

# Public Document Pack



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## GOVERNANCE AND AUDIT COMMITTEE

24 SEPTEMBER 2015

A meeting of the Governance and Audit Committee will be held at **7.00 pm on Thursday, 24 September 2015** in the Council Chamber, Council Offices, Cecil Street, Margate, Kent.

### Membership:

Councillor Munday (Chairman); Councillors: Buckley (Vice-Chairman), Campbell, Collins, Connor, Day, Dexter, Edwards, I Gregory, G Hillman, Larkins and Partington

## A G E N D A

### Item No

1. **APOLOGIES FOR ABSENCE**

2. **DECLARATIONS OF INTEREST**

'To receive any declarations of interest. Members are advised to consider the advice contained within the Declaration of Interest Form attached at the back of this Agenda. If a Member declares an interest, they should complete that form and hand it to the Officer clerking the meeting and then take the prescribed course of action.'

3. **MINUTES OF PREVIOUS MEETING**

3a **MINUTES OF THE GOVERNANCE AND AUDIT COMMITTEE MEETING HELD ON 24 JUNE 2015** (Pages 1 - 4)

To approve the Minutes of the Governance and Audit Committee meeting held on 24 June 2015.

3b **MINUTES OF THE EXTRAORDINARY GOVERNANCE AND AUDIT COMMITTEE MEETING HELD ON 2 SEPTEMBER 2015** (Pages 5 - 6)

To approve the Minutes of the Extraordinary Governance and Audit Committee meeting held on 2 September 2015.

4. **INTERNAL AUDIT UPDATE REPORT** (Pages 7 - 34)

5. **CORPORATE RISK REGISTER QUARTERLY UPDATE** (Pages 35 - 38)

6. **FINAL ANNUAL GOVERNANCE STATEMENT** (Pages 39 - 60)

Item  
No

Subject

7. **ANNUAL GOVERNANCE STATEMENT ACTION PLAN QUARTERLY UPDATE** (Pages 61 - 66)
8. **THE EXTERNAL AUDIT FINDINGS FOR THANET DISTRICT COUNCIL - YEAR ENDED MARCH 2015**  
Report to follow.
9. **TREASURY MANAGEMENT UPDATE** (Pages 67 - 74)
10. **FINAL STATEMENT OF ACCOUNTS**  
Report to follow.
11. **ANTI-FRAUD & CORRUPTION POLICY AND ANTI-BRIBERY POLICY** (Pages 75 - 98)  
**Declaration of Interests Form**

# Public Document Pack Agenda Item 3a

## GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 24 June 2015 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

**Present:** Councillor Vince Munday (Chairman); Councillors Buckley, Campbell, Collins, Connor, Dexter, I Gregory, Larkins and Partington

**In Attendance:** Councillor Smith

### 1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

### 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 3. MINUTES OF PREVIOUS MEETING

Councillor Campbell proposed, the Chairman seconded and Members agreed the minutes of the Governance and Audit Committee held on 17 March 2015.

### 4. ANNUAL INTERNAL AUDIT REPORT

Christine Parker, Head of the East Kent Audit Partnership (EKAP) introduced the report which gave an annual review of the work carried out by internal audit for the year up to 31 March 15.

In response to comments and questions it was noted that:

- The table on page nine of the report showed that 20.31 days were to be bought forward into 2015/16. This indicated that EKAP had not completed 20.31 of the days allocated for TDC audits in 2014/15 but these had been delivered in April 2015. In addition, the table showed that the number of planned days had generally fallen since 2008/9. This was partly due to efficiencies made by EKAP, but also because audits of the services provided by East Kent Housing and East Kent Services no longer formed part of this report since becoming a shared service.
- CCTV received a reasonable/limited assurance, this was partly due to inadequate public notices/signage, and because there was no formal arrangement in place between TDC and Birchington Town Council. EKAP would conduct a follow up review and the findings would be reported to a future Governance and Audit committee meeting.
- Since initial planning the number of days budgeted for an equality and diversity audit had doubled. This was because the scope of the audit had been increased. Findings would be reported to Members at the meeting in September.
- Members commented that to receive just 34% of post audit questionnaires back from managers was not good. It was suggested that competition and return of the questionnaires should be mandatory. Tricia Marshall, Director of Corporate Resources and Section 151 Officer, offered to highlight this issue to Corporate Management Team.

Members noted the report.

## 5. QUARTERLY INTERNAL AUDIT UPDATE REPORT

Simon Webb, Deputy Head of EKAP, introduced the report which provided an update of the work conducted by EKAP since the last meeting of the Governance and Audit committee.

In response to comments and question it was noted that:

- Members commented that thirteen days was the average annual absence despite a target of eight days. The audit was currently on-going however the findings would be presented to the September meeting.
- There would not be an additional cost to retrospectively fit the sacrificial floors to six refuse vehicles; however the disruption to the fleet while the floors are fitted would need careful management. Once installed the floors were expected to last the lifetime of the vehicle.
- Waste vehicle fleet management was originally given a reasonable/limited assurance, however due to improvements made, EKAP have revised their assurance level to 'Reasonable'.
- The employee benefits-in-kind audit was in progress and looked at any benefit that employees would need to declare to HM Revenues and Customs.

Members noted the report.

## 6. ANNUAL FRAUD REPORT

Christine Parker, Head of EKAP, presented the report which provided a summary of the impact of the counter fraud work for the year up to 31 March 2015.

In response to comments and questions in was noted that:

- EKAP offered to provide the Governance and Audit Members an anti-fraud and whistle blowing training session.
- Normally benefit overpayments were recovered through a reduction of future payments. Therefore the percentage of overpayments being recovered was quite good although recovery was often spread over a long period of time.

Members agreed that the Chairman would write to the Chairman of the Overview and Scrutiny Panel, on behalf of the Governance and Audit committee, to request that an investigation took place into the use of public bins by businesses.

Members noted the report.

## 7. CORPORATE RISK REGISTER

Christine Parker, Director of EKAP introduced the report which provided Members with an update on the Corporate Risk Register.

In response to comments and questions it was noted that:

- The risk register was in a phase of transition and would change once the new administration had finalised the corporate plan.
- Manston featured on the register because managers felt that it posed a potential risk to the Council's reputation.

Members noted the report.

**8. EXTERNAL AUDIT FEE LETTER 2015/16**

Terry Blackman, Engagement Manager at Grant Thornton introduced the fee letter advising that it was advanced notice for 2015/16. He added that the fee had reduced by 25% from the 2014/15 fee and that the audit of the 2014/15 accounts would commence soon.

Members noted the report.

**9. ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE**

It was noted that this item would be deferred to the meeting scheduled for 24 September 2015.

**10. ANNUAL TREASURY MANAGEMENT REVIEW 2014/15**

Tricia Marshall, Director of Corporate Resources and 151 Officer, introduced the report which summarised the treasury management activity and prudential/treasury indicators for the year ending 31 March 2015.

In response to questions and comments it was noted that:

- The transfer of property from the housing revenue account (HRA) to the general fund (GF) as shown in paragraph 4.5 of the report, related to a number of shops within the HRA that no longer met the requirements of the housing act. A report regarding this transfer was recommended by Cabinet and agreed at Council towards the beginning of 2014.
- Any non-residential council property could be disposed of through the asset disposal process whether that asset was included in the HRA or GF.
- Members would be offered treasury management training by Capita the Council's external advisors and this was likely to take place towards the end of August or the beginning of September in preparation for the mid-year treasury report that would be considered at the September meeting.
- Many of the borrowings shown at 9.1 of the report relate to historic borrowings, rather than being for a specific project, these loans are often taken out to pay off higher rate older loans when lower rates become available.

Councillor Campbell proposed, seconded by Councillor Buckley and Members agreed the recommendations as set out at paragraph 15.1 of the report, namely:

'That the Governance and Audit Committee:

1. Notes the actual 2014/15 prudential and treasury indicators in this report.
2. Approves the annual treasury management report for 2014/15.
3. Recommends this report to Cabinet.'

**11. EXTERNAL FUNDING AND GRANTS PROTOCOL**

Nicola Walker, Head of Financial Services introduced the report noting that this revised report had come back to Governance and Audit Committee for approval as a result of amendments suggested by the Overview and Scrutiny Panel.

In response to questions and comments it was noted that:

- Town grants were reviewed by the community development team, and that town councils should be required to follow TDC's protocol as a matter of courtesy.
- Tricia Marshall offered to share the protocol with the Parish and Town Councils.

- European funding bids are very resource intensive to administer, therefore any bid with a value under £50,000 required financial sign off before the bid was drafted to ensure the benefit of the bid outweighs the administration cost. Overall TDC had been successful in obtaining a large amount of European funding.

It was proposed by Councillor Larkins, seconded by Councillor Campbell and Members agreed the recommendation as set out at paragraph 4.5.1 of the report, namely:

'That Governance and Audit approve the adoption of the revised External Funding and Grants Protocol.'

Meeting concluded: 8.45 pm

# Public Document Pack Agenda Item 3b

## GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 2 September 2015 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

**Present:** Councillors Buckley, Collins, Connor, Dexter, Edwards, I Gregory, G Hillman, Partington and Taylor-Smith

**In Attendance:** Councillor Smith

### 1. APOLOGIES FOR ABSENCE

Apologies were received from the Chairman Councillor Munday, therefore the Vice-Chairman Councillor Buckley was in the Chair.

Apologies were also received from Councillors; Campbell, Day and Larkins for whom Councillors; Fenner, Taylor-Smith and Jaye-Jones were present as substitutes respectively.

### 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 3. DRAFT ANNUAL GOVERNANCE STATEMENT

Tim Howes, Head of Legal and Democratic Services, introduced the report and noted that the item had two elements for Members' consideration and decision. The first was the Draft Annual Governance Statement 14/15, and the second was the Draft Audit Committee Assurance Statement.

Mr Howes highlighted that the first sentence of the first bullet point at section 4.1.7 of the Statement should stop after the words 'proper management of the council's finances'.

Councillor Collins asked a number of questions regarding the Compulsory Purchase Order of Manston Airport which Mr Howes offered to respond to outside of the meeting.

In response to questions and comments from Members it was noted that:

- currently the code of conduct for officers and Members was published on the website within the Constitution document, however if it was published separately these protocols would be easier to find for members of the public.
- work needed to be carried out to update the website pages and make the information more accessible to the public.

Subject to the amendment at 4.1.7 of the Statement, it was proposed by Councillor I Gregory, seconded by Councillor Dexter, and Members agreed the Draft Annual Governance Statement 2014/15

Mr Howes advised that the Audit Committee Assurance Statement was a backward looking statement that responded to questions raised by the Grant Thornton UK LLP, the Council's external auditors.

It was proposed by Councillor Jaye-Jones, seconded by Councillor I Gregory, and Members agreed to note and endorse the responses to the letter from the external auditor.

Meeting concluded : 7.20 pm

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## INTERNAL AUDIT PROGRESS REPORT

To: **Governance and Audit Committee: 24<sup>th</sup> September 2015**

By: **Head of the Audit Partnership: Christine Parker**

Subject: **INTERNAL AUDIT PROGRESS REPORT OF THE HEAD OF THE AUDIT PARTNERSHIP.**

Classification: **Unrestricted**

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**Summary:** This report gives Members a summary of the internal audit work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 30<sup>th</sup> June 2015.

### **For Information**

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#### **1.0 Introduction**

1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 30<sup>th</sup> June 2015.

#### **2.0 Audit Reporting**

2.1 For each audit review, management has agreed a report, and where appropriate, an Action Plan detailing proposed actions and implementation dates relating to each recommendation. Reports continue to be issued in full to the relevant member of Senior Management Team, as well as the manager for the service reviewed.

2.2 Follow-up reviews are performed at an appropriate time, according to the priority of the recommendations, timescales for implementation of any agreed actions, and the risk to the Council.

2.3 An Assurance Statement is given to each area reviewed. The assurance statements are linked to the potential level of risk, as currently portrayed in the Council's risk assessment process. The assurance rating given may be Substantial, Reasonable, Limited or No assurance.

2.4 Those services with either Limited or No Assurance are monitored, and brought back to Committee until a subsequent review shows sufficient improvement has been made to raise the level of Assurance to either Reasonable or Substantial. A list of those services currently with such levels of assurance is attached as Appendix 2 to the EKAP report.

2.5 The purpose of the Council's Governance and Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review of the Authority's

financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

- 2.6 To assist the Committee meet its terms of reference with regard to the internal control environment an update report is regularly produced on the work of internal audit. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report submitted to the last meeting of this Committee.

### **3.0 Summary of Work**

- 3.1 There have been ten internal audit assignments completed during the period, of which two concluded substantial assurance, six concluded (either wholly or partially) reasonable assurance, and one concluded Limited assurance. There was one additional piece of work for which an assurance level was not applicable as it comprised quarterly housing benefit claim testing. Summaries of the report findings are detailed within Annex 1 to this report.

- 3.2 In addition, five follow-up reviews have been completed during the period.

- 3.3 For the three month period to 30<sup>th</sup> June 2015, 98.05 chargeable days were delivered against the planned target of 304.64 days which equates to 33% plan completion.

- 3.4 The financial performance of the EKAP is on target at the present time.

### **4.0 Options**

- 4.1 That Members consider and note the internal audit update report.
- 4.2 That the changes to the agreed 2015-16 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of the attached report be approved.
- 4.3 That Members consider (where appropriate) requesting an update from the relevant Director/s to the next meeting of the Committee in respect of any areas identified as still having either limited or no assurance after follow-up.
- 4.4 That Members consider registering their concerns with Cabinet in respect of any areas of the Council's corporate governance, control framework or risk management arrangements in respect of which they have on-going concerns after the completion of internal audit follow-up reviews and update presentations from the relevant Director.

### **5.0 Corporate Implications**

#### **5.1 Financial Implications**

- 5.1.1 There are no financial implications arising directly from this report. The costs of the audit work are being met from the Financial Services 2015-16 budgets.

#### **5.2 Legal Implications**

5.2.1 The Council is required by statute (under the Accounts and Audit Regulations and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function.

### 5.3 Corporate Implications

5.3.1 Under the Local Code of Corporate Governance accepted by Cabinet on 8<sup>th</sup> December 2013, the Council is committed to comply with requirements for the independent review of the financial and operational reporting processes, through the external audit and inspection processes, and satisfactory arrangements for internal audit.

### 6.0 Recommendations

6.1 That the report be received by Members.

6.2 That any changes to the agreed 2013-14 internal audit plans, resulting from changes in perceived risk, detailed at point 5.0 of the attached report be approved.

Contact Officers:	Christine Parker, Head of the Audit Partnership, Ext. 7190 Simon Webb, Deputy Head of Audit, Ext 7190
	Tim Willis, Director of Corporate Resources & S151 Officer, Ext. 7617

### **Annex List:**

Annex 1	East Kent Audit Partnership Update Report – 24-09-2015
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### **Background Papers:**

<b>Title</b>	<b>Details of where to access copy</b>
<i>Internal Audit Annual Plan 2015-16</i>	Previously presented to and approved at the 17 <sup>th</sup> March 2015 Governance and Audit Committee meeting
<i>Internal Audit working papers</i>	Held by the East Kent Audit Partnership

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**INTERNAL AUDIT UPDATE REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP**

**1.0 INTRODUCTION AND BACKGROUND**

1.1 This report provides Members with an update of the work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 30<sup>th</sup> June 2015.

**2.0 SUMMARY OF REPORTS**

<b>Service / Topic</b>		<b>Assurance level</b>
2.1	EKS – Housing Benefit Appeals	Substantial
2.2	EKS – Housing Benefit Discretionary Housing Payments	Substantial
2.3	EKS – PC & Laptop Controls	Reasonable
2.4	EKS – File Controls and Back-ups	Reasonable
2.5	TDC - Contract Standing Order Compliance	Reasonable
2.6	East Kent Housing – Contract Standing Order Compliance	Reasonable
2.7	Commercial Properties and Concessions	Reasonable/Limited
2.8	Your Leisure	Reasonable/No/No
2.9	Equalities and Diversity	Limited
2.10	EKS – Quarterly Housing Benefit Testing (Quarter 4 of 2014-15)	Not Applicable

**2.1 EKS Housing Benefit Appeals – Substantial Assurance:**

2.1.1 Audit Scope

To ensure that the processes and procedures established by EK Services are sufficient to provide the level of service required by the partner Councils and these incorporate relevant internal controls to ensure that EK Services undertakes appeals by members of the public against their Housing Benefit awards in a fair and consistent manner and in inline with Housing Benefit guidance from the DWP.

2.1.2 Summary of Findings

The Housing Benefit (Decision and Appeals) Regulations 2001 state that any 'person affected' by a relevant decision can ask the Council to revise its decision. It also states that a person affected can appeal against the decision of a Local Authority to an independent appeal tribunal (the First-tier Tribunal).

The processes in place for dealing with the appeals received by EK Services reflect the guidance issued by the DWP.

The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- A central record is maintained of all appeals received and this is monitored.
- There are effective controls in place to ensure that appeals are dealt with expediently.
- EK Services have allocated specific officers to process appeals and to ensure that they are administered in accordance with government legislation.

## **2.2 EKS Housing Benefit Discretionary Housing Payments – Substantial Assurance:**

### **2.2.1 Audit Scope**

To ensure that the processes and procedures established by EKS are sufficient to provide the level of service required by the partner Councils and these incorporate relevant internal controls regarding the provision of additional financial assistance to claimants who are already receiving either Housing Benefit or Council.

### **2.2.2 Summary of Findings**

Discretionary housing payments were introduced in 2001 as part of the Discretionary Financial Assistance regulations. The regulations provide Local Authorities with the right to award further assistance towards housing benefit. The regulations were updated in April 2014 to reflect the changes in the housing benefit legislation.

Each local authority receives a government contribution towards the discretionary housing payment scheme. Discretionary housing payment can be applied for to assist with rent in advance, rent deposits, rent arrears and shortfalls in rent levels. There are specific officers within the Quality Team that deal with the administration and processing of the discretionary hardship applications.

The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- There is an approved policy in place for the administration of discretionary housing payments and this reflects central government guidance.
- A central record is maintained of all applications received and this is monitored regularly.
- There are effective controls in place to monitor the value of discretionary housing payment granted.
- Specific officers have been allocated to process applications for discretionary housing payment. Any decision appeals are reviewed and adjudicated by the Quality Team Leader.

## **2.3 EKS PC & Laptop Controls – Reasonable Assurance:**

### 2.3.1 Audit Scope

To ensure that the procedures and internal controls established by EKS are sufficient to provide the level of service required by the partner Councils with regard to the control of the use of computers both by officers of EKS and the partner councils.

### 2.3.2 Summary of Findings

EKS provides the ICT service to the three East Kent partner councils as well as to East Kent Housing. The service is detailed in the collaboration agreement between the various parties. This includes the provision, but not the funding, of the hardware equipment such as PCs, laptops and smart devices, their management and maintenance. Early in 2014 EKS were involved in a project concerning a large scale equipment roll out across the partners which was to be achieved by a specified deadline and involved many hundreds of machines and users.

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- There is an approved agreement between the EKS and the partners.
- The recent roll out of equipment has brought the asset base of computers up to date.
- There is various guidance and policies setting out the expectations required of users.
- There are security measures/encryptions in place to restrict access to the equipment and data available via remote connections.

There are however some areas which could be improved and these are as follows:-

- The sharing of best practice guidance.
- Reminding users of their responsibilities regarding machines and data.
- Health and safety issues regarding portable ICT assets.

