020	Agreements under review due to re-shape of service area.
Procurement – May 20	It is essential that a comprehensive procurement plan is created to ensure value for money and compliance to the procurement strategy across the council.	M	End September 20	Workplan being developed from new Contracts register and archived records June 2021.
Procurement – May 20	A review of the council's spend should be conducted to ensure that contracts are in place where needed, where contracts are not correctly in place these should be added to the procurement plan.	H	TBC	This has not been possible due to data extract challenges and associated Agresso upgrade. Additional work is required to extract data and the finance team do not currently have resource for programming needs. External support options are being considered as part of transformation action plan. Spend Analysis tender June 2021 – scheduled completion August 21. Action plan to address contracting opportunities and need.
Community Safety – June 20	It would be beneficial to request access (with appropriate training) to the Authorities main accounting system (Unit 4 Business World) for CSP staff to enable improved monitoring of income and expenditure, ensuring accounted for in correct years which would also assist in budget monitoring e.g. Kier invoice not paid promptly; no apparent invoice/contribution yet paid in respect of Homeless Shelter	L	October 20	Due to the Pandemic this is regarded as low priority and has not been implemented to date

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Audit Recs 19/20	Recommendations	Priority	Agreed Imp Date	Managers Comments
Community Safety – June 20	Consideration should be given to reconciling the annual spend return to the Police and Crime Commission with the Council’s main accounting system to ensure accuracy	L	October 20-	Due to the Pandemic this is regarded as low priority and has not been implemented to date
VAT – September 20 Page 57	Consideration should be given to a review of the VAT Return Completion Procedural notes to confirm that they are adequate with updates occurring as and when necessary	L	March 21	Updating procedural notes in relation to the VAT return will be completed during 2021/22. We have been unable to update these procedural notes earlier as we have prioritised the submission of a backdated claim to HMRC in relation to sporting activities being treated as Non-Business for Local Authorities, this claim if successful would generate a non-recurring savings of £300k. In addition we have worked with our Tax Advisors and HMRC in relation to sharing the Partial Exemption liability of the Crematorium with Bolsover District Council and North East Derbyshire District Council, this will enable CBC to implement Cultural Exemption earlier than the current Budget Savings Plan generating recurring annual savings of approximately £100k. These savings will assist CBC in balancing the GF budget without cutting service provision.

Audit Recs 19/20	Recommendations	Priority	Agreed Imp Date	Managers Comments
Committee Processes – October 20	Consideration should be given to reporting officer decisions to committees, this could be done on a regular basis or provided annually for member review	L	April 21 revised implementation date May 22	Not actioned yet, requires new processes to be put in place which will take time to develop. This has been delayed as a result of increased demands on staff time due to hybrid meeting scenario requiring additional support.

For publication

External Review of Internal Audit

Meeting:	Standards and Audit Committee
Date:	28 th July 2021
Cabinet portfolio:	Governance
Directorate:	Finance
For publication	

1.0 Purpose of the report

1.1 The purpose of this report is to inform members of the results of the external review of internal audit that took place in May 2021.

2.0 Recommendation

2.1 That the results of the external review of internal audit be noted.

3.0 Reason for recommendation

3.1 To ensure that Members are aware of the results of the external review of internal audit that is required by the Public Sector Internal Audit Standards.

4 Report details

Background

4.1 The Public Sector Internal Audit Standards (PSIAS) were introduced from the 1st April 2013 and Internal Audit has been working to those standards since that date. The PSIAS require that internal and external assessments of internal audit must take place.

- 4.2 An internal self-assessment against the PSIAS utilising the recommended CIPFA checklist has been undertaken on an annual basis by the Internal Audit Consortium Manager and these have concluded compliance with the Standards.
- 4.3 The PSIAS require that an external assessment of internal audit should be carried out at least once every 5 years by a qualified, independent assessor or team. The previous external review took place in 2016.
- 4.4 The selected assessor (Robin Pritchard from Business Risk Solutions) is CIPFA qualified and has over 40 years internal audit experience including being Chief Internal Auditor at Staffordshire County Council and a national partner responsible for internal audit at a number of professional service firms. Robin also spent 6 years as a professor of internal audit and risk management at Birmingham City University. Robin is an experienced External Quality Assessor and has undertaken over 50 reviews of this nature.

Format of the assessment

- 4.5 The assessment took place throughout May 2021 and was conducted remotely due to COVID-19. The assessment involved a review of the Consortium's documentation, working practices, committee reports and working paper files. The audit committee chairs and senior managers were also invited to complete a questionnaire.
- 4.6 This approach enabled Robin to assess the Internal Audit Consortium's conformance with the PSIAS against the recommended checklist and associated standards.

Results of the Review - Headlines

- 4.7 The report concludes that the Internal Audit Consortium are delivering internal audit services to a standard that generally conforms with the PSIAS. There are no areas where the service does not comply with the standards. This means that Members can have confidence in the service provided by the audit team. It is acknowledged that the audit team has significant experience and a range of qualifications allowing a robust internal audit standard to be maintained and delivered.
- 4.8 The external review report includes benchmarking against other provision in both the sector and the wider industry and this shows that the team

compares favourably in comparison with its peers and other sectors (Appendix 1 pages 18 - 20).

- 4.9 As would be expected, the report has made a number of recommendations that are aimed at highlighting where further development can be made to enhance the value of the service being provided.
- 4.10 The assessor's full report can be seen at Appendix 1.

Key Points Arising out of the Review

- 4.11 The key theme throughout the report and associated recommendations is in relation to enhancing and developing the use of risk- based auditing and linking more to the council's own risk management definitions and appetite.
- 4.12 The recommendations are graded red, amber and green to reflect their relative importance. There are no red recommendations.
- 4.13 Feedback from the client questionnaires was extremely positive.
- 4.14 The next step is to produce an action plan to address the recommendations arising. Progress against the action plan will then be included as part of the 2021/22 annual report.

5 Alternative options

- 5.1 Not applicable.

6 Implications for consideration - Council Plan

- 6.1 Having an internal audit resource that complies with the Public Sector Internal Audit Standards ensures that internal audit can effectively contribute to ensuring that the council's resources and priorities are focused on achieving the objectives within the council plan.

7 Implications for consideration - Financial and value for money

- 7.1 The confirmation that the audit service complies with the PSIAS ensures that a quality value for money service is being provided.

8 Implications for consideration – Legal

8.1 The PSIAS require that an external review of internal audit takes place every 5 years and this review meets that requirement.

9 Implications for consideration – Human resources

9.1 None.

10 Implications for consideration – Risk management

10.1 The external review confirms that the internal audit service meets the requirements of the PSIAS and therefore risk is reduced as internal audit is effectively reviewing the council's risk, governance and control processes.

11 Implications for consideration – community wellbeing

11.1 Whilst there are not considered to be any direct community and wellbeing impacts in relation to this report, having an internal audit service that is compliant with the PSIAS will support the achievement of the Council's objectives.

12 Implications for consideration – Economy and skills

12.1 Whilst there are not considered to be any direct economy and skills impacts in relation to this report, having an internal audit service that is compliant with the PSIAS will support the achievement of the Council's objectives.

13 Implications for consideration – Climate Change

13.1 Whilst there are not considered to be any direct climate change impacts in relation to this report, having an internal audit service that is compliant with the PSIAS will support the achievement of the Council's objectives.

14 Implications for consideration – Equality and diversity

14.1 None.

Document information

Report author	
Jenny Williams Internal Audit Consortium Manager Finance	
Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
None	
Appendices to the report	
Appendix 1	External Review Report

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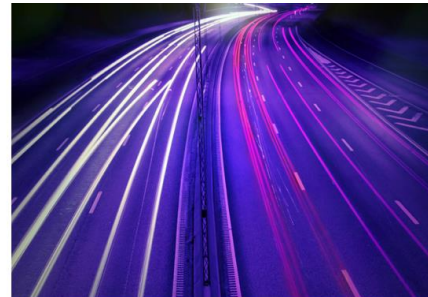
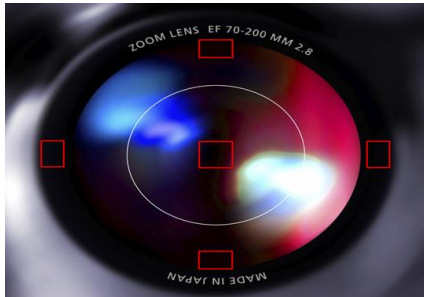


Internal Audit Consortium and Derbyshire Dales District Council

External Quality Assessment

Internal Audit Services

Executive report – June 2021



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External Quality Assessment

Internal Audit Consortium and Derbyshire Dales District Council

**BUSINESS
RISK
SOLUTIONS**

Opinion

Overall assessment: The Internal Audit Consortium and Derbyshire Dales District Council are delivering internal audit services to a standard that **generally conforms** with the Public Sector Internal Audit Standards.

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Key matters arising from the review:

- The service would benefit by further integration of the use of risk-based internal audit techniques with the risk appetite of its clients regarding planning and the scoping of engagements,
- Developing a clear alignment through working papers for each assignment to focus on the achievement of agreed Management (Business) objectives through consideration of agreed significant risks and relevant key controls. This would likely enhance efficiency of the methodology as well as the benefit of and value gained from audit reports.
- Consideration should be given to the revision of the basis for expressing internal audit recommendations and opinions in line with risk impact definitions recognised by each client in Risk Management Policies.
- The Head of Internal Audit Annual Report should be enhanced through further development of the inclusion of a summary of the significant residual risks being faced and those other assurances both internal and external available to the Head of Internal Audit in reaching an annual opinion.

Good Practice identified during the review

- The team demonstrates effective communication with Officers and members at all clients,
- Appropriate attention is given to gaining feedback and demonstration of the quality of services through review of performance which is routinely presented to Audit Committees,
- The Internal Audit team has a strong commitment to training,
- The team has constructed an analysis of Assurances available at each of its clients
- A Fraud Risk Assessment has been completed and is integrated with the internal audit methodology
- Audit planning is supported by appropriately detailed notes of discussions with management.

