



28 September 2020

AUDIT AND STANDARDS COMMITTEE

A remote meeting of the Audit and Standards Committee will be held on **TUESDAY 6 OCTOBER 2020** at **7.00pm.**

Kathy O'Leary
Chief Executive

This is a remote meeting in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

Venue

This meeting will be conducted using Zoom and a separate invitation with the link to access the meeting will be sent to Members, relevant officers and members of the public who have submitted a question.

Public Access

Members of the public, who have not submitted a question, are invited to access the meeting streamed live via Stroud District Council's [YouTube channel](#).

Recording of Proceedings

A recording of the meeting will be published onto the Council's website (www.stroud.gov.uk). The whole of the meeting will be recorded except where there are confidential or exempt items, which may need to be considered in the absence of press and public.

AGENDA

- 1 **APOLOGIES**
To receive apologies for absence.
- 2 **DECLARATIONS OF INTEREST**
To receive declarations of interest.
- 3 **MINUTES**
To approve the minutes of the meeting held on 29 July 2020 and 25 August 2020.

4 PUBLIC QUESTION TIME

The Chair of Committee will answer questions from members of the public submitted in accordance with the Council's procedures.

DEADLINE FOR RECEIPT OF QUESTIONS

Noon on Thursday, 1 October 2020

Questions must be submitted to the Chief Executive, Democratic Services, Ebley Mill, Ebley Wharf, Stroud and can be sent by email to democratic.services@stroud.gov.uk

5 COUNTER FRAUD AND CORRUPTION POLICY STATEMENT AND STRATEGY 2020-2023

To consider and comment on the updated Council's Counter Fraud and Corruption Policy Statement and Strategy 2020-2023 and recommend to Council for adoption.

6 INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2020/21

To inform Members of the Internal Audit activity progress in relation to the approved Internal Audit Plan 2020/21.

7 INTERNAL AUDIT PLAN 2020/21 – Revision

To provide the Committee with a summary of the proposed revision to the Risk Based Internal Audit Plan 2020/21 (due to the COVID 19 pandemic).

8 1ST QUARTER TREASURY MANAGEMENT ACTIVITY REPORT 2020/21

To provide an update on treasury management activity as at 30/06/2020.

9 PROPOSED AMENDMENTS TO THE CODE OF CONDUCT FOR MEMBERS AND THE ARRANGEMENTS UNDER WHICH ALLEGATIONS CAN BE INVESTIGATED

To provide the committee with final documents to approve for recommendation to Council at its meeting on the 22nd of October 2020.

10 STANDING ITEMS

- (a) To consider the work programme for 2020/21.
- (b) To consider any Risk Management issues.

11 MEMBERS' QUESTIONS

See Agenda Item 4 for deadline for submission.

Members of Audit and Standards Committee

Councillor Nigel Studdert-Kennedy (Chair)

Councillor Tom Williams (Vice-Chair)

Councillor Dorcas Binns

Councillor Rachel Curley

Councillor Miranda Clifton

Councillor Stephen Davies

Councillor Karen McKeown

Councillor Keith Pearson

Councillor Mark Reeves



STROUD DISTRICT COUNCIL

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AUDIT AND STANDARDS COMMITTEE

29 July 2020

7.00 pm – 9.47 pm

Remote Meeting

Minutes

Membership

Councillor Nigel Studdert-Kennedy (Chair)	P	Councillor Stephen Davies	P
Councillor Tom Williams (Vice-Chair)	P	Councillor Karen McKeown	P
Councillor Dorcas Binns	A	Councillor Keith Pearson	P
Councillor Miranda Clifton	P	Councillor Mark Reeves	P
Councillor Rachel Curley	P		

A = Absent P = Present

Officers in Attendance

Interim Head of Legal Services and Monitoring Officer	Head of Audit Risk Assurance (ARA) (Chief Internal Auditor)
Strategic Director of Resources	Housing Renewal Manager
Counter Fraud Unit Manager	Democratic Services and Elections Officers
Principal Accountant	

Others in Attendance

Approved Reviewer for the Chartered Institute of Internal Auditors (CIIA)

AC.008

APOLOGIES

An apology for absence was received from Councillor Binns.

AC.009

DECLARATIONS OF INTEREST

There were none.

AC.010

MINUTES

RESOLVED

That the Minutes of the meeting held on 26 May 2020 are approved as a correct record.

AC.011

PUBLIC QUESTION TIME

There were none.

AC.012**COUNTER FRAUD UNIT REPORT**

The Chair took the report as read and asked Committee if they had any comments or questions to ask the Counter Fraud Unit Manager.

In response to questions the Counter Fraud Unit Manager confirmed that under the provisions of the recovery of Council tax any funds that had been incorrectly paid would be repaid through the Council's normal debt recovery mechanism.

The focus had been on housing and revenue and benefits frauds. Through other partner councils the business grant scheme had created a lot of work around fraud and risk because there had been attempts to exploit this scheme in general. It was not currently possible to interview under caution in person, but the Counter Fraud Unit Manager confirmed that they were able to obtain written statements under caution to enable the continuation of enforcement work. There will be a huge impact on council tax support claims and housing benefit.

The Counter Fraud Unit Manager explained that people do talk about fraud within their communities and the publication of this report was a deterrent. In the past the Council had issued press releases or public statements when large value Right to Buy frauds had been prevented, and by going public this would also be a deterrent.

After 70 days spent on working to recover £17,500 for tenancy and revenue and benefits fraud, approximately £6,000 had been recovered. This figure would increase when the Fraud Team were able to further process these claims in the future.

There had been an increase in fraud generally during Covid-19 but the team were doing proactive preventative fraud work going forward. Daily alerts were received from various bodies about different frauds, in particular business grants. A couple of Officers had been looking at identifying some claims that were not as they first seemed to be and have reclaimed some money back.

RESOLVED **To note the report.**

AC.013**INTERNAL AUDIT EXTERNAL QUALITY ASSESSMENT (EQA) - OUTCOME**

The Approved Reviewer for the Chartered Institute of Internal Auditors (CIIA) informed Members of the outcome of the independent assessment of the Internal Audit function. The output report provided an opinion on how well the audit service worked in line with these standards. The review was undertaken in May by a survey of and interviews with key stakeholders that was a very detailed and diligent exercise. The end result was that the Council have an excellent internal audit service providing them with a good range of consultation as the team undertake their work. The results of the quality assessment showed that this was one of the best internal audit services he had had the privilege of reviewing. This was a good news story that the service were operating fully within the international standards. Congratulations were conveyed by the Approved Reviewer, the Chair and Committee to the Head of Audit Risk Assurance (ARA) and her team.

A concern was raised about staff turnover. The Head of ARA confirmed that she would be retiring at the end of December 2020 and there would also be recruitment for a Principal Auditor at the same time. There was a trainee programme in place whereby 3 trainees worked towards becoming members of the Chartered Institute of Auditors which was a career graded programme. About 120 applications were usually received for the trainee programme and leavers from university were targeted. It was confirmed that there is a succession workforce

plan. Commissioning of ICT audit may increase the costs to the service but there may be investment in more in-house ICT audit training in the longer term.

Councillor Curley stated that this was an excellent report and was an endorsement of the excellent work Committee had seen and experienced from the Audit Team.

In response to a question from Councillor McKeown who was concerned that the audit programme was too big and may require prioritising, confirmation was given that the audit plan was achievable. Concerns that in some instances audits had taken longer than they should have done had been discussed with options given to resolve this in future. When there are long elapses in time it was unhelpful to the client to receive more outdated information and if that time was compressed down then this would be better for the service area. There would be further enhanced project management and planning involving reviewing the reasons why there are, in some cases elapsed time taken to complete audit activity.

In response to a question from Councillor Clifton, the Head of ARA confirmed the service were looking to start embedding key concepts into each audit activity by considering ethical and cultural issues.

Councillor Pearson also reiterated that this had been an excellent report and confirmed that Internal Audit had always been a good service and there was only one valid point regarding the elapsed time in finalising some audits, that could have been carried out better.

In summing up the Chair congratulated the Internal Audit Team on such a good outcome.

RESOLVED **To note the report.**

AC.014 **ANNUAL GOVERNANCE STATEMENT (AGS) 2019/20**

The Head of ARA summarised the key points of the Stroud District Council's corporate governance arrangements in place during 2019/2020, via the publication of an AGS. Attention was drawn to the new risk maturity assessment for this year on page 33 onwards of the report. The statement would be signed and published after tonight's meeting.

In response to Councillor McKeown's questions the Head of ARA confirmed that the self assessments were about ownership of risks which were completed by each Head of Service, overseen by a Strategic Director who reviewed each assurance statement. All assurance statements go to the Strategic Leadership Team for general oversight. Within the AGS and under each principle, policies and procedures in place often overlapped and were therefore not repeated within each principle.

The Strategic Director of Resources confirmed that the performance monitoring arrangements were under review and would be standardised across all committees. To his knowledge there had not been any issues to date that had been referred to this Committee.

In response to a question from Councillor Reeves, regarding the building control green to amber warnings (4 out of 7 indicators warnings), the Head of Audit Risk Assurance (ARA) confirmed that these were open and honest statements. The governance and control framework issues had been reported to Committee and a management update on actions taken to address those issues had been provided to the Committee. A follow up audit was planned and the statement had reflected the position of the building control framework. There would be a further independent review this financial year and if the recommendations have been put in place before the next annual governance statement the statement would reflect green.

The Strategic Director of Resources confirmed the Committee would be updated of progress regarding the issues around the governance arrangements with Gloucester City Council at a future meeting.

- RESOLVED**
- a. **To review and approve the Annual Governance Statement and the actions planned by the Council to further enhance good governance arrangements; and**
 - b. **To agree that an update on actions taken to address the governance issues identified will be provided to the January 2021 Committee meeting.**

AC.015 **ANNUAL REPORT ON INTERNAL AUDIT ACTIVITY 2019/20**

The Head of ARA provided the Committee with an overview of the annual report on Internal Audit Activity which fully met the Chief Internal Auditor's annual reporting requirements, as set out in the Public Sector Internal Auditing Standards (PSIAS) 2017. It was a satisfactory opinion and she was pleased to be able to report this. Actual completed audits were 87% of the audit plan against a target of 85%. Some audits had not been finalised because of Covid-19.

There had been a lapse in procedures in respect of the empty homes audit and a split opinion provided on the creditor review. The Housing Renewal Manager was at the meeting to answer any questions. There would be a follow up audit review on both of the above audits, the outcomes will be reported to Committee.

In response to questions from Councillor Davies the Head of ARA confirmed that it had been agreed that there would not be any specific ICT audits because this had been encompassed within the Peer Review. A review had been carried out by Foresight and there would be no added value to undertake ICT audits which were coming out as limited assurance. However, an update on ICT would be given at the next Committee meeting in October.

In response to a question on purchase orders not being used in all cases, the Strategic Director of Resources confirmed that at the present time in some services payments had to be made very quickly. However, a lot of work had been undertaken with creditors and the Procurement Team whereby it had been agreed to not pay any invoices without purchase orders but there had been a delay in rolling out the programme. There had been three audits that had been deferred, none of which had been urgent.

- RESOLVED to:**
- a. **Assess, from the findings set out in this Internal Audit Annual Report, whether it can take reasonable assurance that the internal control environment, comprising risk management, control and governance is operating effectively;**
 - b. **Note that the performance of Internal Audit meets the required standards; and**
 - c. **Note the Council wide counter fraud activity during 2019/20 which includes the fraud reporting requirements as mandated by the Local Government Transparency Code 2015 (paragraph ref 7b).**

AC.016 **ANNUAL REPORT ON TREASURY MANAGEMENT ACTIVITY AND ACTUAL PRUDENTIAL INDICATORS 2019/20**

The Principal Accountant updated Committee on the treasury management activities in 2019/2020, in accordance with the Council's Treasury Policy Statement with the requirements of the Prudential Code. He referred to various tables contained within the report. Some investments had been made with other local authorities e.g. Rugby and Peterborough City

Council because they were the best option available to us on the day with secure counterparties. These investments were made through a broker. The Council were well within their borrowing limits and the Royal London Fund had recovered its loss in value since March 2020. The Strategic Director of Resources stated that any losses in capital values at year end were matched by an investment risk reserve set aside. This reserve will be reviewed each year.

In response to a question from Councillor Davies regarding the impact Covid-19 may have on the higher risk investments, the Principal Accountant confirmed that these investments were long term.

RESOLVED **To approve the treasury management activity annual report for 2019/2020 and the actual Prudential Indicators.**

AC.017 **RECOMMENDATION FROM COUNCIL ON 16 JULY 2020**

The Chair confirmed that it had been agreed at Council for the draft Code of Conduct and the arrangements under which allegations under the Code of Conduct were investigated to be reviewed by the Audit and Standards Committee. An extraordinary meeting would take place on Tuesday, 25 August 2020.

In response to questions from Councillor Curley, the Monitoring Officer confirmed that the Code of Conduct would take time to review and would include bullying but that he could not have prepared the draft documents between Council and this meeting due to workloads, as such an extraordinary meeting had been agreed to consider this as a sole item. He would be implementing the best practice recommendations from the Committee on Standards in Public Life. The LGA has a consultation on a draft model Code of Conduct which closes on 17 August 2020. Members would be sent a report with a link to the consultation and invited to respond to the Monitoring Officer. The responses would be collated and then submitted on behalf of the Committee.

The Monitoring Officer confirmed in response to a query from Councillor Pearson, that last December a report had been taken to Council that had changed the terms of reference of the Audit and Standards Committee and the Code of Conduct was within its remit now.

RESOLVED **To note the recommendation from Council.**

AC.018 **STANDING ITEMS**

- (a) Work Programme - The Audit Plan will be discussed with Officers before being considered the Strategic Leadership Team and then submitted to committee. An interim report on lessons learnt in dealing with the responses to Covid-19 would come to committee early next year. It was appreciated that we are still in the pandemic.
- (b) Risk Management Issues - The number of risks had decreased. Risks had been reviewed on a daily basis and would be reviewed, adjusted and added to when they were discussed at a forthcoming Strategic Leadership Team meeting.

AC.019 **MEMBERS' QUESTIONS**

There were none.

The meeting closed at 9.47 pm.

Chair



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EXTRAORDINARY AUDIT AND STANDARDS COMMITTEE

25 August 2020

7.03 pm – 9.04 pm

Remote Meeting

Minutes

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Membership

Councillor Nigel Studdert-Kennedy (Chair)	P	Councillor Stephen Davies	P
Councillor Tom Williams (Vice-Chair)	P	Councillor Karen McKeown	A
Councillor Dorcas Binns	P	Councillor Keith Pearson	P
Councillor Miranda Clifton	P	Councillor Mark Reeves	P
Councillor Rachel Curley	P		

A = Absent P = Present

Officers in Attendance

Interim Head of Legal Services and Monitoring Officer	Corporate Policy and Governance Manager
Strategic Director of Resources	Democratic Services and Elections Officer

Other Member(s) in Attendance

Councillor Mattie Ross

AC.020

APOLOGIES

An apology for absence was received from Councillor McKeown.

AC.021

DECLARATIONS OF INTEREST

There were none.

AC.022

PROPOSED AMENDMENTS TO THE CODE OF CONDUCT FOR MEMBERS AND THE ARRANGEMENTS UNDER WHICH ALLEGATIONS CAN BE INVESTIGATED

The Interim Head of Legal Services and Monitoring Officer advised that the report was written following a Motion to Council on the 16 July 2020 and that the background was set out in section 1.1 of the report. He confirmed that the Terms of Reference of the Audit Committee state that it is the Audit and Standards Committees responsibility to consider amendments to the Code of Conduct and make a recommendation to Council. The other two parts of the motion included looking at the arrangements for investigating complaints and providing a response to the Local

Government Association Draft Model Code of Conduct Consultation, the Interim Head of Legal Services and Monitoring Officer apologised that due to restricted timescales he was unable to respond to the Model Code of Conduct on behalf of the Council.

It was advised that the amended Draft Code of Conduct included in the document pack had been colour coded, amendments made as a result of the Motion to Council were highlighted in grey and amendments that had been suggested by the Monitoring Officer were set out in yellow. The Interim Head of Legal Services and Monitoring Officer brought the Committee's attention to the proposed amendments included in the purpose and Part One section on Pages 13 and 14 and invited questions from Members on these sections.

Councillor Pearson raised concerns with paragraph 1.3, the Interim Head of Legal Services and Monitoring Officer advised that it would only apply when someone was acting in their capacity as a Member and that Members were not always 'on duty' as held in the Ken Livingstone Court case. Councillor Curley advised that the wording in paragraph 1.3 had been to Council and had been strongly recommended to the Audit and Standards Committee, she advised that Members had not raised any questions at the Council meeting. Councillor Pearson clarified that he voted at the Council meeting to bring the amended Code of Conduct to the Audit and Standards Committee to be considered, he did not vote to approve the exact content of the amended Code of Conduct.

Councillor Davies asked whether using wording from the Welsh Code of Conduct in Paragraph 1.3 would present any legal issues. The Interim Head of Legal Services and Monitoring Officer advised that he had been impressed with how the Public Service Ombudsman for Wales had dealt with Code of Conduct Complaints and that on the basis that England did not have a Standards Board it would be appropriate to compare with other jurisdictions, however he also advised that there were differences in the law in England and Wales. In England the Code of Conduct would only apply when a Member is acting in their official capacity, whereas in Wales this is extended to apply at any time if a person brings the Council or Office into disrepute.

Councillor Reeves agreed with Councillor Pearson's comments and raised further concerns regarding Paragraph 1.3 and asked for clarification on the decision and whether they had an opportunity to comment and propose amendments to the document. The Interim Head of Legal Services and Monitoring Officer confirmed that the Committee were being asked to look at the document in depth and suggest any amendments before recommending that Council adopt the Code of Conduct. He also clarified the legal position in terms of Paragraph 1.3 and 1.1(d), he advised that these two amendments take the Code of Conduct further than the law intended.

The Interim Head of Legal Services and Monitoring Officer gave a brief introduction to Part 2 of the amended Code of Conduct and drew the Committee's attention to the proposed amendments in Part 3.

The Interim Head of Legal Services and Monitoring Officer answered questions regarding the following topics:-

- Protected characteristics and the Public Sector Equality Duty
- Paragraph 4.2(ii) and the requirement of recording 12 months of expenses
- Register of Members gift and hospitality and the length of time between publishing updates
- The penalties for Members if they don't declare interests
- The differences between the current adopted Code of Conduct and the proposed amended Code of Conduct, he advised that the amended Code of Conduct is likely to lead to an increase in complaints, more interpretation and create some uncertainty for members.

Following a question from Councillor Davies regarding reporting gifts and hospitality the Monitoring Officer advised that should Council adopt the amended Code of Conduct in October, training sessions would be provided for Members in the late autumn.

The Chair asked for confirmation as to who decided what was reasonable. The Interim Head of Legal Services and Monitoring Officer confirmed that the current arrangements ask the Monitoring Officer to carry out an initial assessment of the complaint and do not require the Monitoring Officer to discuss with the Independent Person, however in the amended version the Independent Person would be involved from the outset and therefore the Independent Person and the Monitoring Officer would decide what was reasonable.

The Interim Head of Legal Services and Monitoring Officer introduced the arrangements for dealing with complaints in Appendix B.

In response to Councillor Curley's questions the Interim Head of Legal Services and Monitoring Officer confirmed the following: -

- Paragraph 5.3 on page 39 would be amended from "may produce a draft report" to "will produce a draft report"
- Paragraph 3.4 on page 36 would be amended to include the wording "unless a pattern is shown to be indicated" to the end of the first bullet point to ensure that similar complaints would not be rejected in that instance.

The Interim Head of Legal Services and Monitoring Officer also confirmed that if the Committee agreed to the amendments then the Independent Person would be involved in all complaints from the very initial stages.

Councillor Pearson asked whether complaints between Members could be dealt with more informally and with the Group Leaders in the first instance rather than notifying the Independent Person. The Interim Head of Legal Services and Monitoring Officer confirmed that the Committee could look at proposing an amendment to this.

The meeting was paused at 8:32pm until 8.36pm to allow for Councillor Williams to regain connection.

Councillor Davies asked for clarification as to whether the change regarding the process for complaints between Members could be made. The Interim Head of Legal Services and Monitoring Officer advised that he would circulate wording to the Committee and if they were happy with the proposed amendment this could be included in the recommendation to Council in October.

Councillor Pearson advised that he would like Paragraph 1.3 and 1.1(d) on Page 14 to be removed. The Chair confirmed that he was also concerned with Paragraph 1.1(d) following the advice provided by the Monitoring Officer. Councillor Reeves confirmed that he also believed 1.1(d) and 1.3 stepped over the line and would support the removal of both Paragraphs.

Councillor Clifton advised that she would be happy to remove 1.1(d) if it was open to challenge however asked that 1.3 remained as it may cover the use of social media. Councillor Curley agreed with Councillor Clifton's proposal. Councillor Davies proposed a change to 1.3 to include the word 'public' before the word 'comments' so that it would not cover conversations. The Chair confirmed with the Committee that they were happy to agree this proposed amendment.

The motion was proposed by Councillor Pearson and was Seconded by Councillor Davies.

On being put to the vote, the Motion was carried unanimously.

The Chair thanked the Interim Head of Legal Services and Monitoring Officer for the hard work he had put into the report.

**RECOMMENDED
TO COUNCIL**

- a. **Consider the draft amended Code of Conduct and Arrangements for investigating complaints appended to this report and, subject to any changes it wishes to make, recommend them to the next meeting of Council for adoption**
- b. **Authorise the Monitoring Officer to provide town and parish councils with the proposed process for investigating complaints for information and comment prior to consideration by Council at its next meeting**
- c. **Instruct the Monitoring Officer to ensure that the register of members gifts and hospitality is updated and published quarterly**
- d. **That where applicable, a report on any separate bodies set up or owned by the Council should be provided as part of the Annual Governance Statement to the committee and giving a full picture of its relationship with those bodies.**

The meeting closed at 9.04 pm.

