

NOTICE OF MEETING

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AUDIT AND PERFORMANCE REVIEW PANEL

will meet on

MONDAY, 26TH FEBRUARY, 2018

at

7.00 PM

in the

COUNCIL CHAMBER - TOWN HALL, MAIDENHEAD,

TO: MEMBERS OF THE AUDIT AND PERFORMANCE REVIEW PANEL

COUNCILLOR SAYONARA LUXTON (CHAIRMAN)
COUNCILLORS ADAM SMITH (VICE-CHAIRMAN), MALCOLM ALEXANDER,
DR LILLY EVANS, WESLEY RICHARDS, DEREK WILSON, EDWARD WILSON
AND WISDOM DA COSTA

SUBSTITUTE MEMBERS
COUNCILLORS DAVID EVANS, RICHARD KELLAWAY, ROSS MCWILLIAMS,
EILEEN QUICK, COLIN RAYNER, JOHN STORY, JESSE GREY AND
LYNNE JONES

Karen Shepherd – Service Lead Democratic Services.
Issued: Friday 16 February 2018

Members of the Press and Public are welcome to attend Part I of this meeting.

The agenda is available on the Council's web site at www.rbwm.gov.uk or contact the
Panel Administrator **Shilpa Manek on 01628 796310**

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AGENDA

PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>WARD</u>	<u>PAGE NO</u>
1.	<u>APOLOGIES</u> To receive any apologies for absence.		-
2.	<u>DECLARATIONS OF INTEREST</u> To receive any declarations of interest.		3 - 4
3.	<u>MINUTES</u> To approve the Part I minutes of the meeting held on 6 September 2017.		5 - 12
4.	<u>RBWM ANNUAL REPORT ON GRANTS AND RETURNS 2016/17</u> To consider the report.		13 - 20
5.	<u>RBWM EXTERNAL AUDIT PLAN 2017/18</u> To consider the report.		21 - 46
6.	<u>2018/19 AUDIT AND INVESTIGATION PLAN</u> To consider the report.		47 - 60
7.	<u>REVISED ANTI FRAUD AND ANTI CORRUPTION POLICIES</u> To consider the report.		61 - 98

MEMBERS' GUIDE TO DECLARING INTERESTS IN MEETINGS

Disclosure at Meetings

If a Member has not disclosed an interest in their Register of Interests, they **must make** the declaration of interest at the beginning of the meeting, or as soon as they are aware that they have a DPI or Prejudicial Interest. If a Member has already disclosed the interest in their Register of Interests they are still required to disclose this in the meeting if it relates to the matter being discussed.

A member with a DPI or Prejudicial Interest **may make representations at the start of the item but must not take part in the discussion or vote at a meeting.** The speaking time allocated for Members to make representations is at the discretion of the Chairman of the meeting. In order to avoid any accusations of taking part in the discussion or vote, after speaking, Members should move away from the panel table to a public area or, if they wish, leave the room. If the interest declared has not been entered on to a Members' Register of Interests, they must notify the Monitoring Officer in writing within the next 28 days following the meeting.

Disclosable Pecuniary Interests (DPIs) (relating to the Member or their partner) include:

- Any employment, office, trade, profession or vocation carried on for profit or gain.
- Any payment or provision of any other financial benefit made in respect of any expenses occurred in carrying out member duties or election expenses.
- Any contract under which goods and services are to be provided/works to be executed which has not been fully discharged.
- Any beneficial interest in land within the area of the relevant authority.
- Any licence to occupy land in the area of the relevant authority for a month or longer.
- Any tenancy where the landlord is the relevant authority, and the tenant is a body in which the relevant person has a beneficial interest.
- Any beneficial interest in securities of a body where:
 - a) that body has a piece of business or land in the area of the relevant authority, and
 - b) either (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body **or** (ii) the total nominal value of the shares of any one class belonging to the relevant person exceeds one hundredth of the total issued share capital of that class.

Any Member who is unsure if their interest falls within any of the above legal definitions should seek advice from the Monitoring Officer in advance of the meeting.

A Member with a DPI should state in the meeting: ***'I declare a Disclosable Pecuniary Interest in item x because xxx. As soon as we come to that item, I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Or, if making representations on the item: ***'I declare a Disclosable Pecuniary Interest in item x because xxx. As soon as we come to that item, I will make representations, then I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Prejudicial Interests

Any interest which a reasonable, fair minded and informed member of the public would reasonably believe is so significant that it harms or impairs the Member's ability to judge the public interest in the item, i.e. a Member's decision making is influenced by their interest so that they are not able to impartially consider relevant issues.

A Member with a Prejudicial interest should state in the meeting: ***'I declare a Prejudicial Interest in item x because xxx. As soon as we come to that item, I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Or, if making representations in the item: ***'I declare a Prejudicial Interest in item x because xxx. As soon as we come to that item, I will make representations, then I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Personal interests

Any other connection or association which a member of the public may reasonably think may influence a Member when making a decision on council matters.

Members with a Personal Interest should state at the meeting: ***'I wish to declare a Personal Interest in item x because xxx'. As this is a Personal Interest only, I will take part in the discussion and vote on the matter.***

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Agenda Item 3

AUDIT AND PERFORMANCE REVIEW PANEL

WEDNESDAY, 6 SEPTEMBER 2017

PRESENT: Councillors Sayonara Luxton (Chairman), Stuart Carroll, Jack Rankin, MJ Saunders, Edward Wilson and Wisdom Da Costa

Also in attendance: Darren Gilbert, KPMG

Officers: Steve Mappley, Karen Shepherd, Richard Bunn and Rob Stubbs

APOLOGIES

Apologies for absence were received from Councillor Dr L Evans.

DECLARATIONS OF INTEREST

There were no declarations of interest received.

ORDER OF BUSINESS

RESOLVED UNANIMOUSLY: That the order of business as detailed in the agenda be amended.

MINUTES

The Part I minutes of the meeting held on 14 June 2017 were approved as a true and correct record.

AUDIT MEMO - ISA 260 REPORT

The Panel considered the External Audit Report 2016/17. Darren Gilbert of KPMG explained that the report set out summary outcomes of the process for both the council and the Pension Fund. He thanked the borough's Finance team for their support in the process.

The report began by setting out areas of significant audit risk; those that were considered particularly complex or inherently at risk of material mistakes. The report included two main risks: changes in the pension liability and the valuation of the longevity hedge fund. Work on both areas had given KPMG assurances that were needed therefore it had been concluded that there were no issues. There was a small quantified item detailed later in relation to the longevity hedge, a technical aspect relating to £6m. In the context of the size of the fund this was considered small and not material. In relation to the valuation of hard to price investments, particular attention had been paid. Again, all assurances needed had been given.

Councillor Rankin joined the meeting at 7.13pm.

Members noted that CIPFA had introduced changes to the code as detailed on page 10 of the report. Pages 11-12 of the report detailed a number of subjective areas on which judgements had been made. Given the indicative figures, KPMG was happy with the process and that the numbers were within the anticipated range. Mr Gilbert

highlighted that KPMG had challenged the method and assumptions used by the actuary in determining the pension liability. The figures for inflation and the discount factor were at the outer edge of what would be expected but counterbalanced each other.

One misstatement of valuation had been identified in relation to the value of an investment property, which had been loaded to the fixed asset register but only as a draft. This had now been rectified.

In relation to the responsibility to ensure the council was securing value for money, the audit had looked in particular at the governance processes around the Transformation programme. KPMG had been content with how this had been put together.

Councillor Smith commented that he felt the presentation was clearer than the previous format. Mr Gilbert explained that CIPFA had previously required a standardised way to categorise and describe income and expenditure. Local authorities were now however able to report on a structural basis to mirror the internal process. This had been allowed to provide consistency with the information provided to Members. The EFA statement was a new addition to bridge between the two methods.

Councillor E. Wilson commented that not many public bodies consistently achieved an unqualified audit; this highlighted the excellent work of the Finance team and across the organisation.

In relation to demographic data supplied to the pension fund, Mr Gilbert confirmed that the audit was required to look at the risk, but this did not mean it was an issue.

Councillor da Costa raised a number of questions in relation to the Pension Fund statement. Councillor Saunders commented that no other council that was a member of the Pension Fund would perform such a review at their Audit and Performance Review Panel. This was a consequence of the fact that the borough was the administering authority for the fund. He felt it was more appropriate for the review to be undertaken by the Pension Fund Panel. The Head of Finance confirmed that the Pension Fund Panel would consider it as part of the Annual Report later in the year.

Mr Gilbert explained that the borough's statement and that of the Pension Fund were published as one audit report as the council published one set of financial statements. KPMG had spent a lot of time looking at the longevity hedge and had taken advantage of an actuarial specialist and also liaised with the actuary. Councillor Saunders commented that there was a clear distinction between the diligence and scrutiny the Panel could apply to the council's audit compared to the pension fund audit. The relevant specialist officers were not present to answer detailed questions on the pension fund. Councillor Da Costa commented that in retrospect it would have been useful for specialist officers to be present.

Mr Gilbert confirmed that the outcome of an unqualified audit was consistent with previous years.

Councillor Da Costa asked whether the overall valuation put into the council's accounts as a proportion of liabilities was appropriate? Mr Gilbert responded that the audit looked at pension liabilities that were the responsibility of the council. More time than would normally have been expected was taken to challenge some of the

assumptions made by the actuary. The net impact was that the range was within what would be expected. The audit had regard to the risk management processes of the council and what was included in the risk register. KPMG was concerned with risks related to the audit opinion whereas the council may have other types of risk such as operational, legal and reputational, but these would not be considered by the audit. Local electors had the right to approach the auditor and submit an objection to a particular area; none were received this year. The council's risk register would be more detailed than the issues considered by the audit. Value for money calculations were more about the concept of significance. Some issues in the council's risk register would be too small or too detailed. The audit did not say the council was delivering value for money but that adequate arrangements were in place to deliver value for money.

Councillor Da Costa asked if the audit considered key decisions and whether risks were expressed adequately to Members when making decisions. Mr Gilbert responded that the audit did not seek to do so comprehensively but if it identified a theme or risk area detailed work would be undertaken. The key driver would be the decision making process. The work on Transformation made specific references to governance arrangements.

RESOLVED UNANIMOUSLY: That the report be noted.

POST AUDIT STATEMENT OF ACCOUNTS 2016-17

Members considered the Statement of Accounts 2016-17.

The Chief Accountant commented that, as identified by KPMG, a valuation had been added to the asset register but had been saved as draft. Consequently when a report from the asset register was run the valuation was not included. A process had now been put in place to identify any draft items before reports were run. He explained that the EFA helped people understand balances in the income and expenditure accounts that were real money as opposed to accounting entries. An example of an accounting entry would be the depreciation of non current assets.

In response to questions, it was confirmed that:

- The Dedicated Schools Grant was given to the local authority to fund all maintained schools (not Academies) and central services in the Managing Director's directorate, some of which would move to Achieving for Children. The amount of grant was reducing as more schools became Academies. The allocation of the grant was controlled by the Schools Forum. All Academies received funding directly from central government.
- The Adult Social Care precept was treated in the same way as other council tax related items and did not fund specific services. For the sake of clarity the Head of Finance had to sign a document to clarify how the precept was used. The Head of Finance commented that there would be an opportunity to make this clearer in the narrative to the statement of accounts. Councillor Saunders commented that an appendix to the next Financial Update to Cabinet would be of use. It was important that people see the incremental revenues that had arisen as a result of the Adult Social Care levy and other specific Adult Social Care grant income and compare that to the incremental expenditure which the council had committed to Adult Social Care over the next few years. In overall

terms this was expected to be in excess of £1m ahead of the incremental income to date.

- Capital expenditure at schools was not often used for maintenance, although it was in some other areas such as road repairs. Councillor E. Wilson suggested that this could be misleading to a reader of the accounts.

Councillor Smith welcomed the inclusion of 5-year trend information in relation to gross expenditure. He asked if this could be extended to other areas such as income. The Head of Finance agreed to look at this and suggested savings over a five year period would be an appropriate measure.

The Chief Accountant confirmed that unusable income was a depository for non-cash accounting adjustments.

It was explained that the reduction in bad debt provision of over £1m was an assessment of council tax at year end and a provision made for the likely proportion not collected. Either debt had gone down or was newer debt, therefore there was no need for such a high provision.

The Chairman requested that the accounts be amended as requested and circulated to all Panel Members.

RESOLVED UNANIMOUSLY: That Audit and Performance Review Panel notes the report and:

- Approves the audited accounts, a copy of which is signed by the chairman before 30th September 2017, subject to amendments requested during the Panel discussion.**

APPOINTMENT OF EXTERNAL AUDITORS FOR 2018/19 ACCOUNTS

The Panel considered progress on the procurement process. The council had opted into the PSAA process in 2016. The council had written to the PSAA to request KPMG stay as the council's auditor. Unfortunately KPMG had not been successful in their bid to the PSAA. The council had therefore been asked to consider Deloitte for the audit for 2018/19 onwards. If the council was unhappy it could put in a challenge.

It was noted that the audit cost would reduce by 18% compared to the 16/17 fees as a result of the competitive procurement process. Councillor E. Wilson commented that from a resident's point of view the proposal was simply for another one of the 'Big Four' audit companies. If the council had made the decision themselves it would have gone with a firm of a similar size.

RESOLVED UNANIMOUSLY: That Audit and Performance Review Panel notes the report and:

- Delegates responsibility to the Deputy Director and Head of Finance to accept the proposal to appoint Deloitte LLP as the auditor of the royal borough of Windsor and Maidenhead.**

KEY RISK REPORT

The Panel considered whether there was adequate risk management in place for RBWM as part of its governance arrangements. The Insurance and Risk Manager explained that the aim of risk monitoring was to ensure better business decisions, taking risks into account. Taking uncertainty into account was not a natural thing to do therefore good risk-based decision making tools were needed.

Previously Members had received lengthy documents. Following feedback this had been reduced to a heat map attached as an appendix. Members noted that the register was materially the same as the 2016/17. One risk relating to financing was highlighted to Members.

The register was expected to be completely refreshed in the next few months in conjunction with the Senior Leadership Team. The previous approach was to have key operational risks, key strategic risks, and all others. One rating for likelihood and one for impact was not necessarily helpful as it just concentrated on those two dimensions. In the last five years all decision making reports had included a section on risk management including mitigations.

The Chairman asked how the council ensured risks were identified. The Insurance and Risk Manager explained that the content of the risk register was extracted from discussions at CMT and DMT level. As the council had transformed, the statutory responsibilities had remained. The risk register needed to be refreshed because of the change in service model delivery. Officers were responsible for articulating risks, which were then collated in the overall register.

Councillor E. Wilson raised three areas of concern in relation to Key Strategic risks:

- CMT0039 – was this the responsibility of the council? If so, what was the council going to do about it?
- HPLAND0013 - Was the risk correctly articulated in relation to regeneration?
- HOF0006 - Should income volatility be included as well as expenditure volatility?

Councillor Saunders commented that he appreciated the concern of Cllr E. Wilson about the amount of influence the council could have, particularly in relation to CMT0039, but he felt the council had an appropriate role in terms of preventing an occurrence or responding to one. If the Managing Director was asked to name the strategic risks, although the terminology may differ, he suspected the three identified by Cllr E. Wilson would be on the list.

Councillor E. Wilson referred to outsourcing of services and the Borough Local Plan as key risks. The Insurance and Risk Manager commented that the Borough Local Plan was included as an operational risk; the document before Members was a summary. Councillor Saunders commented that it would be hard to identify another strategic risk beyond the seven already on the list. He suggested that operational risks such as delivery of the Borough Local Plan and the effective delivery of services with external partners, could be submitted to relevant Overview and Scrutiny Panels on a 6 month basis. The relevant officers and Lead Members could therefore attend to answer questions. It was the role of the Audit and Performance Review Panel to scrutinise the process.

