WEST OXFORDSHIRE
DISTRICT COUNCIL

Tuesday, 15 November 2022

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AUDIT AND GOVERNANCE COMMITTEE

You are summoned to a meeting of the Audit and Governance Committee which will be held in the Council Chamber, Woodgreen, Witney OX28 1NB on **Wednesday, 23 November 2022 at 6.00 pm.**

Giles Hughes
Chief Executive

To: Members of the Audit and Governance Committee

Councillors: Alaric Smith (Chair), Ruth Smith (Vice-Chair), Luci Ashbourne, Andrew Beaney, Jill Bull, Nathalie Chapple, Owen Collins, Julian Cooper, Colin Dingwall, Jane Doughty, Gill Hill, David Jackson, Richard Langridge, Norman MacRae MBE, Michele Mead, Elizabeth Poskitt and Andrew Prosser

Recording of Proceedings – The law allows the public proceedings of Council, Cabinet, and Committee Meetings to be recorded, which includes filming as well as audio-recording. Photography is also permitted. By participating in this meeting, you are consenting to be filmed.

As a matter of courtesy, if you intend to record any part of the proceedings please let the Democratic Services officers know prior to the start of the meeting.

AGENDA

1. **Minutes of Previous Meeting** (Pages 5 - 8)
   To approve the minutes of the meeting held on 26 October 2022.

2. **Apologies for Absence**
   To receive any apologies for absence.

3. **Declarations of Interest**
   To receive any declarations from Members of the Committee on any items to be considered at the meeting.

4. **Participation of the Public**
   To receive any submissions from members of the public, in accordance with the Council's Rules of Procedure. Anyone who lives in the district or who pays council tax or business rates to the Council is eligible to read a statement or express an opinion at this meeting. You can register to speak by sending your written submission of no more than 750 words to democratic.services@westoxon.gov.uk by no later than 10.00am on the working day before the meeting.

5. **Counter Fraud and Anti-Corruption Policy** (Pages 9 - 28)
   Purpose:
   To present the Audit and Governance Committee an updated Counter Fraud and Anti-Corruption Policy for comment.
   The Policy has been reviewed to ensure the content reflects current legislation and the Council's Policies and Procedures. The Policy will replace the existing Counter Fraud and Anti-Corruption Policy.

   Recommendation:
   That the Committee considers the Counter Fraud and Anti-Corruption Policy to comment thereon to Cabinet, to aid its deliberations and decision making.

6. **Counter Fraud and Enforcement Unit Fraud Risk Strategy** (Pages 29 - 52)
   Purpose:
   To present the Audit and Governance Committee with a Fraud Risk Strategy, so that they may consider the approach taken by the Counter Fraud Partnership.
   To provide assurance to the Audit and Governance Committee that the risks of fraud committed against the Council are recognised, managed and mitigated for in accordance with Council priorities, and changing fraud trends.

   Recommendation:
   That the Committee considers the Fraud Risk Strategy and associated work streams

7. **Counter Fraud and Enforcement Unit Update Report** (Pages 53 - 58)
   Purpose:
   To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually.

   Recommendation:
   That the Committee considers the report and work plan at Annex A.

8. **Internal Audit Progress Update** (Pages 59 - 80)
Purpose:
Committee to receive an update on the Internal Audit Progress

Recommendation:
Committee to note the Internal Audit Progress update.

9. **S106 delivery timelines**
Purpose:
The Assistant Director of SWAP Internal Audit Services will provide a verbal update following the discussion at the previous meeting about the time taken from S106 agreements being reached, to the delivery of community projects funded by S106.

Recommendation:
Committee to note the verbal update.

10. **Corporate Risk Register Update** (Pages 81 - 90)
Purpose:
This report brings to members the current version of the Council's Strategic Risk Register for information.

Recommendation:
That the Strategic Risk Register be noted.

11. **Grant Thornton Update** (Pages 91 - 138)
Purpose:
To receive an update report from Grant Thornton.

Recommendation:
To note the report.

12. **Audit and Governance Committee Work Programme 2022/23** (Pages 139 - 142)
Purpose:
Committee to note the Work Programme 2022/23.

Recommendation:
Committee to note and update where necessary the Work Programme 2022/23.

(END)

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WEST OXFORDSHIRE DISTRICT COUNCIL

Minutes of the meeting of the
Audit and Governance Committee
Held in the Committee Room 1 at 6.00 pm on **Wednesday, 26 October 2022**

PRESENT

Councillors: Alaric Smith (Chair), Ruth Smith (Vice-Chair), Luci Ashbourne, Jill Bull, Owen Collins, Julian Cooper, Colin Dingwall, Jane Doughty, Gill Hill, Norman MacRae MBE, Michele Mead, Elizabeth Poskitt, Andrew Prosser and Alex Wilson

Officers: Officers: Georgina Dyer (Chief Accountant and Deputy S151 Officer), Michelle Ouzman (Strategic Support Officer).

10 Minutes of Previous Meeting

The minutes of the meeting held on 30 June 2022 and 20 September 2022, were approved and signed by the Chairman as a correct record.

11 Apologies for Absence

Apologies for absence were received from Councillors Andrew Beaney, Richard Langridge and David Jackson.

Councillor Alex Wilson substituted for Councillor Andrew Beaney.

12 Declarations of Interest

There were no declarations of interest received.

13 Participation of the Public

There were no public present.

14 Auditor's Annual Report - Grant Thornton

The Chair welcomed Peter Barber from Grant Thornton and invited him to present the Auditor's Annual Report for year 2020/21.

Mr Barber informed the Committee that he was in attendance on behalf of Grant Thornton (GT) who were the current public sector auditors. The Auditors had audited the financial statements for the 2020/21 year and had issued an unqualified audit report on 5th April 2022.

The Value for Money (VFM) report is the opinion of GT, after a considerable amount of scrutiny, on the Council's performance against three criteria, being financial sustainability, governance and improving economy, efficiency and effectiveness.

The Council had been rated amber in all three audited criteria, with a total of seven improvement recommendations, meaning that no significant weaknesses in arrangements were identified. Recommendations were also spilt into three types of recommendations, being statutory, key and improvement. The fact that the Council had been only rated recommendation type improvement across the three criteria, with no statutory or key types of recommendations, is really good.

The Committee thanked the Officers of the Council for all their efforts and hard work during the past two years.

Mr Barber confirmed that GT were comfortable that the Officers identify issues and deal with them effectively.

Mr Barber explained the GT improvements and recommendations that were reflected in the report, and that Councillors should be assured that the Council was operating well.

The Committee questioned whether the improvements had been made. Mr Barber confirmed this would be assessed in 2021/22 audit.

The Council's Chief Accountant and Deputy S151 Officer, confirmed that the Finance Team were currently working on the Medium Term Finance Strategy (MTFS), and that the biggest unknown for the future was the investment strategy. The timing of large investment opportunities is difficult to predict. The Council will be looking at assumptions, making best judgements and refining the MTFS as things become clearer.

The Committee commented on previous years' audits and the difference with current years. Mr Barber confirmed that Regulators were imposing stricter Local Government audit criteria.

The Committee **resolved** unanimously to note the report.

15 2021/22 Value for Money Arrangements

Mr Barber explained to the Councillors that all Audit Committee Chairs were receiving the same letter to explain why the GT Auditors' Reports were delayed.

The Committee asked whether GT were charging less as the reports were late.

Mr Barber confirmed that GT were in fact charging more. Due to the Government's new approach and extra criteria to be audited, reports had taken longer and required additional specialised auditors to work on the audits. GT found that it had taken time to recruit the correct skillsets for public sector audits.

The Committee enquired as to when year 2021/22 was to be started, Mr Barber confirmed that they would begin the audit November 2022.

The Committee unanimously **resolved** to note the update from Grant Thornton and noted the extension letter.

16 Indicative Audit Plan 2021/2022

Mr Barber introduced the Indicative Audit Plan 2021/22, and explained that audits were always retrospective, and that the outline approach was laid out on page 44 of the report. GT were looking for sign off hopefully by the end of January, but highlighted the significant uplift in the GT fees, due to the larger amount of audit work required.

The Committee asked for an explanation of the remote working fee.

Mr Barber confirmed that in 2020/21 there was a considerable amount of work done remotely, however if auditors were able to work with WODC officers face to face, which was an effective way of auditing, this fee could be significantly reduced.

Councillors then had a discussion about the change of public sector auditors for 2022/23.

This then led to a discussion about the detail that was audited re Section 106 funds. The Committee heard that following a large overhaul, improvements had been made to S106 funds recording.

There was consensus from Councillors that they were keen to understand if the Council was getting value for money on S106 spend and how was the governance of the spend monitored to ensure the timely delivery of community projects.

The Council's Chief Accountant and Deputy S151 Officer confirmed that robust practices were in place for the management of S106 funds.

The Committee suggested regular reporting of S106 fund spending and heard that Internal Audit Service (SWAP) was currently looking at S106 management as part of the internal audit cycle. It was agreed that the SWAP work should be reviewed once available and that, in addition, SWAP be requested to report to the Committee on the timelines from receipt of S106 monies to the delivery of community projects.

Resolved the Committee considered the proposals set out in the Audit Plan 2021/22 and unanimously noted the contents of the report and agreed that the Internal Audit Service (SWAP) would be asked to review the timelines between S106 receipt and the delivery of community projects funded by S106.

The Meeting closed at 7.30 pm

CHAIR

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WEST OXFORDSHIRE DISTRICT COUNCIL	**WEST OXFORDSHIRE DISTRICT COUNCIL**
Name and date of Committee	**Audit and Governance Committee: Wednesday 23 November 2022**
Report Number	**Agenda Item No. 5**
Subject	**Counter Fraud and Anti-Corruption Policy**
Wards affected	All indirectly
Accountable member	Councillor Andy Graham, Leader of the Council Email: Andy.Graham@westoxon.gov.uk
Accountable officer	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit Email: Emma.Cathcart@cotswold.gov.uk
Summary/Purpose	To present the Audit and Governance Committee an updated Counter Fraud and Anti-Corruption Policy for comment. The Policy has been reviewed to ensure the content reflects current legislation and the Council's Policies and Procedures. The Policy will replace the existing Counter Fraud and Anti-Corruption Policy.
Annexes	Annex A – Counter Fraud and Anti-Corruption Policy
Recommendation	That the Committee considers the Counter Fraud and Anti-Corruption Policy to comment thereon to Cabinet, to aid its deliberations and decision making.
Corporate priorities	Modern Council Services and Sustainable Finance: Delivering excellent modern services whilst ensuring the financial sustainability of the Council
Key Decision	No
Exempt	No
Consultees/ Consultation	Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by Legal Services and have been issued to the relevant Senior Officers, Governance Group and Corporate Management for comment.

1. BACKGROUND

1.1. The Counter Fraud and Enforcement Unit is tasked with reviewing the Council's Counter Fraud and Anti-Corruption Policy. It is recommended good practice that the Policy is updated and reviewed at least every few years in line with any legislative changes.

1.2. In administering its responsibilities; this Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor.

1.3. The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.

2. MAIN POINTS

2.1. The Policy, attached at Annex A, has been updated in accordance with the review period. Review frequency is as required by legislative changes or every three years. This has been slightly delayed due to events over the last two years.

2.2. The Council's existing Counter Fraud and Anti-Corruption Policy was developed to reflect (i) latest legislation and (ii) the changes from the creation of the Single Fraud Investigation Services (operated by the Department for Work and Pensions) which subsumed the Council's responsibilities for investigating Housing Benefit Fraud.

2.3. The Policy was last reviewed following the changes brought about by data protection legislation / regulations.

2.4. The Policy highlights the key legislation and roles and responsibilities of Members, Officers and other parties.

2.5. The Audit and Governance Committee (Audit and General Purposes Committee) last considered the Policy in March 2016 when it replaced the existing Policy.

2.6. The changes are relatively minor and can be seen as red text within the Policy at Annex A.

2.7. A section has been inserted relating to Money Laundering and Proceeds of Crime and relating to Modern Slavery, detailing the Council's responsibilities.

2.8. The Policy has also been refreshed to reflect the growth of the Counter Fraud and Enforcement Unit work streams and responsibilities relating to risk.

2.9. As part of the consultation process, the Policy has been reviewed by Legal Services and the Deputy Chief Executive.

2.10. Awareness will be raised with all staff following the approval of the Policy. Online refresher training will be issued to staff following approval of the Policy.

3. FINANCIAL IMPLICATIONS

3.1. There are no direct financial implications as a result of this report.

3.2. The support of the Counter Fraud and Anti-Corruption Policy will help to support the prevention and detection of misuse of public funds and fraud therefore reducing potential financial loss to the Council.

4. LEGAL IMPLICATIONS

4.1. In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

4.2. The legislation utilised by the Counter Fraud and Enforcement Unit and other service areas within the Council is identified within the Policy and the Council must comply with all legislative requirements.

4.3. The Council must also ensure that authorisations obtained under the Regulation of Investigatory Powers Act 2000 or the Investigatory Powers Act 2016 are appropriately logged, maintained and updated on the central register.

5. RISK ASSESSMENT

5.1. The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds.

5.2. Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

6. EQUALITIES IMPACT

6.1. The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

7. ALTERNATIVE OPTIONS

7.1. None.

8. BACKGROUND PAPERS

8.1. The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Audit Committee Report March 2016 – Counter Fraud and Anti-Corruption Policy.

8.2. These documents will be available for inspection at the Council Offices at Woodgreen, Witney, OX28 1NB during normal office hours for a period of up to 4 years from the date of the meeting. Please contact the author of the report.

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Counter Fraud and Anti-Corruption Policy

Version Control:	
Document Name:	Counter Fraud and Anti-Corruption Policy
Version:	2
Responsible Officer:	Emma Cathcart, Counter Fraud and Enforcement Unit
Approved by:	Executive / Cabinet
Next Review Date	May 2025
Retention Period:	N/A

Revision History

Revision date	Version	Description
August 2019	1.1	Update following changes to data protection legislation
May 2022	2	Review and Update

Consultees

Internal	External
CFEU Lead	
One Legal / Legal Services	

Distribution

Name	
All Staff	

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1. INTRODUCTION AND PURPOSE OF THE POLICY

1.1. In administering its responsibilities; this Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Member. The Council is committed to an effective Counter Fraud and Anti-Corruption culture, by promoting high ethical standards and encouraging the prevention, detection and investigation of fraudulent activities.

1.2. The Section 151 Officer has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements for the Council's financial affairs to include the development of financial codes of practice and accounting instructions. Through delegation of duties, the Officer ensures appropriate controls are in place.

1.3. The Monitoring Officer has a statutory responsibility to advise the Council on the legality of its decisions and to ensure that the Council's actions do not give rise to illegality or maladministration. It is therefore essential for employees to follow the Council's policies and procedures to demonstrate that the Council is acting in an open and transparent manner.

1.4. The Council has a statutory duty to undertake an adequate and effective internal audit of its accounting records and its system of internal controls. The Council's Financial Rules state that 'whenever a matter arises which involves, or is thought to involve irregularities concerning cash, stores or other property of the Council, or any suspected irregularity in the exercise of the functions of the Council, the Director, Head of Service or equivalent Senior Officer has a duty to immediately notify the Section 151 Officer and the Monitoring Officer, who shall take steps as the consider necessary by way of investigation and report'. Furthermore the Financial Rules also state that each Director, Head of Service or equivalent Senior Officer is responsible for 'notifying the Section 151 Officer and the Chief Audit Executive immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources.

1.5. The Council has a zero tolerance approach to fraud committed or attempted by any person against the organisation or any of its partner agencies. The Council will thoroughly investigate all suggestions of fraud, corruption or theft, from within the Council and from external sources which it recognises can:

- Undermine the standards of public service that the Council is attempting to achieve by diverting resources from legitimate activities.
- Reduce the level of resources and services available for the residents of the borough, district or county as a whole.
- Result in consequences which damage public confidence in the Council and / or adversely affect staff morale.

1.6. Any proven fraud will be dealt with in a consistent and proportionate manner. Appropriate sanctions and redress for losses will be pursued, to include criminal proceedings against anyone perpetrating, or seeking to perpetrate, fraud, corruption or theft against the Council.

1.7. The Council is committed to the highest possible standards of openness, probity, honesty, integrity and accountability. The Council expects all Officers, Members and partner organisations to observe these standards and values, which are defined within the Code of Conduct for Employees and the Members Code of Conduct, to help achieve the Council's over-arching priority for the continued delivery of outcomes and value for money for local tax-payers.

2. DEFINITIONS

2.1. FRAUD

The term “fraud” is usually used to describe depriving someone of something by deceit, which might either be misuse of funds or other resources, or more complicated crimes like false accounting or the supply of false information. In legal terms, all of these activities are the same crime, theft, examples of which include deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

2.2 Fraud was introduced as a general offence and is defined within The Fraud Act 2006. The Act details that a person is guilty of fraud if he commits any of the following:

- Fraud by false representation; that is if a person:

(a) dishonestly makes a false representation, and
(b) intends, by making the representation:
  (i) to make a gain for himself or another, or
  (ii) to cause loss to another or to expose another to a risk of loss.

- Fraud by failing to disclose information; that is if a person:

(a) dishonestly fails to disclose to another person information which he is under a legal duty to disclose, and
(b) intends, by failing to disclose the information:
  (i) to make a gain for himself or another, or
  (ii) to cause loss to another or to expose another to a risk of loss.

- Fraud by abuse of position; that is if a person:

(a) occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person,
(b) dishonestly abuses that position, and
(c) intends, by means of the abuse of that position:
  (i) to make a gain for himself or another, or
  (ii) to cause loss to another or to expose another to a risk of loss.

2.3 In addition the Act introduced new offences in relation to obtaining services dishonestly, possessing, making, and supplying articles for the use in frauds and fraudulent trading applicable to non-corporate traders.

2.4. CORRUPTION

Is the deliberate use of one’s position for direct or indirect personal gain. “Corruption” covers the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person to act inappropriately and against the interests of the organisation.

2.5. THEFT

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

2.6. MONEY LAUNDERING

Money laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origins and ownership whilst retaining use of the funds.

2.7 The burden of identifying and reporting acts of money laundering rests within the organisation. 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 Monitoring Officer, Section 151 Officer or Chief Audit Executive. A failure to report a suspicion could compromise an individual and they could be caught by the money laundering provisions. All employees are therefore instructed to be aware of the increasing possibility of receiving requests that are not genuine and are in fact for the purpose of money laundering.

2.8 The Council recognises its responsibilities under Money Laundering and Proceeds of Crime Legislation. These responsibilities are adhered to in line with the Council's Proceeds of Crime and Anti-Money Laundering Policy and the related Procedures. The Council is required to have a designated Officer for money laundering reporting purposes.

2.9 Both Financial and Legal Officers working for the Council also have their own professional guidance in relation to money laundering which places a duty on them to report any suspicions. These suspicions may override their legal professional privilege and confidentiality.

2.10 **BRIBERY**

The Bribery Act 2010 introduced four main offences, simplified below. Please note, a 'financial' or 'other advantage' may include money, assets, gifts or services within the following:

- Bribing another person: a person is guilty of an offence if he offers, promises or gives a financial or other advantage to another person. Further if he intends the advantage to induce a person to perform improperly a function or activity or if he knows or believes the acceptance of the advantage offered constitutes improper activity.
- Offences relating to being bribed: a person is guilty of an offence if he requests, agrees to receive, or accepts a financial or other advantage intending that as a consequence an improper activity or function will be performed improperly or if he knows or believes the acceptance of the advantage offered constitutes improper activity. Where a person agrees to receive or accepts an advantage as a reward for improper activity or function that has been performed. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate advantage or not.
- Bribery of a foreign public official: a person who bribes a foreign public official is guilty of an offence if the person's intention is to influence the foreign public official in their capacity, duty or role as a foreign public official. A person must also intend to obtain or retain business or an advantage in the conduct of business and must offer, promise or give any financial or other advantage.
- Failure of commercial organisations to prevent bribery: organisations, which include the Council, must have adequate procedures in place to prevent bribery in relation to the obtaining or retaining of business associated with the business itself.

2.11 The Council is committed to ensuring the prevention of corruption and bribery and sets out its policy in relation to the acceptance of gifts and hospitality within the Code of Conduct for Employees (or equivalent) and the Members Code of Conduct. Offers of or the receipt of any gifts or hospitality should be recorded by Officers and Members in the appropriate register. Officers and Members are also required to declare any outside interests that they have which may result in a conflict of interest in respect of transactions and dealings with the Council. Again, any such interests will be recorded in an appropriate register.

2.12 Prior to entering into any business arrangements, all Council Officers and/or business units should ensure that they have taken all reasonable steps to identify any potential areas of risk relating to bribery or corruption. If an Officer has any concerns they must raise them with The Chief Audit Executive.

2.13. **MODERN SLAVERY**

Modern Slavery takes a number of forms but all relate to the illegal exploitation of people for personal or commercial gain. The Council recognises its responsibilities as outlined within the legislation and is committed to promoting transparency in supply chains to prevent modern slavery and to take appropriate action to identify and address those risks.

3. SCOPE

3.1 In relation to any of the above mentioned offences, this policy applies to:

- All employees, including shared service employees, casual workers and agency staff.
- Members.
- Committee Members of Council funded voluntary organisations.
- Partner organisations, where the Council has a financial or statutory responsibility.
- Council Suppliers, Contractors and Consultants.
- The general public.

4. AIMS AND OBJECTIVES

4.1 The aims and objectives of the Counter Fraud and Anti-Corruption Policy are to:

- Ensure that the Council has measures in place to guard against fraud and loss and that the Council maximises revenue recovery.
- Safeguard the Council's valuable resources by ensuring they are not lost through fraud but are used for providing services to the community as a whole.
- Create a 'counter fraud' culture which highlights the Council's zero tolerance to fraud, corruption, bribery and theft, which defines roles and responsibilities and actively engages everyone (the public, Members, Officers, managers and policy makers).