Chair

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

**AGENDA
ITEM NO**

6 OCTOBER 2020

5

Report Title	COUNTER FRAUD AND CORRUPTION POLICY STATEMENT AND STRATEGY 2020-2023			
Purpose of Report	To consider and comment on the updated Council's Counter Fraud and Corruption Policy Statement and Strategy 2020-2023 and recommend to Council for adoption.			
Decision(s)	The Committee RESOLVES to recommend to Council that it approves the Counter Fraud and Corruption Policy Statement and Strategy (including Anti Bribery Policy and Anti Money Laundering Policy) 2020-2023.			
Consultation and Feedback	Strategic Leadership Team, relevant professional disciplines within Stroud District Council (SDC) and Audit, Risk Assurance.			
Report Author	Theresa Mortimer, Head of Audit Risk Assurance (Chief Internal Auditor) Tel: 01453 754111 Email: theresa.mortimer@stroud.gov.uk			
Options	There are no alternative options as the adoption of the updated Counter Fraud and Corruption Policy Statement and Strategy 2020-2023 will reaffirm an effective Counter fraud and corruption culture within the Council.			
Background Papers	N/A			
Appendices	Appendix A - Counter Fraud and Corruption Policy Statement and Strategy 2020-2023.			
Implications (details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	No

1.0 INTRODUCTION / BACKGROUND

- 1.1 The Annual Fraud Indicator produced by Crowe Clark Whitehill estimated that the fraud threat to local authorities may be as high as £7.8bn in 2017 of which procurement fraud was estimated as £4.3bn. This study estimated that the total threat faced by the public sector was £40.4bn.
- 1.2 The Government's Economic Crime Plan 2019 states that the number of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.
- 1.3 However, since the writing of the new Counter Fraud and Corruption Policy Statement and Strategy 2020-2023, the Covid-19 pandemic has impacted on the fraud arena and local authorities have seen a rise in fraud activity in areas

such as bank mandate fraud, inflated claims, duplicate payments and new areas such the Government initiative for Business Support Grant Funding, provided through District Councils to local businesses.

- 1.4 These factors suggest that this is the time to review the approach to tackle fraud against the Council and reaffirm the arrangements to ensure that SDC has a resilient response to the changed conditions.
- 1.5 This statement sets out the Council's policy and strategy in relation to fraud and corruption. It has the full support of the Council, the Council's Audit and Standards Committee and Strategic Leadership Team.

2.0 MAIN POINTS

- 2.1 The Council takes its responsibilities to protect the public purse very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets.
- 2.2 The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, partners or service users and will take all necessary steps to investigate all allegations of fraud, or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal and/or prosecution. The required ethical standards are included in both our Members Code of Conduct and Employees Code of Conduct.
- 2.3 In addition, the above is reflected in the Council's Financial Regulations (under Financial Regulation C.5 - Preventing Fraud and Corruption) with the Audit and Standards Committee's specific role regarding fraud is to monitor the adequacy and effectiveness of the arrangements in place for combating fraud and corruption.
- 2.4 This policy statement is underpinned by a Counter-Fraud and Corruption Strategy, which sets out the key responsibilities with regard to fraud prevention, what to do if fraud is suspected and the action that will be taken by management. The strategy is based upon five key themes: Govern, Acknowledge, Prevent, Pursue and Protect and adheres to Fighting Fraud and Corruption Locally, A strategy for the 2020s (FFCL), which is supported by the Local Government Association and the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Centre.
- 2.5 To fulfil the Council's Strategy, we need to maximise the financial resources available to us. In order to do this, we aim to reduce fraud and misappropriation to zero.
- 2.6 Where known, the Council's Chief Internal Auditor will ensure that the Audit and Standards Committee, the Chief Executive, Chief Financial Officer and the Monitoring Officer are made aware of all irregularities and potential fraud cases. External Audit also annually assesses the effectiveness of the Council's counter fraud and corruption arrangements.

3.0 CONCLUSION

- 3.1 Appendix A to this report sets out the counter fraud strategy and policies, which set out the Council's required counter fraud culture and associated responses. The aims of these policies are to protect the Council's valuable resources by ensuring they are not lost through fraud but are used for improved services to Stroud's residents and visitors.
- 3.2 The implementation of the fraud policies will be monitored by the Senior Leadership Team and the relevant assurances provided to the Audit and Standards Committee.
- 3.3 Once approved, the strategy will be promoted via a communications plan, alongside the latest whistleblowing policy, to raise awareness and help us to further reduce the risk of fraud within SDC.

4.0 IMPLICATIONS

4.1 Financial Implications

There are no financial implications arising directly from this report.

Andrew Cummings – Strategic Director of Resources
Email: andrew.cummings@stroud.gov.uk

Risk Assessment:

Failure to fight fraud and implement an effective Counter Fraud and Corruption culture means that for every pound lost through fraud cannot be spent on providing public services, therefore this strategy supports the Council's response to mitigate the risk of fraud and corruption.

4.2 Legal Implications

There are no specific legal implications arising from the recommendations in this report, but the legal framework is clearly set out in the policy offered for acceptance by the Committee. Whilst it is within the delegations to the Audit and Standards Committee to adopt policies related to its areas of responsibility, given the importance of this issue and the need to raise its profile, it is in order to refer the policy to Council for adoption.

Patrick Arran, Interim Head of Legal Services and Monitoring Officer
Email: patrick.arran@stroud.gov.uk

4.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

4.4 Environmental Implications

There are no significant implications within this category.

Counter-fraud and Corruption

Policy Statement and Strategy
2020-2023

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Counter Fraud and Corruption Policy Statement

The Annual Fraud Indicator produced by Crowe Clark Whitehill estimated that the fraud threat to local authorities may be as high as £7.8bn in 2017 of which procurement fraud was estimated as £4.3bn. This study estimated that the total threat faced by the public sector was £40.4bn.

The Government’s Economic Crime Plan 2019 states that the number of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

This statement sets out the Council’s policy in relation to fraud and corruption. It has the full support of the Council, the Council’s Audit and Standards Committee and Corporate Team.

The Council takes its responsibilities to protect the public purse very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets.

The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, partners or service users and will take all necessary steps to investigate all allegations of fraud, or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal and/or prosecution. The required ethical standards are included in both our Members Code of Conduct and Employees Code of Conduct.

To fulfil the Council’s Strategy, we need to maximise the financial resources available to us. In order to do this, we aim to reduce fraud and misappropriation to zero.

This policy statement is underpinned by a Counter-Fraud Fraud and Corruption Strategy, which sets out the key responsibilities with regard to fraud prevention, what to do if fraud is suspected and the action that will be taken by management.

The strategy is based upon five key themes: **Govern, Acknowledge, Prevent, Pursue and Protect** and adheres to Fighting Fraud and Corruption Locally, A strategy for the 2020s (FFCL), which is supported by the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Centre.



Counter-Fraud and Corruption Strategy

Stroud District Council has a **zero tolerance** stance to all forms of fraud, bribery, corruption and theft, both from within the Council and from external sources. We recognise fraud can:

- Undermine the standards of public service that the Council is attempting to achieve;
- Reduce the level of resources and services available for the residents of Stroud; and
- Result in major consequences which reduce public confidence in the Council.

Definitions

Fraud

Fraud is defined by the [Fraud Act 2006](#) (at [UK Legislation](#)):

The Act describes fraud as the intention to make gain or cause loss under three main headings:

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abuse of position

There are further subheadings of fraud described including possession of articles for use in fraud, making or supplying articles for use in frauds, participating in fraudulent business and or obtaining services dishonestly.

Theft

Theft is the physical misappropriation of cash or other tangible assets. A person is guilty of “theft” if he or she dishonestly takes property belonging to another, with the intention of permanently depriving the other of it.

Corruption

Corruption is defined as the offering, giving, soliciting or acceptance of an inducement or reward, or showing any favour or disfavour which may influence any person to act improperly.

[The Bribery Act 2010](#) came into force on 1 July 2011. Bribery is defined in the Act “as giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward a person for having already done so, in order to gain personal, commercial, regulatory or contractual advantage”. It is the most common form of corruption. The Council’s responsibilities are set out within the Anti-Bribery Policy (Appendix 4).

Money Laundering

Money laundering is the term used for a number of offences involving concealing the proceeds of crime or terrorist funds, so that they appear they have come from a legitimate source. Money laundering involves one or more of three principal offences: concealing, arranging and acquisition / use / possession.

The burden of identifying and reporting acts of money laundering rests within the Council. Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation.

The need for vigilance is vital and any suspicion concerning the appropriateness of a transaction should be reported and advice sought from the Money Laundering Reporting Officer.

The Council recognises its responsibilities under [the Money Laundering and Terrorist Financing \(Amendment\) Regulations 2019](#) and the [Proceeds of Crime Act 2002](#).

These responsibilities are set out within the Council's Anti-Money Laundering Policy **(Appendix 5)**

Scope

This strategy applies to:

- All Stroud District Council employees (including volunteers and agency staff);
- Councillors;
- Staff and Committee Members of council funded voluntary organisations;
- Stroud District Council partners;
- NHS partners;
- Stroud District Council's suppliers, contractors and consultants;
- Service Users; and
- Stroud District residents.

What are the aims and objectives of the strategy?

We aim to:

- Protect the Council's valuable resources by ensuring they are not lost through fraud but are used for improved services to Stroud's residents and visitors;
- Provide a Counter Fraud Service which:
- Ensures that the resources dedicated are sufficient and those involved are trained to deliver a professional counter fraud service to the highest standards;
- Proactively deters, prevents and detects fraud, bribery, corruption and theft;
- Investigates suspected or detected fraud, bribery, corruption and theft;
- Enables the Council to apply appropriate sanctions and recover all losses. In addition wherever possible the Council seeks to recover all proven financial losses through court action or by invoicing an individual. Where an employee is a member of the Local Government Pension Scheme, then in accordance with the provisions of the pension scheme, the Council will seek to recover any money owing as a result of that employee's grave misconduct, criminal, negligent or fraudulent acts or omission from the employee's pension benefits. Alternatively and again in accordance with the provisions of those pension schemes, the Council will seek full forfeiture of that members pension benefits where applicable.

- Provides recommendations to inform policy, system, risk management and control improvements, thereby reducing the Council's exposure to fraudulent activity.
- Create an environment that enables the reporting of any genuine suspicions of fraudulent activity. However, we will not tolerate malicious or vexatious allegations or those motivated by personal gain and, if proven, we may take disciplinary or legal action; and
- Work with our partners and other investigative bodies to strengthen and continuously improve our arrangements to prevent fraud and corruption.

What is SDC's approach to Countering Fraud?

Managing the Risk of Fraud and Corruption

- As with any risk faced by the Council, it is the responsibility of managers to ensure that fraud risk is adequately considered when preparing risk assessments in support of achieving strategic priorities, business plan, projects and programmes objectives and outcomes. In making this assessment it is important to consider the risk of fraud occurring rather than the actual incidence of fraud having occurred in the past. Once the fraud risk has been evaluated, appropriate action should be taken to mitigate those risks on an ongoing basis.
- Any changes in operations or the business environment must also be assessed to ensure any impacts, which might increase the risk or otherwise change the risk of fraud, bribery and corruption, are properly taken into account.
- Good corporate governance procedures are a strong safeguard against fraud and corruption. Adequate supervision, recruitment and selection, scrutiny and healthy scepticism must not be seen as distrust but simply as good management practice shaping attitudes and creating an environment opposed to fraudulent activity.
- Whilst all stakeholders in scope have a part to play in reducing the risk fraud, SDC's Members, Strategic Directors and Management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity.
- The Council believes the best defence against fraud, corruption and bribery is to create a strong count-fraud culture within the organisation and that a culture of honesty and openness is a key element in tackling fraud. The codes of conduct for Members and employees are based upon the Nolan principles of Standards in Public Life. In cases where Members or employees fail to adhere to these codes appropriate action will be taken against them. The seven Nolan principles of Standards in Public Life are:

Selflessness: you must act solely in terms of the public interest and not in order to gain financial or other material benefits for yourself, family, or friends;

Integrity you should not place yourself under any financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties;

Objectivity you must make choices on merit when making decisions on appointments, contracts, or recommending rewards and benefits for individuals;

Accountability you are accountable for your decisions and actions to the public and you must submit yourself to whatever scrutiny is appropriate;

Openness you should be as open as possible about all decisions and actions that you take. You should give reasons for your decisions and restrict information only when the wider public interest clearly demands;

Honesty you have a duty to declare any private interests relating to your work and you need to take steps to resolve any conflicts arising in the way that protects the public interest;

Leadership you should promote and support these principles by leadership and example.

- SDC will fulfil the responsibility to reduce fraud and protect our resources by a strategic approach consistent with that outlined in Fighting Fraud and Corruption Locally, A strategy for the 2020s.

Fighting Fraud and Corruption Locally: Acknowledge, Prevent, Pursue

GOVERN	Arrangements and Executive Support	We have robust arrangements and executive support to ensure counter-fraud, bribery and corruption measures are embedded throughout the Council. The internal arrangements that are put in place are communicated throughout the Council and publicly available to demonstrate the culture and commitment to preventing fraud.
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ACKNOWLEDGE	Committing Support	The Council’s commitment to tackling the threat of fraud is clear. We have strong whistleblowing procedures and support those who come forward to report suspected fraud. All reports will be treated seriously and acted upon. We will not, however, tolerate malicious or vexatious allegations.
	Assessing Risks	We will continuously assess those areas most vulnerable to the risk of fraud as part of our risk management arrangements. These risk assessments will inform our internal controls and counter fraud priorities. In addition, Internal Audit will carry out work in these high risk areas to assist management in detecting existing and new types of fraudulent activity. Examples of fraud indicators are provided at Appendix 1 and types of fraud are provided at Appendix 2.
	Robust Response	We will strengthen measures to prevent fraud. Internal Audit will work with our internal partners such as management, HR, Finance, Legal, policy makers and external partners, to ensure new and existing systems and policy initiatives are adequately fraud proofed.

PREVENT	Better use of Information Technology	We will make greater use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud.
	Counter Fraud Culture	We will promote and develop a strong counter fraud culture, raise awareness, provide a fraud e-learning tool and provide information on all aspects of our counter fraud work. This will include publicising the results of all proactive work, fraud investigations, successful sanctions and any recovery of losses due to fraud.

PURSUE	Fraud Recovery	A crucial element of our response to tackling fraud is recovering any monies lost through fraud. This is an important part of our strategy and will be rigorously pursued, where possible.
	Punishing Fraudsters	We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action, where appropriate.
	Enforcement	Appropriately trained investigators will investigate any fraud detected through the planned proactive work; cases of suspected fraud referred from internal or external stakeholders, or received via the confidential reporting procedure (whistleblowing). We will also work with relevant internal and external partners/external agencies/organisations.

PROTECT	Recognise the harm	We will recognise and protect the organisation against serious and organised crime.
	Protect itself	We will protect public funds, protect the organisation from fraud and cybercrime and also monitor and protect the Council from future fraud risks.
	Protect its' residents	We will endeavour to protect individuals from becoming victims of crime and protect against the harm that fraud can do to the community.

Responsibilities

Stakeholder	Specific Responsibilities
Chief Executive	<p>Accountable for the overall effectiveness of the Council’s arrangements for countering fraud and corruption by:</p> <ul style="list-style-type: none"> • Ensuring that the Council has a trained counter fraud resource in the organisation or has access to one; and • Providing the Audit and Standards Committee with regular reports on the work of those leading on fraud.
Monitoring Officer	<p>To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Conduct/Practice. Overall responsibility for the maintenance and operation of the Confidential Reporting Procedure for Employees (Whistleblowing) and ensuring that:</p> <ul style="list-style-type: none"> • Members, Audit and Standards Committee and portfolio leads are aware of counter fraud activity and that training is available to them; and • That the fraud team is independent of process and it produces reports to relevant committees that are scrutinised by members.
Strategic Director of Resources (Section 151 Officer)	<p>To ensure the Council has adopted and implemented an appropriate Counter Fraud and Corruption Policy/Strategy and that the Council has an adequately resourced and effective Internal Audit service to deliver “counter fraud” activity by ensuring that:</p> <ul style="list-style-type: none"> • The Chief Internal Auditor is assessing counter fraud resources, capability and has sufficient internal unfettered access; • The Counter Fraud Team produce regular reports on activity, success and future plans; • The Council participates fully in the bi-annual National Fraud Initiative (NFI) exercise and reports outcomes accordingly; and • The Council is measuring itself against the FFCL checklist.

Audit and Standards Committee	<p>To monitor the adequacy and effectiveness of the arrangements in place for combating fraud and corruption by:</p> <ul style="list-style-type: none"> • Receiving a report quarterly on the counter fraud activity which includes proactive and reactive work; • Proactively supporting and challenging counter fraud activity; and • Monitoring the adequacy and effectiveness of the arrangements in place for combating fraud and corruption.
Members	<p>To comply with the Members Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerns accordingly.</p>
External Audit	<p>Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption, bribery and theft.</p>
Internal Audit	<ul style="list-style-type: none"> • Responsible for developing and promoting to the Council the requirements of the Counter Fraud and Corruption Strategy and monitoring and/or undertaking the investigation of any reported issues. • To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this strategy and that action is identified to improve controls and reduce the risk of recurrence; and • To present the Counter-Fraud and Corruption Policy Statement and Strategy to Council for approval and annually to Audit and Standards Committee, to support them fulfil their role. <p>Please see Appendix 3 – Fraud Response Plan.</p>
Heads of Service, Service Managers	<p>To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to the Monitoring Officer and/or the Chief Internal Auditor. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption, bribery and theft and to reduce these risks by implementing strong internal controls.</p>
Staff	<p>To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerns to management, the Monitoring Officer, Chief Internal Auditor or via the Whistleblowing procedure.</p>
Public, Service Users, Partners, Suppliers, Contractors and Consultants	<p>To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns / suspicions.</p>

Reporting, Advice and Support

The Council recognises that the primary responsibility for the prevention and detection of fraud rests with management. If you believe that someone is committing a fraud or you suspect corrupt practices, these concerns should be raised, in the first instance, directly with your Head of Service / Service Manager.

Alternatively, you may raise any concern with the Council's Monitoring Officer, S151 Officer, Human Resources Manager or the Council's Internal and / or external auditors in accordance with the Council's [confidential reporting procedure \(whistleblowing\)](#).

Internal Audit also provide a 24 hour Whistleblowing hotline answerphone service available on **01452 427052** for individuals to report any concerns.

We will treat all concerns or suspicions with discretion and in confidence.

Employees

Employees who wish to raise a serious concern, require advice and/or support, should do so verbally or in writing (marked 'Confidential') to either of the following:

Role	Officer Name/Co.	Tel. No.	E-mail Address
Monitoring Officer	Patrick Arran	01453 754369	Patrick.Arran@stroud.gov.uk
Strategic Director of Resources (S151 Officer)	Andrew Cummings	01453 754115	Andrew.Cummings@stroud.gov.uk
Human Resources Manager	Lucy Powell	01453 754286	lucy.powell@stroud.gov.uk
External Auditors	Deloitte LLP (UK)	029 20460000	www.deloitte.co.uk
SDC's Chief Internal Auditor	Theresa Mortimer	01453 754111	theresa.mortimer@stroud.gov.uk
Protect	(Independent whistleblowing charity)	Helpline: (020) 3117 2520	E-mail: whistle@protect-advice.org.uk Website: https://protect-advice.org.uk/

Members of the Public / External Providers / Partners

If the informant is a member of the public, external contractor or partner they should contact the Council's Chief Internal Auditor to report any concerns of fraudulent activity.

However, the above process does not relate to reporting housing benefit fraud allegations which are now dealt with by the Department for Work and Pensions. In these cases, the informant should contact the Revenue and Benefits Manager either by e-mail **simon.killen@stroud.gov.uk** or by telephone **01453 754013**.

All concerns in relation to possible financial impropriety will be reported to the S151 officer and/or the Chief Internal Auditor.

Further Information

Further information on relevant Council policy and practice and relevant publications can be found in the following documents:

- The [Constitution](#) includes Financial Regulations, Members Code of Conduct and Contract Standing Orders;
- [Confidential Reporting Procedure \(Whistleblowing\)](#);
- [Fraud Response Plan](#) (Appendix 3);
- Anti Bribery Policy (Appendix 4);
- Anti Money Laundering Policy (Appendix 5);
- [Risk Management Policy Statement and Strategy](#);
- [Internal Audit Charter](#);
- Information Security Policy;
- [Members Code of Conduct](#);
- [Employees Code of Conduct](#);
- [The Local Government Transparency Code 2015](#) (at [Gov.uk](#));
- [National Fraud Initiative](#) (NFI) (at [Gov.uk](#));
- [Fighting Fraud and Corruption Locally, A strategy for the 2020s](#) (at the [Chartered Institute of Public Finance & Accountancy](#)); and

Strategy Review

The S151 Officer and the Audit and Standards Committee will ensure the continuous review and amendment of this strategy and the relevant associated policies as necessary to ensure that it remains compliant with good practice, national public sector Codes of Practice and meets the needs of the Council.

Responsible Officer: Chief Internal Auditor

Review date: Frequency as required by legislative changes / May 2021

Appendix 1: Key Fraud Indicators

A number of frauds can come to light because of suspicions aroused by, for instance, the behaviour of certain individuals. It is impossible to give a definitive list of fraud indicators or warning signs. However, the following are indicators that may, either alone or cumulatively with other factors, suggest the possibility of fraud and may therefore warrant further investigation or enquiry.

- **Unusual employee behaviour:** Refusal to comply with normal rules and practices, fails to take leave, refusing promotion, managers by-passing subordinates, subordinates by-passing managers, living beyond means, regularly working long hours, job dissatisfaction / unhappy employee, secretiveness or undue defensiveness.
- **Financial irregularities:** Key documents missing (e.g. invoices, contracts); absence of controls and audit trails; missing expenditure vouchers and official records; general ledger out of balance; bank and ledger reconciliations are not maintained or cannot be balanced; excessive movements of cash or transactions between accounts; numerous adjustments or exceptions; constant overdue pay or expense advances; duplicate payments; ghost employees on the payroll; large payments to individuals; excessive variations to budgets or contracts.
- **Poor procurement practice:** Too close a relationship with suppliers/contractors; suppliers / contractors who insist on dealing with only one particular member of staff; unjustified disqualification of any bidder; lowest tenders or quotes passed over with minimal explanation recorded; defining needs in ways that can be met only by specific contractors; single vendors; vague specifications; splitting up requirements to get under small purchase requirements or to avoid prescribed levels of review or approval.
- **Disorganisation:** Understaffing in key control areas; consistent failures to correct major weaknesses in internal control; inadequate or no segregation of duties.
- **Inadequate supervision:** Policies not being followed; lack of senior management oversight; inadequate monitoring to ensure that controls work as intended (periodic testing and evaluation); low staff morale, weak or inconsistent management.
- **Lax corporate culture:** Management frequently override internal control; climate of fear or a corporate culture; employees under stress without excessive workloads; new employees resigning quickly; crisis management coupled with a pressured business environment; high employee turnover rates in key controlling functions.
- **Poor work practices:** Lack of common sense controls; work is left until the employee returns from leave; post office boxes as shipping addresses; documentation that is photocopied or lacking essential information; lack of rotation of duties; unauthorised changes to systems or work practices.