Councillor Da Costa welcomed the split between strategic and operational risks, by directorate, for each Overview and Scrutiny Panel. He questioned what could impair the quality of decision making as referred to in paragraph 11.3 of the report. The Insurance and Risk Manager commented that it was important not to underestimate risks in terms of likelihood or proximity. Councillor Saunders highlighted the importance of assessing a risk in the uncontrolled scenario and then residual risk once mitigation was in place.

It was confirmed that the Head of Finance decided whether a risk was reported in the full budget. Councillor E. Wilson commented that he was not aware of any reference to crime and disorder near the Windsor barracks in the budget. Councillor Saunders responded that the allocation of resources would be focussed on usable or liquid reserves to respond to any situation in the expectation that there would be no external help. If an incident did occur outside the barracks, he would expect national government would provide resources.

Councillor E. Wilson commented that there were a number of financial risks related to the Borough Local Plan including judicial reviews, developer actions and the national government stepping in. Residents would not see this in the budget. He suggested the risks discussed should be rethought. In relation to the Borough Local Plan he felt it was not completion that was the risk but the timing of expenditure and receipts. The wording of the volatility risk should be 'financial' rather than specifying expenditure. He felt that the risk related to crime and disorder should be an operational rather than a strategic risk. He suggested the relevant risks should be brought to Overview and Scrutiny Panels and linked to the budget. Councillor Saunders stated that he would raise the issue with Cabinet colleagues and lead officers. He would reflect on what had been discussed at the meeting to see if the linkage and logic could be made clearer and accountability be improved.

Councillor Da Costa asked for the implications of options of key decisions to also be addressed. The Insurance and Risk Manager commented that previously he would look at all reports in terms of identifying risks, but following training, report authors were now responsible for this element, using the risk register and tools. Councillor Da Costa offered to discuss specific suggestions for improvement with the Insurance and Risk Manager.

Councillor E. Wilson requested that for the next Panel meeting, the strategic risks be re-worked and an appendix to the budget be added.

RESOLVED UNANIMOUSLY: That the Audit and Performance Review Panel requests:

- i) **The Lead Member for Finance in conjunction with the Head of Finance and Insurance and Risk Manager, and in consultation with relevant Lead Members, to review and update the risk register to reflect the issues discussed at the Panel meeting and provide more comprehensive linkage and transparency, particularly to the annual budget commentary.**
- ii) **The Lead Member for Finance to bring to the attention of Lead Members and lead officers at a future Cabinet Briefing the opportunity for Overview and Scrutiny Panels to be presented, at an appropriate cycle, information in relation to key operational risks in each of their**

respective areas as identified by Lead Members, lead officers and Overview and Scrutiny Members.

In relation to the earlier discussion about the Pension Fund statement of accounts, Councillor Saunders commented that if discussions needed to go beyond the council’s role as the administrator of the fund and make judgements, this should be addressed elsewhere. The Head of Finance agreed to look into the issue of an appropriate forum for such discussions.

The meeting, which began at 7.00 pm, finished at 8.52 pm

CHAIRMAN.....

DATE.....

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Annual Report on grants and returns 2016/17

Royal Borough of Windsor & Maidenhead

—

February 2018

Contents

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in connection with this
report are:**

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Page

Headlines	3
Summary of certification work outcomes	4
Fees	6
Recommendations	7

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Darren Gilbert, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, in relation to the certification of the Housing Benefit Subsidy grant claim, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.



Headlines

Introduction and background

This report summarises the results of work we have carried out on the Council's 2016/17 grant claims and returns.

This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed in 2016/17 is:

- Under the Public Sector Audit Appointments arrangements we certified one claim – the Council's 2016/17 Housing Benefit Subsidy claim. This had a value of £35.5 million.
- Under separate engagements we issued reports on two claims/returns as listed below.
- Teachers' Pensions Return; and
- National College of Teaching and Leadership (NCTL) Annual Grant Report and Initial Teacher Training Annual Accounts.

Certification and assurance results (Pages 3-4)

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Following the completion of our work, the claim was subject to a qualification letter for differences in the in year reconciliation cells.

Our work on the other grant assurance engagements resulted in unqualified certification reports.

No adjustments were necessary to the Council's grants and returns as a result of our certification work this year.

The overall level of errors identified in 2015/16 across all claims was lower than in previous years.

Recommendations (Pages 7 – 8)

We have made one recommendation to the Council from our work this year. There were no recommendations made in 2015/16.

Fees (Page 5)

Our fee for certifying the Council's 2016/17 Housing Benefit Subsidy grant was £11,648, which is in line with the indicative fee set by PSAA.

Our fees for the other grant/return engagements were subject to agreement directly with the Council and were:

- £3,000 for the certification of the Teachers' Pensions Return; and
- £5,000 for the review of the NCTL Annual Grant Report and Initial Teacher Training Annual Accounts.

Summary of reporting outcomes

Overall, we carried out work on three grants and returns:

— Two were unqualified with no amendment; and

— One required a qualification to our audit certificate.

Detailed comments are provided overleaf.

16

Detailed below is a summary of the reporting outcomes from our work on the Council’s 2016/17 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Council’s compliance with a scheme’s requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
Public Sector Audit Appointments regime					
— Housing Benefit Subsidy	1		-	-	-
Other grant/return engagements		-	-	-	-
— Teachers’ Pension Return		-	-	-	
— National College of Teaching and Leadership Annual Grant Report and Initial Teacher Training Annual Accounts		-	-	-	
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Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	Housing Benefit Subsidy claim — The total Rent Allowance awarded per cell 094 of the subsidy claim was £13,869 different to the figure in the in year reconciliation cell 130. This is due to DWP Error Overpayment acceptable imbalances. This is a minor issue that the Council decided not to adjust the claim for so was required to be reported in a qualification letter. Similar findings have been included in our qualification letters in previous years.	-

17

Fees

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on grants/returns are agreed directly with the Council.

The overall fees we charged for carrying out all our work on grants/returns in 2016/17 was £19,648.

Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing Benefit Subsidy claim in 2016/17 of £11,648. Our actual fee was the same as the indicative fee, and this compares to the 2015/16 fee for this claim of £13,439.

Grants subject to other engagements

The fees for our work on other grants/returns are agreed directly with the Council. Our fees for 2016/17 were in line with those in 2015/16.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2016/17 (£)	2015/16 (£)
Housing Benefit Subsidy claim	11,648	13,439
Teachers' Pensions Return	3,000	3,000
NCTL Annual Grant Report	5,000	5,000
Total fee	19,648	21,439

Recommendations

We have given each recommendation a risk rating and agreed what action management will need to take.

Priority rating for recommendations

1	Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.	2	Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	3	Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.
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Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Funding agreement documentation					
The Council was not able to provide a copy of the signed Grant Funding Agreement with NCTL.	The Grant Funding Agreement issued by NCTL provides information on what grants have been given to the Provider, the terms and conditions under which the grant can be spent, and the purpose for which the grant funding for 2016/17 can be spent. Without a copy available, it is not possible to identify any conditions attached to the funding or confirm that they have been complied with.	Obtain a copy of the Grant Funding Agreement in place to evidence the terms and conditions associated with the grant funding received.	3		



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External Audit Plan 2017/18

**Royal Borough of
Windsor & Maidenhead**

February 2018

Summary for Audit & Performance Review Panel

Financial statements

There are no significant changes to the Code of Practice on Local Authority Accounting ("the Code") in 2017/18, which provides stability in terms of the accounting standards the Authority need to comply with. Despite this, the deadline for the production and signing of the financial statements has been significantly advanced in comparison to year ended 31 March 2017. Whilst the Authority chose to advance its own accounts production timetable last year, the Authority will be required to produce Group accounts for the first time and further advances will be required in order to ensure that deadlines are met. As a result we have recognised a significant risk in relation to this matter.

In order to meet the revised deadlines it will be essential that the draft financial statements and all prepared by client documentation is available in line with agreed timetables. Where this is not achieved there is a significant likelihood that the audit report will not be issued by 31 July 2018.

Materiality

Materiality for planning purposes has been set at **£4.6 million** for the Authority and **£25 million** for the Pension Fund.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this has been set at **£0.23 million** for the Authority and **£1.25 million** for the Pension Fund.

Significant risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- **Valuation of land and buildings** – Whilst the Authority operates a cyclical revaluation approach, the Code requires that all land and buildings be held at fair value. We will consider the way in which the Authority ensures that assets not subject to in-year revaluation are not materially misstated, as well as reviewing the basis of valuation for those assets that have been revalued;
- **Pension Liabilities** – The valuation of the Authority's pension liability, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We will review the processes in place to ensure accuracy of data provided to the Actuary and consider the assumptions used in determining the valuation; and
- **Group accounts and faster Close** – As set out above, the timetable for the production of the financial statements has been significantly advanced with draft accounts having to be prepared by 31 May (2017: 30 June) and the final accounts signed by 31 July (2017: 30 September). In addition, the Authority will be producing Group accounts for the first time, which will place an additional burden on the Finance team. We will work with the Authority in advance of our audit to understand the steps being taken to meet these deadlines and the impact on our work.

Summary for Audit & Performance Review Panel (cont.)

Financial Statements (cont.)

Pension Fund risks

In relation to the Pension Fund audit, those risks requiring specific audit attention and procedures have been identified as:

- **Valuation of hard to price investments** – The Pension Fund invests in a range of assets and funds, some of which are inherently harder to value due to there being no publicly available quoted prices. We will verify a selection of investments to third party information and confirmations; and
- **Valuation of the longevity hedge** – The Pension Fund has in place a longevity insurance policy with ReAssure Ltd to cover a closed group of pensioner members. The Pension Fund pays the policy an annual fixed premium where in return the insurer pays out benefits to the pensioners. The contract is recognised on the Pension Funds' Net Asset Statement and increases in value if the life expectancy of Fund members increases. Therefore, the contract must be kept under regular review to ensure its valuation and disclosure are in accordance with accounting standards.

See pages 5 to 10 for more details

Value for Money Arrangements work

We have not yet completed our detailed risk assessment regarding your arrangements to secure value for money, however our initial VFM audit planning has identified the following significant VFM audit risks to date:

- **Delivery of Budgets** – As a result of reductions in central government funding, and other pressures, the Authority is having to make additional savings beyond those from prior years. We will consider the way in which the Authority identifies, approves, and monitors savings and how budgets are monitored throughout the year; and
- **Management of contracts** – As part of its Transformation Programme, the Authority has moved to a new operating model for some services and now delivers Children's Services and Adult Social Care through other vehicles such as Optalis and Achieving for Children. We will consider the arrangements in place for managing the contracts, including arrangements for monitoring the performance of the service and verifying the accuracy of costs and payments under the contract.

See pages 13 to 17 for more details

Logistics

Our team is:

- Darren Gilbert – Director
- Duncan Laird – Senior Manager
- Sonya Patel – In charge

More details are in **Appendix 2**.

Summary for Audit & Performance Review Panel (cont.)

Logistics (cont.)

Our work will be completed in four phases from January to July and our key deliverables are this Audit Plan and a Report to Those Charged With Governance as outlined on **page 20**.

Our fee for the 2017/18 audit is £81,803 (2016/17: £81,803) for the Authority and £24,831 (2016/17: £33,755) for the Pension Fund see **page 19**. These fees are in line with the scale fees published by PSAA, with additional fees in 2016/17 for work on behalf of other admitted body auditors and work on the revised longevity hedge model. Any changes are subject to approval by PSAA.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

Introduction

Background and Statutory responsibilities

This document supplements our Audit Fee Letter 2017/18 presented to you in April 2017, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office’s Code of Audit Practice and the PSAA Statement of Responsibilities.

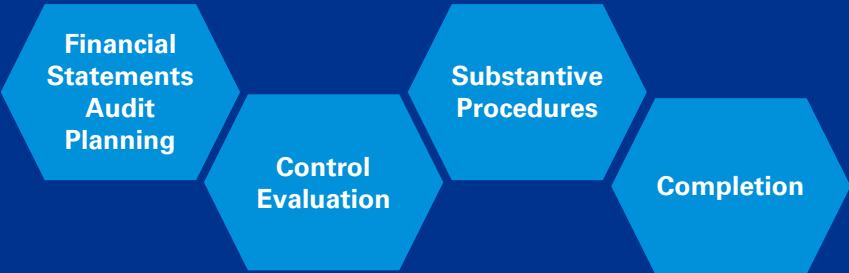
Our audit has two key objectives, requiring us to audit/review and report on your:

- 01 | **Authority and Pension Fund Financial statements :**
Providing an opinion on your accounts. We also review the Annual Governance Statement and Narrative Report and report by exception on these; and
- 02 | **Use of resources:**
Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary. Any change to our identified risks will be reporting to the Audit & Performance Review Panel.

Financial Statements Audit

Our financial statements audit work follows a four stage audit process which is identified below. Appendix 1 provides more detail on the activities that this includes. This report concentrates on the Financial Statements Audit Planning stage of the Financial Statements Audit.



Value for Money Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a five stage process which is identified below. **Page 9** provides more detail on the activities that this includes. This report concentrates on explaining the VFM approach for 2017/18.



Financial statements audit planning

Financial Statements Audit Planning

Our planning work takes place during December 2017 to February 2018. This involves the following key aspects:

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of management's use or experts; and
- Issuing this audit plan to communicate our audit strategy.

Risk assessment

Auditing standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our ISA 260 Report.

01

Management override of controls

Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

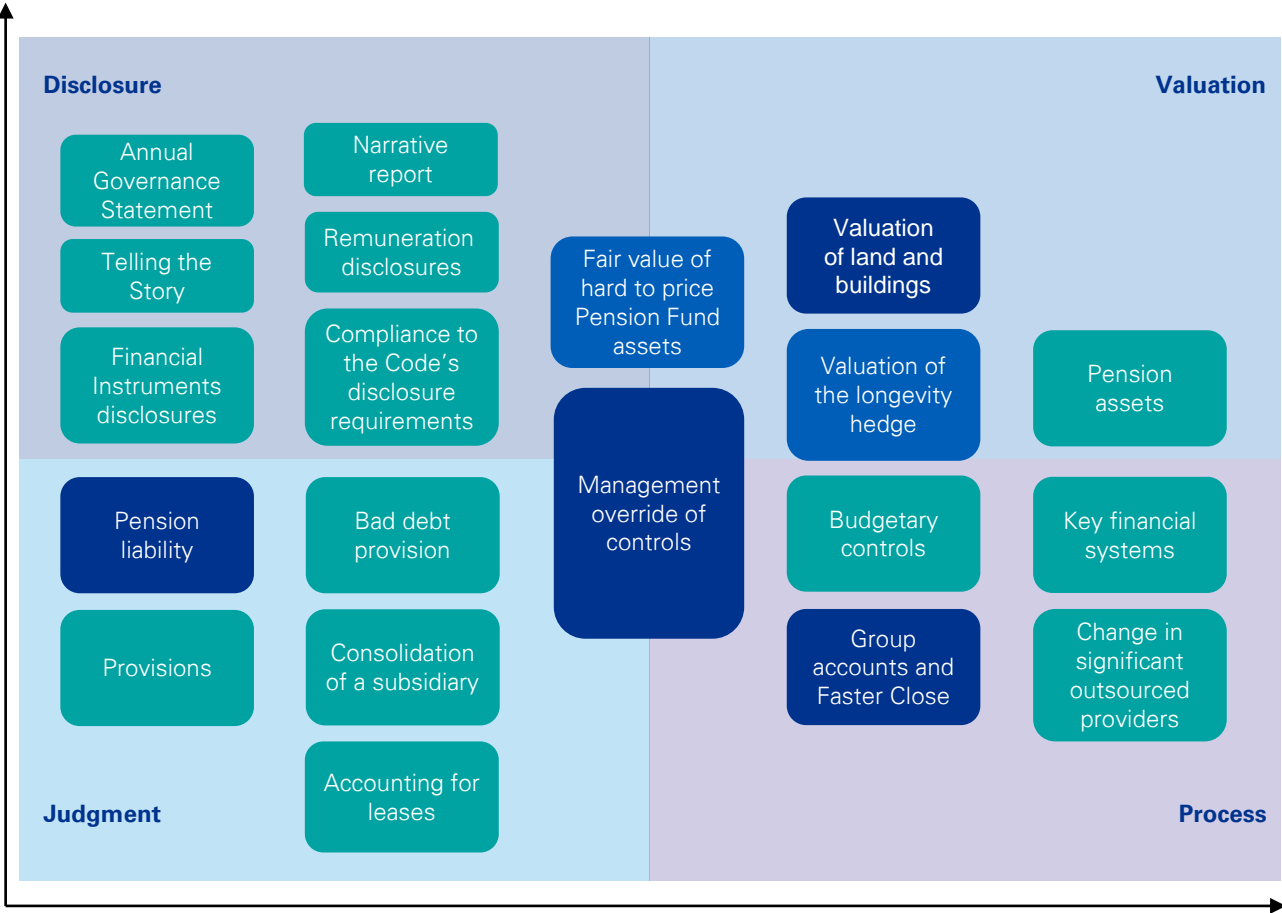
02

Fraudulent revenue recognition

We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

Financial statements audit planning (cont.)