## **2.4 EKS ICT File Controls and Back-ups – Reasonable Assurance:**

### 2.4.1 Audit Scope

To ensure that the controls over the administration of ICT electronic files and back ups are robust and sufficient to enable EKS to provide the level of ICT service required by the partner councils.

### 2.4.2 Summary of Findings

EKS ICT are responsible for the provision of technical and business ICT systems to three partner local authorities as well as East Kent Housing and EK Services). This shared service was formed in 2012 and is hosted by Thanet DC.

Business Systems includes the delivery of a range of services using multiple software systems running on the EK Services managed infrastructure and in the case of internet sites, hosted externally for some clients.

Technical Systems includes the provision of a secure network & telecommunications infrastructure and server computing environment through which ICT services &

solutions are provided; this includes the desktop computer environment for around 1800 staff and the ICT Service Desk.

The service is governed by the way of a Collaboration Agreement and yearly Service Level Agreements. Both documents have recently been re-drafted to give a more comprehensive overview of the service delivery expected and required by each partner.

At the start of the review there were weaknesses in the system of internal controls in operation. However, due to the improvements implemented during the audit it can conclude Reasonable Assurance.

The primary findings which gave rise to this assurance opinion are as follows:

- Policies and Procedures governing file controls and back-ups were out of date, this was addressed via the introduction of the Corporate Information Governance Group (CIGG) who have been tasked with agreeing and introducing these which will be implemented across all partner councils
- Access and password control needed to be controlled and documented and the risk of Password cycling within each business unit is being addressed and a project for change control is collaboratively being undertaken.
- The current Back-up regime needed to be documented and improved and the new back-up project has now been completed and should adequately address any findings relating to back ups raised during this review.

Effective control was evidenced in the following areas:

- Business Continuity / Disaster Recovery, and this has also been enhanced by the new back-up project.
- Identification of key systems and risks accompanied with the setting up and use of focus groups (i.e. ICT user group and CIGG) to aid with the decision process and service delivery.

## **2.5 TDC Compliance with Contract Standing Orders – Reasonable Assurance:**

### **2.5.1 Audit Scope**

To provide assurance to Management that the Council's practices for the procurement of goods and services achieves economic cost and good value for money and that Contract Standing Order guidance and supporting procurement practices/user instructions are relevant and complied with as appropriate.

### **2.5.2 Summary of Findings**

The Council's Contract Standing Orders (CSOs) provide a structure to assist in making and implementing procurement decisions. This is to ensure that resources are used efficiently, value for money is sought, corporate objectives are met, and transparency is evident. Financial limits are specified in the CSOs and these determine the number of quotes that must be obtained or whether a full tender process should be followed prior to the goods/works or services being purchased.

CSOs state that purchase orders must be raised for all goods and services, unless they are exempt. The number and value of orders placed follows:-



	2013/14	2014/15
<b>Number of Orders Raised</b>	3507	2851
<b>Total Value</b>	£23,636,754.92	£26,613,057.67

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- Tender processes are followed and properly evaluated.
- Framework agreements are in place for some contracts.
- Officers are aware of CSO requirements because of the material readily available such as desk aid, purchasing guide, periodic training.
- In the majority of cases, factors other than lowest price are considered.
- Purchasing Guide/CSOs are available on the intranet.
- A central record is maintained of all contracts over £75,000.
- A central record is maintained of all waivers.
- All retrospective orders are reviewed by the Procurement and Contract Team and an explanation is sought from the relevant officer.
- There are robust processes in place to ensure that all applications for CSO waiver are scrutinised prior to them being approved/refused.

Scope for improvement was however identified in the following areas:

- The waiver forms need to be scrutinised prior to being considered to ensure that they have been correctly completed and properly authorised.
- Some examples of poor practice were identified during the review and these have been highlighted to the Strategic Procurement Manager to take appropriate action.

## **2.6 East Kent Housing Compliance with Contract Standing Orders - Reasonable Assurance:**

### **2.6.1 Audit Scope**

To ensure that Est Kent Housing apply the Council's practices for the procurement of goods and services achieves economic cost and good value for money and that Contract Standing Orders and the guidance and supporting procurement practices/user instructions are relevant and complied with as appropriate.

### **2.6.2 Summary of Findings**

The purpose of the Contract Standing Orders (CSOs) is to provide a structure within which procurement decisions are made and implemented. This is to ensure that resources are used efficiently, value for money is sought, corporate objectives are met, and transparency is evident. The CSOs specify financial limits which determine, prior to purchase, the number of quotes that must be obtained or whether a full tender process should be followed. In addition, high value tenders for works and services are governed by EU procurement laws and must be advertised in the OJEU (Official Journal of the European Community). The EU financial thresholds as at January 2014 are: supplies and services £172,515 and works £4,322,012. These thresholds are revised every two years.

The primary findings giving rise to the Reasonable Assurance opinion in this area as follows:

- Officers are mindful of the CSOs and often seek three quotes regardless of the value;
- Many framework agreements are in place;
- The Procurement Initiation Form (PIF) has been harmonised across the four authorities;
- Two surveyors represent East Kent Housing at regular LA procurement meetings; and
- Spending officers have been provided with CSOs/procurement guides.

Scope for improvement was however identified in the following areas:

- Remind staff that lowest price is not the only consideration when selecting a supplier;
- Clarification and training required on the 'aggregation' rule;
- It would be helpful if LA Procurement Officers monitored accumulating spend against single suppliers and highlighted this to the procuring officers at EKH;
- Harmonising of procurement requirements/processes across the LAs would improve efficiency at EKH.
- Involve LAs in procurement process earlier especially when using South East Consortium.

## **2.7 Commercial Properties and Concessions – Reasonable/Limited Assurance:**

### **2.7.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the council derives the maximum value from its corporate properties and concessions and that where applicable these property holdings further support the council's regeneration aims and aspirations.

### **2.7.2 Summary of Findings**

The Council has a large corporate property portfolio comprising of 663 assets as at 2014 and valued at £66 million. These assets are made up of community, infrastructure, non-operational, operational, investment, surplus, and assets held for sale. The Estates Team is responsible for managing each property to ensure that the intended purpose is optimised; this may be a balance between satisfying communities and maximising income. In addition the Corporate Property Asset Management Group (CPAMG) was formed to consider asset management in conjunction with other Council business strategies, objectives and priorities.

Management can largely place Reasonable Assurance on the system of internal controls in operation, however there is some evidence of non-compliance with key controls – primarily the backlog in rent reviews – which results in a risk to the achievement of the system objectives and suggests a partially limited assurance opinion.

Effective control was evidenced in the following areas:

- The Council has an up to date Asset Management Strategy;
- Within the strategy is an approved disposal process;

- Revaluations are completed on a 20% rolling basis with 60% currently completed, however this task is due to be outsourced later in the year;
- A Corporate Property Asset Management Group has been formed and meets regularly to consider property issues and to review the strategy.

The primary findings giving rise to this partial Limited Assurance opinion are as follows:

- The following policies are required to be established: Acquisitions, Concessions/Temporary Licence, Community Assets and Demolitions.
- The current backlog of rent review lease documents should be prioritised to avoid back-dated charges to tenants and loss of investment income from cash flow.
- Review and where appropriate introduce service charges to recover other costs e.g. maintenance.

## 2.8 Your Leisure – Reasonable/No/No Assurance:

### 2.8.1 Audit Scope

To ensure that Your Leisure are operating the Council's indoor leisure centres, outdoor leisure facilities and entertainment and catering venues in accordance with the provisions contained within their leases and associated grant condition agreements; and that as a result the Council's leisure arrangements are economic, efficient and effective in meeting the needs of the residents of Thanet.

### 2.8.2 Summary of Findings

Local Government is facing tough times with grant settlements being reduced from Central Government year on year which has an impact on the services provided by Thanet District Council. An example of this is the annual grant which has been significantly reduced to Your Leisure for the various sport and leisure facilities that they manage on behalf of the Council.

Management can place the following Assurances on the system of internal controls in operation:

- **No Assurance** that the Council currently has in place an up to date lease and terms and conditions of grant which both the Council and Your Leisure are fully compliant with.
- **No Assurance** that the Medium Term Financial Plan will be able to fully fund the expenditure required on the facilities as a result of the condition surveys identifying the works that are required – subject to capital bids.
- **Reasonable Assurance** that Your Leisure are fulfilling their requirements to manage the Council's facilities.

The primary findings giving rise to these assurance opinions are as follows:

- Previous audits have highlighted that the lease and grant condition documents are out of date and do not reflect the current contractual arrangements. Due to this, the Council is incurring financial expenditure that it does not have or has a limited budget for. Counsel's opinion has been sought to give guidance on the possible future lease and grant conditions that

could be introduced and an in house review has been carried and a report has been drafted with a recommendation on the way forward.

- Condition surveys for the assets used by Your Leisure are part completed. Works needing to be carried out have already been identified as £3.5 million for the buildings to be fit for purpose. Further condition surveys will likely increase the total cost of works needing to be carried out. The Council may not have the monies available to carry out these works identified within the current medium term financial plan.
- As well Your Leisure providing its reports, Thanet District Council should consider producing its own annual report on each of the venues / properties that are leased to Your Leisure that gives an overview of what has been carried out in terms of repairs, the expenditure for those repairs and highlight any future possible issues and savings with the facilities that need to be factored into the Medium Term Financial Plan, the budget setting process and reflected in the corporate risk management process.
- Decisions regarding the how the sports and leisure facilities will be funded across the district should be considered as part of the corporate plan consultation, in setting and prioritising objectives.
- Performance and financial information is provided by Your Leisure. However this could be further enhanced to show how the various elements of the grant money are being used (in particular day to day repairs and grounds maintenance). Additionally, more meaningful customer satisfaction statistics would be beneficial, and could feature in the new lease agreement.
- The current (out of date lease) hinders Your Leisure applying for any external grant funding that may assist in the delivery of the sports and leisure services and improvement to facilities.
- Regular meetings are held between Thanet District Council staff and Members and Your Leisure but the reporting of these meetings could be improved with minutes recording agreed actions, responsibility and due date for accountability.
- Your Leisure should have only one point of contact with a Senior Officer to improve accountability and decision making.
- Processes for insurance claims made by Your Leisure to Thanet District Council could be enhanced.

## **2.9 Equality and Diversity - Limited Assurance:**

### **2.9.1 Audit Scope**

To ensure that the Council complies with the public sector equality duties in accordance with the provisions of the Equality Act 2010.

### **2.9.2 Summary of Findings**

The Equality Act 2010 replaces the previous anti-discrimination laws with a single Act. Under the Act the Council is required to set and monitor Equality Objectives and comply with the Public Sector Equality Duty (PSED). The PSED is in place to ensure that public bodies consider, by demonstrating due regard, the needs of the individuals in their day to day work in shaping policy, delivering services and in relation to their own employees.

*'Having due regard to the aims of the general equality duty is about using good equality information and analysis, at the right time, as part and parcel of your*

*decision making process*'. Equality and Human Rights Commission – Meeting the equality duty in policy and decision making.

Compliance with the duty should result in:

- Better- informed decision making and policy development;
- A clearer understanding of the needs of service users, resulting in better quality services which meet varied needs;
- More effective targeting of policy, resources and the use of regulatory powers;
- Better results and greater confidence in, and satisfaction with, public services;
- A more effective use of talent in the workforce and a reduction in instances of discrimination and resulting claims.

Ensuring due regard is a continuous process and it should not be assumed that once assessed whether the duty is relevant to a particular function that this need not be considered again. The relevance of the duty to a function (or a particular protected characteristic) may change over time.

The responsible officer within the Council for this function is knowledgeable and enthusiastic about her equality and diversity role and progress was being made but due to her unexpected absence, momentum had been lost as there was no resource available to cover this role. The officer has now returned to the post and has started working through the outstanding issues. However, it should also be taken into account that only a third of this officer's role is designated for equality and diversity which may limit progress made against the equality agenda and benefits gained.

Engagement from senior management is vital to enable equality and diversity considerations to be embedded in the Council's day to day functions and decision making processes. An equality and diversity champion is required at senior management level to lead on this. The responsible manager has continued to press forward with member training which had been identified as a major issue by the LGA, however, engagement and progress with members had been slow. Thirty eight members of the new administration have already attended training on 'Knowing Your Communities' with bespoke equality training planned for members of Cabinet, Governance & Audit and Overview & Scrutiny Communities. Staff are not making full or best use of the equality resources available to them.

The primary findings giving rise to the Limited Assurance opinion in this area as follows:

- Lack of effective engagement from members and senior management.
- Staff are not making best use of the equality resources available to them.
- There has been limited work around customer surveys on access to services and rating of services and as a result services may not be accessible to all.
- Lack of regular reporting to management on progress of compliance against the Public Sector Equality Duty, the council's equality and diversity policy and objectives.
- The level of information published could be improved.

## **2.10 EK Services – Housing Benefit Quarterly Testing (Quarter 4 of 2014-15):**

### 2.10.1 Background:

Over the course of 2014/15 financial year the East Kent Audit Partnership has been completing a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

### 2.10.2 Findings:

For the fourth quarter of 2014/15 financial year (January to March 2015) 30 claims including new and change of circumstances of each benefit type were selected by randomly selecting the various claims for verification.

A fail is categorised as an error that impacts on the benefit calculation. However, data quality errors are also shown but if they do not impact on the benefit calculation then for reporting purposes the claim will be recorded as a pass.

### 2.10.3 Audit Conclusion:

Thirty benefit claims were checked and one claim had a financial error that impacted on the benefit calculation. Two of the claims that passed did so because the errors which were highlighted did not effect the benefit calculation.

## 3.0. **FOLLOW UP OF AUDIT REPORT ACTION PLANS:**

3.1 As part of the period's work, five follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. Those completed during the period under review are shown in the following table.

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs. Outstanding	
a)	Licensing	Substantial	Substantial	H	0	H	0
				M	3	M	0
				L	2	L	0
b)	EK Services – Customer Services	Substantial	Substantial	H	1	H	0
				M	3	M	2
				L	1	L	1
c)	EK Services – ICT Change Controls	Limited	Reasonable	H	2	H	0
				M	1	M	0
				L	0	L	0
d)	Overtime within Waste and recycling	Limited	Limited	H	15	H	9
				M	0	M	0
				L	0	L	0
e)	CCTV	Reasonable/ Limited	Reasonable	H	3	H	2
				M	6	M	2
				L	3	L	0

3.2 Details of any individual High priority recommendations outstanding after follow-up are included at Appendix 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they are now

being escalated for the attention of the s.151 officer and Members' of the Governance and Audit Committee.

The purpose of escalating outstanding high-risk matters is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.

- 3.3 As highlighted in the above table, those areas previously reported as having either Limited or No assurance have been reviewed and, in respect of those remaining at below Reasonable assurance, Members are advised as follows:

d) Overtime within Waste and Recycling:

It is recognised that there have been a significant number of changes both in the senior management at Thanet and operational management at the depot since the initial audit was completed last summer (2014), however the basic controls that are in place are still not fully functional which significantly increases the risk of fraud, error and budget overspend. Since the recent testing carried out management have confirmed that the controls have been improved and these controls now need time to embed.

Management response from the *Interim Head of Operational Service:*

I have worked closely with East Kent Audit Partnership since my appointment to Interim Head of Operational Services in Mid- July 2015.

It is clear that the claiming and authorisation of overtime within Operational Services has been a substantial problem for some years and that there has been an abuse of process by some employees and agency workers.

There has been a significant number of management and supervisory changes within Operational Services within the last six months and this has led to a complete review of historic arrangements.

We have worked through the fifteen audit recommendations and have made a number of important changes to improve our processes. Unfortunately, these were not implemented early enough to feature significantly in recent follow-up audits. However, I am confident that our performance in respect of the management of overtime will evolve and improve as the new management team continues to review and update arrangements for authorisation, claiming and checking of overtime claims for both TDC and agency workers. This work will be undertaken in conjunction with our colleagues in EKHR as some of the improvements are likely to impact on current employment arrangements.

#### **4.0 WORK-IN-PROGRESS:**

- 4.1 During the period under review, work has also been undertaken on the following topics, which will be reported to this Committee at future meetings: Dog Warden and Street Scene Enforcement, Capital, Bank Reconciliation, External Funding Protocol, Food Safety, Health and Safety at Work, Absence Management, Insurance, Business Continuity and Emergency Planning, Housing Repairs and Maintenance, VAT, Employee Health and Safety, Safeguarding Vulnerable Groups, Complaints Monitoring, Treasury Management, and Housing Allocations.

**5.0 CHANGES TO THE AGREED AUDIT PLAN:**

- 5.1 The 2015-16 internal audit plan was agreed by Members at the meeting of this Committee on 17<sup>th</sup> March 2015.
- 5.2 The Head of the Audit Partnership meets on a monthly basis with the Section 151 Officer or their nominated representative to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments have been made to the plan during the course of the year as some high profile projects or high-risk areas have been requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews. The detailed position regarding when resources have been applied and or changed are shown as Appendix 3.

**6.0 FRAUD AND CORRUPTION:**

There are no known instances of fraud or corruption being investigated by the EKAP to bring to Members attention at the present time.

**7.0 UNPLANNED WORK:**

All unplanned work is summarised in the table contained at Appendix 3.

**8.0 INTERNAL AUDIT PERFORMANCE**

- 8.1 For the three month period to 30<sup>th</sup> June 2015, 98.05 chargeable days were delivered against the planned target of 304.64 days which equates to 33% plan completion.
- 8.2 The financial performance of the EKAP is on target at the present time.
- 8.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has established a range of performance indicators which it records and measures. The performance against each of these indicators for 2015-16 is attached as Appendix 5.
- 8.4 The EKAP audit maintains an electronic client satisfaction questionnaire which is used across the partnership. The satisfaction questionnaires are sent out at the conclusion of each audit to receive feedback on the quality of the service. Current feedback arising from the customer satisfaction surveys is featured in the Balanced Scorecard attached as Appendix 4.

