

Governance Committee

Monday, 19th April, 2021
at 5.00 pm

PLEASE NOTE TIME OF MEETING

Virtual Meeting

This meeting is open to the public

Members of the Committee

Councillor Keogh (Chair)
Councillor Kataria (Vice-Chair)
Councillor G Galton
Councillor Harwood
Councillor Professor Margetts
Councillor White
Councillor Windle

Contacts

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PUBLIC INFORMATION

Role of the Governance Committee

Information regarding the role of the Committee's is contained in Part 2 (Articles) of the Council's Constitution.

[02 Part 2 - Articles](#)

It includes at least one Councillor from each of the political groups represented on the Council, and at least one independent person, without voting rights, who is not a Councillor or an Officer of the Council.

Access – Access is available for disabled people. Please contact the Democratic Support Officer who will help to make any necessary arrangements.

Public Representations At the discretion of the Chair, members of the public may address the meeting on any report included on the agenda in which they have a relevant interest. Any member of the public wishing to address the meeting should advise the Democratic Support Officer (DSO) whose contact details are on the front sheet of the agenda

Southampton: Corporate Plan 2020-2025 sets out the four key outcomes:

- Communities, culture & homes - Celebrating the diversity of cultures within Southampton; enhancing our cultural and historical offer and using these to help transform our communities.
- Green City - Providing a sustainable, clean, healthy and safe environment for everyone. Nurturing green spaces and embracing our waterfront.
- Place shaping - Delivering a city for future generations. Using data, insight and vision to meet the current and future needs of the city.
- Wellbeing - Start well, live well, age well, die well; working with other partners and other services to make sure that customers get the right help at the right time

Smoking policy – The Council operates a no-smoking policy in all civic buildings.

Mobile Telephones:- Please switch your mobile telephones to silent whilst in the meeting

Use of Social Media:- The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair's opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council's Standing Orders the person can be ordered to stop their activity, or to leave the meeting. By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public.

Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so.

Details of the Council's Guidance on the recording of meetings is available on the Council's website.

Dates of Meetings: Municipal Year 2019/20

2020	2021
15 June	15 February
27 July	19 April
28 September	
16 November	
14 December	

CONDUCT OF MEETING

Terms of Reference

The terms of reference of the Governance Committee are contained in Part 3 of the Council's Constitution.

[03 - Part 3 - Responsibility for Functions](#)

Rules of Procedure

The meeting is governed by the Council Procedure Rules as set out in Part 4 of the Constitution.

Business to be discussed

Only those items listed on the attached agenda may be considered at this meeting.

Quorum

The minimum number of appointed Members required to be in attendance to hold the meeting is 3.

DISCLOSURE OF INTERESTS

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "Disclosable Pecuniary Interest" or "Other Interest" they may have in relation to matters for consideration on this Agenda.

DISCLOSABLE PECUNIARY INTERESTS

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

- (i) Any employment, office, trade, profession or vocation carried on for profit or gain.
- (ii) Sponsorship:

Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

(iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.

(iv) Any beneficial interest in land which is within the area of Southampton.

(v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.

(vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.

(vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:

- a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
- b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

Other Interests

A Member must regard himself or herself as having an, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

Principles of Decision Making

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

AGENDA

1 APOLOGIES

To receive any apologies.

2 DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS

In accordance with the Localism Act 2011, and the Council's Code of Conduct, Members to disclose any personal or pecuniary interests in any matter included on the agenda for this meeting.

NOTE: Members are reminded that, where applicable, they must complete the appropriate form recording details of any such interests and hand it to the Democratic Support Officer.

3 STATEMENT FROM THE CHAIR

4 MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)

(Pages 1 - 2)

To approve and sign as a correct record the Minutes of the meeting held on 15 February 2021 and to deal with any matters arising.

5 HR QUARTERLY STATISTICS REPORT

(Pages 3 - 14)

Report of the Service Director, Human Resources and Organisational Development detailing the quarterly statistic relating to employment figure for the Committee.

6 INTERNAL AUDIT PROGRESS REPORT

(Pages 15 - 48)

Report of the Chief Internal Auditor detailing the Internal Audit Progress report for 2020-2021.

7 INTERNAL AUDIT ANNUAL AUDIT PLAN

(Pages 49 - 64)

Report of the Chief Internal Auditor detailing the Internal Annual Audit Plan for 2021-2022.

8 ANTI-FRAUD, BRIBERY AND CORRUPTION, ANTI-MONEY LAUNDERING AND WHISTLEBLOWING (DUTY TO ACT) POLICY REVIEWS

(Pages 65 - 92)

Report of the Chief Internal Auditor seeking approval of revised policy reviews.

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GOVERNANCE COMMITTEE

MINUTES OF THE MEETING HELD ON 15 FEBRUARY 2021

Present: Councillors Keogh (Chair), Kataria (Vice-Chair), G Galton, Harwood, Professor Margetts, White and Windle

32. **MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

RESOLVED: that the minutes for the Committee meeting on 14 December 2020 be approved and signed as a correct record.

33. **ANNUAL GOVERNANCE STATEMENT 2020-21**

The Committee considered the report of the Chief Financial Officer detailing the Annual Governance Statement 2020-21. The Committee noted that the normal timeline for completing and approving the AGS was 31 July. However amended deadlines had been applied due to the pandemic and it was anticipated that a revised deadline of the end of September 2021 may apply this year, although this was still to be confirmed.

RESOLVED: that the assurance gathering process to support the development of the 2020-21 Annual Governance Statement as detailed in appendix 1 of the report be approved.

34. **TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL LIMITS 2021/22 TO 2024/25**

The Committee considered the report of the Service Director Finance (S151 Officer) seeking approval of the Treasury Management Strategy and Prudential Limits 2021/22 to 2024/25.

The Committee particularly noted paragraph 10 of the report which detailed the core elements of the strategy. In addition, the Committee stated that it would be helpful if information regarding the economic outlook could be more timely, as it rapidly became out of date during a national lockdown situation.