Executive summary

The Internal Audit Consortium has developed a standard approach to the delivery of services to three local authorities of Chesterfield, Bolsover and NE Derbyshire and in addition to this core service, provides management of the internal audit service at Derbyshire Dales District Council and an outsourced service to Rykneld Homes; this has enabled the team to develop an appropriate depth and breadth of skills to successfully meet the needs of clients.

Services are provided by a dedicated team of in-house staff, which is headed by Jenny Williams as Internal Audit Consortium Manager, who assumes the role of Chief Audit Executive (HoIA) for the purposes of this review and regarding all internal audit appointments.

In 2020/21 services have been impacted by the effects of the pandemic which has led to 'remote auditing' being required; this appears not to have adversely impacted on the methodology but has been reflected in the availability of client staff to engage whilst dealing with other front-line priorities. A number of vacancies have also been experienced during the year.

The service has continued to respond to the changes of focus in professional standards by developing an increasingly risk based approach with regard to planning and the completion of assignment work; the Internal Audit Manual has been updated to reflect this in May 2020.

From an internal audit perspective, considerable further advantage may be gained through increasing recognition of management objectives and inherent risk, as this will enable internal audit plans and assignments to focus on the value of 'Control Risk' and therefore attention on significant key controls and the assurances that have been identified as available.

This represents recognition of those key controls which management feel reduce risk to an acceptable level (risk appetite) and aligns with other current initiatives within internal audit.

Nevertheless, with a constantly changing risk environment, particularly as the service responds to the changing needs of clients post COVID-19; there is a need and opportunity for the internal audit service to continue to enhance its delivery through acting as a catalyst to ensure that robust risk management systems are operational, thereby increasing its awareness of the assessment of risk at each client and as a consequence informing its own approach.

Current services are assessed to '**generally conform**' with the PSIAS and compare favourably with peers, there are no areas where the service does not comply with the standards. A series of specific recommendations are made in the report that follows to reflect building on the existing considerable strengths in relation to resources, competency and delivery in order to enhance future service delivery.

Overall assessment

1	RESOURCES		Excelling – Processes in this area are fully embedded within every-day practices and reflect best practice that is at least consistent with PSIAS expectations.
2	COMPETENCY		Established – Processes in this area are generally compliant with the PSIAS and embedded within every-day practices; the EQA has identified a number of areas where further development would be beneficial.
3	DELIVERY		Established – Processes in this area are generally compliant with the PSIAS and embedded within every-day practices; the EQA has identified a number of areas where further development would be beneficial.

Summary of good practice identified within EQA

PSIAS	Good practice identified	Observation
1000	An Internal Audit Charter has been established and agreed with client Audit Committees (AC).	The combination of the Charter is comprehensive and establishes an appropriate framework against which internal audit services can be delivered in accordance with the PSIAS.
1100	Independence and objectivity	A team wide process is in place regarding the identification and management of potential conflicts and/or declarations of interest.
1311	The service has conducted internal assessment exercises of its performance.	Performance review is embedded within procedures and supported by a staff Performance and Development Reviews process which identifies and supports performance development needs.
2020	Active engagement at Board and management level	Represents the establishment of a good understanding of issues through interaction with Executive Management and Members.
2030	The need for appropriate internal audit resources is recognised within internal audit planning processes.	This represents a firm basis for the consideration of the successful delivery of the internal audit plan and the use of support from other parties, if required.
2040	A detailed Internal Audit Manual is in place which aligns with the PSIAS.	Provides the basis for a consistent approach to delivery of internal audit services delivered through a series of templates.
2060	Reports are produced using a standard template which is consistently applied. Customer feedback is routinely obtained at the conclusion of each engagement and at year end.	Demonstration of a consistent approach for communication which is generally well received by management and the AC's – effective follow-up ensures issues are not lost.
2120	Evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk	Fraud Risk registers have been established at each client and integrated with the internal audit methodology.
2400	Reports are clear and express opinions in a manner that is understood by stakeholders.	Reports are produced on a timely basis, with comprehensive detail of internal audit activity being produced for AC attention including performance information.
2500	Establish and maintain a system to monitor the disposition of results communicated to management.	A formal process for follow-up and reporting on actions taken regarding recommendations has been established.

Part one

Page 71 Compliance with the Public Sector Internal Audit Standards (PSIAS)

Business Vision and Mission, Governance arrangements, Recognition of standards, Charter, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

	Issue identified	Recommended action	
1	<p>Internal Audit Charter</p> <p>Whilst the Charter requires that the HoIA's Annual Opinion is correctly expressed in relation to Risk Management, Governance and Internal Control – there are references in the Charter and other documentation which simply relate to 'internal control' or the 'control environment'.</p>	<p>When the Internal Audit Charter and other documentation is next revised update the requirement for the HoIA to provide an Annual Opinion in the consistent form of Risk Management, Governance and Internal Control.</p> <p style="text-align: right;">PSIAS 1010</p>	
2	<p>2020/21 engagement completion</p> <p>Current year provision has been impacted by Covid and the team holding a number of vacancies.</p> <p>At the time of the review, internal audit plan outcomes for 2020/21 were not available other than in the case of Derbyshire Dales DC, where reference has been made to the internal auditor being required to undertake other duties in relation to COVID-19 business grants processes, queries and government returns. ,</p>	<p>Where these events impact upon completion of the internal audit plan and therefore the content of the Head of Internal Audit Annual opinion, a reflection on the advice provided by CIPFA could be beneficially referred to explain the context and advice provided by the professional body.</p> <p style="text-align: right;">PSIAS 2450</p>	

	Issue identified	Recommended action	
<p>1</p> <p>Page 73</p>	<p>Audit Planning The HoIA maintains a spreadsheet-based approach to the conduct of an audit needs assessment which supports the development of the annual plan.</p> <p>This recognises the teams' judgement of factors relating to Materiality, Control Environment, Sensitivity, Management Concern and time since last audit. None of these factors relates directly to the organisations risk appetite as expressed in each clients' risk management system.</p>	<p>Whilst it is recognised that client risk registers contain varying levels of detail regarding controls and assurances and certainly may not be comprehensive in terms of covering all risks. Conformance with the PSIAS would be enhanced by formally recognising the risk appetite of each client in internal audit planning, particularly where the concept of 'Control Risk' (the assessed difference between Inherent and Residual risk) is identified.</p> <p style="text-align: right;">PSIAS 2010</p>	
<p>2</p>	<p>Management Objectives The Internal Audit service currently specifies the Audit Objective as part of the Scoping Document for engagements although there is inconsistency. PSIAS 2201 provides advice regarding planning considerations for engagements and states that: "In planning the engagement, internal auditors must consider - The objectives of the activity being reviewed and the means by which the activity controls its performance and the significant risks to the activity, its objectives, resources and operations and the means by which the potential impact of risk is kept to an acceptable level".</p>	<p>The Internal Audit Service should consider focusing each audit on agreed Management Objectives for the area for review as this would help structure the engagement on significant risks and align the review with the associated controls that are designed to mitigate this risk.</p> <p>In this respect, this may allow greater focus to be provided on 'what matters most' and attention being given to selected controls testing currently contained within established 'controls check-lists'.</p> <p style="text-align: right;">PSIAS 2200/1</p>	

Competency continued

Issue identified	Recommended action												
<p>3 Grading of recommendations</p> <p>Issues on which the audit opinion is based currently reflect High, Medium or Low ratings for which internal audit has defined what it considers as events which merit concern at these levels. The definitions are not currently contained within the internal audit manual or are included in internal audit reports to support gradings.</p> <p>This is inconsistent with terminology used by each Council in their Risk Management Policies where definitions of impact are contained to varying levels of detail.</p> <p>The PSIAS uses consistent terminology relating to the identification and reporting on 'significant' risk. And it may therefore be beneficial for internal audit to align its understanding of significance with that of each client.</p>	<p>a) It would be beneficial to align future grading of recommendations with those impact definitions used within the risk management process relating to each clients' risk appetite.</p> <p>Existing clients appear to use either a 4x4 or 5x5 risk matrix and therefore inclusion within internal audit reports as to how consistent alignment is achieved would assist in both agreeing the specific risk focus of each engagement as well in assessing the relative importance of findings at the exit meeting and in determining an opinion within assurance reports through use of a consistent understanding and application of risk.</p> <p>A simple matrix may be:</p> <table border="1" data-bbox="1085 879 1754 1102"> <thead> <tr> <th>IA grade</th> <th>4x4 matrix</th> <th>5x5 matrix</th> </tr> </thead> <tbody> <tr> <td>High</td> <td>Catastrophic/Severe</td> <td>Critical/Major</td> </tr> <tr> <td>Medium</td> <td>Moderate</td> <td>Moderate</td> </tr> <tr> <td>Low</td> <td>Minor</td> <td>Unlikely/Rare</td> </tr> </tbody> </table> <p>b) Include appropriate explanation of alignment of gradings within the internal audit manual and provide appropriate training to staff regarding how this should be implemented.</p>	IA grade	4x4 matrix	5x5 matrix	High	Catastrophic/Severe	Critical/Major	Medium	Moderate	Moderate	Low	Minor	Unlikely/Rare
IA grade	4x4 matrix	5x5 matrix											
High	Catastrophic/Severe	Critical/Major											
Medium	Moderate	Moderate											
Low	Minor	Unlikely/Rare											