4.2 The Council aims to:

- Proactively deter, prevent and detect fraud, corruption, bribery and theft.
- Investigate any suspicions of, or detected instances of fraud, corruption, bribery and theft.
- Enable the Council to apply appropriate sanctions, to include prosecution, and recovery of losses.
- Provide recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity.

5. PRINCIPLES

5.1 The Council will not tolerate abuse of its services or resources and has high expectations of propriety, integrity and accountability from all parties identified within this policy. Maintaining this policy supports this vision.

5.2 The Council has a documented Constitution, Scheme of Delegated Powers and Financial Regulations to give Members and Officers clear instructions or guidance for

carrying out the Council's functions and responsibilities. Responsibility for ensuring compliance with these documents rests with management with adherence being periodically monitored by Internal Audit Services; where breaches are identified these will be investigated in accordance with this policy and the Council's Financial Rules.

5.3 The Council expects that Members and Officers will lead by example in ensuring adherence to rules, procedures and recommended practices. A culture will be maintained that is conducive to ensuring probity. Members and Officers should adopt the standards in public life as set out by the Nolan Committee, known as the Nolan Principles:

- Selflessness – to take decisions solely in terms of the public interest and not in order to gain for themselves.
- Integrity – not to place themselves under any obligation to outside individuals or organisations that may influence the undertaking of their official duties.
- Objectivity – when carrying out any aspect of their public duties, to make decisions and choices on merit.
- Accountability – to be accountable, to the public, for their decisions and actions and must submit themselves to the appropriate scrutiny.
- Openness – to be as open as possible about the decisions and actions they take and the reasons for those decisions and actions. The dissemination of information should only be restricted when the wider public interest clearly demands it.
- Honesty – to declare any private interests which relate to their public duties and take steps to resolve any conflicts arising in a manner which protects the public interest.
- Leadership – to promote and support these principles by leadership and example.

5.4 The Council will ensure that the resources dedicated to counter fraud activity are appropriate and any officers involved in delivering these services are trained to deliver a professional counter fraud service to the correct standards ensuring consistency, fairness and objectivity.

5.5 All fraudulent activity is unacceptable, and may result in consideration of legal action being taken against the individual(s) concerned. In addition, the Council has in place disciplinary procedures which must be followed whenever Officers are suspected of committing a fraudulent or corrupt act. These procedures are monitored and managed by the Human Resources Team and may be utilised where the outcome of an investigation indicates fraudulent or corrupt acts have occurred.

5.6 The Council may pursue the repayment of any financial gain from individuals involved in fraud, malpractice and wrongdoing. The Council may also pursue compensation for any costs it has incurred when investigating fraudulent or corrupt acts.

5.7 This policy encourages those detailed within this document to report any genuine suspicions of fraudulent activity. However, malicious allegations or those motivated by personal gain will not be tolerated and, if proven, disciplinary or legal action may be taken. Reporting arrangements in relation to incidents of fraud or irregularity are detailed below.

5.8 The Council will work both internally across different departments and with external organisations such as the Police, HM Revenue and Customs and other Councils to strengthen and continuously improve its arrangements to prevent fraud and corruption. The Council is committed to assisting the Police in fighting Serious and Organised

crime and will implement measures and share data to ensure the Council is not engaging with organised crime gangs when procuring goods and services.

5.9 The Council collects and stores data within multiple departments to enable data cleansing, data sharing and data matching. This process can be utilised for the prevention and detection of fraud and the Council will pursue this where appropriate. The Council applies fair processing practices and these are reflected within data collection documents, stationery and other data collection processes such as those required for the National Fraud Initiative.

6. RESPONSIBILITIES

OFFICER / DEPARTMENT	SPECIFIC RESPONSIBILITIES
Head of Paid Service / Chief Executive	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Chief Finance Officer **(Section 151 Officer)**	To ensure the Council has adopted an appropriate Counter Fraud and Anti-Corruption Policy. That there is an effective internal control environment in place and resources to investigate allegations of fraud and corruption.
Monitoring Officer	To advise Members and Officers on ethical issues, conduct and powers to ensure that the Council operates within the law and statutory Codes of Practice.
Audit Committee/ Audit and General Purposes Committee / Audit and Governance Committee	To receive formal assurance from an appropriate representative at meetings and an annual opinion report in relation to the Council's control measures and counter fraud activity. The Audit Committee also receives assurance from external audit on the Council's Annual Accounts and Annual Governance Statement.
Councillors / Members	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 to the Chief Audit Executive.
External Audit / Internal Audit	Has a duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption, bribery and theft. Has powers to investigate fraud and the Council may invoke this service.

OFFICER / DEPARTMENT	SPECIFIC RESPONSIBILITIES
Counter Fraud and Enforcement Unit	Responsible for assisting the development and implementation of the Counter Fraud and Anti-Corruption Policy. The Counter Fraud Unit have a duty to monitor the investigation of any reported issues of irregularity. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this policy. That action is identified to improve controls and reduce means, opportunity and the risk of recurrence. Reporting to the appropriate Senior Officer(s) (Section 151 Officer, Monitoring Officer, Chief Audit Executive) with regard to the progress and results of investigations. Reporting annually to the Audit Committee on proven frauds.
Counter Fraud Provision / Services	To proactively deter, prevent and detect fraud, corruption, bribery and theft within or against the Council. To work on behalf of charities, Social Housing Providers and other organisations to proactively deter, prevent and detect fraud, bribery, corruption and theft for the benefit of local residents and the public purse. To investigate all suspicions of fraud, corruption, bribery or theft, within or against the Council, in accordance with the Criminal Procedures and Investigations Act 1996 (CPIA). To consider reputational damage and the public interest test when investigating any instances of fraud, corruption, bribery or theft. To conduct interviews under caution when appropriate in accordance with the Police and Criminal Evidence Act 1984 (PACE). To undertake any surveillance operation or obtaining any communications data, adhering to the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 – this is applicable when undertaking criminal investigations only. To comply with Data Protection Legislation (and the General Data Protection Regulations) when obtaining or processing personal data.

OFFICER / DEPARTMENT	SPECIFIC RESPONSIBILITIES
	To report to the appropriate Senior Officer(s) for decisions in relation to further action. To enable the Council to apply appropriate sanctions, to include criminal proceedings, and to assist in the recovery of losses in accordance with the Council's Corporate Enforcement Policy. To include prosecutions on behalf of Social Housing Providers, Charities, and other organisations where it is in the public interest and for the benefit of the local residents. To prepare Witness Statements and prosecution paperwork for the Council's Legal Department. To attend and present evidence in the Magistrates Court, the Crown Court and Employment Tribunals. To provide recommendations to inform policy, system and control improvements. To provide fraud awareness training and updates for Members and Officers. To publicise successes where appropriate.
Human Resources	To report any suspicions of fraud, corruption, bribery or theft to the Section 151 Officer, Monitoring Officer or Counter Fraud representative if reported directly to HR or if identified during any disciplinary or internal procedures. To ensure recruitment procedures provide for the obtainment and verification of significant information supplied by applicants in accordance with the HR Vetting and Recruitment Fraud Risk Report.
Strategic Directors, Heads of Service, Service Managers or equivalent Senior Officers	The primary responsibility for maintaining sound arrangements to prevent and detect fraud and corruption rests with management. To promote awareness and ensure that all suspected or reported irregularities are immediately referred to the appropriate Senior Officer. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption, bribery and theft. To reduce these risks by implementing internal controls, monitoring of these controls by spot checks and to rectify weaknesses if they occur.

OFFICER / DEPARTMENT	SPECIFIC RESPONSIBILITIES
Staff / Employees / Officers	To comply with Council policies and procedures when conducting their public duties. To be aware of the possibility of fraud, corruption, bribery and theft and to report any genuine concerns. Officers may report suspicions as detailed below. Referrals can also be made in confidence in accordance with the Council's Whistleblowing Policy.
Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption within or against the Council and to report any genuine concerns or suspicions as detailed below.

7. APPROACH TO COUNTERING FRAUD

7.1 The Council has a responsibility to reduce fraud and protect its resources by enabling counter fraud services to complete work in each of the following key areas:

7.2 **DETERRENCE**

The best deterrent is the existence of clear procedures and responsibilities making fraud and corruption difficult to perpetrate and easy to detect. As detailed already within this policy, the Council has a number of measures in place to minimise risk:

- Clear codes of conduct for Officers and Members.
- Register for declarations of interest / gifts and hospitality for Members and Officers.
- Clear roles and responsibilities for the prevention and detection of fraud, corruption, bribery and theft including an Audit Committee, an appointed Monitoring Officer, Section 151 Officer and trained Counter Fraud Officers.
- Effective ICT security standards and usage policies.
- The application of appropriate sanctions and fines as detailed below.

7.3 The existence of an effective Counter Fraud Team is a prime deterrent for fraud and corruption. Counter Fraud Officers and the Internal Audit Team analyse and identify potential areas at risk of fraudulent abuse with the assistance of the Council's Corporate Management, efficient and effective audits of principal risk areas can then be conducted.

7.4 The Council will promote and develop a strong counter fraud culture, raise awareness and provide information on all aspects of its counter fraud work. This may include advice on the intranet, fraud e-learning tools, publicising the results of proactive work, investigating fraud referrals and seeking the recovery of any losses.

7.5 **PREVENTION**

The Council will strengthen measures to prevent fraud ensuring consideration of the Fraud Risk Strategy, associated documents and fraud risk register. Counter Fraud Officers will work with management and policy makers to ensure new and existing systems, procedures and policy initiatives consider any possible fraud risks. Any

internal audit conducted will also consider fraud risks as part of each review and ensure that internal controls are in place and maintained to combat this.

7.6 Important preventative measures include effective recruitment to establish the propriety and integrity of all potential employees as set out within the HR Vetting and Recruitment Fraud Risk Report. Recruitment is carried out in accordance with the Council's Recruitment and Selection Policy and provides for the obtainment and verification of significant information supplied by applicants.

7.7 The Council will undertake any internal remedial measures identified by any investigation to prevent future recurrence at the first opportunity.

7.8 **DETECTION**

A record of fraud referrals received will be maintained by Counter Fraud Officers (and other departments as applicable). This record helps to establish those areas within the Council most vulnerable to the risk of fraud. In addition, a consistent treatment of information and independent investigation is ensured. A Council wide fraud profile is created which then informs any detailed proactive work.

7.9 The Council is legislatively required to participate in a national data matching exercise; the National Fraud Initiative (NFI). Particular sets of data are provided and matched against other records held by the Council or external organisations. Where a 'match' is found it may indicate an irregularity which requires further investigation to establish whether fraud has been committed or an error made. An officer within the authority is designated as the 'Key Contact' for this process. The initiative also assists in highlighting areas which require more proactive investigation. The Council may engage in other data matching/sharing for the purposes of fraud prevention and detection, and for the recovery of monies owed.

7.10 Safeguarding and deterrent internal controls and monitoring procedures are established for financial and other systems within the Council, for example those set out within the Council's Financial Rules / Contract Rules.

7.11 The Council relies on employees, Members and the public to be alert and to report any suspicions of fraud and corruption which may have been committed or that are allegedly in progress. Managers should be vigilant and refer any matters which may require additional monitoring to a senior representative within the Human Resources Department for guidance and further action.

7.12 **INVESTIGATION**

The Council will investigate all reported incidents of fraud or irregularity using its counter fraud resources. The Council will ensure the correct gathering and presentation of evidence in accordance with the Criminal Procedures and Investigations Act 1996.

7.13 Investigations will make due reference to Employment Law as necessary and be conducted within a reasonable time in accordance with the Human Rights Act 1998. Investigations will also adhere to and comply with other applicable legislation such as the Police and Criminal Evidence Act 1984, Data Protection Legislation and the Freedom of Information Act 2000 as appropriate.

7.14 Officers may utilise investigative tools and gain intelligence utilising a number of legal gateways and data sharing agreements. This may include membership to third party organisations such as the National Anti-Fraud Network (NAFN).

7.15 When investigating allegations of fraud and corruption, the Council may be required to conduct surveillance. The Council must comply with the Regulation of Investigatory Powers Act 2000 which ensures that investigatory powers are used in accordance with human rights. To ensure compliance the Council has a written procedure detailing

who may authorise covert surveillance and the use of covert human intelligence sources. Standard documentation has been adopted which must be used by an Officer when seeking such authorisation.

7.16 Officers may also need to acquire communications data when conducting an investigation. This is permissible however; the Council must adhere to the Investigatory Powers Act 2016 when applying for this information and the correct nominated single point of contact must be used. As above, specific details are set out within the written procedures.

7.17 The Counter Fraud and Enforcement Unit Officers adhere to the appropriate legislation when investigating irregularities and allegations of fraud. This includes the need to:

- Deal promptly with the matter.
- Record all evidence received.
- Ensure that evidence is sound and adequately supported.
- Conduct interviews under caution when necessary.
- Ensure security of all evidence collected.
- Contact other agencies if necessary e.g. Police, Trading Standards, HM Revenue and Customs.
- Notify the Council's insurers.
- Implement Council disciplinary procedures where appropriate.
- Attend court and present evidence.

7.18 **SANCTIONS**

The Council will apply considered sanctions to individuals or organisations where an investigation reveals fraudulent activity. This may include:

- Appropriate disciplinary action in line with the Disciplinary Policy.
- Fines and penalties.
- Criminal proceedings.
- Civil proceedings to recover loss.

7.19 **REDRESS**

A crucial element of the Council's response to tackling fraud is seeking financial redress. The recovery of defrauded monies is an important part of the Council's strategy and will be pursued in line with internal debt recovery processes and legal redress i.e. Confiscation Orders and the application of the Proceeds of Crime Act 2002.

7.20 **CONTROL FAILURE RESOLUTION**

In addition to the above, Internal Audit also prepares a risk based annual Audit Plan that details the key objectives and areas of work for the year. Within these work areas indicators for fraud are considered. Internal Audit will also respond to requests from management and Counter Fraud Officers where there may be concerns over the effectiveness of internal controls. The work plan is agreed and monitored by the Audit Committee and Section 151 Officer.

8. REPORTING, ADVICE AND SUPPORT

8.1 The Council's expectation is that Members and managers will lead by example and that employees at all levels will comply with the Constitution, Council Policies, Financial Regulations, Procurement Regulations, Financial and Contract Procedure Rules, codes of conduct and directorate procedures.

8.2 The Council recognises that the primary responsibility for the prevention and detection of fraud rests with management. It is essential that employees of the Council report

any irregularities, or suspected irregularities to their Line Manager and if this is not appropriate then to a Counter Fraud representative.

8.3 The Council must create the right environment so that anyone can raise concerns in respect of irregularities with the knowledge that they will be treated seriously and confidentially. The Council will provide all reasonable protection for those who raise genuine concerns in good faith, as confirmed in the Council's Whistle-Blowing Policy.

8.4 If the informant is a member of the public or external contractor, they can contact a Counter Fraud Officer at the Council to report the suspicion. This can be done anonymously. A hotline number for reporting suspicions may also be established and if so, can be found on the Council's website. The Council's complaint procedure may also be utilised but may not be the most appropriate channel.

8.5 The above process does not relate to reporting Housing Benefit Fraud allegations (which are now dealt with by the Department for Work and Pensions) or to Council Tax Reduction Scheme offences. The informant should contact the Officer nominated to deal with this; details can be found on the Council's website within the Revenues and Benefit Section information.

8.6 The Officer who receives the allegation (whether from a Member or a Council employee) must refer the matter to a Counter Fraud representative within the Council, to determine how the potential irregularity will be investigated and to whom the allegation should be discussed within the Council. This is to ensure correct investigative procedures are adhered to and that any potential fraud enquiry is not compromised.

8.7 As appropriate, reports will be issued to the Monitoring Officer, Head of Paid Service, Section 151 Officer, Senior Officers, and Cabinet Members etc. where the irregularity is material and/or could affect the reputation of the Council. Decisions will then be made with regard to the most appropriate course of action. Communications and publicity will also be managed if the matter is likely to be communicated externally.

8.8 If the investigation relates to an employee then Human Resources will be engaged and the Council's Disciplinary Procedure will also be considered however this will be managed carefully to ensure any criminal investigation is not compromised.

8.9 The Council will also work in co-operation with the following bodies (and others as appropriate) that will assist in scrutinising our systems and defences against fraud, bribery and corruption:

- Local Government and Social Care Ombudsman.
- External Audit.
- The National Fraud Initiative.
- Central Government Departments.
- HM Revenue and Customs.
- The Police.
- Trading Standards.
- The Department for Work and Pensions.
- Immigration Services.
- The Chartered Institute of Public Finance and Accountancy (CIPFA).
- The Institute of Revenues Rating and Valuation (IRRV).
- Social Housing Providers and Charitable Bodies

8.10 As detailed within this document and the Council's Whistle Blowing Policy, any concerns or suspicions reported will be treated with discretion and in confidence. Referrals can be made in confidence to the Counter Fraud and Enforcement Unit at fraud.referrals@cotswold.gov.uk who work on behalf of Cheltenham and Tewkesbury

Borough Councils and Cotswold, Forest of Dean and West Oxfordshire District Councils. Concerns can also be raised via Internal Audit.

9. FURTHER INFORMATION

9.1 Further information on Council policy can be found in the following documents (or equivalent documentation / codes):

- The Constitution.
- Code of Conduct for Employees and the Members Code of Conduct which include information in relation to gifts and hospitality and declaring and registering interests.
- Whistleblowing Policy.
- Corporate Enforcement (Prosecution) Policy.
- Proceeds of Crime and Anti-Money Laundering Policy.
- Recruitment and Selection Processes.
- RIPA / IPA Policies, Procedures and Guidance.
- Financial Rules.
- Contract Rules or equivalent.
- Fair Processing Statement.
- Disciplinary Procedure.

10. POLICY REVIEW

10.1. The appropriate department will review and amend this policy as necessary to ensure that it continues to remain compliant and meets legislative requirements and the vision of the Council in consultation with the Council's Chief Finance Officer, the Legal Department and Members.

10.2. Review frequency as required by legislative changes / every three years.

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WEST OXFORDSHIRE DISTRICT COUNCIL	**WEST OXFORDSHIRE DISTRICT COUNCIL**
Name and date of Committee	**Audit and Governance Committee:** **Wednesday 23 November 2022**
Report Number	**Agenda Item No. 6**
Subject	**Counter Fraud and Enforcement Unit Fraud Risk Strategy**
Wards affected	All indirectly
Accountable member	Councillor Andy Graham, Leader of the Council Email: Andy.Graham@westoxon.gov.uk
Accountable officer	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit Email: Emma.Cathcart@cotswold.gov.uk
Summary/Purpose	To present the Audit and Governance Committee with a Fraud Risk Strategy, so that they may consider the approach taken by the Counter Fraud Partnership. To provide assurance to the Audit and Governance Committee that the risks of fraud committed against the Council are recognised, managed and mitigated for in accordance with Council priorities, and changing fraud trends.
Annexes	Annex A – Fraud Risk Strategy Annex B – Fighting Fraud and Corruption Locally Checklist (blank) Annex C – Government Functional Standard – GovS 013: Counter Fraud Checklist (blank)
Recommendation	That the Committee considers the Fraud Risk Strategy and associated work streams.
Corporate priorities	Modern Council Services and Sustainable Finance: Delivering excellent modern services whilst ensuring the financial sustainability of the Council
Key Decision	No
Exempt	No
Consultees/ Consultation	The Strategy has been shared with Governance Group and the Deputy Chief Executive.

1. BACKGROUND

1.1. Risk Management is used to identify, evaluate and manage the range of risks facing an organisation. This includes consideration relating to the risk of fraud.

1.2. Fraud is the most common crime in the UK and costs many billions of pounds to private companies, individuals and the public sector. Within Local Government this is estimated to be in the region of £2.1 billion per year. Local Authorities have a responsibility to promote and develop high standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

2. MAIN POINTS

2.1. The Counter Fraud and Enforcement Unit (CFEU) has developed a Fraud Risk Strategy for implementation across the Counter Fraud Partnership, which includes West Oxfordshire District Council. The Strategy, attached at Annex A, has been developed to comply with Government Functional Standards relating to counter fraud activities.

2.2. The Strategy sets out the definitions and motivations for fraud and the principles of risk management. Risk management and being 'risk aware' are vital to ensure the effective operation of the Council. The risk of fraud is ever present and it is impossible to identify or mitigate against all risks, however by being risk aware the Council is in a better position to avoid threats, develop processes that reduce the loss or impact, and increase its ability to recover.

2.3. The Strategy identifies the high risk areas that Local Government is susceptible to, both internally and externally. It also details the types of response methods and refers to the specific fraud response recommended for Local Government. These principles underpin the Council's plan.

2.4. As set out within the Strategy, the CFEU work with SWAP (Internal Audit) to provide resilience and resource in prevention, detection, response and review of detected fraud and fraud risks.

2.5. Annexed to the Strategy, and attached to this report as Annex B and C, are the Fighting Fraud and Corruption Locally Checklist and the Government Functional Standard GovS 013 Checklist. These set out best practice recommendations. The CFEU will complete these in consultation with SWAP to inform areas for improvement or for inclusion on the work plan.

2.6. In addition to the completion of the checklists, the CFEU will implement a series of service area reviews with the Deputy Chief Executive approval to identify specific fraud risks within each Council service area or department. This will include considering national and local emerging fraud risks, good practice in processes and procedure, and possible areas of risk mitigation.

2.7. A Service Specific Risk Register will then be developed with overall risks score that can be assessed, monitored and reviewed. This element of the CFEU annual work plan will be developed according to priority – high risk service areas will be addressed first.

