



GREAT YARMOUTH
BOROUGH COUNCIL

Audit and Risk

Date: Tuesday, 02 February 2016
Time: 18:30
Venue: Supper Room
Address: Town Hall, Hall Plain, Great Yarmouth, NR30 2QF

AGENDA

Open to Public and Press

1 APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2 DECLARATIONS OF INTEREST

You have a Disclosable Pecuniary Interest in a matter to be discussed if it relates to something on your Register of Interests form. You must declare the interest and leave the room while the matter is dealt with.

You have a Personal Interest in a matter to be discussed if it affects

- your well being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

You must declare a personal interest but can speak and vote on the matter.

Whenever you declare an interest you must say why the interest arises, so that it can be included in the minutes.

3	<u>MINUTES</u>	4 - 6
	To confirm the Minutes of the meeting held on 7 December 2015.	
4	<u>INTERNAL AUDIT RECOMMENDATIONS</u>	7 - 24
	Report attached.	
5	<u>STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS</u>	25 - 50
	Report attached.	
6	<u>WHISTLEBLOWING POLICY, ANTI FRAUD, CORRUPTION AND BRIBERY POLICY AND ANTI MONEY LAUNDERING POLICY</u>	51 - 108
	Report attached.	
7	<u>RISK MANAGEMENT FRAMEWORK</u>	109 - 125
	Report attached.	
8	<u>CODE OF CORPORATE GOVERNANCE</u>	126 - 153
	Report attached.	
9	<u>CORPORATE RISK REGISTER</u>	154 - 158
	Report attached.	
10	<u>EXTERNAL AUDIT RECOMMENDATIONS</u>	159 - 165
	Report attached.	
11	<u>CONTRACT STANDING ORDERS</u>	166 - 205
	Report attached.	
12	<u>ANNUAL CERTIFICATION REPORT</u>	206 - 214
	Report attached.	
13	<u>ANNUAL AUDIT LETTER</u>	215 - 229
	Report attached.	

14 ANY OTHER BUSINESS

To consider any other business as may be determined by the Chairman of the meeting as being of sufficient urgency to warrant consideration.

Audit and Risk

Minutes

Monday, 07 December 2015 at 18:30

PRESENT:

Councillor Grey (in the Chair); Councillors Grant, Walker and Williamson.

Mrs J Beck, Mr G Buck, Mr R Read, Mrs K Sly, Mrs K Watts and Mrs C Webb
(GYBC Officers)

Mrs E Hodds (Internal Audit Consortium Manager)

1 DECLARATIONS OF INTEREST

It was reported that there were no Declarations of Interest declared at the meeting.

2 APOLOGIES FOR ABSENCE

It was noted that apologies for absence had been received from Councillor Jeal.

3 MINUTES

The minutes of the meeting held on 24 September 2015 were confirmed.

4 MATTERS ARISING

It was noted that there were no matters arising from the above minutes.

5 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY BETWEEN 09/09/2015 AND 24/11/2015.

The Committee received and considered the comprehensive report from the Internal Audit Consortium Manager.

The Internal Audit Consortium Manager reported that her report reflected the progress made between 9 September 2015 and 24 November 2015 in relation to the delivery of the Annual Internal Audit Plan for 2015/16 and included abbreviated executive summaries in respect of six audit reviews; Procurement, Planned & Responsive Maintenance & Great Yarmouth Norse Contract Management, Great Yarmouth Borough Services Contract, Markets, Change Control & Patch Management and

Network Security and Infrastructure which had been finalised during this period.

The Internal Audit Consortium Manager reported that progress in relation to delivery of the revised Internal Audit Plan 2015/16 was in line with expectations. However, during the period covered by this report, six audits had been finalised concluding in 73 recommendations being agreed with management; eight priority one (urgent), 32 priority two (important) and 33 priority three (needs attention). These agreed recommendations, together with those currently outstanding, amounts to over 100 recommendations requiring attention. The Internal Audit Consortium Manager reported that this was a serious issue which needed to be addressed as a matter of urgency as it indicated significant weaknesses in the Council's control environment.

The Director of Housing and Neighbourhoods circulated copies of an Action Plan which detailed how the agreed audit recommendations relating to procurement issues would be addressed.

The Transformation Programme Manager reported that a thorough review of the Market was being undertaken which would result in a central Market Policy document which would address all of the current failings. A Member welcomed this initiative as a review of the Market was long overdue. He hoped that the review would rectify the current situation whereby the Market Manager was not obliged to work on a Saturday.

The Chairman requested that an update on the Market be reported at the next meeting.

RESOLVED:

- (i) That the Committee receive and note the outcomes of those audits finalised during the period.
- (ii) That an update report regarding the Market be given at the next meeting.

6 REPORT ON THE STATUS OF AUDIT RECOMMENDATIONS DUE FOR IMPLEMENTATION BETWEEN 1 AUGUST AND 30 SEPTEMBER 2015

The Committee received and considered the comprehensive report from the Internal Audit Consortium Manager.

The report informed Members on the latest progress made in relation to management implementation of agreed audit recommendations which fell due between 1 August 2015 and 30 September 2015.

The Internal Audit Consortium Manager reported that as of 30 September 2015, there were a total of 31 recommendations outstanding as 3 had been closed down since the report was written; 29 of which had been previously reported to the Committee and five of which were reported as outstanding for the first time. Completion of audit recommendations has slowed down again and a review of management responses indicates that in some areas, work is under way to address the recommendations. However, in some areas, resourcing issues appear to be affecting implementing the recommendations.

In addition, as noted in the progress report, 73 recommendations had recently been agreed by management in relation to completed audits which represented a serious number which required action by management and indicated issues with the Council's control environment.

The Environmental Health Group Manager reported details of an Action Plan currently being undertaken to address the outstanding recommendations relating to Business Continuity and Data Centre, Back Up and Disaster Recovery. a new Resilience Officer had been appointed and the tasks to complete the recommendations were on track with revised deadline dates having been provided.

The Director of Customer Services reported that there were two IT recommendations outstanding from audits completed in 2011/12 which were Integra Application Review and capita Application Review. Support to address these is required from Norfolk County Council and revised deadline dates have been provided.

A Member raised concerns regarding the recommendation from the audit of Property and Portfolio Management in relation to reconciling the asset management data to the finance asset register which was dependent on resourcing and had not been progressed.

The Section 151 Officer reported that the number of outstanding audit recommendations would be discussed with Group Managers at their next meeting in January 2016.

RESOLVED:

That the Committee receives and notes the current position in relation to the completion of agreed audit recommendations.

7 ANY OTHER BUSINESS

The Chairman reported that there was no other business as being of sufficient urgency to warrant consideration.

8 EXCLUSION OF PUBLIC

The meeting ended at: 19:15

Subject: Report on the Status of Audit Recommendations due for implementation between 1 October and 31 December 2015

Report to: Audit and Risk Committee, 2 February 2016

Report by: Internal Audit Consortium Manager

SUBJECT MATTER / RECOMMENDATIONS

This report seeks to inform members on the latest progress made in relation to management implementation of agreed audit recommendations falling due between 1 October and 31 December 2015.

It is recommended that the Committee:

- Receives and notes the current position in relation to the completion of agreed audit recommendations.

1. BACKGROUND

- 1.1 The Audit and Risk Committee receives updates on management implementation of agreed audit recommendations. This report forms part of the overall reporting requirements to assist the Council in discharging the responsibilities in relation to its Internal Audit Service.
- 1.2 The Public Sector Internal Audit Standards require the Chief Audit Executive (Internal Audit Consortium Manager) to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action. The frequency of reporting at Great Yarmouth Borough Council is three times a year.
- 1.3 To comply with the above this report includes the status of agreed actions.

2. OVERALL POSITION

- 2.1 The current position and issues in relation to the implementation of Internal Audit recommendations is shown in the report attached.

3. CONCLUSION

- 3.1 In conclusion at the 31 December 2015 there are a total of 37 recommendations outstanding; 19 of which have previously been reported to the Committee, and 18 of which are reported as outstanding for the first time.
 - 3.2 A step in the right direction has been made at the end of 2015 with 37 recommendations being closed, however it is important to highlight that there are still 37 recommendations outstanding, plus 43 that should be work in progress but are not yet due for implementation. In addition there are still 13 audits to be completed which relate to the 2015/16 financial year.
- 2.12 Implementation of internal audit recommendations needs to continue to be taken seriously and these implemented as agreed to ensure that risks and weaknesses can be addressed and governance at the Council ultimately improved.

FINANCIAL IMPLICATIONS:

None

LEGAL IMPLICATIONS:

None

EXECUTIVE BOARD OR DIRECTOR CONSULTATION:

None

RECOMMENDATIONS

It is recommended that the Committee:

- Receives and notes the current position in relation to the implementation of agreed audit recommendations.

Does this report raise any legal, financial, sustainability, equality, crime and disorder or human rights issues and, if so, have they been considered?	Issues	None
	Legal	None
	Financial	None
	Risk	None
	Sustainability	None
	Equality	None
	Crime and Disorder	None
	Human Rights	None
	Every Child Matters	None

APPENDICES: FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

Eastern Internal Audit Services



Gt Yarmouth Borough Council

Follow Up Report on Internal Audit Recommendations

Period Covered: 1 October to 31 December 2015

Responsible Officer: Emma Hodds – Internal Audit Consortium Manager

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1. INTRODUCTION

- 1.1 This report is being issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive (known in this context as the Internal Audit Consortium Manager) to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:-
- The status of agreed actions.

2. STATUS OF AGREED ACTIONS

- 2.1 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to this Committee. Verification work is also undertaken for those recommendations that are reported as closed.
- 2.2 **Appendix 1** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix now also reflects the year in which the audit was undertaken to enable the Committee to easily identify old outstanding recommendations. The table also identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round.
- 2.3 Following on from the previous Audit and Risk Committee whereby the position in relation to implementation of agreed internal audit recommendations was found to be less than satisfactory, the importance of follow up was discussed at a Group Managers meeting in January. The Group Managers and Directors reviewed the current position and were able to provide additional information enabling some more recommendations to be closed. At this meeting it was also agreed the resolution of these outstanding recommendations is key moving forward and Group Managers agreed that these would be a priority piece of work.
- 2.4 The summary position according to recommendation priority is shown in the table below, with the previously reported position in the first table and the current position in the second table to enable comparison:

Status of Recommendations as at 30 September 2015					
	P1	P2	P3	Total	%
Complete	0	10	6	16	32%
Outstanding	3	24	7	34	68%

Status of Recommendations as at 31 December 2015					
	P1	P2	P3	Total	%
Complete	4	22	13	39	51%
Outstanding	6	22	9	37	49%

Key:

Priority 1 – Urgent: Fundamental control issue on which action to implement should be taken within 1 month.

Priority 2 – Important: Control issue on which action to implement should be taken within 3 months.

Priority 3 – Needs Attention: Control issue on which action to implement should be taken within 6 months.

2.5 Also attached to this report is **Appendix 2, 3 and 4** which details the 37 recommendations (split by priority level) which are outstanding from all audits, and provides management response in relation to these.

2.6 As at the 31 December 2015 of the 37 recommendations outstanding; 19 have previously been reported to the Committee, and 18 are reported as outstanding for the first time.

2.7 Priority One (Urgent) Recommendations

2.7.1 Since the last report to the Committee four urgent recommendations have been implemented by management and verified and closed down by internal audit.

2.7.2 There remain 6 urgent recommendations outstanding (see **appendix 2** for detailed management responses), one of which has previously been reported to Committee; business continuity service plans, including disaster recovery plans required updating. The current position is that the Resilience Officer has received the majority of the plans from Group Managers and is due to take these to Executive Management Team for sign off at the end of February, at which point the recommendation will be implemented and closed.

2.7.3 The remaining five urgent recommendations have not been reported to Committee previously, and progress to date is summarised as follows:

The Neighbourhood Management and Community Development has one urgent recommendation outstanding; to undertake a review and subsequent update of the Constitution in terms of: process required for urgent decisions required to be made outside of the normal decision making framework; governance of the community grants process including financial control (in conjunction with external arrangements requirements as outlined in the constitution) and-financial procedure rules update. The Contract Standing Orders are in the process of being updated and can be seen elsewhere on this agenda.

The recent review of Markets currently has four urgent recommendations outstanding; a verbal update was provided to the Committee in December and these four recommendations are on track for completion by the end of February.

2.8 Priority Two (Important) Recommendations

2.8.1 Since the last report to Committee 21 important recommendations have been implemented by management and verified and closed by internal audit.

- 2.8.2 There remain 22 outstanding recommendations (see **appendix 3** for detailed management responses) 12 of which have previously been reported to Committee and these relate to audits completed prior to the 2015/16 financial year.

The two important recommendations outstanding from 2011/12 will be implemented once the planned system upgrades have been completed; Capita Cash Application by 1 July 2016 and Integra Application by 28 February 2016.

The two important recommendations outstanding from 2012/13 relate to; (1) reconciling differences between the property asset register and the finance property register which will now be progressed over the next month to find a resolution and (2) once the business continuity plans have all been established there is a requirement for these to be tested, with a date stated to achieve this by the end of May 2016.

There are four important recommendations outstanding from 2013/14 which relate to; (1) markets procedural guidance, which will developed as the new processes are being developed and it planned to be in place by 31 March 2016, (2) adopting formal policy and process for approving capital expenditure in excess of the approved budget, this was a task that was not completed due maternity cover of the Capital Accountant and now the departure of the Capital Accountant, this will be progressed once the post is recruited to, (3) ensuring that risk narrative and considerations are included as standard on Committee report, this will be picked up as part of the review of the Committee system, and (4) ensuring that remote access by contractors and suppliers is regularly reviewed, this is currently underway and should be complete by 31 March 2016.

Finally there are four important recommendations outstanding form 2014/15; two in the area of Property Portfolio whereby a formal programme of planned maintenance needs to be developed to ensure the best use of resources, which will be included in the revised Asset Management Plan by the end of March 2016 and to ensure the team record and report upon performance measures, this will be actioned once the IT system (Concerto) is up to date, revised date is the end of March 2016. The other two recommendations are in the area of Data Protection & Freedom of Information whereby the Council needs to obtain PSN compliance, revised date of the end of March 2016 and confirmation of compliance with data retention schedules needs to be obtained a revised date of the end of September 2016 has been provided.

- 2.8.3 The remaining 10 important recommendations have not been reported to Committee previously and these are in the areas of; GY Norse Contract, Markets, Starters, Movers & Leavers (IT audit) and Patch & Change Management (IT audit), as mentioned detailed management responses can be found at **appendix 3**. Management updates have been received and revised deadline dates provided, however it is disappointing to note that recommendations are becoming overdue so soon after the agreed implementation date.

2.9 Priority Three (Needs Attention) Recommendations

- 2.9.1 Since the last report to Committee 12 'needs attention' recommendations have been implemented by management and verified and closed down by internal audit.
- 2.9.2 There are nine outstanding recommendations (see **appendix 4** for detailed management responses) six of which have previously been reported to Committee and these relate to audits completed prior to the 2015/16 financial year, and three relate to audits completed in the current financial year.
- 2.10 It is also worth noting that of the recommendations made to date, a further 43 recommendations are not yet due for implementation, three of which carry an urgent (priority

one) rating – see **Appendix 1** for the audit areas to which these relate. As mentioned although the dates for completion have not yet been reached, until they are actioned, they represent weaknesses in the control environment which leave the authority open to risk.

- 2.11 Group Managers and Directors have agreed that resolution of these outstanding recommendations is key moving forward and that these would be a priority piece of work. A step in the right direction has been made at the end of 2015, however it is important to highlight that there are still 37 recommendations outstanding, plus 43 that should be work in progress but are not yet due for implementation. In addition there are still 13 audits to be completed which relate to the 2015/16 financial year.
- 2.12 Implementation of internal audit recommendations needs to continue to be taken seriously and these implemented as agreed to ensure that risks and weaknesses can be addressed and governance at the Council ultimately improved.

APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

Audit Ref	Audit Area	Assurance Level	Completed between 1 October 2015 and 31 December 2015			Previously reported to Committee as outstanding			Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
2011/12 Audits															
GY1217	Integra Application	Adequate					1					1			
GY1218	Capita Axis Application	Adequate					1					1			
2012/13 Audits															
GY1302	Procurement	Limited		2								0			
GY1309	Payroll & HR	Adequate						1				1			
GY1310	Property Portfolio Management	Adequate					1	1				1			
GY1315	Business Continuity	Limited	1			1	1					2			
2013/14 Audits															
GY1402	Tourism, Marketing, Communication and Media	Adequate		1								0			
GY1403	Markets	Unsatisfactory					1					1			
GY1405	Planned and Responsive Maintenance	Adequate										0			
GY1407	Accountancy Services	Adequate					1					1			
GY1415	Corporate Governance and Risk Management	Adequate					1					1			
GY1417	Data Centre, Backup and Disaster Recovery	Adequate	1	3								0			
GY1419	Remote Access	Adequate					1					1			
2014/15 Audits															
GY1502	Property	Limited					2					2			
GY1507	Elections	Adequate		1								0			
GY1508	Car Parking	Adequate		1								0			
GY1509	Payroll & HR	Adequate										0			
GY1510	Housing Rents	Adequate		1								0			
GY1512	Creditors	Adequate		1								0			
GY1513	Work to Support AGS	N/A		2	1							0			
GY1517	Software Licencing	Adequate		1				2				2			
GY1519	HR Payroll Chris 21	Adequate										0			
GY1520	Data Protection and Freedom Of Information	Adequate					2	2				4			
2015/16 Audits															
GY1603	Procurement	Reasonable		3	1							0	1	4	2
GY1605	Maintenance & Repairs	Reasonable		3	3					2	1	3			5
GY1606	Neighbourhood Management & Community Development	Limited	1		2			1	1			2			
GY1615	GYBS Contract	Reasonable			2							0		5	4
GY1616	Markets	No Assurance		1	2				4	3	2	9	2	6	2
GY1618	Starter, movers and leavers	Reasonable		2	2					2		2	0	1	
GY1619	Patch and Change Management	Limited	1							3		3			
GY1620	Network and Security Infrastructure	Reasonable										0		2	9
Total			4	22	13	1	12	6	5	10	3	37	3	18	22

APPENDIX 2 – OUTSTANDING PRIORITY ONE INTERNAL AUDIT RECOMMENDATIONS

Description	Recommendation	Priority	Imp Date	Responsible Officer	Progress On Implementation	Revised Imp Date
GY1315 Business Continuity	Management should work with all Service areas to ensure that all Service business continuity planning documentation undergo an immediate review and are sent for formal senior management approval within their respective areas. The latest templates for completing these documents should be utilised. The ICT service plan is also to include Disaster Recovery.	1	31-Jul-15	Group Manager - Environmental Services Glenn Buck	The Resilience Officer has received the majority of updated business continuity service plans from the Group Managers and is now working through them with the Group Managers. A further report on these plans will be presented to EMT at the end of February. The Resilience Officer will be working with each Group manager to look at the plans in action and develop a test regime as per my original timetable.	31-Mar-16
GY1606 Neighbourhood Management / Community Development	To undertake a review and subsequent update of the Constitution in terms of: <ul style="list-style-type: none"> □ 1 Process required for urgent decisions required to be made outside of the normal decision making framework; □ 2 Governance of the community grants process including financial control (in conjunction with external arrangements requirements as outlined in the constitution) and; □ 3 Financial procedure rules. 	1	31-Dec-15	Director of Housing & Neighbourhoods	Part 1 hasn't been actioned fully and I think it now needs to form part of the governance/constitution review as part of the move to committee system. In terms of the others I would say that CSO's cover as well as council commitment via cabinet decision to move to commissioning of grants from September 16. Also there will be a working group of portfolio holders and shadows to look at Criteria for grants. Revised date April to coincide with Constitution updates (to be fed into NPLaw).	31-Mar-16
GY1616 Markets	To provide Internal Audit with a copy of the completed Annual Health & Safety Checklist for 2015/16, and provide evidence that regular checking is undertaken to ensure that food businesses are registered on a food safety management system, and a minimum standard of food hygiene rating has been set.	1	31-Dec-15	Markets Manager	Still outstanding - to be reviewed in New Year as resource is currently stretched. Revised date requested.	28-Feb-16
GY1616 Markets	To provide Internal Audit and the Transformation Programme Manager with the following: <ul style="list-style-type: none"> □ Evidence of public liability insurance for traders and a copy of the completed fire risk assessment to confirm that responsibility for PAT testing has passed to the stallholders. □ Confirmation of how the details of public liability insurance are recorded by the Markets Superintendent and if a copy of the insurance document is kept on file. 	1	31-Dec-15	Markets Manager	Still outstanding - to be reviewed in New Year as resource is currently stretched. Revised date requested.	28-Feb-16

Description	Recommendation	Priority	Imp Date	Responsible Officer	Progress On Implementation	Revised Imp Date
GY1616 Markets	To complete the Markets cash handling risk assessment to assess the level of risks and take action as appropriate. The risk assessment be forwarded to Finance along with the request for an amended safe limit, if deemed appropriate, in line with the risk assessment results. Cash held in the safe and in transit to comply with the approved limit. □	1	31-Dec-15	Transformation Programme Manager	Corporate Risk Officer has been contacted to provide clarification in this area. Currently two staff are collecting and banking cash and work is underway to limit cash transactions throughout the market. It is hoped this can be completely signed off in the New Year once clarification has been given by the Corporate Risk Officer.' Revised date requested.	28-Feb-16
GY1616 Markets	Cash is counted and reconciled by two people on a daily basis before it is banked with the 'Return to Treasurers form' being signed by both officers. The Markets team to keep a record of the two officers counting and reconciling the cash before banking which includes signatures of both officers and their respective printed name	1	31-Dec-15	Transformation Programme Manager	Currently two staff are collecting and banking cash and work is underway to limit cash transactions throughout the market. It is hoped this can be completely signed off in the New Year once procedures have been finalised.' Requested revised date.	28-Feb-16

APPENDIX 3 – OUTSTANDING PRIORITY TWO INTERNAL AUDIT RECOMMENDATIONS

Description	Recommendation	Priority	Imp Date	Responsible Officer	Progress On Implementation	Revised Imp Date
GYB1217 - Integra Application	Administrators should work with other Council colleagues to draft and agree a formal change control process that clearly documents all testing, results and formal acceptance of all application changes. □	2	31-Mar-12	Business Analyst	Major Integration upgrade planned for go live 1st July 2016. Project Management in place to ensure documented testing and UAT processes in place. Revised formal change control processes to be agreed.	01-Jul-16
GY1218 Capita Axis Application	The issue of the information contained within the system log should be escalated within Capita to ensure that activity within the application, including security events, can be adequately reviewed.	2	31-Jan-12	Chief Cashier	The Upgrade system v9 is installed in test and there is a scheduled go live date of 02.2.2016	28-Feb-16
GY1310 Property Portfolio Management	Discrepancies between Property Services asset records and the Asset Register maintained by Finance should be subject to further investigation and resolution.	2	30-Jun-13	Group Manager - Property	As discussed in our telephone call today the matching of the outstanding records is dependent on resourcing within Finance. You are aware that Donna is away and I have therefore been unable to arrange a meeting to progress this. Can I therefore propose that we put in a revised implementation date of 31st January 2016 and this can be updated if necessary.'	31-Jan-16
GY1315 Business Continuity	Management should draft and agree a formal Business Continuity and Disaster Recovery testing programme as follows :The programme encompasses a range of differing disaster scenarios that require different resource deployments, from theoretical desktop exercises to practical incident tests that mimic the most likely incident scenarios that the Council could encounter; andThe tests should be formally documented into test reports or "lessons learnt" documents that are scrutinised and used to update the relevant plans. It should be possible to track how the plan updates have been initiated using agreed change control processes.	2	30-Jun-13	Group Manager - Environmental Services	Action plan in place to address all issues raised in the initial report - in this particular regard work in progress and revised date proposed.	31-May-16

Description	Recommendation	Priority	Imp Date	Responsible Officer	Progress On Implementation	Revised Imp Date
GY1403 Markets	Procedural guidance should be developed in relation to the administration of the markets. This should include the following areas :Application process for new traders including vetting process ;Cash receipting, handling and banking ;On site security;Complaints and Issues Procedure including recording of issues;Recovery of arrears; and Correspondence with other departments, such as Parking (for the purpose of allowing the opening of market space) for additional parking and Property and Tourism.	2	31-Mar-14	Markets Manager	Confirmed a new date of 31/3/2016 to coincide with the work being undertaken.	31-Mar-16
GY1407 Accountancy Services	A formal policy and process should be devised, approved and disseminated to relevant Project Managers/ Budget Holders, for the approval of capital expenditure in excess of the approved budget, prior to the expenditure taking place. The Capital Accountant should be notified of anticipated overspends and their approval to revise the budget over an agreed margin. Where overspends over an agreed margin are not approved this should be reported in the quarterly Finance Report to Cabinet.	2	30-Aug-14	Capital Accountant	The Capital Accountant was unable to complete this piece of work prior to her departure. It has been agreed at EMT that this post will be replaced but this will be after a review of the team needs between the Group Manager - Resources and the Section 151 Officer. This work will need to be deferred until the replacement is in post. A new deadline will need to be set of 31 July 2016.	31-Jul-16
GY1415 Corporate Governance and Risk Management	Narrative risk implications should be introduced on reports to allow for a fuller explanation of the risks.	2	01-Dec-14	Group Manager - Governance	Now that the Council has agreed to move to a Committee Form of Governance from May 2016, the revisions to the report template will now be considered as part of the overall review to be undertaken by the soon to be formed Governance Committee whose remit will include how procedures for decision making will be made under the new system, which will include how reports are presented and their format. The estimated timeline for completion of the Committees review is the end of March 2016.	31-Mar-16
GY1419 Remote Access	Management should ensure that the IT Security policy and Contractors/Suppliers connecting to Great Yarmouth BC Network Policy are reviewed as soon as possible and then at least annually thereafter. After each review, the updated policy should be communicated to all staff.	2	31-Dec-14	Information Manager	We are currently reviewing all suppliers remote access and asking them to sign the latest version of the Co-Co. Some suppliers have been slow to respond but are being chased every 2 to 3 weeks.' Revised date asked for but have changed date to 31/03/2016 based on previous discussions.	31-Mar-16

Description	Recommendation	Priority	Imp Date	Responsible Officer	Progress On Implementation	Revised Imp Date
GY1502 Property Portfolio Management	The Council's Property Services Team should develop a formal programme of planned maintenance, identifying mandatory areas required to be included annually, as well as additional areas that may be included within the next three years in order to make the best use of resources.	2	31-Mar-15	Group Manager - Property	Resources have not allowed this to happen. New asset management plan being prepared to incorporate a formal planned maintenance programme - revised date of 31/3/2016	31-Mar-16
GY1502 Property Portfolio Management	The Property Management team should provide regular reports on the achievement of KPIs and other performance measures, to the re-introduced Steering group and discuss progress.	2	31-Dec-14	Group Manager - Property	Updating of records in Concerto has been slower than anticipated raising data integrity issues with KPI reporting. Recent recruitment will allow for data to be sanity checked and new data added which will allow re starting KPI reporting function - new revised date 31/3/2016	31-Mar-16
GY1520 DP and FOI	Management should work with Norfolk County Council to understand the status of the work being carried out to renew PSN compliance from January 2015 and to ensure that PSN compliance continues uninterrupted.	2	31-Mar-15	Information Manager	'Still with Norfolk County Council who are in discussion with the national PSN compliance group.'	31-Mar-16
GY1520 DP and FOI	The Council should implement a process whereby all department heads are periodically required to confirm that they are complying with the Council's data retention schedules as they apply to their respective areas and data types. This should be supplemented by sample testing of responses.	2	31-Jul-15	Information Manager	This links to the work re data retention schedules, and requires the same revised deadline date	30-Sep-16
GY1605 Planned and Responsive Maintenance	Terms of Reference (TOR) be set up for the following groups and align with the roles outlined in the Annual Business Plan: □ Formal Board; □ Liaison Board; □ Strategic Partnership Board; □ Performance Meeting; □ Responsive repairs and voids meeting; □ Responsive repairs and voids finance meeting. TOR should outline the main Purpose / role of the group. □	2	31-Dec-15	Managing Director GYN	GYBC and GYN have continued to review and adjust the operational structure of its Governance meetings and having now completed this review will commence the drafting of the required Terms of Reference for each of these meetings. Revised anticipated completion date for this task is 31/03/16.	31-Mar-16
GY1605 Planned and Responsive Maintenance	To create a separate costed schedule of rates for all rechargeable work. This needs to be in line with the repairs, which are the tenants' responsibility, as listed in the Tenants Handbook. □	2	31-Dec-15	Managing Director GYN	Currently work in progress with revised completion date of the 31/03/16	31-Mar-16

Description	Recommendation	Priority	Imp Date	Responsible Officer	Progress On Implementation	Revised Imp Date
GY1616 Markets	The fees and charges book be revised to incorporate the fees for the six day markets and explicitly state the start and finish of the summer and winter periods □	2	31-Dec-15	Markets Manager	Update from Transformation Programme Manager to state this is completed. However, evidence to verify this has not been received, therefore this has been requested.	31-Dec-15
GY1616 Markets	Financial performance of the Markets service is monitored and reported on in the following ways: □ An analysis of overall income is compared over recent years to identify where income has decreased. This analysis should identify the areas of significant drops in income and investigate the reasons behind this. □ Financial analysis is undertaken on a monthly basis, plotting the income and identifying any trends taking into account expected seasonal variations. □ Reviewing the frequency of income/market returns posted to the /general ledger, for the various income codes, to ascertain if returns are made in a timely manner and are in accordance with what is expected+B24:B25.Rationale/Risk - To reduce the risk of income misappropriation and to ensure income is reviewed and used for service planning purposes. Issues with financial performance can be highlighted and addressed in a timely manner. □	2	31-Dec-15	Transformation Programme Manager	A separate detailed piece of work has been undertaken in this area and is still currently in progress. Written procedures to be completed in the New Year.' Revised date requested.	28-Feb-16
GY1616 Markets	Receipt books and relating documentation be treated as controlled stationery, incorporating the following: □ Receipts only to be written out at the time the cash/cheque is received. □ Receipt books to be used in order. Including maintaining a record of all receipt books received from reprographics followed by those used. If receipt books are used for different markets, this should be recorded. □ All receipts be used in a receipt book and not kept blank in case receipt books run out. Receipt books be ordered from reprographics in a timely manner so that stocks do not deplete. □ Documentation kept in the Markets office be filed in an orderly manner so that documents are located easily. Spot checks be undertaken by management to verify that the above is being done on an ongoing basis.	2	31-Dec-15	Markets Manager	A draft new receipt system is currently being tested which includes one master book which will require reconciliation with traders present.' Audit are assisting in the development of the new processes as a critical friend. This recommendation has not yet been closed as the receipt system is still in the testing stage and evidence has not been verified by Audit to confirm all aspects of the recommendation forms part of the new system. A revised date has been requested.	31-Dec-15

Description	Recommendation	Priority	Imp Date	Responsible Officer	Progress On Implementation	Revised Imp Date
GY1618 Starters, Movers and Leavers	The IT service to obtain periodic reports of all current job roles in place at the Council from the HR department and to use those reports to create and review related IT services profiles to map to the roles. Risk-rationale The creation of mapped roles to IT profiles will help to ensure consistent application of relevant IT services to all roles and will reduce the need to clone an existing account. If mapping processes are not used, there is an increased risk of an inconsistent application of IT services to roles, especially if the clone mechanism is used as this could result in an incorrect account being chosen as the account to be cloned. □	2	31-Dec-15	ICT Manager/Senior HR Manager □	The new starter form will reduce the need for the clone mechanism, reducing the risk of staff being provided with inappropriate access. Work towards the new role based solution is expected to be completed by July 2016.	31-Jul-16
GY1618 Starters, Movers and Leavers	The Computer Systems Registration Form to be updated to include a section to list IT services that are no longer required. Alternatively, the movers process to be updated such that an account for a role mover has all network services removed and then updated to map to the new role. Risk-rationale Either of these processes will help to ensure continued alignment to relevant IT services for all users over time. If these processes are not implemented, there is an increased risk that IT services do not follow a user as they change roles over time potentially resulting in increasingly inappropriate privileges being inherited over time. □	2	31-Dec-15	ICT Manager □	New starters form is to form the basis of the revised starters/movers/leavers process. HR now send regular reports which are used as an interim measure. Revised date July 2016.	31-Jul-16

Description	Recommendation	Priority	Imp Date	Responsible Officer	Progress On Implementation	Revised Imp Date
GY1619 Change Control and Patch Management	Breckland and Great Yarmouth Management to work with Norfolk County Council to better understand the serve patch management process in place, the areas that are excluded / included and to receive appropriate patch status updates.	2	31-Dec-15	ICT Manager	Not started yet due to PSN compliance work taking priority - revised date June 2016	30-Jun-16
GY1619 Change Control and Patch Management	Breckland and Great Yarmouth management to satisfy themselves that the NCC project to upgrade all relevant servers to Windows Server 2008/2012 (as appropriate to each server's requirements) is progressing as required and that all relevant Breckland and Great Yarmouth servers have been included in the project. This could be implemented by receiving regular project highlight reports, or similar, depending on the process being used to manage the project	2	31-Dec-15	ICT Manager	Action plan in place to migrate all windows 2003 servers to 2008 or 2011 by March 2016	31-Mar-16
GY1619 Change Control and Patch Management	Breckland and GYBC management to work with NCC to receive training on the change management process, including the process to manage unplanned changes and confirm the process document is approved.	2	31-Dec-15	ICT Manager	To be included as part of the transition to the new contract.	30-Apr-16

APPENDIX 4 – OUTSTANDING PRIORITY THREE INTERNAL AUDIT RECOMMENDATIONS

Description	Recommendation	Priority	Imp Date	Responsible Officer	Progress On Implementation	Revised Imp Date
GY1309 Payroll and HR	The Council should investigate the potential to extend the current trends analysis processes to encompass cross-departmental comparisons. Departments with significantly higher or lower sickness absence rates than the Council average should then be investigated for: areas of best practice in absence management that could be applied elsewhere in the Council; and/or areas of potential weakness in absence management that need to be addressed.	3	30-Jun-13	Senior HR Manager - Payroll	Chris 21 doesn't have the capacity to complete departmental comparisons on absence; however, this facility may be available on other Payroll systems. We have now deferred the decision to outsource payroll pending a review of a shared HR service option with North Norfolk DC and the outcome should be known by April 2016. Until then we will continue to use the current reports on Chris 21 we have available.'	30-Apr-16
GY1517 Software Licencing	The Council should work with Norfolk County Council to ensure that the software procurement process that is implemented as part of the new support agreement with GYBC is formally documented, agreed and communicated to all relevant staff. All other relevant IT policies that may support the software procurement procedure should also be reviewed to ensure that they are aligned to the new process, agreed and communicated to all staff. Such areas as Copyright and the requirement to procure all software centrally should be included, where possible.	3	31-Oct-15	Group Manager - Customer Services	We are currently in transition from the delegation agreement to the new co-operation agreement. We currently have a process in place where any ICT related procurement requests put through to NCC are reviewed and captured by the ICT Manager. As part of the transition formal process will be developed for GYBCs future ICT related procurement.' Revised date provided of 31/03/2016.	31-Mar-16
GY1517 Software Licencing	The Council should work with Norfolk County Council to ensure that licenses for separately procured software that is not part of the standard build are monitored such that licenses freed up by leavers or by users that no longer require the relevant software are transferred to new users making the required business case for it rather than procuring a new license.	3	31-Mar-15	Group Manager - Customer Services	In progress as part of the transition, a record of licences and license keys is retained and updated with further development still required. GYBC have completed the purchase of its own Microsoft Enterprise Licences which is annually reviewed with an anniversary date of March 2018.' Revised date of 31/03/2016.	31-Mar-16
GY1520 DP and FOI	Management should ensure that the formally documented data retention schedules are reviewed on a regular basis.	3	31-Mar-15	Information Manager	Work underway but other work, i.e. new committee system, is taking priority - revised date provided.	30-Sep-16
GY1520 DP and FOI	Management should conduct a regular review of policies that make up the IT security policy framework. The review should include checks on whether elements of the framework have been superseded by policies issued by Norfolk County Council.	3	31-Jul-15	Information Manager	GYBC are still refining the mobile working strategy, which includes devices and MDM. On completion of this the security policy can be updated to reflect this.' Revised date requested but added 31/03/2016 based on previous discussions.	31-Mar-16

Description	Recommendation	Priority	Imp Date	Responsible Officer	Progress On Implementation	Revised Imp Date
GY1605 Planned and Responsive Maintenance	A timescale be finalised for implementing post job inspections and increasing tenant feedback via the resources planners, in the first instance, and further developing this through operatives obtaining feedback direct on their hand held devices.	3	31-Dec-15	Managing Director GYN	The necessary upgrade of OHMS is now not due until October 2016 therefore the completion of this recommendation will need to be revised to this date. However GYN have now recruited a full complement of surveys so will shortly commence the required level of post inspections. Pre inspections, where necessary are already undertaken.	30-Oct-16
GY1606 Neighbourhood Management / Community Development	To request a web-page and any necessary links on the new Council website for all grants, particularly the annual grants scheme to promote the new process.□	3	31-Oct-15	Partnership Officer	The webpage should be up and running from mid January 2016 at the latest.	31-Jan-16
GY1616 Markets	The Council now provides the facility for customers to make payments (cash or cheque) over the counter at the Council's bank. Market traders should be encouraged to use this method of payment.□	3	30-Nov-16	Transformation Programme Manager	Work is underway to inform all traders of alternative methods of payment outside of direct cash payments. To be completed in New Year.' Revised date requested.	28-Feb-16
GY1616 Markets	To update the transfer of licence process to state that the bank reference and council tax check does not apply to long standing traders. This is to include the definition of 'long-standing' and stipulate that these traders have a good history of payment. As the transfer process only covers licences that are transferred, the policy of obtaining references and the exemptions to this be documented in overall policy and procedures.	3	31-Dec-15	Markets Manager	To be included as part of New Market Policy to be implemented in New Year.' Revised date has been requested, provisional date of 28/02/2016 added in the meantime.	28-Feb-16

Subject: Strategic and Annual Internal Audit Plans 2016/17

Report to: Audit and Risk Committee, 2 February 2016

Report by: Internal Audit Consortium Manager

SUBJECT MATTER / RECOMMENDATIONS

This report provides an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2016/17 to 2018/19 and the Annual Internal Audit Plan for 2016/17.