Competency continued

	Issue identified	Recommended action
<p>4</p> <p>Page 75</p>	<p>Quality Assurance Improvement Programme (QAIP) The HoIA currently undertakes an annual self-assessment process and reports a summary of matters arising to Audit Committees in the Annual Report.</p> <p>The current process considers matters such as issues arising from PDR's, client surveys, ideas from team members and training requirements in addition to matters arising from external quality assessments.</p> <p>At present, each element is maintained separately.</p>	<p>It would be beneficial to consider drawing together the various elements of review in a formal QAIP policy and presenting this to Audit Committees, as such in the Annual Report as required in the PSIAS.</p> <p>An example policy has been provided.</p> <p style="text-align: right;">PSIAS 1300</p>

	Issue identified	Recommended action	
Page 76	<p>1 Risk-based internal audit</p> <p>The emphasis of the PSIAS concerns significance. Earlier observations referred to the benefit which may be obtained by increasing alignment with each Councils risk management processes.</p> <p>In this respect current practice:</p> <ul style="list-style-type: none"> a) Includes low risk audits in annual audit plans b) Utilises 'Control Checklists' as the basis for audits, and c) Has a tendency to produce reports that are 'controls based' rather than focusing on risks to achievement of identified management objectives. 	<p>Ensure that in all aspects of the internal audit methodology there is transparent consideration of the significant risks that may impact upon successful delivery of management objectives.</p> <p>At an Engagement level this should include identification and focus on particular risks, to the exclusion of others, where risk management policies or discussions identify issues of a potentially catastrophic nature such as safeguarding, health and safety, legislative compliance, failure to deliver statutory services or reputational damage.</p> <p style="text-align: right;">PSIAS 2010/2300/2060</p>	
	<p>Code of Ethics</p> <p>Internal Audit reports currently state that the audit has been conducted in accordance with the Public Sector Internal Audit Standards.</p>	<p>Increasingly best practice also states that the audit has been conducted in accordance with the Institute of Internal Auditors Code of Ethics.</p> <p style="text-align: right;">PSIAS Code of Ethics</p>	
	<p>3 Working papers</p> <p>The file review exercise identified different practices in relation to how the audit working papers were constructed with some focusing on risks and other more reflective of controls.</p>	<p>Establishing the 'Golden Thread' between Management Objectives, significant risks and key controls should be the basis of each audit as this would allow the development of a consistent approach to the conduct of audit engagements and ensure a focus on significance.</p> <p style="text-align: right;">PSIAS 2200/2300</p>	

	Issue identified	Recommended action
4 Page 77	<p>IA Opinions Internal Audit currently uses four levels of opinion – Substantial, Reasonable, Limited and Inadequate – definitions of expectations is provided clarifying the differences between the levels, although this uses general terminology regarding risk rather than relating specifically to the risk appetite of each client.</p> <p>The PSIAS as stated previously emphasises the requirement to focus on what is 'significant' to the achievement of Management Objectives.</p>	<p>The HoIA should consider rewording basis of overall opinions to provide increasing clarity regarding how internal auditors should assess the assurance level provided based on the significance of the risks identified and the recommendations made.</p> <p>Where a risk/recommendation of a 'Critical, Catastrophic or Severe' nature is identified this would indicate that at best a 'Limited Assurance' opinion should be used.</p> <p style="text-align: right;">PSIAS 2410 A1/2060</p>

Delivery continued

	Issue identified	Recommended action
<p>5</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 78</p>	<p>Head of Internal Audit Annual Report</p> <p>The Annual Report provides an evidenced approach regarding the basis upon which the opinion regarding risk management, governance and control has been reached and compares favourably with other practice in the sector.</p> <p>This includes increasing recognition of significant risk and those wider sources of assurance that are available to the HoIA in reaching this opinion.</p> <p>Whilst risk management systems do not consistently include a comprehensive analysis of the sources of assurance as a second line of defence, the internal audit team has made good progress in identifying routine sources of assurance that are available as well as compiling a Fraud Risk Assessments for each client.</p>	<p>The Head of Internal Audit should continue to develop the formality of the Annual Report process building the links between this report and the Annual Governance Statement.</p> <p>Inclusion of references to significant risks currently faced by each client will be of benefit to all stakeholders.</p> <p>Further consideration should be given to inclusion other sources of assurances that are available such as that relating to independent assurance regarding PSN, where these are relevant to providing evidence regarding the significant risks faced by each client.</p> <p style="text-align: right;">PSIAS 2060/2450</p>

Part two



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Suggested enhancements for consideration

Suggested Enhancements for consideration

	Issue identified	Recommended action
1.	<p>Exit meeting template Discussions with management regarding the findings identified within engagements are discussed with management and based upon a first draft of the report.</p> <p>A summary of the discussion is then recorded in a narrative note, which is then used to produce the final report.</p> <p>Draft reports can contain misunderstandings or factual inaccuracies which may detract from the value of a report and which may be better clarified before time is incurred constructing a report and recommendations.</p>	<p>It is recognised that the HoIA prefers to use the draft report as the basis for conducting the exit meeting however it may be beneficial to introduce a standard template on which to record findings/recommendations along with draft management reactions as the audit progresses, as this will both formalise the approach to arriving at the draft report stage, as well as support timely feedback and verify any misunderstandings or factual inaccuracies.</p> <p>This may represent a more efficient and effective use of time by all parties rather than wait for production of a draft report to correct misunderstandings.</p>
2.	<p>Client surveys Progress has been made in obtaining feedback from auditees following each audit.</p>	<p>The level of response is similar to that seen in other organisations and therefore Internal Audit may find it useful to utilise an application such as Microsoft Forms or Survey Monkey for collecting feedback, as this can prove to be an efficient means which helps achieve an early response.</p>
3.	<p>Working Paper review record Current practice is to evidence supervision of an engagement using a working paper review template which reflects good practice.</p> <p>Other evidence of review is contained on pre-engagement documentation and at report stage.</p>	<p>It may be beneficial to extend the use of the existing template to include evidence of the review of pre-audit involvement of the nominated supervisor as well as approval of the review and release of draft and final reports.</p>

Suggested Enhancements for consideration

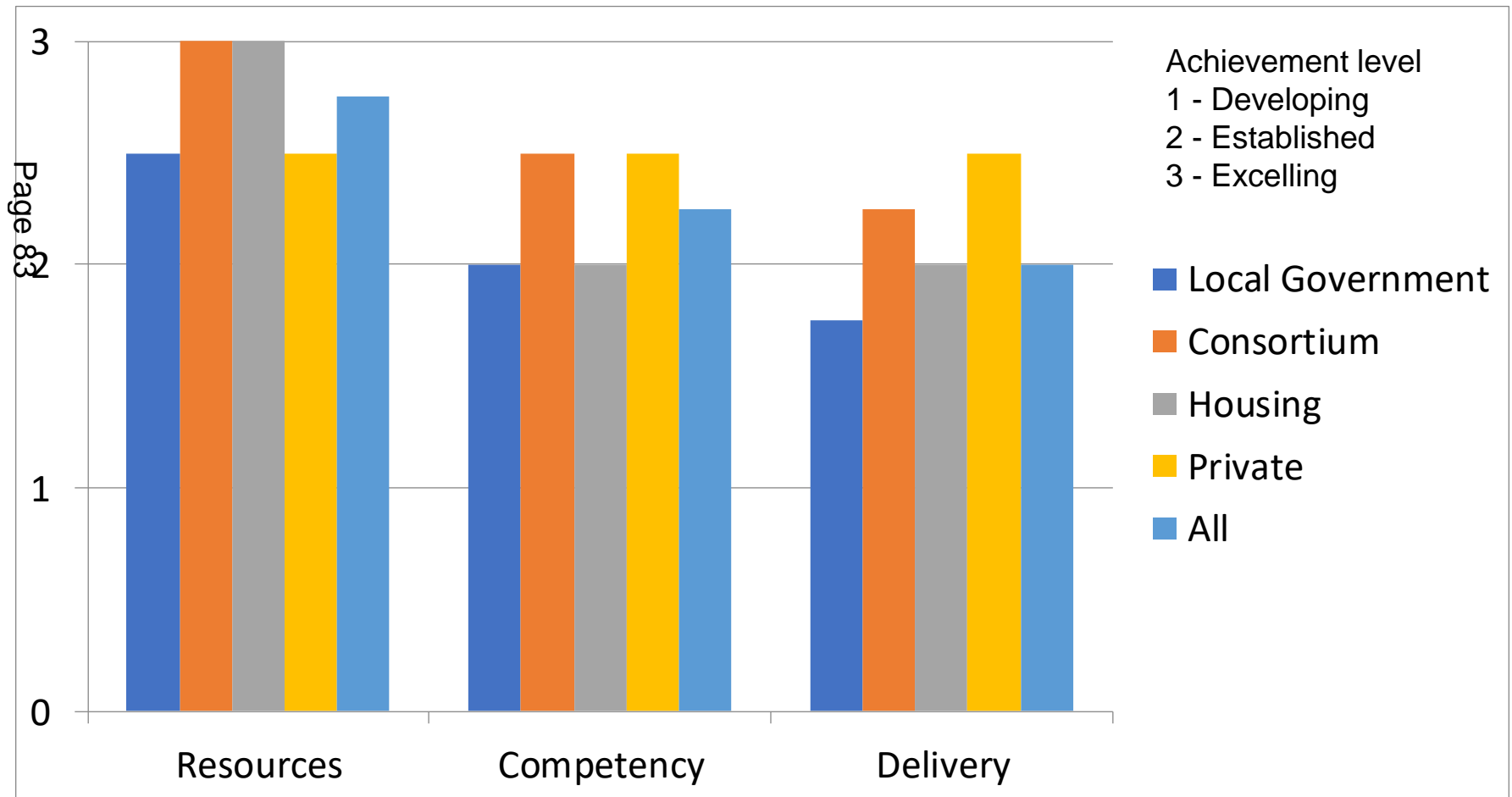
	Issue identified	Recommended action
<p>4.</p> <p>Page 81</p>	<p>HoIA Performance Development Review The current process is managed as required by the policy at Chesterfield Borough Council with the review being completed by the Service Director Finance; the Chief Executive reviews and comments as the managers manager.</p> <p>The standards suggest that it is good practice for feedback to also be received from the Chair of the Audit Committee.</p>	<p>As the IA Consortium provides a service to four other organisations it would be constructive to also invite feedback on an annual basis from the Chief Executive and Chairs of Audit Committee from these clients.</p> <p style="text-align: right;">PSIAS 1110</p>