**Attachments**

- Appendix 1 Summary of High priority recommendations outstanding after follow-up.  
 Appendix 2 Summary of services with Limited / No Assurances  
 Appendix 3 Progress to 30<sup>th</sup> June 2015 against the agreed 2015-16 Audit Plan.  
 Appendix 4 EKAP Balanced Scorecard of Performance Indicators to 30<sup>th</sup> June 2015.  
 Appendix 5 Assurance statements



**SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1**

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
<i>CCTV – August 2015:</i>		
<p>Agreements for data sharing for the Thanet Safe/Shop &amp; Pub Watch need to be in place.</p>	<p>Agreements to be sourced and reviewed by DPO to ensure the CCTV function is covered and compliant with legislation.</p> <p><b>Proposed Completion Date: March 2015</b></p> <p><b>Responsibility: Street Scene Enforcement Manager</b></p>	<p>Management feel that this is covered under the Community Safety Partnership Protocol and the Kent Wide Sharing Protocol. These documents are to be sourced, reviewed and placed on file.</p> <p align="center"><i>Recommendation Outstanding</i></p> <p>Revised Implementation Date 01/10/15</p>
<p>Clear roles need to be defined and agreements in place for the Parish Council's CCTV systems.</p>	<p>Birchington Parish Council has been contacted and review underway. Liaise with the DPO to ensure TDC is compliant with legislation</p> <p><b>Proposed Completion Date: April 2015</b></p> <p><b>Responsibility: Street Scene Enforcement Manager</b></p>	<p>Birchington Parish Council have now registered with the Information Commissioners Office for the CCTV system as @ 09/12/14. Clarification to be sought from the Data Protection Officer and Legal Team to ensure our compliance with the Data Protection Act and if any formal agreements are required.</p> <p align="center"><i>Recommendation Outstanding</i></p> <p>Revised Implementation within the next 6 months.</p>
<i>Overtime within Waste and Recycling – September 2015:</i>		
<p>Overtime claim forms should be redesigned to ensure they are completed with sufficient information to identify and capture the work that took place and the role undertaken.</p>	<p><b>Proposed Completion Date:</b> Not recorded</p> <p><b>Responsibility:</b> Not recorded</p>	<p><b>Revised Implementation Date:</b> November 2015</p> <p><b>Management Comment:</b></p> <p>Management will adopt this recommendation</p>

**SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1**

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
		once the new format has been considered and agreed. Any new timesheet will attempt to capture the round number in order to make checking easier for the supervisor. Management can verify that the supervisor is now checking crew sheets against timesheets – in particular in relation to finish times and breaks.
The responsibility for checking and authorising non-contractual overtime, standby payments and enhanced bank holiday pay for Thanet employed staff and Agency Staff, should be reviewed to ensure it is the responsibility of the direct line manager to the employee making the claim. Claims should only be authorised if the hours worked can be verified as correct and substantiated. The manager should then be responsible and accountable for any errors made.	<b>Proposed Completion Date:</b> Not recorded  <b>Responsibility:</b> Not recorded	<b>Revised Implementation Date:</b> October 2015.  <b>Management Comment:</b>  Refuse supervisors are aware that they must check and sign all refuse and agency timesheets. Supervisors have been reminded that their timesheets are only to be signed by their line manager or another manager if their line manager is not available.
Management should provide clear guidance on what constitutes overtime to all managers and team leaders within Waste, Street Cleansing and the Workshop responsible for approving overtime, on how overtime should be claimed, how and who it should be authorised by, how and when it should be checked and what criteria should be fulfilled in respect of standby payments. Failure to comply with approved procedures should result in disciplinary action.	<b>Proposed Completion Date:</b> Not recorded  <b>Responsibility:</b> Not recorded	<b>Revised Implementation Date:</b> April 2016.  <b>Management Comment:</b>  Overtime controls are now being imbedded and the overtime procedures have been clarified. Management will seek legal advice on what constitutes standby payments before providing guidance in relation to this employee benefit.
The Support Assistant (NH) at the Manston	<b>Proposed Completion Date:</b> Not recorded	<b>Revised Implementation Date:</b> October

**SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1**

<b>Original Recommendation</b>	<b>Agreed Management Action , Responsibility and Target Date</b>	<b>Manager's Comment on Progress Towards Implementation.</b>
Road Depot should act as gatekeeper and apply the principles by which pay is made through rigorous consistent challenge to claims. i.e. draw to the attention of either the Waste and Recycling Manager, Street Cleansing Manager or Head of Operations any apparent anomalies prior to payment.	<b>Responsibility:</b> Not recorded	2015  <b>Management Comment:</b> The Support Assistant (NH) is working closely with colleagues to ensure that timesheets are cross-referenced and supplied in the way recommended.
SMT should consider re-approving the scope for Standby Payments to ensure it is clear what these payments are for. This should be made available to employees by uploading it to the EKHR website.	<b>Proposed Completion Date:</b> Not recorded  <b>Responsibility:</b> Not recorded	<b>Revised Implementation Date:</b> April 2016  <b>Management Comment:</b>  Senior Management will be looking at revising Terms and Conditions in the near future. This will require very careful consideration and management. As part of this standby payments will also be considered.
Management should restructure the Workshop. In doing so consideration should be given to hiring more vehicle fitters and ceasing payments of overtime.	<b>Proposed Completion Date:</b> Not recorded  <b>Responsibility:</b> Not recorded	<b>Revised Implementation Date:</b> January 2016  <b>Management Comment:</b>  Management are currently looking externally at other authorities (i.e. Sevenoaks District Council) in order to collate data on the resources required to operate a comparable workshop service internally. Once the research has been carried out management will make a decision on whether a restructure is required.
Management should establish and satisfy itself	<b>Proposed Completion Date:</b> Not recorded	<b>Revised Implementation Date:</b> October

**SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1**

<b>Original Recommendation</b>	<b>Agreed Management Action , Responsibility and Target Date</b>	<b>Manager’s Comment on Progress Towards Implementation.</b>
<p>that agency staff are being used for other duties once their round is complete and that this is the reason some agency staff claim to work hours beyond that of the driver on the same crew.</p>	<p><b>Responsibility:</b> Not recorded</p>	<p>2015</p> <p><b>Management Comment:</b> Improvements in the control being put in place whereby a supervisor checks all timesheets will help identify any anomalies with agency timesheets in the future.</p>
<p>The scope of the control in place comparing the ordinary crew member finishing time to that of the driver should also be amended to include timings for breaks and should be put in place for agency workers as well as direct employees. Any discrepancies in excess of 15 minutes should lead to agency timesheets being adjusted by management before submission to the agency for invoicing or in the case of ordinary crew members, passed back to the Workforce Supervisors for adjustments to be made.</p>	<p><b>Proposed Completion Date:</b> Not recorded</p> <p><b>Responsibility:</b> Not recorded</p>	<p><b>Revised Implementation Date:</b> October 2015</p> <p><b>Management Comment:</b> Supervisors have been told to check agency break and finish times against the rest of the crew timesheets before signing off. Some discussion around drivers initialling agency time sheets when agency staff not returning to yard. Further discussion with HRGO to confirm.</p>
<p>Management should consider either revoking the responsibility of one of the Workforce Supervisors for authorising agency timesheets or ensuring that he robustly checks all timesheets before authorising them. Consideration should also be given to disciplining him for failing to adequately check and authorise timesheets.</p>	<p><b>Proposed Completion Date:</b> Not recorded</p> <p><b>Responsibility:</b> Not recorded</p>	<p><b>Revised Implementation Date:</b> October 2015</p> <p><b>Management Comment:</b> Recently a new supervisor has now been tasked with sole responsibility for completing timesheets for the foreseeable future. This will be carried out by management in his absence.</p>

**SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED – APPENDIX 2**

<b>Service</b>	<b>Reported to Committee</b>	<b>Level of Assurance</b>	<b>Follow-up Action Due</b>
Absence Management	June 2013	Limited	Work-in-progress as part of a planned audit
FOI, Data Protection and Information Management	September 2014	Reasonable/Limited/Limited	Work-in-progress
Employee Benefits-in-Kind	September 2014	Limited	Work-in-progress
East Kent Housing – Tenant Health & Safety	September 2014	Split Assurance	Work-in-progress
East Kent Housing – Leasehold Services	March 2015	Limited	Work-in-progress
Refuse Freighter Vehicle Specification	June 2015	Limited	Work-in-progress
Garden Waste Collection Service	June 2015	Limited	Work-in-progress
Your Leisure	September 2015	Reasonable/No/No	Winter 2015-16

**PROGRESS TO DATE AGAINST THE AGREED 2015-16 AUDIT PLAN – APPENDIX 3**

**THANET DISTRICT COUNCIL:**

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-06-2015	Status and Assurance Level
<b>FINANCIAL SYSTEMS:</b>				
Capital	5	5	0	Finalised - Substantial
Treasury Management	5	5	0	Work-in-Progress
Bank Reconciliation	5	5	0	Work-in-Progress
External Funding Protocol	9	9	0.17	Work-in-Progress
VAT	10	10	0.17	Work-in-Progress
<b>RESIDUAL HOUSING SERVICES:</b>				
Housing Allocations	10	10	0.31	Work-in-Progress
<b>GOVERNANCE RELATED:</b>				
Review a sample of Corporate Risk control measures	20	0	0	Postpone until 2016-17 to allow new Risk Register to embed
Partnerships and Shared Service Monitoring	20	20	0	Quarter 3
Project Management	10	0	0	Postpone until 2016-17 to accommodate finalisation of 2014-15 WIP
Corporate Advice/SMT	2	2	1.29	Work-in-progress throughout 2015-16
s.151 Officer Meetings and Support	9	9	5.46	Work-in-progress throughout 2015-16
Governance & Audit Committee Meetings and Report Preparation	12	12	7.1	Work-in-progress throughout 2015-16
2016-17 Audit Plan and Preparation Meetings	9	9	0	Quarter 4
<b>CONTRACT RELATED:</b>				
CSO Compliance	10	10	7.36	Finalised - Reasonable
<b>SERVICE LEVEL:</b>				
Safeguarding Vulnerable Groups	10	10	0	Work-in-Progress
2015 Post Election Review	10	10	11.35	Work-in-Progress
Food Safety	10	10	0.24	Work-in-Progress
Health & Safety at Work	10	10	0.24	Work-in-Progress
Business Continuity and Emergency Planning	10	10	0.17	Work-in-Progress

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-06-2015	Status and Assurance Level
Events Management	10	0	0	Postpone until 2016-17 to accommodate finalisation of 2014-15 WIP
Grounds Maintenance	10	10	0	Quarter 4
Museums	10	10	0	Quarter 3
Commercial Properties and Concessions	10	10	10.75	Finalised – Reasonable/Limited
Planning	10	10	0	Quarter 3
Visitor Information Arrangements	10	10	1.04	Quarter 3
Refuse Freighter Specification	7	7	5.73	Finalised – Limited
Street Cleansing	10	10	0	Quarter 4
<b>OTHER :</b>				
Liaison With External Auditors	2	2	0	Work-in-progress throughout 2015-16
Follow-up Reviews	15	15	2.1	Work-in-progress throughout 2015-16
<b>FINALISATION OF 2014-15 AUDITS:</b>				
Days under delivered in 2014-15	0	4.64	0	Completed
Creditors	5	45	7.32	Finalised - Substantial
Dog Warden & Street Scene Enforcement			14.99	Work-in-Progress
Complaints Monitoring			1.17	Work-in-Progress
Insurance and Inventories of Portable Assets			0.07	Work-in-Progress
Garden Waste Service			0.95	Finalised – Limited
Your Leisure			12.47	Finalised – Reasonable/No/No
Dalby Square Heritage Grants			0.24	Quarter 4 of 2015-16
Car Parking and PCNs			0.3	Finalised – Reasonable
Absence Management			2.25	Work-in-Progress
Community Safety			4.36	Finalised - Substantial
<b>EK HUMAN RESOURCES:</b>				
Recruitment	5	5	0	Work-in-Progress
Payroll	5	5	0.27	Work-in-Progress
Employee Health & Safety	5	5	0.18	Work-in-Progress

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-06-2015	Status and Assurance Level
<b>TOTAL</b>	<b>300</b>	<b>304.64</b>	<b>98.05</b>	<b>33% as at 30-06-2015</b>
<b>ADDITIONAL WORK</b>				
Royal Sands Deposit	0	2	2.08	Finalised
HCA Grant	0	2	2.44	Finalised
Dreamland CSO Compliance	0	5	1.82	Work-in-Progress



**EAST KENT HOUSING LIMITED:**

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2014	Status and Assurance Level
<b>Planned Work:</b>				
Audit Ctte/EA Liaison/Follow-up	6	6	5.18	Work-in-Progress throughout 2014-15
Repairs, Maintenance and Void Management	40	40	4.51	Work-in-Progress
Sheltered and Supported Housing	34	34	32.47	Work-in-Progress
<u>Finalisation of 2014-15 Audits:</u>				
CSO Compliance	0	0	5.53	Finalised – Reasonable Assurance
Days over delivered in 2014-15	0	-0.34	0	Completed
<b>Total</b>	<b>80</b>	<b>79.66</b>	<b>47.69</b>	<b>60% at 30-06-2015</b>

**EK SERVICES:**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2014	Status and Assurance Level
<b>Planned Work:</b>				
Housing Benefit Appeals	15	5	4.8	Finalised - Substantial
Housing Benefit Discretionary Housing Payments	15	8	7.9	Finalised – Substantial
Business Rate Reliefs	15	15	0.21	Quarter 4
Business Rate Credits	15	15	0.23	Quarter 4
Debtors	15	15	0	Quarter 3
ICT – PCI DSS	12	14	0.87	Quarter 3
ICT Management and Finance	12	13	0	Quarter 3
ICT Disaster Recovery	12	13	0	Quarter 4
Corporate/Committee/follow-up	9	12.04	2.76	Work-in-progress throughout 2015-16
Quarterly Housing Benefit Testing	40	40	12.35	Work-in-progress throughout 2015-16
<u>Finalisation of 2014-15 audits:</u>				
Days over delivered in 2014-15	-9.79	0	1.48	Completed
<b>Total</b>	<b>150.21</b>	<b>150.21</b>	<b>30.6</b>	<b>20% as at 30-06-2015</b>

**BALANCED SCORECARD – QUARTER 1**

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>
	Quarter 1		Reported Annually		
Chargeable as % of available days	89%	80%	<ul style="list-style-type: none"> <li>• Cost per Audit Day</li> </ul>	£	£321.33
Chargeable days as % of planned days			<ul style="list-style-type: none"> <li>• Direct Costs (Under EKAP management)</li> </ul>	£	£412,450
CCC	38%	25%	<ul style="list-style-type: none"> <li>• Indirect Costs (Recharges from Host)</li> </ul>	£	£11,700
DDC	15%	25%	<ul style="list-style-type: none"> <li>• ‘Unplanned Income’</li> </ul>	£	Zero
SDC	25%	25%	<ul style="list-style-type: none"> <li>• Total EKAP cost</li> </ul>	£	£424,150
TDC	33%	25%			
EKS	20%	25%			
EKH	60%	25%			
Overall	28%	25%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> <li>• Issued</li> </ul>	14	-			
<ul style="list-style-type: none"> <li>• Not yet due</li> </ul>	30	-			
<ul style="list-style-type: none"> <li>• Now due for Follow Up</li> </ul>	31	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS)	Partial	Full			

**BALANCED SCORECARD – QUARTER 1**

<u>CUSTOMER PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>	<u>INNOVATION &amp; LEARNING PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>
	Quarter 1			Quarter 1	
Number of Satisfaction Questionnaires Issued;	23		Percentage of staff qualified to relevant technician level	88%	75%
Number of completed questionnaires received back;	4 = 17%		Percentage of staff holding a relevant higher level qualification	43%	32%
Percentage of Customers who felt that;			Percentage of staff studying for a relevant professional qualification	25%	13%
<ul style="list-style-type: none"> <li>• Interviews were conducted in a professional manner</li> <li>• The audit report was 'Good' or better</li> <li>• That the audit was worthwhile.</li> </ul>	100%	100%	Number of days technical training per FTE	0.89	3.5
	100%	100%	Percentage of staff meeting formal CPD requirements	43%	32%



## AUDIT ASSURANCE

### Definition of Audit Assurance Statements

#### **Substantial Assurance**

From the testing completed during this review a sound system of control is currently being managed and achieved. All of the necessary, key controls of the system are in place. Any errors found were minor and not indicative of system faults. These may however result in a negligible level of risk to the achievement of the system objectives.

#### **Reasonable Assurance**

From the testing completed during this review most of the necessary controls of the system in place are managed and achieved. There is evidence of non-compliance with some of the key controls resulting in a marginal level of risk to the achievement of the system objectives. Scope for improvement has been identified, strengthening existing controls or recommending new controls.

#### **Limited Assurance**

From the testing completed during this review some of the necessary controls of the system are in place, managed and achieved. There is evidence of significant errors or non-compliance with many key controls not operating as intended resulting in a risk to the achievement of the system objectives. Scope for improvement has been identified, improving existing controls or recommending new controls.

#### **No Assurance**

From the testing completed during this review a substantial number of the necessary key controls of the system have been identified as absent or weak. There is evidence of substantial errors or non-compliance with many key controls leaving the system open to fundamental error or abuse. The requirement for urgent improvement has been identified, to improve existing controls or new controls should be introduced to reduce the critical risk.

## UPDATE REPORT ON THE CORPORATE RISK REGISTER

To: **Governance and Audit Committee – 24 September 2015**

Main Portfolio Area: **Corporate Resources**

By: **Director of Corporate Resources**

Classification: **Unrestricted**

Ward: **Not Applicable**

**Summary:** **To provide Governance and Audit Committee with an update report on the Corporate Risk Register.**

### For Information

#### **1.0 Introduction and Background**

1.1 Risk Management is a fundamental element of the Council's arrangements for ensuring goals are achieved and opportunities are taken up. To this end the Council has established its Risk Management Strategy and assigned responsibility to councillors and officers to ensure that the Council uses its resources effectively, and all that can be reasonable done, is done, to mitigate risk.

#### **2.0 The Current Situation**

2.1 The current Corporate Risk Register reflects the Corporate Plan 2012-16 which identified 11 priorities. Following a Peer review in March 2014 it was acknowledged that the Council had too many priorities which subsequently led to a review in August 2014 which reduced the priorities to 4, Environmental, Economic development, Housing and Communication. However the Corporate Risk Register has not been updated to reflect those new priorities and with a new Council and a new Corporate Plan emerging it does now provide a opportunity to review the previous Corporate Risk Register and to determine a risk appetite appropriate to the new Council's goals and aspirations. Consequently a detailed report will follow once the new Corporate Plan has been adopted. In the meantime CMT has reviewed the existing register to ensure that it remains relevant and up to date and to coincide with the timetable of the Council's Annual Corporate Governance Statement.

#### **2.3 Updated Corporate Risk Register**

A summary of the updated Corporate Risk Register follows;

Ref	Description	P	I	Risk Score
R01.01	Too Many Priorities	4	3	12 High
R04.01	Health and Safety at Work	3	4	12 High

R09.01	Major Project Management	3	4	12	High
R04.06	Information Management Practice	3	3	9	Medium-high
R05.01	Reputation and Public Perception	3	3	9	Medium-high
R01.02	Challenging Economic Climate	4	2	8	Medium-high
R09.04	Local Plan Delivering Sustainable Development	2	4	8	Medium-high
R06.04	Political Leadership	2	4	8	Medium-high
R07.01	Business Continuity	2	3	6	Medium-high
R04.09	Safeguarding Vulnerable People	2	3	6	Medium-high
R04.07	Major Emergency	2	3	6	Medium-high
R03.02	Partnerships	2	2	4	Medium-low

### 2.3.1 Removed from the Risk Register

Three risks were removed from the Corporate Risk Register this quarter as they are being effectively managed at the operational level,

- Increasing Customer Demands,
- Service Failure or Closure,
- Value for Money of Resources.

Additionally, two risks have been combined with another very similar risk,

- Political Astuteness and Political Leadership have been merged to reflect the Council's opportunity of influence within Kent and its partners.
- Continuity of Staff and Business Continuity have been merged as the mitigating actions are similar.

### 2.3.2 Risks reduced

One risk has a reduced score as follows

- Business Continuity now has a probability of 2 and an impact score of 3 total score 6 which is reduced from 9. It is anticipated that this will be revised again following the successful appointment to key vacant posts.

### 2.3.3 Risks Increased

No risk scores have increased this quarter.

### 2.3.4 New Risks

No new risks have been added in this period

### 2.3.5 Amended Risks

There were no other notable amendments this quarter.

## 3.0 Options

- 3.1 That Members note the content of this update report on the Corporate Risk Register and identify any issues on which they require more clarification.

## 4.0 Next Steps

- 4.1 The Corporate Risk Register will continue to be reviewed regularly and the scores of individual risks reviewed as circumstances change. Following adoption of the New Corporate Plan a more detailed review of the Corporate Risk Register will be undertaken and brought back to this Committee at a future date.

## 5.0 Corporate Implications

### 5.1 Financial and VAT

5.1.1 Whilst the Corporate Risk Register includes a comprehensive review of corporate financial risks, there are no financial implications for the recommendation required by this report.

### 5.2 Legal

5.2.1 Whilst the Corporate Risk Register includes consideration of legal matters in as far as they relate to risks to the Council, there are no legal implications for the recommendation required by this report.