The Annual Internal Audit Plan will then serve as the work programme for the Council's Internal Audit Services Contractor; TIAA Ltd.

It will also provide the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of Gt Yarmouth Borough Council's framework of governance, risk management and control for 2016/17.

It is recommended that the Committee notes and approves:

- a) the Internal Audit Charter for 2016/17;
- b) the Internal Audit Strategy for 2016/17;
- c) the Strategic Internal Audit Plan 2016/17 to 2018/19; and
- d) the Annual Internal Audit Plan 2016/17.

That the Committee notes the performance measures for the Internal Audit Contractor.

1. BACKGROUND

- 1.1 The Accounts and Audit Regulations 2015 require that "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".
- 1.2 Those standards are set out in the Public Sector Internal Audit Standards (PSIAS) which came into effect in April 2013.

2. THE STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2016/17

- 2.1 The attached report contains;
 - the Internal Audit Charter which formally defines the internal audit's purpose, authority and responsibility, and is a mandatory document. The charter also displays formal commitment to the definition of internal auditing, the code of ethics and the Public Sector Internal Audit Standards;
 - the Internal Audit Strategy, which is a strategic high level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities;
 - the Strategic Internal Audit Plan, which details the plan of work for the next 3 financial years;
 - the Annual Internal Audit Plan, which details the timing and the purpose of each audit agreed for inclusion in 2016/17; and
 - provides the Committee with the performance measures against which the

new contractor will be monitored.

3. CONCLUSION

3.1 The attached report provides the Council with Internal Audit Plans that will ensure key business risks will be addressed by Internal Audit, thus ensuring that appropriate controls are in place to mitigate such risks and also ensure that the appropriate and proportionate level of action is taken.

FINANCIAL IMPLICATIONS: None
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LEGAL IMPLICATIONS: None

EXECUTIVE BOARD OR DIRECTOR CONSULTATION: None
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RECOMMENDATIONS

It is recommended that the Committee notes and approves:

- a) the Internal Audit Charter for 2016/17;
- b) the Internal Audit Strategy for 2016/17;
- c) the Strategic Internal Audit Plan 2016/17 to 2018/19; and
- d) the Annual Internal Audit Plan 2016/17.

AND

That the Committee notes the performance measures for the Internal Audit Contractor.

Does this report raise any legal, financial, sustainability, equality, crime and disorder or human rights issues and, if so, have they been considered?	Issues	None
	Legal	None
	Financial	None
	Risk	None
	Sustainability	None
	Equality	None
	Crime and Disorder	None
	Human Rights	None
	Every Child Matters	None

APPENDICES:

Strategic and Annual Internal Audit Plans 2016/17

Eastern Internal Audit Services



GREAT YARMOUTH BOROUGH COUNCIL

Strategic and Annual Internal Audit Plans 2016/17

Responsible Officer: Emma Hodds – Internal Audit Consortium Manager

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1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 The PSIAS mandate a periodic preparation of a risk-based plan, which must incorporate or be linked to a strategic high level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities, this is set out in the Internal Audit Strategy.
- 1.3 Risk is defined as 'the possibility of an event occurring that will have an impact on the achievement of objectives'. Risk can be a positive and negative aspect, so as well as managing things that could have an adverse impact (downside risk) it is also important to look at potential benefits (upside risk).
- 1.4 The development of a risk-based plan takes into account the organisation's risk management framework. The process identifies the assurance (and consulting) assignments for a specific period, by identifying and prioritising all those areas on which objective assurance is required. This is then also applied when carrying out individual risk based assignments to provide assurance on part of the risk management framework, including the mitigation of individual or groups of risks.
- 1.5 The following factors are also taken into account when developing the internal audit plan:
 - Any declarations of interest so as to avoid conflicts of interest;
 - The requirements of the use of specialists e.g. IT auditors;
 - Striking the right balance over the range of reviews needing to be delivered, for example systems and risk based reviews, specific key controls testing, value for money and added value reviews;
 - The relative risk maturity of the Council;
 - Allowing contingency time to undertake ad-hoc reviews or fraud investigations as necessary;
 - The time required to carry out the audit planning process effectively as well as regular reporting to and attendance at Audit and Risk Committee, the development of the annual report and opinion and the Quality Assurance and Improvement Programme.
- 1.6 In accordance with best practice the Audit and Risk Committee should '*review and assess the annual internal audit work plan*'.

2. AUDIT CHARTER

- 2.1 The Audit Charter was developed as part of the planning process in 2014/15 and incorporated the requirements of the PSIAS. There is an obligation under the PSIAS for the Charter to be periodically reviewed and presented. This Charter is therefore reviewed annually by the Internal Audit Consortium Manager to confirm its ongoing validity and completeness. In addition the Charter will be presented to the Section 151 Officer, senior management and the Audit and Risk Committee every 2 years for review.
- 2.2 The Audit Charter has been reviewed by the Internal Audit Consortium Manager for the 2016/17 financial year and amendments were made to reflect the operation of the internal audit team, under the new contract with TIAA Ltd, which commenced on 1 April 2015, and to

take on board improvements made to the service during the 2015/16 financial year. This updated Charter is attached at **Appendix 1**, for review and approval by the Audit and Risk Committee.

- 2.3 As part of the review of the Audit Charter the Code of Ethics are also reviewed by the Internal Audit Consortium Manager, and it is ensured that the Internal Audit Services contractor staff, as well as the Internal Audit Consortium Manager adhere to these, specifically with regard to; integrity, objectivity, confidentiality and competency. Formal sign off to acceptance of the Code of Ethics is retained by the Internal Audit Consortium Manager.

3. INTERNAL AUDIT STRATEGY

- 3.1 The purpose of the Internal Audit Strategy (**see Appendix 2**) is to confirm:
- How internal audit services will be delivered;
 - How internal audit services will be developed in accordance with the internal audit charter;
 - How internal audit services links to organisational objectives and priorities; and
 - How the internal audit resource requirements have been assessed.

4. STRATEGIC INTERNAL AUDIT PLAN

- 4.1 The overarching objective of the Strategic Audit Plan (**see Appendix 3**) is to provide a comprehensive programme of review work over the next three years, with each year providing sufficient audit coverage to give annual opinions, which can be used to inform the organisation's Annual Governance Statement.

5. ANNUAL INTERNAL AUDIT PLAN

- 5.1 Having developed the Strategic Audit Plan, the Annual Audit Plan is an extract of this for the forthcoming financial year (**see Appendix 4**). This details the areas being reviewed by Internal Audit, the number of days for each review, the quarter during which the audit will take place and a brief summary / purpose of the review.
- 5.2 The Annual Audit Plan for 2016/17 totals 257 days encompassing;
- 18 assignments which will conclude in an audit opinion,
 - three reviews where advice and guidance will be concluded at the end of the review,
 - one follow up review and
 - IT audits (totaling 30 days) which are yet to be determined. A meeting is booked in with Great Yarmouth IT Management, Breckland IT Management and Norfolk County IT Management to determine and agree IT coverage and to agree joint audits where possible.
- 5.3 Audit verification work concerning audit recommendations implemented to improve the Council's internal control environment will also be undertaken throughout the financial year.

6. PERFORMANCE MANAGEMENT

- 6.1 The new Internal Audit Services contract includes a suite of key performance indicators (**see Appendix 5**) against which the new contractor will be reviewed on a quarterly basis. There are a total of 13 indicators, over 4 areas. From the first year of the contract records will be maintained for all 13, however performance can only be recorded on 11 of these as base line data is required for the final 2. Monitoring of these will commence in 2016/17.
- 6.2 There are individual requirements for performance in relation to each indicator; however performance will be assessed on an overall basis as follows (for the first year):
- 9-11 KPIs have met target = Green Status.
 - 5-8 KPIs have met target = Amber Status.
 - 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed and agreed with the contractor to ensure that appropriate action is taken.

- 6.3 Performance in relation to these indicators will be reported to the Committee as part of the Progress Reports and the Annual Report and Opinion, ensuring that Members are kept up to date on a regular basis.

EASTERN INTERNAL AUDIT SERVICES GREAT YARMOUTH BOROUGH COUNCIL

INTERNAL AUDIT CHARTER FOR 2016/17

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1 April 2013, these provide a consolidated approach across the public sector thus ensuring continuity, sound corporate governance and transparency.
- 1.2 The Standards require all internal audit services to implement, monitor and review an internal audit charter; this formally defines the internal audit's purpose, authority and responsibility, and is a mandatory document. The charter also displays formal commitment to the definition of internal auditing, the code of ethics and the PSIAS.
- 1.3 The charter also:
 - Establishes the position and reporting lines of internal audit;
 - Provides unrestricted access;
 - Sets the tone for internal audit activities;
 - Defines the nature and scope of internal audit services, in particular assurance and consultancy services; and
 - Sets out the nature and scope of assurance provided to other parties.
- 1.4 The charter is to be periodically reviewed and presented to Senior Management and the Board (Audit and Risk Committee) for approval, for Eastern Internal Audit Services the charter will be reviewed annually by the Internal Audit Consortium Manager (Chief Audit Executive) to confirm its ongoing completeness and validity, and presented to Senior Management and the Board every 2 years for review.
- 1.5 This Charter applies to all Authority's which are part of Eastern Internal Audit Services, currently; Breckland, Broadland, North Norfolk and South Norfolk District Councils, Gt Yarmouth Borough Council and the Broads Authority. From April 2016 this will also include South Holland District Council.

2. Purpose, Authority and Responsibility

2.1 Purpose

- 2.1.1 Internal auditing is defined as; *“an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”*.
- 2.1.2 Internal audit will provide reasonable assurance to all organisations that are part of Eastern Internal Audit Services that necessary arrangements are in place and operating effectively, and to identify risk exposures and areas where improvements can be made.

2.2 Authority

- 2.2.1 The Accounts and Audit Regulations (England) 2015, states that the relevant body must; *“undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”*. The statutory requirement for internal audit is recognised in the Constitution of each Authority and the internal auditing standards in this regard are the Public Sector Internal Audit Standards.
- 2.2.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Head of Internal Audit confirms that this person is responsible for the organisations internal audit service, including drawing up the internal audit strategy and annual plan and giving the annual audit opinion. The requirements of this statement are fully adhered to by the Internal Audit Consortium Manager.

2.3 Responsibility

- 2.3.1 The responsibility for maintaining an effective internal audit to evaluate risk management, control and governance processes lies with each Authority’s Chief Finance Officer (Section 151 Officer).
- 2.3.2 The Authority and its Members must be satisfied about the adequacy of the advice and support it receives from internal audit.
- 2.3.3 Internal audit is provided by Eastern Internal Audit Services, with the Internal Audit Consortium Manager responsible for ensuring the internal audit activity is undertaken in accordance with the definition of internal auditing, the code of ethics and the standards.
- 2.3.4 Senior management are responsible for ensuring that internal control, risk management and governance arrangements are sufficient to address the risks facing the Authority. Accountability for responding to internal audit rests with senior management who either accept and implement the recommendations, or formally reject it. Any advice that is rejected will be formally reported.

3. Key Relationships and Position in the Organisation

- 3.1 The PSIAS require the terms ‘Chief Audit Executive’, ‘Board’ and ‘Senior Management’ to be defined in the context of the governance arrangements in each public sector organisation in order to safeguard the independence and objectivity of internal audit. The following interpretations are applied within Eastern Internal Audit Services.
- 3.2 Chief Audit Executive
- 3.2.1 The Chief Audit Executive is the Internal Audit Consortium Manager who provides the role of the Head of Internal Audit to all organisations part of the Eastern Internal Audit Services. The delivery of the annual internal audit plan, and any ad-hoc assignments is provided by an external contractor; TIAA Ltd since 1 April 2015.
- 3.2.2 The Internal Audit Consortium Manager reports functionally to the Board and administratively to the Director of Business Development at South Norfolk Council. In addition the Internal Audit Consortium Manager also reports administratively to the Section 151 Officer at each organisation.

3.2.3 The Internal Audit Consortium Manager also has a direct line of reporting and unfettered access to the Chief Executive, the Senior Management Team at each Authority and the Chair of the Audit and Risk Committee.

3.3 Board

3.3.1 The 'Board' is the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting. At Gt Yarmouth Borough Council this is the Audit and Risk Committee, whose responsibilities are discharged through the Constitution and explicitly referred to in the terms of reference.

3.3.2 This functional reporting includes;

- Approving the audit charter, audit strategy and annual plans;
- Receiving regular reports on the outcomes of internal audit activity and performance;
- Receiving regular reports on management action in relation to agreed internal audit recommendations;
- Receiving the Annual Report and Opinion of the Internal Audit Consortium Manager, alongside a conclusion as to the effectiveness of internal audit;

3.3.3 In addition the Audit and Risk Committee also; assesses its own effectiveness on an annual basis to ensure it meets best practice, receives reports in relation to relevant Policy / Strategy updates i.e. Fraud and will, in the future, receive and oversee the results of external assessments of internal audit.

3.4 Senior Management

3.4.1 'Senior Management' is those responsible for the leadership and direction of the organisation, and are responsible for specific aspects of internal control, risk management and governance arrangements. There is effective liaison between internal audit and senior management to ensure that independence remains, and provides for a critical challenge.

3.4.2 The Internal Audit Consortium Manager meets regularly with the Section 151 Officer, both formally and informally, to ensure organisational awareness is maintained and that good working relationships are in place. The formal arrangements facilitate discussion in relation to the delivery of the current internal audit plan to ensure it remains on track and is responsive to changes and emerging risks. The meeting also highlights any areas which require immediate attention, that are not in the current annual plan, and also areas for future consideration.

3.4.3 In addition the Internal Audit Consortium Manager meets with officers of the senior management team through the annual audit planning process to enable a risk based internal audit plan. These relationships are maintained throughout the year to ensure awareness of developments within service areas, to keep up to date, and to ensure internal audit involvement where necessary. These are key relationships to the effective delivery of internal audit and to ensure a value-added service is provided.

3.5 Other key relationships

3.5.1 There are other key relationships that are maintained which are important to the effective and efficient delivery of internal audit.

- 3.5.2 Regular liaison is maintained with External Audit to consult on audit plans, and to discuss matters of mutual interest. The external auditors have the opportunity to take account of the work of internal audit where appropriate.
- 3.5.3 Where appropriate internal audit will liaise with other internal audit providers, where shared arrangements exist. In such cases, a dialogue will be opened with the Chief Audit Executive to agree a way forward regarding the auditing of such shared services. This is to ensure an efficient and effective approach, and enable reliance on each other's outcomes. Where formal arrangements are entered into a protocol will be determined and agreed by both Chief Audit Executives.
- 3.5.4 Internal audit will also co-operate with all external review and inspection bodies that are authorised to access and evaluate the activities of the Authority, to determine compliance with regulations and standards. Assurances arising from this work will be taken into account where applicable.

4. Rights of Access

- 4.1 Internal audit, with strict accountability for confidentiality and safeguarding records and information, is authorised to have the right of access to all records, assets, personnel and premises and has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. This access is full, free and unrestricted and is set out in each Authority's Constitution.
- 4.2 Such access shall be granted on demand and shall not be subject to prior notice, although in principle, the provision of prior notice will be given wherever possible and appropriate, unless circumstances dictate otherwise.

5. Objective and Scope

- 5.1 Assurance services is the primary role of internal audit services, which primarily feeds into the annual audit opinion on the adequacy and effectiveness of the Authority's framework of governance, risk management and control, together with reasons if the opinion is unfavourable. This opinion covers the entire control environment of the Authority and not just the financial controls.
- 5.2 Internal audit also provides consultancy services, where required, which is advisory in nature and generally performed to facilitate improved governance, risk management and control.
- 5.3 It is management's responsibility to manage the risk of fraud and corruption; however internal audit will be alert to such risks in all the work that is undertaken. In addition the Internal Audit Consortium is either responsible for, or is consulted on, related policy / strategy. These include for example; Counter Fraud, Corruption and Bribery Strategy, Whistleblowing Policy and Anti-Money Laundering Policy, and the related promotion and training for officers and councillors.
- 5.4 Through the contract in place with TIAA Ltd there are other services that can be provided, these include: fraud investigations, grant certification and digital forensics.
- 5.5 Whichever role / remit is carried out by internal audit the scope is to be determined by internal audit, through discussion with senior management, however this scope will not be unduly bias nor shall it be restricted.

6. Independence, Objectivity and Due Professional Care

- 6.1 Internal audit must be sufficiently independent of the activities that are audited to enable an impartial, unbiased and effective professional judgement. Internal auditors must maintain an unbiased attitude that allows work to be performed in such a manner that no quality compromises are made. To this end all internal auditors working within Eastern Internal Audit Services, annually review and sign up to the Code of Ethics, which sets out the minimum standards for performance and conduct. The four core principles are integrity, objectivity, confidentiality and competency.
- 6.2 Internal auditors have no operational responsibility or authority over any of the activities which they are required to review. In addition, internal auditors will not review operations for which they were previously responsible for in the preceding 12 months. Internal auditors may provide consulting services relating to such operations.
- 6.3 If independence or objectivity is impaired, or appears to be, the details of the impairment will be disclosed to the Internal Audit Consortium Manager and / or senior management. The nature of the disclosure will depend upon the impairment.
- 6.4 Internal auditors will perform work with due professional care, competence and diligence. Internal auditors cannot be expected to identify every control weakness or irregularity but their work is designed to enable them to provide reasonable assurance regarding the controls examined.

7. Resourcing

- 7.1 The Internal Audit Consortium Manager will be professionally qualified (CMIIA, CCAB or equivalent) and have a wide range of internal audit management experience to enable them to deliver the responsibilities that arise from the need to liaised internally and externally with councillors, senior management, officers and other professionals.
- 7.2 The Internal Audit Consortium Manager, through the contract with the external provider, shall ensure access to a team of staff who have the appropriate range of knowledge, skills, qualification and experience to deliver the audit service. The types of reviews are referred to in section 5 of the charter.

8. Audit Planning

- 8.1 The Internal Audit Consortium Manager develops a strategy, alongside a strategic and annual internal audit plan, using a risk based approach.
- 8.2 The Internal Audit Strategy is a high level statement of; how the internal audit service will be delivered; how internal audit services will be developed in accordance with the internal audit charter; how internal audit services links to the organisational objectives and priorities; and how the internal audit resource requirements have been assessed. The purpose of the strategy is to provide a clear direction for internal audit services and creates a link between the Charter, the strategic plan and the annual plan.
- 8.3 On an annual basis the internal audit plan of work, developed as per the Internal Audit Strategy, is submitted to senior management and the Audit and Risk Committee for approval. The Internal Audit Consortium Manager is responsible for the delivery of the internal audit plan, which will be kept under regular review and reported through to the Committee.

9. Audit Reporting

- 9.1 As mentioned at section 8 the resultant internal audit plans will be received on an annual basis for approval by both senior management and the Audit and Risk Committee.
- 9.2 On conclusion of each assurance review a draft audit report will be provided to management that;
- Provides an assurance opinion on the systems and controls in place as to whether these are operating adequately, effectively and efficiently. These reports contribute to the annual report and opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.
 - Provides a formal report of points arising from the review and management responses to the issues raised, this includes; acceptance (or not) of the recommendation, with responsibility and timescales for implementation.
 - Provides Operational Efficiency Matters (as appropriate) which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

On receipt of responses from management the report can then be finalised, post review by the Internal Audit Consortium Manager.

- 9.3 As mentioned in 9.2, management can choose not to accept / implement the recommendations raised by internal audit. In all such instances this will be reported through to the Audit and Risk Committee, especially in instances whereby there are no compensating controls justifying the course of action.
- 9.4 The Executive Summary of all final reports is reported through periodically to the Audit and Risk Committee as part of the progress reports. The PSIAS require this to report on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. To comply this report includes;; any significant changes to the approved Audit Plan; progress made in delivering the agreed audits for the year; any significant outcomes arising from those audits; and performance Indicator outcomes to date.
- 9.5 Where management agree to recommendations resulting in an action plan, these are regularly followed up to assess progress on implementation. The internal audit contractor undertakes verification work on closed recommendations, and also receives response from management in relation to progress made. The results of which are reported periodically to the Audit and Risk Committee as part of the follow up reports.
- 9.6 On conclusion of the annual internal audit plan for the financial year the Internal Audit Consortium Manager provides an annual report and opinion to senior management and the Audit and Risk Committee.
- 9.7 The annual report and opinion provides:
- The opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control during the financial year, together with reasons if the opinion is unfavourable;
 - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
 - Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);and
 - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and

improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.

10. Quality Assurance and Improvement Programme

- 10.1 The PSIAS require a quality assurance and improvement programme to be developed that covers all aspects of internal audit; including both internal and external assessments.
- 10.2 If an improvement plan is required as a result of the internal and / or the external assessment, in order to further develop the existing service provisions, the Internal Audit Consortium Manager will coordinate appropriate action and report against this.
- 10.3 On an annual basis the quality assurance and improvement programme, and any resulting improvement plan will be reported to senior management and the Audit and Risk Committee, as part of the annual report and opinion.
- 10.4 Internal Assessment
 - 10.4.1 Internal assessment includes the ongoing monitoring of the performance of the contractor through the performance measures which form a key part of the contract and through the quality review of all completed audits, both of which is undertaken by the Internal Audit Consortium Manager.
 - 10.4.2 On conclusion of audit reviews a feedback form is provided to the key client on the audit process; the outcomes of which are reviewed to look to improve the service and any criticism received is investigated immediately and action take with the contractor to resolve the issue.
 - 10.4.3 The PSIAS also require periodic self-assessment in relation to the effectiveness of internal audit, the detail and outcomes of which are then forwarded to the Section 151 Officer for their independent scrutiny, before the summary of which is provided to the Audit and Risk Committee as part of the annual report and opinion. This information enables the Audit and Risk Committee to be assured that the internal audit service is operating in accordance with best practice.
- 10.5 External Assessment
 - 10.5.1 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Authority. This can be in the form of a full external quality assessment that involves interviews with relevant stakeholders, supported by examination of the internal audit approach and methodology leading to the completion of an independent report, or a validated self-assessment, which the Internal Audit Consortium Manager compiles against the PSIAS assessment tool, which is then validated by an external assessor / team.
 - 10.5.2 An external assessment will:
 - Provide an assessment on the internal audit function's conformance to the PSIAS;
 - Assess the performance of the internal audit activity in light of its charters, the expectations of the various boards and executive management;
 - Identify opportunities and offer ideas and counsel for improving the performance of the internal audit activity, raising the value that internal audit provides to the organisation; and
 - Benchmark the activities of the internal audit function against best practice.

10.5.3 The Internal Audit Consortium Manager will agree with the Section 151 Officer and the Audit and Risk Committee the approach to be taken and the qualifications and independence of the external assessor / team, including any potential conflict of interest.

EASTERN INTERNAL AUDIT SERVICES GREAT YARMOUTH BOROUGH COUNCIL

INTERNAL AUDIT STRATEGY FOR 2016/17

1. Introduction

- 1.1 The Internal Audit Strategy is a high level statement of;
- how the internal audit service will be delivered;
 - how internal audit services will be developed in accordance with the internal audit charter;
 - how internal audit services links to the organisational objectives and priorities; and
 - how the internal audit resource requirements have been assessed.

The provision of such a strategy is set out in the Public Sector Internal Audit Standards (PSIAS).

- 1.2 The purpose of the strategy is to provide a clear direction for internal audit services and creates a link between the Charter, the strategic plan and the annual plan.

2. How the internal audit service will be delivered

- 2.1 The Role of the Head of Internal Audit and contract management is provided by South Norfolk Council (the Internal Audit Consortium Manager) to; Breckland, Broadland, North Norfolk, South Norfolk District Councils, Great Yarmouth Borough Council and The Broads Authority, and from 1 April 2016 South Holland District Council. All Authorities are bound by a Partnership Agreement.
- 2.2 The delivery of the internal audit plans for each Authority is provided by an external audit contractor, who reports directly to the Internal Audit Consortium Manager. The current contract is with TIAA Ltd, and commenced on 1 April 2015, for an initial period of 5 years.

3. How internal audit services will be developed in accordance with the internal audit charter

3.1 Internal Audit objective and outcomes

- 3.1.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Authority's operations. It helps the Authority accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 3.1.2 The outcomes of the internal audit service are detailed in the Internal Audit Charter and can be summarised as; delivering a risk based audit plan in a professional, independent manner, to provide the Authority with an opinion on the level of assurance it can place upon the internal control environment, systems of risk management and corporate governance arrangements, and to make recommendations to improve these provisions, where further development would be beneficial.

- 3.1.3 The reporting of the outcomes from internal audit is through direct reports to senior management in respect of the areas reviewed under their remit, in the form of an audit report. The Audit and Risk Committee and the Section 151 Officer also receive:
- The Audit Plans Report, which is risk based and forms the next financial year's plan of work;
 - The Progress Reports which provide summaries of the work achieved throughout the year and the individual opinions awarded on conclusion of reviews;
 - The Follow Up Reports which detail the level of management action taken in respect of agreed internal audit recommendations; and
 - The Annual Report and Opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

3.2 Internal Audit Planning

- 3.2.1 A risk-based internal audit plan (RBIA) is established in consultation with senior management that identifies where assurance and consultancy is required.
- 3.2.2 The audit plan establishes a link between the proposed audit areas and the priorities and risks of the Authority taking into account:
- Stakeholder expectations, and feedback from senior and operational managers;
 - Objectives set in the strategic plan and business plans;
 - Risk maturity in the organisation to provide an indication of the reliability of risk registers;
 - Management's identification and response to risk, including risk mitigation strategies and levels of residual risk;
 - Legal and regulatory requirements;
 - The audit universe – all the audits that could be performed; and
 - Previous IA plans and the results of audit engagements.
- 3.2.3 In order to ensure that the internal audit service adds value to the Authority, assurance should be provided that major business risks are being managed appropriately, along with providing assurance over the system of internal control, risk management and governance processes.
- 3.2.4 Risk based internal audit planning starts with the Authority's Corporate Plan, linking through to the priority areas and the related high level objectives. The focus is then on the risks, and opportunities, that may hinder, or help, the achievement of the objectives. The approach also focuses on the upcoming projects and developments for the Authority.
- 3.2.5 The approach ensures; better and earlier identification of risks and increased ability to control them; greater coherence with the Authority's priorities; an opportunity to engage with stakeholders; the Committee and Senior Management better understand how the internal audit service helps to accomplish its objectives; and this ensures that best practice is followed.
- 3.2.6 The key distinction with establishing plans derived from a risk based internal audit approach is that the focus should be to understand and analyse management's assessment of risk and to base audit plans and efforts around that process.
- 3.2.7 Consultation with the Section 151 Officer and senior manager's takes place through specific meetings during which current and future developments, changes, risks and areas of concerns are discussed and the plan amended accordingly to take these into account.

3.2.8 The outcome of this populates a strategic internal audit plan, and the resulting annual internal audit plan, which are discussed with and approved by Executive Management Team prior to these being brought to the Audit and Risk Committee. In addition External Audit is also provided with early sight of the plans.

3.3 Internal Audit Annual Opinion

3.3.1 The annual opinion provides senior management and the Audit and Risk Committee with an assessment of the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

3.3.2 The opinion is based upon:

- The summary of the internal audit work carried out;
- The follow up of management action taken to ensure implementation of agreed action as at financial year end;
- Any reliance placed upon third party assurances;
- Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
- The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.

3.3.3 In order to achieve the above internal audit operates within the PSIAS and uses a risk based approach to audit planning and to each audit assignment undertaken. The control environment for each audit area reviewed is assessed for its adequacy and effectiveness of the controls and an assurance rating applied.

4. **How internal audit services links to the organisational objectives and priorities**

4.1 In addition to the approach taken as outlined in section 3.2 (Internal Audit Planning), which ensures that the service links to the organisations objectives and priorities and thereby through the risk based approach adds value, internal audit also ensure an awareness is maintained of local and national Issues and risks.

4.2 The annual audit planning process ensures that new or emerging risks are identified and considered at a local level. This strategy ensures that the planning process is all encompassing and reviews the records held by the Authority in respect of risks and issue logs and registers, reports that are taken through the Authority Committee meetings, and through extensive discussions with senior management.

4.3 Awareness of national issues is maintained through the contract in place with the external internal audit provider through regular "horizon scanning" updates, and annually a particular focus provided on issues to be considered during the planning process. Membership and subscription to professional bodies such as the Institute of Internal Auditors and the CIPFA on-line query service, liaison with External Audit, and networking with colleagues through the Norfolk Chief Internal Auditors Group, all help to ensure developments are noted and incorporated where appropriate.

5. **How internal audit resource requirements have been assessed**

5.1 Through utilising an external audit contractor the risk based internal audit plan can be developed without having to take into account the existing resources, as you would with an

in-house team, thus ensuring that audit coverage for the year is appropriate to the Authority's needs and not tied to a particular resource.

- 5.2 That said a core team of staff is provided to deliver the audit plan, and these staff bring with them considerable public sector knowledge and experience. These core staff can be supplemented with additional staff should the audit plan require it, and in addition specialists, e.g. computer auditors, contract auditor, fraud specialists, can be drafted in to assist in completing the internal audit plan and focusing on particular areas of specialism.
- 5.3 All audit professionals are encouraged to continually develop their skills and knowledge through various training routes; formal courses of study, in-house training, seminars and webinars. As part of the contract with TIAA Ltd the contractor needs to ensure that each member of staff completes a day's training per quarter.

APPENDIX 3 – STRATEGIC INTERNAL AUDIT PLAN

Audit Area	Last review & assurance	Associated Risk	2016/17	2017/18	2018/19
Annual Opinion / Governance audits					
Corporate Governance (see transformation programme for 2016/17)	2014/15 Due 2015/16	High		4	4
Transformation Programme - benefits realisation	Management request	High	10		
Risk Management	2014/15 Due 2015/16	High	4	4	4
Performance Management and Business Plans	2015/16 - due	High	10		10
Key Controls and Assurance	Annual - various	High	16	11	16
Fundamental Financial Systems					
Accountancy Services includes control accounts, banking, bank reconciliation, asset register, budgetary control and treasury management	2015/16	High		16	
Accounts Payable (includes insurance)	2014/15 - Reasonable	High	13		13
Accounts Receivable	2015/16	High		10	
Income	2015/16	High		7	
Payroll and Human Resources (includes officer expenses)	2014/15 - Reasonable	High	15		15
Council Tax and National Non-Domestic Rates	2015/16	High		19	
Housing Benefits and Council Tax Support	2015/16	High		19	
Housing Rents	2014/15 - Reasonable	High	18		16
Cross Authority Review - Accounts Receivable	Ad hoc review		6		
Contract Audit					
General Fund Capital Programme Contracts	2014/15 - Substantial	High	12		12
GY Norse	2015/16 - Reasonable	High		12	
Procurement	2015/16 - Limited	High		12	
GYB Services	2015/16 - Reasonable	High		12	
Leisure Trust	2014/15 - Unsatisfactory	High	12		12

Service / Directorate audits						
Director of Customer Services						
Development Control	2014/15 - Reasonable	Medium				15
Building Control	Covered in above	Medium				7
Environmental Services	2013/14 - Limited	Medium	10			5
Coastal Protection	Management request					4
Parking Services	2015/16	High				12
Bereavement Services	2013/14 - Reasonable	Medium	10			
Post room & controlled stationery	Management request	Low	5			
Property Services	2014/15 - Limited	High	16			16
Property Service - case management & processes	Management request	Medium				3
Elections	2014/15 - Reasonable	Medium				12
Licensing	2012/13 - Reasonable	Medium	8			
NPLaw	New area	Medium	6			
Director of Housing and Neighbourhoods						
Community Development	2015/16 - Limited	Medium				12
Outdoor Leisure	Management request	Medium	2			
Arts Strategy	Management request	Medium	2			
Preservation Trust	Management request	Medium				6
Housing Strategy and Affordable Housing	2012/13 - Reasonable	Medium				10
Right To Buy	2012/13 - Reasonable	Medium				7
Allocations and Homelessness	2015/16 - Reasonable	Medium				10
Control Centre	Management request	Medium	10			
Housing Adaptations	New specific area	Medium	10			
Disabled Facilities Grants & discretionary loans	2015/16 - due	Medium				10
Services for the elderly	2014/15 - Limited	Medium				10
Transformation Programme Manager						
Markets	2015/16 - No Assurance	High	4			12
Tourism and Marketing	2013/14 - Adequate	Medium	10			
Member Services	2015/16 - due	Medium				8

ICT Audits						
Audit to be confirmed			30	30	30	30
Follow Up of audit recommendations						
All audit recommendations			18	16	16	16
Total number of days			257	278	278	201

APPENDIX 4 – ANNUAL INTENAL AUDIT PLAN

Audit Area	No of days	Q1	Q2	Q3	Q4	TBC	Notes
Annual Opinion / Governance audits							
Transformation Programme - benefits realisation	10		10				The programme has been in place for a while now and a benefits realisation would be prudent and to ensure that the governance framework in place is efficient and effective. Review will also understand what is needed to take this forward.
Risk Management	4				4		To ensure that this is embedded and working effectively, and that strategic and operational risks are appropriately recorded and reported / escalated.
Performance Management and Business Planning	10			10			The Corporate Plan was formally adopted in 2015, this review will focus on the delivery of this plan and how performance is managed and monitored in relation to the key outcomes.
Key Controls and Assurance	16				16		Annual review of key controls that feed into the Statement of Accounts, for those systems not subject to an audit review within year. This will cover; general ledger maintenance, control accounts, asset register, treasury management, budgetary control, accounts receivable, remittances, council tax, national non-domestic rates, benefits, car parking and the assurance framework.

Fundamental Financial Systems						
Accounts Payable	13				13	The audit will focus on the controls over the creation and authorisation of purchase orders, receipt of goods segregation of duties in the purchasing and payment of goods, the establishment and authorisation of suppliers on the purchase ledger and reconciliation of the purchase ledger system. The audit will also pick up on the observations made in the recent cross authority review of accounts payable.
Payroll and Human Resources	15				15	This regular review will focus on; policies, procedures & legislative requirements, starters & leavers, changes to payroll records, financial records, payroll processing, sickness absence and travel & subsistence claims.
Housing Rents	18			18		This is regular review which audits; the setting of the annual rent charge, housing rent income, rent arrears (current & former), amendments to housing rent accounts, and reconciliation with other key financial systems. Also the audit will take account of the changes in legislation in relation to rent charges and the impact of this on the business plan, and the capital & revenue budgets.
Cross Authority Review - Accounts Receivable	6			6		The overall objective of the review is to identify where there are opportunities to generate savings, and evaluates the arrangements at the Council in respect to debts and those at three other Councils in the region to identify and share opportunities for good practice. The good practices that the Council may wish to consider adopting will be set out as Operational Matters. Councils involved are Gt Yarmouth, Breckland, North Norfolk and South Norfolk DCs.
Contract Audit						
General Fund Capital Programme Contracts	12			12		The capital programme consists of a number of individual projects of various sizes, a programme is set as part of the annual budget setting exercise and the programme approved by Full Council. The audit scope will focus on; capital programme; selection of partnering contractors; contract monitoring; and financial management & reporting.
Leisure Trust	12		12			The audit will review the new arrangement in place, in particular the governance that is in place, risk management processes and the performance management framework, alongside the supporting strategies, policies and procedures.

Service / Directorate audits						
Director of Customer Services						
Environmental Services	10			10		Focus will be on authorisations and delegations in relation to enforcement activity, the licences issued specifically by the team, the new stray dog contract, public space protection orders and liaison with other teams.
Bereavement Services	10	10				Regular review to ensure effective and efficient customer delivery.
Post room & controlled stationery	5			5		To review how incoming post is dealt with and controlled and to also ensure that controlled stationery is managed and monitored.
Property Services	16			16		To review the current progress with the phases of implementation for the Concerto system, and to review asset management and service delivery. The review will also look at the condition surveys and how this is provided for. The audit will also look at the issues in relation to reconciling the data between Concerto and the finance system, and how this can be better managed.
Licensing	8			8		The audit will review all types of licences issued by this team, with a particular focus on taxis due to the new Policy currently being consulted upon and the move from annual to three year licences, and the interim checks that will need to be considered.
NP Law	6		6			This arrangement has been in place for a while now and has never been reviewed, this review will focus on contract & service monitoring and contract & payments.
Director of Housing and Neighbourhoods						
Outdoor Leisure	2	2				GYB Services currently provide outdoor leisure activities; play areas, playing fields, recreational grounds, bowls, tennis, pitch & putt and the pavilion. A review is due to be undertaken of the best way for these services to be delivered and internal audit will provide a critique of these conclusions. (No audit opinion will be provided)
Arts Strategy	2	2				The Council are currently working with the Arts Council on a new Strategy and internal audit will provide a critical friend role whilst this is being drafted. (No audit opinion will be provided.)
Control Centre	10	10				Requested service review in relation to procedures, protocols, manuals and quality checks.
Housing Adaptations	10			10		This is a new specific audit of this area to ensure that the housing adaptations undertaken for community housing is well controlled and that the new policy for this area is sound. The audit will ensure that the process for the customer is efficient and effective.