Appendix 2: Types of Fraud

Local authorities have reported a wide range of fraud types. The main areas of fraud that were previously reported continue to feature as significant risks. However, there are also new fraud types emerging and some of these are more prevalent in particular parts of the country. It is clear that a one size fits all approach is not appropriate and therefore the council needs to remain vigilant and be aware of these types of fraud risks.

Known Fraud Risks Remaining Significant

Council tax – Discounts and exemptions, council tax support.

Grants – Work not carried out, funds diverted, ineligibility not declared.

Identity fraud – False identity / fictitious persons applying for services / payments.

Internal fraud – Diverting Council monies to a personal account; accepting bribes; stealing cash; misallocating social housing for personal gain; working elsewhere while claiming to be off sick; false overtime claims; selling Council property for personal gain; wrongfully claiming benefit while working.

Payroll – False employees, overtime claims, expenses.

Pensions – Deceased pensioner, overpayments, entitlement overstated.

Procurement – Tendering issues, split contracts, double invoicing.

Tenancy – Fraudulent applications for housing or successions of tenancy, and subletting of the property.

Recruitment – Failing to disclose convictions or gaps in employment, misstating of qualifications and experience, and nepotism.

Emerging / Increasing Fraud Risks

Business rates – Fraudulent applications for exemptions and reliefs, unlisted properties.

Commissioning of services – Including joint commissioning, third sector partnerships – conflicts of interest, collusion.

Cyber dependent crime and cyber enabled fraud – Enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.

Disabled Facility Grants – Fraudulent applications for adaptations to homes aimed at the disabled.

Immigration – Including sham marriages. False entitlement to services and payments.

Insurance Fraud – False claims including slips and trips.

Local Enterprise Partnerships – Voluntary partnerships between local authorities and businesses. Procurement fraud, grant fraud.

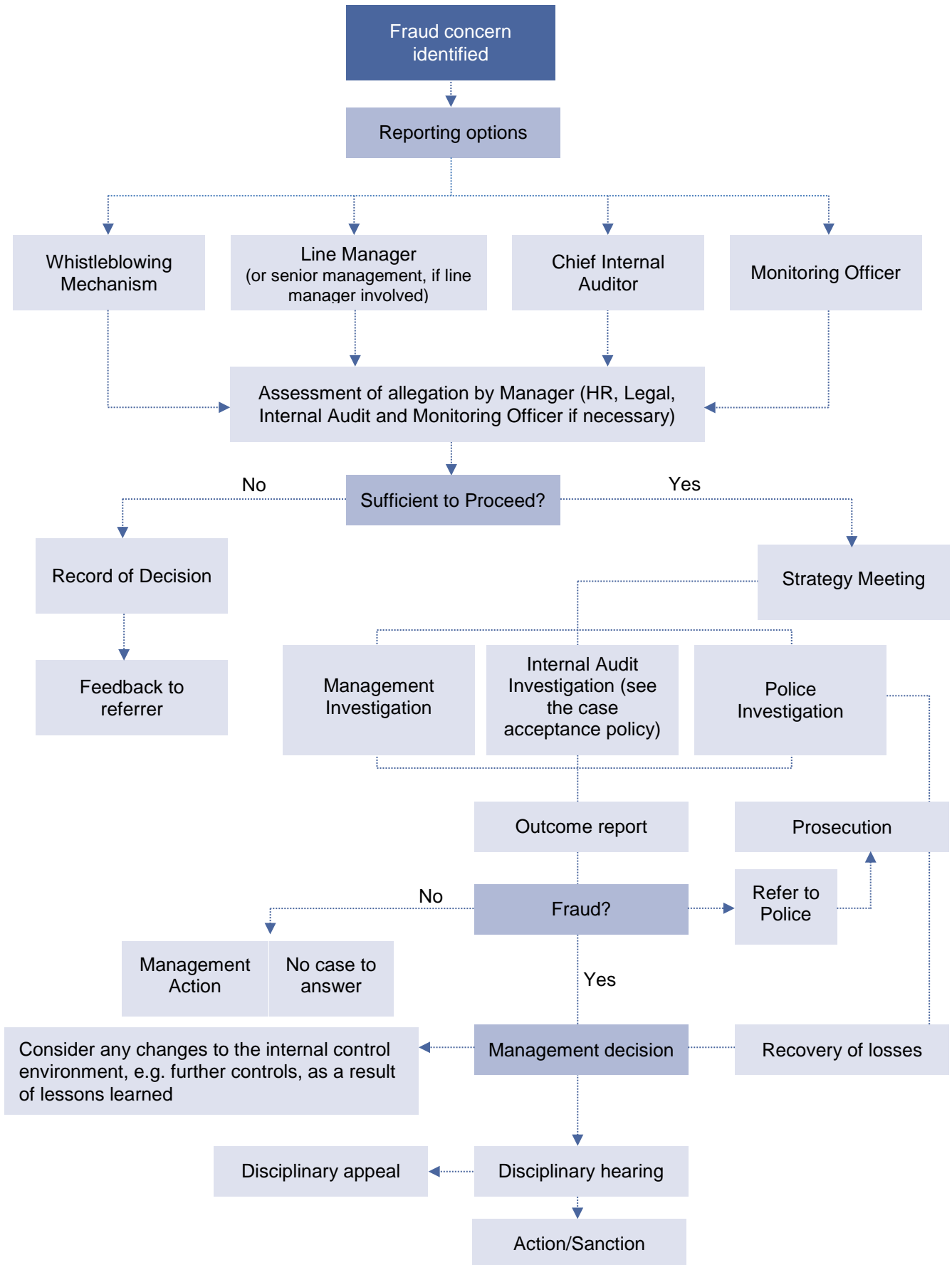
New Responsibilities – Areas that have transferred to local authority responsibility e.g. Public Health grants, contracts.

Money laundering – Exposure to suspect transactions.

No recourse to public funds – Fraudulent claim of eligibility.

Right to buy – Fraudulent applications under the right to buy/acquire scheme.

Appendix 3: SDC's Fraud Response Plan



Appendix 4: Anti-Bribery Policy

Introduction

The Council is committed to implementing and enforcing effective systems to counter bribery. Therefore, it is the Council's policy to conduct all aspects of its business in an honest and ethical manner at all times.

Bribery Act 2010

The Bribery Act 2010 came into force in the UK on 1st July 2011. It amends and reforms the UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally. Staff need to be aware of their obligations under this Act, which sets out the criminality of accepting and giving of bribes. This applies to both individual staff and the Council corporately. The Bribery Act creates the following offences:

- Active bribery: promising or giving a financial or other advantage;
- Passive bribery: agreeing to receive or accepting a financial or other advantage;
- Bribery of foreign public officials; and
- The failure of commercial organisations to prevent bribery by an associated person (corporate offence).

The penalty under the Bribery Act is an unlimited fine and/or imprisonment up to a maximum of 10 years.

Full details of the Act can be found at:

<http://www.legislation.gov.uk/ukpga/2010/23/contents>

Policy

The aim of this policy is to help the Council act in accordance with the Bribery Act 2010, maintain the highest possible standards of business practice, and advise individuals of the Council's 'zero-tolerance' to bribery.

This policy applies to all councillors, permanent and fixed-term staff employed by the Council, and any contractors, consultants or other persons acting within or on behalf of the Council.

The Council will not:

- Make contributions of any kind with the purpose of gaining any commercial advantage;
- Provide gifts or hospitality with the intention of persuading anyone to act improperly, or to influence a public official in the performance of their duties; and
- Make, or accept, inducements of any kind.

Council Responsibility

The Council will:

- Keep appropriate internal records that will evidence the business reason for making any payments to third parties;
- Encourage employees to raise concerns about any issue or suspicion of malpractice at the earliest possible stage; and
- Ensure that anyone raising a concern about bribery will not suffer any detriment as a result, even if their concerns are not validated, providing there is no malicious intent.

Employee Responsibility

Employees must not:

- Accept any financial or other reward from any person in return for providing some favour;
- Request a financial or other reward from any person in return for providing some favour; and
- Offer any financial or other reward to any person in return for providing some favour.

Non Compliance

All employees have a role to play in enforcing the policy and are required to report any suspected breach in accordance with the Council's whistleblowing policy.

The Council will not tolerate bribery or corruption by its councillors, employees, suppliers, contractors, partners or service users and will take all necessary steps to investigate all allegations of bribery or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal and/or prosecution under the Bribery Act 2010.

Appendix 5: Anti-Money Laundering Policy

Introduction

The Proceeds of Crime Act (POCA) 2002 (amended by the Criminal Finances Act 2017), Money Laundering, Terrorist Financing and Transfer of Funds (Information of the Payer) Regulations 2017 and the Terrorism Act 2000 place obligations on the Council and its employees with respect to suspected money laundering. These obligations impact on certain areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering. This Policy sets out how any concerns should be raised.

Whilst the majority of money laundering activity in the UK falls outside of the public sector, vigilance by employees of the Council can help identify those who are or may be perpetrating crimes relating to the financing of terrorism and money laundering.

Scope of the Policy

This Policy applies to all employees of the Council and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures which must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council to comply with its legal obligations.

Failure by a member of staff 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?

Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source. In other words, the process of changing 'bad' money into 'good' money in order to hide the fact that the money originated from criminal activity. Formally, the following acts constitute money laundering:

- Concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the Proceeds of Crime Act 2002); or
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328);
- Acquiring, using or possessing criminal property (section 329);
- Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (section 18 of the Terrorism Act 2000);
- Tax evasion (Part 3 sections 45 and 46 the Criminal Finances Act 2017); and
- Gross human rights abuse and violation (Part 5 of POCA 2002, section 241 amended by the Criminal Finances Act 2017).

These are the primary money laundering offences and thus prohibited acts under the legislation. There are also two secondary offences: failure to disclose any of the primary offences and tipping off. Tipping off is where someone informs a person or people who are, or are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation.

Potentially any member of staff could be implicated by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it.

Failure to disclose (section 330)

A person commits an offence if each of the following three conditions are satisfied;

- they know or have reasonable grounds to suspect that another person is engaged in money laundering;
- the information or knowledge in which they have grounds for suspicion is received in the course of business in the regulated sector; and
- the required disclosure is not made as soon as is practicable after the information comes to them.

A person does not commit an offence under this section if:

- there is a reasonable excuse for not disclosing this information or other matter;
- they provide professional legal advice and the information came to them in privileged circumstances; and
- they do not know or suspect money laundering, or have not been provided with such training as specified by the Secretary of State.

Whilst the risk to the Council of contravening the legislation is low, ***it is extremely important that all employees are familiar with their legal responsibilities: serious criminal sanctions may be imposed for breaches of the legislation.***

What are the Obligations on the Council?

Organisations conducting "relevant business" must:

- appoint a Money Laundering Reporting Officer ("MLRO") to receive disclosures from 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 in certain circumstances; and
- maintain record keeping procedures.

Not all of the Council's business is "relevant" for the purposes of the legislation. It is mainly the accountancy and audit services carried out by the financial service functions within the Council and the financial, company and property transactions undertaken by Legal Services.

However, the safest way to ensure compliance with the law is to apply it to all areas of work undertaken by the Council; therefore, all staff are required to comply with the reporting procedure set out in the [Disclosure Procedure](#) section below.

The Money Laundering Reporting Officer (MLRO)

The officer nominated to receive disclosures about money laundering activity within the Council is the Strategic Director of Resources (S151 Officer) details are provided below:

Andrew Cummings: Strategic Director of Resources (S151 Officer)

Stroud District Council

Ebley Mill,

The Wharf,

Stroud,

Gloucestershire.

GL5 4UB

Email: Andrew.Cummings@stroud.gov.uk

Telephone: 01453 754115 (direct line)

In the absence of the MLRO, the Deputy S151 Officer is authorised to deputise.

Disclosure Procedure

Cash Payments:

No payment to the Council will be accepted in cash (including notes, coins or travellers cheques in any currency) if it exceeds £5,000. Cash payments in excess of £10,000 received in more than one transaction within a twelve month period must also be treated as suspicious.

Even if the cash value is less than £5,000 and there is suspicion that the monies are from proceeds of crime then it should still be reported to the MLRO.

Any officer involved in a transaction of this kind should ensure that the person(s) provide satisfactory evidence of their personal identity.

Reporting to the Money Laundering Reporting Officer

Where you know or suspect that money laundering activity is taking/has taken place, or become concerned that your involvement in a matter may amount to a prohibited act under the legislation, you must disclose this as soon as practicable to the MLRO.

Your disclosure should be made to the MLRO. The report must include as much detail as possible.

The employee must follow any subsequent directions from the MLRO or deputy and must not make any further enquiries themselves into the matter. Additionally, they must not take any further steps in the transaction without authorisation from the MLRO or deputy.

The employee must not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering otherwise you may commit a criminal offence of "tipping off". They must not discuss the matter with others or note on a file that a report has been made to the MLRO in case this results in the suspect becoming aware of the suspicion, through a request to see their file. The MLRO will keep the appropriate records in a confidential manner.

Full details of the people involved (including you, if relevant), e.g. name, date of birth, address, company names, directorships, phone numbers, etc. will be required. If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327 - 329 of the 2002 Act, then your report must include all relevant details, as you will need consent from the National Crime Agency (NCA) via the MLRO, to take any further part in the transaction - this is the case even if the client gives instructions for the matter to proceed before such consent is given.

You should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline;

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

Client Identification Procedure (Customer Due Diligence)

Where the Council is carrying out relevant business (e.g. accountancy, audit and certain legal services) it must apply customer due diligence measures:

- a) when you establish a business relationship;
- b) when you carry out an 'occasional transaction' worth €15,000 (approximately £13,000) or more, whether the transaction is carried out in a single operation or several operations which appear to be linked;
- c) when you suspect money laundering or terrorist financing;

- d) when you have doubts about a customer's identification information that you obtained previously; and
- e) when it's necessary for existing customers - for example if their circumstances change

A business relationship is one that you enter into with a customer where both of you expect that the relationship will be ongoing. It can be a formal or an informal arrangement.

When a new business relationship is established the Council needs to obtain information on:

- the purpose of the relationship
- the intended nature of the relationship - for example where funds will come from, the purpose of transactions, and so on.

The type of information that you need to obtain may include:

- details of your customer's business or employment
- the source and origin of funds that the customer will be using in the relationship
- copies of recent and current financial statements
- details of the relationships between signatories and any underlying beneficial owners
- the expected level and type of activity that will take place in the relationship.

Please note that unlike the reporting procedure, the client identification procedure is restricted to those operating relevant business, i.e. Financial Services and Legal Services.

In the above circumstances, staff in the relevant unit of the Council must obtain satisfactory evidence of the identity of the prospective client, as soon as practicable after instructions are received (unless evidence of the client has already been obtained). This applies to existing clients, as well as new ones, but identification evidence is not required for matters entered into prior to 1 March 2004.

Once instructions to provide relevant business have been received, and it has been established that any of paragraphs (a) to (e) apply, evidence of identity should be obtained.

With instructions from new clients, or further instructions from a client not well known to you, you may wish to seek additional evidence of the identity of key individuals in the organisation and of the organisation itself.

In all cases, the evidence should be retained for at least five years from the **end** of the business relationship or transaction(s).

If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot proceed any further.

Record Keeping Procedures

The MLRO should retain records of all referrals made to them and of any action taken. The precise nature of these records is not set out in law but should be capable of providing an audit trail during any subsequent investigation.

All records should be retained for at least five years. This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.

Guidance and Training

In support of this policy, the Council will:

- make staff aware of the requirements and obligations under the anti-money laundering policy legislation; and
- provide training to those most likely to encounter money laundering.

Conclusion

The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This Policy has been written to support the Council to meet the legal requirements in a way which is proportionate to the very low risk to the Council of contravening the legislation.

Should you have any concerns whatsoever regarding any transactions then you should contact the MLRO.

Further Information

Further information relating to the anti-money laundering policy can be found at the following links:

- [National Crime Agency \(NCA\)](#)
- [The Money Laundering and Terrorist Financing \(Amendment\) Regulations 2019](#)
- [Terrorism Act 2002 - Code of Practice](#)
- [CIPFA Guidance on Money Laundering](#)
- [Proceeds of Crime Act 2002](#)
- Money Laundering Disclosure Form
- Guidance for MLRO
- [Criminal Finances Act 2017](#)

**Counter-Fraud
and Corruption**
Policy Statement and Strategy
2020-2023

June 2020



AUDIT AND STANDARDS COMMITTEE

6 OCTOBER 2020

6

Report Title	INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2020/21			
Purpose of Report	To inform Members of the Internal Audit activity progress in relation to the approved Internal Audit Plan 2020/21.			
Decision(s)	<p>The Committee resolves to note:</p> <ul style="list-style-type: none"> • The progress against the Internal Audit Plan 2020/21; and • The assurance opinions provided in relation to the effectiveness of the Council's control environment. 			
Consultation and Feedback	Internal Audit findings are discussed with Service Heads/Managers. Management responses to recommendations are included in each assignment report.			
Report Author	Theresa Mortimer Head of Audit Risk Assurance Tel: 01453 754111 Email: theresa.mortimer@stroud.gov.uk			
Options	There are no alternative options that are relevant to this matter.			
Background Papers	N/A – links to published background papers are in the body of the report.			
Appendices	Appendix A – Internal Audit Activity Progress Report 2020/21.			
Implications (details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	No

1.0 INTRODUCTION/BACKGROUND

- 1.1 Members approved the Internal Audit Plan 2020/21 at the [26th May 2020 Audit and Standards Committee meeting](#). In accordance with the [Public Sector Internal Audit Standards \(PSIAS\) 2017](#), this report (through Appendix A) details the outcomes of Internal Audit work carried out in accordance with the approved Plan.

2.0 MAIN POINTS

2.1 The Internal Audit Activity Progress Report 2020/21 at Appendix A summarises:

- The progress against the Internal Audit Plan 2020/21, including the assurance opinions on the effectiveness of risk management and control processes;
- The outcomes of the Internal Audit activity during the period July to September 2020; and
- Special investigations/counter fraud activity.

2.2 The report is the first progress report in relation to the Internal Audit Plan 2020/21.

2.3 Covid 19 has placed significant pressures on Council services and has impacted (and continues to impact) the Council's priorities, objectives and risk environment. Due to this changing position and to ensure that the Risk Based Internal Audit Plan meets the assurance needs of the Council, the Internal Audit Plan 2020/21 has been reviewed and refreshed in consultation with Officers (Strategic Leadership Team, Heads of Service and Service Managers). This included consideration of newly identified activities, current activities that should be prioritised within 2020/21 and activity deferrals/cancellations (due to risk).

2.4 The revised Internal Audit Plan 2020/21 will be presented to Audit and Standards Committee for review and approval on 6th October 2020. This will include reflection of the new activities completed by ARA since the outcome of the pandemic.

For example and as reflected within the Internal Audit Progress Report, to date within 2020/21 ARA has provided consultancy support (from both our internal audit and counter fraud teams) to the Revenues and Benefits service and Finance regards Business Grants and Supplier Relief.

3.0 CONCLUSION

3.1 The purpose of this report is to inform the Committee of the Internal Audit work undertaken to date, and the assurances given on the adequacy and effectiveness of the Council's control environment operating in the areas audited. Completion of Internal Audit Activity Progress Reports ensures compliance with the PSIAS, the [Council Constitution](#) and [the Audit and Standards Committee Terms of Reference](#).

3.2 In accordance with the PSIAS and as reflected within the Audit and Standards Committee work programme, Internal Audit Activity Progress Reports against the approved Internal Audit Plan 2020/21 are scheduled to be presented to the Audit and Standards Committee at the 17th November 2020, 26th January 2021, 27th April 2021 and June/July 2021 (date to be confirmed) meetings.

4.0 IMPLICATIONS

4.1 Financial Implications

There are no financial implications arising directly from this report.

Andrew Cummings, Strategic Director of Resources

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Risk Assessment:

Failure to deliver effective governance will negatively impact on the achievement of the Council's objectives and priorities.

4.2 Legal Implications

There are no specific legal implications arising from this report.

Patrick Arran, Interim Head of Legal Services and Monitoring Officer

Tel: 01453 754369

Email: patrick.arran@stroud.gov.uk

4.3 Equality Implications

The Internal Audit Service is delivered by Audit Risk Assurance which is an internal audit and risk management shared service between Stroud District Council, Gloucester City Council, and Gloucestershire County Council. Equality in service delivery is demonstrated by the team being subject to, and complying with, the Council's equality policies.

There are not any specific changes to service delivery proposed within this decision.

4.4 Environmental Implications

There are no Environmental implications as a result of the recommendations made within this report.

Internal Audit Activity Progress Report

2020-2021



(1) Introduction

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states 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”. The Internal Audit Service is provided by Audit Risk Assurance under a Shared Service agreement between Stroud District Council, Gloucester City Council and Gloucestershire County Council and carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee.

The guidance accompanying the Regulations recognises the Public Sector Internal Audit Standards 2017 (PSIAS) as representing “proper internal audit practices”. The standards define the way in which the Internal Audit Service should be established and undertake its functions.

The Shared Service Internal Audit function is conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

(2) Responsibilities

Management are responsible for establishing and maintaining appropriate risk management processes, control systems (financial and non financial) and governance arrangements. Internal Audit plays a key role in providing independent assurance and advising the organisation that these arrangements are in place and operating effectively. Internal Audit is not the only source of assurance for the Council. There are a range of external audit and inspection agencies as well as management processes which also provide assurance and these are set out in the Council’s Code of Corporate Governance and its Annual Governance Statement.

(3) Purpose of this Report

One of the key requirements of the standards is that the Chief Internal Auditor should provide progress reports on internal audit activity to those charged with governance. This report summarises:

- The progress against the 2020/21 Internal Audit Plan, including the assurance opinions on the effectiveness of risk management and control processes;
- The outcomes of the Internal Audit activity during the period July 2020 to September 2020; and
- Special investigations/counter fraud activity.