RESOLVED:

- (i) That the Council's Treasury Management (TM) Strategy and Indicators for 2021/22 to 2024/25, as detailed in appendix 1 of the report be approved;
- (ii) That at the time of writing this report it was noted that it had been assumed that the budget proposals within the Medium Term Financial Strategy, Budget and Capital Programme 2021/22 to 2024/25 report, to be submitted to Council on the 24 February 2021, would be approved. Should the recommendations change and have any impact on the Prudential Indicators this would be reported to Council on 24 February 2021;
- (iii) That authority continue to be delegated to the Chief Financial Officer (CFO) to approve any changes to the Prudential Indicators or borrowing limits that will aid good treasury management. The CFO would report any amendments and in year revisions to the TM Strategy as part of quarterly financial and performance monitoring; and

- (iv) That the proposal to continue to explore an alternative Treasury Strategy to generate additional income that could support local services, whilst maintaining a prudent approach be endorsed.

35. **PROJECT & PROGRAMMES 6 MONTHLY REPORT**

The Committee received and noted the report of the Deputy Chief Executive detailing the latest governance position regarding projects and programmes outlined in the Corporate Plan 2020-25.

Some members questioned the adequacy of level of detail provided and sought clarity on the level of detail that could be provided in the future and the role of Governance versus scrutiny in examining the operational detail of individual projects. It was agreed that the Chair would meet with the Deputy Chief Executive to clarify future expectations.

36. **EXTERNAL AUDIT ANNUAL AUDIT LETTER**

The Committee received and noted the report of the External Auditor detailing the Annual Audit Letter 2019-20 which summarised key findings from across the range of the auditor's work and responsibilities under statute and the Code, in relation to the 2019-20 audit.

37. **AMENDMENT TO THE CONTRACT PROCEDURE RULES - FEB 21**

The Committee considered the report of the Service Director – Legal and Business Operations outlining proposed changes to the current Contract Procedure Rules and Officer Scheme of Delegation.

The proposed changes were required to support the Council in achieving value for money from goods, services and works it procures, reflecting immediate changes to legislation arising as a result of exiting the European Union.

The Committee particularly noted paragraph 4 of the report which detailed the changes to Contract Procedure Rules thresholds and procedures and paragraph 7 which detailed alignment of rules with Council policies.

RESOLVED: that the proposed amendments to the Contract Procedure Rules and Officer Scheme of Delegation be recommended to Council.

Agenda Item 5

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	WORKFORCE DATA AND QUARTERLY HR STATISTICS		
DATE OF MEETING:	19 APRIL 2021		
REPORT OF:	SERVICE DIRECTOR, HR AND OD		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Janet King	Tel: 023 8083 2378
	E-mail:	Janet.king@southampton.gov.uk	
Deputy Chief Executive	Name:	Mike Harris	Tel: 023 8083 2882
	E-mail:	Mike.harris@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
None. This report contains no personal information relating to specific individuals.			
BRIEF SUMMARY			
<p>The Governance Committee requested a council wide breakdown of the workforce characteristics demonstrating the current profile in respect of diversity and equality across the Authority. Disclosure of personal characteristics is discretionary.</p> <p>The Committee also receive the attached quarterly reporting on HR Data – sickness absence and employee relations cases.</p>			
Disclosure of RECOMMENDATIONS:			
	(i)	To note the data as requested.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	As requested by the Governance Committee.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
2.	N/A		
DETAIL			
3.	<p>The workforce data relies on personal submission from staff for input to their Business World employee record. An exercise to collect up to date information was completed in 2018/19 as part of the transition to the new system and switch from Resource Link to Business World and reminders are sent out with guidance to staff on input to the Business World system. New starters are asked for their data as a standard HR process. However, many staff still elect to not disclose ethnicity and/or disability.</p> <p>This means the overall picture is an indicative snapshot only at any time.</p>		
4.	The Workforce Data & Systems team requested employee information in order to have a more comprehensive profile of the workforce to help identify and inform any required actions.		
5.	Disclosure of personal characteristics is discretionary and in terms of combined data of “not supplied” and “prefer not to say” this applies in the following characteristics:		

	<ul style="list-style-type: none"> • Sexual Orientation 42% • Gender 36% • Ethnicity 33% • Disability 35%
6.	Although the picture is incomplete the council is committed to diversity, equality and inclusion. As part of the 2021 work we are introducing focus groups for staff / trade union representatives to look at protected characteristics and invite discussion on any areas of concern identified. Feedback from the sessions will be used to inform positive work around Diversity and Inclusion and this has the sponsorship of the Executive Director Communities, Culture & Homes.
7.	Recruitment to vacant posts is always based on competency interviews against the published job specifications.
8.	Noted below is the quarterly, council wide information on key employment data covering disciplinaries, dismissals, referrals to the police, suspensions and grievances and information on levels of staff sickness.
9.	<p>In the period January 2021 to March 2021 the Council had:</p> <p>A total of 8 dismissals:</p> <ul style="list-style-type: none"> • 2 for capability • 2 as a result of service restructures • 1 for sickness absence • 1 during probationary period • 2 as a result of VS <p>In addition, there were:</p> <ul style="list-style-type: none"> • 2 suspensions • 1 appeal where the decision was upheld
10.	<p>Overall sickness levels for the council showed an average 7.82 days per employee. This continues to show a month on month downward trend. The downward trend can be attributed to a number of factors:- improved reporting and closing of historic cases, more flexible working practices and, anecdotally, an improved focus on wellbeing helping people manage their own work life balance and health. The focus on absence management under the Executive Director for Children's Services has seen significant improvements.</p> <p>However key areas for focus are still evident in Wellbeing (Health and Adults) where there are high levels of front-line workers. HR are also looking at particular roles in relation to sickness absence to determine any job design issues which may contribute to absence levels and which can be addressed and deep dive assessment in key areas will commence at the end of March 2021 once all data is returned and records updated.</p> <p>The sector "average" is 8 days.</p> <p>The total number of absences in the last 12 months, shows that short term absence occasions account for 88% of the overall absence occurrences, whilst long term sickness accounts for 12% of the overall absence occurrences.</p> <p>The total number of days lost to absence in the last 12 months, shows that short term absence accounted for 35% of the overall absence days lost, whilst</p>