2.8. The CFEU have reviewed and completed the Serious and Organised Crime Checklist as part of the annual work plan. Elements of this checklist are no longer applicable to the Council, and awareness relating to the risks posed by Serious and Organised Crime is now embedded within the organisation.

2.9. It is therefore proposed that the service specific Serious and Organised Crime risks will be transferred to the relevant service or departmental risk registers and the overarching principles will be considered within the Fraud Risk Strategy. The Serious and Organised Crime checklist will be discontinued as it is no longer required.

3. FINANCIAL IMPLICATIONS

3.1. There are no direct financial implications as a result of this report however the work streams associated with the Fraud Risk Strategy will help identify loss avoidance measures.

4. LEGAL IMPLICATIONS

4.1. The Fraud Risk Strategy aids the application of an effective fraud risk management regime and assists the Council in effective financial governance which is less susceptible to legal challenge.

5. RISK ASSESSMENT

5.1. The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area.

5.2. Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

6. EQUALITIES IMPACT

6.1. The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

7. ALTERNATIVE OPTIONS

7.1. None.

8. BACKGROUND PAPERS

8.1. None.

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2022

Fraud Risk Strategy

FRAUD RISK STRATEGY

COUNTER FRAUD AND ENFORCEMENT UNIT

Working in partnership with Councils and organisations across Gloucestershire and West Oxfordshire to prevent fraud and loss

Forest of Dean District Council

Cotswold District Council

Cheltenham Borough Council

West Oxfordshire District Council

Tewkesbury Borough Council

PUBLICA

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Counter Fraud and Enforcement Unit

Cotswold District Council | Trinity Road | Cirencester | Gloucestershire | GL7 1PX

Cheltenham Borough Council | Municipal Offices | Promenade | Cheltenham | Gloucestershire | GL50 9SA

Forest of Dean District Council | High Street | Coleford | Gloucestershire | GL16 8HG

E-mail – fraud.referrals@cotswold.gov.uk **Tel – 01242 264215**

Working in partnership with Councils, Social Housing Providers and organisations to detect crime and prevent fraud and loss

Introduction

Fraud is now the most common crime in the UK and costs many billions of pounds every year to private companies, individuals and to the public purse. The impact of fraud and related offences can be devastating. Impact ranges from unaffordable personal losses, suffered by vulnerable victims, to the ability of organisations to stay in business.

Although fraud is not an issue that any organisation wants to deal with, or possibly admit to, the reality is that most organisations will experience fraud to one degree or another; within Local Government it is widespread and pervasive. Surveys worldwide relating to fraud have found that the government and public administration sector was the second most represented sector, after banking and financial services within the private sector.

The Government estimates that fraud costs the public sector between £31bn and £53bn per year. Fraud in Local Government is estimated to account for around £2.1bn of this sum per year; this is money that could be better spent on the provision of services. The Councils and Publica, which make up the Counter Fraud and Enforcement Unit Partnership, have a duty to ensure they protect public money from the risk of fraud and whilst it is impossible to eliminate all fraud, must have a sufficiently robust control framework in place to reduce these risks.

Local Authorities have a responsibility to promote and develop high standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management. Local Authorities face significant challenges in relation to fraud mitigation whilst providing front line services and protecting large vulnerable groups with ever decreasing resources and income streams.

In compliance with the *Government Functional Standard GovS013: Counter Fraud* this strategy sets the direction and desired outcomes for the partnership.

An important part of this approach is the anti-fraud culture and practices which are adopted to advise and guide members and staff on the approach to the serious issues of fraud and corruption. This document provides an overview of our policy in this matter and links to the Counter Fraud and Enforcement Unit response which works to prevent, detect and deter fraud and corruption.

Key Definitions

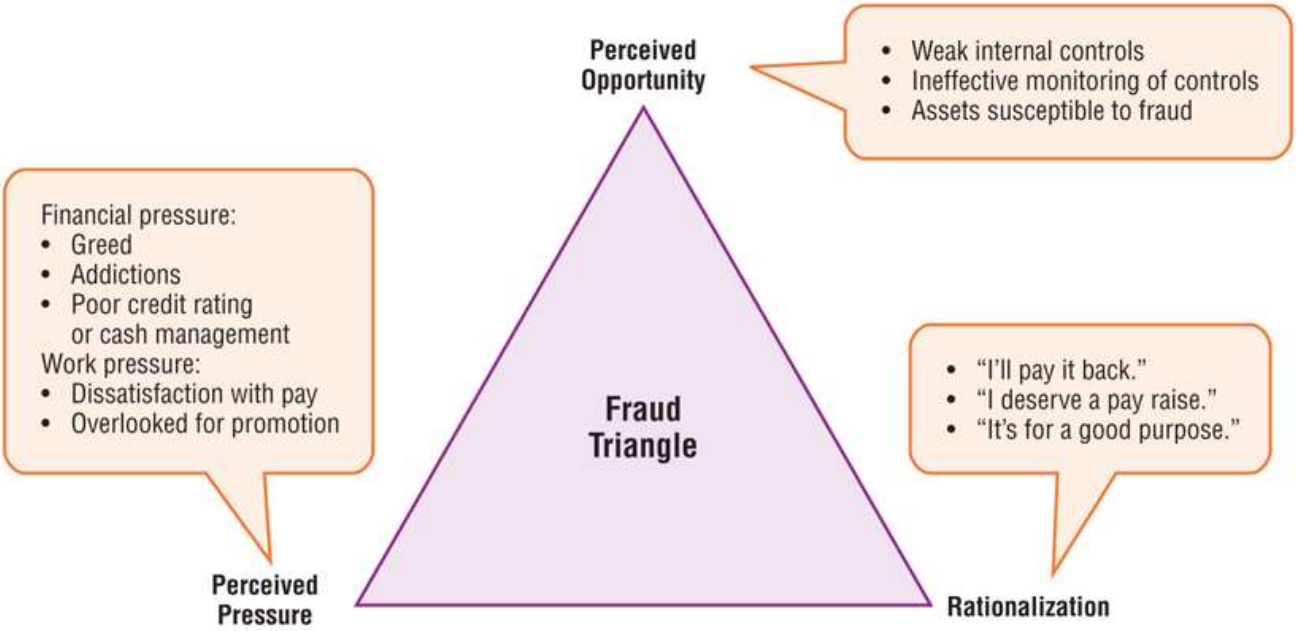
Bribery	Bribery is defined as offering, promising, agreeing to receive or giving of a financial or other advantage to induce or reward improper functions or activities and/or the request or receipt of such an advantage.

Corruption For the purposes of this document, corruption in the public sector including Central and Local Government can be defined as the abuse of power by an official (or any employee entrusted to carry out the functions of government, including contractors) for personal gain.

Fraud The term 'Fraud' is used to define offences contrary to the Fraud Act 2006 based on false representation, dishonesty, financial gain or loss and associated offences, which include bribery and money laundering. Fraud essentially involves using deception to dishonestly make a personal gain for oneself and/or create a loss for another.

Why do people commit fraud?

The appeal of fraud is the perceived 'low risk / high reward' opportunities it presents. The offence can be committed with relative ease and at a distance from the victim and the authorities. Within the public sector, the lack of an identifiable victim only aids the fraudster further. Fraud may also be committed by serious organised crime groups who are capable of orchestrating large scale fraud across international boundaries, but also by otherwise law abiding individuals looking to make an opportunistic gain.



The fraud triangle is the framework commonly used to explain the reason behind an individual's decision to commit fraud. This outlines three components that contribute to increasing the risk of fraud – opportunity, incentive and rationalization. These apply equally to any sector organisation and can form part of the risk management approach but there should be recognition that the opportunities and the incentives to commit fraud are wide ranging within Local Government.

Pressure/Motivation

In simple terms, motivation is typically based on either greed or need. Other causes cited include problems and pressures caused by debts and gambling. Many people are faced with the opportunity to commit fraud, and only a minority of the greedy and needy do so. Personality and temperament, including how frightened people are about the consequences of taking risks, play a role. Some people with good objective principles can be influenced or coerced by others or develop unaffordable habits, which tempts them to fraudulent activities. Others are tempted only when faced with financial ruin.

Opportunity

In terms of opportunity, fraud is more likely in organisations where there is a weak internal control system, poor security, little fear of exposure and likelihood of detection, or unclear policies with regard to acceptable behaviour. Research has shown that some employees are totally honest, some are totally dishonest, but that many are swayed by opportunity.

Rationalisation

Many people obey the law because they believe in it and/or they are afraid of being shamed or rejected by people they care about if they are caught. However, some people may be able to rationalise fraudulent actions as:

- Necessary – especially when done for the business
- Harmless – because the victim is large enough to absorb the impact, or is a faceless organisation
- Justified – because 'the victim deserved it' or 'because I was mistreated.'

Risk Management

Risk Management Cycle

Identifying the risk - Local Government fraud risk areas

The threat of fraud not only comes from the general public (external) for whom Local Authorities provide and administer many different services, but also employees and contractors (internal), employed in a wide range of roles across a breadth of service areas. Tax is synonymous with Local Authorities and it is therefore unsurprising that losses to tax fraud in this area are significantly higher than from fraud in other areas. The below list details some of the types of fraud/corruption that Local Authorities are susceptible to:

External High-Risk Areas

- Social Housing Tenancy Fraud (false applications, sub-letting for profit, right to buy fraud, abandonment, allocations)
- Council Tax Fraud (Discounts & Exemptions i.e. Council Tax Reduction Scheme (CTRS), Single persons discount)
- Business Rates (NNDR) Fraud (Fraudulent applications for exemptions & relief)
- Procurement, Purchasing and Contract Management Fraud (constantly changing environment and fraud can occur at any point throughout the cycle)

- Adult Social Care (care workers claiming money for time they have not worked, payments not being used to pay for care)
- Identity Fraud
- Blue Badge Scheme Abuse
- Grant Fraud
- Cyber Crime - Phishing Emails, Viruses, Payment Fraud (managed by ICT)
- Serious and Organised Crime (Licensing, contracts, Housing Right to buys, Cuckooing, online payment/payment card fraud)

Internal Fraud Risks

- Payroll Fraud
- Fraudulent claims for expenses and allowances
- Bribery, Corruption and Abuse of Position
- Failure to declare conflicts of interest
- Pre-employment fraud – provision of false information
- Misallocation of social housing to friends/family
- Procurement Fraud
- Theft
- Manipulation of Benefits systems, Grants or Council Tax accounts for personal gain
- Asset Misappropriation
- Misuse/Manipulation of Systems

Understandably, 'external' fraud poses a much greater risk to Local Authorities with Business Rates fraud identified as the largest growing fraud type in recent years. Other areas perceived to be of the greatest fraud risk to Local Authorities are in Procurement, Council Tax (CTax) 'Single Occupancy Discount' and adult social care (CIPFA – The Local Government Counter Fraud and Corruption Strategy).

Understanding and assessing the risk

Once risks have been identified, an assessment of possible impact and corresponding likelihood of occurrence should be made using consistent parameters that will enable the development of a prioritised risk analysis. The assessment of the impact of the risk should not simply take account of the financial impact but should also consider the organisation's viability and reputation, and recognise the political sensitivities involved.

LIKELIHOOD (B)	Almost Certain / Very Likely 5	5	10	15	20	25
	Likely 4	4	8	12	16	20
	Possible / Feasible 3	3	6	9	12	15
	Unlikely / Slight 2	2	4	6	8	10
	Rare / Very Unlikely 1	1	2	3	4	5
		Negligible / Insignificant 1	Minor 2	Moderate / Significant 3	Major 4	Critical 5
	IMPACT RISKS (A)					

Risk Response Strategy

Strategies for responding to risk generally fall into one of the following categories:

- Risk Retention (e.g. choosing to accept small risks).
- Risk Avoidance (e.g. stopping use of certain products to avoid the risk to occurring).
- Risk Reduction (e.g. through implementing controls and procedures).
- Risk Transfer (e.g. contractual transfer of risk; transferring risks to insurers).

There is good assurance that the Partnership has an appropriate control framework in place to mitigate the risk of fraud. It is impossible to eliminate the risk completely and there are areas where continuous monitoring is required.

Anti-Fraud Strategy

Approach

The changing context in which Local Government services are delivered, the increasing risk of fraud by motivated offenders, reduced Local Authority resources and associated changes to existing local control frameworks together create a pressing need for a new approach to tackling fraud perpetrated against Local Government. Given the substantial financial losses to Local Authorities it was imperative a plan was put in place to combat fraud. In 2011, the first counter fraud strategy for Local Authorities was produced in the form of the 'Fighting Fraud and Corruption Locally' strategy (FFCL). The strategy was based on the following three principles:

- **Acknowledge** – Acknowledge and understand fraud risk.
- **Prevent** – Prevent and detect more fraud.
- **Pursue** – More robust in punishing fraud and the recovery of losses.

More recently a further two principles have been introduced:

- **Govern** – Setting the tone from the top and ensuring robust arrangements to ensure counter fraud and anti-corruption activities are embedded within the organisation.
- **Protect** – Protecting against serious and organised crime, protecting individuals from becoming victims and protecting against the harm fraud can do to the community. For Local Government, this includes protecting public funds, protecting the Local Authority against fraud and cyber-crime and itself from future frauds.

These principles are underpinned by the following:

The strategy was a collaborative effort between Local Authorities and key stakeholders from across the fraud arena and was designed to assist Local Authorities understand their fraud risk, assist in developing and maintaining a culture in which fraud and corruption are understood to be unacceptable, and to provide a blueprint for a tougher response (CIPFA – The Local Government Counter Fraud and Corruption Strategy).

The framework for the Council's fraud and corruption control plan includes:

- Planning and resourcing
- Prevention
- Detection
- Response

The strategy has been designed to recognise the evolving and changing risks within the public sector. Unexpected events alter the service delivery landscape and also the type and level of associated fraud risks to both public sector finances and structures. For example, the Covid-19 pandemic led Local Authorities to implement wide scale home and remote working practices swiftly. For many these service delivery changes will be permanent and the associated risks relating to cyber security or staff work integrity must be addressed. Other risks identified during the pandemic – such as the increased requirement for urgent decision making and the financial risks associated with the Business Grant payments for example – may be time limited, but can still influence and inform ongoing systems and procedures meaning there is a continued need to ensure internal controls remain effective.

Planning and Resourcing

The Counter Fraud and Enforcement Unit (CFEU) is a corporate resource with annual work plans designed to promote awareness and deploy resource according to identified areas of weakness.

This also allows the department to provide capacity for proactive and reactive investigations in the areas that have been highlighted as high-risk.

Service specific fraud risk reviews are to be completed and reviewed annually to help identify new and emerging risks and high risk areas that require more resource. This in turn informs the CFEU annual work plans, which together comprise the CFEU fraud response plan.

The levels of fraud, statistics and reliable information available informs risk management approaches. It can provide evidence for necessary internal controls in particular areas known to be high risk, support a change in culture and inform best practice. The CFEU provide quarterly reports to Corporate Management and bi-annual reports direct to Audit Committees detailing work streams and outcomes. This ensures Councillors are briefed in relation to fraud risk. By having a dedicated team collecting and recording this data, the partnership is ensuring a well-rounded risk management approach which is working to continuously review and improve internal controls.

The CFEU works closely with Internal Audit to identify internal control weaknesses and to ensure review and implementation of any necessary follow-up action.

Prevention

The CFEU is responsible for developing, reviewing, and updating the Counter Fraud and Anti-Corruption, Whistleblowing and Money Laundering Policies and for any procedures linked to counter fraud or criminal investigation.

The CFEU has targeted raising awareness and changing the culture of the organisations through online training and in person awareness sessions. In basic terms, public sector staff are more concerned about the provision of frontline services to the general public and less about financial losses and fraud. The team have worked hard to inform staff so that they have a better understanding of fraud risks and how best to mitigate them. Significantly, though with public bodies and the large scale diverse nature of them, it is important that any awareness training is relatable to the audience or individual staff member to gain maximum benefit.

The CFEU also introduced a revised and updated Whistle-Blowing Policy to support the fraud awareness session and ensure staff were confident in referring allegations of wrong doing to the team who specialise in protecting the identity of referral sources.

Work plans are developed annually in consultation with Internal Audit to include proactive fraud drives in high risk areas, deterrent activity and the resource for reactive case investigation work.

As Local Government continues its use of outsourcing, management should ensure that the contractors employed are aware to the principles of the Whistleblowing, Money Laundering and Counter Fraud and Anti-Corruption Policies.

The partnership is committed to ensuring that there is no modern slavery or human trafficking in its supply chains or in any part of its activities.

Detection

The CFEU provide trained and dedicated resource for departments in the following high risk areas:-

Council Tax Discounts: – Assistance with processing National Fraud Initiative data matching, specific fraud drives and reviews, sanctions and penalty application.

Council Tax Reduction Scheme: – Authorised Officers under the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 to investigate cases of fraud and apply criminal sanctions, and work jointly with the DWP.

National Non Domestic Rates: – Assistance with reviews on specific exemptions and reliefs, visiting high-risk properties and business types, assistance with tracing and cross-checking data.

Procurement: – Fraud drives relating to high risk areas, review of processes and paperwork to mitigate risk and improve control mechanisms; fraud awareness training for specific officers; advice on the impact of Serious and Organised Crime and how to develop controls.

Housing Allocation, Housing and Tenancy Frauds: – Regular reviews of housing waiting lists, dedicated Housing Investigation Officers, work with Registered Social Landlords / Housing Providers, Authorised Officers under the Prevention of Social Housing Fraud Act, the ability to prepare cases for both criminal and civil action.

Internal Reactive Cases: – Undertaking disciplinary investigations involving allegations of staff or member corruption, fraud or other serious misconduct.

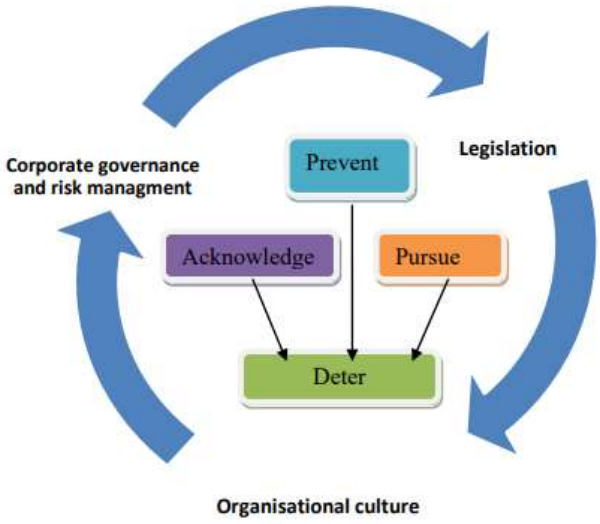
Annual Work Plans: - focussing on high risk areas nationally, or locally identified areas of risk according to the local demographic.

Fraud Risk Registers: – Development of risk registers for the Councils / Publica as a whole and for individual service areas. These are to be continually reviewed and updated.

Response

To provide both detection and an appropriate response, the Council's dedicated Counter Fraud and Enforcement Unit is staffed by qualified Investigation & Intelligence Support Officers with a commitment to undertaking criminal prosecutions.

FRAUD RISK STRATEGY



The Council websites have a dedicated counter fraud page with information on how to make referrals and a summary of the work the Unit undertakes. This includes links to the relevant Policies which the individual Councils adhere to.

Internally departments can refer direct to the CFEU, and where necessary can make referrals in confidence. The CFEU works directly for the Chief Finance Officer and can liaise with any staff necessary without alerting specific individuals. In relation to sensitive whistleblowing referrals the CFEU can undertake fully confidential operations with limited notification.

The CFEU works across its partners and the wider criminal enforcement community to share good practice, develop knowledge and improve detection and prevention. Where appropriate the CFEU will refer matters to the Police or body with relevant jurisdiction.

The CFEU work to ensure that fraud awareness is maintained through regular training for staff and Members, reporting successful court cases in the media, and communicating positive outcomes with staff.

Review

Following any proactive drive or fraud investigation, the work is subject to review and management oversight. Local Authorities have both Internal and External Audit functions and their activities, especially in key control areas, mean that they are more adaptive to the changing risk environment and are able to continuously monitor and improve any deficiencies. The CFEU and Internal Audit meet quarterly to discuss any low assurance areas and/or emerging fraud risk areas which can then be added to the work plans. Where an investigation has taken place, any areas of risk or poor control identified will be reported to the appropriate manager with recommendations for remedial action. In addition, where fraud is found during any audit work a referral is issued to the CFEU, and conversely where the CFEU has identified concerns, a report is issued to inform the Internal Audit Plan. The CFEU will also provide a report to the appropriate manager with recommendations when areas of weakness or risk are recognised, Internal Audit can also consider these recommendations and whether a follow-up Audit is required.

Policies are reviewed regularly to ensure they are relevant, in line with current good practice and legislatively up to date. Any update training this necessitates is then provided.

Service specific risk registers are reviewed regularly with the service area manager, and CFEU annual work plans are overseen by Corporate Management.

ANNEX 1 - Fighting Fraud and Corruption Locally Checklist

ANNEX 2 - Government Functional Standard – GovS 013: Counter Fraud Checklist

Annex B Fighting Fraud and Corruption Locally (FFCL)

What should Senior Stakeholders do?
The Chief Executive
• Ensure that your authority is measuring itself against the checklist for FFCL.
• Is there a trained counter fraud resource in your organisation or do you have access to one?
• Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?
The S.151 Officer.
• Is there a portfolio holder who has fraud within their remit?
• Is the head of internal audit or counter fraud assessing resources and capability?
• Do they have sufficient internal unfettered access?
• Do they produce a report on activity, success and future plans and are they measured on this?
The Monitoring Officer
• Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?
• Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?
The Audit Committee
• Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work.
• Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured.
• Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud.
• Should support proactive counter fraud activity.
• Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.
The Portfolio Lead
• Receives a Regular report that includes information, progress and barriers on the assessment against the FFCL checklist Fraud risk assessment and horizon scanning.