The diagram below identifies significant risks and other areas of audit focus, which we expand on overleaf. The diagram also identifies a range of other areas considered by our audit approach.



- Keys:
- Significant risk
- Significant risks – Pension Fund only
- Other area of audit focus
- Example other areas considered by our approach

Financial statements audit planning (cont.)

Significant Audit Risks – Authority

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Authority.

Risk:	<p>Valuation of land and buildings</p> <p>The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. As a result of this, however, individual assets may not be revalued for four years.</p> <p>This creates a risk that the carrying value of those assets not revalued in year differs materially from the year end fair value. In addition, as the valuation is undertaken as at 1 April, there is a risk that the fair value is different at the year end.</p>
Approach:	<p>We will review the approach that the Authority has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach. We will also assess the risk of the valuation changing materially during the year.</p> <p>In addition, we will consider movement in market indices between revaluation dates and the year end in order to determine whether these indicate that fair values have moved materially over that time.</p> <p>In relation to those assets which have been revalued during the year we will assess the valuer’s qualifications, objectivity and independence to carry out such valuations and review the methodology used (including testing the underlying data and assumptions).</p>

Financial statements audit planning (cont.)

Significant Audit Risks – Authority (cont.)

Risk:	<p>Pension Liabilities</p> <p>The net pension liability represents a material element of the Authority’s balance sheet. The Authority is an admitted body of the Royal County of Berkshire Pension Fund, which had its last triennial valuation completed as at 31 March 2016. This forms an integral basis of the valuation as at 31 March 2018.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority’s overall valuation.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the Authority’s valuation, such as the discount rate, inflation rates, mortality rates etc. The assumptions should also reflect the profile of the Authority’s employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in the valuation of the Authority’s pension obligation are not reasonable. This could have a material impact to net pension liability accounted for in the financial statements.</p>
Approach:	<p>As part of our work we will review the controls that the Authority has in place over the information sent to the Scheme Actuary, including the Authority’s process and controls with respect to the assumptions used in the valuation. We will also evaluate the competency, objectivity and independence of Barnett Waddingham.</p> <p>We will review the appropriateness of the key assumptions included within the valuation, compare them to expected ranges, and consider the need to make use of a KPMG Actuary. We will review the methodology applied in the valuation by Barnett Waddingham.</p> <p>In addition, we will review the overall Actuarial valuation and consider the disclosure implications in the financial statements.</p>

Financial statements audit planning (cont.)

Significant Audit Risks – Authority (cont.)

Risk:	<p>Group accounts and Faster Close</p> <p>In prior years, the Authority has been required to prepare draft financial statements by 30 June and then final signed accounts by 30 September. For years ending on and after 31 March 2018 however, revised deadlines apply which require draft accounts by 31 May and final signed accounts by 31 July.</p> <p>During 2016/17, the Authority started to prepare for these revised deadlines and advanced its own accounts production timetable so that draft accounts were ready by June 2017. Whilst this was an advancement on the timetable applied in preceding years, the Authority will be required to produce Group accounts for the first time and further work is required in order to ensure that the statutory deadlines for 2017/18 are met.</p> <p>In order to meet the revised deadlines, the Authority may need to make greater use of accounting estimates. In doing so, consideration will need to be given to ensuring that these estimates remain valid at the point of finalising the financial statements. In addition, there are a number of logistical challenges that will need to be managed. These include:</p> <ul style="list-style-type: none">— Ensuring that any third parties involved in the production of the accounts (including valuers, actuaries, associates and associate auditors) are aware of the revised deadlines and have made arrangements to provide the output of their work in accordance with this;— Revising the closedown and accounts production timetable in order to ensure that all working papers and other supporting documentation are available at the start of the audit process;— Ensuring that the Audit & Performance Review Panel meeting schedules have been updated to permit signing in July; and— Applying a shorter paper deadline to the July meeting of the Audit & Performance Review Panel meeting in order to accommodate the production of the final version of the accounts and our ISA 260 report. <p>In the event that the above areas are not effectively managed there is a significant risk that the audit will not be completed by the 31 July deadline.</p> <p>There is also an increased likelihood that the Audit Certificate (which confirms that all audit work for the year has been completed) may be issued separately at a later date if work is still ongoing in relation to the Authority's Whole of Government Accounts return and the Pension Fund Annual Report. This is not a matter of concern and is not seen as a breach of deadlines.</p>
Approach:	<p>We will continue to liaise with officers in preparation for our audit in order to understand the steps that the Authority is taking in order to ensure it meets the revised deadlines. We will assess the information available from Optalis and Achieving for Children and agree the most efficient method of auditing the figures. We will also look to advance audit work into the interim visit, such as agreeing the accounting treatment of the Authority's stakes in Optalis and Achieving for Children, in order to streamline the year end audit work.</p> <p>Where there is greater reliance upon accounting estimates we will consider the assumptions used and challenge the robustness of those estimates.</p>

Financial statements audit planning (cont.)

Significant Audit Risks – Pension Fund

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Pension Fund.

Risk:	Valuation of hard to price investments The Pension Fund invests in a wide range of assets and investment funds, some of which are inherently harder to value or do not have publicly available quoted prices, requiring professional judgement or assumptions to be made at year end. The pricing of complex investment assets may also be susceptible to pricing variances given the number of assumptions underlying the valuation. In the prior year financial statements, £840 million out of a total of £1,992 million of investments, or 42%, were in this harder to price category.
Approach:	As part of our audit of the Pension Fund, we will independently verify a selection of investment asset prices to third party information and obtain independent confirmation on asset existence. We will also test to what extent the Pension Fund has challenged the valuations reported by investment managers for harder to price investments and obtained independent assessment of the figures.

Risk:	Valuation of the longevity hedge The Pension Fund has in place a longevity insurance policy with ReAssure Ltd to cover a closed group of pensioner members. The Pension Fund pays the policy an annual fixed premium where in return the insurer pays out benefits to the pensioners. The contract is recognised on the Pension Funds' Net Asset Statement and increases in value if the life expectancy of Fund members increases. Therefore, the contract must be kept under regular review to ensure its valuation and disclosure are in accordance with accounting standards.
Approach:	We will consider the Fund's approach to valuing the longevity insurance contract. We will consider whether the disclosures comply with the accounting framework and any developments that occur in the accounting requirements that are applicable for the 2017/18 financial statements.

In addition to the risk set out above, if we receive specific requests from the auditors of other admitted bodies, we are required to support their audits under the protocols put in place by the PSAA for this purpose. If the work they request is over and above that already planned, there will be additional costs arising from this. The Pension Fund can consider recharging these costs to the relevant admitted bodies

Financial statements audit planning (cont.)

Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent ‘misstatements’ unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

For the Authority, materiality for planning purposes has been set at £4.5 million for the Authority’s standalone accounts, and at £4.6 million for the group accounts, which in both cases equates to approximately 1.7 percent of gross expenditure.

For the Pension Fund, materiality for planning purposes has been set at £25 million which equates to 1.2 percent of total assets.

We design our procedures to detect errors in specific accounts at a lower level of precision.

Authority Prior Year Gross Expenditure: £269m

Materiality

£4.6m

1.7% of Expenditure



Pension Fund Prior Year Gross Assets : £1,991m

Materiality

£25m

1.2% of Gross assets

(2016/17: £25m)



Financial statements audit planning (cont.)

Reporting to the Audit & Performance Review Panel

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit & Performance Review Panel any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK&I) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.23 million.

In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £1.25 million.

If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit & Performance Review Panel to assist it in fulfilling its governance responsibilities.

We will report:



Non-Trivial corrected audit misstatements



Non-trivial uncorrected audit misstatements



Errors and omissions in disclosure
(Corrected and uncorrected)

Group audit

This year, we anticipate that the Authority will be producing Group accounts for the first time to include the transactions with Optalis and Achieving for Children, of which the Authority has part-ownership.

We will reassess the significance of these subsidiaries and our audit approach, including any necessary communication with the external auditors of Optalis and Achieving for Children, throughout our audit and will report any changes in our assessment to the Audit & Performance Review Panel.

Value for money arrangements work

VFM audit approach

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority ‘has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources’.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to ‘take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor’s judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body’s arrangements.’

Overall criterion

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The VFM approach is fundamentally unchanged from that adopted in 2016/17 and the process is shown in the diagram below. The diagram overleaf shows the details of the sub-criteria for our VFM work.



Value for money arrangements work (cont.)

Value for Money sub-criterion

Informed decision making

Proper arrangements:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance.
- Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.
- Reliable and timely financial reporting that supports the delivery of strategic priorities.
- Managing risks effectively and maintaining a sound system of internal control.

Sustainable resource deployment

Proper arrangements:

- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.
- Managing and utilising assets to support the delivery of strategic priorities.
- Planning, organising and developing the workforce effectively to deliver strategic priorities.

Working with partners and third parties

Proper arrangements:

- Working with third parties effectively to deliver strategic priorities.
- Commissioning services effectively to support the delivery of strategic priorities.
- Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for money arrangements work (cont.)

VFM audit stage



VFM audit risk assessment

Audit approach

We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the *Code of Audit Practice*.

In doing so we consider:

- The Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks;
- Information from the Public Sector Auditor Appointments Limited VFM profile tool;
- Evidence gained from previous audit work, including the response to that work; and
- The work of other inspectorates and review agencies.



Linkages with financial statements and other audit work

Audit approach

There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.

We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.



Identification of significant risks

Audit approach

The Code identifies a matter as significant '*if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.*'

If we identify significant VFM risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:

- Considering the results of work by the Authority, inspectorates and other review agencies; and
- Carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Value for money arrangements work (cont.)

VFM audit stage



Assessment of work by other review agencies, and Delivery of local risk based work

Audit approach

Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.

We will also consider the evidence obtained by way of our financial statements audit work and other work already undertaken.

If evidence from other inspectorates, agencies and bodies is not available and our other audit work is not sufficient, we will need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:

- Additional meetings with senior managers across the Authority;
- Review of specific related minutes and internal reports;
- Examination of financial models for reasonableness, using our own experience and benchmarking data from within and without the sector.



Concluding on VFM arrangements

Audit approach

At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.



Reporting

Audit approach

On the following page, we report the results of our initial risk assessment.

We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.

The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.

Value for money arrangements work (cont.)

Significant VFM Risks

Those risks requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.

Risk:	Delivery of budgets The Authority identified the need to make savings of £5.95 million in 2017/18. The current forecast shows that the Authority will deliver an overspend of approximately £0.2 million which will be funded out of reserves. The Authority's budget for 2018/19 is being taken to the Council meeting on 20 February and recognises a need for £5.4 million in savings. This will help to address future reductions to local authority funding alongside service cost and demand pressures. As a result, the need for savings will continue to have a significant impact on the Authority's financial resilience.
Approach:	As part of our additional risk based work, we will consider the way in which the Authority identifies, approves, and monitors savings and how budgets are monitored throughout the year. We will also review the controls the Authority has in place to ensure financial resilience, specifically that the Medium Term Financial Plan has duly taken into consideration factors such as funding reductions, salary and general inflation, demand pressures, restructuring costs and sensitivity analysis given the degree of variability in the above factors.
VFM Sub-criterion:	This risk is related to the following Value For Money sub-criterion — Informed decision making; — Sustainable resource deployment; and — Working with partners and third parties

Risk:	Contract management As part of its Transformation Programme, the Authority has moved to a new operating model for some services and now delivers Children's Services and Adult Social Care through external providers such as Optalis and Achieving for Children, in which the Authority is a shareholder.
Approach:	We will consider the arrangements in place for managing the contracts, including arrangements for monitoring the performance of the service and verifying the accuracy of costs and payments under the contract.
VFM Sub-criterion:	This risk is related to the following Value For Money sub-criterion — Informed decision making; — Sustainable resource deployment; and — Working with partners and third parties

Other matters

Whole of government accounts (WGA)

We are required to issue an assurance statement to the National Audit Office confirming the income, expenditure, asset and liabilities of the Authority. Deadlines for completion of this for 2017/18 have not yet been confirmed.

Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are:

- The right to inspect the accounts;
- The right to ask the auditor questions about the accounts; and
- The right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work will be charged in accordance with the PSAA's fee scales.



Other matters

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Audit & Performance Review Panel. Our communication outputs are included in Appendix 1.

Independence and Objectivity

Auditors are also required to be independent and objective. Appendix 3 provides more details of our confirmation of independence and objectivity.

Audit fee

Our Audit Fee Letter 2017/2018 presented to you in April 2017 first set out our fees for the 2017/2018 audit. This letter also set out our assumptions. Should there be a need to charge additional audit fees then this will be agreed with the s.151 Officer and PSAA. If such a variation is agreed, we will report that to you in due course.

The planned audit fee for 2017/18 is £81,803 for the Authority, compared to 2016/17 of £81,803. The planned audit fee for 2017/18 is £24,831 for the Pension Fund (2016/17 £33,755, which includes £8,924 of additional fee for work on behalf of other admitted body auditors and work on the revised longevity hedge model).