	<p>the number of days lost to long term sickness accounts for 65% of the overall absence days lost. Main reasons for absence are attributed to mental health and wellbeing and muscular-skeletal. As part of the wellbeing work for 2021 these two key areas will continue to be addressed in terms of advice, guidance, learning and prevention as part of the wider wellbeing strategy.</p> <p>The absence data is regularly discussed with the Cabinet Member and the Chief Executive.</p>
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
11.	None
<u>Property/Other</u>	
12.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
13.	Localism Act 2011
<u>Other Legal Implications:</u>	
14.	None
RISK MANAGEMENT IMPLICATIONS	
15.	None
POLICY FRAMEWORK IMPLICATIONS	
16.	None

KEY DECISION?	No	
WARDS/COMMUNITIES AFFECTED:	N/A	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	HR Table of Data – (Dismissals)	
2.	Sickness Absence Data: Year ending March 2021 and trends	
3	Sickness Absence Data: trends	
4.	Covid Absence Data	
Documents In Members' Rooms		
1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.	None	

Southampton City Council - Quarterly Governance Stats

Covers Jan/Feb/March																
Exec Director	Disciplinarys			Dismissals							Commentary	Resolutions	Suspensions	Appeals		
	Final WW	Dismissed	Referral to Police	Total Dismissals	Capability	Disciplinary	Health	Probation	Restructures	Other		Step 3 Resolutions	Total Suspensions	Number	Number upheld	
Exec Director - Business Services	0	0	0	3	0	0	0	0	2	1	They were for VS leaving date (12/03/2021)	0	0	0	0	
Exec Director - Children & Learning	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
Exec Director - Communities, Culture & Home	0	0	0	1	0	0	1	0	0	0		0	0	0	1	0
Exec Director - Finance	0	0	0	1	0	0	0	0	0	1		0	0	0	0	0
Exec Director - Place	0	0	0	2	2	0	0	0	0	0		0	0	1	0	0
Exec Director Wellbeing - Health & Adults	0	0	0	1	0	0	0	1	0	0		0	0	1	0	0
Southampton City Council (Total)	0	0	0	8	2	0	1	1	2	2		0	2	1	0	0

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Sickness Absence Report: April '20 - March '21

Select Report: **SCC**
 Status

Target = < 8.0 days = Green, 8.1 - 10 days = Amber, > 10 days = Red

Team	Metric	Sickness Absence Days Per Employee - All Absence (Leavers Excluded)	Sickness Absence Days Per Employee - All Absence	Sickness Absence Days Per Employee - Short Term Absence	Sickness Absence Days Per Employee - Long Term Absence	FTE Days Lost
	Target Status	8.0	8.0			
SCC		7.82	8.47	3.07	5.40	27,112
Business Services		4.09	4.64	1.76	2.88	2,503
Communities, Culture & Home		6.98	8.02	2.77	5.25	3,641
Finance		6.22	7.07	2.15	4.92	3,729
Place		8.46	9.42	3.21	6.21	5,714
Wellbeing - Children & Learning		8.95	9.36	3.38	5.98	5,129
Wellbeing - Health & Adults		12.14	12.25	5.15	7.10	6,396

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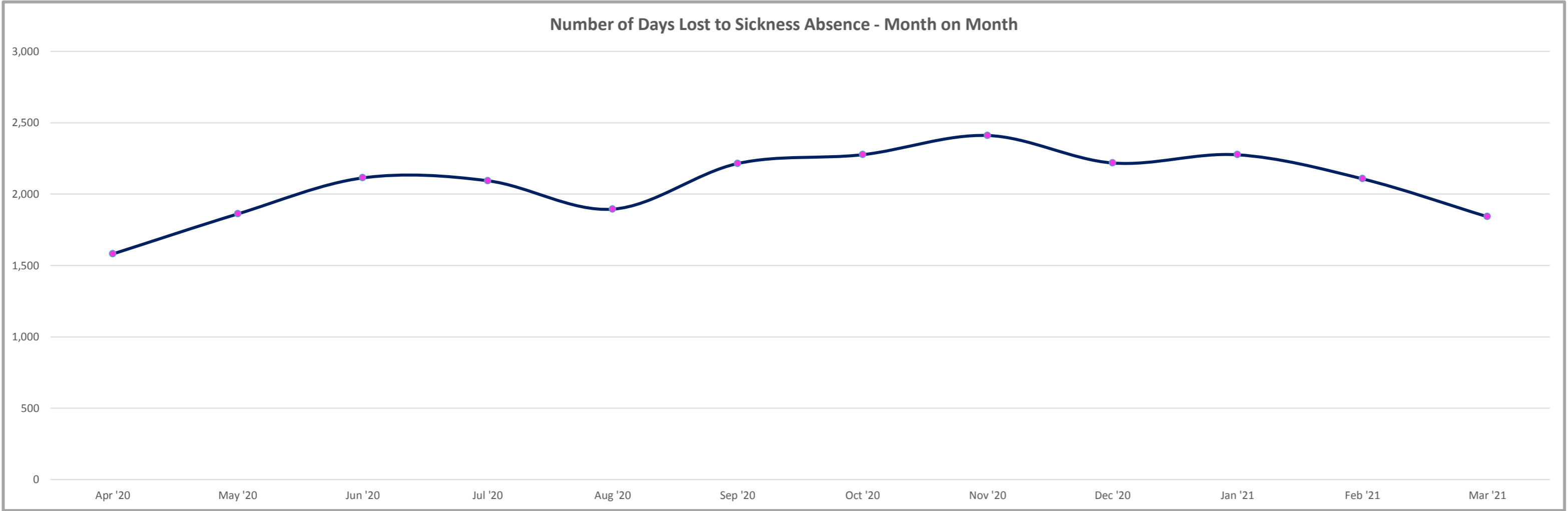
SCC