Counter Fraud and Enforcement Unit

Cotswold District Council | Trinity Road | Cirencester | Gloucestershire | GL7 1PX
Cheltenham Borough Council | Municipal Offices | Promenade | Cheltenham | Gloucestershire | GL50 9SA
Forest of Dean District Council | High Street | Coleford | Gloucestershire | GL16 8HG

E-mail – fraud.referrals@cotswold.gov.uk **Tel – 01242 264215**

Working in partnership with Councils, Social Housing Providers and organisations to detect crime and prevent fraud and loss

Checklist
• The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior board and its members.
• The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.
• There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.
• The relevant portfolio holder has been briefed on the fraud risks and mitigation.
• The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources.
• There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.
• The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
• The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.
• Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.
• Successful cases of proven fraud/corruption are routinely publicised to raise awareness.
• The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.

• The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
  ○ codes of conduct including behaviour for counter fraud, anti-bribery and corruption.
  ○ register of interests.
  ○ register of gifts and hospitality

• The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.

• Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.
• There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.
• There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.
• Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.
• Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.
• There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.
• Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.
• Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.
• There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.
• All allegations of fraud and corruption are risk assessed.
• The fraud and corruption response plan covers all areas of counter fraud work: prevention, detection, investigation, sanctions and redress.
• The fraud response plan is linked to the audit plan and is communicated to senior management and members.
• Asset recovery and civil recovery are considered in all cases.
• There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.
• There is a programme of proactive counter fraud work which covers risks identified in assessment.
• The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.
• The local authority shares data across its own departments and between other enforcement agencies.

• Prevention measures and projects are undertaken using data analytics where possible.
• The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.
• The counter fraud team has access to the FFCL regional network.
• There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.
• The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.
• The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for surveillance, computer forensics, asset recovery and financial investigations.
• Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.

Annex C Government functional Standard GovS 013

• Do we have an accountable individual at Member/Senior exec level who is responsible for counter fraud, bribery and corruption?
• Do we have a counter fraud, bribery and corruption strategy that is submitted to the centre?
• Do we have a fraud, bribery and corruption risk assessment that is submitted to the centre?
• Do we have a policy and response plan for dealing with potential instances of fraud, bribery and corruption?
• Do we have an annual action plan that summarises key actions to improve capability, activity and resilience in that year?
• Do we have outcome based metrics summarising what outcomes we are seeking to achieve each year? (For organisations with 'significant investment' in counter fraud or 'significant estimated' fraud loss, these will include metrics with a financial impact.
• Do we have well established and documented reporting routes for staff, contractors and members of the public to report suspicions of fraud, bribery and corruption and a mechanism for recording these referrals and allegations?
• Do we report identified loss from fraud, bribery, corruption and error, and associated recoveries, to the centre in line with the agreed government definitions?
• Do we have access to trained investigators that meet the agreed public sector skill standard?
• Do we undertake activity to try and detect fraud in high-risk areas where little or nothing is known of fraud, bribery and corruption levels, including loss measurement activity where suitable?
• Do we ensure all staff have access to and undertake fraud awareness, bribery and corruption training as appropriate to their role?
• Do we have policies and registers for gifts and hospitality and conflicts of interest?

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WEST OXFORDSHIRE DISTRICT COUNCIL	**WEST OXFORDSHIRE DISTRICT COUNCIL**
Name and date of Committee	**Audit and Governance Committee:** **Wednesday 23 November 2022**
Report Number	**Agenda Item No. 7**
Subject	**Counter Fraud and Enforcement Unit Report**
Wards affected	All indirectly
Accountable member	Councillor Andy Graham, Leader of the Council Email: Andy.Graham@westoxon.gov.uk
Accountable officer	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit Email: Emma.Cathcart@cotswold.gov.uk
Summary/Purpose	To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually. Work plans are presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area.
Annexes	Annex A – Work Plan 2022/2023
Recommendation	That the Committee considers the report and work plan at Annex A.
Corporate priorities	Modern Council Services and Sustainable Finance: Delivering excellent modern services whilst ensuring the financial sustainability of the Council.
Key Decision	No
Exempt	No
Consultees/ Consultation	Work plans are agreed and reviewed regularly with the Deputy Chief Executive. Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by Legal Services and have been issued to the Governance Group and Corporate Management for comment.

1. BACKGROUND

1.1. In administering its responsibilities the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or a Councillor.

1.2. The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate priorities and community plans.

1.3. The Audit and Governance Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.

1.4. Work plans have been agreed with the Deputy Chief Executive and the Council's Management. The Audit and Governance Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.

1.5. Attached at Annex A is a copy of the work plan for 2022/2023.

2. MAIN POINTS

2.1. Counter Fraud and Enforcement Unit Update

2.2. The CFEU continues to support work streams relating to the Post Payment Assurance Activities directed by the Department for Business, Energy and Industrial Strategy and the Cabinet Office's National Fraud Initiative matches.

2.3. The CFEU have reviewed 225 cases pre and post payment for West Oxfordshire District Council. In relation to pre-payment, the CFEU identified £469,861of loss prevention in that the grant monies were not paid. Regarding post payment recovery, invoices totalling £572,505 have been raised and of this figure, £242,953 has been recovered. Following the receipt of further evidence and reconsideration of decisions, £60,517 has been credited after review. £269,035 remains outstanding. Examples of these cases relate to payments made to businesses that were not trading at the appropriate date, where premises were in fact empty or where duplicate payments have been made. To provide some context, West Oxfordshire District Council paid out £50,465,394 in business grants between April 2020 and March 2022.

2.4. All Local Authorities participate in the Cabinet Office's National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation.

- 41 matches have been received via the Cabinet Office's National Fraud Initiative which has collated and compared business grant data nationwide in relation to the original schemes paid during the first lockdown. These matches have been reviewed by the CFEU: 40 matches have now been completed and 1 review is still in progress. 3 errors have been identified totalling £23,629 and this figure is included at 2.3 above.

- The team have received and reviewed 2,049 matches relating to single person discount anomalies. 355 accounts were identified as requiring further enquiries and letters were issued to residents. 126 recommendations have been referred to the Revenues Team, results are pending. An update relating to increased Council Tax revenue and Penalty administration will be provided within the next CFEU report to the Audit and Governance Committee.

- The team have received 201 matches relating to the Council Tax Reduction Scheme and Housing Benefit claims. 182 matches have been reviewed so far, with 9 referrals having been made to the Department for Work and Pensions.
- 161 matches have been reviewed relating to the Housing Waiting List. 86 discrepancies were referred to the Housing Team. This is in addition to the general review of the Housing Waiting List undertaken by the Counter Fraud and Enforcement Unit. 59 Housing Applications were removed from the Housing Waiting List representing £191,160 in loss avoidance.

2.5. A significant project since 1 April 2022 relates to supporting the Revenues Team with verification activities for the payment of the £150 Energy Rebate. Since 1 April 2022, the CFEU received 5,935 cases of which 1,539 required further checks and information. This project has required considerable resource; strategically with regard to project planning and operationally in delivering the required verification checks. This has therefore been a time consuming burden impacting delivery elsewhere.

2.6. The review of the Housing Waiting List is as reported to the Audit and Governance (then Audit and General Purposes) Committee in April 2022. The team are still awaiting the results of the Gold Band application review and are scheduled to commence a review of the Silver Band applications.

2.7. A review of the Track and Trace Payments is ongoing. Since 1 April 2022, 49 payments have been reviewed resulting in 7 cases of recovery totalling £3,500. Overall, 216 payments have been reviewed resulting in 53 cases of recovery totalling £26,500.

2.8. The team are working with ERS in relation to the Private Rental Sector Minimum Energy Efficiency Standards (MEES) Project. As part of a national drive, the Council is working with landlords to ensure their properties comply with these standards. Where landlords continue to fail to meet the minimum standards, they may be subject to a penalty of £5,000 for each breach, enforceable by the Council. The team have assisted with the initial review of 622 properties across the district and the related data held regarding the landlord.

2.9. In addition to the work carried under the annual work plan attached at Annex A, as a dedicated investigatory support service, the CFEU undertakes a wide range of enforcement and investigation work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into staff/member fraud and corruption, or tenancy and housing fraud investigation work.

2.10. Since 1 April 2022:

- The team received 29 referrals from across the Council and closed 37 cases. This excludes any Council Tax Reduction Scheme referrals.
- The CFEU undertakes Member Code of Conduct Investigations and found that there had been a breach relating to a Town Council matter. A Standards Panel was convened on 18 July 2022.
- The team supports Enforcement Teams across the Council. A Fixed Penalty Notice totalling £200 was issued in relation to environmental crime. Two enforcement cases are listed in Court, one relating to a breach of a Planning Enforcement Notice and the other relating to Health and Safety at Work Act offences.
- The CFEU undertakes the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and act as the single point of contact for Department for Work and Pensions (DWP) Housing Benefit investigations. 32 referrals were received and 24 cases were closed. Increased Council Tax revenue of £9,565 has been raised. 2 Civil Penalties and 2 Criminal Penalties totalling £1,678 have been issued.

- The team undertakes disciplinary investigations for Publica across the partnership. 5 cases were referred and 6 cases have since been concluded (1 case was open as at 1 April 2022). In two cases a Final Written Warning was issued due to gross/serious misconduct.

3. FINANCIAL IMPLICATIONS

3.1. The report details financial savings generated by the Counter Fraud and Enforcement Unit.

4. LEGAL IMPLICATIONS

4.1. In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

5. RISK ASSESSMENT

5.1. The Council is required proactively to tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area.

5.2. Failure to undertake such activity would accordingly not be compliant and expose the Authority to greater risk of fraud and/or corruption.

5.3. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

6. EQUALITIES IMPACT

6.1. The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

7. ALTERNATIVE OPTIONS

7.1. This Unit is working with all Gloucestershire Local Authorities, West Oxfordshire District Council and other public sector bodies such as housing associations.

7.2. The Service is a shared one across the County and, as such, overheads and management costs are also shared equally meaning there is increased value for money.

8. BACKGROUND PAPERS

8.1. None.

Annex A: West Oxfordshire District Council Work Plan 2022/2023

Area of Work	Task
Bribery and Corruption	Assessment Template Review
Bribery and Corruption	Gifts and Hospitality Policy and Procedure Rollout / Awareness
Governance	Delivery of two reports for Audit / and Risk / and General Purposes Committee
Governance	Fighting Fraud & Corruption Locally - Checklist Compliance
Governance	Government Functional Standard 013: Counter Fraud - Compliance
Governance	Development of Service Specific Fraud Risk Register (High Risk Service Areas - TBC)
Governance	Development / Review of Fraud Risk Strategy / Response Plan
Policy	Counter Fraud and Anti-Corruption Policy
Policy	Corporate Enforcement Policy
Policy	CTAX, CTRS & HB Penalty and Prosecution Policy
Policy	Proceeds of Crime & Anti-Money Laundering Policy
Policy	Whistle-Blowing Policy
Policy	RIPA (Surveillance & CHIS)
Policy	IPA (Acquisition of Communications Data)
Policy	Use of the Internet and Social Media in Investigations and Enforcement
Procedure	Development and roll out of Proceeds of Crime and Anti-Money Laundering Procedure
Procedure	Development and roll out of Use of the Internet and Social Media in Investigations and Enforcement Procedure
Serious and Organised Crime	Checklist Review
Serious and Organised Crime	Proactive Fraud Drive - transient / cash businesses
Statutory / Regulatory	Collation and Publication of Fraud Transparency Data

Area of Work	Task
Statutory / Regulatory	RIPA / IPA - Annual Report to Members / Advisory / Inspection SPoC
Strategy : Detection	Housing Waiting List review
Strategy : Detection	National Fraud Initiative Match Reviews - Revenues / Benefits / Housing
Strategy : Detection	Business Rates Review Self Catering Accommodation - Assurance and Enforcement Activities
Strategy : Detection	SMI Review (sample 20)
Strategy : Detection	Procurement - Supplier Payment Review
Strategy : Detection	Council Tax £150 Rebate - Assurance and Enforcement Activities
Strategy : Detection	Test and Trace - Assurance and Enforcement Activities
Strategy : Detection	Business Grants - Assurance and Enforcement Activities
Strategy : Prevention	Development of Fraud Awareness Literature (staff)
Strategy : Prevention	Development of Right to Buy Debt Recovery Process
Strategy : Prevention	Training Members / Staff - Fraud Awareness / RIPA & IPA / CPIA, PACE, Disclosure Training
Strategy : Prevention	Private Rental Sector Minimum Energy Efficiency Standard (MEES) Compliance and Enforcement

RIPA = Regulation of Investigatory Powers Act 2000
IPA = Investigatory Powers Act 2016
CPIA = Criminal Procedure and Investigations Act 1996
PACE = Police and Criminal Evidence Act 1984

WEST OXFORDSHIRE DISTRICT COUNCIL	**WEST OXFORDSHIRE DISTRICT COUNCIL**
Name and date of Committee	**AUDIT AND GOVERNANCE COMMITTEE – 23RD NOVEMBER 2022**
Report Number	**Agenda item 8**
Subject	**INTERNAL AUDIT PROGRESS REPORT**
Wards affected	N/A
Accountable member	Councillor Suzi Coul, Cabinet Member for Finance Email: suzi.coul@westoxon.gov.uk
Accountable officer	Elizabeth Griffiths, Chief Finance Officer Tel: 01993 861188 Email: Elizabeth.Griffiths@westoxon.gov.uk
Summary/Purpose	To present a summary of the audit work concluded since the last meeting of this Committee.
Annexes	**Annex A – Report of Internal Audit Activity 2022/23** **Annex B – Agreed Actions**
Recommendation/s	Please write recommendations using letters and italics as below. *a) That the Committee considers the attached reports and comments as necessary*
Corporate priorities	Delivering excellent modern services whilst ensuring the financial sustainability of the Council.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A

1. BACKGROUND

1.1. The Internal Audit Service is provided to this Council by SWAP Internal Audit Services (SWAP). SWAP is a local authority-controlled company.

1.2. The report attached at Annex A sets out the work undertaken by SWAP for the Council since the last meeting of this Committee. It follows the risk-based auditing principles and, therefore, this is an opportunity for the Committee to be aware of emerging issues which have resulted from SWAP involvement.

1.3. Officers from SWAP will be in attendance at the Committee meeting and will be available to address Members' questions.

2. MAIN POINTS

2.1. The progress report enables the Audit and Governance Committee to monitor the work of the Internal Audit Service and ensure that it remains effective. It also provides the Committee with assurance opinions over areas reviewed within the reporting period, details of audit recommendations and the outcome of follow-up reviews conducted on previous audit recommendations.

2.2. We have finalised 4 audits since the last meeting of this committee

- Procurement Cards – Low Limited
- Monitoring the Performance of Strategic Commissioned Services – High Reasonable
- Vulnerability Management – High Reasonable
- Business Grant Post Payment Assurance (Grants Nov 2020 – April 2021) – High Substantial
- Election Expenses (Treatment of VAT) – Low Substantial

The Procurement Cards audit has been assessed, as above, because the audit identified non-compliance with Council policy / procedure and controls in respect of card administration were not as robust as expected.

We continue to follow up all agreed actions. A report (Annex B) showing all open agreed actions and those that have been actioned during 2022/23 has been included for Members information.

3. FINANCIAL IMPLICATIONS

3.1. The Internal Audit Service is operating within the contract sum.

4. LEGAL IMPLICATIONS

4.1. None directly from this report. Internal Audit reviews consider compliance with legislation relevant to the service area under review.

5. RISK ASSESSMENT

The weaknesses in the control framework, identified by the Internal Audit activity, continues to threaten organisational objectives if recommendations are not implemented.

6. BACKGROUND PAPERS

6.1. Internal Audit Reports

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SWAP
INTERNAL AUDIT SERVICES
Helping Organisations to Succeed

West Oxfordshire District Council

Report of Internal Audit Activity

November 2022

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Unrestricted

Contents

The contacts at SWAP in connection with this report are:

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- Contents:

Internal Audit Definitions

Audit Plan Progress

Finalised Audit Assignments

SWAP INTERNAL AUDIT SERVICES Assuring – Improving – Protecting

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

Internal Audit Definitions

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

- **No**
- **Limited**
- **Reasonable**
- **Substantial**

Audit Framework Definitions

Control Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The "advice" offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Internal Audit Definitions

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

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Audit Framework Definitions

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

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

Definitions of Risk

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

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Procurement Cards	Final Report	Low Limited	6	2	4	-	See Appendix C
Governance	Monitoring the Performance of Strategic Commissioned Services	Final Report	High Reasonable	2	-	2	-	See Appendix C
ICT	Vulnerability Management	Final Report	High Reasonable	1	-	1	-	See Appendix C
Operational	Business Grant Funding – Post Payment Assurance	Final Report	High Substantial	0	-	-	-	See Appendix C
Operational	Election Expenses – Treatment of VAT	Final Report	Low Substantial	2	-	-	2	See Appendix C
Operational	S106 Agreements and Funds	Draft Report						
Operational	Planning Validation Process	Draft Report						
Operational	Accounts Payable (Qtly review)	In Progress						
Operational	Publica Performance Information	In Progress						
Follow-Up	Asset Management and Commercial Property	In Progress						
Operational	Business Grant Funding – WODC ARG Schemes	In Progress						
Operational	Climate Change (Strategic)	In Progress						
Operational	Business Continuity Management	In Progress						
Key Financial Control	Payroll	In Progress						

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Key Financial Control	Treasury Management	In Progress						
ICT	Business World – Workflow and Approvals	In Progress						
Key Financial Control	Bank Reconciliations	Audit Ready						
Key Financial Control	Council Tax and NNDR	Audit Ready						
Key Financial Control	Housing Benefit and Council Tax Support	Audit Ready						
Operational	Management and Monitoring of Contracts	Audit Ready						
Operational	Mechanism for Charging Council	Audit Ready						
Support	Business Grant Funding – Post Payment Review	Draft Report	N/A	-				Head of IA working with Head of Service, Counter Fraud and Enforcement Unit to conduct post payment review
Support	Business Grant Funding – Aged Debt	On-Going						Quarterly review of Business Grant Overpayment Aged Debts with Head of Service, Counter Fraud and Enforcement Unit for reporting to BEIS
Advisory	Support to the Agile Working Project	On-Going						
Advisory	Environmental Services Improvement Programme	On-Going						
Advisory	Procurement and Commissioning Group	On-Going						

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Advisory	Health and Safety Working Group	On-Going						
Advisory	Publica Improvement Programme	On-Going						
Certification	Carbon Data	In Progress						
Grant Certification	Test and Trace Payment Scheme	Complete	N/A					
Grant Certification	Contain Outbreak Management Fund	Complete	N/A					
Follow-Up	Follow-Up of Agreed Actions (not included in an audit above)	On Going						
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	On Going						
Other Audit Involvement	Management of the IA Function and Client Support	On Going						
Other Audit Involvement	Contingency – Provision for New Work based on emerging risks							

Summary of Audit Findings

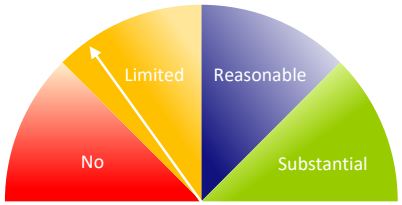
The following are the Internal Audit reports, of each audit review finalised, since the last Committee update

Procurement Cards – Final Report – August 2022

Audit Objective

To review the use of Procurement and Credit Cards to ensure purchases are made in accordance with agreed policy/procedure.

Assurance Opinion



Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

Number of Agreed Actions

Priority	Number
Priority 1	2
Priority 2	4
Priority 3	-
Total	**6**

Risks Reviewed

Risks Reviewed	Assessment
The anticipated benefits of using procurement cards are not realised due to lack of guidance, resulting in card misuse, potential fraudulent transactions and ineffective processing and reconciliation of expenditure	**High**

Key Findings

Audit identified non-compliance with policy / procedure in respect of submission of receipts, payments to council approved suppliers (when a PO should be used), timeliness of processing of transactions into the ledger.
Security of cards was not as robust as we expected and at times in non-compliance with policy / procedure. Controls have been discussed and actions agreed.

Card administration is not as robust as we would expect.
Policy is dated 2015 and is need of a refresh.
Policy update to enforce to cardholders their responsibilities and consequences of non-compliance with the policy. Policy to be reviewed and updated at least every 3 years.
Procurement card data is not being published in accordance with the Government's Transparency Programme.

Audit Scope

Our review covered the following areas:

- Procurement card policies/guidance.
- Procurement/Business Card procedures.
- Only authorised officers with a valid business use are issued procurement cards.
- Purchases are in accordance with policy and include supporting documentation for payment. For emergency payments appropriate authorisation is in place.
- Transactions posted to the ledger are accurate and timely.

Unrestricted

Conclusion

Prior to the formation of Publica, the Council operated a procurement card scheme to make purchases where other payment methods are not available or not suitable. Publica joined a similar scheme after its incorporation. The global pandemic forced a change in the way the Council and Publica utilised, and managed, procurement cards. Due to the urgency, in some service areas, to procure goods / services, the use of procurement cards increased. Remote working has made reconciliation between receipts and statements challenging with the legacy systems that are in place.

Our findings have been discussed with Group Finance Director and Business Manager – Finance. We have been advised that the Business Manager – Finance has been engaging with the bank and advised that a new card scheme is being explored with the aim of utilising technology to streamline processes and help address the control weaknesses detailed within this report.

The Business Manager – Finance has committed to update Internal Audit with progress on the implementation of the new procurement card scheme, ensuring all findings from our report are incorporated. Target date, for implementation, of the priority 1 agreed actions is 30th September 2022 and priority 2 agreed actions is 31st December 2022.