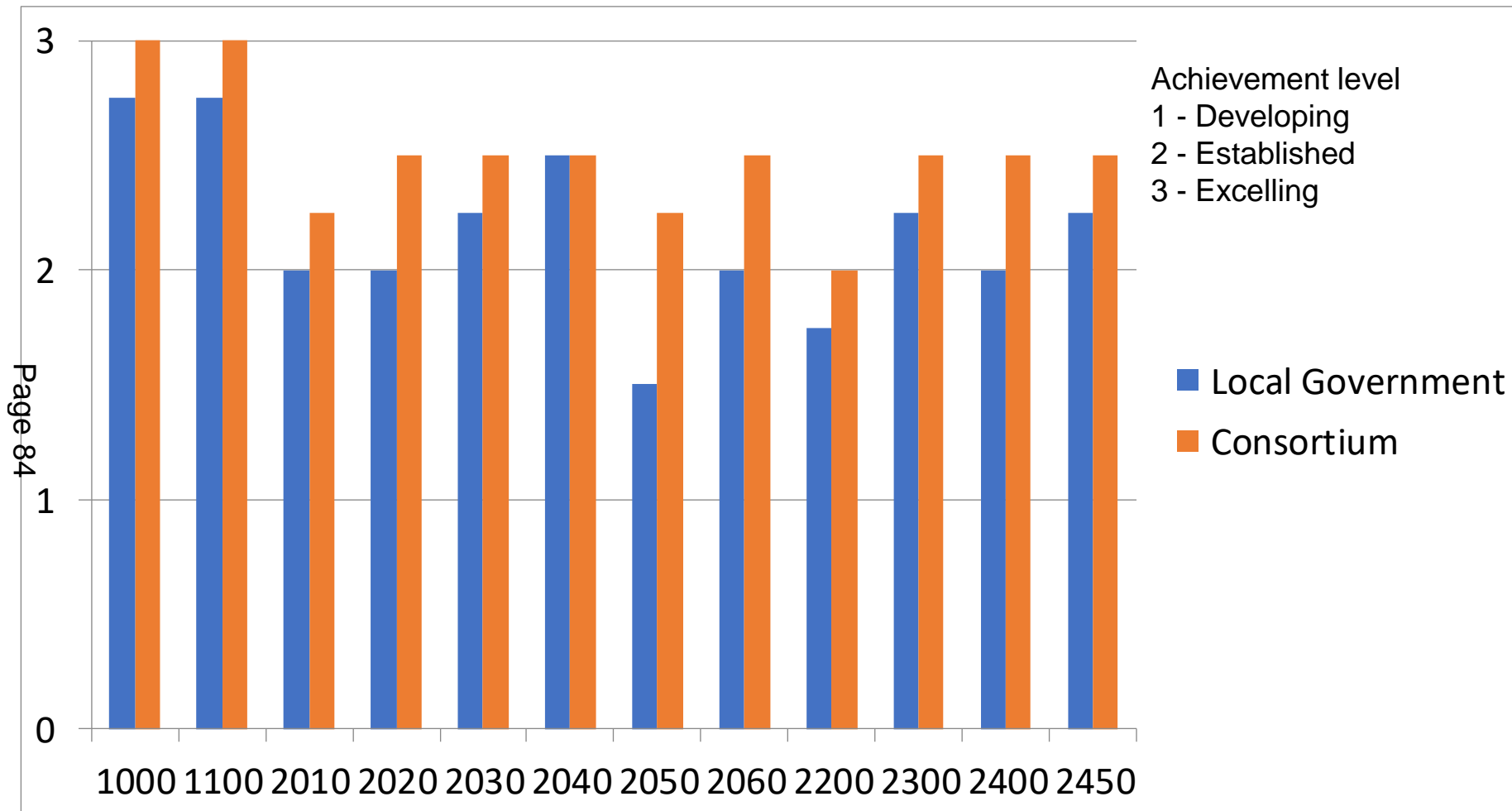
Part three



Benchmarking

Benchmarking - Sector analysis





Appendix

- Page 85
1. Summary of client feedback
 2. Key IPPF/PSIAS standards assessed
 3. Basis for EQA
 4. Grading of recommendations

Summary stakeholder feedback

Question	Positive (%)	Negative (%)
I understand Internal Audit's role in the organisation and its purpose.	100	
Internal Audit is customer focused and understands what the organisation is trying to achieve. Internal Audit considers the viewpoints of the organisation when planning and undertaking reviews and aims to provide a good balance between assurance and good practice with opportunities for improvement.	100	
Internal audit has a presence in the organisation which is visible and approachable.	100	
The Internal Audit team provides a flexible and reliable service which adds value through the assurance audits and additional work it undertakes.	100	
Internal Audit makes you aware of any significant issues that occur during an audit on a timely basis and you have the opportunity to respond or provide additional information.	93	7
Internal audit has the skills to provide appropriate assurance and advice to meet our needs?	100	
Good practice and ideas from other organisations are shared through audits, day to day contact, meetings or other engagement methods.	93	7
Average	98%	2%

Conclusion:

Feedback from stakeholders confirms that the Consortium is considered to provide a high-quality internal audit service whose brief is clearly understood and the assurance and advice that is provided is well regarded.

Those responses where negative feedback has been received may reflect other findings of the review in so far as they reflect the potential to increase recognition of management objectives and inherent risk through continuing to develop client relationships to mutual benefit.

Key PSIAS Standards assessed

(for benchmarking purposes)

Standard		Focus
1000	Purpose, Authority and Responsibility	The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the <i>Standards</i> . The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.
1100	Independence and Objectivity	The internal audit activity must be independent, and internal auditors must be objective in performing their work.
2010	Planning	The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.
2020	Communication and approval	The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.
2030	Resource Management	The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.
2040	Policies	The chief audit executive must establish policies and procedures to guide the internal audit activity.
2050	Co-ordination	The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.
2060	Reporting	The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.
2200	Engagement planning	Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.
2300	Work programme	Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.
2400	Communicating results	Internal auditors must communicate the results of engagements
2450	Overall opinions	When an overall opinion is issued, it must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

Basis for EQA

Compliance with IPPF/PSIAS

- **Resources**

Business Vision and Mission, Governance arrangements, Recognition of standards, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

- **Competency**

Charter, Internal Audit Manual, Planning and Allocation of staffing, Recruitment (Numbers and skills), Training (Professional and Technical), Appraisal and Development

- **Delivery**

Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

Basis for overall opinion

Generally Conforms means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual *Standard* or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual *Standards* or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

Partially Conforms means the evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the individual *Standard* or element of the Code of Ethics, section, or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the board of the organisation.

Does Not Conform means the evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual *Standard* or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board. Often, the most difficult evaluation is the distinction between general and partial. It is a judgment call keeping in mind the definition of general conformance above. Carefully read the *Standard* to determine if basic conformance exists. The existence of opportunities for improvement, better alternatives, or other successful practices do not reduce a generally conforms rating.

Grading of recommendations

- The grading of recommendations is intended to reflect the relative importance to the relevant standard within the Public Sector Internal Audit Standards (PSIAS).

Recommendation grading	Explanation
Enhance	The internal audit service must enhance its practice in order to demonstrate transparent alignment with the relevant PSIAS standards in order to demonstrate a contribution to the achievement of the organisations' objectives in relation to risk management, governance and control.
Review	The Internal audit service should review its approach in this area to better reflect the application of the PSIAS.
Consider	The internal audit service should consider whether revision of its approach merits attention in order to improve the efficiency and effectiveness of the delivery of services

- In grading our recommendations, we have considered the wider environment in terms of both the degree of transformation that is currently taking place as well as our assessment of the level of risk maturity that currently exists, as these will have a consequence for the conduct of internal audit planning as well as subsequent communication.

For publication

Anti-Fraud, Bribery and Corruption Strategy (including Money Laundering Policy)

Meeting:	Standards and Audit Committee
Date:	28 th July 2021
Cabinet portfolio:	Governance
Directorate:	Finance
For publication	

1.0 Purpose of the report

1.1 The purpose of this report is to present for consideration by the Standards and Audit Committee the Council's draft updated Anti-Fraud, Bribery and Corruption Strategy (including Money Laundering Policy) which is attached as Appendix 1 to this report.

2.0 Recommendation

- 2.1 That the Standards and Audit Committee approve the Anti-Fraud, Bribery and Corruption Strategy (including Money Laundering Policy) attached at Appendix 1.
- 2.2 That the amended policy be advertised on the intranet to raise awareness amongst members and officers.

3.0 Reason for recommendation

3.1 To ensure that the Anti-Fraud, Bribery and Corruption Strategy is kept up to date and is effectively publicised which will reduce the risk of fraud.

4.0 Report details

4.1 One key element of effective financial governance is that the Council has appropriate arrangements in place in respect of fraud. The Council last

reviewed its Anti-Fraud and Corruption Strategy and Money Laundering Policy in 2018. It was agreed at the time that the Strategy should be periodically reviewed to ensure that it is kept up-to-date and remains relevant.

4.2 In line with good practice for all public bodies the Council should have in place an up to date Anti –Fraud and Corruption Strategy. The formal commitment to this strategy will serve to restate the Council’s zero tolerance of fraud and all forms of malpractice. The refresh of the strategy will also provide an opportunity to promote the key message to both Members and Employees.