Transformation Programme Manager										
Tourism and Marketing Markets	10	10								To review the relationship with the tourism BID. Follow up review of the 2015/16 audit review.
ICT Audits										
Audit to be confirmed	30								30	These audits will be confirmed in a joint meeting between the Internal Audit Consortium Manager, the GY IT Manager, the Breckland IT Manager and representatives from Norfolk County Council. Coverage will be confirmed with management and Committee as soon as possible.
Follow Up of audit recommendations										
All audit recommendations	18	4.5	4.5	4.5	4.5	4.5	4.5	4.5		Bi-monthly follow up of agreed audit recommendations
Total number of days	257	50.5	75.5	48.5	52.5	30				

APPENDIX 5 – PERFORMANCE MEASURES

Area / Indicator	Target
<u>Audit Committee / Senior Management</u>	
1. Audit Committee Satisfaction – measured annually	Adequate
2. Chief Finance Officer Satisfaction – measured quarterly	Good
<u>Internal Audit Process</u>	
3. Each quarters audits completed to draft report within 10 working days of the end of the quarter	100%
4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter	100%
5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report (a sample of these will be subject to quality review by the Contract Manager)	100%
6. Compliance with Public Sector Internal Audit Standards	Full
7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.	100%
<u>Clients</u>	
8. Average feedback score received from key clients (auditees)	Adequate
9. Percentage of recommendations accepted by management	90%
<u>Innovations and Capabilities</u>	
10. Percentage of qualified (including experienced) staff working on the contract each quarter	60%
11. Number of training hours per member of staff completed per quarter	1 day
12. Number of high and medium priority recommendations made per quarter	To decrease over the life of the contract (from year 2)
13. Number of audits which are considered to add value	To increase over the life of the contact (from year 2)

Subject: Whistleblowing Policy, Anti Fraud, Corruption and Bribery Policy and Anti-Money Laundering Policy - Updates

Report to: Audit and Risk Committee, 2nd February 2016

Report by: Internal Audit Consortium Manager / Corporate Risk Officer

SUBJECT MATTER/RECOMMENDATIONS

This report contains the revised Whistleblowing Policy, Anti Fraud, Corruption, Bribery Policy and Anti-Money Laundering Policy.

It is recommended that the Audit and Risk Committee:

- Note the changes to the Whistleblowing Policy and confirm their endorsement of the Policy to Council.
- Note the change to the Anti Fraud, Corruption and Bribery Policy and confirm their endorsement of the Policy to Council.
- Note the changes to the Anti-Money Laundering Policy and confirm their endorsement of the Policy to Council.

1. Introduction

- 1.1. The Committee are asked to review the Whistleblowing Policy, the Anti Fraud, Corruption and Bribery Policy and the Anti-Money Laundering Policy together due to the intrinsic links between the three documents.

2. Background

- 2.1. Great Yarmouth Borough Council has had a Whistleblowing Policy for a number of years, with the latest revision being approved in March 2013. The Policy sets out that the Council is keen to encourage staff, councillors, partner bodies and members of the public to raise concerns that they have, in the knowledge that the Council will aim to ensure that they face no reprisal or victimisation as a result of taking such action
- 2.2. Likewise the Anti Fraud, Corruption and Bribery Policy has been in place for a number of years, with the latest revision also being approved in April 2014. The Strategy sets out the Council's commitment to a zero tolerance attitude towards fraud, corruption and bribery.
- 2.3. The Anti-Money Laundering Policy has also been in place since March 2014. The Policy clarify how suspicions of money laundering activities should be disclosed within the organisation, and where appropriate, how such matters should be in accordance with legislative and regulatory requirements.

3. Current Position / Findings

- 3.1. The Whistleblowing Policy, the Anti Fraud, Corruption and Bribery Policy and the Anti-Money Laundering Policy have been reviewed to ensure that best practice continues to be followed, have been consulted upon with Executive Management Team and has also been compared to other Council's arrangements.
- 3.2. The Council has had no whistleblowing cases reported under the Whistleblowing Policy. However, the consequences of the failure to act should issues be reported can be significant; the Council has a duty to respond to matters that are in the public interest and to protect its employees.

4. Proposals

- 4.1. The revised Whistleblowing Policy is attached at **Appendix 1** to this report. The Policy has remained similar in terms of scope and coverage, with the main changes being updates in relation to responsible officers. The opportunity has also been taken to ensure that the Policy reflects the responsibilities of the Internal Audit Consortium Manager and the Monitoring Officer, with the lead for this Policy and making staff aware of the requirements through training and publicising initiatives now being the Internal Audit Consortium Manager.
- 4.2. The revised Anti Fraud, Corruption and Bribery Policy is attached at **Appendix 2** to this report. Likewise the Policy remains similar in terms of scope and coverage, with the main changes being updates to the responsible officers and clarification of the role of the Internal Audit Consortium Manager and the Monitoring Officer.
- 4.3. The revised Anti-Money Laundering Policy is attached at **Appendix 3** to this report. The Policy has been updated to reflect updates to relevant staff and changes in legislation / Acts, but the procedures remain the same.
- 4.4. Following acceptance and endorsement of these policies the Internal Audit Consortium Manager will organise learning hours for the Council.

FINANCIAL IMPLICATIONS: safeguarding the Council's assets and the Public Purse

LEGAL IMPLICATIONS: ensure that the Council is discharging its duties under the legal framework and following best practice
--

EXECUTIVE BOARD OR DIRECTOR CONSULTATION: EMT consulted
--

RECOMMENDATIONS:

4.5. It is recommended that the Audit and Risk Committee:

- Note the changes to the Whistleblowing Policy and confirm their endorsement of the Policy to Council.
- Note the change to the Anti Fraud, Corruption and Bribery Policy and confirm their endorsement of the Policy to Council.
- Note the changes to the Anti-Money Laundering Policy and confirm their endorsement of the Policy to Council.

Does this report raise any legal, financial, sustainability, equality, Crime and Disorder or Human Rights issues and, if so, have they been considered?	Issues	
	Legal	Yes - ensure that the Council is discharging its duties under the legal framework and following best practice
	Financial	Yes - safeguarding the Council's assets and the Public Purse and ensuring that concerns relating to the environment are raised appropriately and that those concerns are responded to in order to minimise any potential impact
	Risk	Yes - there are significant risks posed to the Council if people cannot safely raise concerns, and if the Council fails to respond to those concerns in an appropriate manner.
	Sustainability	No
	Crime and Disorder	Yes - ensuring that concerns relating to criminal activity are raised appropriately and that those concerns are responded to in order to minimise any potential losses.
	Human Rights	No
	Every Child Matters	No
	Equality	Yes - ensuring that the Council does not victimise or discriminate against any employee who raises concerns within the organisation.
	EqIA Form completed	No

Appendix 1 – Whistleblowing Policy

Appendix 2 – Anti Fraud, Corruption and Bribery Policy

Appendix 3 – Anti-Money Laundering Policy

Appendix 1



WHISTLEBLOWING POLICY

Author	Corporate Risk Officer
Date	January 2016
Document Status	Final Version 2.1

GREAT YARMOUTH BOROUGH COUNCIL

WHISTLEBLOWING POLICY

Contents

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This policy will be subject to regular review with any significant variations leading to re-presentation of the Policy.

The Whistleblowing Policy

THIS POLICY SHOULD BE READ IN CONJUNCTION WITH THE COUNCIL'S DISCIPLINARY POLICY AND PROCEDURES, STAFF AND MEMBER CODES OF CONDUCT.

INTRODUCTION TO THE POLICY

- **What is Whistleblowing?**

1.1 Whistleblowing is the raising of a significant concern. These concerns may cover issues of injustice, malpractice or serious wrong doing within the Council. This policy is designed to ensure that people know how to raise a genuine concern and can do so in the knowledge that they will not face reprisal for their action.

1.2 Public Concern at Work (a charity which provides independent advice and information on whistleblowing) draws the following distinction between whistleblowing and pursuing a complaint:

"When someone blows the whistle they are raising a concern about danger or illegality that affects others (e.g. customers, members of the public, or their employer). The person blowing the whistle is usually not directly, personally affected by the danger or illegality. Consequently, the whistleblower rarely has a personal interest in the outcome of any investigation into their concern - they are simply trying to alert others. For this reason, the whistleblower should not be expected to prove the malpractice. He or she is a messenger raising a concern so that others can address it."

What is the purpose of the Whistleblowing Policy

2.1 Employees, councillors and others who deal with the Council may be the first to realise that there could be an injustice, malpractice or serious wrongdoing within the Council. However, you may feel that speaking up would be disloyal to your colleagues or to the Council. You might be concerned that your suspicions are unjustified or might turn out to be so after enquiry. You may also be worried that you or someone else might be victimised or harassed or you are unclear with whom to raise your concern. In these circumstances it may be easier to ignore the concern rather than report your suspicions but this would be wrong.

2.2 Members of the public may also have concerns, but be unsure how and when to express them.

2.3 The Council has produced this Whistleblowing Policy to help:

- Councillor's;
- Employees (including temporary and agency staff);
- Other with whom the Council has dealings (e.g. contractors, partners, suppliers and voluntary organisations); and
- Helping members of the public understand how and when to contact the Council with their concerns.

2.4 It is also expected that contractors will be required to have their own whistleblowing policies and arrangements established in accordance with the thresholds set in the Council's contract conditions through the tendering process. Where a contractor does not have its own policy, it is expected that the principles and arrangements of the Council's policy and associated procedures apply.

2.5 The Council is committed to the highest possible standards of openness, honesty, integrity and accountability. We expect employees, councillors, suppliers, agency staff and contractors who have serious concerns about any aspect of the Council's work to come forward and voice those concerns. It takes all inappropriate behaviour very seriously and is committed to investigating any genuine concerns raised.

- 2.6 The purpose of this Policy is to make it clear that you can raise your concerns in confidence without fear of victimisation, subsequent discrimination or disadvantage. The Council encourages you to raise serious concerns in the first instance within the Council rather than overlooking a problem or 'blowing the whistle' publicly, and we would rather that you raised the matter when it is just a concern rather than waiting for proof.

AIMS AND SCOPE OF THE POLICY

3 What is the aim and scope of the Policy

3.1 This policy aims to:

- encourage you to feel confident in raising serious or sensitive concerns about inappropriate behaviour and to question and act upon concerns;
- provide avenues for you to raise those concerns and receive feedback on any action taken;
- ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied;
- reassure you that you will be protected from possible reprisals or victimisation if you have a reasonable belief that you have raised any concern in good faith.

3.2 The Public Interest Disclosure Act 1998, as amended by the Enterprise and Regulatory Reform Act 2013 Sections 17 – 20 outlines that a "protected" disclosure of a concern is one which demonstrates one or more of the following:

- that a criminal offence has been committed, is being committed or is likely to be committed,
- that a person has failed, is failing or is likely to fail to comply with a legal obligation
- that a miscarriage of justice has occurred, is occurring or is likely to occur
- that the health and safety of any individual has been, is being or is likely to be endangered
- that the environment has been, is being or is likely to be damaged
- that information relating to any of the above has been or is likely to be deliberately concealed

3.3 Beyond the legal context above, the Council would encourage employees, members of the public, and any other interested parties to raise any significant concerns that they may have, as soon as they are reasonably aware of them. These concerns could be about any aspects of the Council's activities, e.g. with reference to Council employees, Members of suppliers acting on behalf of the Council, and relate to issues that are either occurring now or are likely to happen in the future.

3.4 It should be emphasised that this Policy is intended to assist individuals who have discovered malpractice or serious wrongdoing, provided they make the disclosure in accordance with the Policy. Individuals who make disclosures outside the arrangements set out here will not be protected under this Policy and may not be protected under the Act.

3.5 The Council has a number of other policies and procedures to address other matters, for example:

- Employees complaints about their terms and conditions of employment, These matters are dealt with through the Grievance Policy and Procedure.
- Instances of bullying and harassment of Council's employees are dealt with through the Anti Harassment Policy.
- Complaints from Members of the public about the Council's services. These are dealt with through the Council's Complaints Policy.
- Concerns with reference to members, should be referred to the Monitoring Officer.

- 3.6 The Policy is not designed to question financial or business decisions taken by the Council nor may it be used to reconsider any matters that have already been addressed under the harassment, grievance, disciplinary or complaints procedures.

SAFEGUARDS

4 Protecting the Whistleblower

- 4.1 The Council is committed to good practice and high standards and wants to be supportive of employees and others who work for the Council.
- 4.2 In accordance with the Public Interest Disclosure Act 1998, the Council undertakes to protect, as best it can, an employee who blows the whistle from personal claims, victimisation, harassment or bullying as a result of his or her disclosures. This assurance is not extended to someone who maliciously raises a matter they know are untrue; such instances will be subject to the Council's disciplinary procedure.
- 4.3 All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish, unless we are required to by law or as a result of our enquiries results in a criminal investigation in which the whistleblower might be required as a witness. Whistleblowers should be aware, however, that the fact that enquiries are being made may result in their identity becoming known. Where possible, the Council will make you aware if your identity is likely to be compromised through investigation.
- 4.4 All these matters will be explained at the time you raise your concern so you can decide whether or not to proceed. The Council will also keep the whistleblower informed if the situation significantly changes.
- 4.5 The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern in good faith, even if you are genuinely mistaken in your concerns. Any harassment or victimisation of a whistleblower may result in disciplinary action against the person responsible for the harassment or victimisation.
- 4.6 Any investigations into allegations arising from your whistleblowing will not influence or be influenced by any other personnel procedures to which you may be subject.

5 Anonymous Allegations

- 5.1 This policy encourages you to put your name to your allegation whenever possible. The Council will do all it can to protect the whistleblower. Concerns raised anonymously tend to be far less effective and if, for example, the Council does not have enough information, it may not be able to investigate the matter at all. Also, from a practical point of view, it is impossible to provide protection to a person whose identity is unknown and more difficult to judge whether the concern is made in good faith or maliciously.
- 5.2 If whistleblowers feel that they cannot give their name, the Council will make a judgment on whether or not to consider the matter depending on such things as:
- the seriousness of the issues raised;
 - the quality of any documentary evidence submitted with the allegation;
 - the credibility of the concern; and
 - whether the Council can carry out a robust investigation based in the information provided to confirm the validity of the original allegation made.

6 Assurances to Third Parties

- 6.1 The assurances provided to employees raising concerns set out in section 4 above cannot be given in the same way to third parties. For example, the Council cannot guarantee protection to employees of third party (contractor) organisations. However, we expect that all contractors are aware of the Council's whistleblowing procedures, and act in accordance with these.

- 6.2 Further, with regard to members of the Public, whilst they are not afforded statutory protection in the same way as employees, the Council is committed to treating all citizens fairly. Raising a concern under this policy will not affect the rights of any council citizens.

7 Untrue Allegations

- 7.1 If a whistleblower makes an allegation which they believe is true, but it is not confirmed by an investigation, the Council will not take any action against them.
- 7.2 However, if a whistleblower makes a deliberately false or malicious allegation which they know is untrue, the Council will take appropriate disciplinary or legal action against them. Allegations of this nature are not protected by the Public Interest Disclosure Act 1998.

HOW TO RAISE A CONCERN

8 Guidance for Members of the Public, Contractors, Councillors and Partners

- 8.1 Members of the Public, Contractors, Councillors and those involved with partner organisation who suspect a Council Employee, another Councillor, Organisational Partners or other Contractors (in their dealings with the Council) of fraud or serious malpractice should contact one of the following:
- Chief Executive
 - Monitoring Officer
 - Internal Audit Consortium Manager
- 8.2 If your concern relates to the Chief Executive, this should be raised with the Leader of the Council (or the Deputy Leader of the Council if the Leader is unavailable) or Ernst Young as the Council's External Auditors. Conversely, if your concern relates to the Monitoring Officer, or the Internal Audit Consortium Manager, this should be referred to the Chief Executive.

All contact details are included within Appendix 1 of this policy.

9 Guidance for Employees

- 9.1 As a first step you should normally raise concerns with your Manager Director. Guidance to Employees on how to process is contained in the document "**Checklist for employees – How to react to inappropriate behaviour**" - see **Appendix 2**.
- 9.2 Whistleblowers should not attempt to investigate any concern themselves, but raise their concern using one of the avenues shown below.
- 9.3 Guidance to managers on how to deal with a concern is contained in the document "**Guidance for Managers – How to react to concerns of inappropriate behaviour**" – see **Appendix 3**.
- 9.4 If the employee feels that it is inappropriate to raise a concern with their Manager or Director given the person involved and / or the seriousness or sensitivity of the matter contact should be made with one of the following officers:
- Chief Executive
 - Monitoring Officer
 - Internal Audit Consortium Manager

These officers can also provide advice and guidance on how concerns may be pursued.

- 9.5 If your concern relates to the Chief Executive, this should be raised with the Leader of the Council (or the Deputy Leader of the Council if the Leader is unavailable) or Ernst Young as the Council's External Auditors. Conversely, if your concern relates to the Monitoring Officer or the Internal Audit Consortium Manager, this should be referred to the Chief Executive.
- 9.6 The Council encourages you to identify yourself when raising your concerns, but if you wish you may remain anonymous.

- 9.7 Whistleblowers are encouraged to raise concerns promptly, giving as much information as possible, such as relevant background, names, dates, places and the reason for their concern. In addition any evidence to support the concern / suspicion should be attached. Appendix 5 to these procedures provides a form that can be utilised as a starting point. However, concerns can be raised by telephone or by meeting the appropriate officer. The earlier a concern is raised, the greater the likelihood that an appropriate intervention may be made, to minimise the risk, impact or continuation of the concern in question.
- 9.8 Although you are not expected to provide proof of your concern, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern. If however you make an allegation frivolously, maliciously or for personal gain disciplinary action may be taken against you.
- 9.9 Any whistleblower will be asked to declare any personal interest they may have in the concern being raised.
- 9.10 In matters concerning the health, safety and welfare of those on our premises (whether members of staff, contractors or visitors) anyone, including an elected safety representative, who becomes aware of a hazard (actual or potential) or dangerous occurrence should immediately notify the Health and Safety Advisor (Sarah Flatman), before contacting any outside body, to ensure that immediate action can be taken if necessary to deal with the hazard. Contact can be made by telephone, email or the sending of a written report as appropriate to the situation.

10 Sources for support for the Whistleblower

- 10.1 People who do not work for the Council might want to discuss their concern with a friend or colleague first. You may then find it easier to raise a concern if others share the same experiences or concerns.
- 10.2 The Council recognises that employees may wish to seek advice and be represented by their trade union representative when raising a concern under the policy, and acknowledges and endorses the role trade union representatives play in this respect. This could be useful, particularly if the employee wishes to remain anonymous, to the extent that is possible. Trade union representatives acting in accordance with the Policy and Procedure will not suffer detriment in their employment with the Council. You may invite your trade union, professional association representative or a friend to be present during any meetings or interviews in connection with the concerns you have raised. Any meeting that need to be arranged with you can be held off-site if you wish.
- 10.3 The Council further welcomes any member of staff to consult with Public Concern at Work if they are not sure about whistleblowing. Public Concern at Work are an independent charity who provide free confidential support and advice to whistleblowers through a telephone helpline and the internet who wish to express concerns about fraud or other serious malpractice. Further details for Public Concern at Work are included in **Appendix 1**. In addition a summary regarding the remit of the Public Concern at Work is included at **Appendix 2**.

11 Withdrawing your allegation

- 11.1 You have the right to withdraw any allegation previously made under this policy and procedure. You should think very carefully before taking this course of action, bearing in mind an investigation may have started and you may need to explain this change in decision.
- 11.2 If it is considered appropriate, despite the complainant withdrawing the allegation, the investigation may continue if it is deemed necessary.

12 HOW THE COUNCIL WILL RESPOND

- 12.1 The Whistleblowing Evaluation Panel will be convened as soon as possible. The Panel comprises the Chief Executive Officer, the Monitoring Officer and the Internal Audit Consortium Manager, or their nominated deputies. In the event of the long-term absence of any of these individuals, or a post being vacant, then any two of the three members of the Panel can act as the full Panel.
- 12.2 Whether the concern is made by an employee, member of the public, contractor, Councillor or partner an impartial person will be appointed to investigate your concern and you will be informed who this is. Confidentiality will be maintained in accordance with section 5 of the Whistleblowing Policy.
- 12.3 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle which the Council will have in mind is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example, harassment or discrimination issues) will normally be referred for consideration under those procedures.
- 12.4 Following initial investigations the Council will respond to your concerns as appropriate as establish whether or not:
- Your concerns should be considered under this policy;
 - Your concerns can be allayed satisfactorily without having to invoke a formal investigation;
 - No further investigation is necessary;
 - Your concerns may be resolved by other mechanisms or action e.g. mediation, training or review; or
 - There is sufficient substance behind your concerns to trigger an investigation.
- 12.5 Where there is sufficient evidence behind the concerns to trigger an investigation the concern will:
- be investigated by management or internal audit; or
 - be referred to the police; or
 - be referred to the external auditor; or
 - form the subject of an independent inquiry.
- 12.6 Some concerns may be resolved by action agreed with you without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- Within ten working days of a concern being raised, the person appointed to investigate your concern will contact you (in a way which does not arouse suspicions in your workplace):acknowledging that the concern has been received;
 - indicating how we propose to deal with the matter;
 - giving an estimate of how long it will take to provide a final response;
 - telling you whether any initial enquires have been made;
 - supplying you with information on staff support mechanisms;
 - advising you of your entitlement to seek advice and representation from your trade union representative;
 - telling you whether further investigations will take place and if not, why not, and
 - to agree with you how to proceed if you have chosen to remain anonymous.
- 12.7 The Council will do what it can to minimise any difficulties, which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings the Council will arrange for you to receive advice about the procedure and other appropriate support.
- 12.8 Once the person appointed to investigate your concern has completed their investigations, they will produce a written report which sets out:

- the background to the whistleblowing concern;
- the findings of fact and associated evidence;
- the decision and reasons for the decision; and
- the recommendations and associated action plan, if applicable.

12.9 The Council accepts that you need to be assured that the matter has been properly addressed. Subject to legal constraints and any confidentiality or other issues, we will inform you of the outcome of any investigation.

13 Raising Concerns with an External Party

13.1 This policy is intended to provide you with an avenue within the Council to raise concerns. However there may be situations where you are unsure whether or how to raise a concern or you feel it is inappropriate to raise the concern internally, or unable to do so or following investigations by the Council you are not satisfied with the action taken. In these situations, there are a number of other parties to whom you may turn:

- Public Concern at Work
- Ernst and Youngs - External Auditors
- The Local Government Ombudsman
- Norfolk Constabulary
- Serious Fraud Office
- National Crime Agency (NCA)
- The Health and Safety Executive
- The Environment Agency
- Gt Yarmouth Borough Council Whistleblowing Line

Contact details for all parties are included within **Appendix 1**.

13.2 Before consulting an external party, the Council recommends that the whistleblower seeks independent legal advice (disclosures to a legal advisor is protected by law). The law most readily protects disclosures that are seen to be 'reasonable'. i.e. disclosures that are made within the Council or to an appropriate regulator at an early stage. If the matter is taken outside of the Council, the whistleblower should ensure that they do not disclose information about a third party that may be covered by a duty of confidentiality (e.g. commercially sensitive information or personal, private data). It is recognised that potentially the Public Interest Disclosure Act and the Data Protection Act could have some bearing on disclosures, however one statute does not overrule the other and both must be complied with, and thus each case would need to be considered on its individual merits.

13.3 If you do take the matter outside the Council, you should ensure that you do not to disclose confidential information and ensure that you comply with the requirements of the Public Interest Disclosure Act 1998 so that you do not lose the protection of the Act against dismissal or other detriment. Seek advice from the contact point about this.

RESPONSIBILITY FOR WHISTLEBLOWING

14 The Responsible Officer

14.1 The Monitoring Officer has overall responsibility for the maintenance and operation of this Policy. The Monitoring Officer will maintain a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Council. Other Senior Officers support in the Council support the Monitoring Officer in this role, as set out at **Appendix 1**.

14.2 All concerns raised will be handled in line with the Whistleblowing Procedural Guidance, as covered in this Policy.

15 Responsibility for the Whistleblowing Policy

- 15.1 All concerns raised and the outcomes will be reported to the Audit and Risk Committee by the Monitoring Officer, annually in a form that does not endanger confidentiality. However, if no concerns are raised no report will be provided.
- 15.2 This policy is to be reviewed at least every 3 years (or more frequently if required by changes to statutory legislation), by the Monitoring Officer and the following parties will be consulted prior to finalising and submitting the Policy to Council for subsequent approval:
- Senior Council Officers responsible for receiving whistleblowing concerns
 - Executive Management Team
 - Audit and Risk Committee
- 15.3 On an annual basis, **Appendix 1** of the policy, which provides details of the key parties responsible for whistleblowing, shall be reviewed by the Monitoring Officer, Internal Audit Consortium Manager and Corporate Risk Officer to ensure that details remain relevant and up-to-date. This review will not require re-endorsement of the policy.
- 15.4 The Internal Audit Consortium Manager is responsible for making staff aware of the Policies' requirements through training and publicising initiatives.

Contacts for Whistleblowing

Raising concerns internally

Chief Executive	Sheila Oxtoby Sheila.oxtooby@great-yarmouth.gov.uk 01493 846301
Monitoring Officer	David Johnson David.johnson@norfolk.gov.uk (01603) 223736
Internal Audit	Emma Hodds ehodds@s-norfolk.gov.uk 01508 533791

Raising Concerns Externally

<p>Public Concern at Work - www.pcaw.co.uk</p> <p>For support with how to raise concerns, and action to take in relation to all matters of malpractice and / or wrong doing.</p>	<p>3rd Floor, Bank Chambers 6 – 10 Borough High Street London, SE1 9QQ 020 7404 6609 whistle@pcaw.org.uk</p>
<p>Ernst and Young – External Auditors</p> <p>For issued relating to financial probity and governance.</p>	<p>One Cambridge Business Park Cambridge CB4 0WZ 01223 394400</p>
<p>Norfolk Constabulary</p> <p>www.norfolk.police.uk</p> <p>For all breaches of the law (except as noted below)</p>	<p>Operations and Communications Centre Jubilee House Falconers Chase Wymondham Norfolk, NR18 OWW 0845 456 4567</p>
<p>Serious Fraud Office – www.sfo.gov.uk</p> <p>Fraud and Corruption issues</p>	<p>2-4 Cockspur Street London SW1Y 5BS confidential@sfo.gsi.gov.uk</p>

<p>National Crime Agency For money laundering issues www.nationalcrimeagency.gov.uk</p>	Units 1 - 6 Citadel Place, Tinworth Street, London SE11 5EF 0370 496 7622
<p>The Health and Safety Executive – www.hse.gov.uk</p>	Rosebury Court, 2 nd Floor St Andrews Business Park Norwich Norfolk, NR7 0HS 0845 345 0055
<p>The Environment Agency – www.environment-agency.gov.uk For environmental crimes</p>	National Customer Contact Centre PO Box 544 Rotherham S60 1BY 0800 80 70 60

PUBLIC CONCERN AT WORK

Public Concern at Work (PCaW) is the independent authority on public interest whistleblowing. Established as a charity in 1993 following a series of scandals and disasters, PCaW has played a leading role in putting whistleblowing on the governance agenda and in developing legislation in the UK and abroad. All their work is informed by the free advice they offer to people with whistleblowing dilemmas and the professional support they provide to enlightened organisations.

They have four activities. They:

- offer free, confidential advice to people concerned about crime, danger or wrongdoing at work;
- help organisations to deliver and demonstrate good governance;
- inform public policy; and
- Promote individual responsibility, organisational accountability and the public interest.

They do:

- ✓ advise how to raise concerns
- ✓ explain the public interest
- ✓ separate message from messenger
- ✓ provide an impartial, objective view

They don't

- ✗ duck difficult questions
- ✗ claim we have all the answers
- ✗ litigate or investigate
- ✗ encourage anonymous informing

Whistleblowing dos and don'ts as publicised by Public Concern at Work

Do:

- Keep calm;
- Think about the risks and outcomes before you act
- Remember you are a witness, not a complainant
- Phone us for advice - 020 7404 6609!

Don't:

- Forget there may be an innocent or good explanation
- Become a private detective
- Use a whistleblowing procedure to pursue a personal grievance
- Expect thanks

GUIDANCE FOR EMPLOYEES

HOW TO REACT TO CONCERNS OF INAPPROPRIATE BEHAVIOUR

The action you take when you suspect inappropriate behaviour may have happened, or be about to happen, can be crucial. Inappropriate behaviour is described in the Council's Whistleblowing Policy as:

- Any criminal offence, particularly fraud or corruption
- Disclosures related to a miscarriage of justice
- A failure to comply with a legal obligation
- The endangering of an individual's health and safety
- Unnecessary damage to the environment (for example, by pollution)
- Deliberate concealment of information relating to any of the above.

Following these simple rules should help the Council in carrying out enquiries into any concerns you have.

DO

- ✓ **Make an immediate note of your concerns.**

Note all relevant details, such as what was said in telephone or other conversations, the date, time and the names of any parties involved.

- ✓ **Convey your suspicions to someone with the appropriate authority and experience in accordance with the Council's Whistleblowing Policy.**

- ✓ **Deal with the matter promptly if you feel your concerns are warranted.**

Delay may cause the Council to suffer further financial loss or make further enquiry more difficult.

DON'T

- ✗ **Do nothing.**

- ✗ **Be afraid of raising your concerns.**

You will not suffer any recrimination from the Council as a result of voicing a reasonably held suspicion. The Council will treat the matter sensitively and confidentially, and will take reasonable steps to protect anyone who raises a well intentioned concern.

- ✗ **Approach or accuse any individuals directly.**

- ✗ **Try to investigate the matter yourself.**

There are special rules surrounding the gathering of evidence. Any attempt to gather evidence by people who are unfamiliar with these rules may weaken or destroy any future prosecution should that be thought appropriate.

- ✗ **Convey your suspicions to anyone other than those indicated in the Council's Whistleblowing Policy.**

The Public Interest Disclosure Act 1998 - will protect you from any reprisals as long as you meet the rules set out in the Act. The rules are:

- **You must disclose the information in good faith**
- **You must reasonably believe it to be substantially true**
- **You must not seek any personal gain**

GUIDANCE FOR MANAGERS

HOW TO REACT TO CONCERNS OF INAPPROPRIATE BEHAVIOUR

The action you take when you identify, or are made aware of, suspected inappropriate behaviour can be crucial in determining the success of any subsequent enquiries. Inappropriate behaviour is described in the Council's Whistleblowing Policy as:

- Any criminal offence, particularly fraud or corruption
- Disclosures related to a miscarriage of justice
- A failure to comply with a legal obligation
- The endangering of an individual's health and safety
- Unnecessary damage to the environment (for example, by pollution)
- Deliberate concealment of information relating to any of the above.

Following these simple rules will help to ensure that matters are properly handled.

As a manager you should familiarise yourself with both the Council's Strategy to help fight Fraud and Corruption and its Whistleblowing Policy

DO

✓ **Be responsive to employees' concerns.**

As part of the Council's anti-fraud and corruption culture, you should encourage employees to voice any reasonably held suspicion. As a manager you should treat all employees' concerns seriously and sensitively.

✓ **Note details.**

Get as much information as possible from the employee reporting the suspicion and encourage them to record this in writing. If the employee has made any notes, request access to these

Note any documentary evidence which may exist to support the allegations made, but do not interfere with this evidence in any way.

✓ **Evaluate the allegation objectively**

Before you take the matter further determine whether any suspicions appear to be justified. Be objective when evaluating the issue. Consider the facts as they appear based on information you have to hand.

If in doubt, report your suspicions anyway.

If you consider that no further action is necessary, you should still record your decision and also inform the Head of Internal Audit of the original notification details.

✓ **Advise the appropriate person**

If you feel that a suspicion is justified advise an appropriate officer in accordance with the Council's Whistleblowing Policy

✓ **Deal with the matter promptly if you feel your concerns are warranted.**

Delay may cause the Council to suffer further financial loss or make further enquiry more difficult.

DON'T

✘ Ridicule suspicions raised by employees

The Council cannot operate an effective anti-fraud and corruption culture or Whistleblowing Policy if employees are reluctant to pass on their concerns to management due to fear of ridicule or recrimination.

You need to ensure that all employee concerns are given a fair hearing. You should reassure employees that they will not suffer recrimination by raising any reasonably held suspicion.

✘ Approach or accuse any individuals directly

✘ Convey your suspicions to anyone other than those indicated in the Council's Whistleblowing Policy

✘ Try to investigate the matter yourself

Investigations by employees who are unfamiliar with the requirements of evidence are highly likely to jeopardise a successful outcome. They may also alert the suspect and result in the destruction of evidence.

Your primary responsibility is to report the issue and all associated facts to the appropriate officer, wherever possible.

WHISTLEBLOWING FORM

Please complete this form and email it to:

david.johnson@norfolk.gov.uk
Alternatively this can be sent to:

Monitoring Officer
NP Law, County Hall, Martineau Lane, Norwich, NR1 2DH

Name:
Address or Contact Details:
Best Time to Contact You:

Person Assisting You (e.g. relative, friend, union official)
Address or contact details:
Telephone:

Details of your concern (please continue on a separate sheet if necessary)
--

Signature: _____ Date: _____

Appendix 2



**GREAT
YARMOUTH**
BOROUGH COUNCIL

**ANTI FRAUD, CORRUPTION AND BRIBERY
POLICY**

Author	Corporate Risk Officer
Date	January 2016
Document Status	Final Version 3

GREAT YARMOUTH BOROUGH COUNCIL

ANTI-FRAUD, CORRUPTION AND BRIBERY POLICY

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The Policy will be subject to regular review with any significant variations leading to re-presentation of the Policy.

ANTI-FRAUD, CORRUPTION AND BRIBERY POLICY

INTRODUCTION

1. Why have a Policy?

- 1.1 This policy has been formulated by Great Yarmouth Borough Council to protect itself against fraud, corruption and bribery both within the Borough Council and from outside.
- 1.2 The Council has six key priorities for the Borough, these are:
 - Economic growth
 - Housing
 - Neighbourhoods, Communities and the Environment
 - Tourism, Culture and Heritage
 - Great Yarmouth's Town Centre
 - Transport and Infrastructure
- 1.3 In order to deliver against our priorities, we need to ensure that we minimise losses of fraud, corruption and bribery. For every pound we lose to these activities, there is a pound less we can spend on delivering our priorities. As a public service authority, we have a duty to ensure we promote effective stewardship and value for money in the use of our public funds. Fraud, corruption and bribery reduce the reputation, and confidence, that can be placed in the Council and public services generally.
- 1.4 The Bribery Act 2010 places an expectation that organisations will have appropriate and adequate procedures in place to minimise the risk of bribery occurring. This Policy seeks to reduce this risk, and to outline the Council's anti-bribery approach.

2. Objectives of the Policy

- 2.1 The key objectives of this policy are to:
 - Increase staff and members awareness of the anti fraud culture which the Council actively supports and encourage individuals to promptly report suspicions of fraudulent and corrupt behaviour.
 - Communicate to partners, suppliers, contractors and other organisations that interact with the Council that it expects them to maintain high standards aimed at minimising fraud and corruption in their dealings with the Council.
 - Further embed and support the management of fraud risk within the Council.
 - Demonstrate the arrangements that the Council has in place to counter fraud, corruption and bribery.
 - Minimise the likelihood and extent of losses through fraud and corruption.

3. Statement of Intent / Policy Statement

- 3.1 The Council is determined that the culture and tone of the organisation is one of honesty and opposition to fraud, corruption and bribery.
- 3.2 There is an expectation and requirement that all individuals and organisations associated in whatever capacity with the Council will act with integrity and that Council members and staff, at all levels, will lead by example in these matters.
- 3.3 The Council's staff and elected members are an important element in its stance on fraud, corruption and bribery and are positively encouraged to raise any concerns which they may have on those issues where they are associated with the Council's activity.

They can do this in the knowledge that such concerns will be treated in confidence, properly investigated and fairly dealt with.

4. Definitions and Examples

4.1 For the purpose of this policy, fraud, corruption and bribery are defined as follows:

Fraud '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.'

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

Bribery 'an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.'

4.2 The legal framework for fraud and corruption is defined by a number of acts. Primarily, the Fraud Act 2006 establishes a criminal liability for fraud through either false representation, failing to disclose information or abuse of a position. Section 17 of the Theft Act 1968 creates an offence of destroying, defacing, concealing or falsifying any account, record or document made, or required, for any accounting purpose. The Bribery Act 2010 makes it an offence to attempt to bribe someone, or receive a bribe, where that may result in improper discharge of a public functions.

4.3 Examples of fraud and corruption are:

- Theft of Council property or services
- Evading liability for payment
- False accountancy, including the destruction, concealment or falsification of any account or record, giving misleading, false or deceptive information
- Obtaining property by false pretences
- Misuse of office
- Bribery
- Working while on sick leave
- Falsifying time or mileage sheets, including flex time
- Selling Council equipment inappropriately
- Failure to declare an interest
- Fraudulent tendering process
- Fraudulent property letting
- Accepting any gift or consideration as an inducement for doing or refraining from doing anything in relation to Council business

5. Responsible Officers

5.1 There are many stakeholders who have roles and responsibilities in relation to fraud, corruption and bribery; these are noted throughout the Policy.

5.2 In particular the Interim Head of Finance and Internal Audit Consortium Manager are responsible for reviewing and updating the Anti-Fraud, Corruption and Bribery Policy, along with making staff aware of the Policy's requirements through training and publication initiatives.

- 5.3 Concerns can be raised in confidence with the knowledge that they will be properly addressed, in line with the Whistleblowing Policy. If necessary, a route other than a line manager may be used, as follows:

Chief Executive	Sheila Oxtoby Sheila.oxtoby@great-yarmouth.gov.uk 01493 846301
Monitoring Officer	Chris Skinner Chris.skinner@norfolk.gov.uk
Internal Audit Consortium Manager	Emma Hodds ehodds@s-norfolk.gov.uk 01508 533791

- 5.4 All concerns raised and the outcomes will be reported to the Audit and Risk Committee, by the Interim Head of Finance annually in a form that does not endanger confidentiality. However, if no concerns are raised no report will be provided.
- 5.5 The Policy is to be reviewed at least every 3 years (or more frequently if required by changes to statutory legislation) and the following parties will be consulted prior to finalising and submitting the policy to Council for subsequent approval:
- Senior Council Officers
 - Executive Management Team
 - Audit and Risk Committee
- 5.6 On an annual basis the details of the responsible officers shall be reviewed by the Internal Audit Consortium Manager and Corporate Risk Officer to ensure that details remain relevant and up to date. This review will not require re-endorsement of the policy.