### 5.3 Corporate

5.3.1 The Corporate Risk Register sets out how the Council will seek to control the risks it faces. The approach suggested is in accordance with the requirements of the Council's constitution and agreed Risk Management Framework.

### 5.4 Equity and Equalities

5.4.1 There are no equity or equalities issues arising from this report. The risk register identifies a number of activities designed to control risks and these will each need to be assessed for equality impact in their own right.

## 6.0 Recommendation(s)

6.1 **That Members note the content of this report and identify any issues on which they require more clarification.**

## 7.0 Decision Making Process

7.1 This recommendation does not involve the making of a key decision and may be taken by the Governance & Audit Committee.

Future Meeting if applicable:	Date:
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Contact Officer:	Christine Parker, Head of Audit Partnership DDI 01843 577189
Reporting to:	Tim Willis, Director of Corporate Services DDI 01843 577617

### Background Papers

Title	Details of where to access copy
<i>Risk Management Strategy</i>	<i>Intranet</i>

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## ANNUAL GOVERNANCE STATEMENT 2014/2015

To: **Governance and Audit Committee – September 2015**

By: **Monitoring Officer**

Classification: **Unrestricted**

Ward: **All Wards, this is a corporate document.**

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**Summary: To provide Governance and Audit Committee with the Annual Governance Statement 2014/15 for approval.**

### **For Decision**

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#### **1.0 Introduction and Background**

1.1 The Accounts and Audit Regulations 2003 (amended 2006) introduced the requirement for a Statement on Internal Control (SIC) to be prepared by local government bodies from the financial year 2003/2004. From 2007/2008 this process changed and the council was required to prepare an Annual Governance Statement (AGS) which must be included within the Financial Statement and should be signed by the Leader and Chief Executive.

#### **2.0 The Current Situation**

2.1 The Annual Governance Statement, which is attached at Annex 1, should reflect the corporate governance environment of the council as detailed in the adopted Local Code of Corporate Governance. In essence, the AGS is the formal statement that recognises, records and publishes the council's governance arrangements.

2.2 The AGS is a key corporate document, and the Leader and Chief Executive have joint responsibility as signatories for its accuracy and completeness. In order to ensure that the AGS accurately reflects our Governance Framework, a number of sources of assurance were gathered to feed into the preparation of the document. Following the approval process it will be formally signed as required.

2.3 The Draft AGS came before the Governance and Audit Committee earlier this month, and was agreed with minor changes. This was then provided to our External Auditors Grant Thornton for them to audit.

2.4 An action plan for the 'significant governance issues' identified has been prepared which is attached at Annex 2. Following approval of the AGS this action plan will be entered into the performance management system and reported back to this Committee on a regular basis.

### **3.0 External Audit**

- 3.1 Grant Thornton had an opportunity to audit the Draft AGS and their findings were reported to the Monitoring Officer. They have no issues with it or amendments.

### **4.0 Options**

- 4.1 That Members approve the Annual Governance Statement 2014/2015 and associated action plan.
- 4.2 That Members do not approve the Annual Governance Statement 2014/2015. This is not recommended as the AGS reinforces the council's governance arrangements.

### **5.0 Corporate Implications**

#### **5.1 Financial**

- 5.1.1 There are no financial implications arising directly from this report.

#### **5.2 Legal**

- 5.2.1 The Accounts and Audit Regulations and other accounting guidance requires the council to follow prescribed formats in the completion of the Annual Governance Statement.

#### **5.3 Corporate**

- 5.3.1 The Annual Governance Statement is a corporate document and as such should be owned by all senior officers and members of the authority.

#### **5.4 Equity and Equalities**

- 5.4.1 There are no equity or equalities issues arising from this report.

#### **5.5 Risks**

- 5.5.1 Failure to approve the AGS will diminish the council's governance arrangements.

### **6.0 Recommendation**

- 6.1 That Members approve the Annual Governance Statement for 2014/2015 and associated action plan.

### **7.0 Decision Making Process**

- 7.1 This recommendation does not involve the making of a key decision.
- 7.2 This recommendation is within the Council's Budgetary and Policy Framework and the decision may be taken by the Governance and Audit Committee.

Contact Officer:	<i>Tim Howes, Monitoring Officer tim.howes@thanet.gov.uk</i>
Reporting to:	<i>Madeline Homer, Chief Executive</i>

### **Annex List**

Annex 1	Annual Governance Statement 2014/15
Annex 2	AGS Significant Issue Action Plan 2014-15

### **Corporate Consultation Undertaken**

Finance	Nicola Walker, Head of Financial Services
Legal	Tim Howes, Head of Legal and Democratic Support & Monitoring Officer

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# Annual Governance Statement 2014/15

## **1.0 SCOPE OF RESPONSIBILITY**

- 1.1 Thanet District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and that funding is used economically, efficiently and effectively. Thanet District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Thanet District Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and include arrangements for the management of risk.
- 1.3 Thanet District Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government. A copy of the Local Code is available on our website or can be obtained from the council offices, Cecil Street, Margate, Kent, CT9 1XZ. This statement explains how Thanet District Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of an Annual Governance Statement.

## **2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 2.1 The governance framework comprises the systems and processes, and culture and values by which the authority is directed and controlled, together with the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Thanet District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Thanet District Council for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts.

## **3.0 METHODOLOGY FOR PREPARING THE ANNUAL GOVERNANCE STATEMENT**

- 3.1 The Annual Governance Statement is prepared using a method similar to that used in previous years, including:
  - Managers providing an assurance statement as to the extent and quality of internal control arrangements operating within their departments for the year. The declaration covers a comprehensive list of those systems and procedures which deliver good governance. Managers are asked to declare any weaknesses in their governance arrangements.
  - Directors / Service Managers reviewing the results of those declarations, identifying those issues which are significant or which are common to more than one area and discussing the outcomes with the Portfolio Holder with responsibility for each service area.
  - Assurance statements from the Section 151 Officer, Monitoring Officer and the following key areas: performance management, procurement and risk management identifying any governance issues that have arisen and should be addressed in the forthcoming year.
  - Statements from the shared service partners we work with on compliance with the governance arrangements in place.

- Reviewing the annual reports from Governance and Audit Committee and Overview and Scrutiny Panel.
- Considering the Internal Audit Annual Report and the Section 151 Officer's report on the effectiveness of the internal audit arrangements in place.
- The council's Governance and Audit Committee considers the draft Annual Governance Statement in June and is afforded the opportunity to give its input to the statement and to consider whether it accurately reflects the council's control environment.
- The Governance and Audit Committee approves the Annual Governance Statement in September and it is signed off by the Chief Executive / Section 151 Officer and Leader of the Council.

#### **4.0 THE GOVERNANCE FRAMEWORK**

4.1 There are a number of key elements to the systems and processes that comprise the council's governance arrangements, which are set out below.

4.1.1 There is a clear vision of the council's purpose and intended outcomes for citizens and service users that is clearly communicated.

- The Vision for Thanet was adopted by Council in July 2009. This document sets out the future plans for what Thanet will look and be like in 2030. It was consulted on widely with staff and members, the residents' panel, partners and stakeholders.
- The council identified and communicated its aims and ambitions for Thanet in April 2012 for the next four years when a new Corporate Plan was approved. The plan contains eleven priorities which are supported by operational plans.

4.1.2 Arrangements are in place to review the council's vision and its implications for the council's governance arrangements.

- The Corporate Plan will be reviewed annually to take into account progress against the priorities and outcomes of the annual budget setting process. Each review will evaluate and determine if there are any implications for the council's governance arrangements with appropriate amendments being made as necessary.

4.1.3 Arrangements exist for measuring the quality of services, ensuring they are delivered in accordance with the council's objectives and that they represent the best use of resources.

- Performance progress is tracked through monthly monitoring of key performance indicators, service tasks and projects. Progress against the council's Corporate Plan is reported quarterly to Cabinet. Additionally, monthly service reports summarise all key projects, tasks and performance measures specific to each service. The performance framework is operated on Inphase™, a performance management system.
- The Council's data quality framework sets out the Council's requirement that any data used by the authority should be fit for purpose. Fitness for purpose of performance data is assured through the following activity:
  - Challenge of measure definition when new indicators are identified through service planning;
  - Set up of measures at denominator and numerator level to ensure that calculations are not carried out manually;
  - Calculation checking through the data entry process;
  - Manager review of data entered by staff;
  - Training provided to managers and staff on how to use the data entry and reporting system;
  - Challenge through the target setting process;
  - Challenge through monthly monitoring of performance data;
  - Advice and support provided to staff and managers as requested on the capture and use of management data.

- 4.1.4 The roles and responsibilities of the executive, non-executive, scrutiny and officer functions are clearly defined, with clear delegation arrangements and protocols for effective communication.
- Roles and responsibilities for Cabinet, Council, Overview and Scrutiny and all committees of the council, along with officer functions are defined and documented, with clear delegation arrangements and protocols for effective communication within the council's Constitution. The Constitution is regularly reviewed and updated.
- 4.1.5 Codes of conduct defining the standards of behaviour for members and officers are in place, conform to appropriate ethical standards and are communicated and embedded across the council.
- Codes of conduct defining the standards of behaviour for members and staff have been developed and communicated and are available (as part of the Council's constitution) on the council's website and intranet site, Thanet Online Matters (TOM). These include Members' Code of Conduct, Code of Conduct for Staff, Anti-fraud and Corruption Policy, member and officer protocols and regular performance appraisals linked to service and corporate objectives.
- 4.1.6 Standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls required to manage risks.
- The council has established policies and procedures to govern its operations. Key within these are the Financial Procedure Rules, Procurement Strategy and Contract Standing Orders, Risk Management Strategy, Codes of Conduct for Members and Officers, Anti-Fraud and Corruption Policy, Anti-Bribery Policy, Whistleblowing Code and Human Resources policies. Ensuring compliance with these policies is the responsibility of everyone throughout the council. These key controls are subject to periodic review, including that by Internal Audit, and are updated to ensure that they are relevant to the needs of the organisation.
  - Contract Standing Orders set out the rules governing the procurement process to ensure that value for money is achieved whilst meeting all legal and statutory requirements and minimising the risk of fraud or corruption. The council's Procurement Strategy is a high level view of how to promote effective procurement across the whole organisation. It outlines what good procurement means in Thanet and details the supporting framework. This Strategy is underpinned by the Procurement Code of Practice which is a step-by-step guide for all purchasing activities providing information, advice and guidance for officers responsible for spending the council's money.
  - A risk management framework has been in place across the council for some years with the objective of embedding effective risk management practices at both strategic and operational levels. The Risk Management Strategy and Process documents are reviewed on an annual basis and approved by the Governance and Audit Committee.
- 4.1.7 The council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- The council's financial management arrangements conform to CIPFA standards. The Director of Corporate Resources has statutory responsibility for the proper management of the council's finances. The management of the council's finances within departments is devolved to directors / service managers through the Scheme of Delegation for Financial Authority and Accountability. Directors / service managers further devolve decision making to managers and business unit managers through departmental schemes of management.
  - The Financial Services Team provide detailed finance protocols, procedures, guidance and training for managers and staff. The structure of the Financial Services Team ensures segregation of duties and all committee reports are reviewed by the



appropriate Financial Services staff.

- The internal audit function is an independent appraisal process and is provided by the East Kent Audit Partnership, who have direct access to members. They undertake reviews which provide management with a level of assurance on the adequacy of internal controls and of risks to the council's functions / systems. They give sound objectivity as well as benefiting from a large resource-pool which brings with it a good level of robustness. Throughout the year, the internal auditors perform a wide range of reviews covering both financial matters and other more service / output specific objectives, including value for money assessments. The conclusion is a report that is produced for management, which includes an assessment of the level of assurance that can be derived from the system of internal controls related to the service that is reviewed.

4.1.8 The core functions of an audit committee are undertaken.

- The role of the Governance and Audit Committee is set out in the Constitution and one of its key roles is to provide independent assurance of the adequacy of the risk management framework and the associated control environment. It is a committee comprising nine council members independent of the executive which oversees the internal audit function and considers all relevant reports of the external auditor.
- The terms of reference for the Governance and Audit Committee are prepared in line with 'CIPFA's Audit Committees – Practical Guidance for Local Authorities' and are reviewed annually whilst undertaking the self-assessment into the committee's effectiveness and achievements against its terms of reference.

4.1.9 Arrangements exist to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

- The council has in place a Monitoring Officer and Deputy Monitoring Officer. The Monitoring Officer has a duty to report on any actual or likely decision which would result in an unlawful act or maladministration. All decisions to be taken by members are supported by a legal assessment provided by the appropriate officer.
- The council has in place a Responsible Finance Officer and Deputy under Section 151 of the Local Government Act 1972. This role ensures lawfulness and financial prudence of decision making, has responsibility for the administration of the financial affairs of the council and provides advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues.

4.1.10 Arrangements for whistleblowing and for receiving and investigating complaints from the public are in place and well publicised.

- The council has in place a Whistleblowing Code whereby staff and others can report concerns about various sorts of wrongdoing or alleged impropriety. The Whistleblowing Code was approved by Governance and Audit Committee, as part of the council's Anti-Fraud and Corruption Policy. The Code is available on the website and is also proactively communicated to those contracting with the council.
- Thanet District Council wants to provide the best service it can to the community and has a Customer Feedback process in place, which includes complaints, compliments, service requests, member contact and comments. Service improvements take place as a direct result of customer feedback received and are published on the council's website and Members' Portal.

4.1.11 Arrangements exist for identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

- Member Briefing sessions are programmed on a quarterly basis to ensure that members are properly equipped to effectively fulfil their responsibilities in the governance of the council's operations.

- As part of the annual appraisal process, training and development needs of staff are identified and a development plan is drawn up to meet those needs.
- 4.1.12 Clear channels of communication with all sections of the community and other stakeholders are in place, ensuring accountability and encouraging open consultation.
- The council has increased the level of community input into its decision making processes by increasing the number and variety of opportunities made available to the community. This includes online conversations and feedback as well as focus groups, workshops and the more traditional methods such as postal questionnaires. A greater emphasis is being placed on online consultation and social media.
  - The council has a well-established and effective consultation function which includes a wide range of consultation methods to ensure that as many groups and individuals as possible are able to participate. Before undertaking any consultation or communication, action plans are completed to detail exactly how key groups will be targeted. The council delivers an extensive programme of consultations throughout the year.
  - The council also regularly communicates and consults with residents online via the council website, through social media such as Twitter and Facebook, through local press, via secondary and primary schools, through local forums and organisations.
- 4.1.13 Governance arrangements in respect of partnerships and other group working incorporate good practice and are reflected in the council's overall governance arrangements.
- Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The council ensures that all are fit for purpose and the council's interests are protected.

## 5.0 REVIEW OF EFFECTIVENESS

- 5.1 Thanet District Council has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the East Kent Audit Partnership's annual report, and also by comments made by our External Auditors and other review agencies and inspectorates.
- 5.2 The process that has been applied by the council in maintaining and reviewing the effectiveness of the governance framework, includes the following:
- 5.2.1 The Authority
- The Council comprises 56 Members and, as a whole, takes decisions on budget and policy framework items as defined by the Constitution.
- 5.2.2 The Cabinet
- The Cabinet is responsible for the majority of the functions of the authority, within the budget and policy framework set by Full Council. Executive decisions can be taken by the Cabinet and Cabinet Members acting under delegated powers, depending upon the significance of the decision being made.
  - The Forward Plan lists the key decisions to be taken by Cabinet over the forthcoming four months. The plan is updated around the middle of each month to take effect from the 1st of the following month.
- 5.2.3 The Governance and Audit Committee
- The council has an established Governance and Audit Committee, which is independent of the executive function of the council, and is responsible for overseeing internal and external audit, risk management processes and reviewing

the adequacy of internal controls.

5.2.4 The Overview and Scrutiny Panel

- The Overview and Scrutiny Panel consists of 16 non-executive members and is appointed on a proportional basis, with political groups represented in the same proportion as on Full Council. It does not have any decision-making powers, but monitors the performance of the Leader and Cabinet and scrutinises services and policies throughout the district (both member and officer).

5.2.5 The Standards Committee

- The Standards Committee is established by Full Council and is responsible for promoting and maintaining high standards of conduct amongst councillors. In particular, it is responsible for advising the council on the adoption and revision of the Members' Code of Conduct and for monitoring the operation of the Code.

5.2.6 The Chief Financial Officer

- The role of the Chief Financial Officer is a fundamental building block of good corporate governance. The two critical aspects of the role are stewardship and probity in the use of resources; and performance, extracting the most value from the use of those resources.

5.2.7 The Monitoring Officer

- The Monitoring Officer has a duty to keep under review the operation of the Constitution to ensure it is lawful, up to date and fit for purpose.

5.2.8 The Internal Audit function

- The internal audit function is undertaken by the East Kent Audit Partnership, which provides this service to not only Thanet District Council but also Dover and Shepway District Councils, and Canterbury City Council. Internal audit is an independent appraisal function, which seeks to provide management with a level of assurance on the adequacy of internal controls and of risks to the council's functions / systems.

5.2.9 Management and officers

- The council's internal management processes are reviewed regularly and any changes or updates are communicated through the Managers' forum and staff development sessions, and any management training that is undertaken.

## 6.0 INTERNAL AUDIT STATEMENT

6.1 The original audit plan for 2014-15 included a total of 29 projects. We have communicated closely with the s.151 Officer, CMT and this Committee to ensure the projects actually undertaken continue to represent the best use of resources. As a result of this liaison some changes to the plan were agreed during the year. A few projects (3) have therefore been pushed back in the overall strategic plan, to permit some higher risk projects to come forward in the plan (2). The total number of projects undertaken in 2013-14 was 28, with 14 being WIP at the year-end to be finalised in April.

6.2 During 2014-15, 70 recommendations were made in the agreed final audit reports to Thanet District Council. These are analysed as being High, Medium or Low risk. Naturally, more emphasis is placed on recommendations for improvement regarding high risks. Any high priority recommendations where management has not made progress in implementing the agreed system improvement are brought to management and Members' attention through Internal Audit's quarterly update reports. During 2014-15 the EKAP has raised and reported to the quarterly Governance Committee meetings 70 recommendations, and whilst 67% were in the High or Medium Risk categories, none are so significant that they need to be escalated at this time.

6.3 There are no major areas of concern, which would give rise to a qualified audit statement regarding the systems of internal control concerning either the main financial systems or overall systems of corporate governance. The Council can have a very good level of

assurance in respect of all of its main financial systems and a good level of assurance in respect of the majority of its Governance arrangements. Many of the main financial systems, which feed into the production of the Council's Financial Statements, have been assessed as providing a Substantial assurance level following audit reviews. The Council can therefore be very assured in these areas. This position is the result of improvements to the systems and procedures over recent years and the willingness of management to address areas of concern that have been raised.

There were three areas where only a partially limited assurance level was given and one which concluded no assurance and these reflect a lack of confidence in arrangements, and these were brought to officers' attention. These reviews have planned follow up activity.

- 6.4 From the work undertaken during 2014-15, there were no instances of unsatisfactory responses to key control issues raised in internal audit reports by the end of the year. There are occasions when audit recommendations are not accepted for operational reasons such as a manager's opinion that the associated costs outweigh the risk, but none of these are significant and require reporting or escalation at this time. The EKAP has been commissioned to perform only one follow up, there were four reviews that remained a partial Limited Assurance after follow up and twenty-three recommendations that were originally assessed as high risk, which remained a high priority and outstanding after follow up were escalated to the Governance and Audit Committee during the year.
- 6.5 The EKAP assesses the overall system of internal control in operation throughout 2014-15 as providing reasonable assurance. No system of control can provide absolute assurance, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance that there is an on-going process for identifying, evaluating and managing the key risks.