Please select the relevant team from the drop down to see the sickness figures month on month for the last rolling year

Number of Days Lost to Sickness Absence - Month on Month

Team	Apr '20	May '20	Trend	Jun '20	Trend	Jul '20	Trend	Aug '20	Trend	Sep '20	Trend	Oct '20	Trend	Nov '20	Trend	Dec '20	Trend	Jan '21	Trend	Feb '21	Trend	Mar '21	Trend
SCC	1,581	1,862	Up	2,114	Up	2,094	Down	1,895	Down	2,214	Up	2,276	Up	2,411	Up	2,218	Down	2,276	Up	2,107	Down	1,842	Down



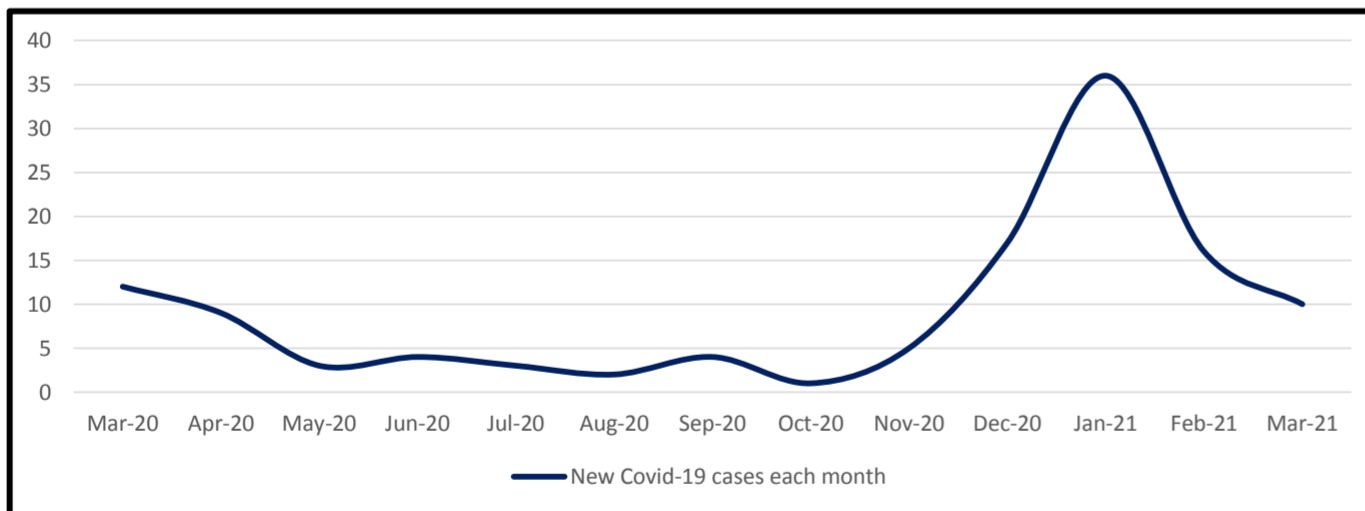
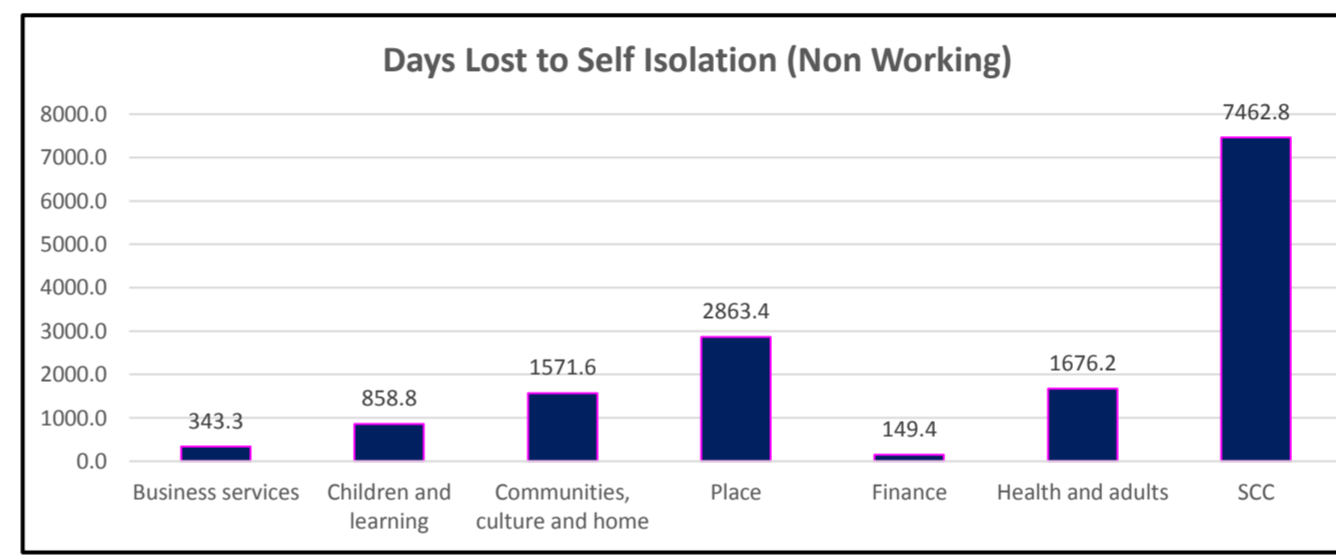
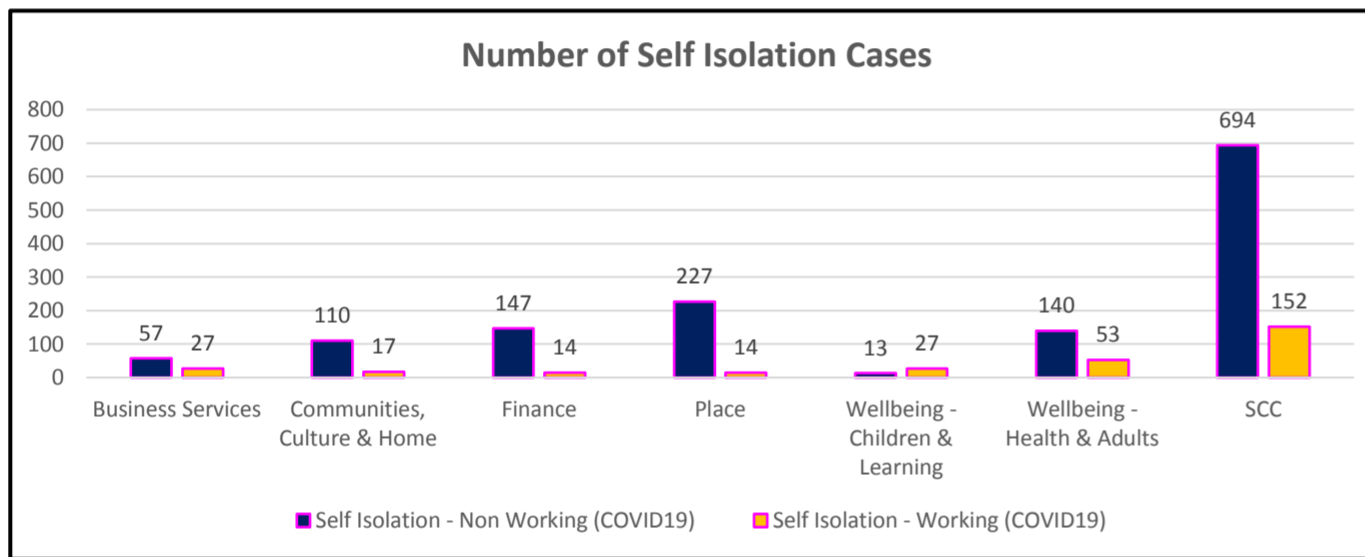
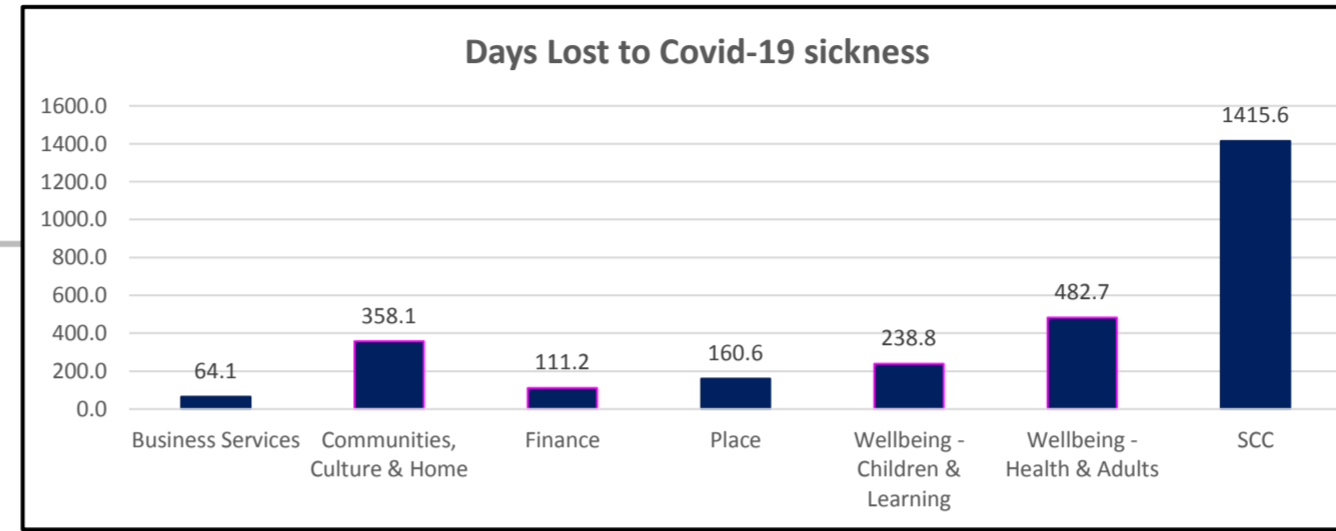
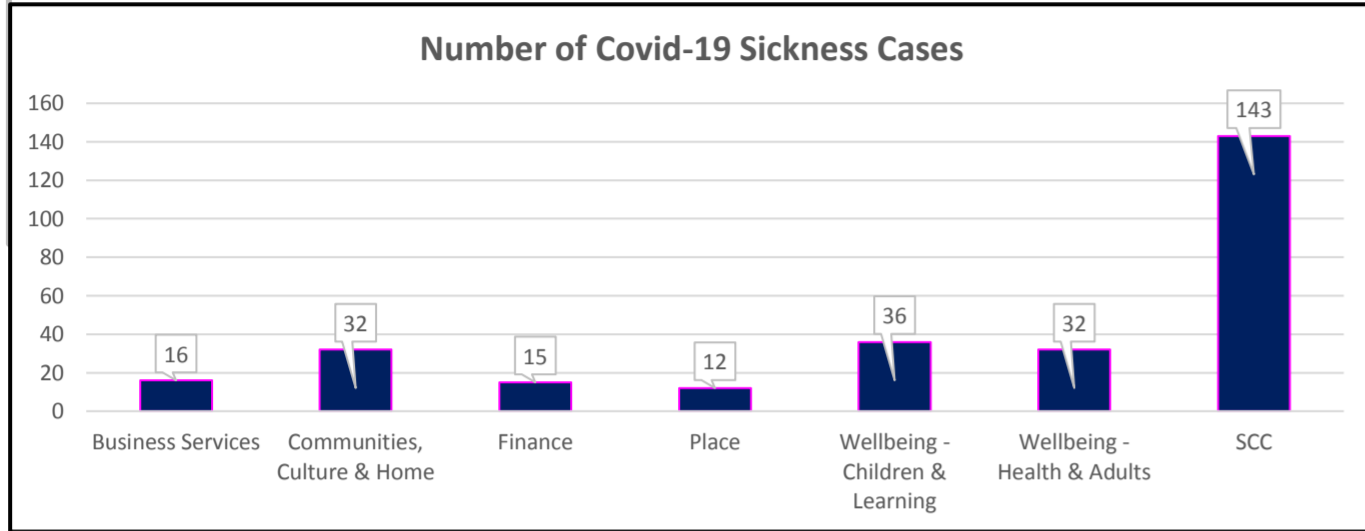
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Coronavirus – Summary Data