Appendix 1:

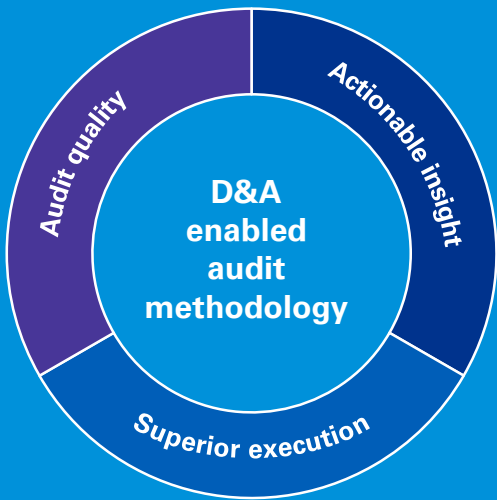
Key elements of our financial statements audit approach

Driving more value from the audit through data and analytics

Technology is embedded throughout our audit approach to deliver a high quality audit opinion. Use of Data and Analytics (D&A) to analyse large populations of transactions in order to identify key areas for our audit focus is just one element. Data and Analytics allows us to:

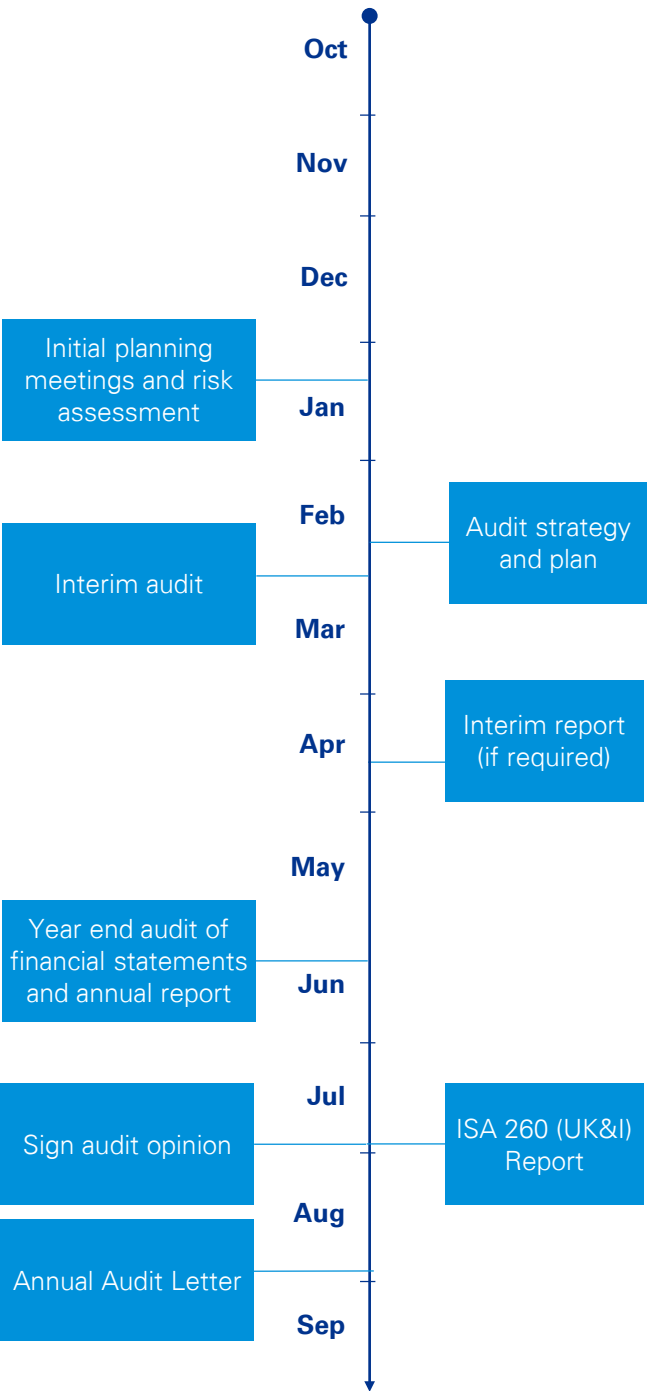
- Obtain greater understanding of your processes, to automatically extract control configurations and to obtain higher levels assurance.
- Focus manual procedures on key areas of risk and on transactional exceptions.
- Identify data patterns and the root cause of issues to increase forward-looking insight.

We anticipate using data and analytics in our work around key areas such as journals.



Communication

Continuous communication involving regular meetings between Audit & Performance Review Panel, Senior Management and audit team.



Appendix 1:

Key elements of our financial statements audit approach (cont.)

Audit workflow

Planning

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of managements use or experts; and
- Issuing this audit plan to communicate our audit strategy.

Control evaluation

- Understand accounting and reporting activities
- Evaluate design and implementation of selected controls
- Test operating effectiveness of selected controls
- Assess control risk and risk of the accounts being misstated

Substantive testing

- Plan substantive procedures
- Perform substantive procedures
- Consider if audit evidence is sufficient and appropriate

Completion

- Perform completion procedures
- Perform overall evaluation
- Form an audit opinion
- Audit & Performance Review Panel reporting

Appendix 2:

Audit team

Your audit team has been drawn from our specialist public sector assurance department. Darren and Duncan were all part of the Royal Borough of Windsor & Maidenhead audit last year. Sonya has joined the team this year from our London Public Sector department.



Darren Gilbert
Director

T: +44 (0)2920 468205
E: darren.gilbert@kpmg.co.uk

‘My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion. I will be the main point of contact for the Audit & Performance Review Panel and Managing Director.’



Duncan Laird
Senior Manager

T: +44 (0)117 905 4253
E: duncan.laird@kpmg.co.uk

‘I provide quality assurance for the audit work and specifically any technical accounting and risk areas. I will work closely with Darren to ensure we add value. I will liaise with the Head of Finance and other Executive Directors.’



Sonya Patel
In-charge

T: +44 (0)207 694 2726
E: sonya.patel@kpmg.co.uk

‘I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.’

Appendix 3:

Independence and objectivity requirements

ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF THE ROYAL BOROUGH OF WINDSOR & MAIDENHEAD

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Ltd's ('PSAA's') Terms of Appointment relating to independence and the requirements of the FRC Ethical Standard and General Guidance Supporting Local Audit (Auditor General Guidance 1 – AGN01) issued by the National Audit Office ('NAO').

This Appendix is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

The conclusion of the audit engagement leader as to our compliance with the FRC Ethical Standard in relation to the audit of the Pension Fund and that the safeguards we have applied are appropriate and adequate is subject to review by an engagement quality control reviewer, who is an Audit Director not otherwise involved in your affairs.

We are satisfied that our general procedures support our independence.

Appendix 3:

Independence and objectivity requirements
(cont.)

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the authority and its affiliates for professional services provided by us during the reporting period.

We confirm that no non-audit services have been provided to the Royal County of Berkshire Pension Fund.

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out in the following table:

Description of scope of services	Principal threats to independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2018	Value of Services Committed but not yet delivered
Certification of housing benefit grant claim	None identified as this is part of our role as appointed auditor	None requires as no threats identified.	Fixed Fee	11,648	13,439
Certification of other grants & returns (Teachers Pension, National College of Teaching and Leadership Annual Grant Report and Initial Teacher Training Annual Accounts)	Self-Review	The engagements relate to the completion of predefined procedures as set out by the grant paying body. Our report then sets out the factual results of those tests rather than providing an assurance opinion.	Fixed Fee	8,000	8,000

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit & Performance Review Panel.

Confirmation of audit independence

We confirm that as of the date of this report, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

This report is intended solely for the information of the Audit & Performance Review Panel of the authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.



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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Darren Gilbert, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to Andrew.Sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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Report Title:	2018/19 Draft Internal Audit and Investigation Plan
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Councillor Sayonara Luxton
Meeting and Date:	Audit and Performance Review Panel – 26 February 2018
Responsible Officer(s):	Rob Stubbs, Deputy Director and Head of Finance
Wards affected:	All

REPORT SUMMARY

1. This report recommends that the Audit and Performance Review Panel (A&PRP) considers and approves the 2018/19 Draft Internal Audit and Investigation Plan. This recommendation is being made to ensure that the Council meets its statutory requirements and that the A&PRP meets the requirements of its Terms of Reference by ensuring that the work of the Shared Audit and Investigation Service (SAIS) is focused appropriately with adequate resources and is delivered in accordance with recommended best practice.
2. If adopted, the key financial implications for the Council are revenue costs of the SAIS. The 2018/19 Draft Internal Audit and Investigation Plan will be effective from 1 April 2018.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: Members are asked to consider and approve the 2018/19 Draft Internal Audit and Investigation Plan.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 This recommendation is being made to ensure the Council has adequate Internal Audit and Investigation coverage for 2018/19, enabling the Lead Specialist, Audit and Investigation, SAIS on delegated authority from the Chief Audit Executive to give an overall opinion on the Council's internal control and risk framework at the end of the financial year.
- 2.2 The proposed 2018/19 Draft Internal Audit and Investigation Plan, attached at Appendix A, is intended to demonstrate how the SAIS supports the overall aims and objectives of the Council. Consultations have been undertaken with internal stakeholders. The 2018/19 Draft Internal Audit and Investigation Plan focuses efforts / cost on only those audits that feed directly into:-

- other regulated reporting but only the minimum effort necessary to deliver compliance, including the Annual Governance Statement (AGS).
- facilitating the provision of an overall opinion each year for the A&PRP on the operation of the Council's internal control environment, risk management arrangements and governance framework.
- other CMT / Cabinet / A&PRP strategic & tactical priorities which are at high risk from changes in customer needs, funding, processes or resourcing.
- the audit of areas which are deemed to be 'important' to support operating objectives.
- cutting out all other 'housekeeping' activities not directly driven by the above.
- the 2018/19 Draft Internal Audit and Investigation Plan is aligned with the Council's objectives and Corporate Risk Register (CRR) along with the financial risks as stated in the Medium Term Financial Plan.

2.3 Whilst a number of audit reviews within the 2018/19 Draft Internal Audit and Investigation Plan are effectively considered as mandatory (key financial systems, particularly high risk items etc.), others enter or leave the Draft Internal Audit and Investigation Plan based on the CRR rating and the views of officers and Members. As such, the 2018/19 Draft Internal Audit and Investigation Plan is fluid and is regularly realigned to accommodate changes to the CRR, thereby ensuring that it remains current and focussed on the key risks affecting the Council. Any changes made to the 2018/19 Draft Internal Audit and Investigation Plan during the year will be reported to the A&PRP. In addition, under S151 of the Local Government Finance Act 1972, the Council's Deputy Director and Head of Finance (as S151 Officer) has a statutory duty to maintain an appropriate framework of controls over the Council's financial affairs. Reliance upon the SAIS and their annual programme of work in reviewing the operation of systems of internal control and financial management is fundamental to the fulfilment of that responsibility.

Option	Comments
<p>1. Approve the risk based 2018/19 Draft Internal Audit and Investigation Plan</p> <p>Recommended</p>	<p>The Council will be able to discharge its statutory functions in relation to audit, control and governance. In addition, the A&PRP will comply with its responsibilities as set out within their Terms of Reference.</p> <p>This will demonstrate that the Council is not exposing itself to unnecessary risks by having an adequate internal control and governance framework leading to good performance and better outcomes for service users/residents.</p>

<p>2. Approve the risk based 2018/19 Draft Internal Audit and Investigation Plan in the main but reprioritise Internal Audit and Investigation resources at the margins, ensuring that the Council fulfils its statutory obligations</p>	<p>Members may wish to request that the 2018/19 Draft Internal Audit and Investigation Plan be amended / altered if they feel that there are material issues which have not received sufficient emphasis or if there are specific issues the report is deficient in.</p>
<p>3. Significantly reprioritise the SAIS resources, which may result in the Council not fulfilling its statutory function and not sufficiently reviewing key risk areas</p>	<p>Reduces ability of the Council to discharge its statutory functions in relation to audit, control and governance and thereby not comply with legislative requirements (Section 5).</p> <p>This may expose the Council to unnecessary risks by not having an adequate internal control and governance framework leading to poor performance, fraud / irregularities and poor outcomes for service users/residents.</p> <p>A&PRP will not be discharging its responsibilities as shown in its Terms of Reference.</p>

3. KEY IMPLICATIONS

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
Residents have confidence that public funds are being used economically, efficiently and effectively and that Council assets and interests are being safeguarded from misappropriation / loss.	<p>Failure of the Council to meet its statutory requirements and failure of the A&PRP to discharge its responsibilities.</p> <p>Loss of residents' confidence.</p> <p>Council reputation may be affected.</p>	<p>Council meets its statutory requirements to provide an adequate and effective internal audit of its accounting records and system of internal control.</p> <p>A&PRP discharges its responsibilities.</p> <p>Gain residents confidence.</p> <p>Council reputation protected.</p>	n/a	n/a	31 March 2019
Unqualified External Audit Financial Accounts and Management Letter.	Adverse comment and a qualified External Audit Management Letter if the Council fails to maintain an adequate Internal Audit and Investigation Service.	Unqualified External Audit Management Letter as Council meets its requirements to provide an adequate and effective Internal Audit and Investigation Service.	n/a	n/a	31 March 2019

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 a) Financial impact on the budget

Revenue - Officer time in dealing with provision of the SAIS. The proposal relates to existing budgets, no new funds are being sought.

Capital - None

b) Financial Background – N/A

5. LEGAL IMPLICATIONS

5.1 Internal Audit carry out their activities under:-

- Regulations 6 (1), 6(3) and (4) of the Accounts and Audit Regulations 2015.
- S151 Local Government Finance Act 1972.
- CIPFA/IIA Public Sector Internal Audit Standards 2013 (Revised 2016).

5.2 Investigatory activities are carried under:-

- Fraud Act 2006
- Criminal Justice Act 1987
- Theft Act 1968
- Forgery and Investigation Act 1981
- Social Security Administration Act 1992.
- Welfare Reform Act 2012.

6. RISK MANAGEMENT

Risks	Uncontrolled	Controls	Controlled
1. Failure to discharge statutory obligations leads to breach of legislation resulting in fines, investigation and reputation damage.	High	Risk based Internal Audit and Investigation Plan that is aligned with the Council's objectives and CRR.	Low
2. Failure to provide necessary assurances that the Council's systems are secure leads to major event, fraud and/or mismanagement of monies.	High	Risk based Internal Audit and Investigation Plan that is aligned, where possible, with the Council's objectives and CRR.	Low
3. Failure to have suitable systems in place to reduce potential losses and inefficiencies leads to wasted resources or duplication of work.	High	Integrate individual audit reviews with other reviews. Risk based Internal Audit and Investigation Plan that is aligned with the Council's objectives and CRR.	Low

7. POTENTIAL IMPACTS

7.1 Equality Impact Assessment, Sustainability Impact Appraisal, Equalities Human Rights, community cohesion, accommodation, property and assets – N/A

8. CONSULTATION

- 8.1 Consultations have been undertaken with internal stakeholders (Corporate Management Team, S151 Officer, Directorate Management Teams and the Insurance and Risk Manager) in preparing the 2018/19 Draft Internal Audit and Investigation Plan. .

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 The 2018/19 Draft Internal Audit and Investigation Plan will come into effect from 1 April 2018. Progress on delivering the 2018/19 Draft Internal Audit and Investigation Plan will be reported to the A&PRP on an interim (6 monthly) and annual basis.

Table : 2018/19 Draft Internal Audit and Investigation Plan

Date	Details
December 2018	2018/19 Interim Internal Audit and Investigation Report
June 2019	2018/19 Annual Internal Audit and Investigation Report

- 9.2 Implementation date if not called in: 1st April 2018

10. APPENDIX

- 10.1 Appendix A – 2018/19 Draft Internal Audit and Investigation Plan (attached to this report).