## **7.0 ACTIONS UNDERTAKEN DURING 2014/15**

- 7.1 Throughout 2014/15 managers within the council have met on a regular basis through the Managers Forum, and updates to the following corporate processes, strategies or policies have been communicated, which are then shared with all staff through Staff Briefing Sessions:
- Open book accounting
  - Internal communications
  - Political astuteness
  - Developing an action plan for the peer review
  - Workstation risk assessments and use of health and safety maps and employers liability insurance
  - Pay for contribution and appraisal
  - Corporate property management and asset management strategy
  - Freedom of Information requests
  - Geographical information systems
  - Sickness absence
  - Flexible working
  - The new occupational health provider
  - Community right to bid process
  - Improvement Board
  - Election 2015
  - Employee council
  - Self-authorisation review
  - Digitilisation
  - Anti-Bureaucracy drive
  - Short-term frequent absence process
  - Establishment change request process
  - Election and induction programme
- 7.2 The following corporate processes, strategy or policy documents were considered and approved by the Governance and Audit Committee:

- External Audit Plan 2014/15
- External Audit Grant Certification Letter 2013/14
- Internal Audit Plan 2014/15
- Internal Audit 2015-16 Audit Plan and Audit Charter
- Corporate Risk Register
- Annual Treasury Management Review
- Internal Audit Annual Fraud Report 2013-14
- Internal Audit Annual Report
- Annual Governance Statement 2013/14
- Risk Management Strategy and Process
- External Funding and Grants Protocol
- Final Statement of accounts
- Annual Audit Letter
- Value Statement
- Governance Framework and Local Code of Corporate Governance
- Treasury Management Strategy 2015-2016
- Due Diligence Protocol

7.3 Cabinet considered and approved the following corporate or service related strategy or policy documents:

- Proposed Neighbourhood Plan Area for Margate
- Proposed Neighbourhood Forum for Margate
- Proposed Neighbourhood Plan Area for Cliffsend
- Proposed revision to Local Development Scheme
- Asset Management- Disposal of Assets
- Adoption of the Housing Regeneration Enforcement Policy and Guidance
- Designation of Conservation area, Cliftonville
- Ramsgate Maritime Plan
- Corporate Risk Register
- Annual Treasury Management review 2013/2014
- Ramsgate Port and Harbour Governance Proposals
- Food Service Plan 2014/2016
- Destination Management Plan
- Housing Assistance and Disabled Adaptations Policy
- Year-end Performance Report 2013-14
- Corporate Performance Reports
- Budget Monitoring
- New Tenancy Conditions
- Asset Management Strategy
- Beach Management Plan
- Thanet Local Plan Preferred Options
- Treasury Management Strategy Statement and Annual Investment Strategy
- Thanet District parking Policy
- Policy for Section 44A Discretionary Business Rate Relief
- Sports and Active Recreational Strategy 2015-2019
- East Kent Homelessness Prevention Strategy 2014/19
- Thanet Community Safety Plan 2015-2016
- Budget and Medium Term financial plan 2015-19

7.4 The corporate or service related strategy or policy documents detailed below were considered and approved by Full Council:

- Community Safety Partnership Plan 2014-15
- Amendments to the Constitution
- CIPFA Code of Practice on Treasury Management
- Register of Interests and Gifts and Hospitality for Officers
- Members' Allowances Scheme
- Annual Treasury Management Review 2013-2014
- Review of the Council's Petitions Scheme

- Review of Governance Arrangements – Margate
- Review of polling places and Polling Districts
- Fees and Charges
- Council Tax Reduction scheme
- Budget and Medium Term Financial Plan 2015-19
- Revised Treasury Management Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy for 2015/16
- East Kent Services Committee and Arrangements
- Pay Policy Statement 2015-16
- East Kent Homelessness Prevention Strategy 2014-19
- Thanet Community Safety Plan for 2015-16

7.5 The council commissioned a Local Government Association (LGA) Peer Review in March 2014. This voluntary process offered by the LGA seeks to benefit councils through constructive feedback from peers in other local authorities. The review focused on:

- understanding the local context and priority setting
- financial planning
- political and managerial leadership
- governance and decision making
- organisational capacity

For Thanet, there was also a request that the team look at the council's approach to Economic Development and its customer services strategy as these are priority areas for the council.

7.6 Actions to address 2013/14 Significant Governance Issues

The following section reflects the actions completed to address the 2013/14 AGS recommendations.

#### Peer Review

- The Council needed to take forward the LGA recommendations following the Peer Review to ensure continuous improvement and make the Council a better organisation overall.  
Completed action: An improvement board was established with SMART actions to deliver the action plan. The Improvement Board met on seven occasions in 2014/15 receiving reports on the delivery of the action plan.  
Completed action: Senior Officers met monthly to review progress on the plan, identify blockages and sign-off on delivery. Reports are made regularly to CMT  
Completed action: A lead Director has been appointed to review our progress to date

#### Priority Setting

- Clarification is required on the Council's top priorities and communicated to Members, Staff and stakeholders clearly and consistently.  
Completed action: Cabinet clarified its four priorities as Environment/Pace; Housing; Economic Development; Communication.  
Completed action: Information gathering commenced for a new corporate plan which was in final development toward the latter end of 2014/15.  
Completed action: Work has begun on identifying measures of success

#### Joint Working

- Develop an understanding of the way leading politicians and senior officers can work effectively and address the perception of the Council with respect to trust, respect and visibility.  
Completed action: This is being developed with the support of the Improvement Board.  
Completed action: External assistance had been procured to review the constitution.  
Completed action: A draft member/officer protocol has been prepared to be shared with senior Members, Officers and the Improvement Board

#### Meeting attendance and flexitime policies

- There had been a variable interpretation of the flexitime scheme and some officers regularly exceeded their contractual hours with limited opportunity to recoup them.  
Completed action: This issue has been discussed with managers across the Council on several occasions, it is agreed that there's no expectation that staff will exceed their contractual hours.

Completed action: The issue of exceeding contracted hours will remain under review for next year

#### Arrangements for use of interim staff

- There are a number of key posts covered by those 'acting up' and interim appointments. This situation presents a governance risk and the Council aims to fill these positions with permanent staff. Appropriate delegations need to be in place.

Completed action: The Chief Executive was made a permanent appointment from April 2015

Completed action; The senior management structure was reviewed to attract appropriate candidates.

Completed action: A permanent appointment was made for a Section 151 Officer who will join the authority early in 2015/16.

Completed action: The recruitment process for a permanent Director of Governance (Monitoring Officer) has been agreed

Completed action: The delegations are regularly reviewed and reported to Council.

Completed action: The refresh of the constitution will include a further review for their inclusion in the new constitution.

#### Introduction to the Council

- The new staffing structure and greater partnership working brings new staff into contact with the Council. An introduction to the Council and Thanet would assist understanding and working together.

Completed action: This is provided on the Thanet DC website. It is not considered that any further action is needed on this issue.

#### Staff Induction Processes

- Current processes are locally delivered and lack consistency.

Completed action: A standardised approach is in place delivered by managers locally.

Completed action: More action is needed on this issue in 2015/16

#### Legal actions with high financial impact

- There are a number of large financial risks related to legal action in progress

Completed action: The financial risks and course of the action are regularly monitored and reported.

Completed actions: There are no significant changes to the legal or financial risks from the position set out in the statement of accounts approved by the 24<sup>th</sup> September 2014 G&A meeting.

## **8.0 IMPROVEMENT BOARD**

8.1 Following the peer review, an Improvement Board was established in with an independent chair. The Board includes peer members; the LGA, the Council Leader, Deputy Leader, Leader of the main opposition group and Leader of the largest independent group; the Independent Standards Chair and Vice-Chair and TDC senior management. The first meeting of the board was on the 9 September 2014 where it agreed its terms of reference, a draft improvement plan and communications plan.

8.2 The improvement plan covers the following broad areas of work:

- Staffing Capacity
- Communication
- Customer Service
- Efficiency
- Member/Officer relations
- Partnership working
- Political working/relationships

- Prioritisation
- Reputation

8.2 The Improvement Board met seven times during the year and dealt with the following issues:

- Terms of Reference
- Improvement Plan
- Risks
- Communication Strategy
- Member/Officer Protocol
- Member Induction Programme 2015/2016
- Standards Committee Complaints
- Workforce Development Strategy
- Feedback on Observation of Meetings
- Member Training
- Review of the Constitution
- Residents' Survey
- New Council and Senior Officer Appointments

Given the importance of the Improvement Board and Improvement Plan, the outstanding actions from the Improvement Plan will form the majority of the actions in the action plan for 2015/16.

## **9.0 ANNUAL REPORTS - GOVERNANCE AND AUDIT COMMITTEE AND OVERVIEW AND SCRUTINY PANEL**

9.1 To comply with best practice, the Governance and Audit Committee determined that it would consider annually whether it meets its terms of reference and how it has impacted on the internal control environment.

9.2 Thanet District Council's Overview and Scrutiny Panel is entitled to make an annual report to the Annual Meeting of Council. The report summarises the key achievements of the Overview and Scrutiny Panel during 2014/15.

9.2.1 The Panel unanimously agreed at the beginning of 2014/15 to disregard political proportionality when setting out the membership of the working parties/task and finish groups. The report will demonstrate the significant contributions made by the scrutiny process to effective decision making by Thanet District Council.

9.2.2 Members may wish to note that Full Council agreed at the meeting on 2 October 2014 that 'at each of its ordinary meetings, Council will receive a written report introduced by the Chairman of the Overview and Scrutiny Panel on the work undertaken by the Overview and Scrutiny Panel since the last Council meeting. Such a report will be subject to debate in the usual way.

9.2.3 Since then, the Chairman of the Panel has presented regular reports on the scrutiny activities being undertaken.

9.3 The Panel carried out its work during 2014/15 through a number of Working Parties and Task and Finish Groups including:

- Community Safety Partnership Working Party which undertakes the statutory scrutiny functions of the Community Safety Partnership on behalf of the Panel.
- Corporate Performance Review Working Party which reviewed the corporate performance reports and the Improvement Board's Improvement Plan,
- Electoral Registration Process Review Task and Finish Group which maintained a watching brief on Individual Electoral Registration.
- Members Planning Protocol Task and Finish Group which reviewed the protocol and processes.
- QEQM Hospital A & E Review Task and Finish Group
- TDC Artefacts Management Review Task and Finish Group

9.4 The Overview and Scrutiny Panel made five call-ins in 2014/15 of the following Cabinet



decisions:

- Petition to Council – Margate Harbour
- Thanet Markets: Margate Weekly General Market
- Ramsgate Maritime Plan
- Manston Airport
- Royal Sands Development

Panel Members took no further action on the first three items and made recommendations to Cabinet on Manston Airport and the Royal Sands Development.

- 9.5 The Overview and Scrutiny Panel undertook a post decision review of a Cabinet decision on the 'Vattenfall Community Funding Project' as a result of concerns expressed by Members regarding the decision making process used to determine the funding allocation.

## 10.0 SIGNIFICANT GOVERNANCE ISSUES

- 10.1 The identified areas detailed below have arisen from our numerous assessments into the council's governance arrangements for 2014/15 including the Peer Review and its associated action plan and the qualified audit report, and have been deemed to be significant by the Senior Management Team. They will be addressed during 2015/16.

10.2 Identified issues are:

- The council's reputation is of critical importance

Thanet District Council has suffered in terms of its reputation. Rebuilding our reputation is the most important challenge we face.

- Clarify what we want to achieve and how we are going to do it and then put the appropriate resources in place

Work is required to prioritise within our plans and be clear about the few top priorities which need to be achieved. Once we have clarified our top priorities, we need to think about how the organisation will need to change in the future in order to deliver them. We need to communicate your top priorities clearly, consistently and repeatedly.

- Work to improve trust, respect and visibility

We need to develop ways in which political leaders and political groups work together formally and informally. This does not imply that we will agree on everything but careful preparation, communication and consultation can often help to navigate through difficult decisions. Building trust and relationships is the key, and senior officers play a key role in this, supporting politicians so that their leadership and their administration can be effective.

- Develop and then implement our understanding of appropriate member and officer roles in a strong organisation

We need to develop our understanding about the way in which leading politicians and senior managers can work effectively together. There is a lack of clarity about the boundaries between political and managerial responsibilities.

Our ambitious agenda will be supported by strengthening the top management team. We have other vacancies to fill and a restructure to complete. We need to consider ways in which to empower and delegate more decisions to staff and add to our workforce development strategy.

- Clear messages – well communicated

We have many strengths in the council in which we should take pride and which could

take centre stage if our reputation improved. Above all, we need to take time to communicate and celebrate the council's achievements, this is important to the staff who make things happen.

10.3 Other issues which have arisen from the assurance statements or reviews and reports which relate to governance or which are uncompleted from last year will also be addressed during the year, Those issues are:

- A review of our approach to information governance
- A review of our approach to equalities and diversity and the public sector equality duty
- The undertaking of workplace risk assessments
- The issue of staff exceeding contracted hours
- The staff induction process

10.4 An action plan will be compiled and regularly reported to the Governance and Audit Committee. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

## 11.0 ASSURANCE SUMMARY

11.1 Good governance is about running things properly. It is the means by which the council shows it is taking decisions for the good of the people of the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services that meet all local people's needs. It is fundamental to showing that public money is well spent. Without good governance, councils will struggle to improve services.

11.2 From the review, assessment and monitoring work undertaken and supported by the ongoing work undertaken by Internal Audit, we have reached the opinion that, overall, key systems are operating soundly and that there are no fundamental control weaknesses.

11.3 We can confirm, to the best of our knowledge and belief, and there having been appropriate enquiries made, that this statement provides an accurate and fair view.

Signed by:  
Councillor Chris Wells  
Leader of the Council  
by the 30 September 2015

Signed on behalf of:  
Madeline Homer  
Chief Executive  
by the 30 September 2015

AGS Significant Issue 2014/2015	Suggested Action Heading & (Owner)	Task List
<p><b>The council's reputation is of critical importance</b> Thanet District Council has suffered in terms of its reputation. Sustained and rapid improvement in this area is critically important. Rebuilding our reputation is the most important challenge we face.</p>	<p>Member Development (Director of Corporate Governance)</p> <p>Reputation (Chief Executive and Director of Corporate Resources)</p>	<ul style="list-style-type: none"> <li>• Member development workshops</li> <li>• Community Leadership Training (LGA)</li> <li>• Group Discipline Training</li> <li>• Social Media Training</li> <li>• Benchmark approach to Member development</li> <li>• Visits to other Councils focussed on specific activities</li> <li>• Peer support for Cabinet members</li>   <li>• Develop measures to track changes in reputation</li> <li>• Consider alternative survey approaches</li> <li>• Conduct resident's survey (twice-yearly)</li> <li>• Conduct staff survey (Dec)</li> <li>• Review media coverage</li> </ul>
<p><b>Clarify what we want to achieve and how we are going to do it and then put the appropriate resources in place</b> Work is required to prioritise within our plans and be clear about the few top priorities which need to be achieved. Once we have clarified our top priorities, we need to think about how the organisation will need to change in the future in order to deliver them. We need to communicate your top priorities clearly, consistently and repeatedly.</p>	<p>Review Priorities (Chief Executive)</p> <p>Project Management (Director of Corporate Resources)</p> <p>ICT arrangements (Director of Corporate Resources)</p>	<ul style="list-style-type: none"> <li>• Cabinet agree draft priorities</li> <li>• Consultation on priorities with Members, Stakeholders, Staff</li> <li>• O &amp; S consider revised priorities</li> <li>• Council approve new priorities</li> <li>• Communicate priorities</li>   <li>• Review Consultants recommendations on PM</li> <li>• Implement standard project approach</li> <li>• Build PM cadre</li> <li>• Train staff on PM</li> <li>• Create new governance arrangements for PM</li>   <li>• Adopt digitalisation strategy</li> <li>• New telephony system</li> <li>• Establish 'intelligent client'</li> <li>• Revised SLA</li> </ul>

AGS Significant Issue 2014/2015	Suggested Action Heading & (Owner)	Task List
		<ul style="list-style-type: none"> <li>• Rationalise asset base based on consultant recommendations</li> </ul>
<p><b>Work to improve trust, respect and visibility</b> Develop ways in which political leaders and political groups work together formally and informally. Careful preparation, communication and consultation can often help to navigate through difficult decisions. Building trust and relationships is the key, and senior officers play a key role in this, supporting politicians so that their leadership and their administration can be effective.</p>	(Chief Executive, Director of Corporate Governance)	<ul style="list-style-type: none"> <li>• Revise Member/Officer protocol</li> <li>• Council adopts Member/Officer protocol</li> <li>• Train Members/Officers in new protocol</li> <li>• Review Dem Services to provide focussed support to councillors</li> <li>• Deliver major decisions effectively</li> </ul>
<p><b>Develop and then implement our understanding of appropriate member and officer roles in a strong organisation</b> We need to develop our understanding about the way in which leading politicians and senior managers can work effectively together. There is a lack of clarity about the boundaries between political and managerial responsibilities. Our ambitious agenda will be supported by strengthening the top management team. We have critical vacancies to fill and a restructure to complete. We need to consider ways in which to empower and delegate more decisions to staff and add to our workforce development strategy.</p>	<p>Director of Corporate Governance</p> <p>Workforce Development strategy (Director of Corporate Resources)</p>	<ul style="list-style-type: none"> <li>• Draft Revised Constitution</li> <li>• Review levels of delegation and empowerment</li> <li>• Train in scheme of delegation &amp; roles/responsibilities</li> <li>• Incorporate revised sanctions</li> <li>• Engage with Group Leaders</li> <li>• Appoint Dir Corp Gov; Dir Cty Svcs; Head of Fin Svcs; Head of Op Svcs; Head of Legal Svcs</li> <li>• Reorganisations following appointments</li> <li>• Review ED team in light of new priorities</li> <li>• Develop vision for future workforce</li> <li>• Collect workforce data</li> <li>• Define workforce gap</li> <li>• Define workforce plan</li> </ul>
<p><b>Clear messages – well communicated</b> We have many strengths in the council in which we should take pride and which could take centre stage if our reputation improved. Above all, we need to take time to communicate and celebrate the council's achievements, this is important to the staff who make things happen</p>	(Chief Executive, Director of Corporate Resources)	<ul style="list-style-type: none"> <li>• Restructure Communications team</li> <li>• Draft revised communications strategy</li> <li>• Define key stakeholders</li> <li>• Consult with staff and key stakeholders</li> <li>• Develop stakeholder engagement plan</li> <li>• New Staff newsletter</li> </ul>

Suggested Action Heading & (Owner)	Suggested Action Heading & (Owner)	Task List
<b>Information Governance</b>	Refresh TDC Approach to Information Governance (Dir. Of Corporate Governance)	<ul style="list-style-type: none"> <li>• Raise profile of Information Governance</li> <li>• Secure appropriate resources</li> <li>• Review Policies and Procedures</li> <li>• Create action plan</li> <li>• Secure appropriate training including e-learning</li> <li>• Update policies</li> <li>• Learn from other authorities</li> <li>• Use induction training</li> </ul>
<b>Equalities and Diversity and our delivery of the public sector equality duty</b>	(Director of Corporate Governance)	<ul style="list-style-type: none"> <li>• Review policies</li> <li>• CMT appoint equality and diversity champion</li> <li>• Refresh section champions</li> <li>• Report to CMT on compliance with PSED and action plan</li> <li>• Obtain data on discrimination complaints and publish with equality data</li> <li>• Publish EIA's where appropriate</li> <li>• Ensure publication of all required data annually</li> <li>• Agree training plan including e-learning</li> <li>• Use surveys and the collected data</li> <li>• Use induction training</li> <li>• Review Information and Service delivery strategy</li> </ul>
<b>Workplace Risk Assessments</b>	All Service Heads	<ul style="list-style-type: none"> <li>• Raise with Managers at Forum and ensure report back on progress</li> <li>• Encourage training including e-training</li> <li>• Report on progress</li> </ul>
<b>Review the delivery of the staff induction process</b>	(Director of Corporate Resources)	<ul style="list-style-type: none"> <li>• Look at corporate programme for shared learning</li> <li>• Include Information Management and Equalities/Diversity</li> </ul>
<b>Staff exceeding contracted hours</b>	All Service Heads	<ul style="list-style-type: none"> <li>• Raise with Manager's at forum</li> <li>• Report from EKS</li> </ul>



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## THE ANNUAL GOVERNANCE STATEMENT 2013/14 ACTION PLAN

To: **Governance and Audit Committee - 24 September 2015**

By: **Monitoring Officer**

Classification: **Unrestricted**

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**Summary:** **To provide a progress report on the Annual Governance Statement 2013/14 action plan.**

### **For Information**

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#### **1.0 Introduction and Background**

1.1 This report provides Governance and Audit committee with an update on progress in implementing the Annual Governance statement 2013/14 action plan.