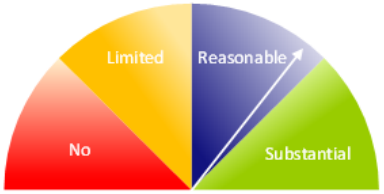
Spend Data
The following table has been included to show the percentage of Procurement Card spend to total Council Spend (as reported on the Council's website under the Transparency Page). Expenditure incurred by the Council, must be published on the Council's website, as per the Government's Transparency Agenda.

Financial Year	Transparency Data	Procurement Card Spend	Percentage (Procurement Card to Total)
2019/20	£34,633,473.00	£45,671.30	0.13%
2020/21	£28,395,115.71	£94,978.72	0.33%
2021/22	£25,984,441.82	£102,728.22	0.39%

Monitoring the Performance of Strategic Commissioned Services – Final Report – August 2022

Audit Objective To establish and review the governance framework processes and structures in place between the Council and Commissioned Service Providers

Assurance Opinion



There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Number of Agreed Actions

Priority	Number
Priority 1	0
Priority 2	2
Priority 3	0
Total	**2**

Risks Reviewed

An inadequate governance structure and culture leads to a lack of direction, poor management and monitoring, inadequate decision making and a lack of transparency, which will impact on the organisations ability to deliver its corporate partnership objectives.

Assessment

Medium

Key Findings

The Corporate Risk Register includes a risk relating to Publica (W-CRR-016) but there are no risks relating to Ubico or the Internal Audit service provided by SWAP. Given the diverse nature of the strategic commissioned service providers reviewed, each facing different issues, we would expect to find a Risk, outlining controls, specific to each provider either in the Corporate or Service Risk Registers.

Where the Member's Section 151 Officer, who has statutory responsibility for the provision of Internal Audit, is no longer serving on the SWAP Board, it was agreed by the SWAP Board that they could continue to receive the 'non-confidential' reports to provide them with necessary assurance such as the Financial Status of the Partnership; this is not happening.
NB. This finding was actioned in August 2022.

Audit Scope

A high-level review focussing on the overarching governance arrangements in place to manage the Council's strategic commissioned services was undertaken.

Three Strategic Commissioned Service providers were reviewed as part of this audit:

- Publica
- Ubico
- SWAP

Discussions were held with the S151 Officer, and contractual agreements, reporting arrangements and risk registers were reviewed.

Summary Conclusion

The Governance over Strategic Commissioned Service providers is essential if the Council Owners are to be assured that they are receiving a quality service that represents value for money. From this review we can offer reasonable assurance that effective measures are in place through regular Officer/Member meetings and reporting through to the appropriate Council Committees. We have found that each of the providers fulfil their obligations outlined in their Agreements and Articles of Association.

The Publica relationship, as reported in the Campbell Tickell report (commissioned in September 2020 to review the effectiveness of Publica's Board) "is complicated by the fact that Publica on occasion acts as both commissioner and contractor, requiring potential conflicts of interest to be managed more carefully in ways which perhaps need to be more transparent". This report made 20 recommendations, all of which have been implemented. The most relevant to this audit being a review of the shareholders reserved matters and the embedding of the Members Representatives Board – relaunched as the Shareholders Forum, for which the Terms of Reference were agreed at its meeting on 29th July 2021. As this Forum embeds this should serve to enhance the relationship between Publica and Shareholders.

Unrestricted

Vulnerability Management – Final Report – August 2022

Audit Objective To provide assurance that the controls in place to identify and mitigate vulnerabilities within the ICT environment are sufficient and working effectively.

Assurance Opinion

There is a generally sound system of governance, risk management and control in place. Scope for improvement was identified which may help the achievement of objectives in the area audited.

Number of Agreed Actions

Priority	Number
Priority 1	0
Priority 2	1
Priority 3	0
Total	**1**

Risks Reviewed

A failure to effectively (i) 'Identify' (ii) 'Remediate' and/or (iii) 'Risk Manage/mitigate' vulnerabilities within the networked estate will increase exposure to successful attack and potentially significant financial, reputational and legal damage.

Assessment

Medium

Key Findings

The disclosure of vendor hardware and software vulnerabilities presenting operational and security risk to organisations is inevitable within complex IT environments. Through discussion with the service area, we determined suitable tooling is deployed coupled with sound processes that identify, assess and enable remediation of vulnerabilities within the infrastructure. We can also take assurance processes are sufficient, by the continued attainment of PSN certification, which has been achieved for 2022-2023.

Occasionally, exploitable critical vulnerabilities requiring urgent assessment and action are disclosed. Recent incidences show that swift actions are taken in response to these.

Minor control improvements have been discussed with Management who will consider their implementation.

Audit Scope

The areas reviewed as part of this audit included;

- The processes to identify, assess and risk manage vulnerabilities
- Management of the existing processes employed that enable the identification, reporting and remediation of vulnerabilities.
- Review and follow up of previous, related audit actions.

Discussions were held with the ICT Audit and Compliance Manager, Infrastructure Manager.

Conclusion

The nature of Vulnerability Management is ever-changing and as such, it is important all ICT personnel continue to monitor risks surrounding emerging vulnerabilities, including the identification and review of any specific exceptions to the processes or technical standards, which may exist or arise. Failure to do so, will potentially leave gaps in controls and increased exposure to compromise.

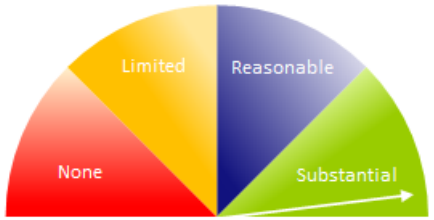
Given the levels of threats and skill of attackers faced today, the amount of, and criticality of vulnerabilities disclosed are likely to increase in the future. Essential and increasing defence activity is in addition to delivering improving levels of service demanded by organisations. Therefore, organisations need to continually improve both their capability, capacity, and resilience to be able to respond in line. It is therefore important that any risks faced in this area are discussed with stakeholders, enabling appropriate decisions to support resourcing requirements.

Unrestricted

Business Grant Post Payment Assurance – Final Report – August 2022

Audit Objective To provide assurance that COVID-19 related business grants were paid to eligible businesses, in accordance with Government guidance and Council Policies

Assurance Opinion



A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Number of Actions

Priority	Number
Priority 1	0
Priority 2	0
Priority 3	0
Total	**0**

Risks Reviewed

If sufficient checks and controls are not in place, ineligible recipients may receive COVID-19 business grants resulting in potential financial, fraud and reputational risk to the Council.

Assessment

Low

Key Findings

In May 2021 post payment assurance (PPA) checks were completed for a sample of business grants paid between March and April 2020, which resulted in a Substantial Assurance Opinion.

We have undertaken a post payment review on further Government grant schemes (November 2020 to April 2021). Work included;

- Verifying grant management system payments match the main financial system.
- Verifying rateable values (where applicable) agree with information held on Council systems.
- Checking relevant PPA reports for accuracy.

We can confirm there were no significant findings. All COVID-19 business grant payments reviewed were paid to eligible businesses and in accordance with Government guidance. The Counter Fraud and Enforcement Unit investigated and resolved any discrepancies identified by the grant assessors

The Counter Fraud and Enforcement Unit continue to undertake post payment checks to identify potential fraudulent claims and grants paid in error. Where these are identified, the team will take recovery action; we have also used this assurance to support our overall opinion.

Audit Scope

We reviewed a sample of cases / applications that were awarded COVID-19 business grants through schemes introduced between November 2020 and April 2021, to ensure payments were made to eligible recipients and in line with Government guidance.

Grants included in the testing were:
LRSG Closed Addendum
LRSG Closed Addendum (Tier 4)
LRSG Closed Addendum (January)
LRSG Closed Addendum (February)
Closed Business Lockdown
LRSG Closed
LRSG Open
ARG Schemes
Restart Grants

Grant Assessors, supported by Head of Service, Counter Fraud and Enforcement Unit and Head of Internal Audit, completed checks and reports for all mandatory cases and a sample of discretionary cases; our checks are in addition to their work.

Further Comment

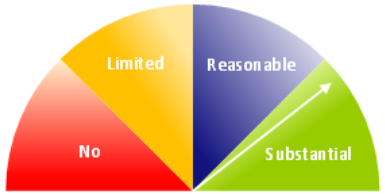
Conditions placed on the grant schemes were actioned by officers as appropriate e.g., regular data submission deadlines and reconciliations.

Unrestricted

Election Expenses (Treatment of VAT) – Final Report – October 2022

Audit Objective To provide assurance that the treatment of VAT on Election Expenses is in accordance with VAT regulations and the Financial Rules.

Assurance Opinion



A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Number of Agreed Actions

Priority	Number
Priority 1	0
Priority 2	0
Priority 3	2
Total	**2**

Risks Reviewed

Risks Reviewed	Assessment
VAT is incorrectly processed resulting in under/over submission of the VAT Return. And an impact on the accuracy of the financial statements.	Low

Key Findings

There is no guidance on the staff portal which officers can refer to, to confirm the correct VAT code to be used. However, finance officers are on hand to offer advice when needed. A formal action has not been agreed on this occasion as this will be covered in the VAT audit.

The Electoral Services Manager is fairly new to post and relies heavily on finance officers to administer and manage the budgets. The risk of incorrect application of VAT and that of a lack of budget management training is mitigated due to this reliance. However, responsibility should be that of the service manager and not the finance staff. Finance training would be of benefit, as would a guidance document which identifies the type of expenditure and its VAT treatment, which could be used to aid less experienced officers when processing payments.

Recovery of expenditure incurred administering the County Council and the Police & Crime Commissioner elections is in accordance with the VAT regulation and the Council's Financial Rules.

Audit Scope

This review has been mainly completed as a desk top review of election expenditure in accordance with VAT legislation ref. VATGPB8680.

Meetings were held with the Electoral Services Manager and Publica Finance Officers to determine processes undertaken.

The areas reviewed were:

- Policy /procedure documentation
- Analysis and testing of election expenses during the period January 2020 – July 2021

Scope limitations: Salary related expenditure was not reviewed.

Summary

In February 2021, the Government issued VAT guidance for election related expenditure. The guidance was subject to interpretation and was clarified in subsequent updates. Our testing found that VAT had been correctly coded. Findings relating to VAT matters identified in this review have been reported to the Publica Finance team, which we will follow up in a forthcoming VAT audit which is planned for this financial year (2022/23). Therefore, we have not included staff awareness or training relating to the application of VAT which was initially include in the scope for this review.

To summarise, both processing and recovery of election expenditure is satisfactory. Actions have been agreed which should help to strengthen the existing control environment.

Unrestricted

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Agreed Actions - West Oxfordshire DC

Data revision date: 26/10/2022

Audit Period	Audit Name	Unique Reference	Issue	Status 1 Sept 2022	Status 26 Oct 2022	Priority	Created Date	Target Implementation Date	End Date	Revised End Date	Closed Date	Comment
OPEN / OUTSTANDING AGREED ACTIONS												
Pre 2021/22 Audits		**2**										
October 2020	Revenues and Benefits (CDC, FoDDC, WODC)	44592	CDC / WODC - Housing Benefit not reconciled during 2020	Ongoing	Ongoing	2	18/11/2020	31/01/2021	01/02/2021	30/11/2022		To be followed up in Annual Audit
October 2020	Revenues and Benefits (CDC, FoDDC, WODC)	44540	CDC and WODC - Officer system access is not revoked when it is no longer required.	Ongoing	Ongoing	3	09/11/2020	31/03/2021	30/06/2021	30/11/2022		To be followed up in Annual Audit
2021/22 Audits		**18**										
October 2021	Revenues and Benefits - Ctax and NNDR (CDC, FoDDC, WODC)	46965	Regular Financial Reconciliations are not completed (CDC and WODC)	Agreed	Agreed	2	08/04/2022	31/07/2022	30/11/2022			To be followed up in Annual Audit
October 2021	Revenues and Benefits - Hsg Benefit and Ctax Support (CDC, FoDDC, WODC)	46965	Regular Financial Reconciliations are not completed (CDC and WODC)	Agreed	Agreed	2	08/04/2022	31/07/2022	30/11/2022			To be followed up in Annual Audit
October 2021	Revenues and Benefits - Hsg Benefit and Ctax Support (CDC, FoDDC, WODC)	46966	Backlogs exist in processing Housing Benefits claims	Agreed	Agreed	3	08/04/2022	31/07/2022	31/08/2022			To be followed up in Annual Audit
October 2021	Revenues and Benefits - Ctax and NNDR (CDC, FoDDC, WODC)	46628	Revenues: Inconsistent practices are operating across the service	Agreed	Agreed	3	09/12/2021	30/11/2022	31/12/2022			To be followed up in Annual Audit
October 2021	Main Accounting and Accounts Receivable (CDC, FoDDC, WODC)	47054	Publica's aged debt is not monitored or reported on.	Agreed	Agreed	2	04/05/2022	30/09/2022	31/07/2022	30/11/2022		To be followed up in Annual Audit
October 2021	Main Accounting and Accounts Receivable (CDC, FoDDC, WODC)	47056	Write off Separation of duties.	Agreed	Agreed	2	04/05/2022	30/09/2022	31/10/2022			To be followed up in Annual Audit
October 2021	Main Accounting and Accounts Receivable (CDC, FoDDC, WODC)	47096	Debt Management, recovery and write off guidance.	Agreed	Agreed	2	17/05/2022	30/09/2022	31/10/2022			To be followed up in Annual Audit
October 2021	Payroll (CDC, FoDDC, WODC)	46799	Outstanding balances accumulating in suspense accounts	Agreed	Agreed	3	25/02/2022	30/09/2022	30/09/2022	31/12/2022		To be followed up in Annual Audit
November 2021	ICT - Control of Accounts with Administrative Privileges	47032	Administrator Rights	Agreed	Agreed	3	11/04/2022	30/11/2022	31/12/2022			
January 2022	Governance of Programmes and Projects	46565	Statutory Officers not consulted on project/programme governance decisions; Framework requires updating	Agreed	Agreed	2	05/01/2022	30/09/2022	31/10/2022			
January 2022	Governance of Programmes and Projects	46807	Inconsistencies with the quality of key milestones.	Agreed	Agreed	2	01/03/2022	30/09/2022	31/10/2022			
September 2021	ICT - Vulnerability Management	47107	Device Security Status Checks	Agreed	Agreed	2	18/05/2022	31/12/2022	31/01/2023			
January 2022	Procurement Cards	47405	Non-Compliance with Council Policy	Agreed	Agreed	1	28/07/2022	30/09/2022	31/10/2022			
January 2022	Procurement Cards	47406	Card Sharing and Unused Cards	Agreed	Agreed	1	28/07/2022	30/09/2022	31/10/2022			
January 2022	Procurement Cards	47407	Recharge of Card Spend	Agreed	Agreed	2	28/07/2022	30/12/2022	31/01/2023			
January 2022	Procurement Cards	47408	Policy Updates	Agreed	Agreed	2	28/07/2022	30/12/2022	31/01/2023			
January 2022	Procurement Cards	47409	Cardholder Agreements	Agreed	Agreed	2	28/07/2022	30/12/2022	31/01/2023			
January 2022	Procurement Cards	47410	Transparency Reports	Agreed	Agreed	2	28/07/2022	30/12/2022	31/01/2023			
2022/23 Audits		**2**										
August 2022	Election Expenses - Treatment of VAT (	47511	BW financial management system training.		Agreed	3	05/09/2022	31/03/2023	30/04/2023		0	
August 2022	Election Expenses - Treatment of VAT (	47595	VAT code check list for invoice processing		Agreed	3	20/09/2022	31/03/2023	30/04/2023		0	

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Audit Period	Audit Name	Unique Reference	Issue	Status 1 Sept 2022	Status 26 Oct 2022	Priority	Created Date	Target Implementation Date	End Date	Revised End Date	Closed Date	Comment
COMPLETED / CLOSED AGREED ACTIONS												
Pre 2021/22 Audits - Agreed Actions Completed		**10**										
July 2019	Cyber Security - Incident Management	44563	Tracking mechanism for ongoing and recurring vulnerabilities.	Closed - Recommendation Complete		3	10/11/2020	31/12/2021	31/01/2022	30/06/2022	11/07/2022	
January 2021	Human Resources (Learning & Development)	45223	There is no Learning Management System in place	Closed due to Time Limits		3	23/03/2021	31/03/2022	30/04/2022		06/07/2022	
January 2021	Human Resources (Learning & Development)	45249	Third parties and/or temporary staff working for or on behalf of the Council are not required to carry out mandatory training modules	Closed due to Time Limits		2	30/03/2021	31/03/2022	30/04/2022		06/07/2022	
January 2021	Human Resources (Learning & Development)	45287	The Publica Learning and Development Guidance and associated forms (Training Brief form and Learning Contract) have not been fully approved by relevant Employee Trade Unions.	Closed due to Time Limits		2	13/04/2021	30/09/2021	31/10/2021	30/11/2021	06/07/2022	
January 2021	Human Resources (Learning & Development)	45266	Course completion data extracted from iHasco is unreliable and incomplete, meaning it cannot be used for reliable reporting and training monitoring	Closed due to Time Limits		3	09/04/2021	31/10/2021	30/11/2021		06/07/2022	
October 2020	ICT Audit Deployment of Anti-Malware Devices	45452	Process to check for anti-malware status and coverage.	Complete		3	17/05/2021	31/10/2021	30/11/2021	30/04/2022	11/07/2022	
July 2019	Cyber Security - Incident Management	44560	The Incident Management Policy, along with the Information Security Framework of policies, were last updated in 2017.	Outstanding	Complete	2	10/11/2020	30/04/2021	31/05/2021	30/09/2022	13/10/2022	
July 2019	Cyber Security - Incident Management	44561	Incident Response plans are not fully documented.	Agreed	Complete	3	10/11/2020	31/12/2021	31/01/2022	30/09/2022	15/09/2022	
July 2019	Cyber Security - Incident Management	44562	Incident Management and investigation procedures are not documented.	Agreed	Complete	2	10/11/2020	31/12/2021	31/01/2022	30/09/2022	15/09/2022	
January 2021	Risk Management (CDC, FoDDC, WODC, Pub)	45973	Universal Risk Register Templates are to be issued, with consideration of dedicated Risk Management Tooling.	Outstanding	Closed - Recommendation Complete	2	09/09/2021	31/10/2021	30/11/2021	31/12/2022	23/09/2022	
2021/22 Audits - Agreed Action Completed		**11**										
July 2020	Systems Administration	45115	Privileged user accounts activity	Closed - Recommendation Complete		2	04/03/2021	31/01/2022	31/01/2022	30/06/2022	17/05/2022	
July 2020	Systems Administration	45236	A lack of control surrounds the Business World SYSTEM account.	Complete		2	25/03/2021	31/01/2022	31/01/2022	30/06/2022	12/04/2022	
January 2021	ICT Audit Data Recovery Capabilities	45747	A Data Recovery Test Schedule was not available.	Complete		3	22/07/2021	31/12/2021	31/01/2022		08/06/2022	
June 2021	H&S - Fire Risk Assessments	45890	Fire Risk Assessments Work Schedule is not current and incomplete	Complete		2	18/08/2021	31/12/2021	31/01/2022	31/03/2022	04/05/2022	
September 2021	Emergency Planning (CDC, FoDDC, WODC)	46080	Gold Commanders have not undertaken training in the last 3 years.	Complete		2	04/10/2021	31/12/2021	31/01/2022		04/05/2022	
July 2021	Procurement - Contract Management and Monitoring	46220	Contract could not be located - WODC	Complete		3	02/11/2021	31/03/2022	30/04/2022		04/04/2022	
July 2021	Procurement - Contract Management and Monitoring	46222	Contractor's BCP arrangements are not reviewed	Complete		3	02/11/2021	31/03/2022	30/04/2022		04/04/2022	
September 2021	Emergency Planning (CDC, FoDDC, WODC)	46119	No guidance for the use of Emergency Response WhatsApp groups.	Complete		2	13/10/2021	31/12/2021	31/01/2022	30/06/2022	26/07/2022	
September 2021	Emergency Planning (CDC, FoDDC, WODC)	46168	Statutory roles and responsibilities are not clearly defined	Ongoing	Closed - Recommendation Complete	2	26/10/2021	31/12/2021	31/01/2022	31/12/2022	17/10/2022	
November 2021	ICT - Control of Accounts with Administrative Privileges	46851	Privelege Account Access	Agreed	Complete	3	03/03/2022	30/11/2022	31/12/2022		13/10/2022	
November 2021	ICT - Control of Accounts with Administrative Privileges	47089	Last (current) Logged on user	Agreed	Complete (Client Self Assessment)	3	13/05/2022	30/11/2022	31/12/2022		13/10/2022	

Unrestricted

WEST OXFORDSHIRE DISTRICT COUNCIL	**WEST OXFORDSHIRE DISTRICT COUNCIL**
Name and date of Committee	**AUDIT AND GOVERNANCE COMMITTEE** **23 November 2022**
Report Number	**Agenda Item No. 10**
Subject	**STRATEGIC RISK REGISTER UPDATE**
Wards affected	All
Accountable member	Councillor Andy Graham, Leader of the Council Email: andy.graham@westoxon.gov.uk
Accountable officer	Giles Hughes, Chief Executive Tel: 01993 861658 Email: giles.hughes@westoxon.gov.uk
Summary/Purpose	This report brings to members the current version of the Council's Strategic Risk Register for information.
Annexes	Annex A – Strategic Risk Register
Recommendation	That the Strategic Risk Register be noted.
Corporate priorities (currently subject to consultation and review)	The Strategic Risk Register is designed to provide assurance to the Committee that strategic risks to the Council are being managed and appropriate actions are being taken to mitigate risk in support of all the Council's priorities.
Key Decision	No
Exempt	No
Consultees/ Consultation	The Strategic Risk Register has been shared with statutory officers and senior managers.