11. BACKGROUND DOCUMENTS

- 11.1 Accounts and Audit Regulations 2015
CIPFA/IIA Public Sector Internal Audit Standards 2016
S151 Local Government Finance Act 1972

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Comment & returned
Cllr Sayonara Luxton	Chair of Audit and Performance Review Panel	15/02/18	
Alison Alexander	Managing Director	24/01/18	
Russell O'Keefe	Executive Director	24/01/18	
Andy Jeffs	Executive Director	24/01/18	
Rob Stubbs	Deputy Director and Head of Finance	24/01/18	
Terry Baldwin	Head of HR	24/01/18	

REPORT HISTORY

Decision type: Non-key decision	Urgency item? No
Report Author: Catherine Hickman, Lead Specialist, Audit and Investigation	

Proposed 2018/19 Audit and Investigation Plan	Days	Indicative High Level Scope/Controls	Last Audited
Key Financial Systems			
Payroll	15	<ul style="list-style-type: none"> • Starters (including Establishment Controls) • Permanent and temporary amendments • Leavers and transfers • Reconciliations • Exception Reporting • Management Information 	17/18
Debtors	10	<ul style="list-style-type: none"> • Legislation, Policy & Procedures • Debtor transactions and records • Amendments to standing data • Raising of invoices • Billing - including for 18/19 an in depth review of new rate relief claims • Collection • Refunds • Debt recovery and enforcement (including write-offs) • Management reporting 	17/18
Creditors	7	<ul style="list-style-type: none"> • Policies and procedures • Purchase orders (Non-Order and Retrospective) • Goods receipting • Cost coding • Prompt payment discounts • Manual/duplicate payments • Supplier account maintenance • Segregation of duties • Performance monitoring • Pre-payments 	17/18
General Ledger	5	<ul style="list-style-type: none"> • Main Accounting Protocols including policies, procedures, guidance and training arrangements • Year End Procedures • Close Down Process • Control and Suspense Accounts • Financial Statements • Monthly Financial Information • Transactions 	17/18
Cash & Bank Reconciliation	10	<ul style="list-style-type: none"> • Accounts Receivable • Council Tax • NNDR • Housing Benefits • Income Collection Account • Main Bank Account • Previous Recommendations 	17/18

Proposed 2018/19 Audit and Investigation Plan	Days	Indicative High Level Scope/Controls	Last Audited
Cash & Banking Arrangements	10	<ul style="list-style-type: none"> • Legislation, policy and procedures • Cash transactions and records • Cash collection • Cash payments • Cash holdings • Banking • Management reporting • Future customer payment options 	17/18
Cash Flow, Investments, Loans (Treasury Management)	7	<ul style="list-style-type: none"> • The council's Treasury Management Strategy together with the Chartered Institute of Public Finance and Accountancy and Department for Community and Local Government guidance • Compliance of Treasury Management activity with council policies and procedures • Staff training, roles and responsibilities • Investment and Loan transactions 	17/18
Pensions Payroll and Administration	10	<ul style="list-style-type: none"> • Roles and responsibilities • Adherence to policies and procedures • Administrative controls between administration and payroll systems • Payment authorisation process • Reconciliations • Management reviews of:- pension fund transfers pensions and benefits calculations pensions masterfile capital costs suspensions and write offs • Maintenance of files and retention of documentation • Computer security. 	17/18
Housing Benefits/CTRS	20	<ul style="list-style-type: none"> • Compliance with policy and procedures (inc. post opening) • Benefits are only paid to those entitled • Application processing and change of circumstances • Backdated claims • Overpayments and recovery arrangements • Reliability and security of records (electronic and paper) • Complaints procedure • Fraud training and awareness • Performance Indicators and quality checking • Future Legislative changes 	17/18

Proposed 2018/19 Audit and Investigation Plan	Days	Indicative High Level Scope/Controls	Last Audited
Council Tax & NNDR (JLB)	20	<ul style="list-style-type: none"> • Policies and Procedures • Reconciliation of council tax and NNDR to the general ledger • Reconciliation of council tax and NNDR to income receipts/cash system • Reconciliation of council tax and NNDR databases to valuation office listings • Standing data amendments • Valuation Office alterations • Reliefs and discounts • Billing practices • Cash receipts and customer account allocations • Review of accounts in arrears or credit • Performance management and data control 	17/18
Capital Programme, Accounting, Expenditure Monitoring (JLB)	7	<ul style="list-style-type: none"> • Capital planning process • Capital funding process • Capital bid and allocation process • Capital expenditure monitoring • Budget monitoring and accounting arrangements • Staff roles and responsibilities 	17/18
Governance Building Blocks			
Risk Management	10	<ul style="list-style-type: none"> • Assessment of risk scores & risk appetites • Compliance with the Risk Management Strategy. 	17/18
Financial Management (JLB)	30	<ul style="list-style-type: none"> • Budgetary setting, monitoring and control measures, including the Forward Plan, income against targets and response to economic and emerging policy signals. • Medium Term Financial Plan - include the assumptions made for financial reserves required including average risk and confidence levels. Plus mitigation in case MTFP fails. Also include funding and budgets to deliver the regeneration programme.(HPLAND0013) Also include insufficient resources to meet demands leading to Pension Fund substantial deficit (PEN0001) 	17/18

Proposed 2018/19 Audit and Investigation Plan	Days	Indicative High Level Scope/Controls	Last Audited
Commissioned Services	85	<ul style="list-style-type: none"> Contract audit coverage for key partners including contract tendering, renewal and extension of Adult Services including Adult Safeguarding and statutory responsibilities (20) , Children's Services including Children's Safeguarding and statutory responsibilities (15) and Waste Management (15), including performance management. Child referrals and child specific placements (15) Commissioning Strategy including governance (20) 	
Key Strategic and Key Operational Risks			
Risk of security and community problems	10	<ul style="list-style-type: none"> Compliance with legislation Strategy, Policy, Procedures and Action Plans Reporting Anti Social Behaviour Follow up of 17/18 Business Continuity and Emergency Planning audit 	N/A
Maidenhead Regeneration	20	<ul style="list-style-type: none"> Conflict on key sites - temporary parking needs Unsuitable programme that doesn't meet other council priorities Inadequate infrastructure delivery not tied in with the BLP infrastructure Delivery Plan Access and Movement Strategy Project and Contract Management 	< 2015/16
Homelessness	15	<ul style="list-style-type: none"> Strategy, Policy and Procedures Provision of service including drop in advice, homeless shelter, debt advice, temporary accommodation etc Homelessness Reduction Act Social Enterprises Scheme 	<2015/16
Tree Management (follow up)	10	<ul style="list-style-type: none"> Follow up of 16/17 audit 	2016/17
S106/CIL	15	<ul style="list-style-type: none"> Implementation of CIL S106 board Collection and use of S106 monies Follow up of 15/16 audit 	

Proposed 2018/19 Audit and Investigation Plan	Days	Indicative High Level Scope/Controls	Last Audited
Community Protection - Environmental Health, H & S, Housing, Contaminated Land	10	<ul style="list-style-type: none"> • Legislation compliance • Mandatory visits • Training • Promotion of service - community awareness 	2017/18 (Crime and disorder only)
School Building related risks	15	<ul style="list-style-type: none"> • Legislation compliance including Fire risk assessments, asbestos surveys, electrical tests, legionella and gas • Compliance database • Leases • Trees 	N/A
Insufficient data collection and analysis around commissioning strategy	10	<ul style="list-style-type: none"> • PARIS management • Reporting • Succession and continuity planning 	
Monitoring and managing Council Building related risks to meet statutory obligations	25	<ul style="list-style-type: none"> • Building registers • Legislative compliance including; asbestos, fire, legionella and glazing. • H & S compliance including working at height • Policies and procedures • Compliance database • To include the key buildings of Town Hall, Tinkers Lane and Clyde House 	
Viability of key partners under outsourced/partnership business processes	5	<ul style="list-style-type: none"> • Financial viability of key partner organisations 	
Appointeeship and Deputyship - follow up.	5	<ul style="list-style-type: none"> • Follow up of 2016/17 audit 	2016/17
Statutory Duties			
Optalis - Delivery of Statutory Responsibilities of provider (JLB)	10	<ul style="list-style-type: none"> • To give assurance on the internal control environment of Optalis 	N/A
Maintained School Audits (7)	25	<ul style="list-style-type: none"> • General School Management and Governance Framework • Budgetary Setting, Monitoring & Control • Imprest Account (Non-Agresso schools only) • Procurement of Goods and Services • Income • School Vehicles (if appropriate) • School Trips 	2017/18

Proposed 2018/19 Audit and Investigation Plan	Days	Indicative High Level Scope/Controls	Last Audited
Risk of a significant fine and reputational damage due to loss of confidential/sensitive data. (Computer Audit).	40	<ul style="list-style-type: none"> • Information Security Management System - governance for this area including Senior Information Risk Owner & Information Governance Group roles • Encrypted IT equipment • Secure storage/ lockers at council offices • Robust policies in this area • Mandatory refresher programme recently undertaken • Archiving of physical records • Training for staff on document / information handling and basic information security practice • Secure e-mail solution • Document marking scheme • SIRO responsibilities - Information Security incident follow up 	2017/18
Spot checks	10	<ul style="list-style-type: none"> • To undertake various spot checks 	2017/18
Information Governance/Management/GDPR compliance	30	<ul style="list-style-type: none"> • Clear Desk Policy • E-learning • Risk Assessment of Information Assets; • Departmental Policies and Procedures; • Staff Knowledge and Training; • Monitoring of Information Management Culture (e.g. clear desk spot checks); • Management of Data at Rest (storage of non-archived data sources held in databases); • Information Sharing (both internal and external); • Retention and Disposal Regimes (especially electronic data); • Review of Non-Compliance Events. 	2017/18
Shared Building Services	10	<ul style="list-style-type: none"> • Roles and responsibilities for officers • Management of; planned maintenance, capital investment project works, reactive maintenance works, the helpdesk service, statutory property health and safety obligations (service contracts) • Payment processing and authorisation; • Management fees and cost recovery processes; • Management information, performance monitoring and budget monitoring; • IT provision and data sharing; 	2016/17
Auditor Judgement			
Commercial Properties	10	<ul style="list-style-type: none"> • Agreements • Rent collection and arrears • Disposals 	
Contract Auditing	20	<ul style="list-style-type: none"> • Pre, current and post contract auditing 	

Proposed 2018/19 Audit and Investigation Plan	Days	Indicative High Level Scope/Controls	Last Audited
Grant Certifications	10	• Certification of grants received	

SERVICING THE BUSINESS

Annual Governance Statement Preparation	10
Development of New Systems / Special Projects	5
Public Sector Internal Audit Standards Compliance	5
Advice on Demand	15
Contingency (including Management/Member requests)	50
- Follow Up Countermeasures and Testing	10
- Corporate Governance Compliance	5
Total Internal Audit Days	651
Corporate Investigation Days	420

Agenda Item 7

Report Title:	Revised Anti Fraud and Anti Corruption Policies
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Councillor Sayonara Luxton
Meeting and Date:	Audit and Performance Review Panel – 26 February 2018
Responsible Officer(s):	Rob Stubbs, Deputy Director and Head of Finance
Wards affected:	All

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Report Summary

The council's Anti Fraud and Anti Corruption Policies have been reviewed and aligned where possible. Key changes are:

1. Prosecution and Sanctions Policy – Minor changes
2. Anti Fraud and Anti Corruption Policy – .Minor changes
3. Anti Bribery Policy – Minor changes
4. Anti Money Laundering Policy – Minor changes
5. Regulation of Investigatory Powers Act (RIPA) Policy and Procedures – Policy and Procedures updated to bring in line with recommended best practice
6. Whistleblowing Policy – Minor changes

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Members consider and approve the following policies:

- **Prosecution and Sanctions Policy**
- **Anti Fraud and Anti Corruption Policy**
- **Anti Bribery Policy**
- **Anti-Money Laundering Policy**
- **Regulation of Investigatory Powers Act (RIPA) Policy and Procedures**
- **Whistleblowing Policy**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 To ensure that anti fraud and anti corruption activity complies with legislation and follows best practice.

Option	Comments
Approve the policies Recommended	This will ensure that activity undertaken by the Shared Audit and Investigation Service on behalf of the council, complies with legislation.
Amend the policies.	May result in legal challenge through not complying with legislation or inefficiencies within the Shared Audit and Investigation Service.
Not to approve the policies.	May result in legal challenge through not complying with legislation or inefficiencies within the Shared Audit and Investigation Service.

3. KEY IMPLICATIONS

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
Residents have confidence that public funds are being used economically, efficiently and effectively and that Council assets and interests are being safeguarded from misappropriation / loss.	Significant financial losses to the Council. Loss of residents confidence. Council reputation may be affected.	Financial losses are identified and recovered. Gain residents confidence. Council reputation protected.	N/A	N/A	31 March 2019

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 a) Financial impact on the budget

Revenue - Officer time in dealing with provision of the SAIS
Capital – None.

b) Financial Background – N/A

5. LEGAL IMPLICATIONS

5.1 Relevant legislation includes:

- Corruption Act 1906
- Criminal Procedures and Investigations Act (CPIA) 1996;
- Data Protection Act 1998;
- Fraud Act 2006;
- Freedom of Information Act 2000;
- Human Rights Act 1998;
- Local Government Finance Act 1992;
- Police and Criminal Evidence Act (PACE) 1984;
- Proceeds of Crime Act 2002;
- Regulation of Investigatory Powers Act (RIPA) 2000; and
- Bribery Act 2010

6. RISK MANAGEMENT

Risks	Uncontrolled	Controls	Controlled
1. Failure to have and follow appropriate fraud policies leads to breach of legislation resulting in fines, investigation and reputation damage.	High	Appropriate fraud policies are in place, have been approved and are followed.	Low
2. Failure to provide an investigation service leads to major event, fraud and/or mismanagement of monies.	High	Appropriate fraud policies are in place, have been approved and are followed.	Low
3. Failure to have an investigation service in place to investigate potential losses.	High	Appropriate fraud policies are in place, have been approved and are followed.	Low

7. POTENTIAL IMPACTS

7.1 None

8. CONSULTATION

8.1 Consultations has taken place with the Corporate Management Team and S151 Officer.

9. TIMETABLE FOR IMPLEMENTATION

9.1 The Fraud Policies will be effective from the date of approval by this Panel.

10. APPENDICES

- Appendix A - Prosecution and Sanctions Policy
- Appendix B – Anti Fraud and Anti Corruption Policy
- Appendix C – Anti Bribery Policy
- Appendix D – Anti Money Laundering Policy
- Appendix E - Regulation of Investigatory Powers Act (RIPA) Policy and Procedures
- Appendix F – Whistleblowing Policy (Raising Concerns at Work) Policy and Procedure

11. BACKGROUND DOCUMENTS

- 11.1 2018/19 Internal Audit and Investigation Plan.
Anti Fraud and Anti Corruption Strategy

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Comment & returned
Cllr Sayonara Luxton	Chair of Audit and Performance Review Panel		
Alison Alexander	Managing Director	24/01/18	
Russell O'Keefe	Executive Director	24/01/18	
Andy Jeffs	Executive Director	24/01/18	
Rob Stubbs	Deputy Director and Head of Finance	24/01/18	
Terry Baldwin	Head of HR	24/01/18	

REPORT HISTORY

Decision type: Non-key decision	Urgency item? No
Report Author: Catherine Hickman, Lead Specialist, Audit and Investigation	

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD **CORPORATE PROSECUTION AND SANCTION POLICY**

Introduction

The Royal Borough of Windsor and Maidenhead (The Council) will prosecute any person who commits a criminal offence against the systems, processes and functions of the Council and/or assaults or threatens any member or employee of the Council, if there is sufficient evidence and if, in the opinion of the Council, it is in the public interest to do so.

When deciding if it is in the public interest, all officers authorised to decide whether to prosecute on behalf of the Council will be guided by the Code for Crown Prosecutors. Whenever it is appropriate, the Council will consider offering other sanctions as an alternative to prosecution.

The Council will consider each case on its own merits before deciding whether or not to prosecute. If it is the case that the Council has suffered a material/financial loss, it may take separate action to stop further payments/ recover money, irrespective of whether it decides to take criminal proceedings, and where steps to prevent further losses or recover losses already incurred are not available or desirable in the course of any criminal proceedings.

Alternatives to Prosecution - Cautions

In the issuing of Cautions the Council will be guided by the relevant statutory Guidance, currently the Ministry of Justice – Simple Caution for Adult Offender guidance.