(4) Progress against the 2020/21 Internal Audit Plan, including the assurance opinions on risk and control

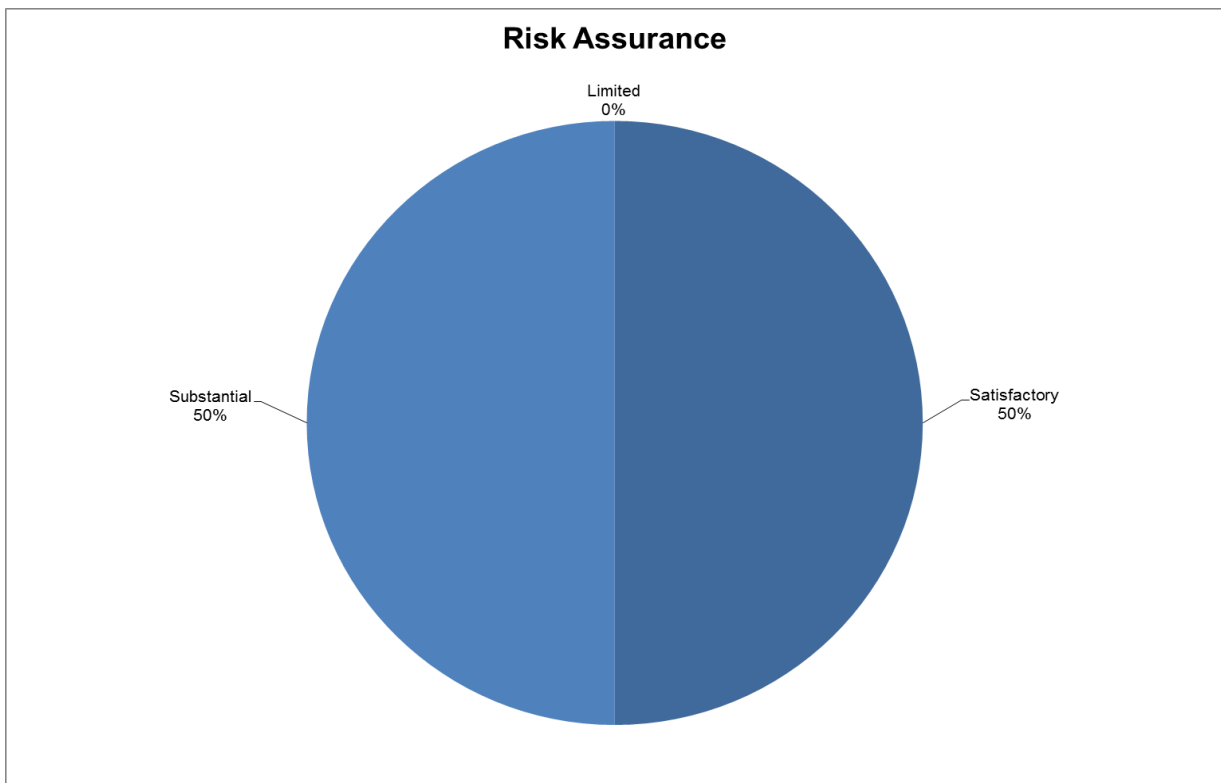
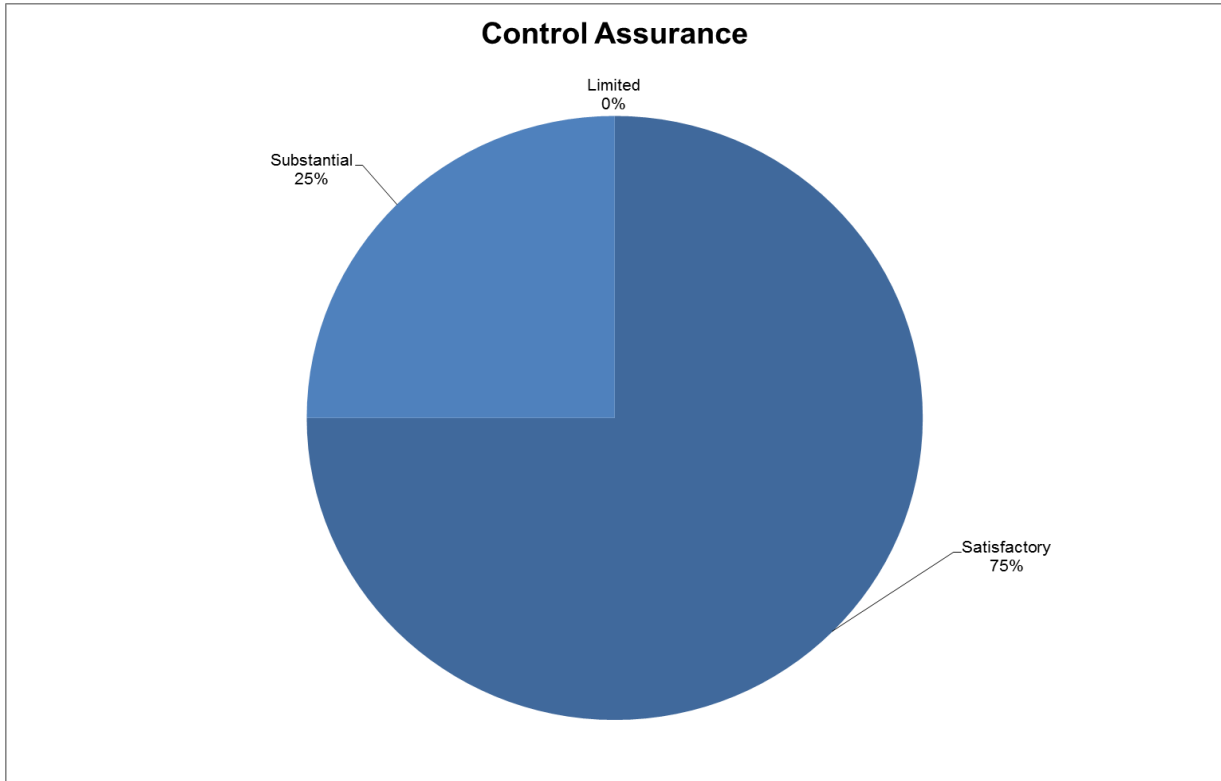
The schedule provided at **Attachment 1** provides the summary of 2020/21 audits which have not previously been reported to the Audit and Standards Committee.

The schedule provided at **Attachment 2** contains a list of all of the 2020/21 Internal Audit Plan activity undertaken during the financial year to date, which includes, where relevant, the assurance opinions on the effectiveness of risk management arrangements and control processes in place to manage those risks and the dates where a summary of the activities outcomes has been presented to the Audit and Standards Committee. Explanations of the meaning of these opinions are shown in the below table.

Assurance Levels	Risk Identification Maturity	Control Environment
Substantial	<p>Risk Managed Service area fully aware of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners, and staff. All key risks are accurately reported and monitored in line with the Council's Risk Management Policy.</p>	<ul style="list-style-type: none"> • System Adequacy – Robust framework of controls ensures that there is a high likelihood of objectives being achieved • Control Application – Controls are applied continuously or with minor lapses
Satisfactory	<p>Risk Aware Service area has an awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners, and staff. However some key risks are not being accurately reported and monitored in line with the Council's Risk Management Policy.</p>	<ul style="list-style-type: none"> • System Adequacy – Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger • Control Application – Controls are applied but with some lapses
Limited	<p>Risk Naïve Due to an absence of accurate and regular reporting and monitoring of the key risks in line with the Council's Risk Management Policy, the service area has not demonstrated a satisfactory awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners and staff.</p>	<ul style="list-style-type: none"> • System Adequacy – Risk of objectives not being achieved due to the absence of key internal controls • Control Application – Significant breakdown in the application of control

(4a) Summary of Internal Audit Assurance Opinions on Risk and Control

The pie charts below show the summary of the risk and control assurance opinions provided within each category of opinion i.e. substantial, satisfactory and limited in relation to the 2020/21 audit activity undertaken up to September 2020.



(4b) Limited Control Assurance Opinions

Where audit activities record that a limited assurance opinion on control has been provided, the Audit and Standards Committee may request Senior Management attendance to the next meeting of the Committee to provide an update as to their actions taken to address the risks and associated recommendations identified by Internal Audit.

(4c) Audit Activity where a Limited Assurance Opinion has been provided on Control

During the period July to September 2020, no limited assurance opinions on control have been provided on completed audits from the 2020/21 Internal Audit Plan.

(4d) Satisfactory Control Assurance Opinions

Where audit activities record that a satisfactory assurance opinion on control has been provided, where recommendations have been made to reflect some improvements in control, the Committee can take assurance that improvement actions have been agreed with management to address these.

(4e) Internal Audit Recommendations

During the period July to September 2020 Internal Audit made a total of **14** recommendations to improve the control environment, all of which were medium priority recommendations (**100%** of these being accepted by management).

The Committee can take assurance that all high priority recommendations will remain under review by Internal Audit, by obtaining regular management updates, until the required action has been fully completed.

(4f) Risk Assurance Opinions

During the period July to September 2020, no limited assurance opinions on risk have been provided on completed audits from the 2020/21 Internal Audit Plan.

Monitoring of the implementation of recommendations to manage the risks identified is owned by the relevant manager(s) and helps to further embed risk management in to the day to day management, risk monitoring and reporting process.

(4g) Internal Audit Plan 2020/21 Refresh – Covid-19

Covid-19 has placed significant pressures on Council services and has impacted (and continues to impact) the Council's priorities, objectives and risk environment.

Due to this changing position and to ensure that the Risk Based Internal Audit Plan meets the assurance needs of the Council, the Internal Audit Plan 2020/21 has been reviewed and refreshed in consultation with Officers (Strategic Leadership Team, Heads of Service and Service Managers). This included consideration of newly identified activities, current activities that should be prioritised within 2020/21 and activity deferrals/cancellations (due to risk).

The revised Internal Audit Plan 2020/21 will be presented to Audit and Standards Committee for review and approval on 6th October 2020.

The revised document will include reflection of the new activities completed by ARA since the outcome of the pandemic. For example and as reflected within the Internal Audit Progress Report, to date within 2020/21 ARA has provided consultancy support (from both our internal audit and counter fraud teams) to the Revenues and Benefits service and Finance regards Business Grants and Supplier Relief.

Completed Internal Audit Activity during the period July 2020 to September 2020

Summary of Satisfactory Assurance Opinions on Control

Service Area: Resources

Audit Activity: ICT Action Plan

Background

Foresight Consulting (UK) Ltd was commissioned to undertake an overarching review of information and communications technology (ICT) at Stroud District Council with the report being delivered in August 2019.

The report arising from the review identified 13 strategic recommendations relating to ICT Strategy and ICT Staffing and Costs and 26 technical recommendations relating to the ICT infrastructure. The report also included a high level, costed and phased Infrastructure Plan.

The Stroud District Council Strategic Leadership Team (SLT) discussed the Foresight report at their 27th August 2019 meeting, agreeing to the proposals contained within the report and authorising the engagement of Foresight as consultants to support the in-house ICT Team during the Infrastructure Project.

Foresight Consulting delivered a briefing to Members in December 2019, outlining the background to the report and the requirement for the capital investment.

The Infrastructure refresh programme commenced in October 2019 and included an initial temporary restructure of ICT resources to enable a projects team to be set up to deliver the Infrastructure refresh programme. A more permanent ICT restructure was included within the programme.

The refresh programme targeted business critical areas first including storage and servers, desktops, connectivity, telephony and disaster recovery capability with the project being broken down into a number of work streams.

Scope

The scope for this review was to determine the progress made towards implementing the recommendations arising from the overarching ICT Review and to determine progress made in implementing the agreed Infrastructure Plan including determining the impact of the current Covid-19 pandemic where relevant.

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

The review identified that considerable progress had been made in implementing the Infrastructure Project although the project had been subjected to some delays due to ICT resources being taken from the project to support the Council's Covid-19 response and due to delays in procurement due to Covid-19 disruption.

Regular monthly Infrastructure Project Summary and Cost Reports are produced by the Foresight consultant supporting the ICT Team to deliver the project detailing the progress and costs relating to each work stream although it was not able to identify from these reports the expected project completion date.

It was identified that no reporting of the progress towards implementing the 39 recommendations raised within the Foresight report was being made although it is noted that many of these recommendations are directly linked to elements of the Infrastructure Project. When progress towards implementing these recommendations was updated during this review, it was identified that 18 of the recommendations had been fully implemented, the implementation of a further six recommendations was underway with the implementation of 15 of the recommendations yet to commence.

It was further identified that the monthly Programme Plan RAG (red/amber/green) summary report produced by the Foresight consultant had not been feeding into reviews of Strategic Risks (e.g. CCR 4: Unable to secure continuity of services during normal business hours and CCR 16: Inadequate telephony, IT and Infrastructure to meet the Council's business needs) and to the reviews of the ICT Service Area risks.

Conclusion

Significant progress has been made in implementing the Infrastructure Project which when fully completed will address the Council's significant disaster recovery and ICT risks. Three medium priority audit recommendations have been made to address the items identified in the Key Findings section – including identification of project completion date(s) within the Monthly Infrastructure Project – Costs and Summary Report; regular reporting of Foresight Consulting recommendations progress to ensure that all recommendations are fully implemented; and consideration of the Foresight Programme Plan RAG Summary when strategic risks and ICT service area risks are updated.

Management Actions

Management have responded positively to the recommendations made.

Service Area: Communities

Audit Activity: Complaints Handling

Background

It is important that complaints are taken seriously, promptly investigated, and if justified, to put the matter right as soon as possible. A revised Corporate Complaints Policy and Procedure was introduced in quarter three of 2019/20. The Council's complaints register confirms that 92 complaints were received over a six month period between October 2019 and March 2020.

Scope

The objective of this audit was to determine whether there are adequate internal control arrangements in place to ensure that the Complaints Policy is complied with. Audit review and testing was completed in quarter one 2020/21.

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

- Audit review and sample testing of the process established obtained adequate assurance to confirm that the stage one and two procedures were complied with in accordance with the Complaints Policy.
- The complaints register currently used provides basic individual case details. The register needs to be further developed so that transparency and completeness of the complaint process, is enhanced and fully documented, including nominated officers handling the complaint.
- Visual review of the existing complaints register confirmed that records for closed complaints greater than 24 months are currently held on file, which is not compliant with policy.
- It is important to ensure that reporting actual performance of complaint handling is regularly reported to the Strategic Leadership Team. Assurance was provided by the Customer Services Manager that actual performance reporting will commence in quarter two 2020/21.

(Subsequent to this internal audit, complaints performance reporting to SLT has been completed on 18th August 2020).

- It was established that during the period October 2019 to March 2020 5% of stage one complaint records had not been updated, which would assist with subsequent performance monitoring.
- Enquiries have confirmed that staff training in complaint handling is to be provided by the Local Government and Social Care Ombudsman with the date to be arranged for later in 2020/21.
- Reflection on complaint resolution can result in identifying any lessons learnt. Enquiries with the Head of Contract Services and evidence provided confirmed that for house condition complaints, they are monitored until they are resolved and lessons learnt are clearly documented. A sample of five tenant services complaints relating to house condition were reviewed and were confirmed dealt with in a timely manner in line with the Complaints Policy. In addition, housing repair classification and trend analysis is undertaken, with the objective of putting repair or replacement procedures in place to counter act against the risk of property deterioration.
- It was confirmed that later in the 2020/21 year, there is a plan in place to hold staff forums with the intended objective of sharing complaint lessons learnt.
- Evidence reviewed on the strategic and service risk registers found that the risk of complaints had been correctly recognised, evaluated and recently updated.

Conclusion

A structured process is in place for the handling of service user complaints to ensure that there is compliance with the policy.

Five recommendations were made with the objective of further enhancing the existing control environment.

Internal Audit is duly aware that the impact of Covid-19 upon services and staff has resulted in leaving some of the procedures in abeyance, actions required to address these are included in the recommendations raised. Recommendation themes include: complaints register content requirements update; removal of specific closed complaints from the contracts register in line with policy requirements; timeliness of complaints register update for complaints requiring an extension of time to fully investigate and resolve the items.

Management Actions

Management has responded positively to the recommendations made.

Service Area: Place

Audit Activity: Brimscombe Port

Background

Brimscombe Port is a former inland port dating back to the 1780s. The Port was acquired in 2009 as part of the Cotswold Canal Regeneration project, from British Waterways by the South West Regional Development Agency (SWRDA), the expectation at that time was that it would deliver both a redeveloped Port and provide funding for other sections of canal.

Stroud Valleys Canal Company (SVCC) was set up by four key partners, including the Council, to hold this and other property and in December 2014, the Council took on the management of the site on behalf of SVCC.

The Council is the accountable body for the loan agreement and potentially liable for repayment of the total investment of £9.6m in the site. The Council became the owner of the freehold interest in the site on the 1st April 2020.

Over time there has been a necessary shift from seeing Brimscombe Port as delivering the canal infrastructure to a standalone project. The Council is promoting development of the site as it has the potential to deliver £30-35m of regeneration, and if redeveloped could support a minimum of 150 new homes, business premises, restored canal and a community centre.

Scope

To review the effectiveness of the Council's project management arrangements for progressing redevelopment of the Brimscombe Port site.

Risk Assurance – Substantial

Control Assurance – Satisfactory

Key Findings

Corporate standards for project management and monitoring

- It would be beneficial for the Council to define its corporate standards for project management, in order for projects to be managed consistently, in the context of the whole Council, and the short, medium and long term corporate aims and objectives.
- The Council's intranet (HUB) does provide a suite of project management documentation and guidance, and this can be accessed by staff however; it is noted that this was published in October 2015 and would now benefit from being reviewed and refreshed to ensure that it meets the future requirements of the Council's project management arrangements.

Governance Arrangements

- There is a hierarchical governance structure in place for the project comprising of the Project Manager/s, Project Sponsor, Senior Responsible Officer, Project Team, Project Board, Investment and Development Panel and Strategy and Resources Committee.
- The governance arrangements have enabled members to be involved from the outset via the Project Board, and management have advised Internal Audit that the Investment and Development Panel has been a useful platform, enabling early discussions on key aspects of the project prior to items being formally presented to the Strategy and Resources Committee.
- The Project Board Terms of Reference (TOR) has been subject to periodic review and some further changes are due as part of the next refresh, to be presented in the first instance to the July meeting of the Project Board.
- Evidence could not be presented to clearly establish/ verify the TOR for the Investment and Development Panel. In the absence of a formal TOR for this panel, it may be opportune to review and consider whether the panel provides for the current and future governance arrangements for the Council's key projects.

Resources

- Resource currently allocated to the project via appointed consultants and internal resource equates to approximately five working days each week. The Project Managers (two Project Managers are in place) advised Internal Audit that this seemed sufficient at present. Management have also given consideration to the need for additional project support for a 12 month period, should this be required, as the project progresses.

Performance and Risk

- The project is clearly stated as one of the Council's key priorities within the Council's Corporate Delivery Plan (CDP) 2018-2022, for the financial year 2018/19 and for the refreshed 2019/20 iteration. The respective entry is: CDP1.3 'Progress and deliver the redevelopment of Brimscombe Port by securing planning permission and being ready to seek a development partner'.
- CDP actions are recorded within the Council's performance and risk system (Excelsis). The project is stated as being overall on target with the project action plan being recently reset to 31st March 2021. It is evident from the annotations that there has been some slippage to milestones, in particular in relation to action 1.3.3, sign-off to engineering design / flood modelling by the Environment Agency, and 1.3.9, planning approval for infrastructure across all phases.
- A detailed Project Risk Register is maintained by the Project Managers and key risks to the achievement of CDP 1.3 have also been linked within the Excelsis system to two service area risks (PROP2 and PROP3). These were last reviewed and updated in June 2020.

Reviews/Options/Lessons Learned

- There is evidence to support that the project has been reviewed at key stages. The reviews have included the options for the marketing of the site, i.e. the Delivery Strategy, and soft market testing and financial appraisals to assess the ongoing marketability and financial viability of the project.

Project Documentation

- The project documentation in place was found to be fairly comprehensive overall. It would be beneficial for the Communications Strategy to be reviewed and refreshed.
- In addition, going forward consideration could be given to using a project management software application to further assist in the management/monitoring of the project. Such applications are designed to aid the scheduling of project tasks, assigning resources to tasks, analysing workloads, tracking progress/slippage, budget management and reporting. Should this option be taken forward training requirements may also need to be considered.

Reporting

- A review of available minutes/notes of meetings of the Project Team (January 2019-January 2020) and Project Board (January 2019-January 2020) evidence that these feature regular reports on the budget, risks, consultation/communications, milestones, and other key documentation in relation to progressing the project.
- Minutes/notes of meetings of the Investment and Development Panel for the financial year 2018/19 and 2019/20 were also reviewed, these evidence that updates on the project have been presented at the meetings held.
- In January 2019 a workshop was held, with a wider invitation to all members of the Strategy and Resources Committee to consider the evaluation process, and agree the award criteria for the selection of a developer partner for the redevelopment of the site.
- Strategic Leadership Team notes for the period June 2019-February 2020 evidence that quarterly reports are presented to SLT on the Council's Performance and Corporate Delivery Plan progress. The notes also reference the Performance Monitoring Reports to be presented to Strategy and Resources Committee that include items in relation to Brimscombe Port.

A review of the Council's website confirmed that:

- The Council has created a separate page on its website to enable interested parties to obtain information about the Council's plans for redevelopment;
 - A series of Information Sheets have been produced relating to Brimscombe Port in order to provide updates on the project over the period June 2017-January 2020; and
 - For the period April 2018-January 2020 reports relating to budget approval and spend, aligned to the committee reporting cycle, and various other reports where approvals for key decisions are required have been presented to the Strategy and Resources Committee.
- Minutes of the Tenant Liaison meetings held during 2019/20 (meetings held June, November and February) evidence that progress updates on the project are provided at these meetings.
 - Verbal assurance was also gained from the Head of Property Services that:

- Officers have regularly attended the Brimscombe and Thrupp Parish Council meetings to update members on the progress of the site and to seek their approval to the infrastructure design; as well as meetings with the Chair, Vice Chair of the Parish and the secretary to the Brimscombe and Thrupp Social Centre to discuss the community facilities for the site; and
- Stroud Valleys Canal Company representatives have attended key meetings with the appointed consultant regarding the design of the infrastructure and officers have attended their Board meetings. Their continuing involvement with the project has also recently been agreed.
- The Homes and Community Agency (now Homes England (HE)) Funding Agreement includes some specific reporting requirements. The Head of Property Services advised Internal Audit that the Council has been proactive in ensuring engagement has taken place to comply with the requirements of the agreement, and commented that, as long as the Council was progressing matters HE appear to have been comfortable.
- The milestones within the funding agreement are currently being revised. Alongside these revisions, it would be opportune to review and consider whether the current reporting requirements should remain as stated within the funding agreement or be refreshed, to ensure conformance to the requirements of the agreement.