1. BACKGROUND

1.1 The register of strategic risks is presented to meetings of the Audit and Governance Committee at least four times a year.

2. RISK REGISTER

2.1 The Strategic risk register is set out in Annex A. The main changes to the register since it last came before the Committee in June 2022 are:

2.1.1 **WO-013 Legislative changes**: This risk has been closed. It was felt to be too general and any strategic risks would be better linked to specific new legislation whenever that may come forward.

2.1.2 **WO-039 Local Plan housing requirement**: The likelihood of this risk has increased. Officers are working to update the Council's five year housing land supply to mitigate this risk.

2.1.3 **WO-036 Procurement**: This risk has decreased in likelihood as the new Procurement and Contract Management Strategy has been approved by this Committee and will go forward to the Cabinet for final approval in the new year.

2.1.4 **WO-041 Leisure Services** (reduced users post-pandemic): The likelihood of this risk has increased as rising utilities costs affect financial performance.

2.1.5 **WO-042 Pay award**: This risk has increased in both impact and likelihood as the annual pay award for 2022-23 has now been agreed by the Trade Unions and is being paid to staff this month. The cost of the settlement – a flat rate of £1,925 for all pay scales – is above the originally budgeted 2.3% of the pay bill.

3. FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications arising from this report.

4. LEGAL IMPLICATIONS

4.1 None.

5. RISK ASSESSMENT

5.1 None.

6. EQUALITIES IMPACT

6.1 None.

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

7.1 None.

8. BACKGROUND PAPERS

8.1 The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Previous version of West Oxfordshire District Council Strategic Risk Register presented to the Audit and Governance Committee on 30 June 2022.

8.2 These documents will be available for inspection at the Council Offices at Woodgreen, Witney during normal office hours for a period of up to 4 years from the date of the meeting.

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Annex A

West Oxfordshire District Council - Strategic Risk Register

MODERN COUNCIL SERVICES AND SUSTAINABLE FINANCE															
Risk ID	Description of Risk/Opportunity	Initial Risk Assessment			Existing Control, Mitigation or Contingency	Previous Residual Risk Score			Residual Risk Assessment			Overall Change	Direction of Travel	Risk Response & Further Action	NOTES
		impact	likelihood	score		impact	likelihood	score	impact	likelihood	score				
WO-037	Government funding is being reduced so in order to operate within a reducing budget envelope, costs must be cut and income increased in order to maintain the current level of services. Risk Logged: January 2022 Risk Owner: S.151 Officer Responsible Officer: S.151 Officer	5	3	15	Investment strategy to increase revenues, ESIP project to reduce the cost of the Waste service, Check and challenge on budget growth requests, Finance monitoring and reporting	5	3	15	5	3	15	0		Difficulty in securing investments that meet PWLB requirements but still generate sufficient levels of additional income. Close project monitoring of the ESIP project required to ensure that sufficient change is delivered in time for the 23/24 budget	Elizabeth Griffiths
WO-040	Waste and Recycling: A general shortage of qualified HGV drivers along with uncertainty over future Covid variants could result in the Waste Contractor being unable to meet its obligations for waste and recycling collections. Risk logged: January 2022 Risk Owner: S.151 Officer Responsible Officer: Publica Group Manager for Property and Regeneration	5	4	20	• Regular meetings with Contractors to identify any major issues that may affect service delivery, agree contingency measures and feedback to the Council • Agreement was reached to compensate the Council for wheeled bin failures • Although Covid rates have fallen following the vaccination programme, Covid prevention measures are still in place, including crew 'bubbles', social distancing in the depots and effective cleansing of cabs	4	1	4	4	1	4	0		. 17.03.22 Ubico are continuing to be able to recruit enough drivers to be able to deliver all of the services, so whilst this risk hasn't disappeared within the transport industry, it does at least appear to have reduced. 08.09.22 services being sustained with current resources and Covid nor the drivers shortage is currently posing a significant issue. 03.11.22 No change.	Scott Williams, Also CDC register as CRR 034
WO-016	Having reduced budgets in line with the original business case there is a risk that Publica does not deliver services in line with the agreed delivery targets. This could result requests for additional budget growth or reduce the flexibility to meet new and amended service requests or lead to budget overspends. Risk logged: April 2022 Risk Owner: Chief Executive Responsible Officer: Publica Group Finance Director	3	4	12	• Local Political Support / Shareholder Forum • National Political Support • Scrutiny and Performance Reviews	3	3	9	3	3	9	0		7 Nov 2022 - Publica has put forward a range of additional investment options to the Councils via the shareholder forum which offer the opportunity for additional savings but also investment in some areas where there are additional service pressures.. These will be considered as part of the budget process.	Frank Wilson Also CDC as CDC027

WO-028	In light of an extremely tight labour market and increasing inflationary pressures if Publica or the Council is unable to recruit suitable staff and retain them, particularly in some key service areas then the level of service delivery could be reduced which would impact on residents/communities. Risk logged: April 2022 Risk Owner: Chief Executive Responsible Officer: Publica Executive Director	3	3	9	• Financial incentives (market force supplement scheme) • Work with partners to address skill shortages - Review pay and benefits package. - Career grade structures introduced into Planning and Project Management roles	3	3	9	3	3	9	0		November 2022 - No change in rating. Quarterly performance reports enable any necessary mitigation to maintain service delivery levels to be discussed. A recruitment improvement plan is underway to help ensure the service meets users' needs and is both flexible and modern going forward. Career-graded posts have been introduced into Development Management and Project Management, to assist with retention and development of staff. A new training offer has been promoted to staff as another retention measure with over 40 employees now undertaking professional development training. Staff turnover is currently slightly below the pre-pandemic level.		Sue Pangbourne Also on CDC as CRR-003
WO-008	Cyber Security: If the Council's IT System / infrastructure failed due to cyber-attacks and/or virus then system performance could be reduced leading to poor service delivery/financial impact. Risk logged: May 2013 Risk Owner: S.151 Officer Responsible Officer: Publica Group Manager for Business Services	5	4	20	• Blocking of USB and other devices • PSN compliance • Revised policies • Staff awareness training • BCP in place, reviewed and tested • Enhanced encryption software and other specialist cyber tools • Investment in cyber training for the ICT Team • All partner Councils achieved PSN accreditation in Oct 2021 • Ongoing network Internal & External Penetration checks • Regular review of User Privileges	4	3	12	4	3	12	0		November 2022 - Level of risk remains at amber as work continues on our approach to cyber security. The additional funding received from the Councils and the formation of a new team, has enabled us to procure and configure new more advanced and complex security systems. Although protection measures are already well established and are being enhanced, these are continually reviewed and updated to ensure they remain effective against new risks Progress on the Cyber Security updates and Action Plan is being reported to the Council and Publica on a regular basis. The Council's Cyber Insurance was successfully renewed on 1st November 2022. Security systems have been updated to monitor and specifically block attacks related to identified vulnerability All emails received from at risk location are quarantined and inspected by ICT staff before being released. We have also extended our Geo-blocking to countries directly involved in the Ukrainian conflict. Security patches are applied to key system as soon as they are available The Council's PSN (Public Services Network) certificates were issued in February 2022. This year's renewal process has begun with third party cyber security experts scheduled to begin conducting both external and internal testing in December 2022.		Phil Martin Also on CDC Register and Publica Register as P2

WO-009	Data Security: If there is a loss of data (both on site and as a result of remote/mobile working) / security failure in our IT systems then it could lead to a reduced level of service and have a negative impact on the Council's reputation and finances.. Risk logged: May 2013 Risk Owner: S.151 Officer Responsible Officer: Publica Group Manager for Business Services	4	4	16	• Blocking of USB and other devices • PSN compliance • Revised policies • Staff awareness training • BCP in place, reviewed and tested • Enhanced encryption software and other specialist cyber tools • Investment in cyber training for the ICT Team • All Councils have PSN accreditation, which compliments the Cyber Essential Plus.	3	3	9	3	3	9	0		November 2022 - Level of risk remains static whilst work continues in this area. Although protection measures are already well established, these are reviewed and updated to ensure they remain effective against new risks. Additional online training to reinforce the need for staff to be aware of their responsibilities with regards to data security, passwords and GDPR is being rolled out and will be incorporated into the relaunch of ihasco in November Staff Security Awareness Training including Phishing Training and simulation to educates employees on how to spot and report suspected phishing attempts is being prepared for roll out to staff All emails received from at risk location are quarantined and inspected by ICT staff before being released. Immutable Storage, Network segmentation, Backup & DR processes in place (these are scheduled to be reviewed).		Phil Martin Also on CDC Register and Publica Register as P29
WO-006	The move to permanent agile working arrangements presents a risk that the well being of staff is not properly monitored and reviewed. Risk logged: April 2022 Risk Owner: Chief Executive Responsible Officer: Publica Executive Director	4	5	20	• Regular reviews of change process • Impact of change measured via Staff forum and staff sickness • Comprehensive consultation and engagement process • Change management training • Joint Liaison Forum	3	2	6	3	2	6	0		November 2022 - No change in rating. Investors in People accreditation was achieved by Publica in July 2022 which highlights the improvements made towards supporting staff in the move towards new ways of working in an agile environment. Office moves now being planned out in detail and straightforward moves are being actioned.		Frank Wilson/Sue Pangbourne Also CDC Register CDC 009
WO-036	Without clear and robust procurement procedures, Publica and Partner Councils will not benefit from the most economically advantageous procurement opportunities and may fail to comply with the law governing Public Procurement Rules. Risk logged: January 2021 Risk Owner: Chief Executive Responsible Officer: Group Manager Business Services	4	3	12	• Procurement rules approved Council. • Publica Procurement Team able to provide procurement advice and assistance on major procurements.	3	2	6	3	1	3	-3		3/11/22 - Procurement and Contract Management approved by WODC Audit and Governance Committee. Scheduled to be taken to Cabinet in the New Year. Commissioning and Procurement Board meet monthly to ensure effective commissioning is embedded in the Procurement process. Robust procurement procedures in place.		Ciaran O'Kane Also on CDC as CDC 032 Update for next few months to reflect improvements. Remove when LMT are happy?
WO-042	Pay award - there is a risk that the continued pay award negotiations may result in an solution which is outside of the medium term financial strategy or industrial actions by staff Risk logged: June 2022 Risk Owner: Chief Executive Responsible Officer: Publica Executive Director for Finance	4	3	12	• Negotiations have concluded.	4	5	20	4	5	20	0		November 2022 - the Councils budget includes an allowance for 2.5% pay growth. A settlement has been agreed between the employers and the unions that is a flat cash £1,925 per annum across all employees. This will cost in the order of 6% of the overall paybill and as such is significantly outside the current budget.		Frank Wilson

HEALTHY TOWNS AND VILLAGES

Risk ID	Description of Risk/Opportunity	Initial Risk Assessment	Existing Control, Mitigation or Contingency	Previous Residual Risk Score	Residual Risk Assessment	Overall Change	Direction of Travel	Risk Response & Further Action

		Initial Risk Assessment				Previous Residual Risk Score			Residual Risk Assessment						
		impact	likelihood	score		impact	likelihood	score	impact	likelihood	score				
W0-041	Leisure Services: It is unclear if numbers of users for Council's Leisure Centres will return to pre-covid lockdown levels. With reduced numbers and a fall in income, the 'Leisure' contractor may struggle to meet their obligations leading to a fall in service standards and reduced customer service.. Risk logged: January 2022 Risk Owner: S.151 Officer Responsible Officer: Publica Group Manager for Commercial Development	5	4	20	Regular meetings with the Leisure Provider will identify any major issues that may affect service delivery, agree contingency measures and feedback to the Council The impact of Covid 19 on our leisure provider has been very significant and fully reported elsewhere within the Council The Council has been partially recompensed by the government for the loss of income during lockdown but there is still an ongoing financial risk to the council	4	2	8	4	4	16	8		17.03.22 Usage numbers are continuing to improve as consumer confidence builds within the industry and the provider is seeing a welcome boost in income. 08.09.22 Usage continues to recover particularly in swimming and swim school thanks to the prolonged hot weather however, the utilities costs are now posing a significant risk for the operator and so we are waiting to see how the package of measure due to be released by the new Government will help mitigate. 03.11.22 GLL have approached the Council with regard to financial support - discussions ongoing.	Scott Williams

A VIBRANT DISTRICT ECONOMY

Risk ID	Description of Risk/Opportunity	Initial Risk Assessment			Existing Control, Mitigation or Contingency	Previous Residual Risk Score			Residual Risk Assessment			Overall Change	Direction of Travel	Risk Response & Further Action	
		impact	likelihood	score		impact	likelihood	score	impact	likelihood	score				
WO-038	Failure to effectively integrate proposed improvements to the A40 corridor being taken forward through Oxfordshire County Council's HIF funded Smart Corridor project with the timing of planned development including Salt Cross Garden Village. Risk logged: January 2022 Risk Owner: Chief Executive Responsible Officer: Publica Group Manager for Communities	4	4	16	WODC to continue to work closely with Oxfordshire County Council as highway authority in relation to the timing of delivery of the A40 Smart Corridor improvements. In parallel, WODC to continue working closely with developers and landowners in respect of the phasing of development and the timing of provision of supporting infrastructure including transport so as to ensure effective integration as far as possible. Additional work on phasing prepare as part of Area Action Plan (AAP) examination. Further recent discussions with OCC in relation to potential forward funding mechanisms. Construction of park and ride site (part of the overall project) now underway but the inter-relationship with the garden village and west Eynsham is less direct.	3	4	12	3	4	12	0		November 2022: Oxfordshire County Council is currently progressing significant improvements to the A40 through its HIF Smart Corridor project which is now the subject of a planning application. As the scheme is funded through HIF, there are a number of milestones which will need to be met which creates a potential mismatch between the timing of these improvements and related improvements which are needed to support the delivery of some of the local plan strategic sites. An example of this is the provision of a new 'western development roundabout' which will provide the main point of access into Salt Cross Garden Village. Whilst the western roundabout is included in the current A40 planning application, there is currently no funding available for delivery as it falls outside the scope of the HIF funding. As such, whilst the roundabout is expected to ultimately be developer funded, there is no current funding available. Because of the timing of the proposed A40 improvements being taken forward through the HIF funding, there is a risk of the roundabout having to be retrospectively put into place after the substantive works to the A40 having been completed thus increasing cost and disruption. The same principle applies to the proposed underpass between Old Witney Road and Cuckoo Lane.	Chris Hargraves

MEETING THE HOUSING NEEDS OF OUR CHANGING POPULATION

Risk ID	Description of Risk/Opportunity	Initial Risk Assessment			Existing Control, Mitigation or Contingency	Previous Residual Risk Score			Residual Risk Assessment			Overall Change	Direction of Travel	Risk Response & Further Action	
		impact	likelihood	score		impact	likelihood	score	impact	likelihood	score				

Notes from Frank

WO-039	If the overall Local Plan housing requirement to 2031 is not met, this may increase the risk of speculative development on non-allocated (windfall) sites in less suitable locations. Risk logged: January 2022 Risk Owner: Chief Executive Responsible Officer: Publica Group Manager for Communities	3	3	9	Progression of Garden Village AAP to adoption which will enable determination of the current outline planning application for that site. Consultation on proposed Main Modifications closing on 4 November with a view to adoption in early 2023. Officers are also working with other strategic site landowners and developers to put in place agreed masterplans which will enable other current or future applications to be determined. A Masterplan for the West Eynsham SDA was approved by Cabinet on 16 March 2022. Elsewhere, potentially suitable sites will be considered through a forthcoming update of the Council's Strategic Housing Land Availability Assessment (SHLAA) as well as through pre-application discussions on sites which are considered to have realistic development potential.	3	3	9	3	5	15	6		November 2022: There are two main considerations for housing land supply - the overall Local Plan requirement of 15,950 homes from 2011 - 2031 and the required, rolling supply of deliverable sites over the next 5-year period (currently 2021 - 2026). Because the adopted Local Plan is based on a 'stepped' housing requirement which increases in the second half of the plan period, it is becoming increasingly difficult for the District Council to be able to demonstrate an adequate 5-year supply. This is being compounded by the long-lead in times associated with delivery of the strategic sites which will provide 6,250 homes (40% of the overall requirement). In a recent appeal decision on land east of Barns Lane Burford, whilst dismissing the appeal, the Inspector concluded that that the District Council is unable to currently demonstrate a 5-year supply of deliverable housing land. The impact of this is that the 'tilted balance' of the NPPF is engaged whereby there is a presumption in favour of development unless there would be significant harm. To address this, Officers are in the process of updating the Council's 5-year housing land supply position statement to cover the period 2022 - 2027. In preparing the update, evidence of delivery is being sought from site developers to ensure that the Council's assumptions are reasonable and robust. Other opportunities to increase delivery are also being explored (e.g. increasing capacity on existing sites where the principle of development has already been established). Whilst the updated housing position statement is still being finalised, the early indications are that the Council will not be able to demonstrate a 5-year supply.	Chris Hargraves

STRONG LOCAL COMMUNITIES

Risk ID	Description of Risk/Opportunity	Initial Risk Assessment			Existing Control, Mitigation or Contingency	Previous Residual Risk Score			Residual Risk Assessment			Overall Change	Direction of Travel	Risk Response & Further Action	
		impact	likelihood	score		impact	likelihood	score	impact	likelihood	score				
WO-035	District Councils are required to provide rest centres for the Public during a Civil Emergency. If staff are unwilling to come forward and volunteer with the running of a rest centre, there is a risk that the Council will be unable to fulfil its duty in providing a safe rest centre. Risk logged: January 2021 Risk Owner: Chief Executive Responsible Officer: Publica Group Manager for Organisational Effectiveness	3	3	9	• Role of Oxford County Council and the use of hotels as an alternative to rest centres. • Small team of volunteers established (although some have left Publica in recent months). • Training and support provided by the County Civil Protection Team. • New staff have emergency planning incorporated in Job Roles.	2	2	4	2	2	4	0		November 2022 - work is ongoing in this area. A new emergency planning framework is being launched together with a campaign to recruit additional volunteers. Rest centre training was provided to existing volunteers in October.	Zoe Campbell Also on CDC as CDC 031

Key to Officers

Risk Owner
S.151 Officer: Elizabeth Griffiths
Monitoring Officer: Susan Sale
Chief Executive: Giles Hughes

Responsible Officer
Publica Group Finance Director: Frank Wilson
Publica Executive Director: Sue Pangbourne
Publica Group Manager for Business Services: Phil Martin
Publica Group Manager for Property and Regeneration: Claire Locke
Publica Group Manager for Communities: Andy Barge
Publica Group Manager for Commercial Development: Bill Oddy
Publica Group Manager for Organisational Effectiveness: Zoe Campbell
Publica Group Manager for Residents' Services: Jon Dearing

Head of Legal Services: Susan Gargett
Publica Business Manager for Data and Growth: Stuart Rawlinson
Publica Data Protection Officer: Tony Oladejo
Publica Business Manager for Development Management: Phil Shaw

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.
This draft has been created from the template dated DD MMM YYYY

Grant Thornton

Progress Report and Indicative Audit Risks

Year ending 31 March 2022

West Oxfordshire District Council

30 June 2022

Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This document provides an overview of the indicative planned scope and timing of the 2021/22 statutory audit of West Oxfordshire District Council ('the Council') for those charged with governance. It sets out the risks that we anticipate will drive the focus of our audit based on our knowledge of the Council from the prior year and discussions with management. It is important to note that our risk assessment is an iterative process and we will revisit our assessment on an ongoing basis bringing any new risks to your attention if and when they arise.

We will provide our formal Audit Plan for consideration subsequent to the completion of our 2020/21 VFM work to be reported in our 2020/21 Auditors Annual Report and our 2021/22 planning visit which commences week beginning 4 July 2022.

Respective responsibilities

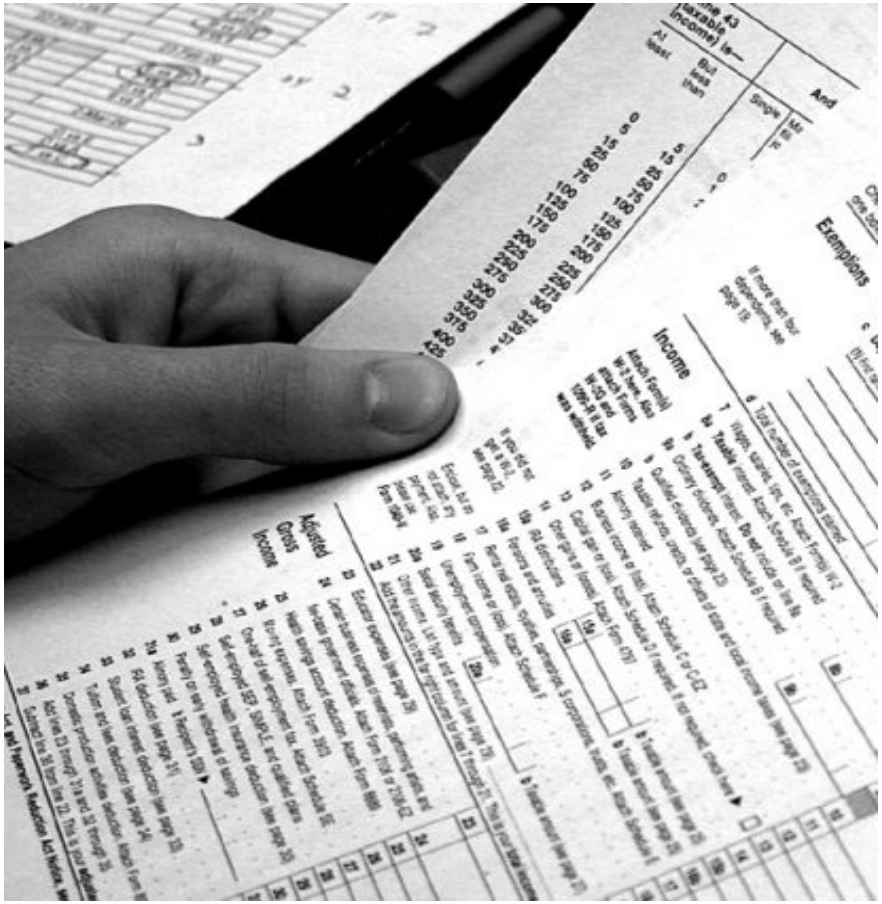
The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed engagement letter and addendum to the contract. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and General Purposes Committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit and General Purposes Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.