- This data is based on the first entered case of self isolation (6th March 2020) through to the end of March 2021

- We have had 143 cases of Covid-19 recorded on Business World (including 'long covid' and 'Covid vaccine reaction'), this equates to a loss of 1415 working days to date. Since January we have had 104 cases, this equates to 810 working days.

- We have a total of 862 cases of self isolation (152 working & 694 non-working). The non-working cases equate to a loss of 7,463 days to date.



- 49 cases of covid-19 where the individual is above 50 years old
- 3 cases of covid-19 where the individual has a recorded disability
- 307 cases of self isolation where the individual is over 50 years old
- 45 cases of self isolation where the individual has a recorded disability

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Agenda Item 6

DECISION-MAKER:	GOVERNANCE COMMITTEE
SUBJECT:	INTERNAL AUDIT PROGRESS REPORT 2020-21
DATE OF DECISION:	19TH APRIL 2021
REPORT OF:	CHIEF INTERNAL AUDITOR

<u>CONTACT DETAILS</u>			
Executive Director	Title	FINANCE	
	Name:	John Harrison	Tel: 023 8083 4897
	E-mail	John.Harrison@southampton.gov.uk	
Author:	Title	CHIEF INTERNAL AUDITOR	
	Name:	Elizabeth.Goodwin	Tel: 023 8083 4616
	E-mail	Elizabeth.Goodwin@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
N/A	
BRIEF SUMMARY	
<p>The Public Sector Internal Audit Standards 2017 (PSIAS), requires the Chief Internal Auditor (CIA) to provide periodical updates to the Governance Committee on:</p> <ul style="list-style-type: none"> • Progress made against the agreed annual audit plan. • Results of audit activities and • Management's response to risk that in the CIA's judgement maybe unacceptable to the Authority <p>All other PSIAS requirements are communicated in either the charter or annual audit opinion, which are reported separately to this committee at various times throughout the year.</p> <p>There are a total of 71 audit reviews in the revised plan for 2020/21. To date 71 (100%) of the audits have been completed or an in progress as at 31st March 2021. This represents 56 (79%) audits where the report has been finalised, 10 (14%) where the report is in draft and 5 (7%) audits currently in progress.</p> <p>Internal Audit Progress for the period 1st December 2020 to 31st March 2021 is covered in the attached Appendix 1.</p>	
RECOMMENDATIONS:	
	(i) That the Governance Committee notes the Internal Audit Progress report for the period 1 st December 2020 to 31 st March 2021.
REASONS FOR REPORT RECOMMENDATIONS	

1.	In accordance with the Public Sector Internal Audit Standards the Chief Internal Auditor is required to provide an update on progress against the annual audit plan to the Governance Committee for information.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
	None
DETAIL (Including consultation carried out)	
	None
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
	None
<u>Property/Other</u>	
	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
	The Accounts and Audit (England) Regulations 2015 state 'a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards.
<u>Other Legal Implications:</u>	
	None
RISK MANAGEMENT IMPLICATIONS	
	The report is for note only, there is no decision to be made.
POLICY FRAMEWORK IMPLICATIONS	
	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Internal Audit Progress Report for the period 1 st December 2020 to 31 st March 2021.

Documents In Members' Rooms

1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	/No

Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
Other Background Documents	

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SOUTHAMPTON
CITY COUNCIL

Internal Audit Progress Report

19th April 2021

Elizabeth Goodwin, Chief Internal Auditor

1. Executive Summary

Internal Audit is a statutory function for all local authorities.

The requirement for an Internal Audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015 as to:

Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance

The standards for 'proper practices' are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2016].

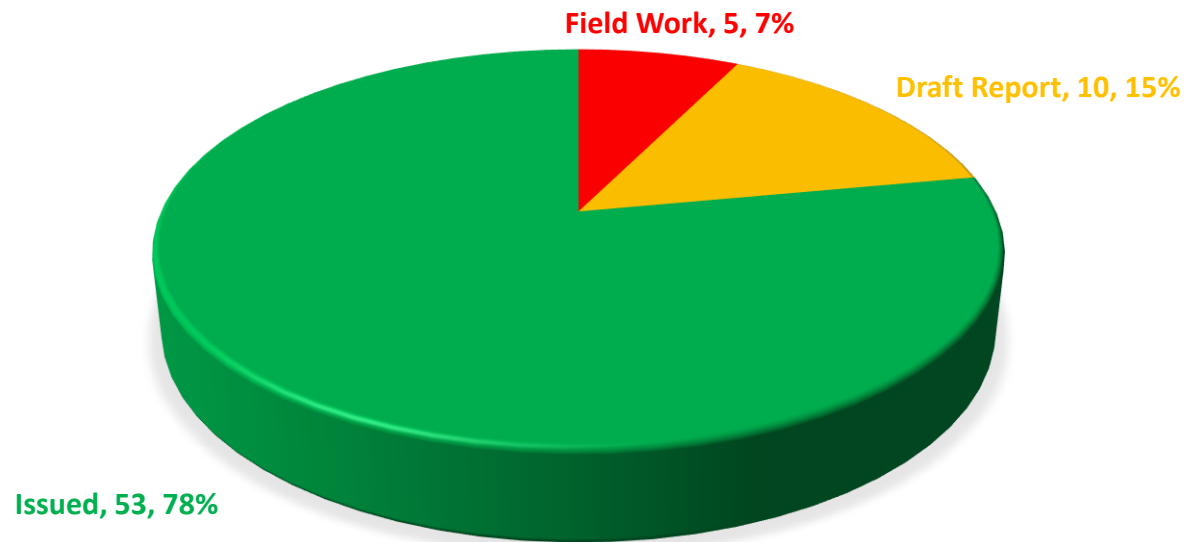
Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