PREVENTION AND DETERRENCE

6. Corporate Framework

- 6.1 The Council has a number of policies, procedures and guidance that are designed to support this policy in countering, and preventing fraud occurring. These policies take account of legislation and expected standards in public life. Such documents include:
- The Codes of Conduct for Members and Employees;
 - The Council Constitution;
 - Disciplinary Procedures;
 - Complaints Procedures;
 - Whistleblowing Policy;
 - Anti-Money Laundering Policy;
 - Register of Interests, Gifts and Hospitality.

7 Cultural Framework

- 7.1 The Council is determined to promote a culture of honesty, integrity and opposition to fraud, corruption and bribery. The prevention and detection of this is the responsibility of all. To deliver this the Council will:
- Accurately identify the risk of fraud
 - Create and maintain a strong counter fraud culture

- Take action to deter, prevent and detect fraud, investigate and apply sanctions and seek redress where fraud is proven
 - Record and report our outcomes to the Audit and Risk Committee
- 7.2 To this end, the Council has adopted the Seven Principles of Public Life (the Nolan Principles) that encourage Council members and officers to operate with selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Further details in respect of the principles are included within the Council's Constitution and Code of Conduct for Members and Employees.
- 7.3 The Council has adopted a Whistleblowing Policy, which encourages employees, members and other parties to raise concerns, in the knowledge that they will not suffer victimisation, or harassment, as a result.
- 7.4 The Council endeavours to be open and transparent in the way that it conducts business and in making decisions. The Council's Constitution outlines the decision making framework within the Council, and demonstrates where functions may be delegated. The Council has published details of all expenditure over £250 on its website, and will endeavour to meet all transparency requirements of Central Government. The Council has policies and procedures to respond to Freedom of Information Act requests.
- 7.5 Both elected members and employees ensure that they avoid situations where there is potential for a conflict of interest. Such situations can arise with externalisation of services, internal tendering, planning and land issues, etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.

8 Members

- 8.1 All Councillors are expected to maintain high standards of Conduct when performing public duties, and in particular to ensure compliance with the Nolan Principles of Standards in Public Life. The Monitoring Officer works with the Standards Committee to monitor standards of conduct and provide advice, guidance and training with both the legal requirements, and the Council's own expectations.
- 8.2 Members are provided with a copy of the Code of Conduct, advice and guidance on the declaration of interests, gifts and hospitality, and protocols on Member / Staff behaviour and involvement in planning and other judicial matters.
- 8.3 The Council's Audit and Risk Committee is responsible for the oversight and production and delivery of this Policy.
- 8.4 The role of all elected members is to:
- Champion and promote the Council's policy and the zero tolerance culture towards fraud, corruption and bribery
 - Raise matters of concern that may come to their attention during their work
 - Review, consider and approve the policy and its performance measures annually
 - Consider the Annual Report of the delivery against the policy's performance measures
 - Encourage the public to report concerns or to pass on concerns raised by the public to the appropriate officer
 - Participate in any reviews, disciplinary meetings or appeals as required.

9 Employees

- 9.1 A successful counter fraud culture is one where acts of fraud, corruption and bribery are widely recognised as unacceptable behaviour and whistleblowing is perceived as a public-spirited action. The Council has put in place a number of policies, procedure and other actions to promote an anti-fraud culture to the Council's officers.
- 9.2 All officers must abide by the Council's Code of Conduct for Employees, which set out the Council's requirement of personal conduct. Professionally qualified officers of the Council are also expected to follow any Code of Conduct of ethics as required by their Professional Institute.
- 9.3 The Chief Executive has overall responsibility for the Council's anti-fraud, corruption and bribery arrangements.
Directors and Senior Managers support the Chief Executive in this role; they are responsible for the prevention and detection of theft, fraud, corruption and other irregularities within their area of responsibility. They are expected to:
- Identify, be familiar with and assess the types of risks and fraud, corruption or bribery that might occur within their area;
 - Promote the Policy, publicity and relevant training of staff and bodies they do business with;
 - Be alert for any indication of fraud, corruption and bribery;
 - Be ready to take appropriate action in a timely way should there be a suspicion of fraud, corruption or bribery.
- 9.4 The Section 151 Officer has a statutory duty to report where a decision has been made that would involve expenditure, or loss, which is unlawful. This officer will also ensure the Council has adequate resources in place for the provision of an Internal Audit Service that is able to provide an annual opinion on the quality of systems of internal control which, in part, informs the Annual Governance Statement. The Interim Head of Finance and Group Manager – Customer Services are responsible for ensuring that Benefit Fraud is reported to DWP for investigation.
- 9.5 The Council also has disciplinary procedures for all categories of employee. Any breach of conduct will be dealt with under these procedures and may result in dismissal.
- 9.6 Officer must comply with the Code of Conduct in respect of the declarations of interests, and in particular must declare any financial or non-financial interests that could conflict with the Council's interests, or could cause your conduct to be questioned.

10 Partner, Suppliers, Contractors and other Organisations that the Council interacts with

- 10.1 The Council expects the highest standards from all organisations that have dealings with it. Any partners, suppliers, contractors and other third parties funded by or in receipt of payments from the Council are required to adopt or abide by Council policies, procedures, protocols, and codes of practice, where appropriate, in order to prevent and detect fraud.
- 10.2 All transactions with suppliers and other organisations will be entered into in line with the Council's Contract Standing Orders. These make appropriate provisions for declaring interests and the circumstances where such regulations may not apply, and rules regarding entering into contracts and verifying contract conditions. Procurement

Procedures require that appropriate due diligence checks are undertaken to ensure that suppliers have an appropriate financial and risk profile before transactions are entered into.

11 Members of the public

- 11.1 Members of the public have an important role to alert the Council to any concerns about the potential for fraud, corruption and bribery that they may become aware of. They are encouraged to report their concerns, either through the Council's complaints procedure or by contacting the officers noted herein.

12. Internal Control environment

- 12.1 The Council's internal control environment plays a key role in ensuring that fraud can be prevented. Soundly designed systems, with adequate checks built in, minimise the opportunities for untoward activities. This could be through automated controls, or through management oversight of transaction activity.
- 12.2 Management retains responsibility for the oversight of the internal control environment within their specific service areas, internal and external inspections additionally play an important role in ensuring that operational arrangements are operating effectively,
- 12.3 Internal Audit prepares a risk based plan each year, with audit reviews separately identifying fraud risks to determine what controls have been put in place to address those risks and review their adequacy and effectiveness. Recommendations will be put forward where improvement is required.
- 12.4 The Council also recognises that a key preventative measure against the possibility of fraud, corruption or bribery is to take effective steps at the recruitment stage to establish, as far as possible, the propriety and integrity of potential employees, this includes temporary and contract staff. Agencies providing temporary staff should be required to confirm references have been obtained and verified.

13. Working with others

- 13.1 Another way in which the Council acts to prevent fraud is to establish and develop the exchange of information with other local or national government agencies on fraud in relation to local authorities (subject to the conditions imposed by the Data Protection Act 1998).

The Council has established links with:

- Norfolk Constabulary
- Association of Local Authority Treasurers' Societies
- Norfolk Financial Officers Association
- Audit Commission
- External Audit – Ernst Young
- Benefits Agency
- Participation in national anti-fraud initiatives for example the National Fraud Initiative (NFI)

- 13.2 External Audit are charged with ensuring that the Council is correctly reporting its arrangements in relation to counter fraud, corruption and bribery and where cases are uncovered involving sums in excess of £10,000 or of a complex nature, these are brought to its attention.

- 13.3 Annually the Internal Audit Consortium Manager also provides a response to the External Auditors; “Internal Audit’s Views on the Risk of Fraud”. This provides information to assist External Auditors in assessing the Council in relation to:
- Knowledge of any actual, suspected or alleged fraud affecting the Authority;
 - Views around the risks of fraud at the Authority;
 - Areas within the Council at greater risk of fraud;
 - Procedures used by Internal Audit to detect fraud; and
 - Management response to any findings as a result of these procedures.
- 13.4 The Council participates, where possible, with exercises specifically developed to ensure that opportunities to identify instances and risks of fraud and corruption are maximised. For example; National Fraud initiative (NFI), utilising data from Housing Benefit Matching Service, Single Person Discount Reviews and being a member of the National Anti Fraud Network (NAFN).

DETECTING AND INVESTIGATING

14 Detecting fraud that has occurred

- 14.1 The Council takes ultimate responsibility for the protection of our finances and those that are administered on behalf of the Government or the Community. In turn Directors and Senior Managers have a duty to protect their service area on a risk assessed basis from losses due to fraud, corruption and bribery and are responsible for implementing proper internal controls and risk management arrangements. However, it is often therefore the alertness of staff, elected members and the public that enables timely detection to occur and appropriate action to take place.
- 14.2 The Council’s staff are an important element in its fight against fraud, corruption and bribery and they are positively encouraged to raise any concerns that they may have. These may relate to the internal activities of the Council, or to its dealings with suppliers or customers.
- 14.3 Despite best efforts some fraudulent activity or corrupt acts will be discovered by chance, “tip off” or via a whistleblowing. The Council has developed appropriate arrangements to enable such matters to be handled through the Whistleblowing Policy. In this regard staff and elected members can raise concerns in the knowledge that they will be treated in confidence and that they will be properly investigated. The Whistleblowing Policy outlines the routes that can be taken to raise a concern other than through a line manager.

15 Investigative Approach

- 15.1 The Council will be robust in dealing with fraud, Directors and Senior Managers are expected to deal swiftly and firmly with those who defraud the Council or are corrupt. Upon notification of an alleged fraud, bribery or corrupt act a Director or Senior Manager will if it is related to Housing Benefit or Council Tax refer it to Benefits Team Leader for potential transfer to DWP (Department of Works and Pensions) for investigation or in all other instances, will:
- contact the Chief Executive or Internal Audit Consortium Manager in the first instance as soon as possible,
 - arrange for the allegation to be investigated, possibly in conjunction with Internal Audit,

- record all the evidence received, and ensure that it is correct, adequately supported and secured,

and where appropriate:

- implement the Council's Disciplinary Procedures,
- liaise with the Police,
- notify the Council's Insurance Officer.
-

Appendix 1 provides the detailed processes that need to be followed.

SANCTIONS AND REDRESS

16 Taking action where necessary

- 16.1 The Council is responsible for the proper administration of its finances. Fraudsters may attack all of these sources of income, expenditure and our valuable assets
- 16.2 Once sufficient evidence has been discovered to substantiate any financial impropriety the responsible Director, or Senior Manager, in conjunction with the Chief Executive and the Section 151 Officer, shall seek to ensure that the Council receives the maximum appropriate sanctions and redress.
- 16.3 In cases of corruption, the police will usually be called in by the Chief Executive and arrangements made for the prosecution of offenders by the Crown Prosecution Services (CPS).
- 16.4 The Council will seek the strongest available sanctions against staff who commit fraud against the Council, its clients or the public purse. This will include disciplinary action, prosecution and civil proceedings (including seeking the recovery of pension entitlements). Employees found guilty of gross misconduct at disciplinary for offences of fraud, theft or serious financial malpractice, using their position for personal gain, or for the gain of others will be subject to dismissal. This applies to employees who improperly benefit from the Council as a corporate body and not just those who steal funds from their own unit. It also applies to employers who defraud or steal from the Council's clients. We will also take disciplinary action against staff who commit fraud against other Local Authorities or any other agency administering public funds.
- 16.5 Allegations of fraud and corruption made against elected Members will be fully investigated in accordance with the provisions of the Local Government Act 2000 and any subsequent statute or codes of practice.
- 16.6 The Council will seek the strongest available sanctions against any supplier or contractor's staff who commit fraud against the Council or who commit fraud against the public purse
- 16.7 The use of sanctions will be governed by the following principles which shall apply equally to any fraud against the Council or against funds for which the Council has responsibility.
The objectives are:
- To ensure that the Council applies a full range of sanctions in a fair and consistent manner.
 - To ensure that sanctions are applied in an effective and cost efficient manner.
 - To ensure that the sanction decision making process is stringent, robust, transparent and fair.

- 16.8 These principles are designed to provide a framework within which to ensure the most appropriate resolution to a case is reached. The sanction decision will have regard at all times to the Council's disciplinary policy and anti-fraud policy objectives, the individual circumstances of each person concerned and the overall impact of the punishment to both the individual and the community. A range of sanctions is available to the Council. These include disciplinary action, civil proceedings, criminal proceedings, official cautions and administrative penalties.
- 16.9 Where a financial loss has been identified, we will always seek to recover this loss either through the civil or criminal process. We will also seek recovery of losses from pension entitlements where appropriate. Fraud committed by officers will also be considered for criminal prosecution. The factors that will affect our decision to refer for prosecution will be based on the evidential and the public interest test. We will seek prosecution in all cases involving theft from vulnerable clients or where there is evidence of corruption of public officials.

Appendix 1

Investigative Approach

1. Introduction

- 1.1 The purpose of the Council's Anti-Fraud, Corruption and Bribery Investigative Approach is to set out the action to be taken when a fraud is suspected or discovered. This plan forms part of the Council's overall approach to countering fraud and corruption.
- 1.2 Adhering to this will enable the Council to ensure that all incidents of fraud, corruption and bribery are handled in a consistent and responsible manner and the relevant responsibilities when responding to an incident are clear.

2. Reporting Concerns of Fraud, Corruption and Bribery

- 2.1 Anyone who has a concern that a potential incident of fraud, corruption or bribery has arisen should always attempt to raise these concerns at the earliest opportunity. The Council acknowledges that this can be a difficult and challenging act to do in some cases, and the Whistleblowing Policy has been established to provide those raising concerns with a safe avenue with which to do so. It also offers sources of advice and guidance that they may turn to.
- 2.2 The Whistleblowing Policy makes clear that the Council will always respect the confidentiality of those who raise a concern. Wherever possible, it encourages the whistleblower not to remain anonymous, and ensure that concerns are in writing to ensure that the facts of the situation are clarified.
- 2.3 Wherever the concern raised or identified relates to a matter of fraud, corruption and bribery (that is not housing and council tax benefits fraud), it is important to ensure that the Internal Audit Consortium Manager is notified in order that they can ensure appropriate investigatory measures are undertaken. Wherever possible, and whilst respecting confidentiality, the Internal Audit Consortium Manager will work with other officers to ensure that the right people are kept informed of incidents; in particular, they may need to notify the Section 151 Officer and members of the Executive Management Team. The Monitoring Officer and the Internal Audit Consortium Manager should liaise to ensure that cases raised in respect of whistleblowing are appropriately addressed, and to ensure the Internal Audit Consortium Manager is aware of all issues that may impact upon delivery of the Annual Internal Audit Plan.

3. Reacting to reports of fraud, corruption and bribery

- 3.1 All reported cases must be handled in a fair and consistent manner. The Council will remain mindful of the legislative framework governing the investigation of concerns, in particular:
 - Freedom of Information Act 2000
 - Data Protection Act 1998
 - Human Rights Act 1998
 - Criminal Procedures and Investigations Act 1996
 - Police and Criminal Evidence Act 1984

- 3.2 As the whistleblowing policy identifies, if someone raises a malicious allegation they know is untrue, then the Council will not investigate the case further. The Council will also endeavour to be sensitive to the alleged wrongdoers, to ensure minimisation of damage where subsequently, allegations cannot be substantiated.
- 3.3 Any investigations which involve potential fraud in relation to housing and council tax benefits will be passed to DWP (Department of Works and Pensions) for investigation as per their procedures and processes. As such, the processes for the conduct of investigation set out below only relate to cases that are not of a benefits fraud nature.

4. Conducting Investigations

- 4.1 The Internal Audit Consortium Manager is responsible for overseeing the progress of fraud, corruption and bribery investigations to ensure they are undertaken in a consistent and appropriate manner, and undertaken in line with legislative requirements and agreed procedures. If the concern directly affects the Internal Audit Consortium Manager, this role will be adopted by the Section 151 Officer.
- 4.2 The Internal Audit Consortium Manager will also remain responsible for liaising with Directors and Senior Managers as to the incident raised and the progression of the investigation. Should disputes arise during the course of an investigation, these will be referred to the Section 151 Officer (and, if necessary, the Chief Executive) to assist resolution.
- 4.3 A number of options will be considered when determining who will be responsible for undertaking investigative work but for the most part, the Internal Audit Consortium Manager will be called upon to perform this work, unless the investigation directly affects an officer within that team, or it is deemed that additional expertise is required to undertake the review. If necessary, external investigators (e.g. forensic auditors) may be appointed to undertake the investigation.
- 4.4 At the commencement of any investigation, the Internal Audit Consortium Manager will agree the method and terms of reference for the investigation. Although it is acknowledged that flexibility will be required depending on the nature of the case, it is expected that the following will need to be considered:
- Who will conduct the investigation
 - The arrangements for collecting and documenting evidence
 - Estimated time span for the investigation
 - Consideration of direct referral to / liaison with other authorities e.g. police
 - Agreeing the mechanism for reporting progress and the final outcomes
 - Liaison with Human Resources Manager over potential suspensions / transfer / disciplinary action with regards to alleged wrongdoings
- 4.5 Where it is deemed necessary to refer cases to the police, careful consideration will be given as to whether to proceed with internal investigation. However, it is expected that all staff, members and third parties will be expected to comply with both internal and police investigations as appropriate, and wherever possible Council and police enquiries will be co-ordinated to maximise their effectiveness.

- 4.6 Upon completion of any investigation, it is expected that a report will be produced highlighting the main findings. The report will be shared with the Internal Audit Consortium Manager, who will then be responsible for identifying the further necessary action in line with other appropriate officers (e.g. liaison with the Human Resources if disciplinary action is required, or referral to the Section 151 Officer where inappropriate spending has been identified). Where it has been found that fraud or corruption has occurred, then a summary of the findings will be presented to the Executive Management Team. Where fraud or corruption could not be proven, the findings will only be shared with those who have a genuine and legitimate need to know.
- 4.7 The Internal Audit Consortium Manager will also keep the person raising the concern informed of the progress of the investigation, however will not necessarily be able to share either the report or the conclusions of the investigation. Where this relates to a whistleblowing case, the Internal Audit Consortium Manager will continue to work with the Monitoring Officer in this regard.
- 4.8 It is the responsibility of management to ensure that any losses arising from an investigation are recovered, provided that there are reasonable grounds for doing so. There are various methods of recovery the Council can utilise, for example recovery from the perpetrator, through the Council's insurers, or through legal proceedings.

5. General Processes

- 5.1 This Investigative Approach will be available to staff and members through the Council's intranet. It is acknowledged that circumstances may dictate further updates to the plan, and as such any changes can be made subject to agreement between the Section 151 Officer, Internal Audit Consortium Manager and Human Resources Manager.
- 5.2 The Internal Audit Consortium Manager will remain responsible for ensuring that records in respect of fraud cases are appropriately maintained, and, in line with guidance issued by The National Archives, records relating to proven frauds will be maintained for at least 6 years.

Appendix 2

Corporate Counter Fraud Awareness Action Plan

Aim	Actions	Outcome
<p>In the short term to maintain a specialist fraud investigative team and to investigate the future provision for fraud in light of the Single Fraud Investigation Service</p>	<p>We have a dedicated Senior Investigations and Enforcement Officer working to counter fraud on a daily basis.</p> <p>All audit staff are trained to prevent and detect fraud, as part of their professional studies.</p> <p>Investigate the future provisions that are available for the Corporate fraud provision.</p>	<p>Targeted, consistent fraud resources, to identify, professionally investigate and deter fraud.</p>
<p>To measure exposure to fraud risk and address fraud risks identified.</p>	<p>There is a corporate risk register and relevant fraud risks are recorded therein.</p> <p>There is also national data available through the National Fraud Initiative which is analysed periodically, data from the Housing Benefit Matching Service, information from National Anti Fraud Network and information sharing with External Audit.</p>	<p>A record of potential fraud risks and a record of these are mitigated and monitored.</p>
<p>To undertake validation / verification checks on areas at risk of fraud.</p>	<p>These are identified as part of the annual audit planning process and also during each audit. These will be tested to gain assurance that fraud risks are appropriately mitigated.</p>	<p>A Council that is pro-active in mitigating the risk of fraud.</p>
<p>To increase internal fraud awareness</p>	<p>We will increase the awareness of fraud among employees through:</p> <ul style="list-style-type: none"> • Targeted fraud awareness training for key teams and staff in high fraud risks areas; • General fraud training for all staff and members; • Consideration of other publicity methods i.e. counter fraud item in 	<p>A counter fraud and corruption culture.</p> <p>Staff are alert to the risk, and indicators, of fraud.</p> <p>Staff know when and how to report fraud concerns.</p> <p>Fraudsters are deterred from committing fraud.</p>

	<p>Council's magazine, counter fraud newsletter, counter fraud pages on the Intranet.</p> <ul style="list-style-type: none">• Regular promotion of the Whistleblowing Policy and ways staff can report concerns;• This Strategy and the Whistleblowing Policy being accessible to staff through the Intranet.	
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Appendix 3



ANTI MONEY LAUNDERING POLICY

Author	Corporate Risk Officer
Date	January 2016
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GREAT YARMOUTH BROUGH COUNCIL

ANTI MONEY LAUNDERING POLICY

Contents

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HOW THE COUNCIL WILL RESPONSE

6. The Council's response
7. The Money Laundering Reporting Officer
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11. Further Information
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Appendix 1 - How the Council may be exposed to Money Laundering

1. Guidelines to staff and members on concerns and suspicions
2. The types of activities that may be affected

Appendix 2

- Money Laundering Report Form
- Money Laundering Disclosure Form – to be completed by the Money Laundering Reporting Officer
- Customer Due Diligence Form – Private Individual
- Customer Due Diligence Form - Business

INTRODUCTION

Context

- 1.1 This Policy, and the accompanying procedures and reporting forms, represents an important part of the Council's approach to dealing with the risk of fraud and corruption. This Policy seeks to complement the Anti Fraud, Corruption and Bribery Policy and Whistleblowing Policy and contribute to the overall framework of Corporate Governance established to ensure that the Council is well managed and fulfils its statutory and regulatory duties in a proper and responsible manner.

Purpose and Rationale

- 1.2 The risks to the Council of contravening money laundering legislation are relatively low and some aspects of the legal and regulatory requirements do not apply to public authorities. However, it is recognised that the Council is not completely immune from the risks surrounding money laundering. The purpose of the Anti Money Laundering Policy is to clearly demonstrate that the Council embraces the underlying principles of money laundering legislation and is taking reasonable steps to minimise the likelihood of such activities occurring, by developing a suitable framework of arrangements to safeguard itself against action of this nature, whilst making satisfactory provisions to achieve compliance to legal and regulatory requirements, where appropriate.

Scope of the Policy

- 1.3 This Policy applies to all employees of the Council and aims to prevent criminal activity through money laundering. It is extremely important that all members and employees are familiar with their legal responsibilities and are vigilant at all times. Serious criminal sanctions may be imposed for breaches of the legislation. The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO).
- 1.4 Failure by any employee to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.

What is Money Laundering?

- 4.1 Money laundering is a term designed to cover a number of offences. These offences relate to the improper handling of funds that are the proceeds of criminal acts, or terrorist acts, so that they appear to come from a legitimate source. It relates to both the activities of organised crime but also to those who benefit financially from dishonest activities such as receiving stolen

goods. The Proceeds of Crime act 2002 (POCA), as amended by the Serious Organised Crime and Police Act 2005, creates a range of criminal offences arising from dealing with proceeds of crime. The four main offences that may be committed under money laundering legislation are:

- Concealing, disguising, converting, transferring or removing criminal property from anywhere within the UK;
- Entering onto or becoming concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
- Acquiring, using or possessing criminal property;
- Doing something that might prejudice an investigation – for example, falsifying a document;

There are also two ‘third party’ offences:

- Failing to disclose information relating to any of the above money laundering offences; and,
- “Tipping off” – informing someone who is, or is suspected of being involved in money laundering activities, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation.

These money laundering offences may be committed by an organisation or by individuals working for an organisation.

- 1.2 “Criminal Property” has a relatively broad definition in money laundering legislation and no financial ceiling has been specified above which organisations are obliged to take action when money laundering activities are suspected. Benefiting from ‘criminal property’ can work on two levels, an individual benefiting financially from the proceeds of a crime they have committed themselves, or an individual benefiting from the proceeds of a crime/dishonest activities perpetrated by someone else. No matter how large or small the sum of money involved in these dishonest activities, the full weight of the money laundering legislation and regulations will apply regardless of the financial sums identified.

The legal and regulatory framework and the obligations that it places on the Council

- 1.3 The main laws and regulations which set out the money laundering regulations are:

- The Proceeds of Crime Act 2002 (amended by the Serious Organised Crime and Police Act 2005 and further amended by the Serious Crime Act 2015)
 - The Terrorism Act 2000 (amended by the Anti-Terrorism and Security Act 2001 and Terrorism Act 2006 and further amended by the Money Laundering Regulations 2007)
 - The Money Laundering Regulations 2015 (which supersede the money laundering regulations 2007 and 2012)
- 1.4 The Terrorism Act 2000 makes it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism or resulting from acts of terrorism. Under the Terrorism Act 2000, all individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment.
- 1.5 The 2012 Money Laundering Regulations establish that as long as businesses are not operating within the “regulated sector”, then the offences of failing to disclose suspicions of money laundering, and tipping off, do not apply. The list of businesses within the regulated sector does not include local authorities, and as such these offences do not apply to the Council. Furthermore, the 2003 Money Laundering Regulations, which preceded the 2012 regulations, made organisations responsible for undertaking “relevant business” to have appropriate systems in place for the reporting of money laundering, staff training, and identifying and keeping records of money laundering
- 1.6 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued 2 sets of guidance on how legal and regulatory provisions impact on public authorities. CIPFA has confirmed that local authorities were not a “relevant business” in terms of the 2003 Money Laundering Regulations and are therefore not required to have systems in place to identify record and report money laundering.
- 1.7 However, CIPFA has also advised that ‘it is prudent and responsible practice for public service organisations, including those outside the scope of the regulations, to put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements, designed to enable them to detect and avoid involvement in the crimes described in the legislation and regulations.’ There could also be a “substantial reputational risk for an authority which does not have such procedures in place”.
- 1.8 This Policy and the working practices aligned to it have been designed to address the risk the Council may face if it does not properly address the

potential for money laundering. As a responsible authority, we need to be mindful that a money laundering offence could be committed by an employee, or the Council could be a victim of such an offence.

6 THE COUNCIL'S RESPONSE

6.1 The Council is responsible to undertake the following:

- Appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from Members or employees of money laundering activity (their own or anyone else's)
- Implement a procedure to enable the reporting of suspicions of money laundering
- Maintain client identification procedures (see section 7.0) in certain circumstances and
- Maintain records

7 The Money Laundering Reporting Officer

7.1 The Council has nominated the Chief Executive as the Money Laundering Reporting Officer (MLRO); in their absence, the Internal Audit Consortium Manager acts as the Deputy Money Laundering Reporting Officer. Their contact details are as follows:

Chief Executive Officer
Manager
Town Hall
Hall Plain
Great Yarmouth
Norfolk
NR30 2QF

Internal Audit Consortium
South Norfolk House
Swan Lane
Long Stratton
Norfolk
NR15 2XE

Sheila.oxtooby@great-yarmouth.gov.uk

Ehodds@s-norfolk.gov.uk

8 Reporting to the Money Laundering Reporting Officer (MLRO)

8.1 The primary duty of any employee, member or third party under this Policy is to ensure that any suspicions or concerns that money laundering has occurred, or is likely to occur, should be reported to the MLRO as soon as the suspicion arises. The disclosure should be within 'hours' of a suspicious activity coming to an individual officer's attention, rather than several days or weeks later.

Delays or failure to report may leave you personally liable to prosecution.

- 8.2 To support the above process, **Appendix 1** provides information on the types of activities where the Council may be subject to money laundering offences and guidance to staff on situations where money laundering activities could occur.
- 8.3 All available information needs to be given to the MLRO to enable them to make an informed judgement as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable them to prepare a report to the National Crime Agency (NCA) NCA, for example:
- Full details of the people involved (including yourself, if relevant) e.g. name, date of birth, address, company names, directorships, phone numbers etc,
 - Full details of the nature of their / your involvement
 - The types of money laundering activity involved. (The MLRO can help identify this)
 - The dates of such activity, including whether the transactions have happened, are ongoing or are imminent
 - Where they took place
 - How they were undertaken
 - The (likely) amount of money / assets
- 8.4 Suspicions can be raised through direct contact with the MLRO; however it is preferable to use the reporting form which has been developed at **Appendix 2**, and e-mail / post the completed form to the MLRO.
- 8.5 The employee, member or third party should not make any further enquiries into the matter themselves and any further action must be with the approval of the MLRO. Those who have raised a concern should ensure that they do not then voice their suspicions to the suspect or tell them that you have reported the transaction. Otherwise you may commit a criminal offence of ‘tipping off’ which carries a maximum penalty of 5 years imprisonment and unlimited fine.
- 8.6 Upon receipt of a disclosure report the MLRO must acknowledge receipt and confirm the timescale within which they expect to respond.
- 8.7 The MLRO is required to promptly evaluate any concerns/disclosures raised and determine whether they require further investigation and hence referral to the NCA, using the reporting forms included at **Appendix 2**. The MLRO should not undertake investigation of any concerns themselves. Where legal professional privilege may apply, the MLRO must liaise with the Solicitor of the Council to determine the further action to be taken.

- 8.8 Where money laundering is suspected the MLRO will report to NCA, by making Suspicious Activity report and also notify the Internal Audit Consortium Manager, Interim Head of Finance and the Monitoring Officer.
- 8.9 In some cases, it may be necessary to seek approval from NCA before the Council can undertake any further activity in respect of the transaction. Where the MLRO has made such a referral to NCA, they will notify the person raising the concern, and again inform the individual when NCA has provided permission for the transaction to proceed.
- 8.10 If a request for consent has been made to NCA, no action should occur for a period of 7 days or until NCA gives consent. If this results in a transaction having to be deferred or delayed, it should be carefully handled to ensure that the customer is not tipped off as to the money laundering concern.
- 8.11 After 7 days, if NCA does not notify otherwise, they are deemed to have given consent to the transaction. If NCA 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 we have not heard anything, NCA is deemed to have consented to the request and the Council can proceed.
- 8.12 The MLRO should retain the details of any referrals made, including correspondence with the necessary bodies, using the forms included in **Appendix 2**. All information should be retained for a minimum of 6 years.
- 8.13 To ensure the Council minimises the risk of tipping off, 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.

9 Customer Due Diligence

- 9.1 The Council does undertake activities that may be considered, under the Money Laundering Regulations, to be regulated, however it does not undertake these activities by way of business, and therefore would not normally be expected to undertake due diligence in respect of any clients to whom it provides these services. The types of activities that are regulated are:
- Credit and Financial institution,
 - Legal, Auditors, Accountants and Tax Advisers,
 - Trust of Company service providers
 - Estate Agents
 - Casinos,
 - High value dealers i.e. dealing in goods of any description whenever a transaction involves accepting a total cash payment of more than €15,000.

- 9.2 However, it is good practice that wherever the Council does enter into such activities with a third party then due diligence checks should be actioned before the establishment of a relationship/transaction with the third party. Anyone entering into such transactions should refer these to the MLRO to undertake due diligence checks.
- 9.3 Undertaking customer due diligence checks can take a number of forms. HM Revenues and Customs has issued “core guidance” in this area. Consideration should be given to taking one or more of the following, where applicable:
- Confirming the identity of the client via documentation, data or information obtained from a reliable and independent source, e.g. passport, and/or position within an organisation, where appropriate.
 - Obtaining confirmation from Companies House as to the registration details of the Company and details of the Company business.
 - Seeking electronic verification, e.g. performing credit checks.
 - Obtaining confirmation to regulated industries bodies (e.g. in the case of accountants, checking to CCAB certified bodies).
 - Requesting copies of financial statements.
 - Requesting details of interests and beneficial ownerships – with reference to the latter this is any individual who holds more than 25% of the shares, voting rights or interest in a company, partnership or trust.
 - Obtaining information on the purpose and intended nature of the business relationship.
- 9.4 Examples of other available internal information that may be considered relevant are:
- 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
- 9.4 Any checks undertaken should remain proportionate to the risks of the individual business and the relationship. Additional checking may need to be performed if the person is not physically present to be identified, or they are politically exposed, by virtue of holding a prominent public function. Details of such checks should be recorded on the reporting forms in **Appendix 2** and retained for a minimum of 6 years, with an electronic copy of every customer due diligence record being retained by the MLRO to meet the requirements of the regulations and in case of inspection by the relevant supervising body.
- 9.5 There is also now an ongoing legal obligation to check the identity of existing clients and the nature and purpose of the business relationship with them at appropriate times. One option to review these matters might be to do so as part of the ongoing monitoring of the business arrangements, as is usually provided for in the Terms of Business Letter, Service Level Agreement or other written record, as well as scrutinising transactions as they occur, paying

particular attention to complex or unusually large transactions, unusual patterns of transactions and/or unexpected transactions, etc.

- 9.6 Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:
- There is actual or suspected money laundering taking place; or
 - There are reasonable grounds to know or suspect that is the case and
 - Whether they need to seek consent from NCANCA for a particular transaction to proceed.
 - Where the MLRO concludes a referral is needed then they must disclose the matter as soon as possible to the NCANCA

- 9.7 Where the MLRO suspects either:
- Money laundering but has reasonable excuse for nondisclosure: or
 - Concludes that there are no reasonable grounds to suspect money laundering:

They must note the report accordingly and give immediate consent for any ongoing or imminent transactions to proceed.

- 9.8 Where money laundering is suspected the MLRO will report to NCA, by making Suspicious Activity report and also notify the Internal Audit Consortium Manager, Interim Head of Finance and the Monitoring Officer.

10 Training

- 10.1 The Council will take appropriate measures to ensure that all employees are made aware of the law relating to money laundering and will arrange targeted, ongoing training to key individuals most likely to be affected by the legislation.

11 Further Information

- 11.1 Further information can be obtained from the MLRO and the following sources:

- www.nationalcrimeagency.gov.uk – website of the National Crime Agency
- HMRC.gov.uk
- Anti Money Laundering (Proceeds of Crime and Terrorism) – Second Interim Guidance for Accountants, published by CCAB www.ccab.org.uk
- Money Laundering Guidance at www.lawsociety.org.uk
- The Money Laundering Regulations 2012 at: <http://www.hm-treasury.gov.uk>

12 Review of the Policy

12.1 The Policy will be reviewed at least every 3 years, by the Money Laundering Reporting Officer and Internal Audit Consortium Manager (or more frequently if required by changes to statutory legislation) and approved by Council. Subsequent to any approval, the following parties shall be consulted:

- Senior Council Officers responsible for receiving suspicions of money laundering activities
- The Council's Executive Management Team
- Audit and Risk Committee

12.2 On an annual basis, Section 6 of the Policy, which provides details of the key parties responsible for money laundering reporting activities, shall be reviewed by the Money Laundering Reporting Officer, the Internal Audit Consortium Manager and Corporate Risk Officer to ensure that details remain relevant and up-to-date. This review will not require re-endorsement of the Policy.

How the Council may be exposed to Money Laundering

1 Guidelines to staff and members on concerns or suspicions

It is anticipated that the most likely scenario in which a money laundering issue may arise is where officers unwittingly become concerned or involved in an arrangement which we know or suspect enables criminal property to be retained or acquired by a third party.

- 1.1 If you do have any suspicions or concerns about an individual or transaction then it is always better to raise those concerns appropriately. If necessary, you may wish to use the Council's Whistleblowing Policy for further support and guidance on how to raise a concern. Conversely, if in doubt, seek advice from the MLRO.
- 1.2 Although some offences and suspicions may be fairly apparent, some can be more difficult to identify. The simple guidance is to be vigilant, and not be afraid to question something if you don't think looks right. If you think something looks suspicious, then the probability is someone else may also think the same. It is better for the Council to be safe when handling public money – it would not reflect well on the Council's reputation if it was found we had taken monies that were obtained through theft, drug trafficking, terrorism, etc.
- 1.3 It is recognised that a lot of the Council's activities are sensitive in nature, and in cases what, to some people, may be suspicious or concerning behaviour, from a money laundering perspective may not necessarily be in line with the activity occurring. However, people should always be mindful of genuine concern and suspicion.