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Financial Statements Audit 2021/22

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We have not yet determined the materiality for the year ended 31 March 2022, but anticipate it being based on the Council's gross revenue expenditure for the year

Informing the audit risk assessment

To inform our planning we include later in this report, on pages 7 to 45, responses from management to a series of questions posed across the themes of fraud, laws and regulations, going concern, related parties and accounting estimates.

Significant risks

Although we have started our planning work we are not at a stage where we can formally confirm the significant risks that we will be auditing. However, the sections below indicate likely areas that we expect our work to focus on.

Presumed significant risks

ISA (UK) 240 includes two presumed risks as follows:

- Revenue recognition may be misstated due to the improper recognition of revenue. This is a rebuttable risk if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. We will consider the risk factors set out in ISA240 and the nature of the revenue streams at the Council to determine whether there is a risk of fraud from revenue recognition. We are cognisant that the funding for the Council this year continues to be different than in prior years as a result of Covid 19 and we will be documenting the business processes of these streams as part of our planning procedures to help inform our consideration of the revenue recognition risk.
- The risk of management over-ride of controls is present in all entities. The need to achieve a particular financial outturn could potentially place management under undue pressure in terms of how they report performance.

Valuation of land and buildings – The Council is required to revalue its land and buildings on a sufficiently frequent basis to ensure that the carrying value in the financial statements it not materially different from the current value at the financial statements date. To achieve this, the Council requests valuations from its valuation experts. This valuation represents a significant estimate by management in the financial statements due to the value involved and the sensitivity of this estimates to changes in key assumptions. It is expected that the valuation of land and buildings will continue to be identified as a significant risk.

Valuation of investment properties – The Council revalues it investment properties annually. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. As for the valuation of land and buildings, the Council requests valuations from its valuation experts for its investment property portfolio. It is expected that the valuation of investment properties will continue to be identified as a significant risk.

Valuation of the pension fund net liability – The Council's pension fund net liability, as reflected in its balance sheet represents a significant estimate in the financial statements. The pension fund net liability is significant due to it's size and also the sensitivity of the estimate to the changes in key assumptions. Management use the services of an actuary to determine the valuation of this estimate. It is expected that the valuation of the pension fund net liability will continue to be identified as a significant risk.

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Financial Statements Audit 2021/22

Other expected areas of focus

- In line with the Public Audit Forum Practice Note 10 in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition. We do not anticipate there being a significant risk in this regard, but will consider as part of our planning processes and again on receipt of the draft financial statements whether there is an increased level of risk associated with these transactions which would require additional audit effort to be made.
- We have previously provided information to the Committee on the new accounting standard on Estimates. This raises the bar in terms of what both we and management are required to do. Therefore while in the past, we have focussed on the valuation of land and buildings on the grounds that it is a large and complex estimate in the accounts, this will continue to occur to an even greater extent in 2021/22. This will also apply to any other material estimates made by management.

Informing the Audit Risk Assessment

- As part of our planning for 2021/22 we are required under auditing standards to enquire of management as to their assessment of processes and oversight in respect of Fraud, Laws and Regulations, Related Parties, Going Concern, and Accounting Estimates. Page 7 onwards sets out management's response for 2021/22 to each of these areas for consideration by committee. These responses will be used to inform our approach to discharging our opinion audit responsibilities.

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Value for Money 2021/22

Approach to Value for Money (VFM) work for 2021/22

The National Audit Office(NAO) issued updated guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources . When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:

Due to resourcing issues our VFM work for 2020/21 has been delayed. Once complete we will use the reports findings, to inform our VFM planning work for 2021/22. As part of this planning work, we will consider whether there are any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we need to perform further procedures on.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

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Informing the audit risk assessment

Purpose

The purpose of this report is to contribute towards the effective two-way communication between West Oxfordshire District Council's external auditors and West Oxfordshire District Council's Audit and General Purposes Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit and General Purposes Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit and General Purposes Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit and General Purposes Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit and General Purposes Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit and General Purposes Committee and supports the Audit and General Purposes Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Authority's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

This report includes a series of questions on each of these areas and the response we have received from West Oxfordshire District Council's management. The Audit and General Purposes Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

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General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2021/22?	The continuing impact of Covid with the resulting pressure on the Council's income in relation to the Leisure Contract, Investment Properties, Car Parking and Land Charges.
2. Have you considered the appropriateness of the accounting policies adopted by West Oxfordshire DC? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	Accounting policies are reviewed and updated on an annual basis as part of closedown process to ensure that any new policies are incorporated and that existing policies are correct. There have been no events or transactions that have caused us to change or adopt new accounting policies in 2021/22
3. Is there any use of financial instruments, including derivatives? If so, please explain	The Council's financial instruments include: investments, cash equivalents, debtors, designated equity investment, finance lease assets and liabilities. Financial instruments are accounted for as per the requirements of IFRS 9. Financial instruments are per approved Investment Strategy developed with Arlingclose. Strategic investment reviews take place during the year with senior officers including consequent report and consultation with the Audit and Governance Committee. The Council's financial instruments do not include any derivative arrangements.
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	There are no significant transactions outside the course of business

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General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	There are no changes in circumstances leading to impairment of non current assets
6. Are you aware of any guarantee contracts? If so, please provide further details	The contract with Publica, guarantees the company against future LGPS pension liabilities. Costs are passed through from Publica to the Council. West Oxfordshire District along with 7 other partners in Gloucestershire are shareholders in Ubico Limited, a Teckal company designated to deliver environmental services. Ubico delivers environmental services on behalf of the Councils at a price which reflects the actual cost of service provision. These costs are passed directly back to the Council through the annual contract charge.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	There are no loss contingencies and/or un-asserted claims affecting the financial statements
8. Other than in house solicitors, can you provide details of those solicitors utilised by West Oxfordshire DC during the year. Please indicate where they are working on open litigation or contingencies from prior years?	The Council uses external legal advice for specialist areas of law that are not represented in-house. During 2021/22 we used No5 Chambers, Weightmans LLP, Trowers & Hamlin, Mischon de Reya, Martin Evans and John Welsh & Stammers. The work done related to contracts & VAT.

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General Enquiries of Management

Question	Management response
9. Have any of the West Oxfordshire DC's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	None
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	ArlingClose for Treasury Management services
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Consideration has been given to the loans made to Cottsway Housing Association & Southill Solar. Both loans are deemed to be at low risk of default, the borrowers have a strong capacity to meet the contractual cash flow obligations in the near term, adverse changes in economic and business conditions in the longer term will not necessarily reduce the ability of the borrower to fulfil the obligations and there are tangible assets to secure the loan.

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Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit and Governance Committee and management. Management, with the oversight of the Audit and Governance Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit and Governance Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As West Oxfordshire DC's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit and Governance Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit and Governance Committee oversees the above processes. We are also required to make inquiries of both management and the Audit and Governance Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from West Oxfordshire DC's management.

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Fraud risk assessment

Question	Management response
1. Has West Oxfordshire DC assessed the risk of material misstatement in the financial statements due to fraud?	The Council has a robust financial control framework, supported by Financial Rules, Standing Orders, Scheme of Delegation and an independent and objective Internal Audit function and Counter Fraud and Enforcement Unit (CFEU). Responsibility for ensuring that fraud and corruption risks are addressed sits with the Deputy Chief Executive in their role as Chief Finance Officer. Internal processes require managers to identify and mitigate all risks within projects and services with escalation to the Corporate Risk Register where appropriate, which is monitored regularly by the Council's Leadership Team and Audit and General Purposes (now Audit and Governance) Committee. The year end risk registers contain information to identify possible contingent assets/liabilities and/or requirements to include provisions. The Audit and General Purposes (now Audit and Governance) Committee approved the risk based annual audit plan which includes a risk based audit of the core financial systems that are used in the compilation of the financial statements. These core systems are audited annually, any risks that are identified that may result in the financial statements being materially mis-stated due to fraud will be reported to the Council's Management Team and the Audit and General Purposes (now Audit and Governance) Committee as part of the quarterly reporting cycle. The Audit and General Purposes (now Audit and Governance) Committee also approves the work plan of the CFEU which are developed with Internal Audit and Senior Management based on current fraud trends and risk areas. The finance team compromises skilled, qualified accounting officers responsible for regular monitoring of management accounts to report actual income and expenditure against budgeted and forecast performance. This process includes discussions with service leads and review of variances to identify any instances of fraud and error. The annual budget is risk assessed and reported, and then monitored as part of the revenue and capital budget monitoring process. All reports to Cabinet include a section on financial implication and risk assessment to ensure that Members are aware of the financial risks of making a decision.

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Fraud risk assessment

Question	Management response
How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process? How do the Authority's risk management processes link to financial reporting?	The CFEU is a permanent shared support service reporting directly to the Deputy Chief Executive. The Counter Fraud and Anti-Corruption Policy, the Corporate Enforcement Policy, the Whistleblowing Policy, and the Internal Audit Charter are formally agreed by the Council (at a meeting of the appropriate Committee/Executive). These documents set out the role of Internal Audit in the prevention and investigation of fraud. The work of the CFEU is reported to the Audit and General Purposes (now Audit and Governance) Committee on a biannual basis. The overall remit is to prevent, detect and deter the abuse of public funds within the Council by working closely with other public sector organisations. The team can undertake reactive investigation work where a referral is received and where necessary, proactive fraud drives in high risk areas. Internal investigations have taken place by the CFEU and appropriate action has been taken and reported where appropriate. Where an investigation takes place due to the suspicion of fraud, any areas of risk or poor control that are identified will also be reported to the appropriate manager with remedial recommendations. Internal Audit will include a follow up audit in the Audit Plan to ensure the recommendations have been implemented. The Council also employs a number of Enforcement Officers within the various service areas who undertake work to tackle abuse of public funds. The risk registers are used to identify cost or resource pressures or income streams and any significant risks.

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Fraud risk assessment

Question	Management response
2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	Assets – rental properties. Revenue – streams such as Council Tax, Business Rates and any rental income. Grants / Benefits – Business Grants, Council Tax Reduction Scheme (and Housing Benefit), Track and Trace Support Payments. Expenditure – procurement and contract management. The procurement policy has recently been updated and the procurement threshold raised to £25,000 above which a full competitive procurement shall be undertaken using an Invitation to Tender.
3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within West Oxfordshire DC as a whole, or within specific departments since 1 April 2021? If so, please provide details	Any instances of actual, suspected or alleged fraud, error or other irregularities that are identified are reported to Corporate Management and the Audit and General Purposes (now Audit and Governance) Committee (see CFEU reports for full details). Benefit fraud investigation is the responsibility of the DWP. Abuse of the Council Tax Reduction Scheme is supported by the Revenues and Benefit staff. The CFEU investigate all allegations of wrongdoing in relation to the abuse of public funds. These matters are managed in line with Council's policies, including disciplinary policy, and will be reported to the police where appropriate.

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Fraud risk assessment

Question	Management response
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	In some instances recommendations have been made in respect of control procedures and reports are issued to the appropriate Service Leads and Governance Group. The Audit and General Purposes (now Audit and Governance) Committee approves the risk based Annual Audit Plan which includes a risk based system audit of core financial systems and resources for auditing non financial systems on a risk basis. The CFEU has a similar annual plan for its work which includes an allocation of resources to investigate any alleged fraud. Performance against the Internal Audit Plan and Counter Fraud Plan and any specific issues identified are reported quarterly/half yearly to the Audit and General Purposes (now Audit and Governance) Committee.

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Fraud risk assessment

Question	Management response
5. Have you identified any specific fraud risks? If so, please provide details Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within West Oxfordshire DC where fraud is more likely to occur?	The main areas of abuse relate to fraud associated with benefits to include the Councils Council Tax Reduction Scheme although reviews and verification processes within the department keep this to a minimum. In addition abuse relating to Council Tax and Business Rates avoidance / evasion affects a main revenue stream and due to the pandemic, abuse of Business Grants is a significant fraud risk area. The CFEU team has a similar annual plan for its work which includes an allocation of resources to investigate any alleged fraud. Performance against the Internal Audit Plan and Counter Fraud Plan and any specific issues identified are reported quarterly/half yearly to the Audit, Compliance and Governance Committee. Some high risk areas are no longer within the domain of the Council - depot services are managed by Ubico, Leisure matters are outsourced. There are low risk internal areas such as mileage expense abuse but this is not significant due to changes that working from home has introduced. Recruitment and payroll are also areas which are open to abuse. Procurement fraud, specifically within departments such as Property Services, remains an area susceptible to abuse because of the significantly high levels of expenditure. Regarding external fraud, both Internal Audit and the CFEU have undertaken work around serious and organised crime Cyber related crime remains a significant risk for the Council and this is managed and reported on by the ICT Team. It cannot be stated that fraud will not occur, but I would not consider one area being significantly at risk. I would add that there is a current increased risk of fraud across the Council due to the pandemic, especially with the payment of Business and Community Grant payments.

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Fraud risk assessment

Question	Management response
6. What processes do West Oxfordshire DC have in place to identify and respond to risks of fraud?	The existence of the CFEU as a permanent dedicated service significantly mitigates fraud risk generally. The overall remit is to prevent, detect and deter the abuse of public funds within the Council by working closely with other public sector organisations and referring to recommendations by the Home Office and other professional bodies. The team undertakes reactive investigation work where a referral is received and where necessary, proactive fraud drives in high risk areas. The Counter Fraud Unit have promoted and introduced processes for internal and external reporting for both staff and by members of the public. Whistleblowing is becoming more effective as a result. There are many financial controls around the validity and payment of invoices and work with HR re recruitment controls in place to ensure all new employees are vetted properly and that staff recognise fraudulent qualifications. Work has been completed in relation to gifts and hospitality procedures and is underway in relation to conflicts / declarations of interest by staff. The CFEU assist with NFI data matching and undertake our own data matching exercises where risk has been identified. The Council also employs a number of Enforcement Officers within the various service areas who undertake work to tackle abuse of public funds.

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Fraud risk assessment

Question	Management response
7. How do you assess the overall control environment for West Oxfordshire DC, including: • the existence of internal controls, including segregation of duties; and • the process for reviewing the effectiveness the system of internal control? If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken? What other controls are in place to help prevent, deter or detect fraud? Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details	There remains a separation of duties, the Council's internal audit service is provided by SWAP Internal Audit Services (SWAP). SWAP provide the Council with an annual audit opinion using findings from review work carried out across the Council services. At the point of preparing this response, it is expected that the Council will have a "Reasonable" internal audit opinion, confirming that internal control processes are effective. As part of the core audit of systems, appropriate internal controls (or their absence/non-compliance) is considered by internal audit. Appropriate testing by internal audit, enables advice to be produced on the effectiveness of internal controls. The outcome of internal audit reviews are reported to management through audit reports and to the Audit and General Purposes (now Audit and Governance) Committee as part of quarterly performance updates. There is a good working relationship between the CFEU and Internal Audit, which ensures that internal control weaknesses identified through counter fraud activities are followed up, following management action to address the weaknesses by internal audit reviews. External Audit also report their findings and recommendations to Audit and General Purposes (now Audit and Governance) Committee, which is subject to the same process of monitoring and challenge. Outcomes of audit work feed in to the Annual Governance Statement which is considered by the Councils Leadership Team and Audit and General Purposes (now Audit and Governance) Committee. Awareness training on a regular basis reduces the risks associated with internal abuse and fraud. The promotion of integrity and whistleblowing channels also mitigates this. Conflict of interest / declaration of interest processes also help identify those staff who are a potential risk so that appropriate training and management controls can be put in place. The CFEU submits data for the National Fraud Initiative (NFI) and assesses all matches for review and, where appropriate, mitigation. On occasions such issues have been raised by both internal and external audit as part of the audit work. Appropriate recommendations for changes to internal controls are made on these occasions for management to implement.

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Fraud risk assessment

Question	Management response
8. Are there any areas where there is potential for misreporting? If so, please provide details	The financial reporting process is subject to review and challenge by both the Deputy S151 Officer and Chief Finance Officer. There is always the potential but we believe appropriate checks and balances are in place within the shared Finance Team to ensure mis-reporting does not occur. The Council monitors budgets to cost centre level which would highlight any unexpected variances for further investigation. Financial rules govern what is required to be reported and controls the rules surrounding 'virement'. Reports produced by the CFEU are subject to auditable case files held on the case management system. These reports are then scrutinised by Governance staff, Members and Executive Leadership which therefore mitigates the risk of misreporting.
• 9. How does West Oxfordshire DC communicate and encourage ethical behaviours and business processes of it's staff and contractors?	The Council communicates and encourages ethical behaviour and business processes of its staff and contractor through its policies and strategies including the Counter Fraud and Anti- Corruption Policy, Employee Code of Conduct and Whistleblowing Policy all of which are available on the intranet site. Updates are communicated through induction and refresher training and other channels such as 'Keeping You Connected', emails or staff training events. Staff and Member awareness sessions have been provided by the CFEU. Provision of refresher information and literature for new starters is being developed as are online training modules

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Fraud risk assessment

Question	Management response
• How do you encourage staff to report their concerns about fraud? • What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details	Significant contracts are let following a robust process which seeks assurance from the potential contractor that the organisation has appropriate policies and processes in place. The Council monitors performance and quality and adherence to standards of service delivery. The Procurement Team have included statements on all tender / quote documentation detailing the Councils approach to modern slavery, ethical procurement and supporting local businesses. Publicity with regard to identified fraud and error will also be encouraged to act as a deterrent generally. Through the continued work the CFEU have delivered across the Council relating to awareness and through reputation, staff continue to approach the team. HR colleagues also ensure fraud reports come to the CFEU for assessment. No significant issues have been reported in 2021/22. Staff are expected to report any concerns they have about fraud or the misuse of public funds. Any allegations received are referred to the Counter Fraud Unit for investigation. These matters are managed in line with the Council policies, including disciplinary policy, and will be reported to the Council's leadership team where appropriate. In some instances, recommendations will be made in respect of control processes.
10. From a fraud and corruption perspective, what are considered to be high-risk posts? How are the risks relating to these posts identified, assessed and managed?	Contract procurement posts, high level budget controllers/approvers, ICT staff with high level system access, Marketing Teams. Officers with significant operational financial responsibilities, such as roles in the Treasury Management team, Chief Finance Officer/Deputy Finance Officer, and roles in Revenues and Benefits are subject to regular security checks, at recruitment and then regularly every three years. Each role is assessed for the requirement to undertake post holder security checks. Many Local Government staff are susceptible to duress and corruption due to the nature of their duties - housing teams, council tax officers, planning staff; however there must be a level of trust within the organisation to promote a healthy working environment. Conflict of interest / declaration of interest process development to make it a more risk based one - identifying high risk staff and ensuring the correct controls are in place. Better recruitment checks to vet staff and prevent them entering the workplace - prevention is always the best control.

Fraud risk assessment

Question	Management response
11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details How do you mitigate the risks associated with fraud related to related party relationships and transactions?	Organisations such as Ubico and Publica all give rise to fraud risk which may affect the Council. The risks associated with fraud related to related party relationships and transactions are mitigated through the requirement within the Constitution for members to make declarations of all relevant relationships and transactions and update their declarations on a quarterly basis. They are also required to disclose any relevant interests at Committee meetings and where appropriate withdraw and disclose any gifts and/or hospitality received via the Council register. Officers are also required to declare any related party transactions. Prevention methods for bribery and corruption form part of the CFEU work stream and are detailed within the Counter Fraud and Anti Corruption Policy. With the establishment of Publica, the Council reviewed the appointment of Statutory Officers to ensure that they are employed by the Council (or shared with a partner Council) rather than Publica to minimise any risk of conflict of interest. Transparency, audit and scrutiny practices across these partnerships and more generally Local Government. The CFEU were consulted by Publica in relation to the new procurement processes and fraud awareness training/updated documents were reviewed in relation to fraud risk.
12. What arrangements are in place to report fraud issues and risks to the Audit Committee?	On a quarterly basis, the Audit and General Purposes (now Audit and Governance) Committee receives monitoring reports from the South West Audit Partnership regarding work carried out by the internal audit team. The report details the work carried out compared to the plan, the level of assurance resulting from the audit, the key issues regarding internal controls or fraud including any breaches. Reporting includes the outcome of internal audit follow-up reviews of the implementation of audit recommendations. In addition, the CFEU report biannually to Committee. The Audit and General Purposes (now Audit and Governance) Committee approves the risk based Annual Audit Plan which includes a risk based system audit of core financial systems and resources for auditing non financial systems on a risk basis. The CFEU has a similar annual plan for its work which includes an allocation of resources to investigate any alleged fraud. Performance against the Internal Audit Plan and Counter Fraud Plan and any specific issues identified are reported quarterly/half yearly to the Audit and General Purposes (now Audit and Governance) Committee.