#### **2.0 The Current Situation**

2.1 For the period 2013/14, the Council prepared an Annual Governance Statement (AGS) which was agreed by the Governance and Audit Committee on the 24<sup>th</sup> September 2014.

2.2 Within the Annual Governance Statement 2013/14 areas of concern identified from the numerous assessments into our governance arrangements were detailed as 'Significant Governance Issues'.

2.3 The council proposed to take steps to address these matters and report on the action plan to this committee on a regular basis. The action plan is attached as appendix 1 for Members' information.

#### **3.0 Options**

3.1 That Members note the content of annex 1, the Annual Governance Statement 2013/14 action plan and identify any issues where they require more clarification.

#### **4.0 Corporate Implications**

##### **4.1 Financial and VAT**

4.1.1 There are no financial issues arising directly from this report.

##### **4.2 Legal**

4.2.1 There are no legal implications arising directly from this report.

##### **4.3 Corporate**

4.3.1 The Annual Governance Statement action plan is a corporate document that addresses the areas of improvement identified as necessary through the Annual Governance Statement process.

#### **4.4 Equity and Equalities**

4.4.1 There are no equalities issues arising directly from this report.

#### **5.0 Recommendation**

5.1 That Members note the content of annex 1 and identify any issues on which they require more clarification.

#### **6.0 Decision Making Process**

6.1 This is a matter for Governance and Audit Committee.

Contact Officer:	Tim Howes, Head of Legal and Democratic Support & Monitoring Officer
Reporting to:	Madeline Homer, Chief Executive

#### **Annex List**

Annex 1	The Annual Governance Statement 2013/14 Action Plan
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#### **Corporate Consultation Undertaken**

Finance	Nicola Walker, Head of Financial Services
Legal	Tim Howes, Head of Legal and Democratic Support & Monitoring Officer



AGS significant issue	Suggested Action heading & owner	Task List	Update August 2015
<p>The council needs to take forward the LGA's recommendations following the Peer Review to ensure that there are positive changes as part of the council's commitment to continuous improvement and to make the council a better organisation overall. An Improvement Board has subsequently been established with an independent chair, who is a former local authority Chief Executive. The Board also includes peer members; the LGA, Independent Standards Chair and Vice-Chair and TDC senior management. The first meeting of the board is in September 2014. The Board will receive updates on the Council's action plan to deliver the Peer Review.</p>	<p>Implement SMART actions from peer review action plan (Paul Cook)</p>	<ol style="list-style-type: none"> <li>1. Establish Improvement Board</li> <li>2. Agree SMART actions to deliver agreed peer review principles and identify owner of the peer review action plan;</li> <li>3. Agree reporting intervals to Improvement Board based on reasonable periods for progress in data availability;</li> <li>4. Establish system for monitoring progress against peer review action plans (InPhase).</li> </ol>	<ul style="list-style-type: none"> <li>• All actions now have dates assigned and lead officers.</li> <li>• Meetings are to be monthly until the end of the year.</li> <li>• Progress on the Peer Review Action Plan is discussed at every meeting and updates on all actions provided.</li> <li>• Lead Director identified to review progress to date to Board</li> <li>• Measures of success are being identified</li> <li>• Progress shown in e-format with all supporting evidence</li> </ul>
<p>Clarification is required on the council's top priorities detailing what is to be achieved and how it is going to do it, which is to be communicated to all Members, staff and stakeholders clearly and consistently.</p>	<p>Establish TDC's top priorities, and assign roles within an action plan, leading to more streamlined and focussed corporate planning (Paul Cook)</p>	<ol style="list-style-type: none"> <li>1. SMT and Cabinet review the current corporate priorities together to establish focus for the short-term</li> <li>2. Gather evidence to inform the development of a new Corporate Plan (2016-2020), including public consultation</li> <li>3. Develop and approve the new Corporate Plan (2016-2020)</li> </ol>	<ul style="list-style-type: none"> <li>• Information gathering for the new Corporate Plan has been carried out.</li> <li>• Three new corporate priorities and supporting values have been identified</li> <li>• New priorities currently going through approval process (Cabinet, O&amp;S, Council)</li> <li>• Linked in to MTFP and Budget</li> </ul>

AGS significant issue	Suggested Action heading & owner	Task List	Update August 2015
<p>Develop an understanding of the way leading politicians and senior officers can work together effectively, which should address ways to protect the council's reputation and improve the perception of the council with regard to trust, respect and visibility.</p>	<p>Effective Joint Working (Madeline Homer)</p>	<ol style="list-style-type: none"> <li>1. Facilitated meeting between Cabinet and SMT to define roles and expectations</li> <li>2. Review the officer-member protocol (see Risk register control measure)</li> </ol>	<ul style="list-style-type: none"> <li>• The Officer/Member Protocol has been to Improvement Board now going through adoption process (CWG/Standards/Council)</li> <li>• Weekly meetings with Leader and Chief Executive, regular Director/Portfolio holder meetings</li> <li>• New 'speed-dating' sessions between members/officers planned</li> </ul>
<p>Historically there has been a variable interpretation of the Council's flexi-time policy which has led to different approaches being taken by different managers. As a result of this, and the increased number of evening meetings in recent years, there is an on-going issue of some officers regularly exceeding their contractual hours, with there being insufficient opportunity to recoup the additional hours through the flexi-time system; there has also been an expectation of senior managers to work outside of the flexi-time system. During 2013/14 we looked into this and made some changes as part of the staff restructure which are expected to have a positive impact on this position. We are now undertaking an audit of this position to understand the scale of any problem and to inform proposals to remedy them.</p>	<ol style="list-style-type: none"> <li>a) Establish clearer practices to reduce levels of officer attendance at meetings; (Madeline Homer)</li> <li>b) Unify application of flexi-time policy (Charlie Greenway)</li> </ol>	<ol style="list-style-type: none"> <li>1. Define expectations for reduced officer attendance at meetings;</li> <li>2. HR review of current practice and produce report appraising the main options for use of a flexi-time system;</li> <li>3. HR facilitate managers forum discussion on use of flexi-time system to inform SMT decision;</li> <li>4. SMT decision on use of flexi-time system.</li> </ol>	<ul style="list-style-type: none"> <li>• It has been agreed that Directors will attend Cabinet and where there are specific technical papers, the Head of Service (not officer level) would attend.</li> <li>• Discussions with the Employee Council have concluded with regard to appraising main options for future flexi-time systems.</li> <li>• HR to facilitate a discussion on flexi-leave at the next Head of Service meeting.</li> <li>• SMT will review the information once available.</li> <li>• More work required on flexitime issue</li> <li>• Reduced attendance of Democratic Support staff at meetings</li> </ul>

AGS significant issue	Suggested Action heading & owner	Task List	Update August 2015
<p>Following the restructure, there are interim appointments to the statutory roles of S151 officer and Monitoring Officer. Both of the officers appointed to those roles are experienced in the duties involved and they have been secured on medium term arrangements to provide stability. Owing to the Chief Executive being operationally absent from work at present the permanent Director of Community Services is acting as Chief Executive. These senior management changes could potentially have an impact on the governance of the council but securing the post holders for the medium term will mitigate that risk. The council has ensured that the appropriate delegations of authority are in place to reflect the interim arrangements and that decisions taken are reported appropriately. The council aims to appoint permanently to these positions as soon as market conditions and the Council's standing enable an effective recruitment process to take place. The posts were advertised in July 2014 without success and the position will be reviewed in October 2014.</p>	<p>Ensure delegations reflect interim arrangements and that recruitment is progressed. (Steven Boyle and Madeline Homer)</p>	<ol style="list-style-type: none"> <li>1. Ensure that appropriate delegations of authority are in place to reflect the interim arrangements;</li> <li>2. Appoint permanently to the positions of S151 officer and Monitoring Officer</li> </ol>	<ul style="list-style-type: none"> <li>• A Full review of the Constitution has been commissioned.</li> <li>• The S151 Officer has been appointed</li> <li>• The post of Monitoring Officer and Director of Community Services interviews in August. In the meantime, interims are in place.</li> <li>• Other key posts also being appointed in August.</li> </ul>
<p>The new staffing structure, and the anticipation of greater partnership working, brings new staff into contact with the council and its operating arrangements. An introduction process to the council should be planned for those staff that this affects.</p>	<p>Write an introduction to Thanet and the Council, with guide to Cecil Street &amp; map of other main buildings (Hannah Thorpe)</p>	<ol style="list-style-type: none"> <li>1. Draft a document for introduction to the Council, the building and the area;</li> <li>2. Appoint reviewer, review and publish on TOM, with hard copy print option.</li> </ol>	<ul style="list-style-type: none"> <li>• This is provided on the Thanet DC website. It is not considered any further update is needed on this issue.</li> </ul>
<p>The existing staff induction processes are locally delivered and as a result lack consistency. A formal council-wide approach to the induction process is required to enhance new staff understanding of the council's political and operational arrangements.</p>	<p>Establish better staff induction process(es) that meet requirements of the Council (Charlie Greenway)</p>	<ol style="list-style-type: none"> <li>1. Consult staff on - 'what do you think should be included in the induction process?';</li> <li>2. Report with recommendations for sustainable induction process</li> <li>3. Implement new sustainable induction process</li> </ol>	<ul style="list-style-type: none"> <li>• A review of the existing induction process has still to be undertaken. It is likely to be incorporated as part of the Workforce plan work.</li> <li>• A key piece of work and remains in the plan for next year.</li> </ul>

AGS significant issue	Suggested Action heading & owner	Task List	Update August 2015
<p>There are a number of large financial risks related to legal action in progress which although we are aware of, and have accounted properly for, remain a risk. These will be assigned to an officer to keep track of the issue as it moves through the legal process, to ensure that the level of financial risk is regularly reviewed by that officer, in consultation with appropriately qualified staff (particularly financial and legal), to ensure that the budgetary and accounting position remains as up to date and accurate as possible, and that this is regularly reported to Members as appropriate.</p>	<p>Provide assurance of on-going review of levels of legal and financial risk arising from large current legal actions involving TDC (Paul Cook)</p>	<ol style="list-style-type: none"> <li>1. Give regular updates to G&amp;A on changes in level of legal risks associated with current legal actions</li> <li>2. Give regular updates to G&amp;A on changes in level of financial risks associated with current legal actions</li> </ol>	<ul style="list-style-type: none"> <li>• Updates are provided as appropriate.</li> <li>• The risks are managed as they arise (given the nature of such risks)</li> <li>• This includes actions to reduce their likelihood and manage the impact.</li> </ul>

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## TREASURY MANAGEMENT UPDATE FOR QUARTER 1, 2015

To: **Governance and Audit Committee – 24 September 2015**

Main Portfolio Area: **Finance**

By: **Director of Corporate Resources (s151 Officer)**

Classification: **Unrestricted**

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**Summary:** This report is to update the Governance and Audit Committee with the Treasury Management activity that has occurred for the quarter ended 30<sup>th</sup> June 2015.

### For Decision

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#### **1.0 Introduction and Background**

1.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that Members be updated on treasury management activities regularly (TMSS, annual and mid year reports). This report therefore ensures this council is implementing best practice in accordance with the Code.

#### **2.0 Economic Background for the Quarter Ended 30 June 2015 (issued by the Council's treasury advisor, Capita Asset Services (Capita), on 6 July 2015)**

2.1 After strong UK Gross Domestic Product (GDP) growth in 2013 at an annual rate of 2.7% and 3.0% in 2014, quarter 1 of 2015 was disappointing at only 0.4%, though subsequent data indicates that this could well be revised up further down the line and also indicates a return to stronger growth in quarter 2. In its May quarterly Inflation Report, the Bank of England reduced its GDP forecast for 2015 from 2.9% to 2.5% and from 2.9% to 2.7% in 2016, while increasing its forecast for 2017 from 2.4% to 2.7%.

2.2 Uncertainty around the likely result of the UK general election in May has obviously now evaporated although this has been replaced by some uncertainty around the potential impact on the UK economy of the EU referendum promised by, or in, 2017. In addition, the firm commitment of the Conservative Government to eliminating the deficit within the term of this Parliament will have an impact on GDP growth rates. However, the Monetary

Policy Committee (MPC) is fully alert to this and will take that into account, and also the potential spill over effects from the Greek crisis, in making its decisions on the timing of raising Bank Rate.

- 2.3 As for the American economy, confidence has improved markedly in this quarter that the US will start increasing the Fed funds rate by the end of 2015 due to a return to strong economic GDP growth after a disappointing start to the year in quarter 1, (a contraction of 0.2%), after achieving 2.4% growth in 2014.
- 2.4 In the Eurozone, in 2015 the European Central Bank (ECB) unleashed a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected Eurozone (EZ) countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This already appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth, though it remains to be seen whether this will have an enduring effect as strong as the recovery in the US and UK.

### 3.0 Capita's Interest Rate Forecast (issued by Capita on 6 July 2015)

- 3.1 The Council's treasury advisor, Capita Asset Services (Capita), has provided the following forecast:

	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Bank rate	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%
5yr PWLB rate	2.30%	2.40%	2.50%	2.60%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%
10yr PWLB rate	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.70%	3.80%	3.90%	4.00%	4.10%
25yr PWLB rate	3.60%	3.70%	3.80%	4.00%	4.10%	4.20%	4.30%	4.40%	4.40%	4.50%	4.60%
50yr PWLB rate	3.60%	3.70%	3.80%	4.00%	4.10%	4.20%	4.30%	4.40%	4.40%	4.50%	4.60%

- 3.2 Capita Asset Services undertook a review of its interest rate forecasts after the May Bank of England Inflation Report. The ECB's quantitative easing programme to buy up EZ debt caused an initial widespread rise in bond prices and, correspondingly, a fall in bond yields to phenomenally low levels, including the debt of some European countries plunging into negative yields. Since then, fears about recession in the EZ, and around the risks of deflation, have abated and so there has been an unwinding of this initial phase with bond yields rising back to more normal, though still historically low yields.
- 3.3 This latest forecast includes a move in the timing of the first increase in Bank Rate from quarter 1 of 2016 to quarter 2 of 2016 as a result primarily of poor growth in quarter 1, weak wage inflation and the recent sharp fall in inflation

due to the fall in the price of oil and the impact of that on core inflation. The UK fell marginally into deflation in April (-0.1%) and figures near zero will prevail for about the next six months until the major fall in oil prices in the latter part of 2014 falls out of the twelve month calculation of Consumer Price Index (CPI) inflation. The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when average disposable income is only just starting a significant recovery as a result of recent increases in the rate of wage inflation, though some consumers will not have seen that benefit come through for them.

#### **4.0 Capita's forward view (issued by Capita on 6 July 2015)**

- 4.1 Economic forecasting remains difficult with so many external influences weighing on the UK. Capita's Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data transpires over 2015. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.
- 4.2 The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.
- 4.3 The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.
- 4.4 Capita would, however, remind clients of the view that it expressed in its previous interest rate revision newsflashes of just how unpredictable PWLB rates and bond yields are at present. We are experiencing exceptional levels of volatility which are highly correlated to geo-political and sovereign debt crisis developments. Capita's revised forecasts are based on the Certainty Rate (minus 20 basis points) which has been accessible to most authorities since 1<sup>st</sup> November 2012.
- 4.5 Downside risks to current forecasts for UK gilt yields and PWLB rates include:
  - Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows;
  - UK strong economic growth being weaker than Capita currently anticipates;
  - Weak growth or recession in the UK's main trading partners - the EU, US and China;

- A resurgence of the Eurozone sovereign debt crisis;
  - Recapitalisation of European banks requiring more government financial support;
  - Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.
- 4.6 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -
- Uncertainty around the risk of a UK exit from the EU;
  - The ECB severely disappointing financial markets with a programme of asset purchases which proves insufficient to significantly stimulate growth in the EZ;
  - The commencement by the US Federal Reserve of increases in the Fed. funds rate in 2015, causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities;
  - UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

## **5.0 Annual Investment Strategy**

- 5.1 The Treasury Management Strategy Statement (TMSS) for 2015/16, which includes the Annual Investment Strategy, was approved by the Council on 5 February 2015 and amendments were approved by the Council on 23 April 2015. It sets out the Council's investment priorities as being:
- Security of capital;
  - Liquidity; and
  - Yield.
- 5.2 The Council will also aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 370 days with highly credit rated financial institutions, using Capita's suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Capita.
- 5.3 Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30<sup>th</sup> June 2015 apart from the money limit with the Lloyds Banking Group (Lloyds) for the 11 day period from 15 May 2015 to 26 May 2015.



5.4 With effect from 15 May 2015 Capita changed its view on Lloyds, no longer regarding it as part nationalised. Given the credit rating of Lloyds, this meant that the Council's money limit with Lloyds reduced from £7m to £5m. The Council was able to reduce its deposits with Lloyds to under £5m on 26 May 2015, upon maturity of a £2m fixed term deposit with Lloyds.

5.5 The Council is also reducing the maximum duration of its deposits with Lloyds from 370 days to 6 months, in line with Capita's revised recommendation of 15 May 2015. The Council's pre-existing fixed term deposits with Lloyds will all have less than 6 months to run by the end of October 2015 and will all have matured by the end of April 2016.