2 The types of activities that may be affected

- 2.1 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)

	<ul style="list-style-type: none"> • 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 in 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 reasons
Payments of substantial sums by cash	<ul style="list-style-type: none"> • Large debt arrears paid in cash • Refunding overpayments • Deposits / payments for property
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 • 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 over-complicated 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 dealing with several different parties

MONEY LAUNDERING REPORT FORM

Employee Details

Name _____

Department / Section _____

Date Reported _____

Contact details _____

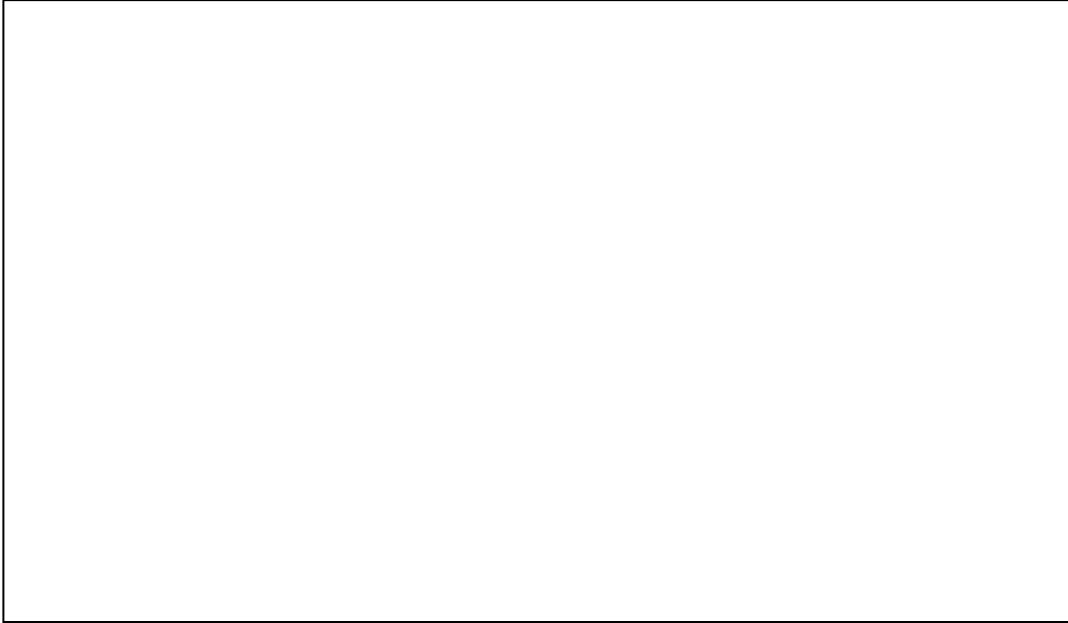
Offence Details

Identities of the person(s) / company (s) subject to the enquiry

Address and contact details of the subject

Nature and details of the activity – please include whether this has already occurred or is likely to occur, where / when this occurred and how it arose – please continue on another sheet if necessary. Please include details of all transactions.

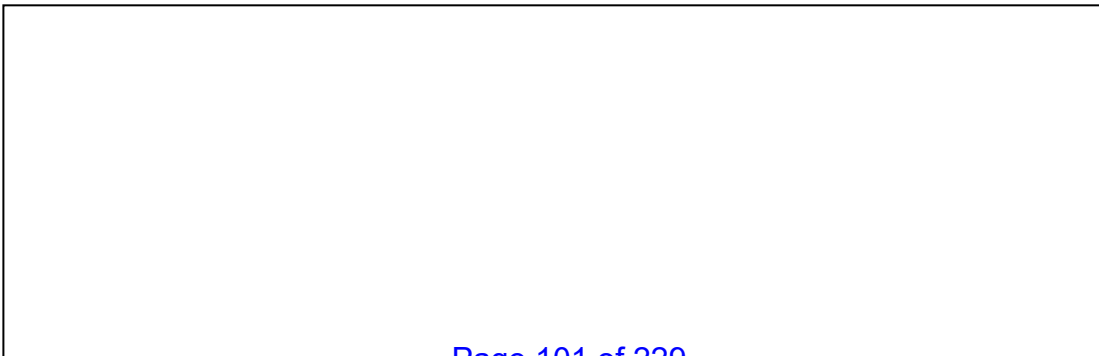
Investigations – has any investigation already occurred? If so, please detail below



Discussions – have you discussed your suspicions with anyone – including any advisory bodies



Disclosure – is there any reason why you believe this should not be disclosed to NCA?



Further Information – if there is any further information you believe to be relevant, please include here:

Signed _____

Date _____

This form should now be passed directly to the Money Laundering Reporting Officer

**MONEY LAUNDERING DISCLOSURE FORM – TO BE COMPLETED BY
THE MONEY LAUNDERING REPORTING OFFICER**

Date of Report being made _____

Subject of investigation

Will this matter be reported to NCA? _____

Date of report to NCA _____

If this is not being reported, why not?

Officer referring customer _____

Contact details for officer _____

Is consent required from NCA for transaction to occur? Yes / No

If so:

Contact details of NCA liaison

Has consent been received within 7 days? Yes / No

After 7 days, has notification been given to employee? Yes / No

Has consent been denied by NCA? Yes / No

After moratorium, has notification been given to employee? Yes / No

Can the Council Proceed with the Transaction? Yes / No

Signed _____

Name _____

Date _____

**CUSTOMER DUE DILIGENCE FORM – PRIVATE INDIVIDUAL
TO BE COMPLETED BY THE MONEY LAUNDERING REPORTING OFFICER**

Officer referring customer _____

Contact details for officer _____

Name of individual _____

Address

Date of Birth _____

Telephone number _____

E-mail address _____

Summary of Transactions and role of the individual

Evidence of Identity obtained: (photocopies of all evidence should be attached to this form)

Face to Face Contact? Yes / No

Is the Client Politically Exposed? Yes / No

Is the transaction by nature high risk? Yes / No

Is further enhanced verification required (if yes to any of the above three questions, enhanced verification is required): Yes / No

If enhanced verification required, please detail all checks performed:

Can the Council proceed with the transaction? Yes / No

Signed _____

Date _____

**CUSTOMER DUE DILIGENCE FORM – BUSINESS
TO BE COMPLETED BY THE MONEY LAUNDERING REPORTING OFFICER**

Officer referring customer _____

Contact details for officer _____

Name of business _____

Purpose of business _____

Companies House Registration Number _____

Registered business address

Telephone number _____

E-mail address _____

Type of organisation (PLC, LLC, Sole trader etc) _____

Who are the Companies Directors – are there any beneficial owners (i.e. any person / company who owns more than 25% of the company in question)

Date of first contact with Company _____

Nature of transaction with company

Please attach details of all checks undertaken to verify the evidence of this company.

Can the Council proceed with the transaction? Yes / No

Signed _____

Date _____

Subject: Risk Management Framework

Report to: Audit and Risk Committee

Report by: Corporate Risk Officer

SUBJECT MATTER / RECOMMENDATIONS

To approve the revised Risk Management Framework as set out in the attached document

1. INTRODUCTION / BACKGROUND

1.1 The Council has been working to codify how it works in relationship to risk. To enable Members and officers to understand their roles and the place risk has in the organisation the attached Risk Management Framework was drawn up.

1.2 The Framework is required to be revised on an annual basis. Attached to this report is the revised Risk Management Framework for approval by the Audit and Risk Committee.

FINANCIAL IMPLICATIONS

This Framework seeks to identify the way in which Great Yarmouth Borough Council handles risk.

LEGAL IMPLICATIONS

None

EXECUTIVE BOARD OR DIRECTOR CONSULTATION:

EMT consulted

Does this report raise any legal, financial, sustainability, equality, crime or disorder or human rights issues and, if so, have they been considered.	Issues	
	Legal	No
	Financial	See above
	Risk	See body of report
	Sustainability	No
	Equality	No
	Crime and Disorder	No
	Human Rights	No
	Every Child Matters	No



GREAT YARMOUTH
BOROUGH COUNCIL

RISK
MANAGEMENT
FRAMEWORK

Date of Policy:	January 2016
Author:	Corporate Risk Officer
Document Status	Final Version
Next Review Date:	December 2016

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RISK MANAGEMENT POLICY AND STRATEGY

Policy

- 1.1 We define risk as something that might have a detrimental impact on the achievement of the Council's objectives, reputation, or service delivery.
- 1.2 The appraisal and management of risk will be part of our business planning, project management and change management process.
- 1.3 We will use risk management to promote innovation as well as to help secure our objectives.

Organisation

- 2.1 This risk management strategy will be subject to endorsement by the Audit and Risk Committee.
- 2.2 The Interim Head of Finance is responsible for risk management. The Executive Management Team (EMT) will support the Interim Head of Finance in assessing risks likely to have a significant impact on the achievement of the Council's objectives. The EMT is responsible for the development of advice and guidance on risk management matters.
- 2.3 Directors will implement risk management within their services and ensure that;
 - risk is a standard agenda item on all directorate meetings to identify any emerging risk and changes.
 - managers carry out risk assessments as a routine part of service planning and management activities.
 - The Interim Head of Finance is notified of any significant changes in service provision likely to arise if a risk materialises to enable him/her to ensure that appropriate and adequate insurance measures are in place.
 - The Interim Head of Finance is informed if financing measures are needed to be put in place.
 - a risk aware culture is built across the department.
 - key risks to service objectives, project, partnership and change management process under their control are identified, recorded and managed.
 - those risks having a corporate impact are reported for consideration for inclusion in the Corporate Risk Register.

- 2.4 The Interim Head of Finance is responsible for coordinating the Council's approach to risk management. The Corporate Risk Officer sits within the Finance team and is responsible for monitoring the implementation and effectiveness of this risk management strategy and for reviewing compliance with controls introduced by EMT to manage risks.
- 2.5 The Audit and Risk Committee is responsible for reviewing the effectiveness of the systems and processes in place for managing risk.

Arrangements

- 3.1 Reports to Cabinet will include an appraisal of risk.
- 3.2 Corporate risks will be identified and:
 - assessed for likelihood and impact
 - mitigating controls identified
 - allocated responsible officers for the mitigating controls
 - cost implications of controls will be considered
- 3.3 Risk Management training will be provided to EMT and senior managers with the aim of ensuring that they have the skills necessary to identify, appraise and control the risks associated with the services they provide. Councillors will receive training on risk so that they can consider the implications of risk in their work for the Council.
- 3.4 Every partnership, project team or change management team will appraise strategic and operational risks and make provision for dealing with those risks.
- 3.5 This strategy will be communicated to Councillors and staff and will be reviewed annually by the EMT.

1. Introduction

The fundamental principles adopted by the Council on Risk Management are described in the policy and strategy statement on Risk Management (page 3).

Adopting and implementing the framework detailed below will achieve compliance with the policy and strategy.

2. Background

All organisations face a wide variety of risks including physical risks to people or property, financial loss, failure of service delivery, information management and damage to the organisation's reputation. Risk for this purpose is defined as "the chance of an event happening and leading to unintended effects which will impair the organisation's ability to achieve its objectives".

Good risk management is a key tool in assisting the organisation to manage uncertainty in order to enable the organisation to better achieve the outcome of its objectives. Risk management is intended to be a planned and systematic approach to the identification, assessment and management of the risks facing the organisation. It is essential that steps are taken to effectively manage those risks. Risk management supports innovative solutions as it carefully considers benefits, alongside the risks, that may occur.

The traditional means of protecting against the more obvious risks has been through insurance. However, there are many risks which cannot be insured against and which must be addressed in different ways. Even in the case of those risks which are insurable, action can be taken to reduce the potential risks with consequent savings of premiums and disruption of work.

The risk management framework aims to:-

- Clarify responsibilities for identifying and managing risks
- Ensure that an appropriate level of risk management is consistently applied across the Council
- Increase awareness and use of risk management as a normal element of service management and improvement
- Facilitate sharing of experience and good practice across the Council and with other bodies

3. Leadership and Responsibility

Given the diversity of Council services and the wide range of potential risks, it is essential that responsibility for identifying and taking action to address potential risks is clear.

Responsibility for effective risk management rests with all Members and Officers of the Council.

The Chief Executive Officer is the Officer with overall responsibility for securing adherence to the Council's policy on Risk Management.

The framework of roles and responsibilities in Appendix One shows how these are allocated.

4. Corporate Governance

Great Yarmouth Borough Council has adopted a Local Code of Corporate Governance setting out the framework through which it will carry out its responsibilities to deliver effective services.

Effective risk management is an essential element of good corporate governance which, in turn, supports effective decision making and ultimately contributes to improved performance.



Core principle four requires “taking informed and transparent decisions which are subject to effective scrutiny and managing risk”. This requires that an effective risk management system is in place.

As part of the Local Code it states that the authority should prepare and publish an annual governance statement. This statement is a key corporate document and will include an assessment of the authority's effectiveness of managing risk; it is signed by the Chief Executive and Leader of the Council.

The assessment of the authority's effectiveness of managing risk is provided by an annual report to the Audit and Risk Committee

5. Training

Individual officers and Members will have different needs and these can be met with different methods. These will include appropriate awareness raising sessions as well as the more formal training.

The e learning package includes a module on risk and this will be used to deliver part of the training requirements. External providers will be identified to deliver specific training and, where appropriate, in house training will be used.

6. Resourcing Risk Management

Risk management is not a new issue and, as identified at paragraph 3, every Member and Officer is responsible for considering risk implications as they relate to their actions. However, it is recognised that the concept of risk management needs to become formalised and part and parcel of the culture of the Council.

The designated Risk Champion(s) at Executive Management Team Level is the Interim Head of Finance.

The Corporate Risk Officer will be the link for all aspects of risk management.

7. Role of the Executive Management Team

Whilst acknowledging the wide variety of risks that face the Council, and the differing circumstances that apply in different services, it is essential that there is some consistency in the way that risks are identified and assessed. This helps to ensure that all areas of risk are adequately considered and relative priorities for action can be judged.

The EMT will provide this consistency of approach. The Group acts as a link between group managers, specialised groups dealing with particular areas of risk, senior management and Members.

Quarterly updates on the Corporate Risk Register will be provided to EMT and risk will be an agenda item on all meetings to identify any emerging risks or changes.

8. Risk Management Role in the Cabinet and Audit and Risk Committee

The Cabinet is responsible for ensuring that an adequate risk management framework and associated control environment exists within the Council.

The Audit and Risk Committee is responsible for monitoring the arrangements in place for the identification, monitoring and management of strategic and operational risk.

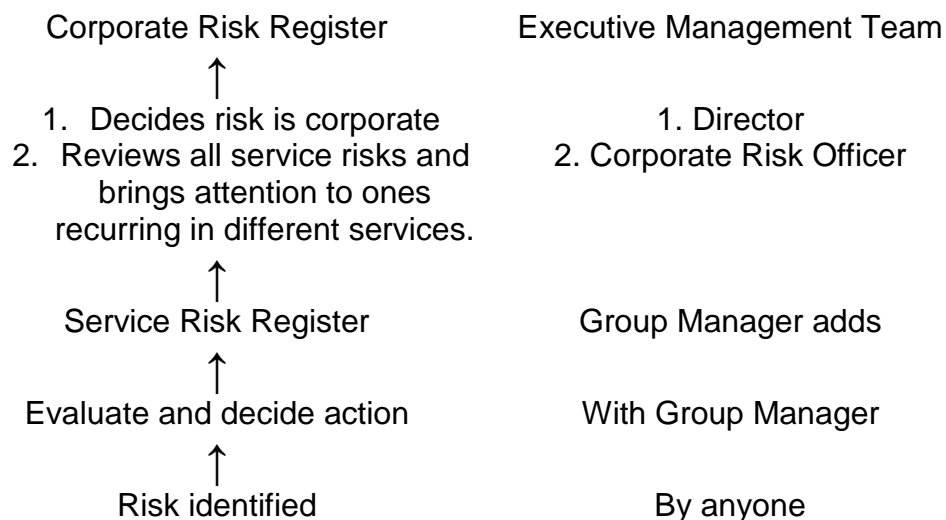
To provide the Audit and Risk Committee with the necessary information to undertake these responsibilities, regular progress updates on the Corporate Risk Register are reported at specific Audit and Risk Committee meetings.

9. Risk Management Approach

The development of a consistent, corporate approach to risk management needs to be done in a methodical and proportionate way in order to avoid the creation of a self-defeating bureaucratic burden.

To ensure that risk management is handled in the most efficient way within the Council, risk is included as an agenda item on all departmental meetings to identify emerging risks and changes. Work to integrate risk management and performance management is under way.

The following chart (from bottom up) shows how a risk could be identified and escalated:



10. Methodology

A methodology for identifying, assessing and managing risk within the Council has been developed. This methodology has the advantage of being relatively straightforward to use and can be applied to both the strategic risks of the Council and as part of the routine service, project planning and change management processes.

Once a risk has been identified it is essential to determine the level of impact and likelihood. The Impact and likelihood criteria is set out in Appendix 2.

The Corporate Risk Register is held by the Corporate Risk Officer and published on the intranet. The format of the register is as below:

CORPORATE RISK ASSESSMENT – GREAT YARMOUTH BOROUGH COUNCIL

Reviewed:

Next Review Date:

No	Vulnerability	Trigger	Consequence	Mitigation	Current Score	Target Score	Action Plan / Progress update	Responsible officer	Due Date	Link to Strategic Priority
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Almost all projects can be assessed using the three categories, schedule/time, costs and performance/ quality of end product. Projects should follow Prince 2 principals. The Council's risk management methodology should be followed to produce these risk assessments and a summary of the findings given in reports to Members.

11. Risk Identification

To meet the requirements of this framework, risk(s) must be capable of being identified at any level, and by anybody, within the Authority.

The key people are the group managers who will identify, record and manage key risks to service objectives, project, partnership and change management processes under their control and identify mitigating processes to help reduce their impact. Service risks should be included as an agenda item on each Departmental Management Team meeting, to review whether any additions, deletions or other changes need to be made.

Any risk can, if appropriate, be escalated to being a corporate risk through the Interim Head of Finance, Corporate Risk Officer and eventually the Executive Management Team.

Members and Senior Officers can also identify corporate or service risks through EMT.

The Corporate Risk Register will be reviewed on a quarterly basis and updated to reflect any changes to the risks currently included and to include any new risks identified.

12. Involvement of Other Related Groups

There are a number of other officer groups in existence which deal with specific areas of risk management. These included both the Health and Safety working Group and Business Continuity Group

The Council's Internal Audit Consortium also contributes to the management of risk. The work of Internal Audit is based on a needs and risk assessment process that identifies and focuses resources on higher risk areas. Audit findings are reported to the relevant Director and Group Manager together with recommendations for improvement and an action plan. Checks are undertaken by Internal Audit to ensure agreed recommendations are implemented.

The Corporate Risk Officer will receive copies of all finalised internal and external audit reports to assess if any changes are required for the corporate risk register.

13. External Contacts

The potential risks faced by the Council are in many cases similar to those faced by other authorities and it is practical and cost effective to learn from the experience of others. In order to share risk management information and experiences, the Council has established networks with other authorities and agencies.

14. Partnerships

A Partnership Guidance is available and outlines the Council's approach to assessing partnership risks for partnerships. The guidance note explains the steps that should be taken to assess risks before the decision is made to enter into a partnership and also how to undertake ongoing monitoring of risk once a partnership has been established.

15 Risk Appetite

Risk appetite refers to the Organisations attitude towards risk, which in turn dictates the amount of risk that it considers acceptable. As a result, risk appetite refers to our willingness to tolerate a particular level of exposure to specific risks. The appetite is also a function of our capacity to bear risk which should not be exceeded.

16. Reviews

The Framework will be reviewed by EMT and the Audit and Risk Committee on an annually basis before being sent to Council for approval and published on the Councils Intranet and internet.

The Corporate Risk Register will be reviewed by EMT on a quarterly basis and Audit and Risk Committee every six months and published on the Councils Intranet.

Shared Leadership – Role and Responsibilities

Everyone has a role to play in an integrated risk management framework. Combining shared leadership with a team approach will help contribute to its ultimate success. Roles as identified at present are:

1. CABINET

Approve the Risk Management Framework which includes the Risk Management Policy and Strategy.

Consider Council's corporate strategic risks and agree a programme of risk reduction where appropriate.

Consider risks attached to proposals for new / changed policies and service delivery arrangements.

Reports to Cabinet will include an appraisal of risk.

Review effectiveness of Risk Management.

Ensure proper insurance is in place where appropriate.

2. AUDIT AND RISK COMMITTEE

Provide proactive leadership and direction on Risk Management Governance issues and champion Risk Management throughout the Council.

Receive progress reports on risk reduction programme and agree revisions to the corporate risk register.

Receive progress reports on the corporate risk register at least six monthly.

Monitor to ensure that an adequate risk management framework and associated control environment is in place.

Monitor arrangements for the identification, monitoring and management of strategic and operational risk within the Council

Consider an annual report on Risk Management arrangements.

3. CHIEF EXECUTIVE OFFICER

Promote Risk Management and its benefits throughout the Council.

Overall responsibility for securing adherence to the Council's Policy on Risk Management.

Appoint a Director to take responsibility for risk management.

4. EXECUTIVE MANAGEMENT TEAM (EMT)

Agree the Corporate Risk Management Framework including the Risk Management Policy and Strategy.

Consider risks attached to proposals for new / changed policies and service delivery arrangements.

Ensure that this framework is applied.

Consider and agree the Council's corporate strategic risks and identify those requiring further action on a quarterly basis.

Allocate responsibility to Directors to develop action plans for corporate strategic risks.

Receive progress reports on risk reduction programme and propose revisions to "corporate risk register"

Responsible for the development of advice and guidance on risk management matters.

Supports the Interim Head of Finance in assessing risks likely to have a significant impact on the achievement of the Council's objectives.

5. INTERIM HEAD OF FINANCE

The Interim Head of Finance is responsible for risk management.

The Interim Head of Finance is responsible for coordinating the Council's approach to risk management.

The Interim Head of Finance is responsible for the insurance provision within the Authority.

6. DIRECTORS

Directors will implement risk management within their services and ensure that;

- Risk is an agenda item on all directorate meetings to identify any emerging risk and changes.
- Key risks to service objectives, project, partnership and change management processes under their control are identified, recorded and managed.
- managers carry out risk assessments as a routine part of service planning and management activities
- Interim Head of Finance is notified of any significant changes in service provision likely to arise if a risk materialises to enable him/her to ensure that appropriate and adequate insurance and financing measures are in place.
- Those risks having a Corporate impact are reported for consideration for inclusion in Corporate Risk Register.
- A risk aware culture is built across the department.

7. CORPORATE RISK OFFICER

The Corporate Risk Officer sits within the Finance team and is responsible for monitoring the implementation and effectiveness of this risk management strategy and for reviewing compliance with controls introduced by EMT to manage risks.

Coordinate risk management activity across the Council

Report on risk management activity to EMT and Members

Maintain a corporate risk register and liaise with Group Managers relating to service risks.

Provide risk management training for officers and Members, appropriate to their needs and responsibilities.

Provide advice and assistance as required.

Maintain the insurance cover for the Authority and review on an annual basis

Report on Risk Management arrangements on an annual basis.

Review Risk Management Framework on an annual basis.

8. GROUP MANAGERS

Develop action plans in relation to corporate strategic risks as they relate to their area.

Identify risks attached to proposals for new / changed policies and service delivery arrangements.

Assist management to identify and record all key risks to service, project, partnership and change management processes.

9. EMPLOYEES

Maintain awareness of risk management principles and take responsibility for managing risk within their own working environment

Apply risk management to those risks requiring further action, particularly new developments and "project" work

Maintain a record of risk assessments undertaken relating to them and any resulting action plans

10. INTERNAL AUDIT

The Internal Audit Consortium Manager reports to Management on the organisations performance under the Risk Management Framework and the adequacy and effectiveness of systems of risk management.

11. EXTERNAL AUDIT

Ernst Youngs the Council's External Auditors report to Management on the organisations performance on risk management.

APPENDIX TWO

RISK SCORING CRITERIA AND MATRIX

Likelihood:

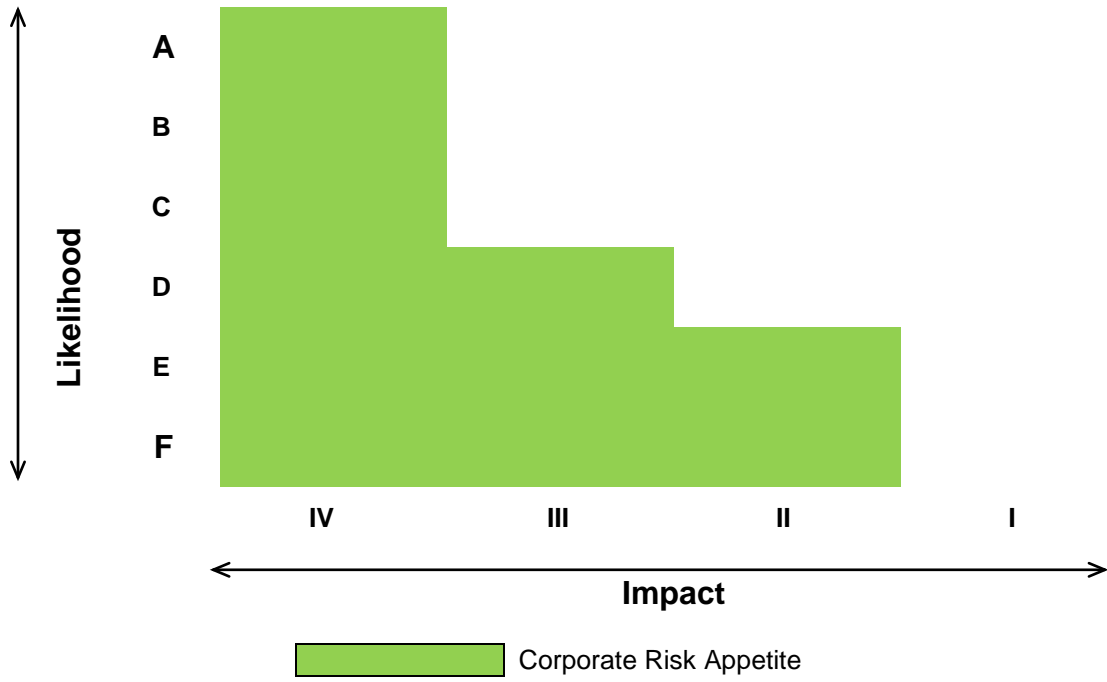
Likelihood	Probability	Timing
A Very High	Over 90%	This week
B High	55 % to 90 %	Within 6 months
C Significant	15 % to 55 %	This year
D Low	5 % to 15 %	Next year
E Very Low	1 % to 5 %	Probably within 10–15 years
F Almost Impossible	Less than 1 %	Probably not for at least 15 years

Where the probability and timing score differently, a judgement should be made as to the correct likelihood score.

Impact

Impact Type	Negligible (IV)	Marginal / Moderate (III)	Critical (II)	Catastrophic (I)
Financial (loss)	£0k – £10k	£10k – £200k	£200k – £1m	Over £1m
Service Provision	No effect	Some disruption to Services	Significant disruption to Service or Suspended Short Term	Service suspended long term or statutory duties not delivered
Projects	Minor Delay – days	A few Milestones missed	A Major Milestone missed	Project does not achieve objectives and misses majority of Milestones
Health & Safety	Sticking Plaster / First-aider	Broken bones / illness	Extensive or multiple injuries / Major illness	Major Loss of Life / Large scale Major illness
Objectives	No effect	Team Objectives not met	Portfolio Objectives not met	Corporate Objectives not met
Morale	No effect	Some hostile relationships and minor non-cooperation	Industrial Action	Mass Staff leaving / unable to attract staff
Reputation	No media attention / minor letters	Adverse local media Leader	Adverse National publicity	Extensive coverage in National Press and on TV. Requires resignation of Senior Officer / Member
Government Objectives	No effect	Poor Assessments(s)	Service taken over temporarily	Service taken over permanently

MATRIX



Subject: Code of Corporate Governance

Report to: Audit and Risk Committee, 2nd February 2016

Report by: Interim Head of Finance

SUBJECT MATTER/RECOMMENDATIONS

This report contains an update to the Council's Code of Corporate Governance, in accordance with best practice.

Recommendation to Audit and Risk Committee: That the updated Code of Corporate Governance is approved.

1. INTRODUCTION/BACKGROUND

1.1 The Code of Corporate Governance was approved by the Council on 12th February 2015.

1.2 Best practice recommends that the Code of Corporate Governance is revisited and updated on an annual basis.

1.3 Attached to this report contains the updated Code of Corporate Governance, which shows that good progress has been made in further embedding the Code of Corporate Governance, with deadlines and responsible officers for future action during 2016/17 incorporated into the document.

FINANCIAL IMPLICATIONS:

None

LEGAL IMPLICATIONS:

None

EXECUTIVE BOARD OR DIRECTOR CONSULTATION:

EMT consulted

RECOMMENDATIONS:

That the updated Code of Corporate Governance is approved.

Does this report raise any legal, financial, sustainability, equality, Crime and Disorder or Human Rights issues and, if so, have they been considered?	Issues	
	Legal	No
	Financial	No
	Risk	No
	Sustainability	No
	Crime and Disorder	No
	Human Rights	No
	Every Child Matters	No
	Equality	No
	EqlA Form completed	No



GREAT YARMOUTH
BOROUGH COUNCIL

CODE OF CORPORATE GOVERNANCE

Author	Interim Head of Finance
Date	February 2016
Document Status	Draft – Version 5

GREAT YARMOUTH BOROUGH COUNCIL

CODE OF CORPORATE GOVERNANCE

Contents

- Core Principle 1** *Focussing on the purpose of the Council and outcomes for the community and creating and implementing a vision for the local area*
- Core Principle 2** *Members and officers working together to achieve a common purpose with clearly defined functions and roles*
- Core Principle 3** *Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour*
- Core Principle 4** *Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*
- Core Principle 5** *Developing the capacity and capability of members and officers to be effective*
- Core Principle 6** *Engaging with local people and other stakeholders to ensure robust public accountability*

INTRODUCTION

“Governance is about how local government bodies ensure that they are doing the right things, in the right way for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities”

Delivering Good Governance in Local Authorities (CIPFA/SOLACE 2007)

The CIPFA/SOLACE guidance “Delivering Good Governance in Local Authorities” identified six Core Principles against which local authorities should review their existing corporate governance arrangements and develop and maintain adopt a local code of governance. These principles are;

- *Focussing on the purpose of the Council and outcomes for the community and creating and implementing a vision for the local area*
- *Members and officers working together to achieve a common purpose with clearly defined functions and roles*
- *Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour*
- *Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*
- *Developing the capacity and capability of members and officers to be effective*
- *Engaging with local people and other stakeholders to ensure robust public accountability*

The Code of Governance has been prepared in accordance with the Guidance and will be reviewed by the Audit and Risk Committee on an annual basis.

Additionally authorities are required to prepare and publish an annual governance statement in accordance with this framework under Regulation 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2006.

The Annual Governance Statement is a key corporate document. The Chief Executive Officer and the Leader of the Council have joint responsibility as signatories for its accuracy and completeness.

GREAT YARMOUTH BOROUGH COUNCIL: CODE OF CORPORATE GOVERNANCE

<p>Core Principle 1 - Focussing on the purpose of the Council and outcomes for the community and creating and implementing a vision for the local area</p> <p>Our aims in relation to focussing on the purpose of the Council and outcomes for the community and creating and implementing a vision for the local area are to;</p> <p>1.1 Exercise strategic leadership by developing and clearly communicating the authority's purpose, vision and its intended outcome for citizens and service users</p> <p>1.2 Ensure users receive a high quality service whether directly, or in partnership, or by commissioning</p> <p>1.3 Ensure that the authority makes best use of resources and that tax payers and service users receive excellent value for money</p>
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In order to achieve our aims we will:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
1.1.1 Develop and promote the Council's purpose and vision	'The Plan' - Corporate Plan Medium Term Financial Strategy Council's Website			
1.1.2 Review on a regular basis the Council's vision for the local area and its impact on the authority's governance arrangements	'The Plan' - Corporate Plan Medium Term Financial Strategy Code of Corporate Governance Annual Governance Statement			
1.1.3 Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties	Constitution Each partnership will design its own terms of reference/legal framework/constitution as appropriate. It would be the responsibility of the GYBC officer attending to ensure that it fits in with the Council's current corporate priorities/plans.			
1.1.4 Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance	Annual Financial Report Annual Performance Report Council's Website			

In order to achieve our aims we will:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
1.2.1 Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	Performance Management Framework Residents' Surveys	Performance Management Framework to be reviewed once outcome of transformation is known and 'The Plan' - Corporate Plan has been reviewed	Transformation Programme Manager	31 st December 2015
1.2.2 Put in place effective arrangements to identify and deal with failure in service delivery	Quarterly Projects and Measures Performance Report Performance Management Framework Complaints Procedure Monthly Financial Reports On line feedback	Performance Management Framework to be reviewed once outcome of transformation is known and 'The Plan' - Corporate Plan has been reviewed.	Transformation Programme Manager	31 st December 2015
1.3.1 Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions	Procurement Strategy Adopted Chartered Institute of Procurement & Supply (CIPS) Code of Ethics Report template (sustainability taken into account for Member decisions) Benchmarking reports	Impact on equality are required for all reports & Equality Impact Assessments are considered & completed on a risk based approach where required. Annual report on progress against equality objectives for EMT approval Jan/Feb.		

Core Principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles

Our aims in relation to Members and officers working together to achieve a common purpose with clearly defined functions and roles are to;

- 2.1 Ensure effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function
- 2.2 Ensure that a constructive working relationship exists between authority members and officers and the responsibilities of members and officers and carried out to a high standard
- 2.3 Ensure relationships between the authority, its partners and the public are clear so that each knows what to expect of the other

In order to achieve our aims we will:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
2.1.1 Set out a clear statement of the respective roles and responsibilities of the Cabinet and of the Cabinet's members individually and the authority's approach towards putting this into practice	Constitution (Cabinet terms of reference) Record of decisions and supporting materials Member/Officer Protocol Member training	Committee form governance reviewed and to go to Council for review	CEO	24 th November 2015
2.1.2 Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers	Constitution (Statutory Officer positions, Terms of Reference for Committees, Member roles) Scheme of delegation Conditions of employment Member/Officer Protocol Conditions of Employment Job Descriptions			
2.2.1 Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required	Constitution (Scheme of delegation) Statutory provisions Member / Officer Code of Conduct EMT Forward Plan			

In order to achieve our aims we will:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
2.2.2 Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management	Chief Executive Officer designated Head of paid Service Constitution (Head of Paid Service responsibilities) Conditions of employment Member / Officer Code of Conduct Scheme of delegation Statutory provisions Job descriptions / specification Performance management system Signs Annual Governance Statement			
2.2.3 Develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	Constitution Member/Officer Protocol			
2.2.4 Make a senior officer (usually the section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control	Interim Head of Finance has been nominated as the Council's Chief Financial Officer. Constitution (Statutory Officers) Job description / specification Report template ensures consultation is undertaken with CFO before report considered by Members			
2.2.5 Make a senior officer (other than the responsible financial officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations are complied with (usually the monitoring officer)	NPLaw Solicitor has been nominated as the Council's Monitoring officer Constitution (Statutory Officers) Report template ensures consultation is undertaken with MO before report considered by Members			

In order to achieve our aims we will:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
2.3.1 Develop protocols to ensure effective communication between members and officers in their respective roles	Member / Officer protocol Outside Bodies advice given to Members Member/Officer Codes of Conduct	Officer Code of Conduct being reviewed and to go to EMT for endorsement in December 15 and then to Council January 16	Cabinet Secretary & Deputy Monitoring Officer	
2.3.2 Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective remuneration panel (if applicable)	Pay and conditions policies and practices Terms of Reference and Report Job evaluation Pay Policy Statement			
2.3.3 Ensure that effective mechanisms exist to monitor service delivery	Quarterly Projects and Measures Performance Report Complaints & Compliments Procedure Annual Financial Statements Annual Governance Statement			
2.3.4 Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated	'The Plan' - Corporate Plan Medium Term Financial Strategy Annual Statement of Accounts Budget Monitoring Annual Report Quarterly Projects and Measures Performance Report Consultation Annual Governance Statement Council's Website			

In order to achieve our aims we will:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
<p>2.3.5 When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority</p>	<p>Constitution (Standing Orders) Individual Partnership agreements Service Level Arrangements Advice given to members in relation to outside bodies – see role of Councillors in Constitution Procurement Strategy Adopted Chartered Institute of Procurement & Supply (CIPS) Code of Ethics Council's website</p>			
<p>2.3.6 When working in partnership: - ensure that there is clarity about the legal status of the partnership - ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.</p>	<p>Constitution Individual Partnership agreements if we are part of a partnership due to statutory responsibilities (ie responsible authorities etc) we would use the law to understand our commitment and responsibilities.) Service Level Arrangements Advice given to members in relation to outside bodies Procurement Strategy Adopted Chartered Institute of Procurement & Supply (CIPS) Code of Ethics Council's website</p>			

Core Principle 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Our aims in relation to promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour are to;

- 3.1 Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance
 3.2 Ensuring that organisational values are put into practice and are effective

In order to achieve our aims we will;	Source documents	Further work on-going	Responsible Officer(s)	Deadline
3.1.1 Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect	Constitution (Standing Orders) 1:1's Standards Committee has an overall view of conduct issues established by their terms of reference Member / Officer Code of Conduct Member / Officer Protocol Whistleblowing Policy Anti Fraud, Corruption & Bribery Policy Freedom of Information Policy statement and publication scheme Officer Register of gifts and hospitality Member and Parish Councillors Register of Interests Anti Money Laundering Policy	Performance Review process reviewed and trialled. Full roll out commenced in October 2015 Publication Scheme has been re-written to take into account the changes in FOI. The new scheme has been agreed by EMT and shared with group managers, it is about to be published on the Council's internet site. . Officer Code of Conduct being reviewed and to go to EMT for endorsement in December 15 and to Council January 16 Whistleblowing Policy, Anti Fraud, Corruption & Bribery Policy and Anti Money Laundering Policy being reviewed	Transformation Programme Manager / HR & Development Officer Manager Information Manager Cabinet Secretary & Deputy Monitoring Officer Internal Audit Consortium Manager & Corporate Risk Officer	31 st December 2015

In order to achieve our aims we will;	Source documents	Further work on-going	Responsible Officer(s)	Deadline
<p>3.1.2 Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols</p>	<p>Members / Officers Code of Conduct Member / Officer Protocol Performance management system Complaints & Compliments procedures Anti Fraud, Corruption & Bribery Policy Whistleblowing Policy ICT Security Policy Anti Money Laundering Policy Officer Register of gifts and hospitality Member and Parish Councillors Register of Interests</p>	<p>Performance Review process reviewed and trialled. Full roll out commenced in October 2015</p> <p>ICT Security policy currently being reviewed</p> <p>Officer Code of Conduct being reviewed and to go to EMT for endorsement in November 15 and to Council December 15</p> <p>Whistleblowing Policy and Anti Fraud, Corruption & Bribery Policy and Anti Money Laundering Policy being reviewed</p>	<p>Transformation Programme Manager / HR & Development Officer</p> <p>Director – Customer Services & Group Manager – Customer Services</p> <p>Cabinet Secretary & Deputy Monitoring Officer</p> <p>Internal Audit Consortium Manager / Corporate Risk Officer</p>	<p>30th September 2015</p> <p>31st August 2016</p> <p>31st December 2015</p>
<p>3.1.3 Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice</p>	<p>Standing orders Member/Officer Codes of conduct Financial regulations Anti Fraud, Corruption & Bribery Policy Whistleblowing Policy Members / Officers - Register of Interests Member / Officer – register of gifts & hospitality Officer induction and training (through 'Induction Check List' by Manager and E-Induction pack)</p>	<p>Whistle blowing Policy and Anti Fraud, Corruption & Bribery Policy being reviewed</p> <p>New Corporate Induction Course agreed by EMT 25th September 2015 and to be put in place.</p>	<p>Internal Audit Consortium Manager / Corporate Risk Officer</p> <p>HR Development Officer / Interim Head of HR</p>	<p>31st December 2015</p> <p>31st March 2016</p>

In order to achieve our aims we will;	Source documents	Further work on-going	Responsible Officer(s)	Deadline
3.2.1 Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners	Codes of conduct 'The Plan' - Corporate Plan			
3.2.2 Put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice	Codes of conduct Contract Procedure Rules Anti Fraud, Corruption & Bribery Policy Whistleblowing Policy ICT Security Policy Anti Money Laundering Policy Internal Audit Reports	ICT Security Policy currently being reviewed Officer Code of Conduct being reviewed and to go to EMT for endorsement in December 15 and to Council January 16 Whistleblowing Policy, Anti Fraud, Corruption & Bribery Policy and Anti Money Laundering Policy being reviewed	Director – Customer Services & Group Manager – Customer Services Cabinet Secretary & Deputy Monitoring Officer Internal Audit Consortium Manager & Corporate Risk Officer	30 th September 2015 31 st August 2016 31 st December 2015
3.2.3 Develop and maintain an effective standards committee	Agenda and minutes Terms of Reference Committee meets regularly Regular reporting to the authority			
3.2.4 Use the organisations shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority	Decision making practices 'The Plan' - Corporate Plan			

In order to achieve our aims we will;	Source documents	Further work on-going	Responsible Officer(s)	Deadline
3.2.5 In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively	Each partnership comes up with its own vision/values/action plan/decision-making system.			