This report includes the status against the 2020/21 internal audit plan. In summary 100% of the 2020/21 plan has been concluded or are in progress. All items yet to be fully completed will be finalised by the next reporting period and will therefore enable an annual opinion to be given.

Internal Audit has been involved in supporting the organisation during the Covid 19 pandemic, either by performing additional work or due to staff redeployment. The details and results are included in this report for information.

There are currently no 'no assurance' reports contained in this report for this period. All items completed since the last committee attendance are detailed at a summary level in this report. This includes, full audits, follow up work and grant work completed.

2. Audit Plan Progress as of 31st March 2021



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There are a total of 68 reviews in the 2020/21 Audit Plan.

To date, 71 (100%) have been completed or are in progress as at 31st March 2021. This represents 56 (79%) audits where the report has been finalised, 10 (14%) where the report is in draft and 5 (7%) audits currently in progress.

Status	Audits
Identified	0
Fieldwork	5
Draft Report	10
Final Report	56
Total	71

3. Ongoing Internal Audit Involvement

Internal Audit has undertaken work or provided advice in the following areas. (For reference, advice is only recorded when the time taken to provide the advice exceeds one hour):

- 7 Items of advice
- Anti-Money Laundering - This includes receipt of instances of large cash payments received and onward reporting if deemed appropriate.
- National Fraud Initiative (NFI) to facilitate national data matching carried out by the Cabinet Office. There has been two additional NFI exercises in relation to COVID-19, these relate to mortality and business grants.
- COVID-19 Assurance reporting and grant verification.
- Audit Planning and Consultation - This includes periodical consultation with Directors and revision of the plan following subsequent research into individual assignments.
- Routine advice on controls and risk management.
- COVID-19 loss of income analysis and softer approaches to debt recovery data exercise.
- Investigations which are in various stages. A more detailed report of concluded investigations will form part of the annual fraud report which will be presented to the Governance Committee in due course.

Over the course of this financial year, Internal Audit has also been involved in supporting the organisation in maintaining critical activities during Covid-19, this has included redeployment of some staff and undertaking ad-hoc control and risk management assessments in order for the organisation to flex its governance framework.

4. Audit Plan Status/Changes

At the beginning of last year when the country went into lockdown and only critical council services were maintained, a number of the officers in the Audit were redeployed. There was also restriction on IT access during core times, physical access to records and a significant increase in advice and general support. As a result Internal Audit officers spent 143 days on work not relating to Internal Audit. The main areas where this time was spent was in the redeployment of an officer to SCC Track and Trace service, one officer performing duties aiding with identifying COVID-19 Loss of Income and softer recovery practices and an officer who was deployed to the Accounts Payable team.

In addition to the impact noted above, there has been a significant increase in the number of grant verifications and fraud work required in this financial year which contributes to the overall review of SCC internal control framework. The Internal Audit coverage of activities for 2020/21 has therefore been reduced. Individual reviews were re-scoped in order to balance coverage and impact on client services. A sound level of both audit and counter fraud work has been performed across the year. No significant detrimental adverse implications from the reduced coverage is envisaged as the plan is almost complete and significant work has been undertaken on new risk areas highlighted as a result of the pandemic.

The Audit Plan has been more flexible this year to take into account the additional work in relation to the COVID-19 pandemic. Since the last reporting period the following should be noted; **Additions, removals and amendments to the 2020/21 Audit Plan:**

- Addition – Mobile Devices – Second follow up review has been performed.
- Addition – COVID-19 Enforcement Grant – new grant.
- Addition – Contract & Procurement ICU – audit split.
- Removal – Additional Dedicated H2S & College Transport No 31/5137 Tranche 2. Moved to the New Year's plan as pending evidence.
- Removal – Adult Safeguarding - Move to 2021/22 due to pressures on client resource.
- Removal – Cloud Storage – Moved to 2021/22 due to pressures on client resource.
- Removal – Direct Payments – previous item of work not closed, therefore unable to perform follow-up.
- Removal – Deprivation of Liberty - Move to 2021/22 due to pressures on client resource.
- Removal – Housing Rents and Debt Management – Request from client to move to next financial year due to work pressures.
- Removal – Learning and Development – Move to 2021/22 due to pressures on client resource.
- Removal – MASH - Move to 2021/22 due to pressures on the audit resource.
- Removal – Track and Trace Grant – Yet to spend the complete funds so has been moved to the 2021/22 Audit Plan.
- Removal – Recruitment and Retention – Moved to 2021/22 due to redeployment and HR staff priorities elsewhere.

5. Areas of Concern

There are no 'no assurance' opinion audits being reported on this period, all other findings are noted below.

6. Assurance Levels

Internal Audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives for the area under review.

Assurance Level	Description / Examples
Assurance	<i>No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority</i>
Reasonable Assurance	<i>Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority</i>
Limited Assurance	<i>Control weaknesses or risks were identified which pose a more significant risk to the Authority</i>
No Assurance	<i>Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit</i>
NAT	<i>No areas tested</i>

Audits rated No Assurance are specifically highlighted to the Governance Committee along with any Director's comments. The Committee is able to request any director attends a meeting to discuss the issues.