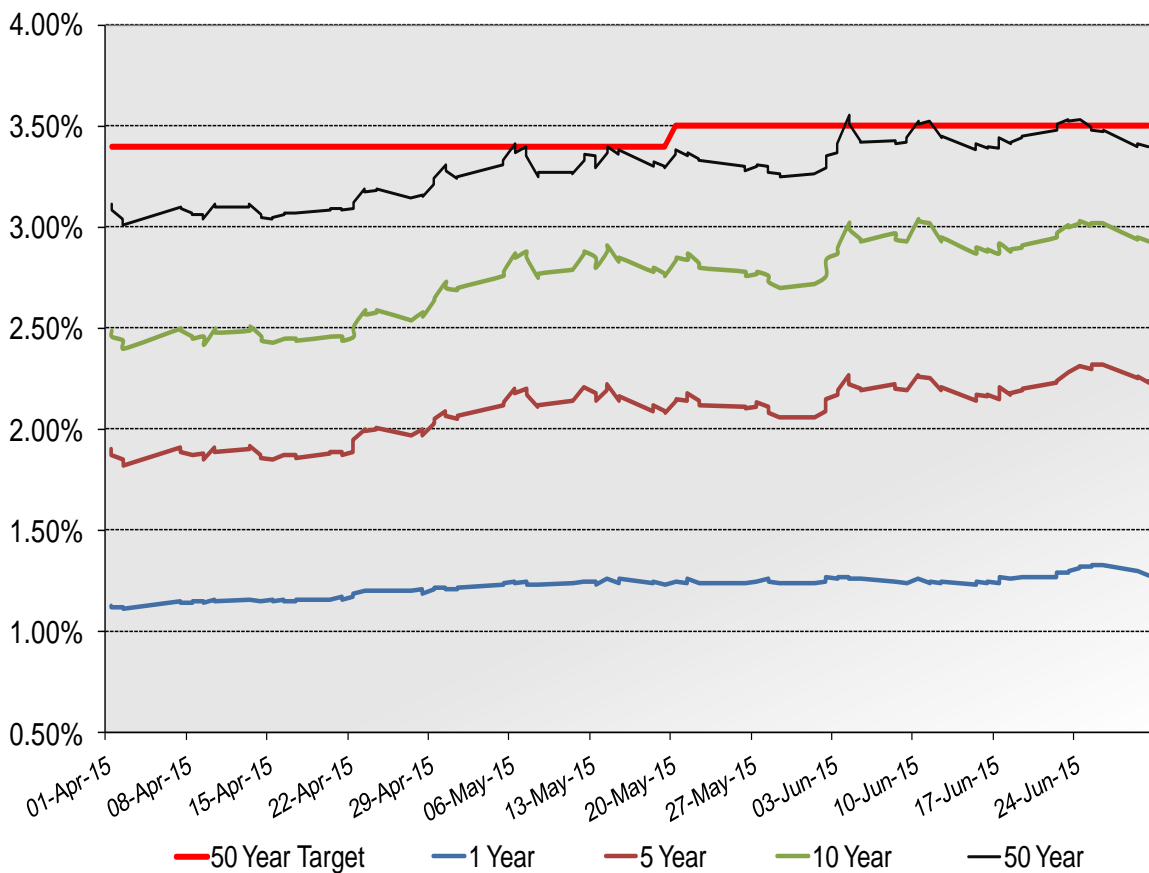
**6.0 New Borrowing and Debt Rescheduling**

6.1 Capita's target rate for the 25 year PWLB certainty rate for new long term borrowing for the quarter ending 30<sup>th</sup> June rose slightly from 3.40% to 3.50% after the May Bank of England Inflation report.

6.2 No new borrowing was undertaken during the quarter by the Council.

**6.3 PWLB certainty rates, quarter ended 30<sup>th</sup> June 2015**

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.11%	1.82%	2.40%	3.06%	3.01%
Date	02/04/2015	02/04/2015	02/04/2015	02/04/2015	02/04/2015
High	1.33%	2.32%	3.04%	3.65%	3.55%
Date	25/06/2015	25/06/2015	10/06/2015	24/06/2015	04/06/2015
Average	1.23%	2.09%	2.75%	3.37%	3.29%



6.4 To minimise investment risk, the Council has reduced the overall debt liability by repaying £1.199m of external debt (this relates to a maturing loan and to loans which are repayable by equal instalments of principal (EIP) over their lives). However, this policy will require on-going monitoring in the event that upside risk to gilt yields prevails.

6.5 This Council has not borrowed in advance of need during the quarter ended 30<sup>th</sup> June 2015 and has not borrowed in advance in all of 2014/15.

6.6 Debt rescheduling opportunities have been limited in the current economic climate and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. During the quarter ended 30<sup>th</sup> June 2015, no debt rescheduling was undertaken by the Council.

**7.0 Compliance with Treasury and Prudential Limits**

7.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council’s approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS.

7.2 During the financial year to date the Council has operated within the treasury and prudential indicators set out in the Council’s Treasury Management Strategy Statement and in compliance with the Council’s Treasury

Management Practices apart from the money limit with Lloyds as described in section 5 of this report.

## **8.0 Credit Ratings – Sovereign Support**

8.1 During this quarter, credit rating agencies have acted to remove implied sovereign support for major national banks of systemic importance. This does not mean that these banks are of any lower credit worthiness than they were before this change. This change does though reflect the substantial improvement in the strength of bank balance sheets since the 2008 crisis and changes in the regulatory environment within which banks now have to work which means that their own strength should make it unnecessary for national governments to provide financial support to banks in any future financial crisis. While sovereign ratings will remain part of the Council's credit rating methodology, the impact of this change means that the rating of an individual bank is now the overriding focus in selecting creditworthy banks to lend to.

## **9.0 Options**

9.1 That the Governance and Audit Committee approves this report.

## **10.0 Corporate Implications**

### **10.1 Financial and VAT**

10.1.1 There are no financial or VAT implications arising directly from this report.

### **10.2 Legal**

10.2.1 There are no legal implications arising directly from this report.

### **10.3 Corporate**

10.3.1 This report is being brought before Members of the Governance and Audit Committee as recommended by the CIPFA Code of Practice as being best practice.

### **10.4 Equity and Equalities**

10.4.1 There are no equality or equity issues arising directly from this report.

## **11.0 Recommendation**

11.1 That the Governance and Audit Committee approves this report.

## **12.0 Decision Making Process**

12.1 As per section 11.1 above.

## **13.0 Disclaimer**

13.1 This report is a technical document focussing on public sector investments and borrowings and, as such, readers should not use the information contained within the report to inform personal investment or borrowing decisions. Neither Thanet District Council nor any of its officers or employees

makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein (such information being subject to change without notice) and shall not be in any way responsible or liable for the contents hereof and no reliance should be placed on the accuracy, fairness or completeness of the information contained in this document. Any opinions, forecasts or estimates herein constitute a judgement and there can be no assurance that they will be consistent with future results or events. No person accepts any liability whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise in connection therewith.

Contact Officer:	Tim Willis, Director of Corporate Resources and s151 Officer, extn 7617
Reporting to:	Madeline Homer, Chief Executive

**Annex List**

N/A	
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**Corporate Consultation Undertaken**

Finance	N/A
Legal	N/A

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## ANTI-FRAUD AND CORRUPTION AND ANTI-BRIBERY POLICIES

To: **Governance and Audit Committee: 24 September 2015**

By: **Corporate Finance Manager**

Classification: **Unrestricted**

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**Summary:** **To present a revised Anti-Fraud and Corruption Policy and Anti-Bribery Policy for Members' approval.**

### **For Decision**

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#### **1.0 Introduction**

1.1 The Council's Anti-Fraud and Corruption Policy and Anti-Bribery Policy should be regularly reviewed. Consequently both have been refreshed and are now presented to this Committee for Members' approval.

#### **2.0 The Revised Policy**

2.1 It is a concern that during times of financial hardship or recession, instances of fraud or bribery may increase and therefore staff, Members and the public need to be able to report any suspected incident of fraud and bribery easily and in confidence.

2.2 The Council's Anti-Fraud and Corruption Policy has been refreshed and is attached at Annex 1 to this report.

2.3 Appendix 1 to the policy presents the Benefits Prosecution Policy Statement which details how the Council will try to ensure that the money paid out in benefits only goes to those entitled to receive it.

2.4 Appendix 2 to the policy presents the Council's Whistleblowing Code which details how employees should report any concerns they may have of wrongdoings within the Council.

2.5 The Anti-Bribery Policy has also been updated and is attached at Annex 2 to this report.

2.4 The revised Anti-Fraud and Corruption Policy and Anti-Bribery Policy, once approved, will be made available on the Council's website and will be re-launched to all staff and Members.

#### **3.0 Corporate Implications**

##### **3.1 Financial**

3.1.1 There are no financial implications arising directly from this report, other than the fact that the policies herewith described should reduce the Council's exposure to fraud and consequent financial loss.

##### **3.2 Legal**

3.2.1 The policy refers to the relevant statutes in relation to the responsibilities of staff and Members in protecting the Council from fraud, corruption and bribery and also in relation to whistleblowing.

### **3.3 Corporate**

3.3.1 All council staff and Members are responsible for protecting the Council from fraud and corruption and bribery.

### **3.4 Equity and Equalities**

3.4.1 There are no equity and equalities implications arising from this report.

## **4.0 Recommendation**

**4.1 Members are asked to approve the revised Anti-Fraud and Corruption Policy and Anti-Bribery Policy.**

Contact Officer:	Matthew Sanham, Corporate Finance Manager Ext. 7227
Reporting to:	Nicola Walker, Head of Financial Services

### **Annex List**

Annex 1	Anti-Fraud and Corruption Policy
Annex 2	Anti-Bribery Policy & Procedures

### **Corporate Consultation Undertaken**

Finance	Matthew Sanham, Corporate Finance Manager
Legal	Tim Howes, Head of Legal and Democratic Support & Monitoring Officer

# Thanet District Council

## Anti-Fraud and Corruption Policy

September 2015

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## **ANTI-FRAUD AND CORRUPTION POLICY**

### **Background**

While delivering its key ambitions, Thanet District Council is committed to the eradication of fraud, corruption, theft and bribery and to the promotion of high standards of integrity. Thanet District Council takes its responsibilities for protecting public money very seriously. It recognises that the public has the right to expect that the Council's Members, Senior Management and employees shall:

- At all times fully comply with all the legislation to which they are subject;
- Conduct business in a totally honest and ethical manner;
- Maintain the Council's business free from the adverse effects of fraud and corruption;
- Positively encourage prevention;
- Devise cultures and procedures to enable detection;
- Vigorously investigate substantiated complaints;
- Conduct confidential and fair investigations;
- Take all appropriate actions where fraud and corruption is suspected.

This policy sets out the Council's approach to fraud and corruption and is designed to encourage prevention, assist detection and identify a defined route for investigation.

### **Introduction**

The Council requires all staff, Members and contractors to act honestly at all times and protect the public resources they are responsible for. Fraud is an ever-present threat to these resources.

The Council is committed to ensuring that money paid out in Benefits goes to those entitled to receive it. The Council's policy statement on prosecuting those who commit benefit fraud is attached at Appendix 1 to this document.

The Council is fully committed to the provisions of the Public Interest Disclosure Act 1998 (known as the "Whistleblowing" Act) and its Members and Officers are positively encouraged to report any suspicions or concerns that they may have about such matters as:

- The committing of a criminal offence
- Non-compliance with a legal obligation
- The perpetration of a miscarriage of justice
- The endangering of health and safety
- The damaging of the environment
- The concealing of any information relating to any of the above matters.

The Council's Whistleblowing Policy is attached at Appendix 2 to this document.

### **Definitions**

In law, a person is guilty of fraud if they are in breach of any of the following:

- False representation
- Failing to disclose information
- Abuse of position

**Fraud** occurs where a person unlawfully obtains money or other property belonging to another person or organisation by knowingly giving false information or omitting to declare information. It may include stealing, forgery and falsification of records.

**Corruption** involves the offering and acceptance of a reward for doing something or perhaps not doing something and would usually occur in connection with contracts.

Fraud and corruption in its many forms may mean that public money, which otherwise would be spent on important services for our community, is lost.

**Whistleblowing** in this policy refers to the disclosure, by staff, of malpractice, illegal acts or omissions at work.

## **Responsibilities**

### **The Council's responsibilities**

The Council will develop and maintain effective controls to prevent fraud and make sure that if it does occur, it will be detected quickly. If fraud is suspected, a prompt and vigorous investigation will be carried out. Appropriate legal and disciplinary action will be taken in all cases where justified and, if necessary, the police will be informed.

The Council has established systems for recording and subsequently monitoring all discovered cases of fraud. The investigation will always consider if there has been a failure of supervision and if so, disciplinary action will be taken. Changes to systems and procedures will also be made to ensure similar frauds do not happen again.

The Council has whistle blowing procedures in place as detailed at Appendix 2.

### **Members**

Members of the Council are expected to fully understand and strictly comply with the requirements of all regulations and rules which have as their objective the prevention of fraud and corruption. Principal amongst these are:

- The Code of Conduct for elected and co-opted Members of Thanet District Council
- Sections 29 to 34 of the Localism Act 2011 (Disclosable Pecuniary Interests)
- The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
- Section 106 of the Local Government Finance Act 1992
- Declarations of Related Party Transactions in accordance with the Accounting Code of Practice for Local Authorities
- The Council's Contract Standing Orders and Financial Procedure Rules.

The Council will give due emphasis in the induction of new Members to the provisions of these measures and will maintain a Member Handbook in which the measures are clearly explained. The role of our Members with respect to Anti-Fraud and Corruption includes:

- act in a manner which sets an example to the community whom they represent and to the employees of the Council,
- to conduct themselves in ways which are beyond reproach, above suspicion and are fully open and accountable,
- champion and promote the Council's Strategy and the zero tolerance culture towards fraud, corruption, theft and bribery,

- raise matters of concern that may come to their attention during their work,
- encourage the public to report concerns or to pass on concerns raised to the appropriate officer,
- participate in any reviews, disciplinary meetings or appeals as required.

Unless an officer is also present, no Member will meet with a third party to discuss:

- the acquisition of goods and services by or on behalf of the Council including the terms on which such goods and services are to be acquired;
- the acquisition or disposal by the Council of land or an interest in land including the terms on which such land or interest in land is to be acquired or disposed of;
- the actual or proposed development or redevelopment of Council owned land including the terms on which such land may be developed or redeveloped;
- the securing of planning obligations or other community benefits arising out of or in connection with a planning application under consideration by the Council;
- the award by the Council of financial assistance of any kind whether by way of grant, pledge, indemnity or loan (whether secured or unsecured).

### **Management**

The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff, in terms of their propriety and integrity. In this regard, temporary and contract staff should be treated in the same manner as permanent staff. The appropriate procedure, which will include obtaining written references, will be laid down by the East Kent HR Partnership.

Management must ensure that all their staff are fully conversant with the rules, regulations and procedures in place for the prevention of fraud and corruption.

Managers are responsible for making sure an adequate system of internal control exists within their areas of responsibility and that such controls operate effectively. There is a need for all managers to assess the types of risk involved in the operations for which they are responsible; to regularly review and test the control systems for which they are responsible; to ensure that controls are being complied with; and to satisfy themselves that their systems continue to operate effectively.

In terms of establishing and maintaining effective controls; wherever possible, managers should ensure that:

- There is a regular rotation of staff, particularly in key posts;
- There are separation of duties so that control of a key function is not vested in one individual;
- Backlogs are not allowed to accumulate;
- When designing any new system, consideration is given to building in safeguards against internal and external fraud.

It is accepted that a reduction in staff numbers may make the above impractical, but every effort should be made to ensure that internal controls remain adequate for the prevention and detection of fraud. The role of our Managers with respect to Anti-Fraud and Corruption includes:

- to conduct themselves in ways which are beyond reproach, above suspicion and are fully open and accountable,

- to set an example to their colleagues,
- to raise concerns in the knowledge that they will be treated in confidence and properly investigated. Normally concerns should be reported to their line manager however, this may not always be appropriate (please see below),
- for Chief Officers and Managers, to be aware of the Anti-Fraud and Corruption Strategy and its associated Policies and Guidance and other appropriate financial and procurement guidance relating to Anti-Fraud and Corruption and to be responsible for raising awareness of these strategies policies guidance and procedures and ensuring compliance with them, by the employees, suppliers, contractors etc. for whom they are responsible.

### **Employees**

Our employees are an important element in our approach to minimising the risk of fraud, corruption, theft and bribery and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with the Council's activities. Staff are required to comply strictly with all regulations, rules and instructions that are promulgated with the objective of preventing fraud and corruption. Principal amongst these are:

- The Employee's Code of Conduct and Gifts and Hospitality rules
- Contract Standing Orders and Financial Procedure Rules
- Section 117 of the Local Government Act 1972 (Disclosure of Interest in Contracts)
- Any Code of Conduct or Practice of a professional body of which the employee is a member.

As stewards of public funds, employees must have, and be seen to have, high standards of personal integrity. Staff should not accept gifts, hospitality or benefits of any kind from a third party that might be seen to compromise their integrity. The role of our employees with respect to Anti-Fraud and Corruption includes:

- to conduct themselves in ways which are beyond reproach, above suspicion and are fully open and accountable,
- to set an example to their colleagues,
- to raise concerns in the knowledge that they will be treated in confidence and properly investigated. Normally concerns should be reported to their line manager however, this may not always be appropriate (please see below),

Every employee has a duty to ensure public funds are safeguarded, whether they are involved with cash or payments systems, receipts, stocks or dealings with contractors or suppliers. Staff should alert their line manager where they believe the opportunity for fraud exists because of poor procedures or controls.

Where IT systems are being used, all parties are required to comply with the requirements of the Data Protection Act.

Staff are expected to raise concerns that they may have about the way the service is provided, or about possible impropriety or serious breach of procedures.

They can do this in the knowledge that such concerns will be treated in the utmost confidence and properly investigated. If necessary, a route other than a normal line manager may be used to raise concerns. Examples of such routes are:

- Internal Audit Service

- Chief Executive
- Director of Corporate Resources and S151 Officer
- Director of Community Services
- Director of Corporate Governance and Monitoring Officer
- Heads of Service
- External Agencies e.g. external auditor

The Council will consider disciplinary action against the employee raising the allegation in circumstances where:

- They are shown to have acted maliciously; or
- They are acting for personal gain.

### **Internal Control Systems**

The Council has developed and is committed to systems and procedures which incorporate efficient and effective internal controls. These include adequate separation and rotation of duties to safeguard against error or impropriety. It is the responsibility of senior management to ensure that such controls, including those in a computerised environment, are properly maintained and documented. The S151 Officer shall regularly review the existence, appropriateness and effectiveness of these internal controls and attempt to identify those systems which are at greatest risk of fraudulent activity.

The Council has Contract Standing Orders and Financial Procedure Rules in place that require employees, when dealing with the Council's affairs, to act in accordance with best practice and adhere to the agreed internal control systems.

The Chief Finance Officer (Director of Corporate Resources) has a statutory responsibility under Section 151, Local Government Act 1972, for the proper administration of the Council's financial affairs. This responsibility is partly exercised through Internal Audit (provided by the East Kent Audit Partnership), which is in itself an important internal control system, providing assurance independently to the Council, management, external audit and the public.

The Council's Monitoring Officer (Director of Corporate Governance) has a duty to act if anything appears to them to be unlawful, in breach of a statutory code, or maladministration.

### **The East Kent (EK) Audit Partnership**

To ensure that the systems in place in the Council are effective at preventing and highlighting attempted fraud, the EK Audit Partnership complete a plan of work, based on a strategic audit plan of three to five years, which aims to cover all risk areas. In addition, specific work-around areas which are key to the Council's operations, or which are vulnerable to attempted fraud, are audited each year.

The EK Audit Partnership are responsible for:

- Carrying out audit assignments using due professional care and in such a way as to be alert to the possibility of fraud and misconduct;
- Reviewing procedures to safeguard assets so as to ensure that cost-effective measures are in place to prevent, detect or deter fraud;
- Ensuring that the prevention, detection and deterrence of fraud are also taken

into account when new systems are designed or changes made to existing systems;

- Providing assistance where required by management, in the investigation of fraud.

### **Working with Others**

An essential part of maintaining a positive approach to tackling fraud is to maintain good working relationships with other bodies administering public funds, or with investigation responsibilities. These include:

- Police;
- Auditor networks;
- Audit Commission;
- Department for Works and Pensions;
- Jobcentre Plus;
- Other local authorities.