Core Principle 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Our aims in relation to taking informed and transparent decisions which are subject to effective scrutiny and managing risk are to;

- 4.1 Being rigorous and transparent about how decisions are taken and listening and acting on the outcomes of constructive scrutiny
- 4.2 Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs
- 4.3 Ensuring that an effective risk management system is in place
- 4.4 Using their legal powers to the full benefit of the citizens and communities in their area

In order to achieve our aims we will	Source documents/Processes	Further work on-going	Responsible Officer(s)	Deadline
4.1.1 Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the organisation's performance overall and of any organisation for which it is responsible	Constitution Scrutiny is supported by robust evidence and data analysis Agenda and minutes Work programme Training			
4.1.2 Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based	Record of decisions and supporting materials Report template Decision list published	Further work to review report template. Review of delegated Authority & publication of decision	Cabinet Secretary & Deputy Monitoring Officer	31 st January 2016 31 st January 2016
4.1.3 Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice	Members/ Officers Code of Conduct Member / Officers Register of Interests Declaration of Interests Code of Conduct Guidance to members/officers issued Standards Committee have responsibility for these issues	Officer Code of Conduct being reviewed and to go to EMT for endorsement in December 15 and to Council January 16.	Cabinet Secretary & Deputy Monitoring Officer	

In order to achieve our aims we will	Source documents/Processes	Further work on-going	Responsible Officer(s)	Deadline
4.1.4 Develop and maintain an effective audit committee (or equivalent) which is independent or make other appropriate arrangements for the discharge the functions of such a committee	Audit and Risk Committee Training Audit and Risk Committee Terms of reference Agenda and minutes Annual Governance Statement			
4.1.5 Put in place effective transparent and accessible arrangements for dealing with complaints	Complaints & Compliments procedure			
4.2.1 Ensure that those making decisions whether for the authority or partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications	Members' induction scheme Members Library Members Handbook Training Report templates Individual members to be allocated a dedicated officer from Member Services to provide support.			
4.2.2 Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately	Report template requires that consultation is undertaken with MO/ s151 before report considered by Members Record of decision making and supporting materials			

In order to achieve our aims we will	Source documents/Processes	Further work on-going	Responsible Officer(s)	Deadline
4.3.1 Ensure that risk management is embedded into the culture of the organisation , with members and managers at all levels recognising that risk management is part of their job	Risk Management Framework Corporate Risk Register Financial standards and regulations Service Planning Risk Management Training Risk Management is an Agenda Item on all Directorate meetings Group Plan Template created and in use by departments Auditors reports Report template Audit & Risk Committee Annual Governance Statement			
4.3.2 Ensure that arrangements are in place for whistle blowing to which staff and all those contracting with the authority have access	Whistle blowing policy Register of whistle blowing reports and actions taken Information for contractors Published on Internet	Whistle blowing Policy and Anti Fraud & Corruption Policy being reviewed	Internal Audit Consortium Manager & Corporate Risk Officer	31 st December 2015
4.4.1 Actively recognise the limits of lawful activity placed on them by, for example the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities	Constitution Statutory provision Report templates / positive sign-off - increased consultation at pre report stage will enable issues to be fully explored before report is put to members			
4.4.2 Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law	Training Availability of professional legal advice Report templates / positive sign-off - increased consultation at pre report stage will enable issues to be fully explored before report is put to members			

In order to achieve our aims we will	Source documents/Processes	Further work on-going	Responsible Officer(s)	Deadline
4.4.3 Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice into their procedures and decision making processes	Standing Orders Report template Constitution Statutory provision			

Core Principle 5 - Developing the capacity and capability of members and officers to be effective

Our aims in relation to developing the capacity and capability of members and officers to be effective are;

- 5.1 Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles
- 5.2 Developing the capability of people with governance responsibilities and evaluating their performance as an individual and as a group
- 5.3 Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal

In order to achieve our aims we will	Source documents/Processes	Further work on-going	Responsible Officer(s)	Deadline
5.1.1 Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis	Training Induction programme My Learning Tools – to identify training needs and preferred training method	Workforce Development Plan to be finalised after Performance Review roll out New Corporate Induction Course agreed by EMT 25 th September 2015 and to be put in place Ivy Learning migrated to an internet based system and to be re-launched. A Learning and Development Strategy to be developed.	Transformation Programme Manager / HR & Development Officer HR Development Officer / Interim Head of HR	31 st March 2016 31 st March 2016

In order to achieve our aims we will	Source documents/Processes	Further work on-going	Responsible Officer(s)	Deadline
5.1.2 Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation	Training Induction programme Staff handbook My Learning Tools – to identify training needs and preferred training method 1:1's Group Plans S151 Officer protocol	Performance Review process reviewed and trialled. Full roll out commenced in October 2015. New Corporate Induction Course agreed by EMT 25 th September 2015 and to be put in place Ivy Learning migrated to an internet based system and to be re-launched. A Learning and Development Strategy to be developed.	Transformation Programme Manager / HR & Development Officer HR Development Officer / Interim Head of HR	31 st December 2015 31 st March 2016
5.2.1 Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively	Personal Development Plans Member Training My Learning Tools – to identify training needs and preferred training method	Performance Review process reviewed and trialled. Full roll out commenced in October 2015 Workforce Development Plan to be finalised after Performance Review roll out New Corporate Induction Course agreed by EMT 25 th September 2015 and to be put in place Ivy Learning migrated to an internet based system and to be re-launched. A Learning and Development Strategy to be developed	Transformation Programme Manager / HR & Development Officer HR Development Officer / Interim Head of HR	31 st December 2015 31 st March 2016

In order to achieve our aims we will	Source documents/Processes	Further work on-going	Responsible Officer(s)	Deadline
5.2.2 Develop skills on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed	Personal Development Plans E-learning Package My Learning Tools – to identify training needs and preferred training method	Performance Review process reviewed and trialled. Full roll out commenced in October 2015 Workforce Development Plan to be finalised after Performance Review roll out New Corporate Induction Course agreed by EMT 25 th September 2015 and to be put in place Ivy Learning migrated to an internet based system and to be re-launched. A Learning and Development Strategy to be developed	Transformation Programme Manager / HR & Development Officer HR Development Officer / Interim Head of HR	31 st December 2015 31 st December 2015 31 st March 2016
5.2.3 Ensure that effective arrangements are in place for reviewing the performance of the authority as a whole and of individual members and agreeing an action plan which might for example aim to address any training or development needs	Performance Management Framework	Performance Management Framework to be reviewed once outcome of transformation is known and 'The Plan' - Corporate Plan has been reviewed	Transformation Programme Manager	31 st December 2015
5.3.1 Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority	Equality Impact Assessments on services and policies Area Committees Neighbourhood Boards / Forums Tenants Forum Networking Parish meetings Annual report on progress against equality objectives for EMT	Impact on equality are required for all reports & Equality Impact Assessments are considered & completed on a risk based approach where required.		

In order to achieve our aims we will	Source documents/Processes	Further work on-going	Responsible Officer(s)	Deadline
5.3.2 Ensure that career structures are in place for members and officers to encourage participation and development	Succession planning			

Core principle 6 - Engaging with local people and other stakeholders to ensure robust public accountability

Our aims in relation to engaging with local people and other stakeholders to ensure robust public accountability are to;

- 6.1 Exercise leadership through a robust scrutiny function which engages effectively with local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships
- 6.2 Take an active and planned approach to dialogue with and accountability to the public ensure effective and appropriate service delivery whether directly, in partnership or by commissioning
- 6.3 Make best use of human resources by taking an active and planned approach to meet responsibility to staff

In order to achieve our aims Scrutiny Committee will	Source documents/Processes	Further work on-going	Responsible Officer(s)	Deadline
6.1.1 Make clear to themselves, all staff and the community, to whom they are accountable and for what	Constitution Stakeholder / local connector identification Satisfaction Surveys Open Forums Ward / Group / Club visit Neighbourhood boards & Community panels			
6.1.2 Consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required	Statutory provisions			
6.1.3 Produce an annual report on scrutiny function activity	Annual report			

In order to achieve our aims Scrutiny Committee will	Source documents/Processes	Further work on-going	Responsible Officer(s)	Deadline
6.2.1 Ensure that clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively	Leaflets / Publications Technology – facebook Networking Press Release Stakeholder / local connector identification Ward / Group / Club identification and visit Face to face	Digital by Design programme Greyfriars House reception facilities have been redesigned and remodelled. Design and integrate Business facilities to promote the economy of the Borough into Town Hall facilities.	Director of Customer Services / Transformation Programme Manager	On-going 30 th November 2015 28 th February 2016
6.2.2 Hold meetings in public unless there are good reasons for confidentiality	Constitution Access to information rules			
6.2.3 Ensure arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands	Budget Consultation Meeting 'The Plan' - Corporate Plan	Digital by Design programme Greyfriars House reception facilities have been redesigned and remodelled. Design and integrate Business facilities to promote the economy of the Borough into Town Hall facilities	Director of Customer Services / Transformation Programme Manager	On going 30 th November 2015 28 th February 2016
6.2.4 Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users including a feedback mechanism for those consultees to demonstrate what has changed as a result	Media and Publicity Protocols Budget Consultation meeting Social Networking Policy for employees Social Networking Policy for Members			

In order to achieve our aims Scrutiny Committee will	Source documents/Processes	Further work on-going	Responsible Officer(s)	Deadline
6.2.5 On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period	Annual Performance Report Annual financial Report 'The Plan' - Corporate Plan			
6.2.6 Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so	Constitution Customer service standards Freedom of Information Act/Publication Scheme Member / Officer Code of Conduct Training undertaken Whistle blowing Policy Anti Fraud and Corruption Policy Data Protections Policy ICT Security Policy Anti Money and Laundering Policy	<p>Publication Scheme has been re-written to take into account the changes in FOI. The new scheme has been agreed by EMT and shared with group managers, it is about to be published on the councils internet site.</p> <p>ICT Security Policy is being reviewed.</p> <p>Officer Code of Conduct being reviewed and to go to EMT for endorsement in December 15 and to Council January 16</p> <p>Whistle blowing Policy and Anti Fraud & Corruption Policy and Anti Money Laundering Policy being reviewed</p>	<p>Information Manager</p> <p>Director – Customer Services & Group Manager – Customer Services Cabinet Secretary & Deputy Monitoring Officer</p> <p>Internal Audit Consortium Manager & Corporate Risk Officer</p>	<p>31st August 2016</p> <p>31st December 2015</p>

In order to achieve our aims Scrutiny Committee will	Source documents/Processes	Further work on-going	Responsible Officer(s)	Deadline
6.3.1 Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making	Constitution Personal Development Plans HR Policies	Performance Review process reviewed and trialled. Full roll out commenced in October 2015 Workforce Development Plan to be finalised after Performance Review roll out	Transformation Programme Manager / HR & Development Manager	31 st December 2015 31 st December 2015

Subject: **CORPORATE RISK REGISTER**

Report to: **Audit and Risk Committee – 2nd February 2016**

Report by: **Corporate Risk Officer**

SUBJECT MATTER/RECOMMENDATIONS

This report asks the Audit and Risk Committee to review the Corporate Risk Register to determine whether the register correctly reflect the risks affecting the Authority

1. Background

- 1.1 The Audit and Risk Committee is responsible for monitoring the arrangements in place for the identification, monitoring and management of strategic and operational risk.
- 1.2 This report informs the Audit and Risk Committee of the current corporate risk position.

2. Corporate Risk Register

- 2.1 The Corporate Risk Register was last reviewed by the Executive Management Team on 21st January 2016.
- 2.2 There are currently 20 risks included on the Corporate Risk Register. Of the 20 risks identified, 5 fall within the risk appetite.
- 2.4 There are currently 15 risks that are not within the risk appetite however action plans have been put in place to reduce the current scores. The attached register shows the risks that are not within the risk appetite.

3. The next report

- 3.1 The Corporate Risk Officer will present the Corporate Risk Register after its next review by the Executive Management Team in six months.

FINANCIAL IMPLICATIONS:

See attached Corporate Risk Register

LEGAL IMPLICATIONS:

See attached Corporate Risk Register

EXECUTIVE BOARD OR DIRECTOR CONSULTATION:

EMT consulted

RECOMMENDATIONS:

This report asks the Audit and Risk Committee to review the Corporate Risk Register to determine whether the register correctly reflect the risks affecting the Authority

Does this report raise any legal, financial, sustainability, equality, Crime and Disorder or Human Rights issues and, if so, have they been considered?	Issues	
	Legal	See attached Corporate Risk Register
	Financial	See attached Corporate Risk Register
	Risk	See attached Corporate Risk Register
	Sustainability	See attached Corporate Risk Register
	Crime and Disorder	No
	Human Rights	No
	Every Child Matters	No
	Equality	No
	EqIA Form completed	No

CORPORATE RISK ASSESSMENT – GREAT YARMOUTH BOROUGH COUNCIL

Reviewed: January 2016

Next Review Date: May 2016

1	10 – reduction in financial resources	Major unplanned financial liability Loss of external funding Significant reduction in Central Government funding Reduced income from Joint Ventures Reduced income from recycling credits	<ul style="list-style-type: none"> Unfunded activity Changes to existing income streams Resources diverted from services Services have to be reduced Inability to deliver strategic objective 	<ul style="list-style-type: none"> Medium Term Financial Strategy Transformation Programme Monitoring and scrutiny of all JV operations. Working with Partners to maintain arrangements 	A2	B3	<ul style="list-style-type: none"> Transformation Programme agreed Digital Council Flexible Working Service Reviews Members budget prioritisation session in January 	EMT	31/12/15	<ul style="list-style-type: none"> Economic
2	16 - Flooding	Flood event Failure of flood barriers Surface water flooding	<ul style="list-style-type: none"> Disruption of commercial activity Health and safety issues Inability to deliver services 	<ul style="list-style-type: none"> Emergency plan Business Continuity Plan Surface Water Management Plan 	B1	C1	<ul style="list-style-type: none"> Appropriate planning policies – Local Plan Environment Agency investment plan in place & some funding committed Local surface water flood mitigation schemes programmed 	Jane Beck	Ongoing	<ul style="list-style-type: none"> Communities Economic
3	43 - Flood and coastal Defence	Failure of flood and costal defences	<ul style="list-style-type: none"> Impact on economy and increased business development for the Borough Reducing economic potential for the area Impact on infrastructure across the borough 	<ul style="list-style-type: none"> Working with businesses to improve awareness Long term plan to repair and renew 	B1	C1	<ul style="list-style-type: none"> Tidal Defences Business Partnership established Environment Agency investment plan in place and funding committed Economic study of borough to identify growth with defences renewed Investigation of new and innovative models for partnership funding 	Jane Beck	Ongoing	<ul style="list-style-type: none"> Economic
4	9 - Local/National Economy	Downturn in national / local economy Issue of Welfare Reform National Policy - changes on benefit	<ul style="list-style-type: none"> Increased workload for Council staff (Benefits/Economic development) Increase in bad debts Major projects put on hold Downturn in housing market Inability to meet requirements of capital programme 	<ul style="list-style-type: none"> Strong local economy Corporate planning Monitoring basket of key indicators 	B2	B3	<ul style="list-style-type: none"> Communications Strategy Working with funding bodies to mitigate against impact of downturn e.g. Working Neighbourhoods Fund Wind Energy Offer Work with LEP to secure inward investment 	CEO	31/03/16	<ul style="list-style-type: none"> Economic
5	31 – Change Management	Transformation Programme	<ul style="list-style-type: none"> Service delivery is affected during implementation Staff resource needed to undertake review 	<ul style="list-style-type: none"> Application of a formal programme management framework Monitoring of project plan Ongoing assessment of the project risks 	B2	B3	<ul style="list-style-type: none"> Continual review and monitoring assessing outcomes Project Board Training 	Kate Watts	Review March 16	<ul style="list-style-type: none"> Economic
6	7 - Delivery of long term strategic objectives	Council focuses on the issues of the day rather than a vision for the future Lack of political direction for strategic objectives	<ul style="list-style-type: none"> Short term thinking Difficulty in taking hard decisions Non delivery of strategic objectives 	<ul style="list-style-type: none"> Medium Term Financial Strategy Service Planning Corporate plan 	B2	C2	<ul style="list-style-type: none"> Transformation Programme New Corporate Plan published Enterprise Zone Working Party Local Plan Core Strategy adopted Work with New Anglia LEP to secure inward investment 	EMT	31/12/15	<ul style="list-style-type: none"> Economic Environment Social

7	22 - Business Continuity	Loss of facilities (flooding, fire etc) Loss of IT systems Loss of staff (pandemic, fuel strike, industrial action etc)	<ul style="list-style-type: none"> • Service delivery impaired • Inability to pay creditors/benefits • Relocation of services 	<ul style="list-style-type: none"> • Business continuity recently tested • Business Impact Assessments • Business continuity plans • Insurance 	C2	D2	<ul style="list-style-type: none"> • Business Continuity Plans reviewed regularly • New Resilience Officer in post. Major plan review underway including proposed programme of testing readiness 	Jane Beck	Ongoing	<ul style="list-style-type: none"> • Delivering the Plan
8	5 - Reliance on key individuals	Departure of key individual Difficulty of recruitment Skills shortage	<ul style="list-style-type: none"> • Skills lost • Negative impact on capacity of other staff • Lack of delivery of service objectives • Buying in of consultancy/temporary staff 	<ul style="list-style-type: none"> • BC Plan for single points of failure • Organisational Development Plan 	C2	D3	<ul style="list-style-type: none"> • Personal reviews • Succession Planning • Transformation Programme • OD programme • New sharing and partnership arrangements for health and safety, emergency planning and coastal management to improve resilience in these key areas. 	CEO	31/12/15	
9	2 - Some areas of the Council are averse to change	Key changes managed ineffectively	<ul style="list-style-type: none"> • Council fails to capitalise on opportunity • Targets not achieved • Funding is missed • Resources wasted 	<ul style="list-style-type: none"> • Transformation Programme • Group Managers Meetings • Staff engagement programme 	C2	D3	<ul style="list-style-type: none"> • Transformation Programme • New approach to staff engagement launched March 2015 	EMT	31/12/15	
10	19 - Government policies	Insufficient focus of organisation on "bigger" picture	<ul style="list-style-type: none"> • Loss of funding • Insufficient preparation for policy changes/ new responsibilities 	<ul style="list-style-type: none"> • Transformation Programme 	C2	C3	<ul style="list-style-type: none"> • Political influence & officer engagement in response to national networks • Resourcing in 15/16 budget to provide for officer resource 	CEO	Ongoing	<ul style="list-style-type: none"> • Economic
11	42 -Business improvement in the major leisure facilities under delivers	Internal Audit Report on Governance Operator does not perform in line with new business plans	<ul style="list-style-type: none"> • Appropriate mitigating management action not taken to address concerns 	<ul style="list-style-type: none"> • Lease documenting high level roles & responsibilities • Risk Register • Regular meetings held by Board of Trustees, stakeholder groups and regular users • Business Plan • Business Continuity Plan • Monthly Management Accounts • ¼ reports to cabinet • Risk Management Strategy, Policy & Procedure • Complaints process 	C2	D3	<ul style="list-style-type: none"> • New 15 year contract in place • Robust Governance arrangements written into documentation • Monthly GYBC/Trust management meetings • Quarterly meetings of GYBC/Trust • Business plan developed for Phoenix Pool and in development for Marina • Programme Board for redevelopment in place • Contract with Development Partner 	Robert Read	March 15	
12	36 - Local Plan	Inability to complete Local Plan process due to lack of financial and manpower resource	<ul style="list-style-type: none"> • Failure to adopt new statutory planning policy guidance • Susceptible to unplanned housing development 	<ul style="list-style-type: none"> • Additional resource in terms of professional input 	C3	D3	<ul style="list-style-type: none"> • Financing – budget reviewed • Resources – professional planners being recruited but not successful at all levels • Re-appraise recruitment offer • Re-assessment of deliverability and timescale 	David Glason	Ongoing	<ul style="list-style-type: none"> • Economic • Environment • Social • Performance

13	24 - Infrastructure not being able to meet demand	New development (commercial and housing)	<ul style="list-style-type: none"> Increased congestion Lack of services (education/health/social) Stalling of further investment 	<ul style="list-style-type: none"> Local Plan / infrastructure Plan Ongoing consultation with statutory agencies e.g. Highways England, Clinical Commissioning Group, Anglian Water, Environment Agency, Norfolk CC etc 	C3	D2	<ul style="list-style-type: none"> Local Plan Core Strategy adopted Work with New Anglia LEP to secure inward investment Commitment from partner agencies (partnership working and financial commitment) 	David Glason / CEO	Ongoing	<ul style="list-style-type: none"> Economic People Communities
14	1 - No clearly understood Corporate Procurement approach	Corporate procurement approach not consistently adopted	<ul style="list-style-type: none"> Benefits of procurement strategy not realised Efficiency savings not made or contract fail Procured service not value for money Procured service is poor Breach of EU legislation 	<ul style="list-style-type: none"> Corporate Policy Statement adopted Procurement post identified in structure Procurement Strategy Review of Standing Orders VfM Confidence assessments Staff training 	C3	D3	<ul style="list-style-type: none"> Training undertaken by relevant staff Update of Policy and Procedures drafted Contract Register updated Engagement of Procurement Specialist Procurement targets built into the MTFS & new strand of work ER-procurement system live 	Robert Read	31/12/15	
15	27 - Information Security	Good management, protection of information. Number of cases of lost information by public and private bodies. Need to attain criteria set by government to retain information flow with DWP (Department Works Pensions)	<ul style="list-style-type: none"> DWP refuse to correspond with GYBC electronically. Loss of capability to handle Housing Benefits and other issues. Information lost/mislaid therefore loss of reputation and potential legal claim. 	<ul style="list-style-type: none"> Information Security manager in post. Passed initial assessment and go live. Realisation that information includes paper, people and computer. 	D2	D3	<ul style="list-style-type: none"> Review and update of the security policies by the Information Security Manager and the ICT Manager Internal data sharing processes in place annually reviewed for users able to access data on systems holding DWP/Customer information. PSN application and action plan submitted for gaining compliance in relation to access to data on GYBC IT network 	Miranda Lee	31st March 2016 Annual Review 31 st March 2016	

Subject: FOLLOW UP OF EXTERNAL AUDIT RECOMMENDATIONS

Report to: Audit and Risk Committee – 2nd February 2016

Report by: Corporate Risk Officer

This report seeks to inform members of the latest progress made in relation to management implementation of external audit recommendation with an implementation date of 30 December 2015 or before.

It is recommended that the Committee:

- Receives and notes the current position in relation to the completion of audit recommendations

1 Background

- 1.1 Some audit reports indicate system weaknesses, which need to be addressed immediately to safeguard the Authority against fraud or loss. Others recommend the introduction of best practice. The reports list the auditor's recommendations and an agreed timescale within which to implement them.

External Audit uses a 'High', 'Medium' and 'Low' rating for their recommendations and an explanation of the priority levels is provided below;

High A significant weakness that requires immediate attention.

Medium A weakness that requires attention within six months.

Low A non significant weakness that requires attention within six months.

- 1.2 The Council's Performance Management System requires that a report be prepared for the Audit and Risk Committee indicating which recommendations have not been implemented within the agreed timescale.

- 1.3 This report is for those recommendations with an implementation date of 30th December 2015 or before.

2 External Audit reports

- 2.1 The table below illustrates that there was 5 recommendations, which was to be implemented by 30th December 2015.

External Audit report	No of recs to be implemented by 30th December 2015	No. not implemented	Reason for not implementing
Annual Governance Report 09/10	1	1	Progress made – revised date
Annual Governance Report 10/11	1	1	Progress made – revised date
Annual Governance Report 11/12	1	0	
Audit Results Report 14/15	2	2	No response received
Total	5	4	

2.2 A full copy of any of the above reports can be obtained from the Corporate Risk Officer, ext 621.

3 The next report

3.1 The next report will be presented to the Audit and Risk Committee in July 2016 and will cover the period up to 31st May 2016.

FINANCIAL IMPLICATIONS:

None

LEGAL IMPLICATIONS:

None

EXECUTIVE BOARD OR DIRECTOR CONSULTATION:

None

RECOMMENDATIONS:

It is recommended that the Committee:

- Receives and notes the current position in relation to the implementation of audit recommendations.

Does this report raise any legal, financial, sustainability, equality, Crime and Disorder or Human Rights issues and, if so, have they been considered?	Issues	
	Legal	No
	Financial	No
	Risk	No
	Sustainability	No
	Crime and Disorder	No
	Human Rights	No
	Every Child Matters	No
	Equality	No
	EqlA Form completed	No

Background papers: External Audit Reports

- 14 Annual Governance Report 09/10
- 18 Annual Governance Report 10/11
- 19 Annual Governance Report 11/12
- 29 Audit Results Report 14/15

Report Title	Recommendation	Responsible Officer(s) and agreed date	Y/N	Satisfactory implementation?
14 - Annual Governance Report 09/10	R10 Review land and property assets to ensure that they are all registered with the land registry.	Head of Resources & Governance Date: 31 March 2011 Revised Date: 31 March 2012 Group Manager – Property & Construction Revised Date: 31 March 2013 Revised Date: 30 th September 2014 Revised Date: 30 th September 2015 Revised Date: 30th September 2016	N	[From Report] There is a rolling programme to register all the Council's Assets We are presently dealing with a project to voluntarily register all of the Council's property assets working with the Land Registry. This project has been in train for a number of years and is partly out of my control, and is made more complex by the scale of the property assets coupled with limitations of resource. Nevertheless we are progressing as quickly as resource allows including that set aside by the Land Registry. The project has been phased into bite sized chunks and all of the outlying villages, north and south have so far been completed. Gorleston is nearing completion, and the data has been submitted for Southtown and Cobholm. The final area is Great Yarmouth which is the greatest single area, and we are close to ready to submit data to the Land Registry but this can only be done once they have the resource aligned and ready to progress. June 12 update Progress being made June 13 – Progress continues. Resource has been diverted to Asset Database project so this project has slowed. Jan 14 – Progress continues. All villages complete. Central Yarmouth currently being registered. Charter land will be the last to be registered. January 2015 – Progress continues. Middlegate (central Yarmouth) currently being registered January 2016 – Progress has slowed this year due to non-availability of staff and land registry moving offices. Anticipated progress will resume in 2016.

Report Title	Recommendation	Responsible Officer(s) and agreed date	Y/N	Satisfactory implementation?
18 - Annual Governance Report 10/11	R8 Establish the following arrangements for asset management: <ul style="list-style-type: none"> ■ update the asset management plan so that it links to the capital strategy; ■ ensure the universal asset register is comprehensive, accurate and includes an assessment of whether assets are fit for purpose; ■ consider how resources can be obtained to ensure data for local performance indicators for assets is consistently collated; and ■ demonstrate how these performance indicators show that value for money is being derived from the Council's assets. 	Head of Resources and Governance Revised date: 31 March 2013 Group Manager – Property & Construction Revised Date: 30 th September 2014 Revised Date: 31 st March 2015 Revised Date: 30th September 2016	N	June 12 update - The Asset management plan was approved by Cabinet in November, with Performance indicators. The only outstanding element is the Asset Register, which is due for completion in March 2013. Nov 12 update - Asset Register project still being progressed. June 2013 – Asset Register project still being progressed. Concerto database purchased and first phase asset data being loaded. Jan 14 – Phase 1 data loaded and being tested in live environment. Phase 2 data being collected and loaded. January 2015 – Phase 2 & 3 data loaded. Final testing and cleanup in progress. Project closes 31 st March 2015. January 2016 – Asset database (Concerto) is now live in Property Services. Updating of data underway.
19 - Annual Governance Report 11/12	R4 Review IT controls to ensure: <ul style="list-style-type: none"> ■ appropriate arrangements are in place to manage the IT services contract; ■ project management is applied to significant IT system changes or upgrades; and ■ user access is kept up to date. 	Group Manager – Resources Date: 31 March 2013 Group Manager – Customer Services Revised Date: 31 August 2013 Revised Date: 31 st March 2014 Revised Date: 31 st March 2015	Y	[From Report] Agreed Nov 12 update - In progress – to undertake a full review / evaluation of the contract with NCC. March 2013 update. Review and evaluation of NCC Contract still in progress. Jan14 – GYBC and NCC have been in discussion over review of shared service contract and are currently in negotiation for our revised rolling 5 year contract taking effect 2014. NCC has embarked on a major procurement exercise in relation to their Digital Norfolk Ambition. This has run alongside GYBC contract review and includes future options for new IT kit and modern technology solutions. The revised contract will define the managed ICT service, service levels and support of significant IT changes and upgrades. Over the last 6 months significant work has been undertaken via PCN controls around user access/secure access. Contract to be in place by 31 st March 2014.

Report Title	Recommendation	Responsible Officer(s) and agreed date	Y/N	Satisfactory implementation?
				<p>January 2015 – NCC have undergone a restructure exercise throughout the early part of 2014. At the same time work progressed with the Digital Norfolk Ambition providing the start of cloud based solutions, modern technology and equipment. The GY Desktop refresh suffered major delays as a result however user training is currently underway for the new Windows 8.1 operating solution that will be in place with the desktop refresh. The new kit is now on order and should be delivered within 1 month. The plans are now in place for the new devices to be loaded with the correct software applications and rollout will commence February 2015. GY have been working with specialists IT Consultants to undertake a review of the current Delegation Agreement and work has commenced on negotiating a new Co-operation Agreement between GY and NCC which will need to be in place by May 2015. There are a number of key decisions to be taken on what remains in scope for the partnership and what may come back into GY – this will enable GY to produce a revised strategy for ICT services. Revised date: 31st March 2015</p> <p>January 2016 – ICT Manager appointed in July 2015, Monthly ICT Governance meetings being held to manage the ICT Programme, major projects and upgrades are being project managed User access has completed a full review and remains updated following the desktop refresh with asset management controls in place to be developed wider. Currently working in transition into the new Co-operation Agreement between GY and NCC. New contract and ICT Strategy due to be</p>

Report Title	Recommendation	Responsible Officer(s) and agreed date	Y/N	Satisfactory implementation?
				formerly considered for approval in March 2016. Recommendation complete.
Audit Results Report 14 / 15	Issues & Misstatements arising from the Audit - The Council needs to urgently review the capacity and expertise within the Finance team to ensure that the Group Manager – resources has sufficient support to be able to prepare robust financial statements with supporting working papers in a timely manner.	Interim Head of Finance / Group Manager - Resources	N	January 2016 – No response from responsible officer
Audit Results Report 14 / 15	Internal Control, Written Representations & Whole of Government Accounts - Management should reconcile its accounts payable, cash management and payroll sub-ledgers to its general ledger on a monthly basis and promptly follow up on any identified differences and make appropriate adjustments. The reconciliations should be reviewed and certified by an appropriate individual within the finance team.	Interim Head of Finance / Group Manager - Resources	N	January 2016 – No response from responsible officer
END				

Subject: Contract Standing Orders

Report to: Audit and Risk Committee

Date: 2nd February 2016

Report by: **Robert Read, Director of Housing and Neighbourhoods**

SUBJECT MATTER/RECOMMENDATIONS

The committee is asked to note the significant changes to the Contract Standing Orders and to endorse the adoption of the revised content.

1. INTRODUCTION/BACKGROUND

The previous version of the Council's Contract Standing Orders was endorsed and adopted in February 2014. There is a requirement to revised and update the contents of this document as necessary and at least on an annual basis. The Council's approach to procurement has developed over this time and there have also been some changes to legislation that have required incorporation.

In April 2015 the Council formed a Procurement Working Group to continue the development of good practice and a sub-group has worked extensively to ensure that this revised document is fit for purpose and that its adoption will both protect and enhance procurement outcomes for the organisation.

The internal audit 'Assurance Review of Procurement' in 2015 also supports the revision of the Contract Standing Orders. Many of the recommended actions will be achieved through the agreement of these revisions.

2. DETAILS OF REVISIONS

The following details the amendments and additions that have been incorporated into the updated Contract Standing Orders:

General points

- Sections have been developed and the document has been re-ordered to increase ease of use.
- The use of Approved Contractor lists has been removed in favour of Framework Arrangements and Dynamic Purchasing Systems. This provides increased transparency and competition.
- The requirement for specialist procurement advice to be sought has been included in instances where there is increased risk to the Council, for example where insufficient competition is available within an existing arrangement and where single tender action is planned.

Specific Changes

Para	Change
9	New Contract Development The requirement to complete a Procurement Plan has been included and a template for this is at Appendix E.
16	This section is new and introduces an updated and more appropriate method of identifying the most suitable procurement process to utilise. The new approach no longer relies on financial value alone but incorporates a wider risk assessment. This risk assessment is to be undertaken using the Matrix found at Appendix F
18	Pricing The previous assumption that pricing increases would be expected as a matter of course on an annual basis for contracts lasting more than 12 months has been removed and the requirement is now for contractors to provide evidence of increased costs and any increase will be limited within the contract terms.
20	Information to Potential Suppliers Amended to take into account the Council's new e-procurement system, through which all tender queries will be answered, providing an audit trail

	and transparency regarding the distribution of tender information.
24	<p>Supplier Selection</p> <p>Flexibility has been increased to include the seeking of alternative forms of evidence of financial capacity, following a risk assessment, this has been added to avoid discrimination against smaller or newer businesses.</p>
28	<p>EU Procedures</p> <p>This update includes the statutory changes adopted into the UK Public Contract Regulations in March 2015. The most significant of which being the enhancements to Dynamic Purchasing Systems and the introduction of the new 'Competitive with Negotiation' process and 'Light Touch Regime' together with the requirement to advertise all contracts valued over £25,000 on 'Contracts Finder'.</p>
29	<p>Receipt and Opening of Tenders</p> <p>Changes have been made to incorporate the receipt of electronic tenders rather than traditional envelopes, removing issues around late tenders or those carrying identification of the bidder's identity.</p>
30	<p>Tender Evaluation</p> <p>There is now a requirement to create a brief tender report prior to contract award in a standard template (Appendix G) and this may be used for approval purposes.</p>
35	<p>Clarification</p> <p>It has been necessary to re-word this section to remove any confusion with negotiation of pricing before contract award, which is not permissible under EU legislation and is not appropriate otherwise.</p>
36	<p>Form of Contract</p> <p>The requirement to retain a copy of the formal contract on the e-procurement system has been added.</p>
42	<p>Contract Management</p> <p>This is a new section and refers to designing the management of a contract according to the level of risk and is further supported by guidance that will be made available. Also included is the requirement for peer review of existing contracts.</p>
43	<p>Exit Strategy</p> <p>Another new section, including making provision within the contract to transfer data etc. upon the completion of a contract and to ensure that there is a process for capturing lessons learned throughout the contract term.</p>
46	<p>Waiver to procurement / single tender procedure</p> <p>This now includes a requirement to obtain a single tender in circumstances where competition is not available.</p>
B	<p>Appendix B – Procurement Authority Thresholds</p> <p>Changes have been made to reflect the introduction of risk assessments and the removal of the distinction between £5,000 to £15,000 contracts and</p>

	those that are valued up to £50,000. There is some additional flexibility for purchases below £5k
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3. RECOMMENDATIONS

Following the extensive consideration and review of the Council's Contract Standing Orders it is recommended that the revisions be incorporated and the document be endorsed and adopted into the Council's Constitution.

FINANCIAL IMPLICATIONS:

Improvements in financial control and streamlining of processes.

LEGAL IMPLICATIONS:

Increased clarity and internal governance reflecting legislative requirements.