4.3 The strategy that has been recommended for adoption has been reviewed and updated to reflect developing good practice. The changes made are highlighted in red on Appendix 1. There have been no regulatory or legislative changes so the updates made are to improve employee and Members understanding of the policy.

5.0 Alternative options

5.1 Not applicable.

6.0 Implications for consideration – Council Plan

6.1 A strong stance against fraud and corruption will aid in ensuring that resources are utilised towards achieving the Council plan.

7.0 Implications for consideration – Financial and value for money

7.1 Mitigating against the risk of fraud and corruption by the adoption of a Strategy will help to ensure that value for money is obtained and that finances are protected.

8.0 Implications for consideration – Legal

8.1 Fraud, Bribery, Corruption and Money Laundering are all criminal activities. This strategy is intended to minimise the risk that the Council suffers as a result of such activity, or that the Council is unwittingly used to undertake or assist such activity.

9.0 Implications for consideration – Human resources

9.1 None

10.0 Implications for consideration – Risk management

10.1 The risk of fraud is significantly reduced if staff and Members are aware of the signs of fraud and understand how to report such concerns. By fostering a culture of zero tolerance towards fraud and corruption the risk is lessened.

11.0 Implications for consideration – community wellbeing

11.1 Whilst there are not considered to be any direct community and wellbeing impacts in relation to this report, a strong stance against fraud and corruption will support the achievement of the Council's objectives.

12.0 Implications for consideration – Economy and skills

12.1 Whilst there are not considered to be any direct economy and skills impacts in relation to this report, a strong stance against fraud and corruption will support the achievement of the Council's objectives.

13.0 Implications for consideration – Climate Change

13.1 Whilst there are not considered to be any direct climate change impacts in relation to this report, a strong stance against fraud and corruption will support the achievement of the Council's objectives.

14.0 Implications for consideration – Equality and diversity

14.1 A preliminary Equality Impact Assessment has been undertaken which has concluded that the updated strategy is not anticipated to have a disproportionate impact on any protected group.

Document information

Report author	
Jenny Williams Internal Audit Consortium Manager Finance	
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
None	
Appendices to the report	
Appendix 1	Anti-Fraud Bribery and Corruption Strategy (including Money Laundering)

Chesterfield Borough Council

Anti-Fraud, Bribery and Corruption Strategy (including Money Laundering Policy)

POLICY STATEMENT

Chesterfield Borough Council expects that both Members and Officers will demonstrate the highest standards of behaviour in the conduct of public business.

In undertaking its functions and activities, the Council will not tolerate any form of fraud, corruption, bribery, abuse of position or other malpractice, whether it is attempted by persons or organisations within or external to the Council.

The Council is committed to working in an open, honest and fair way and will:

- Maintain a policy and culture characterised by zero tolerance of fraud and malpractice
- Encourage **and promote** the prevention of fraud, bribery and corruption or other malpractice
- Promote the detection of fraud, bribery, corruption or other malpractice
- Maintain clear procedures for investigation and further action where necessary

It is expected that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures, practices **and probity**.

The Council also expects that individuals and organisations, with which it comes into contact, will act towards the Council with honesty, integrity **and probity**.

The Council expects all partners in both public and private sectors to establish robust and transparent governance arrangements.



CHESTERFIELD
BOROUGH COUNCIL

CHESTERFIELD BOROUGH COUNCIL

Anti-Fraud, Bribery and Corruption Strategy

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- 5 Housing Benefit and Council Tax Support
- 6 Raising Awareness of this Policy Statement
- 7 Conclusion

Anti- Money Laundering Policy

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- 2 Purpose of Policy
- 3 The Council's Obligations
- 4 Scope of the Policy
- 5 What is Money Laundering
- 6 What is Terrorist Financing
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1. **INTRODUCTION**

1.1 The Council is opposed to all forms of fraud and corruption. It recognises that fraud and corruption undermine the standards of public service which it promotes and reduce the resources available for the good of the whole community and erodes public confidence in our governance.

1.2 The Anti-Fraud, Bribery and Corruption Strategy is designed to: -

- provide a clear statement of values;
- encourage prevention;
- promote detection,
- act as a deterrent; and
- set out a clear approach for investigation of any concerns, complaints etc.

1.3 **Fraud** is defined as:

- The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain.
- Failure to disclose information where there is a legal duty to do so.
- False Representation.
- Abuse of Position

Corruption is defined as:

The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

Theft is defined as:

A person shall be guilty of theft if they dishonestly appropriate property belonging to another with the intention of permanently depriving the other of it.

Bribery is defined as:

An inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

Or

Giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for already having done so.

Bribery Includes:

- Bribery of another person
- Accepting a Bribe
- Failure to prevent or disclose Bribery

1.4 Benefit fraud is where a person,

- a) makes a false statement or representation; or
- b) causes or allows a false statement or representation; or
- c) fails to notify a change of circumstances; or causes or allows another person to fail to notify a change of circumstances for the purpose of obtaining or increasing entitlement to housing/council tax benefit for themselves or another.

1.5 This document presents a Strategy for an Open and Honest Council characterised by a clear policy of Zero Tolerance of Fraud, Bribery, Corruption and related activities. The sections which follow set out the framework which it is intended will help secure that objective.

2. CULTURE

- 2.1 The Council is determined that the culture and tone of the organisation will continue to be one of honesty and opposition to fraud, corruption, **bribery, money laundering and any activity of this nature.**
- 2.2 All individuals and organisations associated with the Council are required to act with integrity **and probity.** Council staff and Members, at all levels, will lead by example.
- 2.3 The Council's staff are an important element in its stance on fraud, corruption, **bribery, money laundering etc.** They are encouraged to raise any concerns and can do this in the knowledge that these will be treated in confidence and properly investigated.
- 2.4 This commitment to investigate the concerns of any members of staff has been formally acknowledged by the Council by the adoption of a Confidential Reporting **"Whistleblowing"** Policy.

The Confidential Reporting **"Whistleblowing"** Policy aims to: -

- encourage individuals to feel confident in raising serious concerns and to question and act upon concerns about working practice.
- provide avenues by which these concerns can be raised and subsequently to supply feedback on any action taken.
- ensure that a response is provided to any concerns raised and that people raising concerns are aware of how to pursue them if they are not satisfied.
- reassure individuals that they will be protected from possible reprisals or victimisation if they have made any disclosure in good faith.

Full copies of the Confidential “Whistleblowing” Reporting Policy are available on the Council’s Intranet or in printed format if required. It should be noted that the Confidential Reporting “Whistleblowing” Policy covers all issues (not just fraud, corruption, **bribery, money laundering etc.**).

2.5 Where either staff or members of the public have concerns there are a number of channels available to report these concerns through:

- The Chief Executive
- Managers
- The Monitoring Officer
- The Internal Audit Consortium Manager
- The Council’s External Auditors
- **The Whistleblowing Policy**
- Or through the Council’s Complaints Procedure
- Alternatively benefit fraud can be reported directly to the Department for Work and Pensions at their website.

2.6 Senior Management are responsible for following up any allegation of fraud or corruption received and will do so by taking the following action: -

- immediately informing the **Service Director - Finance** or the Internal Audit Consortium Manager or the Chief Executive;
- recording and securing **and keeping safe** all evidence received and collected;
- ensuring that evidence is sound and adequately supported;
- implementing Council disciplinary procedures where appropriate;
- where the matter is raised through the Confidential Reporting “Whistleblowing” Policy, responding in accordance with that Policy.

2.7 Senior Management are expected to deal swiftly and firmly with those who defraud the Council or who are corrupt.

2.8 The investigation process must not be misused and any abuse, such as raising malicious allegations, will be dealt with as a disciplinary matter.

3. **PREVENTION**

3.1 **Staff**

- 3.1.1 Staff recruitment will be in accordance with the Council's Recruitment and Selection procedures particularly with regard to the obtaining of written references. These will be used to assist in verifying the previous record of potential staff in terms of propriety, integrity and probity. All recruitment processes must involve the Human Resources Section.
- 3.1.2 Employees of the Council must follow the Code of Conduct which is included in the Council's Constitution
- 3.1.3 Employees must declare in writing any circumstances where their personal interests (financial and non-financial) may conflict with those of the Council e.g. processing a planning application form for a relative or friend. Standard forms are available on which to make declarations. Any concerns regarding a potential conflict of interest must be discussed with a senior manager.
- 3.1.4 The Council has in place agreed disciplinary procedures which management and employees must follow.
- 3.1.5 Many procedures have been designed to ensure that the work of one member of staff is checked by another. These types of checks are important deterrents to fraud. Managers must ensure that all staff have access to procedural guidance and should periodically confirm that the agreed procedures are being operated.
- 3.1.6 Where necessary staff will receive appropriate training to ensure that they are equipped to identify and tackle fraud related matters.
- 3.1.7 Investigation officers will receive appropriate levels of training ensuring high quality investigations. This will include training by other professional investigation bodies such as the police.
- 3.1.8 Any data matches raised by the National Fraud Initiative will be investigated. The provisions of the General Data Protection Regulations will be applied.

3.2 **Members**

- 3.2.1 Councillors and co-opted members must follow the rules in Part 5 of the Council's Constitution, including:
 - General Principles of Conduct
 - Members' Code of Conduct
 - Code of Conduct on Planning Matters
 - Summary of other rules affecting members' conduct
 - Protocol on Member / Officer Relations

Councillors learn about these rules as part of the induction process and further ongoing training will be provided as appropriate.

3.2.2 The Council has a Standards and Audit Committee to oversee, promote and manage standards of conduct **and probity** of Borough and Parish Councillors and co-opted members.

3.2.3 Members are expected to complete (and keep updated) their entries in the register of Members interests and to keep vigilant for any conflicts of interest that may arise (taking advice from the Monitoring Officer if necessary). They should declare any interests at the start of any committee meeting and to take appropriate action when the item is reached (e.g. not taking part in the item, leaving the meeting).