Alternatives to Prosecution - Statutory Sanctions

The Council may consider a Statutory Sanction, whether a monetary penalty or otherwise, as an alternative to prosecution for an offence where the imposition or offer of such a sanction for the specified offence or offences is prescribed by law.

Code for Crown Prosecutors – The Evidential Test

When making a decision on whether to prosecute, the Council will first consider whether there is sufficient evidence:

- a) is there sufficient evidence of the commission of an offence to provide a realistic prospect of conviction? And
- b) is the evidence reliable and able to be used in court?

Code for Crown Prosecutors – The Public Interest Test

Once the Evidential Test has been satisfied, the Council will then consider whether the Public Interest Test is satisfied. The Public Interest Test will be assessed following the guidance in the “Code for Crown Prosecutors” to ensure that any prosecution is in the public interest.

Other Sanctions or Penalties

Where a person engages in conduct which is not criminal, but is otherwise prohibited by legal statute or regulation applicable to the functions of the Council, or fails in their legal obligation to the Council, the Council may consider the imposition or offer of a sanction or monetary penalty where to impose a monetary penalty or sanction for the given circumstances is prescribed by law.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD CORPORATE ANTI-FRAUD AND ANTI-CORRUPTION POLICY

1. INTRODUCTION

The Royal Borough of Windsor and Maidenhead ('The Council') aims to deliver high quality services and provide value for money by being fully accountable, honest and open in everything that it does.

Fraud and corruption undermine these aims by diverting resources from legitimate activities, damaging public confidence in the Council and adversely affecting staff morale.

To achieve its strategic priorities, the Council seeks to ensure that measures are taken to prevent, detect and investigate fraudulent or corrupt acts whether it is attempted on or from within the Council. The aim of this policy is to reduce losses from fraud and corruption to an absolute minimum.

2. DEFINING FRAUD

Fraud includes:

- a) falsification or alteration of accounting records or other documents;
- b) misappropriation of assets or theft;
- c) suppression or omission of the effects of transactions from accounting records of other documents;
- d) recording transactions which have no substance; and
- e) wilful misrepresentation of transactions or of the Council's state of affairs.

The Fraud Act 2006 defines fraud in three classes:

- a) fraud by false representation;
- b) fraud by failing to disclose information; and
- c) fraud by abuse of position.

3. DEFINING CORRUPTION

The Council defines corruption as the offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the Council, its Members or Officers. Examples where this might occur:

- a) tendering and awarding of contracts;
- b) pecuniary interests of Members and Officers;
- c) the award of permissions, planning consents and licenses; and
- d) the disposal of assets.

4. FRAMEWORK FOR PREVENTION AND DETECTION

It is a management responsibility to maintain the internal control system and to ensure that the Council's resources are properly applied in the manner and on the activities intended. This includes responsibility for the prevention and detection of fraud and other illegal acts.

5. KEY PRINCIPLES AND CULTURE

The Council is determined that the authority follows the ten general principles enumerated by the Committee on Standards of Public Life

- a) selflessness;
- b) honesty and integrity;
- c) objectivity;
- d) accountability;
- e) openness;
- f) personal judgement;
- g) respect for others;
- h) duty to uphold the law;
- i) stewardship; and
- j) leadership

The Council expects Members (elected and co-opted) and employees (including agency staff, consultants and contractors) to lead by example in ensuring effective opposition to fraud and corruption. This includes ensuring adherence to legislation, local rules and regulations, National and Local Codes of Conduct and that all procedures and practices are beyond reproach.

6. RAISING CONCERNS

Employees at all levels should be alert to the possibility of fraud and corruption. They are expected and encouraged to raise any concerns relating to fraud and corruption. These can be raised in any way that the employee prefers, including with their line manager, through an Executive Director, with the Shared Audit and Investigation Service or through the Council's Whistleblowing Policy (*'Raising concerns at work'*). Whichever route is chosen, the employee can be assured that concerns raised in good faith will be fully investigated and, wherever possible, those raising concerns will be heard in confidence.

When management receive concerns from employees or others regarding potential fraud or corruption, they should immediately contact the Lead Specialist – Audit and Investigation, Shared Audit and Investigation Service with details of the concerns. The Lead Specialist, Audit and Investigation,

Shared Audit and Investigation Service will make preliminary enquiries and in consultation with the Section 151 Officer will determine whether there are grounds for an investigation.

Councillors, service users, suppliers, partner organisations and members of the public are encouraged to report any concerns. These concerns about fraud and corruption should be reported either directly to the Lead Specialist - Audit and Investigation, Shared Audit and Investigation Service or via the Council's Whistleblowing Policy.

If employees feel that they are unable to use internal routes then they can contact the council's external auditors:

KPMG LLP

Darren Gilbert
100 Temple Street,
Bristol
BS1 6AG

Darren.Gilbert@KPMG.co.uk

Although the Council encourages its staff to report concerns acting in good faith, any maliciously motivated and unfounded allegations may be dealt with through the Council's disciplinary code.

7. CORPORATE GOVERNANCE

The main corporate policies and procedures which formulate the Council's framework for minimising risk and the prevention of fraud and corruption include:

- a) Anti Fraud and Anti Corruption Strategy
- b) Internal Audit Charter
- c) Contract Procedure Rules
- d) Finance Procedure Rules
- e) Human Resources Disciplinary Policy and Procedure
- f) Human Resources Code of Conduct for Employees
- g) Human Resources Recruitment and Selection Code of Practice
- h) Members' Code of Conduct
- i) Anti Money Laundering Policy
- j) Officers' Code of Conduct;
- k) Prosecution and Sanction Policy;
- l) Risk Management Policy and Strategy
- m) Scheme of Delegation
- n) Whistleblowing Policy; and

- o) Anti Bribery Policy

8. CORPORATE RESPONSIBILITY

Heads of Service must ensure that all employees in their service are familiar with the corporate policies and procedures listed above, in addition to any other relevant rules and regulations specific to their service. Failure to adhere to these policies and procedures could result in the instigation of disciplinary procedures.

9. RECRUITMENT

The Council recognises that one of the most important issues relating to the prevention of fraud and corruption is the effective recruitment of staff and therefore takes pre-employment screening seriously.

Employee recruitment is required to be in accordance with procedures laid down by the Head of Human Resources. As part of these procedures, particular reference is made to:

- a) verifying the identity of the applicant;
- b) obtaining satisfactory references prior to appointment;
- c) verifying the applicant is able to work legitimately in the UK;
- d) verifying and retaining copies of certificates for stated qualifications;
and
- e) undertaking Disclosure and Barring Service checks, where appropriate.

These practices apply to all permanent appointments including those where employees have entered the organisation as an agency worker or consultant in the first instance.

10. SYSTEM OF INTERNAL CONTROL

The risk of fraud and corruption can be minimised by good financial management, sound internal control systems, effective management supervision, and by raising public, member and employee awareness of fraud.

Internal control is the whole system of controls, financial and otherwise, established to provide reasonable assurance of:

- a) proper aims and objectives;
- b) efficient and effective operations;
- c) reliable management information and reporting;
- d) legitimate expenditure;
- e) compliance with laws and regulations;
- f) performance management; and

- g) security of assets and income.

Weaknesses in the design and operation of administrative and financial internal control systems may increase the risk of fraud. Systems should contain efficient, effective, and well-documented internal controls for:

- a) adequate segregation of duties;
- b) proper authorisation and approval procedures;
- c) adequate physical security over assets; and
- d) reliable monitoring and reporting arrangements.

is management's responsibility to install adequate internal controls and rectify weaknesses if they occur. To help management discharge this responsibility, systems may be subject to review by both Internal and External Audit. Auditors are responsible for reporting to management on significant weaknesses in the control environment, including deficiencies in the operation of internal controls and highlighting exposure to the risk of fraud. Audit concerns are promptly followed up to ensure issues highlighted are appropriately actioned.

Management should instigate occasional deterrent compliance checks on the operation of internal controls within their service and are encouraged to seek advice from the Shared Audit and Investigation Service on what checks should be carried out. This work should be used to inform the Annual Governance Statement.

11. RISK MANAGEMENT

Major fraud risks relating to services should be included within Service Risk Registers and subject to regular review to ensure that appropriate controls are in place to mitigate those risks.

12. ROLE OF STATUTORY OFFICERS

The Council has a statutory responsibility, under Section 151 of the Local Government Act 1972, to ensure the proper administration of its financial affairs and also to nominate one of its Officers to take responsibility for those affairs. The Council's nominated Section 151 Officer is the Deputy Director and Head of Finance.

The Council's Monitoring Officer is responsible under Section 5 of the Local Government and Housing Act 1989 to guard against, inter alia, illegality, impropriety and maladministration in the Council's affairs.

13. EFFECTIVE ACTION

Responsibility for investigating suspected fraud and corruption against the Council rests with the Shared Audit and Investigation Service. This is to ensure that the investigation is performed only by properly trained officers in accordance with :

- a) Corruption Act 1906
- b) Criminal Procedures and Investigations Act (CPIA) 1996;
- c) Data Protection Act 1998;
- d) Fraud Act 2006;
- e) Freedom of Information Act 2000;
- f) Human Rights Act 1998;
- g) Local Government Finance Act 1992;
- h) Police and Criminal Evidence Act (PACE) 1984;
- i) Proceeds of Crime Act 2002; and
- j) Regulation of Investigatory Powers Act (RIPA) 2000
- k) The Council Tax (Administration and Enforcement) Regulations 1992.

14. PROCEDURE

All referrals will initially be risk assessed and material instances of fraud or irregularity in the Council will be referred to the Shared Audit and Investigation Service.

The Shared Audit and Investigation Service will ensure the following objectives are met:

- a) investigations are undertaken fairly, objectively and in accordance with relevant laws and regulations, so as to avoid jeopardising the outcome on legal and procedural technicalities;
- b) to protect the evidence;
- c) to prove or disprove the original suspicions of fraud;
- d) if proven, to support the findings by producing effective evidence;
- e) to present evidence in an appropriate format accepted by the Crown Prosecution Service or the appropriate disciplining service; and
- f) to apply appropriate sanctions and redress against those individuals and organisations that seek to defraud.

15. COMPLETION

Once an investigation is completed the Shared Audit and Investigation Service may have responsibilities in relation to:

- a) recommending improvements to systems;
- b) attendance at disciplinary hearings and tribunals;
- c) attendance at Court as a witness; and
- d) reporting to the Audit and Performance Review Panel.

Conclusions will be based on fact allowing management to take forward any required disciplinary and/or criminal proceedings as they determine appropriate.

16. DISCIPLINARY

The Council has in place disciplinary procedures which must be followed whenever staff are suspected of committing a fraudulent or corrupt act.

The disciplinary procedures are set out and available on Hyperwave. The Managing Director has overall responsibility for ensuring that the disciplinary procedure is managed effectively. Line managers, under the overall direction of Heads of Service, are responsible for day to day management and ensuring compliance with disciplinary policies and procedures.

17. REPORTING AND PUBLICITY

Incidents of fraud and corruption are reported through the following mechanisms:

- a) Corporate Management Team;
- b) Audit and Performance Review Panel; and
- c) External Auditors (currently KPMG).

Where evidence of fraud and corruption is found, appropriate sanctions will be sought in line with the Council's Prosecution and Sanctions Policy. The details of any proven act of fraud or corruption, including action taken by the Council will be publicised to employees, Members and the public. This is aimed at deterring further attempts of fraud or corruption by demonstrating the seriousness with which the Council views such cases. In agreement with the Section 151 Officer and the Monitoring Officer, the Council will report criminal activity to the Police at the appropriate stage.

18. COUNCIL TAX INVESTIGATIONS

The Shared Audit and Investigation Service is responsible for undertaking investigations within the Council Tax Reduction Scheme and Single Person Discounts. This involves:

- a) investigating suspected fraud by false statement and/or failure to declare changes in circumstances or other method;
- b) making random checks on claimants; and
- c) maximising recovery of overpayments.

Where evidence of fraud and corruption is found, appropriate sanctions will be sought in line with the Council's Prosecution and Sanctions Policy. Successful prosecutions will be publicised to help deter further fraud.

19. WORKING WITH OTHERS

Arrangements are in place to encourage the exchange of information between the Council and other agencies on national and local fraud and corruption activity. This includes participation in the National Fraud Initiative which matches data across a wide range of public service organisations in order to detect fraud or erroneous payments.

20. MONEY LAUNDERING

The Proceeds of Crime Act 2002 details the three principal money laundering offences as:

- a) assisting another to retain the benefit of crime;
- b) acquisition, possession or use of criminal proceeds; and
- c) concealing or transferring proceeds to avoid prosecution.

In addition there are related offences for failing to report where a person has knowledge, suspicion or reasonable grounds for knowledge or suspicion that money laundering has taken place, as well as for tipping off a person that a disclosure has taken place.

Council Officers and Members who suspect money laundering activities should report their concern to the Council's nominated Money Laundering Reporting Officer (MLRO) and the Section 151 Officer (Deputy Director and Head of Finance). Further details are contained in the Anti-Money Laundering Policy.

21. CONCLUSION AND REVIEW

The Council has systems and procedures to deter and investigate fraud and corruption. It will ensure these arrangements are fair and are monitored and updated to keep pace with future developments in preventative, deterrent and detection techniques regarding fraudulent or corrupt activity.

To this end, the Council maintains a continuous review of these arrangements through, in particular the Audit and Performance Review Panel, the Section 151 Officer (Deputy Director and Head of Finance), Shared Audit and Investigation Service, External Audit and the Monitoring Officer.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD ANTI-BRIBERY POLICY

1. POLICY STATEMENT

Bribery is a criminal offence. We do not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we or will we, accept bribes.

To use a third party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage indirectly in or otherwise encourage bribery.

We are committed to the prevention, deterrence and detection of bribery. We have zero tolerance towards bribery. We aim to maintain anti bribery compliance “business as usual”, rather than as a one-off exercise.

2. OBJECTIVE

This policy provides a coherent and consistent framework to enable the Council's employees to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach.

We require that all personnel including those permanently employed, temporary agency staff and contractors:

- a) act honestly and with integrity at all times and to safeguard the Council's resources for which they are responsible; and
- b) comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the Council operates, in respect of the lawful and responsible conduct of activities.

3. SCOPE

This policy applies to all of the Council's activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.

Within the Council, the responsibility to control the risk of bribery occurring resides at all levels, in every service.

This policy covers all personnel, including all levels and grades, those permanently employed, temporary agency staff, contractors, non-executives, agents, Members (including independent members), partner organisations, volunteers and consultants.

4. COMMITMENT

The Council commits to:

- a) setting out a clear anti bribery policy and keeping it up to date;
- b) making all employees aware of their responsibilities to adhere strictly to this policy at all times;
- c) training all employees so that they can recognise and avoid the use of bribery by themselves and others;
- d) encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;
- e) rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution;
- f) taking firm and vigorous action against any individual(s) involved in bribery;
- g) provide information to all employees to report breaches and suspected breaches of this policy;
- h) include appropriate clauses in contacts to prevent bribery.

5. THE BRIBERY ACT

The Bribery Act defines bribery as ‘an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage’.

There are four key offences under the Act:

- a) bribery of another person (section 1);
- b) accepting a bribe (section 2);
- c) bribing a foreign official (section 6); and
- d) failing to prevent bribery (section 7).

The Bribery Act 2010 (http://www.opsi.gov.uk/acts/acts2010/ukpga_20100023_en_1) makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business. There is also a corporate offence under Section 7 of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation.

The guidance states that a “commercial organisation” is any body formed in the United Kingdom and “...it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made.” Therefore, we are a “commercial organisation”.