EXECUTIVE BOARD OR DIRECTOR CONSULTATION:

EMT, s151 Officer, Deputy Monitoring Officer

Does this report raise any legal, financial, sustainability, equality, Crime and Disorder or Human Rights issues and, if so, have they been considered?	Issues	
	Legal	Yes, and taken into account
	Financial	Yes, and taken into account
	Risk	Yes, and taken into account
	Sustainability	Yes, and taken into account
	Crime and Disorder	No
	Human Rights	No
	Every Child Matters	No
	Equality	No
	EqlA Form completed	No

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Great Yarmouth Borough Council

Contract Standing Orders

February 2016

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SECTION 1 – Context

1. Purpose

These Contract Standing Orders are made in accordance with the requirements of Section 135 of the Local Government Act 1972. They do not provide guidelines on what is the best way to purchase works, supplies (goods) and services. They set out the minimum requirements to be followed. Further information and guidelines are set out in the Council's Procurement Guide.

The overall purpose of these Contract Standing Orders is threefold:

- a) to ensure probity, transparency and equality in the procurement of works, goods and services.
- b) to ensure the Council gets best value from its procurements.
- c) to protect those involved in the procurement process.

2. Scope

These Contract Standing Orders apply to all contracts for goods, services, works, concessions and capital projects undertaken by or on behalf of the Council with the exception of:

- a) the acquisition of any interest in land or property.
- b) the lending or borrowing of money.
- c) employment of an individual employee.
- d) the disposal of property (including any interest in land).
- e) the engagement of Counsel.
- f) the awarding of Grants to third sector organisations (see Appendix D).

For the purposes of this document a contract is defined as any circumstance where goods, services or works are acquired, and there is an understanding by both parties that payment will be made in exchange for this.

The scope of the procurement process is from the identification of a requirement through to the completion of any arrangement to fulfil that requirement, including the management of that arrangement and potentially the disposal of any products of the arrangement that are not required.

3. Authorities and controls

Procurement Authority is delegated by the Council to the Directors who may delegate to officers who have the necessary requirements in the course their normal duties. The Executive Management Team (EMT) takes a strategic role in procurement and is responsible for receiving reports and responding to audit requirements.

The role of Directors is to responsibly consider and approve or otherwise situations detailed in these Contract Standing Orders where there is an increase risk to the Council, including

circumstances where there is insufficient competition and where the value/risk of a contract is assessed as high.

The Role of Group Managers is to support the corporate regulations and procedures whilst ensuring that the both the spirit and the letter of the Contract Standing Orders are complied with. Also to involve the Director where a purchase is complex, requires special terms of contract, or contract extension, even when the requirement is within the buyer's delegated procurement authority.

Procurement authority is defined as the limit that the budget holder can spend within their budget authority with a single supplier. No commitment to purchase, contract, lease, hire, or rent goods, services or works on behalf of the Council can be made without appropriate budget authority and delegated procurement authority.

Budget Authority rests with the Budget Holder. All expenditure must have prior budgetary approval. A budget is approved when the Budget Holder has received approval through the budget process for the annual budget. However, the Budget Holder must follow the Council's standards for specific goods and services. For particular categories of expenditure technical experts, governance boards or teams are responsible for specifying products and services e.g. IT & stationery, and approval must be sought from these experts to procure alternative goods and services, or to use alternative sources of supply.

Budget authority permits the Budget Holder to authorise, sign or issue purchase orders or contracts, or make any other form of commitment to suppliers within the limits of their delegated authority and with due regard to these Contract Standing Orders.

Refer to Appendix B - Procurement Authority Thresholds

4. Segregation of duties

The activities relating to the contracting and procurement processes are segregated between the following phases:

- Purchase Order
- Commitment (contract signatory) / Authorisation
- Receipt
- Payment

Segregation of duties must exist between raising Purchase Orders and commitment of expenditure and also receipt and payment.

5. Officer conduct

a) Conflict of interests of officers

Officers employed by the Council must comply with Paragraph 5.4 of the Council's "Code of Conduct", relating to conflicts of interest.

b) Ethical procurement

Procurement should only be undertaken by officers adhering to the strictest professional standards. The Council recognises the Chartered Institute of Procurement & Supply (CIPS) Code of Conduct¹ as the appropriate standard.

6. Audit requirements

All Budget Holders must be aware that their procurement actions will be subject to Internal and External Audit examination, to ensure that procurement is carried out in a proper and business-like manner and in strict adherence to the Council's Contract Standing Orders.

Decisions on procurement actions must be recorded on file to provide an acceptable audit trail. This is particularly important in respect of:

- The Procurement Plan.
- Clarification and contract reviews as part of contract management.
- Full tender documents including a record of evaluation processes that will be held on the e-procurement system.

These are the most important examples; the list is neither exhaustive nor exclusive. If a Budget Holder is ever in doubt about whether facts need to be recorded, it is advisable to err on the side of caution and record them.

It is equally important to note that recording of facts in these circumstances should not be excessive. Records should be sufficient to give a reasonably easily understood picture of events to someone reading them for the first time and to assist others to explain the reasoning behind decisions.

SECTION 2 – Procurement Options

7. Existing contracts

Where a Contract has been awarded it must be used for all requirements that relate to that contract. A detailed contracts register will be maintained by the Council and made available for all Budget Holders to access on the e-Procurement system, which is also publicly available.

The Council and its contracted Suppliers make a considerable investment in negotiating and preparing contracts and when a contract has been awarded to a contractor it must be honoured. To place purchase orders / contracts with alternative suppliers other than the contract holder may frustrate the contract and open the Council to expensive litigation.

On the exceptional occasions where a Budget Holder feels that better value can be obtained from sources alternative to those that have been awarded a Council contract, approval to use those alternatives must be first obtained from the Group Manager and the appropriate Director before awarding a competing contract for similar requirements.

¹ <https://www.cips.org/aboutcips/CIPS-Code-of-Conduct/>

8. Framework Arrangements

In this Standing Order, a Framework Agreement is a formal tendered arrangement which sets out terms and conditions under which specific purchases can be made throughout the term of the agreement. The appropriate Budget Holder may procure supplies, services or works from the successful framework tenderer(s) in unpredicted quantities at various times during the period that the agreement is in force. For this purpose, a Framework Arrangement may be internal i.e. set up by the Council, or external i.e. set up by GPS, ESPO or some other Consortium, association or similar body of which the Council is a member or party. Consideration must be given as to whether the Council could achieve increased value for money by joining an existing consortium to enable it to benefit from using pre-tendered framework agreements and whether any charges for this represent a good investment.

If there is no previously existing framework agreement and the requirement is of an ongoing nature and may require more than one supplier, or if the volume of the requirement over the contract term is uncertain, the Budget Holder must consider whether creating a framework arrangement would better meet the requirement.

When advertising for a Framework Agreement the advertisement must indicate:

- a) That it is a Framework Agreement which is being tendered.
- b) The parties eligible to participate in the Framework Agreement.
- c) The duration of the Agreement.
- d) The expected maximum number of suppliers.
- e) The estimated total value of the contracts to be covered by the Agreement.
- f) The award criteria for choosing suppliers and subsequent criteria for placing orders.

9. New contract development

When a Contract does not exist to meet a requirement the Budget Holder must follow the appropriate Competitive Process in compliance with Contract Thresholds² and risk assessment.

A requirement can often be met through a range of business models, including a direct contract, use of an existing framework, creation of a new framework or Dynamic Purchasing System, collaboration with another public body, or creation of a wholly owned or Joint Venture Company. The Budget Holder must be clear as to which option will provide the best outcome and must record this in the Procurement Plan where appropriate. In all cases questions 1 to 5 of the procurement plan must be answered and retained.

² Refer to Appendix B - Procurement Authority Thresholds

SECTION 3 - Legislation

10. The Public Services (Social Value) Act 2012

The Act requires that the Council has regard to economic, social and environmental well-being in connection with public services contracts and considers the following in all procurement exercises for services:

- a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
- b) how, in conducting the process of procurement, it might act with a view to securing that improvement.

The Council must consider (under subsection (3)(b) of the Act) only matters that are relevant to what is proposed to be procured and, in doing so, must consider the extent to which it is proportionate in all the circumstances to take those matters into account.

When the Council undertakes an assessment of the categories of services that it procures, to evaluate those that are high risk or where there is scope to achieve social benefit, particular effort will be made to both reduce adverse impacts and maximise opportunities whilst understanding, valuing and building on existing social capital and community assets and creating a positive ongoing impact on communities.

11. Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE)

In relation to contracts where there is likelihood that employees may be transferred to a new employer the invitation to tender will state that the Council assumes that TUPE will apply unless evidence to the contrary is produced. It will then be the Council's responsibility to ensure that tenderers have access to the appropriate information to allow them to fully consider any impact that TUPE may have on their tender.

12. HMRC Requirements – Engagement of Individuals

The Council is obliged to check that all individuals who are engaged by the Council in a self-employed capacity, e.g. Sports Coaches, Consultants, etc., who submit invoices and are paid via the creditors system; must now provide evidence of their compliance with HMRC requirements with regards to declaring their income tax and National Insurance liabilities. It does not apply to agency staff or staff employed by the Council on a fixed-term or casual basis.

All new suppliers must complete the Supplier Form prior to an order being placed for services. The form requests an individual's Unique Taxpayer Reference (UTR), which must be supplied prior to any payments being made. If an individual cannot provide this number, they are not to be engaged.

SECTION 4 – Pre-Procurement

13. Contract value

Before any procurement is begun the appropriate Budget Holder must estimate the value of the contract and must keep a written record of that estimate as part of the Procurement Plan in the Department (see Appendix E for the procurement Plan template).

- a) In the case of contracts for:
 - i) the hire of goods for an indeterminate period, or
 - ii) the provision of services for a period in excess of 4 years or for an indeterminate period,

the estimated value of the contract must be the estimated monthly cost multiplied by 48 or, where monthly costs are inappropriate, the estimated annual cost multiplied by 4.

- b) In the case of contracts for the supply of goods or services over a period where the Council wishes to call off as required or has a series of regular requirements by standing order the estimated value of the contract is either:
 - i) the aggregate value of similar contracts over the previous 12 months (adjusted for any known changes in demand);
 - ii) the estimated value of similar contracts over the next 12 months; or
 - iii) if the contract is for a definite term of more than 12 months, the estimated value for the period of the contract.
- c) For all supplies, services and works not covered by the above, the estimated value for the purpose of these Standing Orders must be the total estimated value of the supplies, services or works to be supplied over the period covered by the contract.
- d) The value of a concession for the purpose of this Standing Order is the estimated gross value of the service before income.

14. Aggregation of demand

The separation of a requirement (disaggregation) into several smaller orders or contracts to avoid seeking the correct Procurement Authority or to avoid appropriate levels of competition is not permitted.

When a Budget Holder instigates a quotation / tender procedure they must inform the Group Manager or their delegated manager of that requirement to enable the potential for aggregation across the Council to be managed.

15. Market research

Access to accurate and relevant commercial intelligence and knowledge of the marketplace is necessary in deciding which procurement option is best. Relevant markets need to be researched and understood, however, care must be taken to ensure this does not distort competition or prejudice any bidder or potential bidder.

16. Assessing contract risk

All procurement projects must be assessed prior to commencing activity to determine the level of risk associated with the particular procurement. The risk matrix is part of these Standing Orders at Appendix F. Dependant on the total score achieved on the matrix together with the estimated contract value the Budget Holder will determine the process to be utilised.

17. Terms and conditions

The Council's Standard Contract and Purchase Conditions have been developed with legal advice to protect the Council from contract risk in the majority of instances. When entering into any contract, be that following either the quotation or tender process, the Budget Holder must be aware of the terms of that contract. Under normal circumstances for goods and simple services the Council's Standard Contract and Purchase Conditions will suffice. However, consideration should be given to specifics, such as insurance requirements, health and safety and confidentiality, and other relevant issues where risk is increased. Additional terms, including 'social clauses', will be available for selection through the e-procurement system to apply to a procurement process where appropriate and Budget holders must seek legal advice if in any doubt.

In all cases contract terms shall include a requirement for contractors to be paid within 30 days of receipt of a valid invoice and also for contractors to pay their sub-contractors within 30 days and to pass that requirement through the supply chain.

In some limited circumstances the market operates in such a way as to prevent the Council from imposing its standard terms and it will be inevitable that the supplier's terms will be offered. Particularly in these cases legal opinion should be sought to highlight any specific clauses that put the Council at risk and these may be grounds for negotiation with the supplier prior to agreeing a contract. Where a supplier's terms and conditions are to be agreed this must first be approved by the appropriate Director.

18. Pricing

In the case of long-term contracts (usually longer than one year) it may be necessary to include provision for inflationary and deflationary factors during the course of the contract. A clause should be drafted requiring the supplier to provide evidence of increased costs and any increase must be limited to the appropriate inflationary index. Due care must be taken when drafting this type of clause and when used must be approved by the appropriate Director.

SECTION 5 – Supplier Engagement

19. Advertising a quotation or tender

The e-procurement system shall be used for all quotation and tender procedures and as such all opportunities will be published and made visible to all potential providers that are registered on the system. The e-procurement system will also facilitate the publishing of opportunities to the OJEU and to Contracts Finder where necessitated by the value of the contract. The transparency obligations of the Council require that all contracts over £25,000 are advertised on Contracts Finder in addition to any other systems that are used.

There may be circumstances however when it will also be necessary to place an advertisement in a local newspaper, trade journal, local partnership network, or social media where appropriate, to invite potential suppliers to register on the e-procurement system to obtain access to the opportunity. This will particularly be the case where it is deemed that insufficient suppliers are registered for a specific category of products or services to achieve a reasonable level of competition.

The advertisement shall be raised in conjunction with the Group Manager and will include the website address for the e-procurement system.

20. Information to potential suppliers

All potential suppliers must receive the same detailed information that accurately reflects the business and Budget Holder requirements. Information given to tenderers that relates to anticipated volumes or value of business is for guidance only. It must be clearly stated that the Council will not be bound by this information.

Tenderers must not be informed of the identity of competitors, as this can lead to supplier collusion and cartels and a potential loss of confidence among tenderers.

All questions and answers to clarification points that may be raised by tenderers are to be administered through the e-procurement system to ensure that all tenderers receive the same information. Care should be taken to ensure that further clarification information is made anonymous before sharing with other tenderers.

21. Meetings/discussions with tenderers

If it is part of the contract strategy to hold meetings with tenderers before tenders are submitted best practice is to hold one meeting with all suppliers present unless the Budget Holder and the Group Manager determines that it is disadvantageous to do so. This approach ensures that all tenderers receive the same information.

No meetings or discussions shall take place during the tendering process between tenderers and the Budget Holder without the prior agreement of the Group Manager.

SECTION 6 - Process

22. Development of the specification

The Budget Holder, with the aid of specialist functions as appropriate, is responsible for compiling the specification which must include performance criteria. Budget Holders must use caution when communicating with potential suppliers during this stage of the process, to avoid compromising the Council's ability to maintain transparency, equal treatment and impartiality.

It is the responsibility of the Budget Holder to source and contract with suppliers who will supply goods and services that will meet the Budget Holder's specification as well as the commercial requirements of the contract.

To ensure best value, specifications should be generic and outcome-based and not limit offers of equivalent solutions.

23. Identification of Suppliers

There are a number of ways in which potential suppliers may be selected:

a) E-procurement system

In the majority of circumstances suppliers will identify themselves by expressing an interest on the e-procurement system for a particular opportunity.

b) Framework Agreements

Suppliers are awarded business under framework agreements and the Budget Holder will not undertake any further supplier identification. In any case where a Framework Agreement in accordance with these standing orders is in place:

- i. Orders will be placed against a known price and do not require further competition unless required by law.
- ii. In circumstances where the price was not specified under the Framework Agreement an order can only be placed if further competition has been undertaken in accordance with the instructions contained within the Framework Agreement. This will be with all of the suppliers specified in the Agreement or within a specific Lot of the Agreement and no other suppliers. This competition will be undertaken utilising the e-procurement system. The further competition must be evaluated using the criteria as stated in the Framework Arrangement. If the number of suppliers within a Framework Agreement or relevant Lot is not sufficient to ensure competition the Budget Holder must seek expert advice.
- iii. When an existing Framework Agreement is to be used, particularly for services and works, it is the Budget Holder's responsibility to ensure that all specified requirements remain valid. It may be necessary to request current evidence of insurance or other certification depending on how the Framework Agreement is managed.

c) Supplier databases

Various Supplier/Contractor databases exist to assist organisations select suppliers these data bases are available on-line, e.g. Construction-line, Sells, Yellow Pages, Kelly's and professional bodies such as RICS. When using these lists care must be taken not to only use one source of information and identified suppliers must then be encouraged to register on the e-procurement system.

d) Dynamic Purchasing Systems

Where a Dynamic Purchasing System is in place quotations will be sought using the e-procurement system.

24. Supplier selection

The Council is committed to obtaining value for money through the procurement of all goods, services, works and capital projects. It is essential to ensure that only the most capable suppliers are selected as contractors to the Council.

The selection and elimination of suppliers within a procurement exercise can only be made on grounds of capability and that assessment should include a balance of technical, professional and financial issues as appropriate. It is essential that any criteria used to select suppliers are notified to them in advance. This information should be contained within tender documents or where appropriate included within the OJEU notice.

Potential suppliers should be requested to provide accounts for the past two years of trading as part of the procurement process where appropriate. In the absence of audited statements, other information should be requested that is considered sufficient for assessment purposes. Potential suppliers such as SMEs and public service mutuals may have been recently formed and be unable to provide accounts for the previous two years or to provide any filed accounts at all. The Budget Holder should know the level of flexibility required towards potential suppliers from information gained through market research. Other information that may demonstrate the potential supplier's economic and financial standing can include, but is not limited to:

- Parent company accounts (if applicable)
- Deeds of guarantee
- Bankers statements and references
- Accountants' references
- Management accounts
- Financial projections, including cash flow forecasts
- Details and evidence of previous contracts, including contract values
- Capital availability.

The capacity of a potential supplier may be assessed based on a simple comparison of the annual contract value to the annual (or average annual) turnover. While turnover may be a useful indicator of capacity, issues of financial position, capacity, capability and dependency should all be considered as part of the appraisal process. If a potential supplier is not selected, there must be clear and demonstrable evidence of financial risks, capacity or capability issues over and above a simple turnover or ratio measure. Budget Holders should not impose arbitrary minimum requirements which may have the unintended effect of barring new businesses from bidding and that in the spirit of encouraging supplier growth, the supplier evaluation process should not rule out a potential supplier unless there is clear

evidence that the supplier's financial position places the Council or services at unacceptable risk. This should include the consideration of the level of insurances required. Whilst the Standard Contract & Purchase Conditions include a requirement for £3million cover for public liability, Budget Holders should set the minimum requirements for public and employers liability together with professional indemnity cover at an appropriate value relative to the contract risk.

Where open advertisements are used to attract potential suppliers the selection process will form a qualifying stage of the tender exercise. Qualification can only be assessed on the grounds of financial soundness, capacity and professional and technical ability. There are 2 ways in which this process can be used and these follow the principles of the EU procedures.

- i) Either, the pre-qualification questionnaire is made available to all suppliers expressing an interest and only the suppliers that meet the required standard are then allowed access to the full tender documents.
- ii) Or, suppliers are issued with the full Invitation to Tender (ITT) document of which the qualification section forms the first element.

The first option should only be used for contracts valued above the EU threshold and where allowed within the procurement process, i.e. the Restricted procedure or Dynamic Purchasing System. The Restricted procedure should only be used where the market is known to be extensive and large numbers of tenderers are anticipated. This approach will remove the possibility of large numbers of suppliers completing a full tender unnecessarily. Conversely, where appropriate, the qualification section within a full tender will be used to ensure that minimum standards are met and will allow evaluation of a wider range of tender offers. This will reduce the overall timescale of the tender.

The purpose of pre-qualification is not to reduce the number of potential bidders but to ensure that those tenders that are evaluated are from suppliers that are capable of meeting the quality standards required. Where a pre-qualification questionnaire is used this must be based on the government standard and should be as simple as possible. Qualification may involve as little as a requirement of tenderers to confirm that they can meet the stated minimum standard required. The government standard pre-qualification questions are available on the e-procurement system to select, together with additional questions to be selected as appropriate to a specific requirement. To decrease the burden on tenderers, where certificates and evidence is required, this should only be requested before contract award from either the preferred bidder or from the final few tenderers where there are specific requirements.

25. Low risk procedures (risk matrix score 0 - 59)

This procedure should be used by Budget Holders teams with delegated authority for expenditure below £5,000 and where the requirement is of low risk (i.e. scoring below 60). In all cases questions 1 to 5 of the Procurement Plan must be answered and retained.

These requirements are normally straightforward and require nothing more than the Council's Standard Contract & Purchase Conditions. The Budget Holder is required to seek 3 competitive quotes on the e-procurement system, which will maintain a record showing that good value has been obtained. The use of the e-procurement system should always be the

first option and any alternative means of communication should only be considered in very rare circumstances.

The Purchase Order Number must be provided to the supplier at the time that the commitment is made. The Budget Holder must confirm Purchase Order details in writing within 24 hours of placing an order using a Purchase Order generated by the procurement system.

26. Medium risk procedures (risk matrix score 60 – 100)

For all contracts scoring between 60 and 100 and typically with expenditure between £5001 and £50,000 a minimum of three quotations from potential suppliers is required using the Council's e-procurement system. Commitments must be confirmed immediately with a Purchase Order generated by the procurement system and must include all associated costs including delivery and VAT. If the contract has already been awarded the Purchase Order must be marked "CONFIRMATION ORDER" to avoid duplication.

The Budget Holder's specific requirements and the Standard Contract & Purchase Conditions will be used. It is also essential that the following is clearly stated:

- i) the lowest priced quotation may not be accepted.
- ii) the Council is under no obligation to accept any quotation.
- iii) offers not submitted on the e-procurement system will not be accepted.

After the closing date and time all received quotations will be available for evaluation.

The maximum duration of any contract should not exceed 3 years and automatic renewal or extension of contract is not permitted. Additionally, the Quotation must be referred to the Group Manager when any of the following apply regardless of the contract value:

- i) The contract period will extend beyond 12 months.
- ii) The contract will require special terms and conditions of contract.
- iii) The Standard Contract & Purchase Conditions may need to be modified and/or amended.
- iv) The supplier insists on using their own Terms and Conditions of Contract.

Where requirements are complex and potentially high risk the high level procedures should be followed and full tender documentation used instead of following the quotation process.

27. High risk procedures (risk matrix score above 100)

For all requirements scored over 100 and below the EU threshold typically valued over £50,000 at least 3 competitive tenders must be sought. The Council's e-procurement system including the standard documentation will be used. The Standard Contract & Purchase Conditions will normally be applied, but further terms may be required to safeguard the Council from risk. The evaluation criteria and scoring methodology will be clearly set out on the system and it is also essential that the following is clearly stated:

- i) The lowest priced tender may not be accepted.
- ii) The Council is under no obligation to accept any tender.

- iii) All tenders must be submitted on the system and according to the instructions by the stated deadline.
- iv) The Tender will also state that offers not submitted on the e-procurement system will not be accepted.

The tender must be referred to the appropriate Director when any of the following apply:

- i) The contract period will extend beyond 36 months.
- ii) The contract will require special terms and conditions of contract.
- iii) The Standard Contract & Purchase Conditions may need to be modified and/or amended.

28. EU Procedures

This procedure must be used for all requirements which are valued at or above 90% of the current EU Threshold. All contracts must be advertised through the e-procurement system in the Official Journal of the European Union (OJEU) and may also be advertised elsewhere as appropriate, but this must be following the OJEU notice publication. The notice published in OJEU will contain a link to the tender details and relevant documents.

There are five procurement routes that are available to use under the EU Directives and the choice of these procedures must be appropriate to the contract in question.

- a) Open – this procedure is preferred by the Council, as it has the shortest timescales and is arguably most transparent. Any company who accesses the tender following the published hyperlink will be allowed access to the Invitation to Tender (ITT).
- b) Restricted – this is a two-stage process where the full ITT is only provided to bidders that are successfully assessed in the Pre-Qualification Questionnaire and should only be used where the market is known to be considerable in size.
- c) Competitive with Negotiation –the Council must set minimum standards and these must not be changed through the negotiation rounds. The scope for using the Competitive procedure with Negotiation is limited by EU Regulations and must be justified; the most common circumstance being where the contract specification cannot be established with sufficient precision to permit the award of the contract by selection of the best tender according to the rules governing open or restricted procedures.
- d) Competitive Dialogue – this is a two-stage process. The first stage "the dialogue" allows for discussion between the invited bidders (no less than 3) and the Council. At the end of the dialogue phase bidders are invited to submit proposals which are then evaluated using the previously issued criteria.
- e) Dynamic Purchasing System (DPS) - this is a procedure that has some aspects that are similar to an electronic framework agreement, but where new suppliers can join at any time. It has its own specific set of requirements. It is to be run as a completely electronic process, and should be set up using the restricted procedure and some other conditions apply. The DPS is a two-stage process. First, in the initial setup stage, all suppliers who meet the selection criteria and are not excluded must be admitted to the DPS. Contracting authorities must not impose any limit on the number of suppliers that may join a DPS. Unlike framework agreements, suppliers can also apply to join the DPS at any point during its lifetime. Individual contracts are awarded during the second stage. In

this stage, the authority invites all suppliers on the DPS (or the relevant category within the DPS) to bid for the specific contract.

- f) Light Touch Regime - The new regime (LTR) is a specific set of rules for certain service contracts that tend to be of lower interest to cross-border competition. Those service contracts include certain social, health and education services, defined by Common Procurement Vocabulary (CPV) codes. There is a higher EU threshold for advertising these contracts, there are no stipulated time limits but the Treaty principles of transparency and equality must still be applied. There is also more flexibility on the award criteria that may be used.
- g) Innovation Partnership - This procedure is aimed at encouraging the development of innovative products, services or works, which are not already available on the market. The procurement process largely follows the competitive procedure with negotiation. Following a contract notice, the contracting authority receives expressions of interest and negotiates with the potential partner(s) it has selected. The partnership agreement is then awarded to one or more partners on the basis of the best price quality ratio. Following the award, the structure of the process covers two parts, firstly the development of the innovative product, service or works and then the purchase of the resulting supplies, services or works.

Budget Holders will follow the appropriate procedures as detailed in the EU Procurement Directives and in the UK Public Contract Regulations. There are strict rules around contract value thresholds and mandatory timescales, including a standstill period between notification of a preferred contractor and the award of the contract. Budget Holders must ensure that all mandatory timescales are adhered to and should always seek expert advice and refer to the procurement guidance for further details.

29. Receipt and opening of Tenders

All tenders will be managed in accordance to the defined procedures on the e-procurement system. If for any reason it becomes clear that insufficient time has been allowed for the preparation of tenders, the closing date may be extended. All tenderers must be advised of any change in the closing date, extension of time allowed, or of any other change in the tender arrangements.

30. Tender evaluation

The Budget Holder with delegated authority is responsible for leading the commercial evaluation procedure within the tender assessment team. Tender evaluation will utilise the services of any other specialists deemed necessary. The evaluation process must be objectively followed using a team approach and by moderating scoring. All evaluation will either be carried out on the e-procurement system or if this is not suitable then an appropriate spreadsheet will be used and the records of the evaluation process must be uploaded onto the system and retained for audit purposes.

The purpose of the evaluation is to identify the most economically advantageous tender, which will be a balance of cost and quality. The Budget Holder must draw up the evaluation criteria and methodology early in the process and this will be shared with the tenderers as part of the e-procurement process. It is good practice to allot a weighting system to the scoring to enable greater emphasis to be attributed to the key outcomes required.

The evaluation criteria must be relevant and proportionate and linked to the subject matter of the contract. These criteria will often include the following:

Quality - Technical merit, aesthetic and functional characteristics, environmental characteristics, after sales service, technical assistance, delivery date and delivery period and period of completion.

Costs - Whole life cost - price, running costs, maintenance, consumables, spares and disposal costs.

A brief tender report (See Appendix G for a template) should be completed and submitted to the appropriate officer for approval to award.

31. Acceptance of Tenders

The appropriate Budget Holder may accept from valid tenders received, in accordance with the decided award criterion:

- a) the most economically advantageous tender where one tender achieves an overall highest combined quality and cost score; or
- b) any other tender only after consultation with the appropriate Director and after taking legal advice on the impact of EU Directives and subject to the appropriate Budget Holder making a written report; or
- c) in the case of sales or concessions the highest tender, if that was the award criterion, provided that the tender is not more than 10 per cent below the estimated value.

A Budget Holder may not reject an abnormally low tender without first giving the Tenderer the opportunity to explain the tendered price.

Acceptance of a tender must be in writing and may in some cases be in the form of an official purchase order and must be signed by the appropriate Director or by an Officer designated by him/her. The "acceptance" must not prejudice any formal contract required by Standing Order 36.

The appropriate Budget Holder must inform all tenderers of the name of the successful tenderer and (where practical) the amount of the tender accepted and (without connecting particular prices to particular tenderers) the prices submitted by other tenderers.

Where the tender has followed the EU procedures and in other cases where appropriate the unsuccessful tenderers must be allowed 10 days following receipt of their rejection notification before the contract is awarded. This time is allowed for potential challenges to the award decision and to avoid cancelling an awarded contract. The successful tenderer should be notified in the meantime that they are the "preferred bidder".

32. Debriefing unsuccessful tenderers

The Budget Holder must be prepared to explain to unsuccessful tenderers why their tenders were not accepted. Unsuccessful tenderers have a legal right to be debriefed, based on their tender, if they choose to make such a request. This is also good practice as it can help suppliers to improve and better compete for future business.

Debriefing of an unsuccessful tenderer should only be arranged once all unsuccessful tenderers have been informed. Debriefing in depth is likely to be needed only in respect of strategic or significant contracts. In doing so the Budget Holder must recognise and respect the confidentiality of information received from other tenderers.

33. Errors or Discrepancies in Tenders

Where examination of tenders reveals errors or discrepancies which would affect the tender figures in an otherwise successful tender, the tenderer is to be given details of such errors and discrepancies and afforded an opportunity of confirming or withdrawing the offer.

Where a tender is for a fixed sum and is for measured work calculated on Bills of Quantity with rates or Activity Schedules and the arithmetical calculations are erroneous the tenderer may confirm either the rate (or rates) or the total for that particular item or the tenderer may withdraw the offer. Where the Contractor has agreed to confirm their offer, any revision to the arithmetic total will require a compensating adjustment to provide a build-up of cost to agree with the tendered sum.

If the tenderer withdraws, the next tender in competitive order is to be examined and then dealt with in the same way.

Any exception to this procedure must be authorised by the appropriate Director.

If a supplier discovers after receiving a contract that their tender had contained a genuine error, they must be asked to submit a detailed explanation of their case. If that demonstrates to the satisfaction of the Budget Holder that the error or omission was genuine, the revised details may be accepted subject to their approval within the relevant financial authority and the supplier's bid remaining competitive.

Otherwise, the supplier must be required to stand by their tender or the contract may in extreme circumstances be terminated. This course of action must be at the discretion of the Budget Holder, in discussion with their Group Manager. If in any doubt of the action to be taken refer to the appropriate Director.

34. Error by the budget holder

If the Budget Holder finds an error in the requirement or specification of a tender, all potential suppliers must be informed of the correction and if necessary be given additional time to reply by extension of the tender return date.

If, following the issue of a Purchase Order, the Budget Holder finds a genuine error made in the process of placing the Purchase Order; the Budget Holder should advise the supplier and jointly discuss corrective action. The corrective action may be accepted subject to approval within the relevant financial authority.

In exceptional cases, cancellation of the contract may be necessary after discussion with the supplier and the Budget Holder.

35. Clarification

All supplier tender clarification should be controlled and led by the Budget Holder with delegated procurement authority. The Budget Holder should determine a strategy for the

clarification, irrespective of whether it concerns a new purchase, a renewal, or a supplier generated change. The Budget Holder may decide to involve other specialists as appropriate.

Neither good practice nor the EU Directives permit price negotiation, however clarification is utilised to explore and understand the technical aspects of a tender. The result of clarification discussions may be an adjustment to the cost proposal.

Where clarification discussions do not lead to an agreement between the supplier and the Council it may well be necessary to undertake a second procurement exercise and re-engage the market.

a) Post-tender / pre-contract clarification

All post tender clarification must be transparent and be carried out with all appropriate suppliers to remove possibility of preferential treatment of tenderers. No negotiations may take place under this Standing Order unless and in very rare circumstances the tender documents specifically reserve the right to do so.

Post tender clarification is the process whereby discussion takes place with one or more selected tenderers after tenders have been assessed, in order to secure the value for money of the awarded contract or purchase order.

All discussions and concessions must be recorded and a record made on the e-procurement system and confirmed with the supplier. Under no circumstances should prices tendered by one tenderer be disclosed and / or used to “negotiate” other tenderer’s prices down. This is an unethical practice and could be damaging to suppliers and the Council.

b) Post contract clarification

Post contract clarification refers to any discussion which seeks to alter the contract conditions or which has any other direct implication for the delivery of goods or management of the contracted service, and which takes place after the award of contract.

Either party can initiate post contract discussions.

Post contract clarification must be conducted with the express authority of the Group Manager and should only be conducted with those personnel within the supplier’s organisation who are authorised to do so.

It is particularly important that no unauthorised personnel engage in any activity that could be interpreted by the supplier as negotiation. Unauthorised activity could compromise the Council’s legal position in the event of a subsequent related dispute.

Personnel should be wary of the dangers of unwittingly giving implicit agreement to a change in the contract. Any discussions or correspondence that could be perceived to be related to changes in service requirements should be prefaced by stating or noting that they are “without prejudice” to the contract.

Any changes that are agreed should be fully documented in accordance with the change procedures within the contract, and recorded as an addendum to the contract file.

36. Form of Contract

Purchase Contracts are normally utilised in addition to Purchase Orders for requirements over £100,000 in value. For specific requirements below £100,000 a contract may be appropriate where:

- Supply will extend beyond one year.
- Special conditions apply.
- The requirement is complex.
- There is significant risk associated with the purchase.

When a Purchase Contract is in place it must be used in preference to sourcing a requirement from another supplier.

All purchase contracts must:

- be in writing; and must specify the supplies, materials or services to be supplied, the price to be paid and must contain a statement as to the amount of any discount or other deductions, the period within which the contract is to be performed and such other conditions and terms as may have been agreed between the parties through the tender process; and
- include a clause prohibiting the contractor from transferring or assigning or sub-letting to any person any portion of the contract without the written permission of the Council signified by the appropriate Director; and
- contain a clause empowering the Council to cancel the contract and to recover from the contractor the amount of any resulting loss if the contractor or any person employed by him/her or acting on his/her behalf whether or not to his/her knowledge shall have offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for taking or for not taking any action in relation to the contract or any other contract with the Council, or shall have committed any offence under the Prevention of Corruption Acts 1889 to 1916, or shall have given any fee or reward the receipt of which is an offence under Section 117(2) of the Local Government Act 1972.
- incorporate the standard Great Yarmouth Borough Council Standard Contract & Purchase Conditions, unless the parties agree to the contrary or it is considered inappropriate to do so by the appropriate Director following legal advice.

Every contract whose estimated value exceeds £100,000 must where possible provide for the payment of liquidated damages by the contractor where he/she fails to complete the contract within the time specified.

Purchase contracts may be under seal (particularly for contracts regarding construction, land or property), but must be attested to by the appropriate Director or signed by two officers of

the Council designated by the appropriate Director. Where two signatures are required at least one must be that of a person not involved in the tendering or clarification of the contract.

A copy of all contracts must be retained as an attachment on the e-procurement system.

Directors must produce a list of those Officers whom they have authorised to sign contracts on their behalf and maintain that list.

37. Purchase order

The standard Purchase Order is generated by the finance system and must be utilised for all individual requirements and to call off requirements from existing Contracts. There are very limited exceptions to this requirement and categories of expenditure where a Purchase Order is not required are listed in the Procurement Guide. The Purchase Order will be completed with all the appropriate details of the purchase and the Standard Contract & Purchase Conditions are referred to on the supplier's copy of the Purchase Order.

The use of supplier-prepared agreements is not acceptable, except in the circumstances outlined in paragraph 17, as the whole contract will be placed on the supplier's terms and conditions, which are unlikely to be favourable to the Council.

38. Receipt of goods & services and payment

Payment cannot be made until all supporting documentation has been completed. It is essential that receipt acknowledgements and invoices are returned promptly to the appropriate finance area by the Budget Holder after receipt of the goods or services. Invoices should in the first instance be sent directly to the finance department.

Before an invoice is paid by the finance department the following checks need to be completed to certify the specific invoice is passed for payment by confirming the following:

- The VAT invoice is an original or certified copy
- The goods and or services were received
- That the prices and all costs were agreed and invoiced correctly
- Applicable credits and or discounts have been applied
- The arithmetic calculations are correct

The finance department will process invoices promptly for payment. The Council is targeted by central government to achieve all payments to suppliers within 30 days of receiving an invoice.

SECTION 7 – Contract Management

39. Variations

All requests to suppliers to amend any contract or requirement must be made in writing and must include authorisation at the same level as the original instruction or at a higher level if the level of expenditure exceeds the original authorisation levels.

When the Purchase Order has been issued, any changes in the requirement must be notified to the supplier in writing by an amendment to the Purchase Order and if relevant a Contract Variation. The changes must also be made to the purchase order on the procurement system.

40. Cancellation of purchase order/contract

All requests for cancellation must be made in writing to the contractor by the Budget Holder who initiated the contract. For complex contracts advice must be sought from the appropriate Director and legal advice sought as required. Formal cancellation of the purchase order must be made in writing, ensuring Accounts Payable/Finance are informed. The details of any discussions and clarification between the Budget Holder and the Supplier should be recorded with the reasons for cancellation and the outcomes of any discussion.

41. Termination due to supplier non performance

If the Supplier is not meeting their contractual obligations and discussions fail to resolve the matter, the Purchase Order/Contract may need to be terminated.