3.3 Systems

3.3.1 It is a management responsibility to maintain the internal control system. This includes the responsibility for the prevention of fraud and other illegal acts. By undertaking an agreed plan of work, internal audit will evaluate the adequacy and effectiveness of these controls as a means of assisting management to discharge its responsibilities.

3.3.2 The **Service Director - Finance** has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangement of the Council's financial affairs. In addition, the Monitoring Officer is responsible for ensuring that the Council's business is conducted in accordance with legislation and good practice.

3.3.3 To help them do this, all service financial recording systems must be designed in consultation with and to the satisfaction of the **Service Director - Finance**.

3.3.4 The Council's Financial Regulations and Procedures are set down in Part 4 of the Council's Constitution. These Regulations and Procedures set out in detail how the Council's financial affairs are to be administered and controlled.

3.4 Combining with Others

3.4.1 Arrangements are in place to encourage the exchange of information between the Council and other agencies on fraud and corruption activity as an aid to prevention/detection. The agencies involved include: -

- External Audit
- Department for Work and Pensions
- Inland Revenue
- Customs and Excise.

In exchanging data with other organisations the Council will comply with the requirements of **the General Data Protection Regulations 2018**.

4. DETECTION AND INVESTIGATION

- 4.1 The internal control and other monitoring systems outlined above have been designed to highlight fraudulent activity, and they should be sufficient in themselves to deter fraud.
- 4.2 It is the responsibility of managers to ensure that there are appropriate controls in place to reduce the risk of fraud, corruption, bribery and money laundering etc. However, it is often the alertness of other staff, Members and the public that enables detection to occur and appropriate action to be taken.
- 4.3 Financial Procedures require managers to immediately notify the **Service Director – Finance** or the Internal Audit Consortium Manager of any financial irregularity or suspected irregularity. Reporting is essential because it:
- Ensures consistent treatment;
 - Enables investigation to be assisted by an independent team;
 - Ensures agreed investigation procedure is followed.
- 4.4 Depending on the nature and the anticipated extent of the allegations, the Internal Audit Consortium will normally work closely with Management and other Agencies, such as the Police, to ensure that all allegations and evidence are properly investigated and reported upon, and where appropriate, maximum recoveries are secured for the Council.
- 4.5 The Council's Disciplinary procedures will be used where the outcome of an investigation indicates improper behaviour by a Council Employee.
- 4.6 Ignoring potential/possible fraud, including benefit fraud, may be construed as improper behaviour by a Council employee. If an employee has any suspicion, they should make appropriate officers aware, so that the matter can be investigated in accordance with the confidential reporting "Whistleblowing" policy.

The people to contact for appropriate matters are:-

- your Manager
- your Executive Director
- the Chief Executive
- The **Service Director - Finance**
- the Internal Audit Consortium Manager
- the Benefits Team

Where your own Manager is not available or you don't feel comfortable reporting to your own manager then you should contact another senior manager.

- 4.7 Causing or allowing a person to either make a false statement or declaration, or to fail to notify a change of circumstances is an offence under the law relating to the payment of benefit. Any employee / member involved is liable to prosecution.
- 4.8 Where financial impropriety is discovered, the Council's presumption is that the Police will be called in. Referral to the Police is a matter for the Chief Executive, in consultation with the **Service Director - Finance** and relevant member of the Corporate Leadership Team. Referral to the Police will not prohibit and should not delay action under the Disciplinary Procedure.

5. **HOUSING BENEFIT AND COUNCIL TAX SUPPORT (Local Council Tax Reduction Scheme)**

- 5.1 Whilst encouraging genuine claimants to apply for benefit the Council has adopted a number of initiatives to detect and prevent fraudulent applications, such as: -
- checks at the start and during the life of a benefit claim;
 - A page on the Council's website that provides a range of information for reporting suspected fraud.
 - Publicity for a national fraud 'hotline' (0800 854440) and the reporting tool on the Department for Work and Pensions website together with details on the Council's website of other channels for reporting issues. (www.gov.uk/report-benefit-fraud)
 - participation in the DWP sponsored or similar Data matching exercise; **including National Fraud Initiative (NFI), Housing Benefit Matching Service (HBMS) and Real Time Information (RTI) to identify and investigate data irregularity;**
 - internal data matching, payroll data to benefit data;
 - using computer links to the Department for Work and Pensions to check entitlements, to receive benefit notifications, and to check National Insurance numbers and other data;
 - having a prosecution policy for alleged benefit /council tax fraudsters;
 - undertaking land registry checks;
 - **co-operating with the Department for Work and Pensions Single Fraud Investigation Service (SFIS) on the referring and investigation of potential Housing Benefit and associated social security benefit fraud.**
 - Regular articles in 'Your Chesterfield'.
- 5.2 The Council has adopted a Policy to undertake the Prosecutions of persons who have committed criminal offences in obtaining housing benefit and/or council tax support to which they were not entitled.
- 5.3 Benefit staff receive training in fraud awareness. Codes of Conduct have been established for Benefits staff. These explicitly state that no employee should deal

with any claimant **who is a friend or family or** get involved in any case where they have a pecuniary interest, e.g. the claim is in respect of a property they own or for a member of their family.

6. **RAISING AWARENESS OF THIS POLICY STATEMENT**

6.1 To be effective, it is essential that all staff and Members are aware of the existence of this Policy Statement. This will be achieved through a variety of means, such as: -

- Inclusion on the Council's Internet site;
- **Aspire will be used to disseminate information to staff and Members.**

CONCLUSION

7.1 The Council has in place a clear set of systems and procedures to assist it in the fight against fraud and corruption.

7.2 The Council will maintain a continuous overview of such arrangements through the **regular** review of the Constitution and Financial Regulations / Procedures, various Codes of Conduct and audit arrangements.

7.3 This Policy Statement will be subject to periodic review to ensure its continued relevance.

July 2021

CHESTERFIELD BOROUGH COUNCIL

ANTI-MONEY LAUNDERING POLICY (INCORPORATING TERRORIST FINANCING REQUIREMENTS)

(July 2021)

CHESTERFIELD BOROUGH COUNCIL

ANTI – MONEY LAUNDERING POLICY

1. Introduction

- 1.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) came in to force in June 17 and, for any offences committed after 26 June 2017, replace the Money Laundering Regulations 2007. The 2017 Regulations impact on certain areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

2. Purpose of the Policy

- 2.1 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This policy has been written to enable the Council to comply with the Proceeds of Crime (Anti-Money Laundering) Practical guidance for Public Service Organisations by the Chartered Institute of Public Finance and Accountancy (CIPFA) relating to the anti money laundering regulations.
- 2.2 While all organisations are required to take appropriate steps to prevent money laundering local authorities do not undertake activities which have been identified as being high risk and the approach outlined is considered proportionate to what is considered to be a low risk to the Council and its employees. While the Council undertakes activities considered to be 'low risk' what constitutes money laundering is very widely defined and it is important that the Council takes appropriate steps to prevent money laundering.
- 2.3 The purpose of the Policy is to make all staff aware of the legislation and their responsibility under it including the consequence of non – compliance of the Policy.
- 2.4 Potentially any member of staff or **elected** member could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it.
- 2.5 Whilst the risk of the Council of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities as serious criminal sanctions could be imposed for breaches of the legislation.

3. The Council's Obligations

- 3.1 Under the Legislation Organisations conducting “relevant Business” must:
- Appoint a Money Laundering Reporting Officer (“MLRO”) (compliance and nominated officer) to receive disclosures from employees of money laundering activity; **At CBC this is the Service Director - Finance.**
 - Implement a procedure to enable the reporting of suspicions of money laundering;

- Undertake enhanced client identification procedures if the money laundering risk is high e.g. if the transaction has no apparent economic or legal purpose ; and
- Maintain record keeping procedures.
- Undertake an assessment of the money laundering risk that the council is exposed to
- Train relevant employees on their anti-money laundering responsibilities

4. Scope of the Policy

- 4.1 This Policy applies to all staff and elected members of the Council and aims to maintain high standards of conduct, by reducing the risk of criminal activity through money laundering. This policy sets out the procedures, which must be followed.
- 4.2 Failure by staff and **elected** members to comply with the procedures set out in this Policy may lead to a criminal offence being committed and disciplinary action being taken against them **in the case of staff and investigation by the Monitoring Officer in the case of elected members**. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure **and in the case of elected members referred to the Standards and Audit Committee when the Monitoring Officer thinks it appropriate**.
- 4.3 **Money laundering offences may be tried at a Magistrate's Court or in the Crown Court, depending on the severity of the suspected offence. Trials at the former can attract fines of up to £5,000, up to six months in prison, or both. In a Crown Court, fines are unlimited and sentences up to fourteen years in prison may be handed out. A defence is available if it can be shown that any knowledge or suspicion of money laundering was reported to the National Crime Agency and as a result that any resultant transaction was on hold until consent to proceed was given.**
- 4.4 Managers must ensure that all staff are aware of this policy and their duties within it. **The Monitoring Officer should ensure that elected members are aware of the policy.**
- 4.5 The Anti Money Laundering Policy is part of the Council's Anti -Fraud and Corruption policy and Strategy and sits alongside its Confidential Reporting "Whistleblowing" Code and Employees **and elected members** Codes of Conduct.

5. What is Money Laundering?

- 5.1. Money laundering is a process by which the illegal proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled into further criminal enterprises.
- 5.2. The source of money, either in cash, paper or electronic form (often referred to as "dirty money") is disguised and given the appearance of being clean funds. These are normally used to hide the proceeds of serious criminal activities such as terrorism, drug smuggling, theft and fraud.
- 5.3. The money laundering legislation and regulations attempt to provide a preventative solution to this problem.

5.4. The broad definition of money laundering means that potentially anybody (and therefore any Council employee, irrespective of what Council business they are undertaking) could contravene the Regulations if they become aware of or suspect the existence of criminal property and continue to be involved in a matter which relates to that property without reporting their concerns.