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Fraud risk assessment

Question	Management response
12. What arrangements are in place to report fraud issues and risks to the Audit Committee? How does the Audit and Governance Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What has been the outcome of these arrangements so far this year?	The Committee is consulted on any proposed changes to relevant Council Policy – e.g. Whistle Blowing Policy, Counter Fraud and Anti-Corruption Policy, Money Laundering Policy, RIPA Policies etc. Changes to the Council's Corporate Risk Register are also reported to the Audit and General Purposes (now Audit and Governance) Committee on a quarterly basis. The Council's Overview and Scrutiny Committee also receives the Council's quarterly performance reports, which includes changes to the Council's risk registers and details of financial performance. The Audit and General Purposes (now Audit and Governance) Committee exercise oversight over management processes for identifying and responding to risks of fraud and breaches of internal control through challenge of internal audit and counter fraud, monitoring the implementation of recommendations and seeking additional assurances from operational management. See reports presented to Audit / Overview and Scrutiny Committee.
13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	The CFEU has received referrals via whistleblowing. Reports are dealt with correctly and in line with the Whistleblowing Policy and with due consideration to sensitive referral sources. Once the investigation is complete, appropriate recommendations are made for action which may include prosecution, civil penalties, improvements to internal controls, and (where an employee is the subject), consideration of disciplinary action. If warranted a report would be made to the Audit, Compliance and Governance Committee and recommendations for improvements to internal controls issued to Corporate Management to be followed up by internal audit.
14. Have any reports been made under the Bribery Act? If so, please provide details	None

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Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit and General Purposes Committee , is responsible for ensuring that West Oxfordshire DC's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit and General Purposes Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

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Impact of laws and regulations

Question	Management response
1. How does management gain assurance that all relevant laws and regulations have been complied with? What arrangements does West Oxfordshire DC have in place to prevent and detect non-compliance with laws and regulations? Are you aware of any changes to the Authority's regulatory environment that may have a significant impact on the Authority's financial statements?	Internal Audit reviews are designed to ensure that services are complying with internal and external policies and procedures and all legislation. Where non-compliance is identified, this is reported to Management and Members via the Audit and General Purposes Committee. There is a dedicated Legal Services team that provides advice to members and officers in relation to laws and regulations. The Council's Legal Services, Counter Fraud Team, Revenues and Benefit Team and Enforcement Teams for various services receive regulatory updates and changes via their own services sources e.g. CIPFA, MHCLG and DWP statutory regulations, RIPA updates, newsletters and best practice guidance. The implications of such changes are fed to the Council's leadership team for advice and to gain approval and, when necessary, recommend approval from Committee/Cabinet. In addition, the Whistle-blowing Strategy provides staff with the ability to report to management where laws and regulations have not been complied with. Any allegations that relate to criminal offences can be investigated by the Counter Fraud Team with appropriate legal action being taken by the Council where appropriate. The Deputy Chief Executive in her role as Chief Finance Officer is responsible for preparing the Statement of Accounts in accordance with the relevant legal and regulatory requirements.

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Impact of laws and regulations

Question	Management response
2. How is the Audit and General Purposes Committee provided with assurance that all relevant laws and regulations have been complied with?	Internal Audit review are designed to ensure services are complying with internal and external policies and procedures and all legislation. Where non-compliance is identified, this is reported to Management and Members via the Council's Audit and General Purposes Committee. Management actions are agreed where non-compliance is identified. Senior managers within Publica and the Council complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key area of the system of internal control are in place and working effectively. In addition, training sessions are used to explain new legislation. Where the changes would have a significant impact on the Council, they will appear on the Corporate Risk Register which is reported to the Audit and General Purposes Committee on a quarterly basis. Any accounting requirements are explained to members as part of the approval of the accounts. For any specific cases a special report is prepared for the Audit and General Purposes Committee. Any allegations that relate to criminal offences can be investigated by the Counter Fraud Team with legal action being taken by the Council where appropriate.
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2021 with an on-going impact on the 2021/22 financial statements? If so, please provide details	There have been none
4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details	Businesses can appeal the Rateable Value for business premises through the Valuation Office Check, Challenge and Appeal process. The Council recognises this and makes a financial provision for potential NNDR appeals claims.

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Impact of laws and regulations

Question	Management response
5. What arrangements does West Oxfordshire DC have in place to identify, evaluate and account for litigation or claims?	Legal services team works with management when potential claims or ligation identified. Legal Services team provide details of litigation and claims for inclusion in the financial statements. The Council has a customer complaints process which aims to resolve issues before they escalate. The Council has robust risk management arrangements which include recording risks of litigation or claims either within service areas or corporately. The Council has processes in place to manage significant contracts so they operate on a partnership basis so issues can be raised and managed and any issues can be raised and managed with the aim of minimising litigation or claims. In 2021/22, the Council has engaged with its leisure services provider, GLL, and its Environmental Services provider, Ubico, in exactly this way. Contract performance is monitored by the use of management information including key performance indicators.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	There have been none

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Related Parties

Matters in relation to Related Parties

West Oxfordshire DC are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by West Oxfordshire DC;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Authority;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Authority, or of any body that is a related party of the Authority.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Authority's perspective but material from a related party viewpoint then the Authority must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

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Related Parties

Question	Management response
1. Have there been any changes in the related parties including those disclosed in West Oxfordshire DC's 2021/22 financial statements? If so please summarise: • the nature of the relationship between these related parties and West Oxfordshire DC • whether West Oxfordshire DC has entered into or plans to enter into any transactions with these related parties • the type and purpose of these transactions	No, subject to the receipt of management and member declarations for 2021/22.
2. What controls does West Oxfordshire DC have in place to identify, account for and disclose related party transactions and relationships?	All elected Members are required to complete a questionnaire detailing any areas where potential conflicts of interest may occur between their private interests and their position as the elected representatives of the Council. Details are recorded in the register of members' interest. Declarations are made at meetings by Members and Officer where appropriate and are recorded in the minutes of the meeting. The Members Code of Conduct requires Members to make declaration of interest when necessary, which are also recorded. Registers of interest are updated annually by Members and Officers and a register of gifts and hospitality is also maintained. Members are reminded quarterly to update the register of interests. By virtue of the Officer Code of Conduct, employees of the Council are required to declare any relationship with individuals, organisations or companies that might prejudice, or could be viewed as influencing, their professional judgement. On an annual basis, senior Officers and Officers within positions of influence within the Council are required to complete a related party declaration to highlight any potential conflicts of interest. The above is reviewed as part of the accounts closedown process and are disclosed in the statement of accounts where the interest would be material to either party.

Related Parties

Question	Management response
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	Members are required to withdraw from the decision-making process where they have declared a related party interest. With the establishment of Publica, the Council reviewed the appointment of Statutory Officers to ensure that they are employed by the Council rather than Publica and to minimise any risk of conflict of interest. Historically there have been no other related party transactions in relation to officers.
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	Transactions outside of the normal course of business would be subject to approval of the Council Officer Leadership Team including the S.151 Officer and be reported to the appropriate Council, Cabinet or Committee meeting.

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Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

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Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by West Oxfordshire DC will no longer continue?	Service performance is reported to Members on a quarterly basis with measurable KPIs e.g. Development Management caseloads per Planner, time to validate Planning Applications, the number of households in emergency temporary accommodation, the number of long term empty properties and the number of successful move ons from temporary to long term accommodation. Further, the Council formed a Risk Management Group in 2021/22 on which all Statutory Officers sit which along with the Corporate Risk Register focusses effort on plans that can be quickly implemented to ameliorate any identified issues.
2. Are management aware of any factors which may mean for West Oxfordshire DC that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	Management are not aware of any factors which may mean for West Oxfordshire DC that either statutory services will no longer be provided or that funding for statutory services will be discontinued.
3. With regard to the statutory services currently provided by West Oxfordshire DC, does West Oxfordshire DC expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for West Oxfordshire DC to cease to exist?	Statutory services will continue to be delivered by West Oxfordshire DC for the foreseeable future, there are no plans for West Oxfordshire DC to cease to exist.
4. Are management satisfied that the financial reporting framework permits West Oxfordshire DC to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Management are satisfied that the financial reporting framework permits West Oxfordshire DC to prepare its financial statements on a going concern basis and doing so provides a faithful representation of the items in the financial statements

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and General Purposes Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit and General Purposes Committee to satisfy itself that the arrangements for accounting estimates are adequate.

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Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Significant estimates expected to be included in the 2021/22 statement of accounts include: • Valuation of PPE • Useful economic life of PPE • Valuation of Investment Properties • Depreciation • Financial Instruments Fair Value • NNDR appeals provision • Accruals • Finance leases • Pension Liability
2. How does the Authority's risk management process identify and address risks relating to accounting estimates?	The year end risk registers contain information to identify possible contingent assets, contingent liabilities and any requirement to include provisions. The data in the register is used to identify costs or resource pressures or income streams. The information can be used to inform the financial planning process. The Council's Risk Register contains significant risks from the Publica and the Transformation Programme risk registers. A separate Covid-19 risk register has also been in place from April 2020.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	See Appendix 1 for further details.

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Accounting Estimates - General Enquiries of Management

Question	Management response
4. How do management review the outcomes of previous accounting estimates?	The outcome of previous accounting estimates is reviewed as part of the estimation process in the following year. Where there is a material difference to the accounts, estimates will be updated up to the date that the accounts are authorised for issue following review by external audit.
5. Were any changes made to the estimation processes in 2021/22 and, if so, what was the reason for these?	There were none
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	See further detail in Appendix 1, experts with specialist skills are used for the following areas of estimation in the financial statements: • Valuation of PPE (External Valuer Carter Jonas (RICS)) • Depreciation – Useful Economic Lives (External Valuer Carter Jonas (RICS)) • Valuation of Investment Properties (External Valuer Carter Jonas (RICS)) • Fair value valuation of Financial Instruments (Arlingclose – Treasury Management Consultants) • Pension Liability (Hymans Robertson – Actuary)

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Accounting Estimates - General Enquiries of Management

Question	Management response
7. How does the Authority determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	See further detail in Appendix 1, assurances are sought from the Council's internal valuers in relation to their independence, objectivity and professional qualifications. Regular communication between the finance team and Property team ensures that the valuers have access to the information they require to undertake detailed valuations in accordance with RICS guidance. Arlingclose are appointed as the Treasury management consultants and are sufficiently qualified to undertake the fair value valuations of the Council's financial instruments. Hymans Robertson (Actuary) provide the Council with details of their experience, qualifications and independence through correspondence with Gloucestershire Pension Fund External audit also obtain assurance that the experts are sufficiently qualified and independent.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Management ensure that experts appointed are independent, professional, suitably experienced and qualified. For areas of estimation where experts are not used, including accruals and the NNDR appeals provision, these are subject to review by the S.151 Officer. Control arrangements are reviewed by internal audit and external audit and any findings reported to the Audit and General Purposes Committee. See further detail in Appendix 1.

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Accounting Estimates - General Enquiries of Management

Question	Management response
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: Management's process for making significant accounting estimates The methods and models used The resultant accounting estimates included in the financial statements.	The assumptions which underpin the figures reported in the Statement of Accounts are reviewed in advance of preparation and such estimates and assumptions are reviewed by the S.151 Officer and disclosed in the notes to the Accounts for transparency. Methods and assumptions are reported within this paper and Annex B to the Audit and General Purposes Committee as those charged with governance. See further detail in Appendix 1.
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix 1)? If so, what are they?	All significant accounting estimates that require significant judgement are disclosed in Appendix 1.
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix 1, are reasonable?	Management are satisfied because they are reviewed on a regular basis by the S151 Officer, the assumptions are reviewed by the relevant audit committee, relevant experts provide specific information such as for valuations, treasury management and pension funds. These are then further reviewed and challenged by management before being approved. The finance team is an experienced team with knowledge of how to apply the regulations in terms of accruals, provisions etc. Further clarification is also sought from GT, the external auditors, where there is an issue that could be contentious.
12. How is the Audit and General Purposes Committee provided with assurance that the arrangements for accounting estimates are adequate ?	The assumptions which underpin the figures reported in the Statement of Accounts are reviewed in advance of preparation and such estimates and assumptions are disclosed in the notes to the Accounts for transparency. The Audit and General Purposes Committee is provided with further assurance through the review of this paper and Appendix 1.

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Appendix 1 Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	Valuations are made by a qualified valuer (local RICS/CIB Member) in line with RICS guidance on the basis of 5 year valuations with interim reviews	Finance team notifies the valuer of the programme of rolling valuations or of any conditions that warrant an interim revaluation through the valuation instruction, prepared in line with the CIPFA code of Practice and RICS guidance	Yes –use of local RICS/CIB Member for valuations	Valuations are mode in line with RICS guidance and prevailing market conditions with reliance on expert. Valuations, by their very nature are subject to uncertainty due to market fluctuations. We employ professional, qualified valuers and rely on expert opinion.	No
Estimated remaining useful lives of land and buildings	The following asset categories have general asset lives: · Buildings 30-60 years · Car Parks – 20 years · Vehicles, Plant and Machinery - 4-7 years	Consistent asset lives applied to each asset category	Yes –use of local RICS/CIB Member for valuations	Assumptions are based on general asset lives and assessment undertaken by the valuer. Estimated useful life is based on category of asset and condition of asset, which for property is based upon assessment by the RICS qualified valuer.	No

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Appendix 1 Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Investment property valuations	Valuations are made by an appointed RICS/CIB qualified valuer each year. Valuations are based on relevant market data from properties with similar characteristics.	The qualified internal valuer is issued a valuation instruction in line with recommended practise.	Yes –use of local RICS/CIB Member for valuations	Valuations by their very nature are subject to uncertainty due to market fluctuations. Where significant variations occur, discussions are held with the valuer to understand the underlying reasons for change.	No
Depreciation	Depreciation is provided for on all relevant non-current assets with a finite useful life on a straight-line basis.	Consistent application of depreciation method across all assets	Yes –use of the Local RICS/CIB Member for valuation	The length of the life is determined at the point of acquisition or revaluation. Assets that are not fully constructed are not depreciated until they are brought into use.	No

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Appendix 1 Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Fair Value Measurements	Council Values financial instruments at fair value based on classification and measurement approach that reflects the business model for holding financial assets and their cashflow characteristics.	Review service provided by treasury consultants	Yes –treasury consultants	Take advice from finance Professionals.	No

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Appendix 1 Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of defined benefit net pension fund liabilities	The Council is an admitted body to Gloucestershire Pension Fund. The administering authority (Gloucestershire County Council) engages the actuary – Hymans Robertson – who provide the estimate of the pension liability and the calculated actuarial gains and losses figures. These figures are based on making % adjustments to the closing values of assets/liabilities.	Take advice from professionals. The Council are provided with an actuarial report from the consulting actuary - Hymans Robertson (LGPS).	Yes external actuary advice	As disclosed in the actuary's report. Complex judgements including the discount rate used, rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The nature of these figures forecasting into the future are based upon the best information held at the current time and are developed by experts in their field.	No
Accruals	Finance team collate accruals of expenditure and Income from various sources including previous outturn and estimated usage.	Activity is accounted for in the financial year that it takes place, not when money is paid or received. Budget monitoring also provides analysis for accruals identification.	No. Accruals identified by finance team following discussion and accruals returns from officers.	Accruals for income and expenditure are principally based on known values. Where accruals are estimated the latest information is used and level of uncertainty is not deemed to be material.	No

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Appendix 1 Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions for Liabilities	Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.	The Financial Team team calculate the provision	No	Estimated settlements are reviewed at the end of each financial year –where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received by the Council.	No

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Appendix 1 Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provision for Business rates appeal	The non-domestic (NDR) appeals provision is estimated based on outstanding appeals losses and past experience of successful appeals and other RV reductions.	The provision is calculated by the Business Partner Accountant and the calculation and assumptions applied are reviewed by the S151 Officer. The Valuation Office provides data on outstanding appeals. Source data is updated in-year to include appeals settled during the financial year.	No.	There is a significant level of estimation uncertainty in relation to business rates appeals due to the volume of outstanding appeals, which are processed by the Valuation Office. The value of provision is assessed using information on outstanding appeals rates. . Where appeals are successful, refunds of business rates are generally repayable back to the latest valuation date which reduces the business rate yield in the year in which the refund is made. An increase in the appeals provision reduces the Council's share of income. A decrease in the provision would increase the income distributed to the Council.	No

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Appendix 1 Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether managemen t have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Finance leases	As lessor, the Council has a number of Waste Collection and recycling vehicle leases with Ubico that are accounted for as finance leases. The Council has no finance lease liabilities	The Finance team calculations and the minimum payments are made in line with the agreed lease terms.	No	The minimum lease payments of the leases comprise settlement of the long-term debtor for the interest in the asset and finance income that will be earned for the period while the debt remains outstanding. The minimum lease payments do not include rents that are contingent on events occurring after the lease was entered into. The Council has not set-aside an allowance for uncollectable debts, in relation to its finance leases. Any outstanding debts would be accounted for within the Sundry Debtors impairment allowance.	No

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Appendix 2

Significant improvements from the Financial Reporting Council's (FRC) quality inspection

On 29 October, the FRC published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here: FRC AQR Major Local Audits_October 2021

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our results over the past three years are shown in the table below:

Grade	Number 2018/19	Number 2019/20	Number 2020/21
Good with limited improvements (Grade 1 or 2)	1	1	6
Improvements required (Grade 3)	2	5	3
Significant improvements required (Grade 4)	1	0	0
Total	4	6	9

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis. As auditors we have had to show compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

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Significant improvements from the Financial Reporting Council's (FRC) quality inspection (cont.)

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

Conclusion

Local audit plays a critical role in the way public sector audits an society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

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WEST OXFORDSHIRE DISTRICT COUNCIL	**WEST OXFORDSHIRE DISTRICT COUNCIL**
Name and date of Committee	**Audit and Governance Committee** **23 November 2022**
Report Number	**Agenda Item No 12**
Subject	**Committee Work Programme 2022/23**
Wards affected	All
Audit and Governance Accountable member / Group Manager Lead	Councillor Alaric Smith, Chair Audit and Governance Committee Email: alaric.smith@westoxon.gov.uk Group Manager Lead: Elizabeth Griffiths
Accountable Officer	Andrew Brown, Business Manager - Democratic Services Email: Andrew.brown@publicagroup.uk
Summary/Purpose	To provide the Committees with an update on the Work Programme 2022/23.
Annexes	Annex 1 - Work Programme for 2022/23
Recommendation	That the Committee notes the Committee Work Programme.
Corporate priorities	To enable the Committee to review the Work Programme and support the Council's priorities to protect the environment whilst supporting the local economy, to meet the current and future needs of residents and to provide efficient and value for money services, whilst delivering quality front line services.
Key Decision	No
Exempt	No
Consultees / Consultation	None

1. BACKGROUND

1.1. At the meetings of the Committees in May and June 2022 the committees gave consideration to the development of their work programmes for the year.

2. MAIN POINTS

2.1. Committees are asked to consider the work programme, along with the Cabinet work programme, and decide if there are any items that they wish to prioritise or deprioritise.

2.2. When an item is considered by a committee, the Committee can decide whether to submit recommendations to Cabinet.

2.3. The Committee Work Programme is intended to provide clarity to the organisation and the public about the priorities of the committees and when different items will be considered but it does need to be a flexible document that enables the Committee to respond to new or emerging issues and priorities during the year. As such, committees will be able to review their work programme at each meeting, the inclusion of a standing agenda item for Members' questions also provides the opportunity to raise relevant issues.

3. FINANCIAL IMPLICATIONS

3.1. There are no financial implications arising directly from this report. Requests from Committee for reports to be produced for consideration at meetings will place demands on officer capacity. Committees are urged to be mindful of the limitations of the organisation and to prioritise effectively, having regard to the advice of supporting officers.

4. LEGAL IMPLICATIONS

4.1. None

5. RISK ASSESSMENT

5.1. Not applicable.

6. CLIMATE CHANGE IMPLICATIONS

6.1. Whilst there may be climate change implications arising from specific items within the Work Programme, there are none arising directly from this report.

7. ALTERNATIVES/OPTIONS

7.1. In accordance with the Constitution of the Council, Committee has the power to investigate any matters it considers relevant to its work area, and to make recommendations to the Council, Cabinet or any other Committee or Sub-Committee of the Council as it sees fit.

7.2. The agreement of a Committee Work Programme, which is regularly reviewed, is considered to be good governance practice and promotes openness and transparency.

8. BACKGROUND PAPERS

8.1. None.

Committee Work Programme 2022/23

Annex 1

Audit and Governance Committee October 2022

WP	Title	Format	Lead Officer / Cabinet Member	When	Comments
1	Grant Thornton annual Report	Report	Elizabeth Griffiths	Annual	Grant Thornton will present the Auditor's Annual Report.
2	2021/22 Value for Money Arrangements	Report	Elizabeth Griffiths	Annual	The Committee receive the update from Grant Thornton.
3	Indicative Audit Plan 2021/2022	Report	Elizabeth Griffiths	Annual	The Committee is invited to consider the proposals set out in the Audit Plan 2021/22.

Audit and Governance Committee November 2022

WP	Title	Format	Lead Officer / Cabinet Member	When	Comments
1	Counter Fraud and Anti-Corruption Policy (refreshed for review)	Report	Emma Cathcart / Elizabeth Griffiths		
2	Fraud Risk Strategy	Report	Emma Cathcart / Elizabeth Griffiths		
3	CFEU Update Report	Report	Emma Cathcart / Elizabeth Griffiths		
4	Annual audit Report	Report	Georgina dyer / Elizabeth Griffiths	Annually	
5	Corporate Risk Register Update	Report	Zoe Campbell / Suzanne Jones	Quarterly	
6	S106 agreements to delivery of projects	Verbal Update	Lucy Cater / Chris Hargreaves	As requested	

Committee Work Programme 2022/23

Annex 1

Audit and Governance Committee Thursday 30 March 2023

WP	Title	Format	Lead Officer / Cabinet Member	When	Comments
1	CFEU Update Report (RIPA and IPA annual update)	Report	Emma Cathcart / Elizabeth Griffiths		
	Corporate risk Register Update	Report	Zoe Campbell / Suzanne Jones	Quarterly	
	S106 agreements to delivery of projects	Verbal Update	Chris Hargreaves	As requested	
	Grant Thornton	Report			