Implementation of 2016/17 audit recommendations

- All of the agreed actions to address the recommendations emanating from the 2016/17 review have been considered and the majority taken forward and implemented. Outstanding relevant items have been considered and reflected within the recommendations raised within the audit report.

Conclusion

There is a defined framework in place that empowers good governance for this project. The project management arrangements are considered to be adequate and are operating effectively overall.

The findings emanating from the review have resulted in six medium priority recommendations being proposed to ensure that the Council's corporate standards for project management are clearly defined; further enhancements are made to the governance, management and monitoring arrangements for the project, and to ensure that these requirements align to the Council's future wider governance arrangements for key projects.

Management Actions

Management have responded positively to the recommendations made.

Summary of Substantial Assurance Opinions on Control

Service Area: Resources

Audit Activity: Payroll staff starters

Background

The Council's payroll system (ResourceLink) is run in-house. The key objective of the payroll system is to pay employees correctly, on time and to account for personal data and payments completely and accurately. As at May 2020 the monthly net pay for staff after deductions totals £655k.

Scope

The objective of this audit was to review the effectiveness of the system for processing new starters.

Risk Assurance – Substantial

Control Assurance – Substantial

Key Findings

- The payroll system starter procedure notes were reviewed with the objective of checking for clarity and completeness. The conclusion is that the payroll starter procedure notes are of a good standard and no obvious improvements were identified.
- A report from the payroll system confirmed that a total of 25 staff started employment between March and April 2020. A representative sample of four starters was chosen for testing the relevant input, processing and output controls.
- The results from testing of input controls, confirmed that all expected controls were operating correctly.
- The test results from reviewing processing controls, verified that the expected controls were smoothly working as documented.

- For expected output controls tested, this included verifying that the starter's relevant pay and deductions data was included in the HMRC Real Time Information (RTI) monthly return. Evidence reviewed for output controls, provided assurance that the starters were correctly included in the timely reporting of payroll HMRC RTI data.
- The risk recognised in Excelsis (the Council's Risk and Performance system) for incorrect or late payment of the payroll to staff and the timely data return to Her Majesty's Revenues and Customs does not require change in assessment due to mitigating controls, which are operating effectively. It was noted that the date entry within Excelsis for the next review (31st March 2020) had elapsed. Internal Audit verified that the payroll risk on the Excelsis register has been recently reviewed and updated for authorisation as deemed appropriate.

Conclusion

The conclusion for this payroll review is that there is an appropriate embedded effective process in place, which successfully combines the personnel details of the staff starter as held per the Human Resources records with the ResourceLink payroll system.

Management Actions

Not applicable. No Internal Audit recommendations have been raised.

Summary of Special Investigations/Counter Fraud Activities

Current Status

As at 4th September 2020 only one new irregularity has been referred to Internal Audit in 2020/21.

In this case, Company A, having submitted a genuine claim for small business grant funding, subsequently submitted a second application, also for £10,000, in the name of Company B but using Company A bank account details. Company A was contacted and advised that the second payment of £10,000 should be returned immediately. The full £10,000 has since been repaid to Stroud District Council.

In the latter part of 2019/20 and following the Covid-19 pandemic ARA has provided support and guidance to the Council in respect of the government initiative Coronavirus: Small Business Grant Fund (SBGF). Small businesses meeting the government's set criteria were able to apply for a grant of £10,000. Due to the short timeframes together with the number of businesses involved, ARA were asked to provide support in checking the information provided by the businesses pre and post payment (approximately 700 records). ARA is continuing to provide support in this area as requested.

Any fraud alerts received by Internal Audit from the National Anti-Fraud Network (NAFN) are passed onto the relevant service area within the Council, to alert staff to the potential fraud.

Since the start of the Covid-19 pandemic ARA has provided the Council with regular updates on local and national scams which sought to take advantage of the unprecedented circumstances, including a rise in bank mandate frauds, inflated claims, duplicate payments and the submission of fraudulent SBGF applications.

National Fraud Initiative (NFI)

Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The next data matching exercise will begin with data up loads in October 2020, with matches released for review from January 2021 onwards. Examples of data sets includes housing, insurance, payroll, creditors, council tax, electoral register and licences for market trader/operator, taxi drivers and personal licences to supply alcohol. Not all matches are investigated but where possible all recommended matches are reviewed by Internal Audit, the Counter Fraud Unit (CFU) or the appropriate service area.

Appendix A - Attachment 1

In addition, there is an annual data matching exercise undertaken relating to matching the electoral register data to the single person discount data held within the Council. Once all relevant data has been uploaded onto the NFI portal, a data match report is instantly produced and available for analysis.

The CFU have been commissioned by the Strategic Director of Resources to review NFI data matches and the outcomes/findings from CFU NFI review will be separately reported to the Audit and Standards Committee once completed.

Progress Report including Assurance Opinions

Department	Activity Name	Priority	Activity Status	Risk Opinion	Control Opinion	Reported to Audit and Standards Committee	Comments
Council Wide	Local Government Association Peer Review	1	Planned				Brought Forward from 19/20 plan.
Council Wide	Risk and Performance Reporting	1	Planned				Brought Forward from 19/20 plan.
Council Wide	Supplier Relief	1	Consultancy				New Activity. To be reported in 20/21 annual report.
Council Wide	Business Grants	1	Consultancy				New Activity. To be reported in 20/21 annual report.
Change & Transformation	Modernisation Programme	1	Planned				Brought Forward from 19/20 plan.
Place	Brimscombe Port - Project Management	1	Final Report Issued	Substantial	Satisfactory	06/10/2020	
Place	Carbon Neutral - Strategy	1	Planned				
Place	Gloucestershire Building Control Partnership	1	Planned				
Place	Planning Applications	1	Audit in Progress				Brought Forward from 19/20 plan.
Resources	Constitution Review	1	Planned				
Resources	Corporate Delivery Plan	1	Planned				
Resources	Corporate Induction Process	1	Planned				
Resources	ICT Action Plan	1	Final Report Issued	Satisfactory	Satisfactory	06/10/2020	Brought Forward from 19/20 plan.
Resources	ICT internal audit	1	Planned				Specific activity streams to be re-affirmed through the Revised Internal Audit Plan 20/21.
Resources	Information Management (Data Breaches)	1	Planned				
Resources	Payroll - Starters	1	Final Report Issued	Substantial	Substantial	06/10/2020	
Resources	Procurement	1	Audit in Progress				
Communities	HRA Delivery Plan - Budget Savings	1	Planned				Brought Forward from 19/20 plan.
Communities	Littlecombe Scheme	1	Planned				
Communities	Anti-social Behaviour Management	2	Planned				
Communities	Careline Service	2	Planned				
Communities	Complaints Handling	2	Final Report Issued	Satisfactory	Satisfactory	06/10/2020	Brought Forward from 19/20 plan.
Communities	Housing Benefits - Overpayments	2	Planned				
Communities	Tenancy Lettings	2	Audit in Progress				
Communities	Electrical Works Contract	1	Draft Report Issued				
Communities	Housing Reactive Repairs & Maintenance	1	Planned				
Communities	Youth Service	2	Planned				

AUDIT AND STANDARDS COMMITTEE

7

6 OCTOBER 2020

Report Title	INTERNAL AUDIT PLAN 2020/21 (Revision)
Purpose of Report	To provide the Committee with a summary of the proposed revision to the Risk Based Internal Audit Plan 2020/21 (due to the COVID 19 pandemic).
Decision(s)	<p>The Committee is asked to RESOLVE to:</p> <p>(1) Consider the proposed changes to the Internal Audit Plan 2020/21; and</p> <p>(2) Approve the revision (subject to any further change requested by Members) as detailed in Appendix 1.</p>
Consultation and Feedback	<p>Officers (Strategic Leadership Team, Heads of Service and Service Managers); Members (via the Audit and Standards Committee Risk Based Audit Planning workshop on 2nd December 2019); and External Audit were consulted on the original Annual Risk Based Internal Plan 2020/21, alongside internal audit's own assessment of risk.</p> <p>The 2020/21 plan revision exercise has involved further consultation with Officers (Strategic Leadership Team, Heads of Service and Service Managers) with the goal to ensure that the updated Plan continues to focus on the Council's priorities and meet the Council's assurance requirements.</p> <p>The timing of audit work will be planned in conjunction with the appropriate managers to minimise service disruption, abortive work and time.</p>
Report Author	<p>Theresa Mortimer, Head of Audit Risk Assurance Tel: 01453 754111 Email: theresa.mortimer@stroud.gov.uk</p>
Options	No other options have been considered as a risk based internal audit plan is required by the Public Sector Internal Audit Standards (PSIAS). The purpose of this report is to ensure that the Stroud District Council Risk Based Internal Audit Plan 2020/21 remains flexible and dynamic, to ensure that the assurance needs of the Council are met.
Background Papers	CIPFA Local Government Application Note for the UK PSIAS.

	Web links to published background papers are within the covering report.			
Appendices	Appendix 1 – Internal Audit Plan 2020/2021 (Revised due to COVID 19).			
Implications (details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	No

1.0 INTRODUCTION/BACKGROUND

- 1.1 Members approved the [Risk Based Internal Audit Plan 2020/21](#) at 26th May 2020 Audit and Standards Committee meeting as required by the [Accounts and Audit Regulations 2015](#) and the [Public Sector Internal Audit Standards \(PSIAS\) 2017](#).
- 1.2 COVID 19 has placed significant pressures on Council services and has impacted (and continues to impact) the Council's priorities, objectives and risk environment.
- 1.3 Due to the changing position and to ensure that the Risk Based Internal Audit Plan meets the assurance needs of the Council, the Internal Audit Plan 2020/21 has been reviewed and refreshed in consultation with the Strategic Leadership Team (SLT) including input from the Council's wider management team. This exercise included consideration of newly identified activities, current activities that should be prioritised within 2020/21 and activity deferrals (due to risk position). The outcome is the draft revised Internal Audit Plan 2020/21 (Revised due to COVID 19) at Appendix 1.

2.0 MAIN POINTS

- 2.1 The Internal Audit Plan 2020/21 (Revised due to COVID 19) at Appendix 1:
- Summarises the current position or the proposed way forward for each activity under the original Stroud District Council Risk Based Internal Audit Plan 2020/21. This being either:
 - Completed;
 - In Progress;
 - Planned to be completed 1st October 2020 to 31st March 2021; and
 - Defer for consideration in 2021/22.
 - Records any new activity as discussed and agreed with SLT due to COVID 19 emerging / new risk.

3.0 CONCLUSION

- 3.1 A requirement of the PSIAS is for the Chief Internal Auditor to produce an Annual Risk Based Internal Audit Plan and for this Plan to be approved by the appropriate body. In the case of Stroud District Council, this is the Audit and Standards Committee who are also required to approve any significant change to the agreed activity.
- 3.2 Following approval of the revised Risk Based Internal Audit Plan 2020/21, regular reports on progress against the revised Plan and any significant control issues identified will be presented to the Audit and Standards Committee.

4.0 IMPLICATIONS

4.1 Financial Implications

There are no financial implications arising directly from this report.

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4.2 Risk Assessment:

Failure to deliver an effective Internal Audit Service will prevent an independent, objective assurance opinion from being provided to those charged with governance that the key risks associated with the achievement of the Council's objectives are being adequately controlled.

4.3 Legal Implications

There are no specific legal implications arising from this report.

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4.4 Equality Implications

The Internal Audit Service is delivered by Audit Risk Assurance which is an internal audit and risk management shared service between Stroud District Council, Gloucester City Council, and Gloucestershire County Council. Equality in service delivery is demonstrated by the team being subject to, and complying with, the Council's equality policies.

4.5 Environmental Implications

There are no Environmental implications as a result of the recommendations made within this report.

Internal Audit Plan 2020-2021 (Revised due to COVID 19)



Background

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities 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 guidance accompanying the Regulations recognises both the Public Sector Internal Audit Standards (PSIAS) 2017 and the CIPFA Local Government Application Note for the UK PSIAS as representing “public sector internal audit standards”. The standards define the way in which the Internal Audit Service should be established and undertake its functions.

The External Quality Assessment (completed in May 2020, by the Chartered Institute of Internal Auditors) re-affirmed the previous assessment that the Audit Risk Assurance (ARA) Shared Service, Internal Audit function fully conforms to the International Standards for the Professional Practice of Internal Auditing.

Development of the 2020/2021 Internal Audit Plan

The Chief Internal Auditor is required to produce an Annual Risk Based Internal Audit Plan to determine the priorities of the internal audit activity. The proposed activity should be consistent with the organisation’s priorities and objectives and take into account the organisation’s risk management framework, including risk appetite levels set by management and internal audit’s own judgement of risks. The plan approved by the Audit and Standards Committee in May 2020 is included at Attachment A, which shows:

- Audit activity per service area;
- Name of the audit activity;
- Reason for the audit i.e. as a result of Risk Based Internal Audit Planning (RBIAP) and link to the Council’s Strategic Risk Register, statutory requirements;
- Outline scope of the review (please note that a detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is continually focused on the key risks and is undertaken within agreed time periods, to ensure our service adds value to the Council); and
- The priority of the audit i.e. priorities 1 and 2.

Priority 1 reflects statutory requirements i.e. grant certification, a limited assurance follow-up review, activities that may have been subject to a previous investigation / irregularity, or as deemed necessary by the Chief Internal Auditor to enable an opinion on the control environment to be provided.

Priority 2 activities are the remaining identified activities. The aim being that all priority 1 activities would be delivered within the year with the priority 2 audits being reassessed in the eventuality of any new emerging risk areas where assurances may be required, or where additional fraud investigations/irregularities materialise.

Revision of the 2020/21 Internal Audit Plan

The impact of COVID 19 continues to place significant pressures on Council services and in turn the availability of service managers and their teams to facilitate Internal Audit activities within their areas of responsibility. This additional strain on officers is fully recognised by ARA and whilst it has been possible to complete the majority of the 2019/20 plan and commence new activity from the 2020/21 plan remotely, it is now an opportune time to review the original planned activities alongside new priorities and objectives.

In addition, with significant organisational disruption, new emergency responsibilities, and staff working from home the impact on governance will be felt by the Council. These may fall into the following broad categories:

- Impact on business as usual in the delivery of services;
- New areas of activity as part of the national response to coronavirus and any governance issues arising, e.g. implementation of new policies and processes and emergency assistance; and
- The funding and logistical consequences of delivering the local government response, e.g. changes to Council meetings and decision making arrangements, new collaborative arrangements, and funding and cash flow challenges.

Assessment of the longer term disruption and consequences arising from the coronavirus pandemic, e.g. existing projects and programmes may have been put on hold, new priorities and objectives introduced and new risks identified or existing risks escalated. This means that there may be new or different 'assurance' needs.

Due to the pandemic, ARA has provided significant non-audit related administration support to Revenues and Benefits services in the processing of Business Grants; and professional advice to support the Council in considering its response to managing Supplier Relief. These ARA streams of activity are not included within Attachment A, however once concluded relevant outcomes will be reported to Audit and Standards Committee.

The above position has required ARA in consultation with the Strategic Leadership Team (SLT) and with input from the wider Stroud District Council management team to complete a review of the previously agreed work plan and identify which of the existing activities together with any newly identified activities should be prioritised for delivery by ARA between 1st October 2020 and 31st March 2021.

Attachment A below has been updated to:

- Reflect the current position or the proposed way forward for each activity under the original plan (approved by the Audit and Standards Committee in May 2020). This being either:
 - Completed;
 - In Progress;
 - Planned to be completed 1st October 2020 to 31st March 2021; and
 - Defer for consideration in 2021/22.

- Record any new activity as agreed with SLT due to COVID 19 emerging / new risk.

It should be noted that the revised plan does not provide for a contingency allocation to accommodate any new emerging risk areas as a result of the pandemic. The plan will be kept under review and should any significant risks arise, ARA will review these against the remaining in year priority 2 activities and ensure that Audit and Standards Committee are briefed on the updated position.

Communities

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Electrical Works	<p>Identified as part of Risk Based Internal Audit Planning (RBIAP)</p> <p>Requested by Head of Contracts</p>	<p>The Council has a contract in place for the electrical rewire and remedial works for the Council’s residential properties. The contract was let in 2016. The initial term of the contract is four years with the option for two extension periods totalling 72 months. The annual contract value is circa £265k.</p> <p>The audit will review the effectiveness of the systems and processes in place for managing the contract.</p>	<p>Priority 1</p>	<p>In Progress</p>

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Housing Reactive Repairs and Maintenance	<p>Identified as part of RBIAP</p> <p>Requested by Head of Contracts</p> <p>Consultancy</p>	<p>Across all social housing providers nationally, repairs and maintenance is almost exclusively the number one priority for tenants. The Council's overall experience with internalising services has been positive for both tenants and the Council. Following a detailed service review the Council agreed to in-source the Repairs and Maintenance Services function from 1st April 2020.</p> <p>Internal Audit will provide professional advice and support to management in the review and development of the operational systems and processes to ensure effective arrangements are in place for management and monitoring of the service.</p>	Priority 1	Planned to be completed 01/10/2020 to 31/03/2021

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Anti-social Behaviour Management	Identified as part of RBIAP Requested by Head of Housing Services	<p>Registered providers of social housing are required under the regulatory standards to work in partnership with other agencies to prevent and tackle anti-social behaviour in the neighbourhoods where they own homes.</p> <p>It is important that prompt, appropriate and decisive action is taken to deal with anti-social behaviour before it escalates, which focuses on resolving the problem having regard to the full range of tools and legal powers available.</p> <p>This review will seek to determine whether the current arrangements for handling reported anti-social behaviour issues are robust, operating effectively and in line with regulatory standards.</p>	Priority 2	Planned to be completed 01/10/2020 to 31/03/2021

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Youth Service	<p>Identified as part of RBIAP</p> <p>Requested by a Councillor on the Audit and Standards Committee and the Head of Community Services</p>	<p>The Council has recently approved its revised four year Youth Strategy (2020-2024). A small team of specialist youth and community workers deliver youth participation projects and programmes with and for young people in their communities. This team typically works in partnership with various council officers, including Neighbourhood Wardens, plus many other community stakeholders across the district.</p> <p>This review will seek to determine whether the current systems and processes in place to support service delivery are robust and operating effectively.</p>	Priority 2	Defer for consideration in 2021/22

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Careline Service	<p>Identified as part of RBIAP</p> <p>Requested by Head of Community Services</p>	<p>The Careline service provides a means of support for vulnerable people within the property where they reside. The service is designed to allow people to continue to live at home with confidence that support will be provided in the event of an emergency arising.</p> <p>A pendant incorporating a small radio transmitter is provided to customers, which can be worn around the neck or on the wrist, allowing communication with a control centre that has 24 hour monitoring and who will establish what assistance is required if activated.</p> <p>The Careline service is currently provided to around 1,400 addresses including those in private accommodation as well as occupiers of Council housing.</p> <p>This review will seek to determine whether the current systems and processes for the delivery of the service are robust and operating effectively.</p>	Priority 2	Planned to be completed 01/10/2020 to 31/03/2021

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Housing Benefits – Overpayments	<p>Identified as part of RBIAP</p> <p>Requested by Head of Revenues and Benefits</p>	<p>Housing benefit is available to those on a low income and who need help paying their rent. A change of circumstance may affect an individual's benefit entitlement and if these are not known or promptly actioned overpayments can be realised and should be recovered by the Council in a timely manner.</p> <p>The audit will review whether there are adequate systems and processes in place and that these are operating effectively for the identification, calculation, categorisation and recovery of housing benefit overpayments.</p>	Priority 2	Defer for consideration in 2021/22

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Tenancy Lettings	<p>Identified as part of RBIAP</p> <p>Requested by Head of Housing Services</p>	<p>There are regulatory standards that registered providers of social housing must meet. Under the Tenancy Standard, registered providers shall let their homes in a fair, transparent and efficient way. They shall take into account the housing needs and aspirations of tenants and potential tenants. They shall demonstrate how their lettings:</p> <ul style="list-style-type: none"> a) Make the best use of available housing; b) Are compatible with the purpose of the housing; and c) Contribute to local authorities' strategic housing function and sustainable communities. <p>There should therefore be a clear application, decision-making and appeals processes.</p> <p>This review will seek to determine whether the current systems and processes in place for tenancy lettings are robust and operating effectively in line with regulatory standards.</p>	<p>Priority 2</p>	<p>In Progress</p>

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
<p>New Activity Stratford Park Leisure Centre</p>	<p>Identified as part of RBIAP Refresh of Plan</p> <p>Requested by Strategic Director of Resources</p> <p>CCR1, CCR4</p>	<p>Leisure provision at the Council's Stratford Park Leisure Centre is delivered by Sport and Leisure Management Ltd (SLM) which operates under the trading name Everyone Active.</p> <p>SLM was appointed to operate the facilities by the Council in October 2011. The facility comprises a six court sport hall, 25 metre five-lane swimming pool, two squash courts, a 75 station fitness gym and group exercise rooms. Adjacent facilities managed by SLM are the Stroud Lido, four tennis courts and a full-size artificial turf pitch.</p> <p>The management agreement initially put in place for 10 years was recently extended in January 2020 to run until October 2023.</p> <p>The audit will review the effectiveness of the contract management and monitoring arrangements.</p>	<p>Priority 1</p>	<p>Planned to be completed 01/10/2020 to 31/03/2021</p>

Place

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Brimscombe Port	<p>Identified as part of RBIAP</p> <p>Requested by Audit and Standards Committee</p>	<p>Brimscombe Port is a former inland port dating back to the 1780s which became redundant after the era of canals as a mode of transport came to an end. It was filled in during the 1960s, then developed as an industrial site and earmarked as in need of significant regeneration by Stroud District Council.</p> <p>The Council is promoting development of the site as it has the potential to deliver £30-35million of regeneration, and if redeveloped could support a minimum of 150 new homes, business premises, restored canal and a community centre.</p> <p>The audit scope is to review the effectiveness of the Council's project management arrangements for progressing redevelopment of the site.</p>	Priority 1	Completed

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Carbon Neutral 2030	<p>Identified as part of RBIAP</p> <p>Requested by Audit and Standards Committee</p>	<p>A Climate Emergency was announced by the Stroud District Council Administration on 16th November 2018 which pledged to 'do everything within the Council's power to make Stroud District Carbon Neutral by 2030'.</p> <p>This public call for action was followed up by a motion to the Environment Committee on 13th December 2018 that set out seven actions for delivery by the Council.</p> <p>This review will seek to determine whether the agreed actions are being actively progressed in line with the stated target delivery dates.</p>	Priority 1	Planned to be completed 01/10/2020 to 31/03/2021