5.5 Primary money laundering offences include:

- Concealing, disguising, converting, transferring criminal property or removing it from the UK
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- Acquiring, using or processing criminal property
- Doing something that might prejudice an investigation, for example falsifying a document or tipping off a person or persons suspected of being involved in money laundering.

6. What is Terrorist Financing?

6.1 The Terrorism Act 2000 (as amended by the anti-terrorism Crime and Security Act 2001, the Terrorism Act 2000 and Proceeds Of Crime Act 2002 (Amendment) Regulations 2007) creates a money laundering offence under Section 18 whereby a person commits an offence if he or she enters into or becomes concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property:

- by concealment
- by removal from the jurisdiction
- by transfer to nominees, or
- in any other way.

7. Employee and elected member responsibility

7.1 Although the term 'money laundering' is generally used when describing the activities of organised crime - for which the legislation and regulations were first and foremost introduced - to most people who are likely to come across or be affected by it, it involves a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.

7.2 Guidance for employees and elected members on their possible exposure to money laundering is attached at Appendix 1. This provides information on the types of activities where the Council may be subject to money laundering offences.

7.3 Employees and elected members should follow this policy in respect of all crimes, however small. The money laundering regime adopts an 'all crimes' approach and sets no lower limit below which suspected crimes should not be internally reported.

7.4 The offences may apply to a very wide range of more everyday activities within the Council. This could include for example, being complicit in crimes involving the falsification of claims, benefiting from non-compliance with the conditions attaching to a grant, retaining customer overpayments on a ledger or facilitating employment on which tax is not paid

8. Money Laundering Reporting Officer (MLRO)

8.1 All employees and elected Members are obliged to report any suspicion of money laundering or terrorist financing to the Council's nominated officer for anti-money laundering activities. The Council has nominated the Service Director - Finance as the Anti-Money Laundering Reporting Officer (MLRO). In their absence, the Chief Accountant acts as the Deputy Anti-Money Laundering Reporting Officer.

8.2 The Money Laundering Reporting Officer will receive staff disclosures on suspicions of money laundering and decide on disclosure to National Crime Agency (NCA).

8.3 The Money Laundering Reporting Officer is:

The Service Director - Finance

Town Hall

Rose Hill

Chesterfield

S40 1LP

Tel: 01246 936468

8.4 In the absence of the MLRP the Chief Accountant is authorised to deputise (tel. 01246 936273).

8.5 The Legal service is available to give advice as required.

9. Disclosure Procedure

9.1 Reporting to the Money Laundering Reporting Officer

9.2 Enquiries can be made by an employee or elected member of the individual to establish whether or not there is an innocent explanation before deciding whether or not to make a disclosure to the MLRO. However, once you have reasonable grounds for knowing or suspecting that the individual is engaged in money laundering a report must be made and the suspected money launderer must not be informed of this. Under no circumstances must an employee do anything that may tip off the subject of the report that such report has been made.

9.3 Where you know or suspect that money laundering activity is taking/has taken place, or become concerned that your involvement in a matter may amount to a prohibited act under the legislation, you must disclose this as soon as practicable to the MLRO. This disclosure should be within "hours" of the information coming to your attention, not weeks or months later.

SHOULD YOU NOT DO SO, THEN YOU MAY BE LIABLE TO PROSECUTION.

9.4 Your disclosure should be made using the disclosure forms attached as **Appendix 2**. The report must include as much detail as possible, for example:
Full details of the people involved (including yourself if relevant) e.g. name, date of birth, address, company names, directorship, phone numbers etc. Full details of the nature of their/ your involvement:

9.5 Once you have reported the matter to the MLRO you must follow any directions they may give. You **MUST NOT** make any further enquiries into the matter yourself: any necessary investigation will be undertaken by the National Crime Agency (NCA). Simply report your suspicions to the MLRO who will refer the matter to the NCA if they consider this appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

10. Consideration of disclosure by the Money Laundering Reporting Officer

10.1 Upon receipt of a disclosure report (copy attached as Appendix 2) the MLRO must note the date of receipt on the section of the report and acknowledge receipt of it. They should advise you of the timescale within which he /she expects to respond to you.

10.2 The MLRO will consider the report and any other available internal information they think relevant: e.g.

- 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

10.3 And undertake such other reasonable inquiries they think appropriate in order to ensure that all available information is taken into account in deciding whether a report to the National Crime Agency (NCA) is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with you.

10.4 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 this is the case; and
- Whether he/she needs to seek consent from the NCA for a particular transaction to proceed.

10.5 All disclosure reports referred to the MLRO and reports made by him/her to the NCA must be retained by the MLRO in a confidential file kept for that purpose for a minimum of 5 years.

10.6 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/her, that another person is engaged in money laundering and he/she does not disclose this as soon as practicable to the NCA.

10.7 Where money laundering is suspected the MLRO will report to the National Crime Agency and also notify the Head of the Internal Audit Consortium, and the Monitoring Officer.

10.8 To ensure the Council minimises the risk of tipping off the suspect and to minimise any reputational damage should the suspicion be unfounded, the confidentiality of the matter will be respected at all times. The MLRO will only inform anyone of the suspicion where there is a genuine business need.

10.9 In some cases it may be necessary to seek approval from the National Crime Agency before the Council can undertake any further activity in respect of the transaction. Where the MLRO has made such a referral to the National Crime Agency, they will notify the person

raising the concern and again inform the individual when the Agency has provided permission for the transaction to proceed.

10.10 If a request for consent has been made to the National Crime Agency, no action should occur for a period of 7 days or until the Agency gives consent. If this results in a transaction having to be deferred or delayed, it should be carefully handled to ensure that the suspect is not tipped off as to the money laundering concern.

10.11 After 7 days if the National Crime Agency does not notify otherwise, they are deemed to have given their consent to the transaction. If the Agency instead notifies they refuse to give consent, they have a further 31 calendar days to take action. A moratorium period of 31 days starts on the day the Council receives the refusal notice. During this period the Council cannot proceed with the matter for which the consent was applied. At the expiry of the 31 days if nothing has been heard, the Agency is deemed to have consented to the request and the Council can proceed.

11. **Employee Awareness and Training**

11.1 In support of this policy, the Council will:

- Make all staff aware of the requirements and obligations placed on the Council and on themselves as individuals by the anti-money laundering legislation; and
- Give targeted training to those most likely to encounter money laundering.

11.2 It is not necessary for all staff to have a detailed knowledge of what constitutes a criminal offence under the legislation. Those who are most likely to encounter money laundering should read this policy as it documents what procedures are in place to help prevent money laundering and informs them of their personal responsibilities and possible liabilities as individuals.

11.3 The Council does not have any areas of activity that are considered to be especially vulnerable to money laundering. This is supported by the fact that local authorities are not included as a 'relevant person' in the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and are therefore not covered by those regulations.

11.4 Any managers who believe they have identified any especially vulnerable areas should first consult the Money Laundering Reporting Officer. If agreed, more targeted training to the employees should then be delivered.

12. **Restricted or Regulated Activities**

12.1 This policy requires certain activities to be regulated or restricted as follows:

12.1.1 Undertaking Investment Activities for a Third Party. In making investment arrangements, the Council should not act as a principal or agent in, or an arranger of, investment activities for a third party, without prior authority from the MLRO, as such activities might be interpreted as being a regulated activity and expose the Council to additional money laundering regulations. This excludes the investments of trust and charitable funds and the placing of

cash deposits for other local authorities, as such activities in the Chartered Institute of Public Finance and Accountancy's view, would not be interpreted as being 'by way of business'.

12.1.2 Receiving High Value Cash Receipts. For the purpose of preventing money laundering:

- Cash receipts of £10,000 or more should not be accepted. 'Cash' includes notes, coins or travellers' cheques in any currency. It is not appropriate for payment of a balance owed to the Council to be sub-divided into smaller cash receipts to circumvent this limit, whatever the purpose of the payment. Any attempts to do this should be reported to the MLRO as suspicious activity.
- If money offered in cash is £5,000 or more, then the payment must not be accepted until the employee has received guidance from the MLRO or their deputy.
- The Council in the normal operation of its services, accepts payments from individuals and organisations. For all transactions under £5,000, no action is required unless the employee has reasonable grounds to suspect money laundering activities, proceeds of crime or is simply suspicious.

12.1.3 Refunds

A significant overpayment of an amount owed which results in a repayment, should be properly investigated and authorised by a senior manager as not suspicious, before repayment is made.

12.1.4 Structuring of Agreements

Advice from the MLRO should be sought in structuring agreements relating to the following activities, if undertaken on behalf of third parties. Such activities might be interpreted as being a regulated activity and expose the Council to additional money laundering regulations:

- Advice about tax affairs;
- Accountancy services;
- Audit services;
- Legal services which involve participation in a financial or real property transactions; and
- Services which involve the formation, operation or management of a company.

13 CIPFA's Treasury Management Code

13.1 Treasury management activities and the legal and best practice requirements relating to them (including money laundering), are subject to the provisions of CIPFA's Treasury Management: Code of Practice. This document is legally enforceable in local authorities.

The types of activities that may be affected

The following table sets out the types of activities that might be suspicious and how the Council may come across those activities. It is not intended to be exhaustive and just because something you are suspicious about is not on the list, it doesn't mean you shouldn't report it.