The Budget Holder should consider the consequences of the cancellation with regard to:

- The Budget Holder's needs.
- Project timing and cost.
- Overall relationship between the Council and the supplier.
- The Council's performance in the contract.
- Contractual implication from the supplier's point of view.
- Future and other outstanding business with that supplier.
- The possibility of negotiating damages or consequential losses in line with the provisions of the contract conditions.

42. Contract management

The score achieved in the assessment of contract risk will suggest the level of contract management required and the appropriate approach to take. Detailed guidance can be found on the procurement intranet. The three categories of risk level and the required actions are summarised below:

- **Low level** - ensuring compliance to the contract by managing the delivery of the contract using high level indicators e.g. cost, quality, delivery, service.
- **Medium level** - managing the performance of the contract and the supplier by expanding the high level indicators and holding a minimum of one performance review meeting per annum.
- **High level** - managing the performance of the contract and the supplier using Key Performance Indicators (KPIs) and / or Service Level Agreements.

It is also suggested that a programme of peer reviews of significant contracts is undertaken and that this is procurement led. These reviews will assess internal controls, compliance, cost and scope changes, performance management, delivery of social value and benchmarking if appropriate.

43. Exit strategy

As the contract progresses the budget holder will have responsibility for ensuring that both parties are working towards the planned exit of the contract, and for undertaking the procurement process for securing subsequent supply arrangements if required. For the majority of service contracts it will be important to have built into the contract the requirements from the contractor should a change of supplier be appropriate at contract expiry. This might include provision of staff information to facilitate TUPE or the transfer of Council data from an existing system provider to a new contractor. Part of the exit strategy should involve ensuring that a review of the contract and supplier's performance and an assessment of lessons-learned are undertaken to inform future contracts.

SECTION 8 - Decommissioning

44. Disposal of assets

Disposal and/or reallocation of assets needs to be managed with the same diligence as the acquisition process. The Council has a duty of care regarding the disposal of equipment where environmental issues are appropriate.

Where Procurement is involved in disposal, records must be retained for the disposal of assets in a similar way as for purchase decisions.

Any items of stock (other than land) deemed obsolete or surplus to requirements must, where the expected loss on disposal is no more than £5,000, be sold or disposed of only on the authorisation of the responsible Group Manager. Where the expected loss on disposal exceeds £5,000 the approval of the appropriate Director must be obtained.

Assets for disposal must be sold by public auction, except where better value for money is likely to be obtained by inviting quotations or tenders as determined by the Group Manager or appropriate Director. The method of disposing of surplus or obsolete stocks / stores or assets other than land must be determined as follows:

Total value	Method / Number of tenders or quotes
Up to £5,000	Public auction or minimum of two tenders / quotations, after authorisation by the Group Manager
£5,000.01 and above (Invitation to Tender)	Public auction or minimum of three written tenders, after authorisation by: Less than £100k value - Group Manager - Property & Construction Between £100k and 200k value – Single Cabinet Member Over £200k value - Cabinet

Before an item is disposed of, consideration should be given as to whether there is a use for the item elsewhere within the Council. All options must be explored and a record kept of the

decisions made. It is the responsibility of each Group Manager to establish that legal title rests with the Council prior to the disposal of any item. Disposal of land will in all cases require advice and guidance from the Group Manager, Property & Construction and appropriate Director, as set out in the Council’s Financial Regulations.

SECTION 9 – Retention of Documents

45. Archive records

It is a legal requirement for commercial records to be retained for inspection by various Government organisations, including HMRC (VAT).

The retention period commences once the Tender, Purchase Order or Contract is closed; all “open” documents are retained indefinitely.

The records to be retained, the retention period and which section retains them are detailed below:

Document	Retained By	Retention Period
Tenders/Quotations	e-procurement system	7 Years
Purchase Orders	procurement system	7 Years
Contracts	Budget Holder	7 Years
Suppliers’ Invoices	Finance Dept.	7 Years

The records should be kept in a format that facilitates accessibility for future use.

SECTION 10 - Exemptions

46. Exception

Subject to the requirements of the EU Directives, Acts of Parliament and UK Public Contract Regulations tendering is not required:

- a) for supplies or services that are available only as proprietary or patented articles from one contractor or supplier and for which the appropriate Director certifies that there is no reasonably satisfactory alternative available in the European Union and for repairs to, or the supply of, parts of existing proprietary or patented articles, including machinery or plant. This also includes the rare circumstance where existing knowledge and experience of an individual can be demonstrated to out-weight any possible benefit from exposure to competition;
- b) for works of art, museum specimens or historical documents;

- c) for a procurement which constitutes a variation or extension of an existing contract and either:
 - i) the variation or extension is specifically provided for in the original contract (although in such cases the appropriate Budget Holder should first consider whether re-tendering would be likely to result in better value for the Council), or
 - ii) the estimated value of the variation or extension is less than the greater of £5,000 or 10% of the original contract sum.
- d) for supplies or materials to be purchased at a public auction;
- e) where the purchase is via a purchasing consortium Framework Arrangement, e.g. Government Procurement Service (GPS) or Eastern Shires Purchasing Organisation (ESPO), provided that the purchasing consortium has, for the item(s) concerned, complied with the EU Procedure where the contract exceeds the EU threshold and the Council is included in the scope of the Framework;

47. Waiver to procurement / single tender procedure

In the exceptional circumstances when insufficient suppliers are available from the market to enable competitive offers to be obtained or an Exception (as detailed above in 46a to 46d) applies, a request to proceed using the Exemption / Waiver Form (Appendix C) must be authorised by either a Director and the Section 151 Officer or by two Directors. Where a pre-tendered Framework is being used it is not necessary to use an Exemption / Waiver Form.

Such requests for waiver must be in writing clearly recording how you will prove value for money by adopting this approach. The requests will be monitored by Internal Audit to ensure compliance and the delivery of value for money.

There is still a requirement to ensure that a single tender is obtained, using the e-procurement system, under these circumstances to safeguard the Council from potentially unfavourable supplier terms. The Budget Holder must also seek advice from a procurement expert to verify that no other option is available.

48. Operational emergency

An Operational Emergency is a situation that is the result of an unforeseen event over which the Council has no control. This procedure must not be used when a requirement has become late due to lack of planning on the part of the Council.

- a) In cases of Operational Emergency, requirements should be obtained from existing contracts as a priority.
- b) In the event of an existing contract being unavailable or inappropriate, the Budget Holder can contact an available supplier direct to provide assistance.

Extreme caution must be exercised when considering procurement as a result of urgency. Regulations must not be compromised and full documentation must be completed regardless of the urgency of the requirement.

A full audit trail must be maintained throughout the procurement process.

Urgent requests should clearly state the reason for urgency and a specific delivery date supported by written justification within 48 hours.

SECTION 11 – Maintenance of Contract Standing Orders

49. Review of contract standing orders

These Contract Standing Orders will be reviewed at least once per year by the Procurement Working Group to ensure that they stay at the forefront of good procurement practice.

APPENDIX A GLOSSARY OF TERMS

The following terms are used throughout these Contract Standing Orders:

1. Budget Holder - the person, department or business unit that holds the financial budget, and has the authority to raise requests for goods and services.
2. Commitment - the act of confirming a contract with third party suppliers and should be made by a contract or purchase order.
3. Confirmation Order - an order which has been placed verbally, by facsimile transmission, or electronically communicated and subsequently confirmed by a formal purchase order marked "confirmation order".
4. Contract - a legal agreement between the Council and external suppliers for the supply of goods and services. For the purpose of these Standing Orders this does not include contracts of employment for staff.
5. Contractor - an organisation that contracts with the Council to supply goods, services and works.
6. Council - refers to the full Great Yarmouth Borough Council.
7. Framework Agreement – an arrangement that has been advertised and tendered either by the Council or another body under which the Council can award a contract with a third party, either as a direct award or utilising further competition within the agreement, depending on the terms of the arrangement.
8. OJEU – the Official Journal of the European Union.
9. Procurement - the creation of legally binding contracts between the Council and third party organisations for the supply of goods, services and works.
10. Procurement Code of Conduct - the behaviour and conduct that governs the correct and professional manner in which to conduct commercial business with third party suppliers as published by the Chartered Institute of Procurement & Supply.
11. Procurement Plan - the procurement plan is the record of the procurement strategy development for a particular purchase and provides a clear audit trail of the decision making process.
12. Proprietary Product - a product that has unique characteristics produced by one manufacturer. A proprietary product specification could exclude competitors from competing on equal terms. In consultancy the services of a named person or firm would be considered as a proprietary product.
13. Purchase Order - a serial numbered document created by the procurement system, raised by the Buyer on a specific supplier for the supply of goods, services or works.

This document is a formal legal agreement with specific conditions for the supply of goods and/or services.

14. Purchase Order Amendment - a document communicating a change to the specified requirement, price or terms and conditions of the original Purchase Order. Like the original Purchase Order, this document is a formal legal agreement with specific conditions for the supply of goods and/or services.
15. Quotation - a statement of price, delivery and specification against the specific enquiry provided by a specific supplier.
16. Services - include the provision of consultancy, legal, cleaning, maintenance, agency staff and similar non-tangible requirements.
17. Specification - a clear statement of requirement for goods and/or services, normally detailed as a generic specification to enable competition and the delivery of value for money.
18. Social Clauses – particular terms and conditions that may be included within a procurement process, and thereafter form part of a contract, that require a supplier to undertake specific actions to generate benefits to either particular groups of people or to the wider general public.
19. Supplier - an organisation that contracts with the Council to supply goods, services and works.
20. Tender - a formal offer from a supplier to supply specified goods, services or works at a stated cost or rate.
21. Tenderer - a supplier offering to buy or sell a product or service. This term applies prior to the formation of contract.
22. Terms and Conditions of Purchase/Contract - the specific conditions under which the Council will enter into a contract or purchase order with a supplier.
23. Value for money - a combination of criteria that include competitive price on a whole life basis, quality, reliability and timeliness. This is not necessarily the lowest priced offer.

APPENDIX B PROCUREMENT AUTHORITY THRESHOLDS

The following provides an outline to the value thresholds and risk score and the corresponding outline procedures for requirements within those value bands. The greater of the risk score and value shall be used in determining the appropriate procedure.

Total Value and Risk Score	Purchase Procedure	Minimum Number of Responses	Decision Made By
< £5,000 Risk score <60	At least 3 registered suppliers must be invited to quote using the e-procurement system. Contract Period 1 year maximum, automatic renewal or extension of contract is not permitted. Commitments must be confirmed with a Purchase Order raised on the procurement system. Group Managers may approve one off purchases under £5k on a single quote so long as consideration is given to value for money and to ensuring that repeat purchases do not take the value of the contract above £5k	3	Budget Holder
£5,001-£50,000 Risk Score between 60 and 100	All relevant registered suppliers must be invited to quote using the e-procurement system. If the value exceeds £25,000 the quotation must be advertised on Contracts Finder, this will also be the case where there are not at least 3 available suppliers. Contract Period 1 year maximum, automatic renewal or extension of contract is not permitted. Commitments must be confirmed with a Purchase Order raised on the procurement system.	3	Budget Holder & Group Manager.
£50,001- EU Threshold Risk Score above 100	A formal Invitation to Tender Process using the e-procurement system and advertised at least on Contracts Finder. Commitments must be confirmed with a Contract document if required, and a Purchase Order raised on the procurement system.	3	Director
> EU Threshold	Appropriate OJEU procurement procedure. Commitments must be confirmed with a Formal Contract and Purchase Order raised on the procurement system.	3	Director

Request for exemption from the requirements of Contract Standing Orders

Contract Name / Description:
Contract Sum: £
Anticipated Date of Commencement of Contract:
Anticipated Date of Completion of Contract::
Contract Supervisor:
Brief Details of Contract:
Reason(s) for being exempt from the requirements of Contract Standing Orders (i.e. Details of which paragraph(s) in Standing Order apply):
Submitted by: Group Manager.....Date:
Approved: DirectorDate:
Approved: Section 151 Officer or DirectorDate:

APPENDIX D GRANT PROCEDURES

1. Although there may be specific requirements depending on where the monies have originated the basic principles below should be followed in the allocation of grant funding.
2. If there is potentially more than one group or organisation that can meet the priorities of the council for a particular need, then the opportunity for grant funding needs to be advertised appropriately. This may be through local media, partnership networks and even through social media such as twitter or facebook. Details should include what the funding is for and the priorities it is intended to address, who can apply for a grant, the amount of money available, timescales and how the fund will be administered.
3. Those interested in receiving grant funding and providing services must complete a simple grant application which should contain as a minimum:
 - Project outline and aims
 - Activity and timescales
 - Those contributing to the project and what they bring
 - Anticipated outcomes
 - Funding required and a breakdown of how this will be used
 - Beneficiaries
 - Monitoring and evaluation methodology
4. An assessment will need to be made as to which application best fits the council's needs and priorities before any grant funding is awarded. This will usually be undertaken by a panel consisting of project board members (if relevant), or appropriate officers.
5. Once a decision has been made to award a grant this should be recorded and kept for audit purposes. An agreement should then be drawn up and signed by both the council and the organisation, setting out the basis on which the grant is provided and how it will be monitored.
6. During the funded period it is advisable to regularly liaise with the successful organisation to ensure that the project is running to plan and that the desired outcomes are being achieved. Any alterations to the initial project outlines must be carefully considered to ensure that the council's priorities are still being met, especially if further funding is required.
7. Either annually, if the grant is for more than 12 months, or at the end of the funding period the organisation must provide a financial statement detailing how the grant has been spent and an evaluation report quantifying the outcomes achieved. It will also be helpful to obtain a case study demonstrating the achievements of the project and including any unexpected benefits. Feedback on how the project has been implemented, including other partners that have been involved, any difficulties experienced and how they have been overcome will also be useful. This may include photographs and letters of support from beneficiaries.

APPENDIX E PROCUREMENT PLAN TEMPLATE

1. Brief Description of Procurement:		
Goods	Services	Works
2. Duration of Contract:		
Rationale if exceeding 2 years:		
Intended Contract Start Date:		Total Contract Value: £
3. Intended contract format: (e.g. Single supplier, Collaboration, Further competition within an existing Framework Agreement, establishment of a new Framework Agreement, JVC, etc.)		
Rationale for option selected:		
If a Framework Agreement is being created will the requirement be divided into Lots? If so how?		
4. Does the Council have an existing contract? Yes / No		
5. Is there a Framework Agreement available to use? Yes / No		
If Yes, is it appropriate?		
If No, why not?		
N.B. If 'Yes' use the framework as directed and do not answer any further questions If 'No' and the contract value is less than £5,000 please use the 'Quick Quote' facility and do not answer any further questions. Otherwise, continue to complete the Procurement Plan.		
Market conditions:		
Are there sufficient suitable local suppliers available? Yes / No		
If Yes, roughly how many might reasonably be expected to tender?		
If No, how many regional / national suppliers would you expect to be interested?		
Advertising:		
How will the opportunity be advertised?		
Why has this approach been selected?		
Procurement Route:		
What procurement process will be used? e.g. single stage (open procedure), 2 stage (restricted procedure), negotiated procedure, competitive dialogue, dynamic purchasing system, light touch regime, other (please describe)		
Declarations of Interest:		
Have all officers and members that may reasonably be involved in the procurement undertaken to declare any potential conflicts of interest?		

<p>Financial Capacity:</p> <p>Having assessed the risk to the Council what minimum financial standing is required?</p> <p>What minimum level of insurance is required?</p> <table border="1"> <tr> <td>Public Liability £</td> <td>Employers Liability £</td> <td>Professional Liability £</td> </tr> </table>			Public Liability £	Employers Liability £	Professional Liability £
Public Liability £	Employers Liability £	Professional Liability £			
<p>Social Value:</p> <p>Is there any opportunity through the contract to improve the economic, social and environmental well-being of the area?</p> <p>If so how, in structuring the procurement, might that improvement be secured?</p>					
<p>Evaluation:</p> <p>What will be the overall weighting for:</p> <p>Price (whole life cost) %</p> <p>Quality (including service delivery, sustainability, technical merit etc.) %</p> <p>Where will any weighted sub-criteria be published? E.g. OJEU notice or advertisement, tender document, other.</p>					
<p>TUPE:</p> <p>If a service is required, are there staff involved that might have rights under TUPE?</p>					
<p>Contract management:</p> <p>What contract management requirements will be built into the tender? (e.g. Service Level Agreement)</p> <p>Will an exit strategy be required and if so what will this include? (e.g. transfer of data or staff)</p>					
<p>Form of Contract:</p> <p>How will the contract be completed? (e.g. formal document, contract award letter, purchase order etc.)</p>					

APPENDIX F CONTRACT RISK MATRIX

Contract Title:
 Budget Holder:
 Date:
 Contract description:
 Assessment:

		assessed score	scores
Proposed length of contract	over 10 years	<input type="text"/>	10
	4 to 10 years	<input type="text"/>	5
	under 4 years	<input type="text"/>	0
Proposed procurement arrangement	PFI/PPP/strategic partnership/negotiated procedure	<input type="text"/>	20
	standard tender/ construction	<input type="text"/>	10
	existing framework agreement	<input type="text"/>	5
Estimated whole-life cost	services or supplies/service elements	<input type="text"/>	
	£0 to £5k	<input type="text"/>	0
	£5k to £50k	<input type="text"/>	10
	£50k to £170k	<input type="text"/>	20
	£170k to £4.3m	<input type="text"/>	30
	Over £4.3m	<input type="text"/>	40
Impact of Contract	Critical to external mandatory service delivery	<input type="text"/>	30
	Critical to internal operations	<input type="text"/>	20
	Important to service delivery or internal operations	<input type="text"/>	10
	Minimal impact	<input type="text"/>	0
Staff subject to transfer/restructuring	>25	<input type="text"/>	20
	1 to 25	<input type="text"/>	10
	nil	<input type="text"/>	0
Impact on organisation	major change to existing service	<input type="text"/>	20
	new business process/innovative approach	<input type="text"/>	10
	no significant impact	<input type="text"/>	0
Political / Reputational Risk	major risk	<input type="text"/>	30
	medium risk	<input type="text"/>	20
	minimal risk	<input type="text"/>	10
Health and Safety Risk	major risk	<input type="text"/>	30
	medium risk	<input type="text"/>	20
	minimal risk	<input type="text"/>	10
	Not relevant	<input type="text"/>	0
Opportunity to misuse/ fraud/ exploit	major risk	<input type="text"/>	30
	medium risk	<input type="text"/>	20
	minimal risk	<input type="text"/>	10
		TOTAL	0

Scores	Definition
0 to 59	= Low
60 to 100	= Medium
Over 100	= High

Appendix G TENDER REPORT TEMPLATE

Great Yarmouth Borough Council

TENDER REPORT

Contract Title:

Contract Ref:

Date:

BACKGROUND

- *Reason for requirement*
- *Key decision points from the Procurement Plan*
- *Any adjustments to the Procurement Plan*

INVITATION TO TENDER

- *Number of expressions of interest*
- *Number of tenders received*

EVALUATION CRITERIA

- *Details of main quality criteria and any sub-criteria including weighting.*
- *Any minimum score requirements*
- *Price evaluation method and weighting.*

TENDER EVALUATION

- *If using a 2 stage process, number of tenders qualifying to stage 2*
- *Names and scores of final quality evaluation and scores for the pricing element.*
- *Total scores and ranking*
- *Brief description of top 3 ranked bids, including any divergence from the tender requirements.*
- *Comparison with budget*

CONCLUSION & RECOMMENDATIONS

APPROVAL BY DIRECTOR

Certification of claims and returns annual report 2014/15

Great Yarmouth Borough Council

5 January 2016

Ernst & Young LLP



Building a better
working world

The Members of the Audit and Risk Committee
Great Yarmouth Borough Council
Town Hall,
Hall Plain,
Great Yarmouth,
Norfolk,
NR30 2QF

5 January 2016

Email: MHodgson@uk.ey.com

Dear Members

Certification of claims and returns annual report 2014/15 Great Yarmouth Borough Council

We are pleased to report on our certification work. This report summarises the results of our work on Great Yarmouth Borough Council's 2014/15 claims.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

Under section 28 of the Audit Commission Act 1998, as transitionally saved, the Audit Commission made arrangements for certifying claims and returns in respect of the 2014/15 financial year. These arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

Statement of responsibilities

The Audit Commission's 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities) applied to this work. It serves as the formal terms of engagement between ourselves as your appointed auditor and the Council as audited body.

This report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the Council. As appointed auditor we take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2014/15 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £41.6 million and met the submission deadline. We issued a qualification letter with our submission; the qualification matters are included in section 2. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due.

Fees for certification work are summarised in section 2. The fees for 2014/15 were published by the Audit Commission on 27 March 2014 and are now available on the Public Sector Audit Appointments Ltd (PSAA's) website (www.psaa.co.uk)

We welcome the opportunity to discuss the contents of this report with you at the 2 February Audit and Risk Committee.

Yours faithfully

Mark Hodgson
Executive Director
Ernst & Young LLP
Enc

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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£41,631,909
Amended	Subsidy reduced by £2,555 to £41,629,354
Qualification letter	Yes
Fee – 2014/15	£30,910
Fee – 2013/14	£34,324

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous years claims. We found errors and carried out extended testing in several areas.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

- Non-HRA rent rebates - Testing of the initial sample identified 1 case where a claimant's weekly income was incorrectly calculated, however this error had no impact on the subsidy awarded. Testing of the additional 40 cases identified no further errors.
- HRA rent rebates - Testing of the initial sample identified 2 cases where the claimant's weekly income was incorrectly calculated; however this had no subsidy implications. Testing of the additional 40 cases identified 1 case where the Authority had overpaid benefit as a result of miscalculating the claimant's weekly income. We reported a total extrapolated error value of £4,369.
- Rent allowance – Testing of the initial sample identified 2 cases where the claimant's weekly income was incorrectly calculated; however the error had no impact on the subsidy awarded. A further case was identified where the occupancy deduction on supported accommodation was incorrect. This resulted in an underpayment of subsidy. Testing of the additional 40 cases identified 5 cases where a claimant's weekly income was incorrectly calculated. 3 of these cases resulted in benefit being underpaid and the other 2 resulted in overpaid benefit. We reported a total extrapolated error value of £18,593.
- Rent allowance eligible overpayments classification – Testing identified three cases where the authority misclassified an overpayment as eligible, rather than local authority error. We reported a total extrapolated error value of £37,466.

The net impact on the claim was £2,555 reduction in subsidy.

2. 2014/15 certification fees

The Audit Commission determined a scale fee each year for the audit of claims and returns. For 2014/15, these scale fees were published by the Audit Commission on 27 March 2014 and are now available on the PSAA's website (www.psa.co.uk).

Claim or return	2013/14	2014/15	2014/15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	34,324	30,910	30,910
Total	34,324	30,910	30,910

This includes fees for annual reporting, planning, supervision and review.

The indicative fee for 2014/15 is based on 2012/13, therefore additional fee can only be raised if we undertake more testing than what was required in 2012/13.

The actual fee is the same as the indicative fee as the volume of testing carried out in 2014/15 is consistent with the base year.

3. Other assurance work

During 2014/15 we also acted as reporting accountants in relation to the following scheme:

- ▶ Housing pooling return.

We have provided a separate report to the Council in relation to this return. This work has been undertaken outside the Audit Commission / PSAA regime, and the fees for this are not included in the figures included in this report. They are referred to here for completeness to ensure Members have a full understanding of the various returns that the Council prepares and on which we provide some form of assurance. We did not identify any significant issues as part of our work on this return that needs to be brought to the attention of Members.

4. Looking forward

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2015/16 is £25,743. This was prescribed by PSAA in April 2015, based on no changes to the work programme for 2015/16. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2013/14.

Details of individual indicative fees are available at the following web address:
<http://www.psa.co.uk/audit-and-certification-fees/201516-work-programme-and-scales-of-fees/individual-fees-for-local-government-bodies>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Director – Corporate Services before seeking any such variation.

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Great Yarmouth Borough Council

Annual Audit Letter for the year ended 31 March 2015

14 October 2015

Ernst & Young LLP



Members
Great Yarmouth Borough Council
Town Hall
Hall Plain
Great Yarmouth
NR30 2QF

14 October 2015

Dear Members

Annual Audit Letter 2014/15

The purpose of this annual audit letter is to communicate the key issues arising from our work to the Members and external stakeholders, including members of the public.

We have already reported the detailed findings from our audit work in our 2014/15 to those charged with governance through our audit results report presented to the 21 September 2015 Audit and Risk Committee, and an addendum presented to three representatives from the Audit and Risk Committee on 30 September 2015. We do not repeat those findings here.

The matters reported here are those we consider most significant for Great Yarmouth Borough Council.

We would like to take this opportunity to thank officers for their assistance during the course of our work.

Yours faithfully

Mark Hodgson
Executive Director
For and on behalf of Ernst & Young LLP
Enc.

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Relevant parts of the Audit Commission Act 1998 are transitionally saved by the Local Audit and Accountability Act 2014 (Commencement No. 7, Transitional Provisions and Savings) Order 2015 for 2014-15 audits.

The Audit Commission's 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the accountable officer of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Executive summary

Our 2014/15 audit work was undertaken in accordance with our Audit Plan issued on the 16 March 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for having proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- forming an opinion on the financial statements, and on the consistency of other information published with them
- reviewing and reporting by exception on the Council's AGS
- forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources
- undertaking any other work specified by the Audit Commission and the Code of Audit Practice.

Summarised below are the results of our work across all these areas:

Area of work	Result
Audit of the financial statement of Great Yarmouth Borough Council for the financial year ended 31 March 2015 in accordance with International Standards on Auditing (UK & Ireland).	On 6 October 2015 we issued an unqualified audit opinion on the Council's financial statements.
Form a conclusion on the arrangements the Council has made for securing economy, efficiency and effectiveness in its use of resources.	On 6 October 2015 we issued an unqualified value for money conclusion.
Report to the National Audit Office on the accuracy of the consolidation pack the Council needs to prepare for the Whole of Government Accounts.	The Council is below the specified audit threshold of £350 million. Therefore we did not perform any audit procedures on the consolidation pack and submitted the required audit assurance statement confirming the threshold position.
Consider the completeness of disclosures on the Council's AGS, identify any inconsistencies with other information which we know about from our work and consider whether it complies with CIPFA/ SOLACE guidance.	No issues to report.
Consider whether we should make a report in the public interest on any matter coming to our notice in the course of the audit.	No issues to report.
Determine whether we need to take any other action in relation to our responsibilities under the Audit Commission Act.	No issues to report.

As a result of the above we have also:

Issued a report to those charged with governance of the Council communicating the significant findings from our audit.

Our Audit Results Report was presented to the Audit and Risk Committee on 6 October 2015.

Issued a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

We issued our certificate on 6 October 2015.

In December 2015, we will also issue a report to those charged with governance of the Council summarising the certification (of grant claims and returns) work we have undertaken.

2. Key findings

2.1 Financial statement audit

The Council's Statement of Accounts is an important tool to show both how the Council has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and issued an unqualified audit report on 6 October 2015.

Our detailed findings were reported to the 21 September 2015 Audit and Risk Committee, and an addendum presented to three representatives from the Audit and Risk Committee on 30 September 2015.

The Council did not prepare its financial statements by the 30 June statutory deadline.

The financial statements presented for audit were not fully supported by adequate working papers and contained a significant number of issues that required adjustment, both of which has required additional audit time to resolve. Due to the significance of the issues identified, and the extent of the audit adjustments required we were not able to complete our audit by the 30 September statutory deadline.

The main issues identified as part of our audit were:

Significant risk 1: Risk of management override

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

One area which may be susceptible to manipulation is the capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Council's Capital programme.

Findings:

-
- ▶ We did not identify any material misstatements, evidence of management bias or significant unusual transactions in our testing of journals and estimates.
 - ▶ Our testing to identify if any expenditure had been inappropriately capitalised did not identify any material mis-statements.
-

Other audit risk 2: Property, plant and equipment valuations (fixed assets)

Due to the complexity in accounting for property, plant and equipment and the material values involved, these weaknesses increase the risk that asset valuations and capital expenditure contain material misstatements.

Findings:

- ▶ This is one of the most significant aspects of the accounts and we identified serious weaknesses within the Fixed Asset Register and the way in which Property, Plant and Equipment has been accounted for.
 - ▶ A significant number of misstatements have now been corrected. We identified the following errors:
 - There were material differences (£6.3 million) between the Fixed Asset Register and the Trial Balance.
 - The incorrect value for assets under construction (£1.0 million) was transferred to assets held for sale or investment properties.
 - Revaluation gains and losses were incorrectly accounted for.
 - The fixed asset register was not correctly updated for all revaluations carried out in the year.
 - Valuation schedules from the valuer were incomplete, we identified £1.8 million of assets that were not included in valuation report.
 - The fixed asset register was not updated for all disposals.
-

Other audit risk 3: Finance team - capacity and skills

There have been significant changes to the Council's finance team during 2014/15. This included the Group Manager – Resources taking on the section 151 responsibilities and maternity leave for key staff within the team. The Council's finance team is now heavily reliant on temporary appointments.

These changes increases risk because of diversion of capacity, loss of knowledge and focus of the finance team, which could lead to errors in the accounts or failure to meet the deadlines.

Findings:

- ▶ The financial statements were not presented for audit in compliance with the Accounts and Audit Regulation requirement of 30 June 2015. The accounts were presented on the 6 July 2015.
 - ▶ The financial statements presented for audit were not supported by adequate working papers and contained a significant number of issues that required amendment, both of which has required additional audit time to resolve. There were over 100 adjustments discussed and agreed with the client, these adjustments impacted all significant statements and over 20 disclosure notes.
 - ▶ Due to the number of correcting journals that had to be posted after the draft financial statements were prepared, we carried out a significant amount of additional journals testing to confirm movements were in line with audit expectations.
 - ▶ We were not been able to complete our audit work in our scheduled timeframe. As a result, we could not conclude our audit work in order to issue an audit opinion by the 30 September deadline.
-

Our Audit Plan also reported other audit risks for the business rates appeals provision and assessment of the group boundary. As reported in our Audit Results Report we did not identify any significant issues that we wish to bring to your attention for these risks.

We made the following recommendations to address the significant weaknesses in the Council's closedown arrangements.

Recommendations

1. The Council needs to urgently review the capacity and expertise within the Finance team to ensure that the Group Manager – resources has sufficient support to be able to prepare robust financial statements with supporting working papers in a timely manner.
2. The Council need to review urgently its approach to capital accounting, the way in which the Fixed Asset Register is updated with valuation information and the controls in place to ensure that it is a fit for purpose accounting tool that is able to provide the accounting transactions required for the preparation of the financial statements.

We have no other matters to report.

2.2 Value for money conclusion

As part of our work we must also conclude whether the Council has proper arrangements to secure economy, efficiency and effectiveness in the use of resources. This is known as our value for money conclusion.

In accordance with guidance issued by the Audit Commission, our 2014-15 value for money conclusion was based on two criteria. We consider whether the Council had proper arrangements in place for:

- ▶ securing financial resilience, and
- ▶ challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified value for money conclusion on 6 October 2015.

We noted the following as part of our audit:

Arrangements to secure financial resilience: significant risk

Along with other Council's, Great Yarmouth Borough Council is facing significant financial challenges over the next three to four years. The Council's external funding sources are reducing and are likely to be subject to change and uncertainty in future years.

The Council's revised medium term financial strategy (MTFS), approved by Cabinet in September 2015, includes significant savings and additional income targets. These are new and untested projects and equate to £0.3m in 2015/16, £0.8m in 2016/17 and £1.1m in 2017/18. In addition there is a reliance on £1.4m of reliance on uncertain government funding (New Homes Bonus) in 2016/17 and 2017/18.

The MTFS is based on a number of assumptions, including an estimate of the future levels of Government funding. The MTFS currently assumes the New Homes Bonus scheme continues, however the income is projected to be 33% lower than previously assumed, through to 2019/20. Any reduction in Government funding in future years, together with an increased use of reserves if savings and income targets are not achieved represents a risk to achievement of the Council's future budgets.

Findings:

We have undertaken a review of the medium term financial strategy (MTFS) and the assumptions included within it. Great Yarmouth Borough Council has plans in place to address the significant financial challenges they face in the coming years. The Transformation programme now has agreed business cases in place to deliver the required savings set out above, across the three year period.

At the 31 March 2015, the Council has £10.4 million of useable general fund and earmarked reserves. With a £2.0 million minimum level of reserve policy in place, the Council could utilise £8.4 million of general fund and earmarked reserves.

The Council's track record of achieving savings, the high level of general fund reserves, which are forecast to remain above the required minimum level over the period of the MTFS, and identified transformation projects reduce the risk of the Council failing to effectively set and achieve its budgets over the medium term.

We are comfortable that the level of reserves held by the Council covers the budget gap identified within the medium term financial plan to an appropriate level and that the Council has savings plans in place to address the budget gap going forward.

However, the Council will need closely monitor the delivery of transformation projects, and continue to identify the savings necessary to reduce the 2017/18 budget gaps to minimise the use of reserves over the longer term. The MTFS should be updated to take account of this delivery and thus safeguard the level of general fund reserves that the Council holds.

2.3 Whole of Government Accounts

We performed the procedures required by the National Audit Office. The Council is below the specified audit threshold of £350 million and therefore we were not required to audit the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes. We made our audit assurance submission in line with the deadline.

2.4 Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's AGS, identify any inconsistencies with the other information which we know about from our work, and consider whether it complies with relevant guidance.

We completed this work and did not identify any areas of concern.

2.5 Objections received

We did not receive any objections to the 2014/15 financial statements from members of the public.

2.6 Other powers and duties

We did not identify any issues during our audit that required us to use our powers under the Audit Commission Act 1998, including reporting in the public interest.

2.7 Independence

We communicated our assessment of independence to the Audit and Risk Committee on 25 September 2015. In our professional judgement the firm is independent and the objectivity of the audit engagement director and audit staff has not been compromised within the meaning of regulatory and professional requirements

2.8 Certification of grant claims and returns

We have not yet completed our work on the certification of the claims and returns. We will issue our Annual Certification report for 2014/15 in December 2015.

3. Control themes and observations

As part of our work, we obtained enough understanding of internal control to plan our audit and determine the nature, timing and extent of testing performed. We have not tested the individual system controls of the Council as we have adopted a fully substantive approach to our audit.

Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to tell the Council about any significant deficiencies in internal control we find during our audit.

We identified the monthly reconciliations of the accounts payable and cash management sub-ledgers to the relevant general ledger accounts were not performed on a timely or regular basis. We also found the reconciliation of the payroll sub ledger to the relevant general ledger account did not cover total transactions. This resulted in immaterial differences of £1,800 in November 2014 and £5,300 in February 2015 not being identified and resolved.

We made the following recommendation in relation to this internal control weakness.

Recommendation:

1. Management should reconcile its accounts payable, cash management and payroll sub-ledgers to its general ledger on a monthly basis and promptly follow up on any identified differences and make appropriate adjustments. The reconciliations should be reviewed and certified by an appropriate individual within the finance team.

We have not identified any other significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

4. Looking ahead

There are a number of changes in accounting and auditing requirements that could have a significant impact on the Council's arrangements for the production of its financial statements. We have outlined what we think are two of the main challenges below.

Description	Impact
<p>Highways Network Asset (formerly Transport Infrastructure Assets):</p> <p>The Invitation to Comment on the Code of Accounting Practice for 2016/17 sets out the requirements to account for Highways Network Assets under Depreciated Replacement Cost. This is a change from the existing requirement to account for these assets under Depreciated Historic Cost. This change is to be effective from 1 April 2016.</p> <p>This requirement is not only applicable to highways authorities, but to any local government bodies that have assets which fall into the definition. This could include, for example, footways and cycle ways, housing revenue accounts (HRA) infrastructure, unadopted roads on industrial or HRA estates, and street furniture.</p> <p>This may be a material change of accounting policy for the Council. It could also require changes to existing asset management systems and valuation procedures.</p>	<p>The Authority should consider whether it holds any assets that would be classified as highways network assets and, if so, whether they have the necessary information to implement the changes in accounting for these assets from 1 April 2016.</p> <p>Even though it is not a highways authority, the requirements may still impact if it is responsible for assets such as:</p> <ul style="list-style-type: none"> • Footways • Housing revenue account (HRA) infrastructure • Unadopted roads in industrial or HRA estates • Cycleways • Street Furniture <p>If the impact of this change in accounting policy is material, the Authority would also need to restate the balances for these assets as at 1 April 2015.</p>
<p>Earlier deadline for production and audit of the financial statements from 2017/18</p> <p>The Accounts and Audit Regulations Accounts and Audit Regulations 2015 were laid before Parliament in February 2015. A key change in the regulations is that from the 2017/18 financial year the timetable for the preparation and approval of accounts will be brought forward.</p> <p>As a result, the Council will need to produce draft accounts by 31 May and these accounts will need to be audited by 31 July in 2018.</p>	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>We commented in our Audit Results Report on how the Council's current practices would not be fit for purpose for this change.</p> <p>The Council is aware of this challenge and the need to start planning for the impact of these changes.</p> <p>This will include the need to review the current processes for the production of the accounts and the associated supporting working papers, including areas such as the production of estimates, particularly in relation to pensions and the valuation of assets, and the year-end closure processes.</p>

5. Fees

Our fee for 2014/15 code work is £18,150 higher than the scale fee set by the Audit Commission and reported in our Audit Plan.

	Proposed final fee 2014/15	Scale fee 2014/15	Variation comments
	£	£	
Audit Fee: Code work	92,550	74,400	Note 1
Certification of claims and returns	30,910	30,910	Note 2

Note 1 – The increase is due to additional work resulting from the financial statements presented for audit not being fully supported by adequate working papers and containing a significant number of issues that required adjustment, both of which has required additional audit time to resolve. These issues are reported in detail on pages 3 and 4.

This final fee is subject to approval from the Public Sector Auditor Appointments who will amend the scale fee to reflect the final fee charged.

Note 2 – Our fee for the certification of grant claims is based on the indicative scale fee set by the Audit Commission. This will be reviewed in light of the work required in 2014/15

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