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Gloucestershire Building Control Partnership – Follow Up	Limited Assurance follow-up Identified as part of RBIAP	<p>Stroud District Council and Gloucester City Council have collaborated to provide a shared local government building control service known as the Gloucestershire Building Control Partnership. The Partnership was established on 1st July 2015 through a Section 101 Agreement, with staff becoming employed by Stroud District Council acting as the host Authority. The Building Control function comprises of two elements:</p> <ul style="list-style-type: none"> • Plan vetting and inspection of applications, which is a statutory Council function in direct competition with the private sector; and • Enforcement of Building Control legislation and regulations. <p>An audit review of this activity was undertaken during 2019/20. The audit concluded that only 'Limited Assurance' could be provided that the risks material to the achievement of the objectives for this area were being managed effectively. Limited assurance was provided for both risk identification maturity and control environment.</p> <p>This follow up audit will seek to provide assurance that the agreed actions to address the 2019/20 audit recommendations have been fully implemented and the partnership is operating effectively.</p>	Priority 1	Planned to be completed 01/10/2020 to 31/03/2021

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
<p>New Activity COVID 19 Recovery Strategy</p>	<p>Identified as part of RBIAP Refresh of Plan CCR19</p>	<p>The COVID 19 pandemic in the UK has impacted on the Council's Corporate Delivery Plan, as key actions have had to be delayed and may need to be reviewed in the light of the ongoing impact of the crisis.</p> <p>The postponement of the district elections until 2021, has also delayed the work that was going to be done to consider and consult on what the Council's vision, priorities and delivery plan would be for the coming years.</p> <p>The Council has adopted a Strategy to facilitate recovery within the Stroud District having identified four key external and community focussed work streams that reflect the Council's previously agreed priorities in the existing Council Delivery Plan and 2020-2021 Budget.</p> <p>Progressing recovery through the agreed approach provides opportunities to link longer term objectives and activity to inform the next iteration of the Council's Corporate Delivery Plan.</p> <p>Internal Audit will review the effectiveness of the associated programme management/monitoring arrangements.</p>	<p>Priority 1</p>	<p>Planned to be completed 01/10/2020 to 31/03/2021</p>

Resources

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Review of the Council's Constitution	Identified as part of RBIAP LGA Peer Review Consultancy	<p>The Local Government Act 2000 (as amended), states a local authority is under a duty to prepare and keep up to date its constitution. The Constitution must contain:</p> <ul style="list-style-type: none"> • The standing orders/procedure rules; • The members' code of conduct; • Such information as the Secretary of State may direct; and • Such other information (if any) as the authority considers appropriate. <p>The LGA Corporate Peer Challenge Action Plan includes an action to undertake a review of the Council's Constitution to ensure that it remains fit for purpose and enables better decision making, in order to deliver the Councils' revised priorities and plans.</p> <p>Internal Audit will provide professional advice and support as required to aid the review of the Constitution.</p>	Priority 1	Defer for consideration in 2021/22

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Corporate Delivery Plan	<p>Identified as part of RBIAP</p> <p>This covers all Council Cross Cutting Risks.</p>	<p>The Council is not required to have a Corporate Delivery Plan however; it is a useful way of drawing together the political and managerial key actions and setting them in the context of the Council’s priorities and four year focus.</p> <p>It enables the Council to set out what it is seeking to achieve and gives the public and partners a means by which they can be informed of progress and hold the Council to account. Following the LGA Peer Review, the Council’s short term corporate priorities were refreshed for 2019/20 with plans to be put in place for the development of the next iteration of the four year Corporate Delivery Plan for 2021-2024.</p> <p>The audit will review the robustness of the arrangements for developing the next iteration of the Council’s Corporate Delivery Plan.</p>	<p>Priority 1</p>	<p>Audit activity scope redefined due to COVID 19</p> <p>See new activity: COVID 19 Recovery Strategy</p>

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Corporate Induction Process	Identified as part of RBIAP CCR10 and CCR11	<p>A corporate induction is the first step towards engaging a new hire and on-boarding them into the organisation. The objectives of staff induction are to integrate staff into the organisation and provide them with access to resources to perform their job efficiently and effectively within a short timeframe. Objectives also include providing support to enable staff to:</p> <ul style="list-style-type: none"> • Understand their role within the organisation; • Contribute effectively to the success of the organisation; • Understand processes, procedures, structures and standards; • Develop a positive attitude to their work and the organisation; • Be aware of their legal responsibilities, including those relating to fellow staff and to health and safety; and • Enhance staff retention within the organisation. <p>The audit will review the robustness of the Council's corporate induction process and determine whether it is being consistently applied.</p>	Priority 1	Planned to be completed 01/10/2020 to 31/03/2021

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
ICT	<p>Identified as part of RBIAP</p> <p>Consultancy</p> <p>Requested by Strategic Director of Change and Transformation and Strategic Director of Resources</p> <p>CCR4 and CCR16</p>	<p>One of the Council's corporate priorities is to invest in key ICT infrastructure that delivers better customer services, mobile working for staff and service efficiencies.</p> <p>Internal Audit will provide professional advice and guidance on risk and control during the period of modernisation of the Council's ICT arrangements, to include but not be exclusive to:</p> <ul style="list-style-type: none"> ➤ Infrastructure; ➤ Disaster Recovery/Business Continuity; ➤ Cyber Security; and ➤ Service Support/Incident Management. <p>The ICT audit needs assessment 2020/21 has been compiled by ARA's ICT audit specialists in consultation with and having input from the Council senior managers. The ICT audit needs assessment 2020/21 outcomes support the above noted streams of audit work.</p>	Priority 1	Planned to be completed 01/10/2020 to 31/03/2021

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Information Management (Data Breaches)	Identified as part of RBIAP CCR11	<p>GDPR applies to all companies based in the EU and those with EU citizens as customers. It has an extraterritorial effect, so non-EU countries are also affected.</p> <p>The Data Protection Act 2018 is the UK's implementation of the GDPR and controls how personal information is used by organisations, businesses or government.</p> <p>The Information Commissioners Office (ICO) is the UK's independent authority set up to uphold information rights in the public interest, promoting openness by public bodies and data privacy for individuals. The ICO is responsible for promoting good practice in handling personal data and giving advice and guidance on data protection.</p> <p>There are specific regulations from the Information Commissioners Office that detail what is regarded as a data breach and what actions a company must take to report these 'breach events'.</p> <p>This audit will review the effectiveness of the Council's arrangements for reporting and managing data breach incidents to give assurance that an ICO regulations compliant breach reporting process is being followed.</p>	Priority 1	Planned to be completed 01/10/2020 to 31/03/2021

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Littlecombe Scheme – Follow Up	<p>Limited Assurance follow-up</p> <p>Identified as part of RBIAP</p>	<p>The Littlecombe development is a mixed-use regeneration scheme providing 600 new homes, community facilities and other commercial opportunities. The Council took ownership of the site from the South West Regional Development Agency in 2011. The Council has a partnership agreement with a national property development company and is entitled to 85% of the net development profit at completion of the scheme.</p> <p>A review of this activity was undertaken during 2019/20, the audit concluded that only 'Limited Assurance' can be provided that the risks material to the achievement of the objectives for this area were being managed effectively. Limited assurance was provided for both risk identification maturity and control environment. This follow up audit will seek to provide assurance that the agreed actions to address the 2019/20 audit recommendations have been fully implemented.</p>	Priority 1	Planned to be completed 01/10/2020 to 31/03/2021
Processing new starters on Payroll	<p>Identified as part of RBIAP</p> <p>CCR1</p>	<p>The Council's payroll function is run in-house. The key objective of any payroll system is to pay employees correctly, on time and to account for personal data and payments completely and accurately.</p> <p>The audit will review the effectiveness of the system for processing new starters.</p>	Priority 1	Completed

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Procurement	Identified as part of RBIAP CCR1 and CCR11	<p>The Council's Contract and Procurement Procedure Rules set out the rules that must be followed by the Council when it procures all goods, services and works. They have three main purposes:</p> <ul style="list-style-type: none"> • To ensure that the Council obtains value for money when procuring any goods, service and works; • To ensure that the Council complies with current UK and European law and this Council's policies that govern the procurement of goods, services and works; and • To establish procedures which, when followed, should protect the Council, its Officers and Members from any allegation of acting unfairly or unlawfully which may be made in connection with any procurement by the Council of any goods, services or works. <p>The audit will review a range of recent procurement activities to determine whether these have been made in compliance with the Council's Contract and Procurement Procedure Rules.</p>	Priority 1	In Progress

Change and Transformation

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
<p>Modernisation Programme</p>	<p>Identified as part of RBIAP</p> <p>LGA Peer Review</p> <p>Requested by Strategic Director of Change and Transformation</p> <p>Consultancy</p> <p>CCR4, CCR16, CCR10</p>	<p>The Council committed to participating in a peer review during the latter part of 2018/19. The peer challenge offers an opportunity to validate the direction of travel and approach being taken by the Council, and test, stretch and further evolve thinking for the future.</p> <p>The review identified a number of key areas that could aid the Council's continual improvement programme.</p> <p>Internal Audit will provide professional advice on the future internal control environment with a view to designing out risk as the modernisation programme progresses.</p>	<p>Priority 1</p>	<p>Planned to be completed 01/10/2020 to 31/03/2021</p>

Counter Fraud

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Fraud Investigation / Detection	To support the Annual Governance Statement (AGS) Protect the Public Purse	Allocation to continue the development and implementation of the Council's Anti-Fraud and Corruption arrangements based on latest best practice. This also includes an allocation for increasing the profile and awareness of anti-fraud, conducting pro-active counter-fraud reviews and undertaking investigations as required.	Priority 1	Ongoing
National Fraud Initiative (NFI)	Statutory Requirement To support the AGS	To continue to co-ordinate activity as part of the Cabinet Office's National Fraud Initiative (NFI - a national data matching exercise that compares data/records i.e. payroll, licences, housing waiting list, single person discounts, creditors etc.) for a wide range of public services, including ensuring that matches are investigated promptly and thoroughly and reporting of results.	Priority 1	Ongoing

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Fraud Risk Management	<p>To support the AGS</p> <p>Informs the Risk Based Internal Audit Plan</p>	<p>The CIPFA Counter Fraud Centre has issued guidance on actions to be taken to 'Manage the Risk of Fraud and Corruption' within an organisation.</p> <p>This allocation is to continue to self assess against the criteria set out in the guidance and develop a fraud risk register in order to direct/prioritise our counter fraud and internal audit resources/activity accordingly.</p>	<p>Priority 1</p>	<p>Ongoing</p>

Management Activity to Support the Audit Opinion

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Audit and Standards Committee / Member / Officer and Chief Financial Officer Reporting	Public Sector Internal Audit Standards (PSIAS) Statutory Requirement	This allocation covers Member reporting procedures, mainly to the Audit and Standards Committee, plan formulation and monitoring and regular reporting to and meeting with, the Chair and Vice Chair of the Audit and Standards Committee and the Chief Financial Officer.	Priority 1	Ongoing
Provision of Internal Control / General Advice	To support an effective control environment	This allocation allows auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the Council.	Priority 1	Ongoing

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Quality Assurance and Improvement Programme (QAIP) includes the annual review of the effectiveness of Internal Audit and the external assessment	Public Sector Internal Audit Standards (PSIAS) Statutory Requirement To support the AGS	<p>The Accounts and Audit Regulations 2015 states that Internal Audit should conform to ‘proper practices’ and it is advised that proper practice for internal audit is currently set out in the Public Sector Internal Audit Standards (PSIAS) 2017.</p> <p>This allocation is to undertake an annual self assessment and when required, commission and deliver an external quality assessment, against the new standards.</p> <p>The next external quality assessment is due in May 2020 and will be undertaken by the Chartered Institute of Internal Auditors (IIA).</p>	Priority 1	Ongoing
External Working Groups	Activity to support the audit opinion	Attendance / work in relation to the Local Authorities Chief Auditor Network (National Group), Midland Counties and Districts Chief Internal Auditors Group and the Fraud and ICT Groups to enable networking and to share good practice.	Priority 1	Ongoing
External Audit Liaison	Management activity to support the audit opinion	The External Auditor and the Chief Internal Auditor regularly meet to discuss plans and audit findings, to ensure that a “managed audit” approach is followed in relation to the provision of internal and external audit services.	Priority 1	Ongoing

Audit	Reason for Audit	Outline Scope	Priority	Proposal to Audit and Standards Committee
Carry Forwards	Audit Activity outstanding	This allocation provides for the completion of various 2019/20 audits which require finalising.	Priority 1	Ongoing
Recommendation Monitoring	Activity to support the audit opinion	Whilst it is management’s responsibility to manage the risks associated with their outcomes/objectives, this allocation enables Internal Audit to monitor management’s progress with the implementation of high priority recommendations.	Priority 1	Ongoing
Internal Working Groups	Activity to support the audit opinion	Internal Audit is frequently asked to nominate representatives for working groups to advise on risk and control.	Priority 2	Ongoing

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

**AGENDA
ITEM NO**

6 OCTOBER 2020

8

Report Title	1ST QUARTER TREASURY MANAGEMENT ACTIVITY REPORT 2020/21			
Purpose of Report	To provide an update on treasury management activity as at 30/06/2020.			
Decision(s)	The Audit and Standards Committee RESOLVES to accept the treasury management activity first quarter report for 2020/2021.			
Consultation and Feedback	Link Asset Services (LAS).			
Report Author	Maxine Bell, Snr Accounting Officer Tel: 01453 754134 E-mail: maxine.bell@stroud.gov.uk			
Options	None			
Background Papers	None			
Appendices	A – Prudential Indicators as at 30 June 2020 B – Explanation of prudential indicators			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	No

Background

- Treasury management is defined as: ‘The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.’
- This report is presented to the Audit and Standards Committee to provide an overview of the investment activity and performance for the first quarter of the financial year, and to report on prudential indicators and compliance with treasury limits. A quarterly report is regarded as good practice, but is not essential under the Code of Practice for Treasury Management (the Code).

Discussion

- The Chartered Institute of Public Finance and Accountancy (CIPFA) issued the revised Code in November 2011, originally adopted by this Council on 21 January 2010. This first quarter

report has been prepared in compliance with CIPFA's Code of Practice, and covers the following:

- A review of the Treasury Management Strategy Statement (TMSS) and Investment Strategy
- A review of the Council's investment portfolio for 2020/21
- A review of the Council's borrowing strategy for 2020/21
- A review of compliance with Treasury and Prudential Limits for 2020/21.
- Other Treasury Issues

Treasury Management Strategy Statement and Investment Strategy update

4. The TMSS for 2020/21 was approved by Council on 20th February 2020. The Council's Investment Strategy, which is incorporated in the TMSS, outlines the Council's investment priorities as follows:
 1. Security of Capital
 2. Liquidity
 3. Yield
5. In 2020-21 the Council will continue to invest for the longest permitted duration with quality counterparties to maximise return without compromising security, or liquidity. In particular instances the Section 151 Officer will authorise investments in the LAS blue category for a period of up to two years, which is currently longer than the LAS recommended duration of one year. Otherwise, the length of investments permitted will vary if necessary in line with LAS advice subject to the Council's 3-year upper limit.
6. A breakdown of the Council's investment portfolio as at 30 June 2020 is shown in Table 2 of this report. Investments & borrowing during the year have been in line with the strategy.
7. Current advice from Link is to invest for no more than a year with UK banks, or up to a maximum of five years with government or local government provided they are sufficiently highly rated on Link's weekly list.

Investment Portfolio 2020/21

8. In accordance with the Code, it is the Council's priority to ensure security and liquidity of investments, and once satisfied with security and liquidity, to obtain a good level of return. The investment portfolio yield for the first quarter is shown in the table below:

TABLE 1: Average Interest Rate Compared With Benchmark Rates

	Period	Investment Interest Earned £	Average Investment £m	Rate of Return	Benchmark Return 7 day LIBID un compounded	For comparison 3 month LIBID un compounded
Internally Managed Specified		49,874	46.444	0.422%	-0.04%	0.26%
Property Fund / Multi-Asset Fund	01/04/2020 - 30/06/2020	54,649	8.763	2.47%	-0.04%	0.26%
TOTAL		104,523	55.207	0.75%	-0.04%	0.26%

TABLE 2: Funds Performance – Quarter 1 2020-21

Fund	Initial Investment £m	Value as at 30/06/2020 £m	Return Apr - Jun 2020
Lothbury	4.000	3.883	2.41%
Hermes	2.000	1.947	2.62%
Royal London	3.000	3.045	2.45%

9. The approved limits as set out in the Treasury Management Strategy report to Council 20th February 2020 within the Annual Investment Strategy were not breached during the first 3 months of 2020/21.
10. Funds were available for investment on a temporary basis. The level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme. The authority holds £15m core cash balances for investment purposes (i.e. funds that potentially could be invested for more than one year). The Council has invested £9m into Property and Multi-Asset Funds with the objective of longer term investments improving the overall rate of return in future years.
11. Table 3 below shows the investments and borrowing position at the end of June 2020.

June 2020	
£'000	
Aberdeen	3,323
Federated Prime Rate	4,000
Deutsche	0
Goldman Sachs	1
Money Market Funds Total	7,324
Bank of Scotland	0
Lloyds	7,977
Lloyds Banking Group Total	7,977
NatWest	0
Royal Bank of Scotland	8
RBS Banking Group Total	8
Standard Chartered	4,000
Santander	7,959
Barclays Bank Plc	7,753
Svenska Handelsbanken	7,988
Dudley Metropolitan Council	1,000
TOTAL INVESTMENTS	<u>£44,009</u>
Lothbury	4,000
Hermes	2,000
TOTAL PROPERTY FUNDS	<u>£6,000</u>
RLAM	3,000
TOTAL DIVERSIFIED FUNDS	<u>£3,000</u>
Local Authority	0
PWLB	103,717
TOTAL BORROWING	<u>£103,717</u>

External Borrowing

12. The Council's Capital Financing Requirements (CFR) for 2020/21 is £115.05m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (External Borrowing) or from internal balances on a temporary basis (Internal Borrowing). The Council has borrowing of £103.717m as at 30 June 2020.

13. Compliance with Treasury and Prudential Limits

14. It is a statutory duty for the Council to determine and keep under review the “Affordable Borrowing Limits”. Council’s approved Treasury and Prudential Indicators are outlined in the approved TMSS.
15. During the period to 30 June 2020 the Council has operated within treasury limits and Prudential Indicators set out in the Council’s TMSS and with the Council's Treasury Management Practices. The Prudential and Treasury Indicators are shown in Appendix A.

IMPLICATIONS

16. Financial Implications

There are no financial implications arising from the decision. The whole report is of a financial monitoring nature.

Andrew Cummings, Strategic Director of Resources
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17. Legal Implications

There are no legal implications arising from the recommendations made in this report.

Patrick Arran, Interim Head of Legal Services & Monitoring Officer
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18. Equality Implications

There are no equality implications arising from the recommendations made in this report.

19. Environmental Implications

There are no environmental implications arising from the recommendations made in this report.

Prudential Indicators as at June 2020

Prudential Indicator	2020/21 Indicator £'000	Actual as at 30 June 2020 £'000
Capital Financing Requirement (CFR)	115,049	110,014
Gross Borrowing	105,717	103,717
Authorised Limit for external debt	137,000	103,717
Operational Boundary for external debt	129,000	103,717
Limit of fixed interest rates based on net debt	100%	100%
Limit of variable interest rates based on net debt	100%	0%
Principal sums invested > 365 days	15,000	9,000
Maturity structure of borrowing limits		
Under 12 months	25%	1%
12 months to 2 years	50%	0%
2 years to 5 years	75%	2%
5 years to 10 years	100%	0%
10 years and above	100%	97%

Explanation of prudential indicators

Central Government control of borrowing was ended and replaced with Prudential borrowing by the Local Government Act 2003. Prudential borrowing permitted local government organisations to borrow to fund capital spending plans provided they could demonstrate their affordability. Prudential indicators are the means to demonstrate affordability.

Gross borrowing – compares estimated gross borrowing in February 2020 strategy with actual gross borrowing as at 30 June 2020.

Capital financing requirement (CFR) – the capital financing requirement shows the underlying need of the Council to borrow for capital purposes as determined from the balance sheet. The overall positive CFR of £110.014m provides the Council with the opportunity to borrow if appropriate. £7.5m of borrowing is planned for 2020/21 arising from the approved capital programme, together with £1.9m minimum and voluntary revenue provisions for the repayment of debt.

Authorised limit for external debt - this is the maximum limit for gross external indebtedness. This is the statutory limit determined under section 3(1) of the Local Government Act 2003. This limit is set to allow sufficient headroom for day to day operational management of cashflows. This limit has not been breached in the period 1 April 2020 to 30 June 2020.

Operational boundary for external debt – this is set as the more likely amount that may be required for day to day cashflow. This limit has not been breached in the period 1 April 2020 to 30 June 2020.

Upper limit for fixed and variable interest rate exposure – these limits allow the Council flexibility in its investment and borrowing options. Current investments are either fixed rate term investments or on call. Borrowing is at a fixed rate.

Upper limit for total principal sums invested for over 365 days – the amount it is considered can prudently be invested for a period in excess of a year. Current policy only permits lending beyond 1 year with other Local Authorities up to a maximum of 3 years. Property fund investments are subject to a 25 year maximum, and other investment funds up to 10 years as set out in Table 14 of the latest Treasury Management Strategy.

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

**AGENDA
ITEM NO**

6 OCTOBER 2020

9

Report Title	PROPOSED AMENDMENTS TO THE CODE OF CONDUCT FOR MEMBERS AND THE ARRANGEMENTS UNDER WHICH ALLEGATIONS CAN BE INVESTIGATED			
Purpose of Report	To provide the committee with final documents to approve for recommendation to Council at its meeting on the 22 nd of October 2020.			
Decision(s)	It is recommended that Audit & Standards Committee Approve the final draft documents and recommend them to Council for adoption			
Consultation and Feedback	The Audit and Standards Committee has responsibility for monitoring ethical standards within the authority and this report provides draft documents for it to consider by way of consultation. The arrangements have been circulated to town and parish councils.			
Report Author	Patrick Arran, Monitoring Officer Email: patrick.arran@stroud.gov.uk			
Options	The committee could decide not to accept any changes to the Code of Conduct or Arrangements but this is not recommended and would not comply with the reference from Council.			
Background Papers	None			
Appendices	Appendix A - the amended draft members Code of Conduct together with 'clean copy' Appendix B - the draft arrangements for investigating allegations under the Code of Conduct Appendix C – Link to the existing members Code of Conduct and investigations procedure - https://www.stroud.gov.uk/media/208436/members-code-of-conduct-investigations-procedure-section-7.pdf			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	No

1. Background

At its meeting on the 25th of August 2020 the committee considered a reference from Council regarding the Code of Conduct for Members and the Arrangements under which allegations under the Code were investigated.