The Council also participates in the National Fraud Initiative, which is a data matching exercise largely around housing benefit claimants, employees and suppliers, and which complies with data protection requirements.

### **Detection and Investigation**

It is often the alertness of staff, Members and the public to indicators of fraud and corruption that enables detection to occur and the appropriate action to take place.

Despite the best efforts of managers and auditors, many frauds are discovered by chance or by tip-off or whistle blowing. The Council has in place arrangements to enable such information to be properly dealt with.

The Council expects:

- Any suspected incidence of fraud and corruption to be promptly and fully investigated;
- That, if fraud or corruption is found to have occurred, disciplinary action will be taken without delay;
- That the findings of an investigation will in most cases be submitted to the police for consideration for prosecution.

The Section 151 Officer or the Head of Financial Services should be immediately informed of any suspected fraud or corruption and this officer, together with the appropriate senior manager, will make arrangements for an investigation to take place. This will normally be undertaken by the EK Audit Partnership (in order to ensure independence and investigative consistency).

The Council expects the fullest co-operation from all Members and officers who are called upon to assist with an investigation into suspected fraud and corruption.

### **Training**

The Council recognises that the continuing success of its Anti-Fraud and Corruption Policy and its general credibility will depend largely on the effectiveness of

programmed training and responsiveness of staff throughout the organisation. To facilitate this, Members and employees receive training on their responsibilities and duties in this respect as part of the induction process. This training is also reinforced regularly. Employees actively engaged in the prevention and detection of fraud are adequately trained in the special skills necessary to carry out these functions.

### **Conclusion**

This policy statement outlines the emphasis and importance that the Council places on integrity, propriety and accountability in the conduct of its business. The Council has in place a clear network of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation. The Council will therefore periodically review and update its arrangements for the detection and prevention of fraud and corruption.

## **BENEFITS PROSECUTION POLICY STATEMENT**

Thanet District Council is committed to ensuring that money paid out in Benefits goes to those entitled to receive it. Persons who deliberately commit fraud as opposed to those who make an innocent mistake, may be prosecuted.

The right to prosecute is inherent in common law and this Council, therefore, has the right to prosecute. In addition, Section 222 of the Local Government Act 1972, gives authorities the right to prosecute or appear in any legal proceedings. Alternatively, the Crown Prosecution Service may take on the proceedings for criminal offences.

### **Detection and Investigation**

Officers charged with the duty of investigating suspected fraud will:

- Establish the facts.
- Gather sufficient admissible evidence to support criminal proceedings.
- Investigate all cases in accordance with the investigation procedures laid down by the Council.

### **Prosecutions**

Where an offence has been committed the Council will seriously consider prosecuting the offender. The more serious the offence, the more likely it is that a prosecution will be needed. The factors that apply will depend on the facts of each case.

Factors to be considered:

- The overpayment is substantial.
- The fraud has continued over a long period.
- The fraud was calculated and deliberate.
- Organised fraud is involved.
- The case involves collusive landlords, agents or employers.
- The suspect has previous convictions for related frauds.
- The suspect was in a position of trust.
- The suspect was a ring-leader.
- There are grounds for believing that the offence is likely to be continued or repeated, for example, by a history of recurring conduct.
- The offence, although not serious in itself, is widespread in the area it was committed.



In order to prosecute there must be sufficient admissible evidence to provide a reasonable prospect of conviction. The prosecution must be in the public interest. It must be within the time limits, if applicable.

### **Other considerations**

The Council will consider any mitigating circumstances, social factors, and the suspect's physical and mental condition.

### **Cases suitable for prosecution**

Having applied the factors above, if a case is suitable for prosecution the case summary together with the evidence, will be submitted to the Senior Investigation Officer (East Kent Services), who will review the case and pass it with a recommendation to the Investigation/Control Manager (East Kent Services), who will decide the most appropriate course of action.

If the prosecution is agreed, proceedings will be initiated as soon as possible, as unreasonable delays may result in the case failing in court.

### **Cases not suitable for prosecution**

Where an offence has been committed but the case is not suitable for prosecution, having considered the factors above, the case summary will be passed to the Senior Investigation Officer (East Kent Services) who will review the case. Where the case is deemed unsuitable for prosecution the Senior Investigation Officer (East Kent Services) will discuss the alternatives below with the Investigation/Control Manager (East Kent Services), who will authorise the decided action:

- Administrative penalties
- Formal Caution
- Close case, no further action

### **Publicity**

Considerations will be given to publicising all successful prosecutions, as a deterrent. This will be decided by the Benefits Manager and the Press Officer.

## WHISTLEBLOWING CODE

### Introduction

**Thanet District Council is committed to the highest possible standards of propriety and accountability in the conduct of its activities for the community. Employees are often the first to realise that something wrong may be happening within the Council. This Code is intended to help employees who have serious concerns over any potential wrong-doing within the Council involving matters such as where:**

- a criminal offence (for example, fraud, corruption or theft) has been/is likely to be committed
- a miscarriage of justice has occurred or is likely to occur
- the health or safety of any individual has been/is likely to be endangered
- the environment has been/is likely to be damaged
- public funds are being used in an unauthorised manner
- the Council's Constitution has been or is being breached by Members and/or officers
- sexual, verbal or physical abuse or bullying of any member of staff or service recipient is taking place
- unlawful discrimination is occurring to any member of staff or service recipient on grounds of sex, race or disability
- information relating to any of the above is being deliberately concealed or attempts are being made to conceal the same.

The Council had adopted this Code so as to enable you to raise your concerns about such wrongdoing at an early stage and in the right way.

If something is seriously concerning you, which you think we should know about or look into, please use this Code. If, however, you are aggrieved about your personal position, please use the Grievance Procedure. This Whistleblowing Code is primarily for concerns where the interests of others or of the organisation itself are at risk.

### Aims of the Whistleblowing Code

The Code aims to:

- encourage employees to feel confident in raising serious concerns
- provide ways for employees to raise those concerns and get feedback on any action taken as a result
- reassure employees that if they raise any concerns in good faith and reasonably believe them to be true, they will be protected from possible reprisals or victimisation.

### **Who is covered by the Code?**

All employees of the Council may use this Code. This includes permanent and temporary staff. It also covers agency staff and staff seconded to a third party.

Contractors working for the Council may also use the provisions of this Code to make the Council aware of any concerns that the contractor's staff may have with regard to any contractual or other arrangement with the Council.

### **What assurance do you get?**

If you raise a concern under this Code, you will not be at risk of losing your job or suffering any form of retribution as a result, provided that:

- the disclosure is made in good faith
- you reasonably believe that information, and any allegations contained in it, are substantially true; and
- you are not acting for personal gain.

The Council will not tolerate the harassment or victimisation of anyone raising a genuine concern. However, we recognise that you may nonetheless want to raise a concern in confidence under this Code. If you ask us to protect your identity by keeping your confidence, we will not voluntarily disclose it without your consent. If the situation arises where we are not able to resolve the concern without revealing your identity (for instance, because your evidence is needed in court), we will discuss with you whether and how we can proceed.

As concerns expressed anonymously are much less powerful, individuals are encouraged to put their names to all concerns raised. Matters raised anonymously may nevertheless be considered at the discretion of the Council. In exercising this discretion, the factors to be taken into account include:

- the seriousness of the issues raised
- the credibility of the concern
- the likelihood of being able to confirm the allegations from other, attributable sources.

### **What is the legal background?**

The Public Interest Disclosure Act 1998 (referred to as 'the Whistleblowers Act') protects employees against detrimental treatment or dismissal as a result of any disclosure of normally confidential information in the interests of the public. The Act only covers protected disclosures under six categories, namely: crime, illegality, miscarriage of justice, damage to health and safety, damage to the environment, and 'cover-ups' about these issues.

A disclosure to the employer will be protected if the whistleblower has an honest and reasonable suspicion that malpractice has occurred, is occurring or is likely to occur.

If as a result of a disclosure the Council dismisses or victimises the employee or fails to protect him/her from victimisation from colleagues, the Act provides that action can be taken against the Council.

### **How should an employee raise a concern?**

As soon as you become reasonably concerned you should firstly raise the issue with your line manager (unless she/he is the potential transgressor, in which case it should be raised with your director or the Council's S151 Officer (Director of Corporate Resources) or Monitoring Officer (Director of Corporate Governance)).

Concerns may be raised verbally or preferably in writing. Employees who wish to raise a concern should explain as fully as possible:

- the background and history of the concern (giving relevant dates), and
- the reason why they are particularly concerned about the situation.

### **How will the Council respond?**

If the concern is raised verbally, the person receiving the information should put it in writing as soon as practicable to ensure that it properly reflects the concerns that have been raised. The employee must also indicate if the concern is to be treated in confidence. The limit of that confidence will be checked out by the person receiving the information.

Once you have told us of your concern, we will look into it to assess initially what action should be taken. An acknowledgement should be sent to you within two working days. We will tell you who may be handling the matter, how you can contact him/her and whether your further assistance may be needed. If you request it, we will write to you summarising your concern(s) and setting out how we propose to handle it.

When you raise the concern you may be asked how you think the concern(s) might best be resolved. If you do have any personal interest in the matter, we do ask that you tell us at the outset. Should your concern fall within another policy or procedure of the Council (for example, the Grievance Procedure), we will tell you.

While the purpose of this Code is to enable us to investigate possible malpractice and take appropriate steps to deal with it, we will give you as much feedback as we properly can. If requested, we will confirm our response to you in writing. Please note, however, that we may not be able to tell you the precise action we take where this would infringe a duty of confidence owed by us to someone else or where it may impede an investigation.

Concerns raised may:

- be investigated by management, internal audit, the S151 Officer or through the disciplinary process
- be referred to the Police
- be referred to the external auditor
- form the subject of an independent enquiry.

**What safeguards are there for the employee?**

- The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect those who raise a concern in good faith.
- Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary or redundancy procedures already taking place concerning the employee.
- No action will be taken against anyone who makes an allegation in good faith, reasonably believing it to be true, even if the allegation is not subsequently confirmed by the investigation. However, allegations made maliciously or which are deliberately false will be dealt with under the Council's Disciplinary Procedures.
- Every effort will be made to ensure confidentiality as far as this is reasonably practical.
- Help will be provided to you in order to minimise any difficulties which you may experience. This may include advice on giving evidence if needed. Meetings may, if necessary, be arranged off-site with you and with you being represented, if you so wish.

**How can a concern be taken further?**

If you are unsure whether to use this Code or you want independent advice at any stage, you may contact:

- if applicable, your relevant trade union lawyer;
- other bodies prescribed by the Secretary of State;
- the independent charity Public Concern at Work on 020 7404 6609. Their lawyers can give you free confidential advice at any stage about how to raise a concern about serious malpractice at work.

An employee who is not satisfied with the action taken by the Council and feels it right to question the matter further, may consider the following possible contact points:

- the Council's S151 Officer
- the Council's Monitoring Officer
- Internal Audit and/or the External Auditor
- the employee's trade union
- the Citizens' Advice Bureau and/or law centre/firm
- a government department
- the Local Government Ombudsman
- the Information Commissioner

- the Health and Safety Executive
- the Data Protection Registrar

This Code is intended to provide an avenue within the Council to raise concerns. If an employee takes the matter outside the Council, he/she should ensure that no disclosure of confidential information takes place and should seek advice, as the Public Interest Disclosure Act does not provide blanket protection and could leave employees vulnerable to disciplinary or other action, if they disclose confidential information in circumstances not covered by the Act.

If you would like a copy of this document in a different format such as Braille, audio or large print, or in another language please call

01843 577165



## Thanet District Council

# **ANTI BRIBERY POLICY & PROCEDURES**

Document Owner: Corporate Finance Manager  
Date: September 2015

## THANET DISTRICT COUNCIL

# ANTI BRIBERY POLICY & PROCEDURES

### **Policy Statement - Anti Bribery**

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 or improper inducements.

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.

### **Objective of this policy**

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

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

- act honestly and with integrity at all times and to safeguard the Council’s resources for which they are responsible
- 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

### **Scope of this policy**

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 of the organisation. It does not rest solely within assurance functions, but in all business units and corporate functions.

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



## ***Anti Bribery Policy & Procedures***

### **The Council's commitment to action**

The Council commits to:

- Setting out a clear anti-bribery policy and keeping it up to date
- Making all members and employees aware of the Council's Policy and Procedures and their responsibilities to adhere strictly to this policy at all times
- Encouraging its members and 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
- Rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution
- Taking firm and vigorous action against any individual(s) involved in bribery
- Provide information to all members and employees to report breaches and suspected breaches of this policy
- Include appropriate clauses in contracts to prevent bribery.

### **Bribery**

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

### **The Bribery Act**

[http://www.opsi.gov.uk/acts/acts2010/ukpga\\_20100023\\_en\\_1](http://www.opsi.gov.uk/acts/acts2010/ukpga_20100023_en_1)

There are four key offences under the Act:

- bribery of another person (section 1)
- accepting a bribe (section 2)
- bribing a foreign official (section 6)
- failing to prevent bribery (section 7)

The Bribery Act 2010 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. This is what is known as a "strict liability" offence. This means that there is no need to prove negligence or management complicity. 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.

## ***Anti Bribery Policy & Procedures***

### **Is the Council a “commercial 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.” There are circumstances in which we will be a commercial organisation for the purposes of section 7. .

### **Anti-Bribery Procedures**

**In order to be able to provide defense to any section 7 allegations, this Authority requires adequate procedures to be in place. The term ‘adequate procedures’ is not defined in statute however, the Ministry of Justice provides for 6 principles which inform the types of procedures a commercial organistaion should have in place to combat the threat of bribery and corruption.**

The Council’s procedures therefore adopt the six principles as set out by the Ministry of Justice:-

#### ***Proportionality***

The Council has procedures in place to prevent bribery by persons associated with it. These are proportionate to the bribery risks faced by the Council and to the nature, scale and complexity of the Council’s activities. They are also clear, practical, accessible, effectively implemented and enforced.

#### ***Top level commitment***

The Chief Executive and Directors are committed to preventing bribery by persons associated with it. They foster a culture within the organisation in which bribery is never acceptable.

#### ***Risk Assessment***

The nature and extent of the Council’s exposure to potential external and internal risks of bribery on its behalf by persons associated with it is periodically assessed. This includes financial risks but also other risks such as reputational damage.

#### ***Due diligence***

The Council takes 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.

#### ***Communication (including training)***

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.

#### ***Monitoring and review***

Procedures designed to prevent bribery are monitored and reviewed and improvements are made where necessary.

### **Penalties**

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

## ***Anti Bribery Policy & Procedures***

- 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.
- On conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both

The Council, if convicted under sections 1, 2 or 6 will also face the same level of fines and, if guilty of an offence under section 7, is liable to an unlimited fine.

### **Bribery is not tolerated**

It is unacceptable to:

- 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
- 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
- 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
- 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
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy
- engage in activity in breach of this policy.

### **Facilitation payments**

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

### **Gifts and hospitality**

The Council's policy regarding the requirements for gifts and hospitality is set out within the Code of Conduct Policy.

### **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 Council has the discretion to exclude organisations convicted of this offence.

### **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.

## ***Anti Bribery Policy & Procedures***

You must:

- ensure that you read, understand and comply with this policy
- 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.

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.

### **Raising a concern**

This Council is committed to ensuring that all of us 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.

Please refer to the Whistleblowing policy

<http://thanet.gov.uk/publications/finance/anti-fraud-and-corruption-policy/whistleblowing-code/>

Concerns can be anonymous. In the event that an incident of bribery, corruption, or wrongdoing is reported, we will act as soon as possible to evaluate the situation. We have clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in any investigation of this kind.

If you have any questions about these procedures, please contact Matthew Sanham (Corporate Finance Manager) on **01843 577227** ([matthew.sanham@thanet.gov.uk](mailto:matthew.sanham@thanet.gov.uk)).

### **Other relevant strategies and policies**

Anti-Fraud and Corruption Policy

Anti Money Laundering Policy

Risk Management Strategy

## THANET DISTRICT COUNCIL DECLARATION OF INTEREST FORM

### Do I have a Disclosable Pecuniary Interest and if so what action should I take?

Your Disclosable Pecuniary Interests (DPI) are those interests that are, or should be, listed on your Register of Interest Form.

If you are at a meeting and the subject relating to one of your DPIs is to be discussed, in so far as you are aware of the DPI, you **must** declare the existence **and** explain the nature of the DPI during the declarations of interest agenda item, at the commencement of the item under discussion, or when the interest has become apparent

Once you have declared that you have a DPI (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must:-**

1. Not speak or vote on the matter;
2. Withdraw from the meeting room during the consideration of the matter;
3. Not seek to improperly influence the decision on the matter.

### Do I have a significant interest and if so what action should I take?

A significant interest is an interest (other than a DPI or an interest in an Authority Function) which:

1. Affects the financial position of yourself and/or an associated person; or Relates to the determination of your application for any approval, consent, licence, permission or registration made by, or on your behalf of, you and/or an associated person;
2. And which, in either case, a member of the public with knowledge of the relevant facts would reasonably regard as being so significant that it is likely to prejudice your judgment of the public interest.

An associated person is defined as:

- A family member or any other person with whom you have a close association, including your spouse, civil partner, or somebody with whom you are living as a husband or wife, or as if you are civil partners; or
- Any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors; or
- Any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000;
- Any body of which you are in a position of general control or management and to which you are appointed or nominated by the Authority; or
- any body in respect of which you are in a position of general control or management and which:
  - exercises functions of a public nature; or
  - is directed to charitable purposes; or
  - has as its principal purpose or one of its principal purposes the influence of public opinion or policy (including any political party or trade union)

An Authority Function is defined as: -

- Housing - where you are a tenant of the Council provided that those functions do not relate particularly to your tenancy or lease; or
- Any allowance, payment or indemnity given to members of the Council;
- Any ceremonial honour given to members of the Council
- Setting the Council Tax or a precept under the Local Government Finance Act 1992

If you are at a meeting and you think that you have a significant interest then you **must** declare the existence **and** nature of the significant interest at the commencement of the

matter, or when the interest has become apparent, or the declarations of interest agenda item.

Once you have declared that you have a significant interest (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must**:-

1. Not speak or vote (unless the public have speaking rights, or you are present to make representations, answer questions or to give evidence relating to the business being discussed in which case you can speak only)
2. Withdraw from the meeting during consideration of the matter or immediately after speaking.
3. Not seek to improperly influence the decision.

### **Gifts, Benefits and Hospitality**

Councillors must declare at meetings any gift, benefit or hospitality with an estimated value (or cumulative value if a series of gifts etc.) of £100 or more. You **must**, at the commencement of the meeting or when the interest becomes apparent, disclose the existence and nature of the gift, benefit or hospitality, the identity of the donor and how the business under consideration relates to that person or body. However you can stay in the meeting unless it constitutes a significant interest, in which case it should be declared as outlined above.

### **What if I am unsure?**

If you are in any doubt, Members are strongly advised to seek advice from the Monitoring Officer or the Democratic Services and Scrutiny Manager well in advance of the meeting.

## **DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS, SIGNIFICANT INTERESTS AND GIFTS, BENEFITS AND HOSPITALITY**

**MEETING** .....

**DATE**..... **AGENDA ITEM** .....

**DISCRETIONARY PECUNIARY INTEREST**

**SIGNIFICANT INTEREST**

**GIFTS, BENEFITS AND HOSPITALITY**

**THE NATURE OF THE INTEREST, GIFT, BENEFITS OR HOSPITALITY:**

.....  
.....  
.....

**NAME (PRINT):** .....

**SIGNATURE:** .....

Please detach and hand this form to the Democratic Services Officer when you are asked to declare any interests.