6. ADEQUATE PROCEDURES

Whether the procedures are adequate will ultimately be a matter for the courts to decide on a case-by-case basis. Adequate procedures need to be applied proportionately, based on the level of risk of bribery in the organisation. It is for individual organisations to determine proportionate procedures in the recommended areas of six principles. These principles are not prescriptive. They are intended to be flexible and outcome focussed, allowing for the different circumstances of organisations. Small organisations will, for example, face different challenges to those faced by large multi-national enterprises. The detail of how organisations apply these principles will vary, but the outcome should always be robust and effective anti-bribery procedures.

7. PROPORTIONATE PROCEDURES

An organisation’s procedures to prevent bribery by persons associated with it are proportionate to the bribery risks it faces and to the nature, scale and complexity of the organisation’s activities. They are also clear, practical, accessible, effectively implemented and enforced.

8. TOP LEVEL COMMITMENT

The Managing Director, Executive Directors and Members are committed to preventing bribery by persons associated with it. Bribery is never acceptable.

9. RISK ASSESSMENT

The Council will assess the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.

10. DUE DILIGENCE

The Council applies due diligence procedures, taking a proportionate and risk-based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified bribery risks.

11. COMMUNICATION

The Council seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training that is proportionate to the risks it faces.

12. MONITORING AND REVIEW

The Council monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary. The Council is committed to proportional implementation of these principles.

13. PENALTIES

An individual guilty of an offence under sections 1, 2 or 6 is liable:

- a) on conviction in a magistrates court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both;
- b) on conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both.

Organisations are liable for these fines and if guilty of an offence under section 7 are liable to an unlimited fine.

14. BRIBERY IS NOT TOLERATED

It is unacceptable to:

- a) give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- b) give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- c) accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- d) accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- e) retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy;
- f) engage in activity in breach of this policy.

15. FACILITATION PAYMENTS

Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions. Facilitation payments are not tolerated and are illegal.

16. GIFTS AND HOSPITALITY

The Council's Gifts and Hospitality guidance notes are held on the 'Declaration of the Offer/Receipt of Gifts and Hospitalities Guidance Notes' form. Additional guidance is held in the Anti Fraud and Anti Corruption Guidance Notes for Employees. In determining whether to accept a gift or hospitality employees should consider the following:

- Whether the company or individual is seeking a contract;
- Whether the company or individual regularly submits, has submitted, is likely to or is in the process of submitting a planning application, or has been granted planning permission;
- Whether a contract with the company/individual is under negotiation;
- Whether the final contract sum has been agreed;
- Whether the hospitality is genuinely instructive or constitutes more of a social function;
- The level and location of the hospitality;
- The frequency of the hospitality;
- Whether it is directed at you or to a group.

Officers are required to make a declaration within 28 days of receiving or being offered any gift or hospitality over the value of £25.00.

It is wise to err on the side of caution. Any gift that is clearly expensive should raise questions with you and should be declined. The offer, however, should still be recorded. You should always consider how such a gift or hospitality could be perceived by others. If you are in any doubt, and for your own protection, you should seek advice from your Head of Service or ultimately from your Executive Director. There are some instances where gifts and hospitality must not be accepted. These are when dealing with planning applications, negotiating a contract and before a final contract sum is agreed. The overriding guidance to take account of is 'when in doubt, opt out'.

Examples of 'gifts and hospitality'

- Lunches;
- Presents e.g. drink, food, diaries, calendars, stationery, tickets for events;
- Cash, cheques or any other form of reward;
- Being paid or paid for to go anywhere (inside and outside of working hours)
- Visits abroad
- Hospitality tents

The general procedures to be followed in considering whether or not to accept or offer gifts and hospitality are as follows:

- All gifts and hospitality offered, whether received or not, must be recorded and entered in your Directorate's 'Register of Gifts and Hospitality' held by your Executive Director.
- All hospitality, wherever possible, should be agreed beforehand by your Executive Director.
- If you find yourself stuck in an awkward situation and unable to get authorisation beforehand, register the acceptance of the gift or hospitality if at all possible, pay for yourself, and then discuss with your Strategic Director whether it is appropriate for the Council to reimburse these expenses.
- Only modest gifts including gifts of a promotional nature e.g. calendars, diaries etc, and gifts of a sort normally given out by that company are acceptable.
- Fees and rewards, whether cash, cheques or air miles, other than as part of your proper remuneration are not acceptable. Gifts offered but not received should be returned with a polite and courteous explanation. The same applies to when hospitality has to be declined. In this instance the company should be courteously informed of our procedures and standards. All gifts and hospitality given must be registered in the 'Register of Gifts and Hospitality' held by your Executive Director.
- No cash or cheques should be given.
- It is not normal for gifts to be given, except as part of a promotion or marketing initiative, therefore if you wish to express your gratitude by the way of a gift you must seek prior approval from your Executive Director.
- Any hospitality to be given out, beyond normal working lunch, should also be agreed beforehand by your Executive Director. If you are in any doubt you should seek advice from your Executive Director.

17. PUBLIC CONTRACTS AND FAILURE TO PREVENT BRIBERY

Under the Public Contracts Regulations 2006 (which gives effect to EU law in the UK), a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. There are no plans to amend the 2006 Regulations for this to include the crime of failure to prevent bribery. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. This organisation has the discretion to exclude organisations convicted of this offence.

18. STAFF RESPONSIBILITIES

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Council or under its control. All staff are required to avoid activity that breaches this policy.

Staff must:

- a) ensure that you read, understand and comply with this policy; and
- b) raise concerns as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.
- c) As well as the possibility of civil and criminal prosecution, staff that breach this policy will face disciplinary action, which could result in dismissal for gross misconduct.

19. RAISING A CONCERN

The Council is committed to ensuring that we all have a safe, reliable, and confidential way of reporting any suspicious activity. We want each and every member of staff to know how they can raise concerns. We all have a responsibility to help detect, prevent and report instances of bribery. If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance will help. The sooner you act, the sooner it can be resolved.

There are multiple channels to help you raise concerns – these are explained in the Raising Concerns at Work (Whistleblowing) Policy. Staff who refuse to accept or offer a bribe, or those who raise concerns or report wrongdoing can understandably be worried about the repercussions. We aim to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.

We are committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith. If you have any questions about these procedures, please contact the Lead Specialist – Audit and Investigation, Shared Audit and Investigation Service, Catherine Hickman.

20. OTHER RELEVANT RBWM POLICIES

Anti Fraud and Anti Corruption Policy, Anti Money Laundering Policy, Raising Concerns at Work (Whistleblowing) Policy, Codes of Conduct, Contract Procedure Rules and Finance Procedure Rules.

**ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD
ANTI-MONEY LAUNDERING POLICY**

1. INTRODUCTION

Money laundering legislation requires local authorities to establish internal procedures to prevent the use of their services for money laundering. Money laundering legislation in the UK is primarily governed by the following legislation:

- a) the Terrorism Act 2000;
- b) the Anti Terrorist Crime & Security Act 2001;
- c) the Proceeds of Crime Act 2002;
- d) Serious Organised Crime and Police Act 2005; and
- e) the Money Laundering Regulations 2007.

2. SCOPE OF THIS POLICY

This Policy applies to all employees and contractors of the Council. The Policy sets out the procedures that must be followed to enable the Council to comply with its legal obligations.

Staff should report any suspicions to the appointed Money Laundering Reporting Officer (MLRO) and it is for the MLRO to consider if the circumstances warrant the completion of a 'suspicious activity report' (SAR), which is sent to the National Crime Agency.

Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them in accordance with the Council's Disciplinary procedures.

3. WHAT IS MONEY LAUNDERING?

The legislation is not limited to major organised crimes, but covers proceeds of all crimes, however small. The primary money laundering offences and thus prohibited acts under the legislation are:

- a) concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the 2002 Act); or
- b) entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328 of the 2002 Act); or
- c) acquiring, using or possessing criminal property (section 329 of the 2002 Act); or
- d) becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (section 18 of the Terrorist Act 2000); or
- e) failing to disclose suspected money laundering

The defence to these offences is to make an 'authorised disclosure' to an approved person. Approved persons are Customs Officers, Police Officers and the Council's MLRO.

4. SUSPICIOUS ACTIVITY

Some indications of suspicious activity are:

- a) any unusually large cash payment;
- b) any overpayment or duplicate payment in cash where the refund is requested by cheque; or
- c) if a 'third party' is involved in any transaction (e.g. someone paying cash to settle someone else's bill.)

The Council should be alert to large amounts of cash accepted as a payment, which would normally arouse suspicion.

Officers involved in Treasury Management and cashiering activities are the most likely to encounter attempts to launder money but all staff should be alert to the possibilities.

All organisations and each individual are required by law to try to prevent and to report any attempts to 'launder' money.

5. THE COUNCIL'S OBLIGATIONS

Organisations conducting "relevant business" must:

- a) appoint a MLRO to receive disclosures from employees of money laundering activity (their own or anyone else's);
- b) implement a procedure to enable the reporting of suspicions of money laundering;
- c) maintain client identification procedures in certain circumstances; and
- d) maintain record keeping procedures.

6. THE MONEY LAUNDERING REPORTING OFFICER

If you have any suspicions, you must contact the MLRO. The Council's nominated MLRO is the S151 Officer.

7. DISCLOSURE PROCEDURE

Reporting to the MLRO: Where you know or suspect that money laundering activity is taking/has taken place, or become concerned that your involvement in a matter may amount to a prohibited act under the legislation, you must disclose this as soon as practicable to the MLRO. The disclosure should be within *hours* of the information coming to your attention, not weeks or months later. **SHOULD YOU NOT DO SO, YOU MAY BE LIABLE TO PROSECUTION.**

Once you have reported the matter to the MLRO you must follow any directions they may give you. You must **NOT** make any further enquiries into the matter yourself: Any necessary investigation will be undertaken by the National Crime Agency (NCA)).

Similarly, at no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering, even if the SOCA or NCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO; otherwise you may commit a criminal offence of “tipping off”. Do not, therefore, make any reference on a client file to a report having been made to the MLRO – should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

On receipt of the disclosure the MLRO will:

- a) consider the report and make such further enquiries as are necessary to form a view on whether a person is engaged in money laundering;
- b) consider all other relevant information in making this judgement;
- c) ensure that nothing is done which could alert the person or business concerned that a report and an investigation could ensue;
- d) make a report to SOCA, if appropriate, making full notes of the reasons for doing so;
- e) co-operate with any enquiries made by the proper authorities; and
- f) maintain all records of disclosures and reports for at least five years.

8. CLIENT IDENTIFICATION PROCEDURE

Each section of the Council must maintain certain procedures where a transaction or series of linked transactions amounts to 15,000 Euros (approximately £10,000) or more These are to:

- a) require satisfactory evidence of the identity of both internal and external clients at the outset of the matter;
- b) require that if satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot precede any further;

- c) recognise the greater potential for money laundering when the client is not present; and
- d) require that where a client appears to act for another that reasonable measures are taken to establish the identity of that person.

Staff involved in Treasury Management should ensure that all dealings are carried out in accordance with the Treasury Management Strategy and Treasury Management Policies which ensure that transactions are only undertaken with approved counterparties.

9. RECORD KEEPING PROCEDURE

Each service of the Council conducting relevant business must maintain records for at least five years of:

- a) client identification evidence obtained; and
- b) details of all relevant business transactions carried out for clients

The precise nature of the records is not prescribed by law however they must be capable of providing an audit trail.

10. FURTHER INFORMATION AND ADVICE

For any further information or guidance, please contact the MLRO (S151 Officer).



ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD POLICY

ON THE ACQUISITION OF COMMUNICATIONS DATA,
AND USE OF COVERT SURVEILLANCE
AND COVERT HUMAN INTELLIGENCE SOURCES
(*REGULATION OF INVESTIGATORY POWERS ACT 2000*)

**Takes Effect – Immediately after Approval by the Audit & Performance Review Panel on
26 February 2018**

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD POLICY

ON THE ACQUISITION OF COMMUNICATIONS DATA, AND USE OF COVERT SURVEILLANCE AND COVERT HUMAN INTELLIGENCE SOURCES (REGULATION OF INVESTIGATORY POWERS ACT 2000)

Statement

Officers and employees of (and contractors working on behalf of) the Royal Borough of Windsor and Maidenhead may, in the course of their investigatory, regulatory and enforcement duties, need to make observations of persons in a covert manner, to use a Covert Human Intelligence Source or to acquire Communications Data. These techniques may be needed whether the subject of the investigation is a member of the public, the owner of a business or a Council employee.

By its very nature, this sort of action is potentially intrusive and so it is extremely important that there is a very strict control on what is appropriate and that, where such action is needed, it is properly regulated in order to comply with Legislation and to protect the individual's rights of privacy.

Privacy is a right, but in any democratic society, it is not an absolute right. The right to a private and family life, as set out in the European Convention on Human Rights, must be balanced with the right of other citizens to live safely and freely, which is the most basic function that every citizen looks to the state to perform.

Drawing on the principles set out in the Regulation of Investigatory Powers Act 2000 and the Data Protection Act 1998, this policy sets out the Royal Borough's approach to Covert Surveillance, the use of Covert Human Intelligence Sources and the acquisition of Communications Data.

The policy also sets out Members' oversight of this area, adopts a set of procedures and appoints appropriate officers to ensure that these areas are properly controlled and regulated.

Policy

- 1.1 It is the policy of The Royal Borough of Windsor and Maidenhead (the Council) that all Covert Surveillance, the use of Covert Human Intelligence Sources (informants) and the acquisition of Communications Data by those working for or on behalf of this Council (investigators) will be carried out in accordance with this policy and the associated procedure. (the RIPA Procedure). Any member, officer or employee who deliberately or recklessly breaches this policy will normally be considered to have committed an act of gross misconduct and will be dealt with accordingly.
- 1.2 In so far as the Regulation of Investigatory Powers Act (RIPA) allows, Covert Surveillance and the use of Covert Human Intelligence Sources (informants) will always be subject to the RIPA application process. (This does NOT affect monitoring activities where the actions undertaken do not amount to covert surveillance.) Where officers wish to undertake covert surveillance or use informants but where RIPA is not available, a similar process of considering the proportionality and necessity of any such activities must be carried out before the activities are undertaken and approval gained from a RIPA authorising officer.
- 1.3 When acquiring Communications Data officers are instructed to use the RIPA process, as amended by the Investigatory Powers Act 2016, unless they are doing so with the consent of the data subject. Communications data may only be obtained using RIPA powers for the purposes of investigating a criminal offence.

Appointments

- 1.4 The Council appoints the Managing Director as the *Senior Authorising Officer (SAO)* and *Senior Responsible Officer (SRO)* for all purposes under RIPA.
- 1.5 The Council appoints the Lead Specialist – Shared Audit and Investigation Service as the *RIPA Monitoring Officer (RMO)* to monitor the use of covert techniques within this Council (whether using the RIPA or non-RIPA processes) and reports to members on the activities the policy covers. They are also directed to ensure that appropriate training is made available to *Authorising Officers (AOs)* and applicants when it is required.
- 1.6 The Council directs that only those appointed by this policy as AOs may authorise covert surveillance, the use of informants or the acquisition of communications data.
- 1.7 The Council appoints Directors and Heads of Service to meet the training criteria. In addition, there are identified officers trained as AOs, subject to a maximum number of six (including the SAO). The Council instructs the RMO to maintain a list of all those currently authorised as part of the RIPA Procedures.
- 1.8 The Council directs the SAO to appoint such persons as he may from time to time see fit to be *Single Points of Contact (SPOC)* (or to make such other arrangements as he deems appropriate) for the purposes of acquiring communications data by the use of RIPA.
- 1.9 In order for the Council's RIPA authorisations to take effect, they must be approved by a Magistrate. The chief legal officer (Head of Law and Governance) is instructed to authorise all those who may need to apply to a Magistrate to appear for that purpose for the Council. The RMO is directed to maintain a list, as part of the RIPA Procedures, of all those so authorised.