Activity	The types of activity that may be affected
New customers with high value transactions	<ul style="list-style-type: none"> • Selling property to individuals or businesses • Renting out property to individuals or businesses • Entering into other lease agreements • Undertaking services for other organisations
Secretive clients	<ul style="list-style-type: none"> • Housing benefit claimants who have sums of money entering into/out of their bank account (even if we do not award them benefit, we should still consider money laundering implications) • People buying or renting property from the Council who may not want to say what it is for • People receiving grant funding who refuse to demonstrate what funding was used for
Customers who we think are acting dishonestly or illegally	<ul style="list-style-type: none"> • People paying for Council services who do not provide details about themselves • People making odd or unusual requests for payment arrangements
Illogical transactions	<ul style="list-style-type: none"> • People paying cash then requesting refunds • Requests for the Council to pay seemingly unconnected third parties in respect of goods/services provided to the Council • Requests for the Council to pay in foreign currencies for no apparent reason
Payments of substantial sums by cash	<ul style="list-style-type: none"> • Large debt arrears paid in cash • Refunding overpayments • Deposits/payments for property <p>Cash receipts of £10,000 or more should not be accepted If money offered in cash is £5,000 or more then the payment must not be accepted until the employee has received guidance from the MLRO or Deputy, For transactions under £5,000 no action is required unless the employee has reasonable grounds to suspect money laundering activities, proceeds of crime or is simply suspicious.</p>
No action is required unless the Movement of funds overseas	<ul style="list-style-type: none"> • Requests to pay monies overseas, potentially for 'tax purposes'
Cancellation of earlier transactions	<ul style="list-style-type: none"> • Third party 'refunds' grant payment as no longer needed/used

	<ul style="list-style-type: none"> • No payment demanded even though good/service has been provided • Sudden and unexpected termination of lease agreements
Requests for client account details outside normal course of business	<ul style="list-style-type: none"> • Queries from other companies regarding legitimacy of customers • Council receiving correspondence/information on behalf of other companies
Extensive and overcomplicated client business structures/arrangements	<ul style="list-style-type: none"> • Requests to pay third parties in respect of goods/services • Receipt of business payments (rent, business rates) in settlement from seemingly unconnected third parties
Poor accounting records and internal financial control	<ul style="list-style-type: none"> • Requests for grant funding/business support, indicates third party not supported by financial information • Companies tendering for contracts, unable to provide proper financial information/information provided raises concerns • Tender for a contract which is suspiciously low
Unusual property investments or transactions	<ul style="list-style-type: none"> • Requests to purchase Council assets/land with no apparent purpose • Requests to rent Council property with no apparent business motive
Overcomplicated legal arrangements/multiple solicitors	<ul style="list-style-type: none"> • Property transactions where the Council is with several different parties

Appendix 2

STRICTLY CONFIDENTIAL

Report to: Money Laundering Reporting Officer (MLRO)

Re: money laundering activity suspicion

To:, CBC Money Laundering Reporting Officer (**Service Director - Finance**)

From:

Name.....Post.....
*[Insert name of employee or **elected** member and post title]*

Service: Ext/Tel No/**E Mail address:**
[Insert service area and contact details]

DETAILS OF SUSPECTED OFFENCE:

Name(s) and address (es) of person(s) involved:
[If a company/public body please include details of nature of business]

[Please continue on a separate sheet if necessary]

Nature, value and timing of activity involved:
[Please include full details e.g. what, when, where, how]

[Please continue on a separate sheet if necessary]

Nature of suspicions regarding such activity:

[Please continue on a separate sheet if necessary]

Have you discussed your suspicions with anyone else?

[Please tick the relevant box]

Yes

No

If yes, please specify below, explaining why such discussion was necessary:

[Please continue on a separate sheet if necessary]

Has any investigation been undertaken (as far as you are aware)?

[Please tick the relevant box]

Yes

No

If yes, please include details below:

[Please continue on a separate sheet if necessary]

Please set out below any other information you feel is relevant:

[Please continue on a separate sheet if necessary]

DECLARATION:

Signed:.....Dated:.....

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years imprisonment.

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO

Date report received:

Date receipt of report acknowledged:

CONSIDERATION OF DISCLOSURE:

Action Plan:

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money laundering activity?

If there are reasonable grounds for suspicion, will a report be made to the National Crime Agency?

[Please tick the relevant box] Yes No

If yes, please confirm date of report to NCA:and complete the box below:

Details of liaison with the NCA regarding the report:

Notice Period: To

Moratorium Period: To

Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited acts? Yes No

If yes, please confirm full details in the box below:

Date consent received from NCA:

Date consent given by you to employee or **elected** member:

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:

[Please set out any reasonable excuse for non-disclosure]

Date consent given by you to **elected** member or employee for any prohibited act transactions to proceed:

Other relevant information:

Signed:.....Dated:.....

THIS REPORT IS TO BE RETAINED FOR AT LEAST FIVE YEARS



CHESTERFIELD
BOROUGH COUNCIL

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For publication

Delegation Scheme and Constitution

Meeting:	Standards and Audit Committee
Date:	28 TH July 2021
Cabinet portfolio:	Governance
Directorate:	Corporate

1.0 Purpose of report

1.1 To seek approval of updates to the Constitution.

2.0 Recommendations

2.1 That members confirm the changes to Constitution, and agree the delegations, proposed at Appendix 1.

3.0 Reasons for Recommendation

3.1 To ensure effective and efficient operation of the Council.

4.0 Report Details

4.1 The Constitution is a key document, required by law, which sets out the principal powers, duties and procedures of the Council. It also sets out in Part 3 to whom decision making over the Council's various functions is delegated.

4.2 The current form of Constitution has been in place since the early 2000s, using a government model. Most council constitutions follow a similar format, though some are now moving away from it. The constitution is publicly available on the Council's website at

<https://www.chesterfield.gov.uk/your-council/the-council/the-constitution.aspx>

- 4.3 The Constitution needs to be changed and updated from time to time to ensure it reflects current legislation, practices, functions, structures and efficient working of the authority.
- 4.4 Full Council considers the main changes and other changes are delegated to Standards and Audit Committee. Any consequential amendments and general updates are the responsibility of the Monitoring Officer.
- 4.5 Council approved and confirmed the Constitution at its 28th April 2021 Annual Business Meeting.
- 4.6 Since that time general reviews and routine updates to the Constitution have continued, with recent attention being given to formatting issues.
- 4.7 Further changes requiring approval by this Committee (or delegations to enable specific reviews to be carried out) are set out in Appendix 1.

Decision information

Key decision number	N/A
Wards affected	All
Links to Council Plan priorities	to provide value for money services

Document information

Report author	Contact number/email
Gerard Rogers Monitoring Officer	01246 936471 gerard.rogers@chesterfield.gov.uk
Background documents	
The Council's Constitution – on Council website https://www.chesterfield.gov.uk/your-council/the-council/the-constitution.aspx	

<i>This must be made available to the public for up to 4 years.</i>	
Appendices to the report	
Appendix 1	Proposed changes to: Part 3 - property delegations Part 4 – Contract Procedure Rules

Appendix 1

Constitution changes requiring approval by Standards and Audit Committee

Council Constitution:

<https://www.chesterfield.gov.uk/your-council/the-council/the-constitution.aspx>

Changes shown in red below

Part 3 – Delegation Scheme

Property and Estates related functions - When the property and estates function was contracted to Arvato their officers were restricted in the nature of functions that could be delegated to them. Accordingly various functions were delegated to the Property, Procurement and Contracts Manager “after consultation with the Corporate Property Manager”.

With this service back in house, the distinction is no longer necessary and these property related delegations can now revert to the Corporate Property Manager.

***It is therefore recommended** that the Local Government and Regulatory Law Manager be delegated to review the property and estates provisions of Part 3 of the Constitution and to make changes accordingly.*

Part 4 – Rules of Procedure: Contract Procedure Rules

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- 15.5 A contract must be executed as a Deed where:
- 15.5.1 the Council wishes to enforce the contract for more than six years after it ends
 - 15.5.2 the price paid or received under the contract is a nominal price and does not reflect the value of the goods or services

- 15.5.3 there is any doubt about the authority of the person signing for the contracting party
- 15.5.4 the total value is expected to exceed £100,000
- 15.5.5 the Regulatory and Local Government Law Manager so directs.

However, this paragraph 15.5 shall not apply:

- when the selected procurement route is by use of a framework agreement (see paragraph 7) AND
- the framework terms and conditions provide that documents are to be executed as a simple contract and not as a deed

15.6 Contract formalities

CONTRACT VALUE	SIGNATORY/EXECUTION REQUIREMENTS
Over £100,000.00	The contract must be executed as a deed (see 15.4)
£50,000.00 to £100,000.00	Signed by the Regulatory Law Manager or the Chief Executive
£25,000.00 to £49,999.00 £100,000.00	Signed by the Chief Executive or the Regulatory and Local Government Law Manager or an officer of the Council who is a Solicitor or Chartered Legal Executive of five or more years standing
< £25,000.00	Formalised by the issue of an award letter and the subsequent issuing of a purchase order where the contract is for works or services

Notes on the changes:

15.5 This proposed change reflects the increasing use of framework agreements (defined in paragraph 7 of the Contract Procedure Rules), which permit the Council to choose contractors from a recognised framework that the Council is eligible to use (without a full procurement processes) but following procedures determined by the framework's conditions.

15.6 This proposed change reflects that contracts are increasingly valued at greater than £49,000 and a wider pool of signatories is required. It supplements a change approved at the April meeting of this Committee, when the Legal Executive manager was added as a signatory (and corrects the name of their professional qualification). It also reflects wider changes to authorised signatories for the Council, some of which resulted from the need for greater flexibility of procedures since Covid-19. The Acting Director of Finance has agreed to this change.

Contract Procedure Rules Generally: Currently many of the approvals under the rules need to be given by the Regulatory and Local Government Law Manager. In practice most contract legal issues are now decided by the Property, Procurement and Contracts Law Manager or the in-house Procurement Unit. The Regulatory and Local Government Law Manager making decisions relating to governance and contract waivers and being arbiter and/or (with the chief executive) the referral point where procedures have been breached.

It is therefore recommended that the Local Government and Regulatory Law Manager be delegated to review the provisions of the Contract Procedure Rules and to make changes accordingly.