- 1.1 The Committee considered the draft Code of Conduct and Arrangements documents prepared by the Monitoring Officer and approved them subject to amendments required by

the committee. The Monitoring Officer circulated amended drafts and notified Town and Parish Councils of the proposed Arrangements. At the time of writing, no suggested amendments have been made but if there is any change to this, the Monitoring Officer will update at the meeting.

- 1.2 The amended documents are now commended to the committee to approve and recommend to Council for adoption at its meeting on the 22nd of October.

2. IMPLICATIONS

2.1 Financial Implications

There are no financial implications arising from this report.

Lucy Clothier – Principal Accountant
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2.2 Legal Implications

There are no legal implications arising from the recommendations set out in the report.

Patrick Arran, Interim Head of Legal Services & Monitoring Officer
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2.3 Equality Implications

There are no equality implications arising from this report.

2.4 Environmental Implications

There are no environmental implications arising from this report.

CODE OF CONDUCT FOR MEMBERS

(Adopted by Council on 5 July 2012, updated on 10 April 2014, 2016 & 2020)

Purpose

The Council has a legal duty to promote and maintain high standards of conduct by members of the authority and is determined to provide excellent local government for the people of the District. It has adopted a Code of Conduct for Members, in line with its obligations under section 27(2) of the Localism Act 2011.

The purpose of this Code of Conduct is to assist member in modelling the behaviour that is expected of them, to provide a personal check and balance, and to set out the type of conduct against which appropriate action may be taken.

It is also to protect members, the public, fellow members, council officers and the reputation of local government. It sets out the conduct expected of all members and a minimum set of obligations relating to conduct. The overarching aim is to create and maintain public confidence in the role of member and local government.

NB: It is the individual responsibility of each member to comply with this Code. Failure to do so may result in a sanction being applied by the Council.

Failure to take appropriate action in respect of a Disclosable Pecuniary Interest may result in a criminal conviction and an unlimited fine and /or disqualification from office for a period of up to 5 years.

Part One - Application of the Code

1. This Code applies to all members of the Council including co-opted members and appointed members (hereinafter referred to as Members).

1.1 Members must comply with this Code whenever they:-

(a) conduct business of Stroud District Council; or

- (b) act, claim to act or give the impression they are acting as a representative of Stroud District Council; or
- (c) act as a representative of Stroud District Council and references to their official capacity are construed accordingly.
- ~~(d) In addition to having effect in relation to conduct in an official capacity, this Code has effect, at any other time, where conduct constitutes a criminal offence for which they have been convicted or received a Police Caution.~~

1.2 **Interpretation:** If members refer to themselves as councillor, the Code will apply to them. The Code applies to all forms of member communication and interaction and applies in conversation, in writing, or in use of electronic media, including the use of Facebook, blogs and Twitter for example. If they refer to their role as councillor in any way or any comments they make are clearly related to their official role then the Code will apply to those comments.

1.3 Even if a member does not refer to their role as councillor, their public comments may have the effect of bringing their office or authority into disrepute and could therefore breach paragraph 3.2 of the Code.

Part Two - General Obligations

2. Members must behave according to the highest standards of personal conduct in everything they do in their capacity as a member. In particular they must observe the following principles of conduct, some of which are set out in law. All members of the Council shall aspire to uphold and promote the following principles:

Selflessness - members should act only in the public interest and should never improperly confer an advantage or disadvantage on any person.

Honesty and Integrity – members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

Objectivity – members should make decisions impartially and on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

Accountability – members should be accountable to the public for their actions and the manner in which they carry out their responsibilities and should cooperate fully and honestly with any scrutiny appropriate to their particular office.

Openness – Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when there are clear and lawful reasons for doing so.

Leadership – members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

Respect for others – members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority’s statutory officers and its other employees.

It is important that Members uphold and promote these principles, a failure to do so may be a breach of this Code. Those matters which may be specific breaches of the Code are set out in the next section.

Part Three - Requirements of the Code

3.1 Members must

- (a) Not use their position as a member to influence, or attempt or purport to influence, any decision or business of the Council in which they have an interest (an interest is defined in sections 4.2, 4.3 and 4.4 of Part 4 below) and they shall comply with the requirements of this Code in relation to interests;
- (b) Not use or attempt to use their position as a member improperly to confer on or secure for themselves or any other person, an advantage or disadvantage; and
- (c) When using or authorising the use by others of the resources of their authority:
 - (i) act in accordance with the Council’s reasonable requirements; and
 - (ii) ensure that such resources are not used improperly for political purposes (including party political purposes); and
 - (iii) must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.

3.2 Not conduct themselves in a manner which could reasonably be regarded as bringing their office or authority into disrepute;

3.3 Carry out all their duties and responsibilities paying due regard to the Public Sector Equality Duty and will seek to:

- (i) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- (iii) Not do anything which may cause the Council to breach the Equality Act 2010

3.4 Show respect and consideration for others;

3.5 Not use bullying behaviour or harass any person; and not intimidate or attempt to intimidate any person or any person who is likely to be;

- (i) a complainant,

- (ii) a witness, or

- (iii) involved in the administration of any investigation or proceedings in relation to an allegation that a member has failed to comply with the Code;

Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. The bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and not always be obvious or noticed by others.

The Equality Act 2010 defines harassment as 'unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual'. The relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation.¹

3.6 (a) Not disclose information given to the Council in confidence by anyone, or information acquired by the Council or the member which the member believes, or ought reasonably to be aware, is of a confidential nature, except where -

- (i) the member has the consent of a person authorised to give consent;

- (ii) they are required by law to do so;

- (iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or

¹ **Best practice 1:** Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

- (iv) the disclosure is reasonable and in the public interest and made in good faith and in compliance with the reasonable requirements of the Council

(b) Prevent another person from gaining access to information to which that person is entitled by law.

3.7 Not do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, the Council.

3.8 Comply with any formal investigation under the Code and not seek to misuse the Code process, for example, by making allegations against another member for the purposes of political gain or on a trivial or malicious basis.²

3.9 Undertake any training considered by the Council to be reasonably necessary to enable the member to undertake their duties.

3.10 (a) When reaching decisions on any matter have regard to any relevant advice provided to them by -

- (i) the Council's chief finance officer; or
- (ii) the Council's Monitoring Officer,

where that officer is acting pursuant to his or her statutory duties and

(b) Give reasons for all decisions they make in the course of their work as a member in accordance with any reasonable requirements of the Council.

Part Four - Interests

4.1 General Requirement Regarding Interests

4.1 Definition

- (a) An interest to which this Code applies is either a disclosable pecuniary interest (DPI) or if not, an "Other Interest". These are defined at sections 4.2 and 4.3 below. ~~One~~ A member should first ascertain if the interest is a DPI. If it is not then ~~one goes~~ the member should look at ~~to~~ section 4.3 to see if it is any other interest.
- (b) Members will not be considered to have an interest where it arises from an interest of a body or person other than themselves and they were not aware of that body's or person's interest.

4.2 Definition of a Disclosable Pecuniary Interest (DPI)

² **Best practice 2:** Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation and prohibiting trivial or malicious allegations by councillors.

- (a) A DPI is any of the interests described below whether it is the Member's or the interest of their spouse, civil partner, or person who they live with as if they were their spouse or civil partner (referred to as "Partner" below).
- (i) **Employment:** any employment or office held, or trade, profession or vocation carried on, by the member or their Partner for profit or gain.
 - (ii) **Sponsorship:** any payment or financial benefit towards the Member's election expenses or expenses as a member received within the last 12 months, excluding any from the Council.
 - (iii) **Contracts:** any current contract between the Council and them, or their Partner, or anybody in which they or their Partner are a business partner, director, or shareholder.
 - (iv) **Land:** any land which is in the Council's area which they or their Partner have a right to occupy or receive the income from, including a licence to occupy land for more than a month.
 - (v) **Corporate tenancies:** any tenancy between the Council and a body in which the member or their Partner are a business partner, director, or shareholder.
 - (vi) **Securities:**
 - any beneficial interest in any shares or other securities of any description in a body, held by the member or their Partner, if the body has a place of business or land in the Council's area, and:
 - the total value of the securities held is over £25,000, or
 - the member or their Partner hold more than one hundredth of the total issued share capital of the body, or
 - if the body has more than one class of shares, the member or their Partner hold more one hundredth of the issued share capital of that class

Note: the descriptions of DPI's above are summaries of the definitions in the regulations.

- (b) A failure to disclose a DPI, providing information regarding a DPI which is false or misleading, or taking part in the business of the Council when one has such an interest, are criminal offences in most circumstances, as set out in the Localism Act 2011. They will also be breaches of this Code.

4.3 Definition of “Other Interest”

- (a) A member has an “Other Interest” where a decision on the matter might reasonably be regarded as significantly advantaging or disadvantaging them or, their Partner to a greater extent than the majority of other council tax, business rate payers or inhabitants of your ward. In interpreting and applying this part of the Code, it is imperative that members always act in a manner which is consistent with the key principles set out in the Code at Part 2: ~~Principles~~ General Obligations.
- (b) Exceptions – members do not have any Other Interest in respect of any business of the Council concerning:
 - (i) Housing, where they are a tenant of the Council provided that those functions do not relate particularly to their own tenancy or lease;
 - (ii) School meals or school transport and travelling expenses, where they are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
 - (iii) Statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
 - (iv) An allowance, payment or indemnity given to members;
 - (v) Any ceremonial honour given to members; or
 - (vi) Setting council tax or a precept under the Local Government Finance Act 1992.

4.4 Disclosure of interests at meetings

- (a) Where the member attends a meeting of the Council or any of its bodies, or of anybody where they are a representative of the Council which considers any business in which they or their Partner have an interest, the member must disclose to that meeting the existence and nature of that interest either
 - (i) when invited to do so at or near the commencement of the meeting; or
 - (ii) at the commencement of the consideration of that business; or (if later)
 - (iii) as soon as the interest becomes apparent.
- (b) Where a member has an interest but, by virtue of paragraph 4.6 it is a Sensitive Interest, they must indicate to the meeting that they have an interest, but need not disclose the sensitive information to the meeting.

4.5 Other Actions to be Undertaken by Members with an Interest

- (a) Subject to paragraph 4.5 (b), in support of the general requirement of this Code that a member shall not influence, or attempt or purport to influence, any decision or business of the Council in which they have an interest there are the following additional requirements:
- (i) The member must not participate in any discussion or consideration of that matter at any meeting of the Council or any of its bodies, or of anybody where they are a representative of the Council;
 - (ii) The Member shall withdraw from the meeting for the whole time there is a discussion or consideration of the matter; and
 - (iii) The Member shall not vote on the matter.
- (b) Exceptions – if the interest is solely an Other Interest (as defined in paragraph 4.3) which arises:
- (i) Only in connection with the Member's appointment as a representative of the Council on an outside body; or
 - (ii) As a result of the member's or their Partner's membership of any other body in which the member or their Partner do not hold a position of general control or management

the member may speak on the matter and stay in the meeting room but is prohibited from voting on the matter.

4.6 Sensitive Interests

- (a) A Sensitive Interest is an interest that the member with the interest, and the Council's Monitoring Officer, consider that disclosure of the details of which could lead to that member or a person connected with that member being subject to violence or intimidation.
- (b) Copies of the Council's Register of Members' Interests that are made available for inspection and any published version of the Register, must not include details of the interest but will state that the Member has an interest the details of which are withheld under the Localism Act 2011.
- (c) A member with a Sensitive Interest, when declaring such an interest at a meeting, need not disclose details of the interest but merely the fact that they have a Sensitive Interest in the matter concerned.
- (d) A member with a Sensitive Interest is subject to all the other provisions of this Code in relation to that interest, including those which prevent members with an interest influencing, or attempting or purporting to influence, any decision or business of the Council in which they have an interest.

4.7 Dispensations

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Section 7: Members' Code of Conduct

7.8

- (a) The Monitoring Officer may grant a dispensation allowing a Member with an interest to
 - (i) participate, or participate further, in any discussion of the matter, or
 - (ii) participate in any vote, or further vote, taken on the matter at a meeting where the discussion or meeting are in the course of the Council's business.
- (b) The Monitoring Officer may only grant a dispensation if, after having had regard to all relevant circumstances they
 - (i) consider that without the dispensation the number of persons prohibited from participating by section 31(4) of the Localism Act or this Code in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business, or
 - (ii) consider that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business, or
 - (iii) consider that granting the dispensation is in the interests of persons living in the authority's area, or
 - (iv) consider that it is otherwise appropriate to grant a dispensation.
- (c) A dispensation under this Code must specify the period and matters for which it has effect, and the period specified may not exceed four years.

4.8 Registration of members' DPI's

- (a) Members must, within 28 days of either this Code being adopted by Council; or their election or appointment to office (whichever is later) register in the Council's Register of Members' Interests details of their disclosable pecuniary interests (DPI's) as defined in section 4.2.
- (b) Registration shall be **satisfied** by providing to the Monitoring Officer a fully completed form provided by the Council for this purpose.
- (c) Members must, within 28 days of becoming aware of any new DPI or change to any such interest already registered, register details of that new interest or change by providing written notification with sufficient details of the change to the Monitoring Officer to properly update the Register.
- (d) Where a member has declared a DPI at a meeting which is not in the Council's Register of Member's Interests, and in respect of which no notice has already been given to the Monitoring Officer, the member shall, within 28 days of making the declaration, provide sufficient details of the interest for the Monitoring Officer to properly update the Register.

CODE OF CONDUCT FOR MEMBERS

(Adopted by Council on 5 July 2012, updated on 10 April 2014, 2016 & 22nd October 2020)

Purpose

The Council has a legal duty to promote and maintain high standards of conduct by members of the authority and is determined to provide excellent local government for the people of the District. It has adopted a Code of Conduct for Members, in line with its obligations under section 27(2) of the Localism Act 2011.

The purpose of this Code of Conduct is to assist member in modelling the behaviour that is expected of them, to provide a personal check and balance, and to set out the type of conduct against which appropriate action may be taken.

It is also to protect members, the public, fellow members, council officers and the reputation of local government. It sets out the conduct expected of all members and a minimum set of obligations relating to conduct. The overarching aim is to create and maintain public confidence in the role of member and local government.

NB: It is the individual responsibility of each member to comply with this Code. Failure to do so may result in a sanction being applied by the Council.

Failure to take appropriate action in respect of a Disclosable Pecuniary Interest may result in a criminal conviction and an unlimited fine and /or disqualification from office for a period of up to 5 years.

Part One - Application of the Code

1. This Code applies to all members of the Council including co-opted members and appointed members (hereinafter referred to as Members).
- 1.1 Members must comply with this Code whenever they: -
 - (a) conduct business of Stroud District Council; or
 - (b) act, claim to act or give the impression they are acting as a representative of Stroud District Council; or
 - (c) act as a representative of Stroud District Council and references to their official capacity are construed accordingly.
- 1.2 **Interpretation:** If members refer to themselves as councillor the Code will apply to them. The Code applies to all forms of member communication and interaction and applies in conversation, in writing, or in use of electronic media, including the use of Facebook, blogs and Twitter for example. If they refer to their role as councillor in any way or any comments they make are clearly related to their official role, then the Code will apply to those comments.
- 1.3 Even if a member does not refer to their role as councillor, their public comments may have the effect of bringing their office or authority into disrepute and could therefore breach paragraph 3.2 of the Code.

Part Two - General Obligations

2. Members must behave according to the highest standards of personal conduct in everything they do in their capacity as a member. In particular, they must observe the following principles of conduct, some of which are set out in law. All members of the Council shall aspire to uphold and promote the following principles:

Selflessness - members should act only in the public interest and should never improperly confer an advantage or disadvantage on any person.

Honesty and Integrity – members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

Objectivity – members should make decisions impartially and on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

Accountability – members should be accountable to the public for their actions and the manner in which they carry out their responsibilities and should cooperate fully and honestly with any scrutiny appropriate to their particular office.

Openness – Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when there are clear and lawful reasons for doing so.

Leadership – members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

Respect for others – members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority’s statutory officers and its other employees.

It is important that Members uphold and promote these principles, a failure to do so may, be a breach of this Code. Those matters which may be specific breaches of the Code are set out in the next section.

Part Three - Requirements of the Code

3.1 Members must

- (a) Not use their position as a member to influence, or attempt or purport to influence, any decision or business of the Council in which they have an interest (an interest is defined in sections 4.2, 4.3 and 4.4 of Part 4 below) and they shall comply with the requirements of this Code in relation to interests;
- (b) Not use or attempt to use their position as a member improperly to confer on or secure for themselves or any other person, an advantage or disadvantage; and
- (c) When using or authorising the use by others of the resources of their authority:
 - (i) act in accordance with the Council’s reasonable requirements; and
 - (ii) ensure that such resources are not used improperly for political purposes (including party political purposes); and
 - (iii) must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.

3.2 Not conduct themselves in a manner which could reasonably be regarded as bringing their office or authority into disrepute;

3.3 Carry out all their duties and responsibilities paying due regard to the Public Sector Equality Duty and will seek to:

- (i) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- (iii) Not do anything which may cause the Council to breach the Equality Act 2010

3.4 Show respect and consideration for others;

3.5 Not use bullying behaviour or harass any person; and not intimidate or attempt to intimidate any person or any person who is likely to be;

- (i) a complainant,
- (ii) a witness, or
- (iii) involved in the administration of any investigation or proceedings in relation to an allegation that a member has failed to comply with the Code;

Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. The bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and not always be obvious or noticed by others.

The Equality Act 2010 defines harassment as 'unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual'. The relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation.

3.6 (a) Not disclose information given to the Council in confidence by anyone, or information acquired by the Council or the member which the member believes, or ought reasonably to be aware, is of a confidential nature, except where -

- (i) the member has the consent of a person authorised to give consent;

- (ii) they are required by law to do so;
 - (iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or
 - (iv) the disclosure is reasonable and in the public interest and made in good faith and in compliance with the reasonable requirements of the Council
 - (b) Prevent another person from gaining access to information to which that person is entitled by law.
- 3.7 Not do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, the Council.
- 3.8 Comply with any formal investigation under the Code and not seek to misuse the Code process, for example, by making allegations against another member for the purposes of political gain or on a trivial or malicious basis.
- 3.9 Undertake any training considered by the Council to be reasonably necessary to enable the member to undertake their duties.
- 3.10 (a) When reaching decisions on any matter have regard to any relevant advice provided to them by -
- (i) the Council's chief finance officer; or
 - (ii) the Council's Monitoring Officer,
- where that officer is acting pursuant to his or her statutory duties and
- (b) Give reasons for all decisions they make in the course of their work as a member in accordance with any reasonable requirements of the Council.

Part Four - Interests

4.1 Definition

- (a) An interest to which this Code applies is either a disclosable pecuniary interest (DPI) or if not, an "Other Interest". These are defined at sections 4.2 and 4.3 below. A member should first ascertain if the interest is a DPI. If it is not then the member should look at section 4.3 to see if it is any other interest.
- (b) Members will not be considered to have an interest where it arises from an interest of a body or person other than themselves and they were not aware of that body's or person's interest.

4.2 Definition of a Disclosable Pecuniary Interest (DPI)

- (a) A DPI is any of the interests described below whether it is the Member's or the interest of their spouse, civil partner, or person who they live with as if they were their spouse or civil partner (referred to as "Partner" below).
- (i) **Employment:** any employment or office held, or trade, profession or vocation carried on, by the member or their Partner for profit or gain.
 - (ii) **Sponsorship:** any payment or financial benefit towards the Member's election expenses or expenses as a member received within the last 12 months, excluding any from the Council.
 - (iii) **Contracts:** any current contract between the Council and them, or their Partner, or anybody in which they or their Partner are a business partner, director, or shareholder.
 - (iv) **Land:** any land which is in the Council's area which they or their Partner have a right to occupy or receive the income from, including a licence to occupy land for more than a month.
 - (v) **Corporate tenancies:** any tenancy between the Council and a body in which the member or their Partner are a business partner, director, or shareholder.
 - (vi) **Securities:**
 - any beneficial interest in any shares or other securities of any description in a body, held by the member or their Partner, if the body has a place of business or land in the Council's area, and:
 - the total value of the securities held is over £25,000, or
 - the member or their Partner hold more than one hundredth of the total issued share capital of the body, or
 - if the body has more than one class of shares, the member or their Partner hold more one hundredth of the issued share capital of that class

Note: the descriptions of DPI's above are summaries of the definitions in the regulations.

- (b) A failure to disclose a DPI, providing information regarding a DPI which is false or misleading, or taking part in the business of the Council when one has such an interest, are criminal offences in most circumstances, as set out in the Localism Act 2011. They will also be breaches of this Code.

4.3 Definition of “Other Interest”

- (a) A member has an “Other Interest” where a decision on the matter might reasonably be regarded as significantly advantaging or disadvantaging them or, their Partner to a greater extent than the majority of other council tax, business rate payers or inhabitants of your ward. In interpreting and applying this part of the Code, it is imperative that members always act in a manner which is consistent with the key principles set out in the Code at Part 2: Principles General Obligations.
- (b) Exceptions – members do not have any Other Interest in respect of any business of the Council concerning:
 - (i) Housing, where they are a tenant of the Council provided that those functions do not relate particularly to their own tenancy or lease;
 - (ii) School meals or school transport and travelling expenses, where they are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
 - (iii) Statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
 - (iv) An allowance, payment or indemnity given to members;
 - (v) Any ceremonial honour given to members; or
 - (vi) Setting council tax or a precept under the Local Government Finance Act 1992.

4.4 Disclosure of interests at meetings

- (a) Where the member attends a meeting of the Council or any of its bodies, or of anybody where they are a representative of the Council which considers any business in which they or their Partner have an interest, the member must disclose to that meeting the existence and nature of that interest either
 - (i) when invited to do so at or near the commencement of the meeting; or
 - (ii) at the commencement of the consideration of that business; or (if later)
 - (iii) as soon as the interest becomes apparent.
- (b) Where a member has an interest but, by virtue of paragraph 4.6 it is a Sensitive Interest, they must indicate to the meeting that they have an interest, but need not disclose the sensitive information to the meeting.