Oversight and Reporting

- 1.10 The RMO shall report to elected Members on the use of RIPA regulated activity by officers of the Council every six months. Such a report shall be presented to the Members (or to such a sub-committee as the full council shall deem appropriate to constitute for oversight purposes) by the RMO and the SRO. The report **must not** contain any information that identifies specific persons or operations but must be clear about the nature of the operations carried out and the product obtained.
- 1.11 Alongside this report, the RMO and SRO will report details of 'Non-RIPA' surveillance in precisely the same fashion.
- 1.12 Elected Members shall have oversight of the Council's policy and shall review that policy annually should it be deemed by the RMO that significant changes have been made.. At that review (or following any six-monthly report) elected Members shall make such amendments as they deem necessary to the Council's policy, and may give such directions as they deem necessary to the RMO and SRO in order to ensure that the Council's policy is followed.
- 1.13 Elected Members shall not interfere in individual authorisations. Their function is to, with reference to the reports, satisfy themselves that the Council's policy is robust and that it is being followed by all officers involved in this area. **Although it is elected members who are accountable to the public for council actions, it is essential that there should be no possibility of political interference in law enforcement operations.**

RIPA Procedures

- 1.14 The RMO is instructed to create a set of procedures that provide instruction and guidance for the use of surveillance and informants, and the acquisition of communications data. They are further instructed to maintain and update the RIPA Procedures, ensuring that they continue to be both lawful and examples of best practice.
- 1.15 The reference to 'maintain and update' in this section includes the duty to remove AOs from the list if they cease to be employed in a relevant role or if they no longer satisfy the requirements to be an AO, and the right to add names to that list so long as (a) they satisfy the policy and regulatory requirements and (b) at no time does the number of AOs exceed six.
- 1.16 If a change is required, in the opinion of the RMO, in order to comply with this part, they are authorised to make that change without prior approval from any person.
- 1.17 The RMO must report any changes made under this section to Members when they undertake their annual oversight of the Policy, as set out above.
- 1.18 All managers are required to ensure that their staff understand that covert investigation techniques may only be used in accordance with this policy and the associated procedures.

Training

- 1.19 In accordance with this Code of Practice, AOs **must** receive full training in the use of their powers. They must be assessed at the end of the training, to ensure competence, and must undertake refresher training at least every two years. Training will be arranged by the RMO. Designated AOs who do not meet the required standard, or who exceed the training intervals, are prohibited from authorising applications until they have met the requirements of this paragraph. AOs must have an awareness of appropriate investigative techniques, Data Protection and Human Rights Legislation.

- 1.20 Those officers who actually carry out surveillance work must be adequately trained prior to any surveillance being undertaken. A corporate training programme will be developed to ensure that AOs and staff undertaking relevant investigations are fully aware of the legislative framework.
- 1.21 The *Senior Leadership Team* members who have no direct involvement with covert investigation will undertake a briefing at least biannually, to ensure that they have a good understanding of the activities that might fall into the definition of covert investigation techniques.

Exceptions, Notes and Complaints

- 1.22 CCTV cameras operated by this Council are NOT covered by this policy, unless they are used in a way that constitutes covert surveillance; only under those circumstances must the provisions of this policy and the RIPA Procedures be followed.
- 1.23 Interception of communications, if it is done as part of normal business practice, does NOT fall into the definition of acquisition of communications data. (This includes, but is not limited to opening of post for distribution, logging of telephone calls, for the purpose of cost allocation, reimbursement, benchmarking, etc.; logging E Mails and internet access for the purpose of private reimbursement.)
- 1.24 If any person wishes to make a complaint about anything to which this policy applies is invited to use the Council's Complaints Procedure. Any complaint received will be treated as serious and investigated in line with this Council's policy on complaints. **Regardless of this, the detail of an operation, or indeed its existence, must never be admitted to as part of a complaint. This does not mean it will not be investigated, just that the result of any investigation would be entirely confidential and not disclosed to the complainant.**

Adoption and Amendment of the Policy

- 1.25 This version of the Policy was approved by the Audit and Performance Review Panel on behalf of the Council on 26 February 2018 after which it came into immediate effect. It replaces all previous policies on these subjects.

Note: The procedures issued under para 1.14 may be found on [hyperwave](#).

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

RAISING CONCERNS AT WORK (WHISTLEBLOWING) POLICY AND PROCEDURE (NON SCHOOLS)

Covers:

- Purpose and aims
- Scope
- How to raise a concern
- Practice and procedure
- How the council will respond
- Safeguards
- How the matter can be taken further
- Responsibility of employees / Monitoring Officer
- Contacts.

1. PURPOSE AND AIMS

- 1.1 The Royal Borough of Windsor and Maidenhead (the council) must aspire to the highest standards of quality, probity, openness and accountability in all its activities. In line with the Public Interest Disclosure Act 1998, this policy and procedure aims to create an environment in which employees and others working with council, who have concerns about any aspect of the council's work, feel encouraged to disclose information to an appropriate person within the council. Raising concerns at work also applies to members, contractors, consultants and agency staff working on council premises.
- 1.2 The council's whistleblowing policy and procedure is compliant with the Public Interest Disclosure Act 1998. It also recognises the arrival of the Enterprise and Regulatory Reform Act 2013 (ERA) and the protections inserted by the ERA into the Public Interest Disclosure Act 1998. These are designed to protect workers from being unfairly dismissed by their employer or suffering other detriment whenever they report their concerns about matters that affect the public interest to their employer, regulatory authorities or other designated persons.
- 1.3 Whistleblowing claims will only now be valid when an employee blows the whistle in relation to a matter for which the disclosure is genuinely in the public interest. This will exclude breaches of individuals' contracts of employment and breaches of other legal obligations, which do not involve issues of a wider public interest.
- 1.4 The good faith test is a test which needs to be satisfied by claimants bringing a whistleblowing claim. With the introduction of the public interest test, it was considered that the existence of two tests would have a deterrent effect and reduce the number of disclosures. This Act changes the application of the good faith test, so it will now be considered by the tribunal when deciding on remedy, rather than liability. The tribunal will have the power to reduce any compensation award by up to 25% where a disclosure has been made in predominantly bad faith.
- 1.5 Employees, because of their close proximity to council practices, are often the first to identify areas or issues that may be of concern. However, they may be reluctant to express these concerns because they feel that speaking up would be disloyal to their colleagues or to the council – and they may also be worried that they will be victimised or harassed as a result of their actions.
- 1.6 This policy is designed to help create an environment in which employees and others feel they are able to raise concerns without fear of reprisal. By responding to and addressing concerns in the quickest possible time, the council aims to contain such matters within the council. However, employees or others must be able to take matters further if they are dissatisfied with the council's response.

2. SCOPE

- 2.1 The council has an Anti-Fraud and Anti-Corruption Statement (available on the intranet and the council's website), which employees are encouraged to continue to use to identify and report problems or concerns, particularly in relation to financial or contractual irregularities.
- 2.2 This document is designed to sit alongside the statement, together with the council's Grievance Procedure (which enables employees to lodge a grievance relating to their employment) and the Dignity at Work Policy, which includes a procedure for dealing with claims of harassment (both available on the intranet).
- 2.3 Raising concerns at work is intended to cover concerns that fall outside the scope of these three procedures and extends the range of issues that employees are encouraged to report.
- 2.4 These concerns may be about acts that:
- Are unlawful or involve fraud, deceit and/or bribery.
 - Represent a risk to health and safety.
 - Cause environmental damage.
 - Infringe equal opportunities related legislation and / or council policies, e.g. discriminatory behaviour.
 - Amount to improper or unethical conduct, for example a breach of a statutory code of conduct, or are an abuse of position.
 - Are a miscarriage of justice.
 - Are a criminal offence or breach of law.
 - Are safeguarding failures.

3. HOW TO RAISE A CONCERN

- 3.1 Concerns can be discussed with a colleague first and it may be easier to raise the matter if more than one of you has had the same experience or concern.
- 3.2 A friend, colleague, or a representative of your trade union or professional association may assist in raising a concern and may be in attendance at any related meetings.
- 3.3 Employees should, if possible, raise a concern in the first instance with their immediate manager.
- 3.4 Members should raise any concerns with their Group Leader.
- 3.5 Non-employees, for example. agency workers, contractors, partners, volunteers, should raise a concern in the first instance with the person to whom they directly report / have contact within the council.

- 3.6 In some cases, the nature or sensitivity of the concern means that this may not always be appropriate. If a person feels they cannot raise their concern with their immediate manager/contact, they are able to go directly to either the Head of Human Resources, the Monitoring Officer (Head of Law and Governance), Deputy Director and Head of Finance or the Lead Specialist - Audit and Investigation. They may also do so if, having raised the concern with the immediate manager/contact, they feel there has not been an appropriate response.
- 3.7 In the event of a concern being of an extreme and potentially serious nature, employees and others may raise it directly with the Managing Director or the Leader of the Council.
- 3.8 For all concerns in respect of any suspected financial irregularity, officers must notify the Deputy Director and Head of Finance and the Lead Specialist - Audit and Investigation immediately.
- 3.9 In circumstances where an individual feels that it is necessary to raise a concern with an independent body rather than raise it internally within the council, they may obtain guidance from the Public Concern at Work charity who can be contacted on 020 7404 6609.

4. PRACTICE AND PROCEDURE

- 4.1 Concerns are better raised in writing but can be made orally; in either case it is essential to give as much information as possible so that reasonable grounds for the concern can be demonstrated.
- 4.2 The earlier the concern is raised, the greater the opportunity for the council to take remedial action.
- 4.3 Advice and guidance on how matters of concern may be raised and pursued can be obtained from the Head of Human Resources, the Lead Specialist - Audit and Investigation or the Monitoring Officer.

5. HOW THE COUNCIL WILL RESPOND

- 5.1 Once a concern is raised, an appropriate council officer will make initial enquiries, taking advice from the Head of Human Resources, Monitoring Officer, Head of Finance and the Lead Specialist - Audit and Investigation, to help decide if an investigation is appropriate and if so, what form it should take. As soon as possible and in any case within 10 working days of a concern being raised, the person handling the matter will write to the individual raising the concern acknowledging that it has been raised and indicating how, as far as possible, it will be dealt with. The individual will be kept informed of progress and will receive a full and final response, subject to any legal restraints.

- 5.2 An Investigation Officer will be appointed by the relevant director.
- 5.3 In relation to allegations of fraud and corruption (including bribery) in respect of members and directors, the Managing Director will lead the process and will appoint an appropriate Investigating Officer, in liaison with the Monitoring Officer, Head of Human Resources, Deputy Director and Head of Finance and the Lead Specialist - Audit and Investigation. For cases involving the Managing Director, the Leader of the Council will direct the process.
- 5.4 Any decision to refer a matter to the police will be taken by the Monitoring Officer, in consultation with the relevant director, the Lead Specialist - Audit and Investigation and the Head of Human Resources, as appropriate. The council will normally wish the police to be made aware of, and investigate independently, those offenders where financial impropriety is discovered.
- 5.5 Depending on the nature of the allegation, the Investigating Officer will normally work closely with the director appointing them, to ensure that all allegations are thoroughly investigated and reported upon.
- 5.6 The Investigating Officer will:
- Deal promptly with the matter.
 - Record all evidence received.
 - Ensure that all evidence is sound and adequately supported.
 - Ensure security of all evidence collected.
 - Contact other agencies such as police.
 - Notify the council's Insurance and Risk Manager, if applicable, who in turn will notify the council's insurers.
 - Assist management to implement council disciplinary procedures, where appropriate.

The processes outlined above will also apply to members.

- 5.7 The council's disciplinary procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees.

6. SAFEGUARDS

Harassment or victimisation

- 6.1 The council recognises that it can be difficult to report a concern, not least because of the fear of reprisal from those responsible for the potential malpractice. The council will not tolerate harassment or victimisation of the person who has raised the issue and will take appropriate action against individuals who perpetrate such harassment.

Confidentiality

- 6.2 Wherever practical and possible, the council will protect the identity of those raising a concern if they do not wish their name to be disclosed. It must be appreciated, however, that the process of investigation may reveal the source of information and a statement may also be required as part of the evidence. Advice and support will be provided where this is the case and disclosure of your identity will not be done without your consent unless legally required to do so.
- 6.3 Anyone may approach the council confidentially if they so wish and as long as their allegation appears to have been raised honestly and in good faith, their wish for confidentiality will be supported.
- 6.4 This approach is further supported by decisions of the courts, who have recognised in certain circumstances the identity of persons who have made allegations or given information to the public and other bodies should not be revealed (in the course of legal proceedings, for example). They recognise that disclosure could discourage others from making allegations or giving information to the proper authorities.

Support for those raising concerns

- 6.5 If you are a trade union member, you are encouraged to raise and discuss matters with your union representatives before seeking to invoke the whistleblowing procedure. Trade unions can advise you whether or not to proceed and the best way to present your disclosure.
- 6.6 The council's HR Service can be a place where you can discuss how to make a disclosure and lodge a matter of concern. Employees and non-employees will often discuss the issues that worry them with members of the HR Business Partner team in the first instance. Such discussions will be in confidence if that is what you prefer, but there may be some disclosures (for instance criminal acts) that cannot remain confidential.
- 6.7 Employees of the council can contact the EAP, which is a completely independent workplace support service, accessible on line and via a freephone number, 24 hrs a day, 365 days of the year.
- 6.8 The service offers free and completely confidential advice and help in relation to personal or work related issues.

Anonymous allegations

- 6.9 Individuals raising concerns are strongly encouraged to put their name to any allegation. Concerns expressed anonymously are much less powerful, and will only be considered if the Monitoring Officer advises that the allegation demonstrates sufficient cause to take the matter further.

Untrue allegations

- 6.10 If someone makes an allegation in good faith and it is not confirmed by an investigation, no action will be taken against the person who has made the report. If, however, an individual makes an allegation, which is subsequently shown to be malicious or vexatious, disciplinary action is likely to be taken against them.

7. HOW THE MATTER CAN BE TAKEN FURTHER

- 7.1 This policy is intended to provide employees and others with an effective process for raising concerns within the council. The council hopes that those using this process will be satisfied with the way their concerns are treated and any investigations that may be carried out. However, if they are not satisfied and feel it is right to take the matter outside the council, then either the Head of Human Resources or the Monitoring Officer will provide advice as to other options.

8. RESPONSIBILITY OF OFFICERS / MONITORING OFFICER

- 8.1 The Head of Human Resources and the Monitoring Officer have overall responsibility for the maintenance and operation of this policy.
- 8.2 The Lead Specialist - Audit and Investigation should be notified of all concerns raised through this policy. All concerns raised and the outcomes (in a form which respects the individual's confidentiality) will be maintained by the Head of Human Resources.

9. CONTACTS

Internal

Managing Director	01628 796367
Monitoring Officer and Head of Law and Governance	01628 796748
Lead Specialist – Audit and Investigation Service	07917 265742
Deputy Director and Head of Finance (Financial Issues)	01628 796341
Head of Human Resources	01628 796992

External

External Audit (KPMG)	
Audit Commission (Whistleblowing Line)	0845 052 2646
Your Local Union Representative	
Public Concern at Work (www.pcaw.co.uk)	020 7404 6609

10 PUBLICITY

- 10.1 This policy should be publicised to the widest possible audience so that all internal and external parties related to the council are aware of its existence in the event they have a legitimate concern or complaint.