4.5 Other Actions to be Undertaken by Members with an Interest

- (a) Subject to paragraph 4.5 (b), in support of the general requirement of this Code that a member shall not influence, or attempt or purport to influence, any decision or business of the Council in which they have an interest there are the following additional requirements:
 - (i) The member must not participate in any discussion or consideration of that matter at any meeting of the Council or any of its bodies, or of anybody where they are a representative of the Council;
 - (ii) The Member shall withdraw from the meeting for the whole time there is a discussion or consideration of the matter; and
 - (iii) The Member shall not vote on the matter.
- (b) Exceptions – if the interest is solely an Other Interest (as defined in paragraph 4.3) which arises:
 - (i) Only in connection with the Member's appointment as a representative of the Council on an outside body; or
 - (ii) As a result of the member's or their Partner's membership of any other body in which the member or their Partner do not hold a position of general control or management

the member may speak on the matter and stay in the meeting room but is prohibited from voting on the matter.

4.6 Sensitive Interests

- (a) A Sensitive Interest is an interest that the member with the interest, and the Council's Monitoring Officer, consider that disclosure of the details of which could lead to that member or a person connected with that member being subject to violence or intimidation.
- (b) Copies of the Council's Register of Members' Interests that are made available for inspection and any published version of the Register, must not include details of the interest but will state that the Member has an interest the details of which are withheld under the Localism Act 2011.
- (c) A member with a Sensitive Interest, when declaring such an interest at a meeting, need not disclose details of the interest but merely the fact that they have a Sensitive Interest in the matter concerned.
- (d) A member with a Sensitive Interest is subject to all the other provisions of this Code in relation to that interest, including those which prevent members with an interest influencing, or attempting or purporting to influence, any decision or business of the Council in which they have an interest.

4.7 Dispensations

- (a) The Monitoring Officer may grant a dispensation allowing a Member with an interest to
 - (i) participate, or participate further, in any discussion of the matter, or
 - (ii) participate in any vote, or further vote, taken on the matter at a meeting where the discussion or meeting are in the course of the Council's business.
- (b) The Monitoring Officer may only grant a dispensation if, after having had regard to all relevant circumstances they
 - (i) consider that without the dispensation the number of persons prohibited from participating by section 31(4) of the Localism Act or this Code in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business, or
 - (ii) consider that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business, or
 - (iii) consider that granting the dispensation is in the interests of persons living in the authority's area, or
 - (iv) consider that it is otherwise appropriate to grant a dispensation.
- (c) A dispensation under this Code must specify the period and matters for which it has effect, and the period specified may not exceed four years.

4.8 Registration of members' DPI's

- (a) Members must, within 28 days of either this Code being adopted by Council; or their election or appointment to office (whichever is later) register in the Council's Register of Members' Interests details of their disclosable pecuniary interests (DPI's) as defined in section 4.2.
- (b) Registration shall be satisfied by providing to the Monitoring Officer a fully completed form provided by the Council for this purpose.
- (c) Members must, within 28 days of becoming aware of any new DPI or change to any such interest already registered, register details of that new interest or change by providing written notification with sufficient details of the change to the Monitoring Officer to properly update the Register.
- (d) Where a member has declared a DPI at a meeting which is not in the Council's Register of Member's Interests, and in respect of which no notice has already been given to the Monitoring Officer, the member shall, within 28 days of making the declaration, provide sufficient details of the interest for the Monitoring Officer to properly update the Register.

ARRANGEMENTS FOR DEALING WITH COMPLAINTS UNDER THE CODE OF CONDUCT ABOUT DISTRICT AND TOWN & PARISH COUNCILLORS¹

Most councillors conduct themselves appropriately and in accordance with the Code of Conduct. Councillors have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations.

The Localism Act places a general duty on the Council to ensure that high standards of conduct are maintained and demonstrated to the public. An authority must have an effective, fair, impartial, and transparent complaints and investigation procedure to enable it to make decisions on allegations which both councillors and the public can have confidence. Sanctions should be imposed in a consistent way and only where there is a genuine breach.

This procedure applies when a complaint is received that a member of Stroud District Council or a town / parish councillor has or may have failed to comply with the Code of Conduct for Members ('the Code'). The District Council will review its Code each year and regularly seek, where possible, the views of the public, community organisations and the town and parish councils.² The Code will be readily accessible to both councillors and the public and will be placed in a prominent position on the District Councils website and available in its premises.³

1. General

The person making the complaint will be referred to as "the complainant" and the person against whom the complaint is made will be referred to as the "subject member".

1.2 The Monitoring Officer is the officer of the Council who is responsible for administering the system of complaints about member misconduct and as part of that role may nominate another officer of suitable experience and seniority to carry out any of the functions listed in this procedure.

¹ References to best practices recommendations throughout this document refer to the recommendations made by the Committee for Standards in Public Life report

² **Best practice 3:** Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

³ **Best practice 4:** An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

- 1.2.1 The Monitoring Officer will provide advice, support and management of investigations and adjudications on alleged breaches to town and parish councils within Stroud District.⁴ However, the Monitoring Officer cannot provide advice to town and parish councils in relation to matters outside of the Code, e.g. decision making not involving a breach of the Code and meeting procedure and etiquette.
- 1.2.2 The Monitoring Officer will usually appoint a deputy to act when he or she is unavailable or has an actual or potential conflict of interest. If there is no deputy or the deputy is unavailable, he or she may ask a monitoring officer from a different authority to undertake the investigation.⁵
- 1.3 The Council appoints Independent Persons from outside the council to assist the Monitoring Officer and Standards Panel in considering complaints. The Independent Persons currently appointed by the District Council are John Acton and Phyllida Pyper.⁶
- 1.4 No member or officer of Stroud District Council or any town or parish council will participate in any stage of the arrangements if he or she has, or may have, any conflict of interest in the matter.

2. Making a complaint⁷

Complaints should be made in writing either by post or e-mail monitoring.officer@stroud.gov.uk or:

The Monitoring Officer,
Stroud District Council
Ebley Mill
Stroud
GL5 4LH

⁴ **Best practice 12:** Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

⁵ **Best practice 13:** A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

⁶ **Best practice 7:** Local authorities should have access to at least two Independent Persons.

⁷ **Best practice 10:** A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

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about Councillors

- 2.1 Complaints about councillors may be made by anyone, but complaints about the conduct of a town or parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.⁸ The Monitoring Officer may require the town or parish council to seek to resolve the complaint itself in the first instance.
- 2.2 An oral complaint will be accepted where the complainant is unable to write due to a physical or mental disability or there is a language barrier. Where an oral complaint is received it will be transcribed and sent to the complainant for their approval.
- 2.3 Anonymous complaints will only be accepted in exceptional circumstances. Further information regarding confidentiality and anonymous complaints is set out below.
- 2.4 A complaint must provide substantiated information and should outline what form of resolution the complainant is seeking. Further information regarding the range of sanctions available is set out in paragraph 9 below.
- 2.5 If the complaint identifies criminal conduct or breach of other regulations by any person, the Monitoring Officer is authorised to report this to the Police or other prosecuting or regulatory authority, in addition to any action taken pursuant to the Code. In the case of alleged criminal conduct the complaint may be held in abeyance pending the outcome of any criminal investigation to ensure that no criminal investigation is prejudiced.
- 2.6 If a complainant wishes their identity to be withheld, they should state this and provide full reasons why they believe their request is justified when submitting the complaint. Any request for confidentiality will be considered by the Monitoring Officer at the initial assessment stage of these Arrangements. In reaching his/her decision the Monitoring Officer may also consult with the Independent Person.
- 2.7 As a matter of fairness and natural justice the subject member will usually be told who has complained about them and receive details of the complaint. However, in exceptional circumstances, the Monitoring Officer may withhold the complainant's identity if they are satisfied that the complainant has reasonable grounds for believing that they or any witness relevant to the complaint may be

⁸ **Best practice 11:** Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.

at risk of physical harm, or his or her employment may be jeopardised if their identity is disclosed, or where there are medical risks (supported by medical evidence) associated with the Complainant's identity being disclosed.

- 2.8 If the Monitoring Officer decides to refuse a request by a complainant for confidentiality, they will offer the complainant the option to withdraw the complaint, rather than proceed with his or her identity being disclosed. The Monitoring Officer will balance whether the public interest in taking action on a complaint will outweigh the complainant's wish to have his or her identity withheld from the subject member.
- 2.9 The Monitoring Officer may discontinue a complaint if they consider it appropriate to do so where the subject member ceases to be a councillor for any reason. Where a complaint is discontinued the Monitoring Officer will write to the complainant setting out the reasons for their decision.
- 2.10 If an anonymous complaint is received it will be considered by the Monitoring Officer at the initial assessment stage of these Arrangements. In reaching his / her decision the Monitoring Officer may also consult with the Independent Person.
- 2.11 The principles of fairness and natural justice referred to in paragraph 2.7 will also be applied to anonymous complaints and such complaints will only be accepted if they include documentary or photographic evidence indicating an exceptionally serious or significant matter.
- 2.12 The Monitoring Officer will acknowledge receipt of the complaint within 10 working days of all required information being provided. The complainant will be given details about how the complaint will be dealt with and provided with a copy of these Arrangements. At the same time, the Monitoring Officer will write to the subject member and copy in their Group Leader and / or Whip if applicable (and in the case of a complaint about a town or parish council member to the Clerk) with a copy of the complaint and the name of the complainant, (if anonymity has not been requested and accepted as valid by the Monitoring Officer).
- 2.13 The subject member may, within 10 working days of being provided with a copy of the complaint, make written representations to the Monitoring Officer which must be taken into account when deciding how the complaint should be dealt with. Representations received after this time may be taken into account at the

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discretion of the Monitoring Officer but will not be considered after the Monitoring Officer has issued the initial assessment of the complaint.

- 2.14 A decision regarding whether the complaint merits formal investigation or another course of action will normally be taken within a maximum of 20 working days of either receipt of representations from the subject member or where no representations are submitted 20 working days of the expiry of the period mentioned in paragraph 2.12 above. The complainant and the subject member will be informed should there be a delay in completing any stage of the process.

3. Stage 1 – Procedure for Initial Assessment of Complaint

- 3.1 The complaint will be automatically rejected if:
- The complaint is not against one or more named member of Stroud District Council or any town or parish council within Stroud District; or
 - The complaint is against a current member of Stroud District Council or any town or Parish Council within Stroud District but the subject member was not acting in their capacity as a member of that council at the time of the alleged failure to comply with the Code. (The Monitoring Officer will consider all of the circumstances before reaching a conclusion as to the status of the member at the time of the alleged breach of the Code)
- 3.1.1 Where a complaint is rejected on any of the above grounds, the Monitoring Officer will write to the complainant explaining why their complaint cannot be dealt with under this procedure.
- 3.2 The Monitoring Officer may request further information from either the complainant, the subject member or any other persons the Monitoring Officer considers appropriate before reaching a decision.
- 3.3 Where a complaint is by an officer or a member which would be more appropriately be dealt with informally under the Local Resolution Procedure (LRP) To be drafted), the Monitoring Officer will refer the matter under that procedure and may, but will not have to, consult the Independent Person if necessary.

- 3.4 **In all other cases**, the Monitoring Officer will consider the complaint and, consult with the Council's Independent Person before reaching a decision⁹ (initial assessment) as to whether the complaint merits investigation, or another course of action. Where the complaint relates to a town or parish council member, the Monitoring Officer may also seek the views of the clerk of the town or parish council before deciding whether the complaint merits formal investigation or other action.
- 3.5 If the complaint has not been rejected on either of the grounds in 3.1 the Monitoring Officer will then go on to apply the following criteria¹⁰ in deciding whether a complaint should be accepted for investigation, dealt with informally, or rejected:
- **Unless a pattern of behaviour is established**, a substantially similar allegation has previously been made by the complainant to the Monitoring Officer (unless sufficient new evidence is provided), or the complaint has been the subject of an investigation by another regulatory authority;
 - The complaint is about something that happened so long ago that those involved are unlikely to remember it clearly enough to provide credible evidence, or where the lapse of time means there would be little benefit or point in taking action now;
 - The allegation is anonymous
 - The complaint is of an interpersonal nature that would more properly be dealt with by referring the matter to the members Group Leader for informal resolution
 - The allegation discloses a potential breach of the Code of Conduct, but the complaint is not serious enough to merit any action and
 - The resources needed to investigate and determine the complaint are wholly disproportionate to the allegations or
 - In all the circumstances there is no overriding public benefit in carrying out an investigation.

⁹ **Best practice 8:** An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation and should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

¹⁰ **Best practice 6:** Councils should publish a clear and straightforward public interest test against which allegations are filtered.

- The complaint appears to be malicious, vexatious, politically motivated or for tit for tat;
- The complaint suggests that there is a wider problem throughout the Authority;

3.6 After consulting with the Independent Person the Monitoring Officer will then give his/her decision on how the complaint will be dealt with. The Monitoring Officer may in exceptional circumstances refer the question of how to proceed to the Chairperson of the Audit and Standards Committee.

3.7 If the Monitoring Officer decides that no further action is appropriate a decision notice will be sent to the complainant and the subject member. The decision notice will summarise the allegation, give the decision of the Monitoring Officer and the reasons for their decision.

4. Stage 2 - Informal Resolution

4.1 In appropriate cases, the Monitoring Officer may seek to resolve the complaint informally, without the need for a formal investigation. Informal resolution may be appropriate for example where: -

- There is a breach of the Code but this is minor, trivial or technical in nature
- It is apparent that the Subject member is relatively inexperienced as a member
- The member has admitted making an error which would not warrant a more serious sanction and has taken action to address this e.g. withdrawing comments.
- The member has apologised
- Training or conciliation would be a more appropriate response.

4.2 Types of informal resolution might include:

- An explanation by the subject member to the complainant of the circumstances surrounding the complaint;
- An apology from the subject member;
- An agreement from the subject member to attend relevant training or to take part in a mentoring process;

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- Offering to engage in a process of mediation or conciliation between the subject member and the complainant; or
- Any other action capable of resolving the complaint.

- 4.3 Where the Monitoring Officer seeks to resolve the complaint informally he or she will provide the subject member with a reasonable timescale within which to attempt to resolve the complaint (usually this will be 10 working days) and provide the subject member with the contact details for an Independent Person who will be available to the subject member to give them advice on the severity of the complaint and what form of resolution they would consider appropriate. (Providing such guidance will not prevent the Independent Person from giving a view to the Standards Panel.)
- 4.4 Before deciding upon a course of action the subject member may seek guidance from a Group Whip, Leader of the Group, the Independent Person, and/or the Monitoring Officer. The Monitoring officer may also seek the complainant's views to ascertain what form of informal resolution they would find acceptable, particularly if the form of resolution they have specified in their complaint is not possible.
- 4.5 At the end of the 10 working day period referred to at paragraph 4.3 above the Monitoring Officer will, in consultation with the Independent Person, seek to establish whether the subject member has resolved the complaint to the Complainant's satisfaction.
- 4.6 Where it has been possible to agree a form of resolution between the subject member and the complainant there will be no further action taken in respect of the complaint and the Monitoring Officer will notify both the complainant and the subject member of this decision.
- 4.7 Where it has not been possible to agree a form of resolution between the subject member and the complainant, the Monitoring Officer will decide if the complaint merits formal investigation. Where the subject member makes a reasonable offer of local resolution, but it is rejected by the complainant, the Monitoring Officer will take account of this in his or her decision.

5. Stage 3 – Formal Investigation

- 5.1 Where the Monitoring Officer, in consultation with the Independent Person, decides that a complaint merits investigation he/she will appoint an Investigating Officer who may be a Council officer, an officer from another

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Council, or an external investigator. However, if the facts and evident are self-sufficient, the Monitoring Officer may dispense with a formal investigation and present the facts him / herself.

- 5.2 The Investigating Officer will follow guidance issued by the Monitoring Officer on the investigation of complaints. The guidance will follow the principles of proportionality and the cost effective use of council resources and shall be interpreted in line with these principles. The Investigating Officer should aim to complete their investigation within a maximum of 1 month of their appointment.
- 5.3 At the end of their investigation, the Investigating Officer **will** produce a draft report and send copies to the complainant and subject member for comments on matters of fact. The Investigating Officer will take any such comments received during a period to be specified by the Investigating Officer into account before issuing their final report to the Monitoring Officer.

6. Investigating Officer finding of no failure to comply with the Code of Conduct

- 6.1 Where the Investigating Officer's report finds that the subject member has not failed to comply with the Code, the Monitoring Officer, in consultation with the Independent Person, will review the Investigating Officer's report and if satisfied, will confirm the finding of no failure to comply with the Code.
- 6.2 The Monitoring Officer will write to the complainant and the subject member (and to the clerk of the town or parish council, where the complaint relates to a town or parish council member), with a copy of the decision and the Investigating Officer's report.
- 6.3 If the Monitoring Officer is not satisfied that the investigation has been conducted thoroughly, the Investigating Officer may be asked to reconsider the report and the conclusions.

7 Investigating Officer finding of sufficient evidence of failure to comply with the Code of Conduct

- 7.1 Where the Investigating Officer's report finds that the Subject member has failed to comply with the Code, the Monitoring Officer will review the Investigating Officer's report and will then, having consulted the Independent Person, either send the matter for hearing before the Standards Panel or seek informal resolution in accordance with paragraph 7.2 below.

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7.2 Informal Resolution - If the Monitoring Officer believes that the matter can reasonably be resolved without the need for a hearing, for example because informal resolution has not yet been considered, they will consult with the Independent Person and the complainant and seek to agree a fair resolution. The types of resolution available are as set out in paragraph 4.2 of these Arrangements.

7.2 If the subject member and the complainant accept the suggested resolution, the Monitoring Officer will report the outcome to the Standards Panel and the clerk to the town or parish Council (if appropriate) for information but will take no further action.

7.3 If the complainant or the subject member refuses informal resolution in principle or to engage with the agreed outcome, the Monitoring Officer will refer the matter for a hearing without further reference to the complainant or the subject member.

8. Stage 4 - Hearing

Where, in the opinion of the Monitoring Officer, informal resolution is not appropriate or the complainant and/or subject member refuses to accept informal resolution, then the Monitoring Officer will report the Investigating Officer's findings to the Standards Panel which will conduct a hearing before deciding whether the Member has failed to comply with the Code and, if so, what action (if any) to take in respect of the Member. The Standards Panel will be constituted in accordance with council Standing Orders and will adopt whatever process it considers appropriate.

9. Action available to the Standards Panel

Where the Standards Panel finds that a subject member has failed to comply with the Code, it will publish a decision notice on its website (in the case of a town or parish council the Standards Panel will provide a decision notice to be published on its website) of its findings in respect of the Subject member's conduct¹¹ setting out the following:

- A brief statement of facts
- The provisions of the code engaged by the allegations
- The view of the Independent Person
- The reasoning of the decision-maker

¹¹ **Best practice 9:** Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

- Any sanction applied.

and it may -

- Recommend to the relevant council that the member should be censured;
- Require the member to provide an apology
- Request the member remove any social media content which led to the complaint
- Recommend to the subject member's Group Leader (or in the case of ungrouped members recommend to Council) that he/she be removed from any or all committees or sub committees of the Council;
- Instruct the Monitoring Officer (or recommend to the town or parish council) to arrange training for the Member;
- Recommend to Council (or recommend to the town or parish council) that the subject member be removed from all outside appointments to which they have been appointed or nominated by the Council (or by the town or parish council);
- Withdraw (or recommend to the town or parish council that it withdraws) facilities provided to the subject member by the council such as a computer, website and/or e-mail and internet access; or
- Place such restrictions on the Subject member's access to staff, buildings or parts of buildings which may be reasonable in the circumstances.

10. Appeals

There is no right of appeal against the substantive decision of the Monitoring Officer or of the Standards Panel

11. Withdrawal of a Complaint

In the event that a complainant withdraws a complaint at any time prior to a decision having been made by the Standards Panel, the Monitoring Officer may, following consultation with the Independent Person, decide that no further steps be taken in respect of that complaint.

- 11.1 In taking such a decision the Monitoring Officer will take into account whether there has been any intimidation or attempt to intimidate any person who is or is likely to be:
- a complainant,
 - a witness, or
 - involved in the administration of any investigation or proceedings, in relation to the allegation that the subject member has failed to comply with the Council's Code.

12. Revision of these Arrangements

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In individual cases the Monitoring Officer may, in consultation with the Chairperson of Audit & Standards Committee, revise these Arrangements, as he or she considers appropriate, to enable the process to be dealt with efficiently. Any such revisions are to be reported to the next meeting of the Audit & Standards Committee.

13. Review of these Arrangements

These Arrangements were last reviewed in 2020 and shall be reviewed every 3 years thereafter or earlier where there is a change in law or where circumstances warrant an earlier review. The Monitoring Officer will seek to meet regularly with political group leaders or group whips to discuss standards issues.¹²

¹² **Best practice 15:** Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

**AGENDA
ITEM NO**

6 OCTOBER 2020

10a

WORK PROGRAMME

Proposed Meeting Date	Report Description	Responsible Officer / Member
17 November 2020	Standing Items a. To consider the work programme for 2019/20. b. To consider any Risk Management issues.	Members
	Internal Audit Activity Progress Report 2020/21	Chief Internal Auditor
	Internal Audit Limited Assurance Reports	Chief Internal Auditor
	Half Year Treasury Management Report 2020/21	Principal Accountant
	Annual Audit Letter	S151 Officer
	Statement of Accounts 2019/20	S151 Officer
26 January 2021	Standing Items a. To consider the work programme for 2019/20. b. To consider any Risk Management issues.	Members
	Internal Audit Activity Progress Report 2020/21	Chief Internal Auditor
	Annual Governance Statement 2019/20 – Improvement Plan	Chief Internal Auditor
	3 rd Quarter Treasury Management Activity Report 2020/21	Principal Accountant
	Treasury Management Strategy 2021/22	Principal Accountant
27 April 2021	Standing Items a. To consider the work programme for 2019/20. b. To consider any Risk Management issues.	Members
	Internal Audit Activity Progress Report 2020/21	Chief Internal Auditor
	Internal Audit Plan 2021/22	Chief Internal Auditor
	Review of the Effectiveness of the Audit and Standards Committee	Chief Internal Auditor
	Annual Report of the Audit and Standards Committee	Chair