7. Exception Risk Ranking

The following table outline the exceptions raised in audit reports, reported in priority order and are broadly equivalent to those previously used.

Priority Level	Description
Low Risk (Improvement)	<i>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</i>
Medium Risk	<i>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</i>
High Risk	<i>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not 'show stopping' but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</i>
Critical Risk	<i>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the Council's objectives in relation to: The efficient and effective use of resources, The safeguarding of assets, The preparation of reliable financial and operational information, Compliance with laws and regulations and corrective action needs to be taken immediately.</i>

Any critical exceptions found the will be reported in their entirety to the Governance Committee along with Director's comments

8. 2020/21 Audits completed to 31st March 2021

Education Psychologists

Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Reasonable
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	No Areas Tested

The high risk relates to testing identifying, from a sample of 15 statutory assessments, 7 (46.7%) were not completed and sent to the Special Educational Needs & Disability team within the 12th week statutory deadline. A further review of Education Health Care Plans (EHC) completed ascertained that this failure rate is not representative across the whole population as there were only 15 (7%) out of a total 215 EHC Plans had a delay. The medium risk relates to testing on a sample of account codes identifying actual income did not align with the income targets budget approved at the start of the financial year.

Expenses, Travel & Subsistence

Exceptions Raised

Critical	High	Medium	Low
0	0	1	0

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Reasonable
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	No Areas Tested
Reliability and Integrity of Data	No Areas Tested

The medium risk relates to sample testing of 40 expense claims identifying 1/40 which did not include a valid receipt attached to the Business World claim and 1/40 should not have been claimed through the expenses route.

Fleet Management
Exceptions Raised

Critical	High	Medium	Low
0	2	0	1

Overall Assurance Level

Limited

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	Limited
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	No Areas Tested

The first high risk relates to testing identifying that there were 5 vehicles in the fleet which had annual maintenance costs which exceeded 25% of the purchase price of the vehicle. This highlighted a lack of programmed replacement strategy for vehicles that have exceeded their useful life. Work has started with an additional £12.7m fleet investment in the capital budget to introduce this programme. The second high risk related to the lack of monitoring of individual drivers fuel consumption/efficiency, lack of driver policy and 2 fuel contracts had expired. The low risk related to the reorder limit for fuel deliveries at the Granville road fuel pump.

Grounds Maintenance
Exceptions Raised

Critical	High	Medium	Low
0	2	2	0

Overall Assurance Level

Limited

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	No Areas Tested
Safeguarding of Assets	Limited
Effectiveness and Efficiency of Operations	Limited
Reliability and Integrity of Data	Reasonable

The first high risk relates to the safety hub having created a health, safety & learning development spreadsheet to monitor training requirements but it is not currently in place for the grounds maintenance district teams. Furthermore, testing could only evidence 6 out of a sample of 15 officers had undertaken competency testing across all categories of machinery. The second high risk related to machinery purchases needing to be advertised on Contract Finder. The first medium risk related to feedback from 3 out of 15 green space monitoring feedback had no recorded action. The final medium risk related to notification of land sales and the updating of Somaps which highlights grounds and grass cutting plot layers.

Payroll
Exceptions Raised

Critical	High	Medium	Low
0	0	3	0

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	Reasonable
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	No Areas Tested

The first medium risk relates to testing identifying 3 staff members having incorrect National Insurance numbers recorded. The second medium risk relates to 5 apprentices employees and 2 Class M employees having incorrect category codes for National Insurance deduction rates. The final medium risk relates to sample testing of 25 overpayments identifying 14/25 that did not include a reason for the overpayment and 10/25 had no recovery documentation.

Pension Return
Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Reasonable
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	Reasonable

In summary, this audit review established that there are now processes in place to alleviate the concerns raised by the Hampshire Pension Fund (HPF) during September 2020. Monthly contact with the HPF and Payroll providers ensure any new issues are resolved promptly, and monthly data and financial review will mitigate the risk of inaccurate or delayed annual returns. Although this audit has highlighted the positive steps made in resolving the concerns raised by the HPF, new processes are in their infancy stages and their full effectiveness is not yet evident. Therefore, Internal Audit offers reasonable assurance that Pension Return processes will be effective to mitigate risk exposure. A follow up will be performed during 2021/22 to assess the effectiveness of arrangements which should have time to have been executed as noted above.

Procurement & Supplier Management Service Contract
Exceptions Raised

Critical	High	Medium	Low
0	0	5	0

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	Reasonable
Compliance with Policies, Laws & Regulations	Reasonable
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	No Areas Tested

The first medium risk relates to testing identifying spend over £5,000 with 3 suppliers but no engagement with the Supplier Management Service (SMS) Procurement Team which is a breach of internal procedures. Furthermore, the reporting mechanism does not currently include a cumulative spend per supplier to ensure spend over time is monitored. The second medium risk relates to 2/3 suppliers identified having not been advertised on Contract Finder. The third medium risk relates to a lack of recorded action taken by Executive Directors once compliance matters are escalated. The fourth medium risk relates to the number of exemptions rejected indicating further training needs required for the submitter. The final medium risk relates to sample testing of 10 'Request for Contract' forms highlighting 1/10 did not state who approved the budget and 2/10 had not been completed within the initial timescale. Note: A second review on Procurement - ICU is currently in progress as this services cover the arrangements for both Children's and Adults.

Polygon School
Exceptions Raised

Critical	High	Medium	Low
0	3	3	0

Overall Assurance Level

Limited

Assurance Level by Scope Area

Achievement of Strategic Objectives	Limited
Compliance with Policies, Laws & Regulations	Reasonable
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Limited
Reliability and Integrity of Data	No Areas Tested

The first high risk relates to a lack of evidence in relation to Governing Body participation in the evaluation and completion of the Schools Financial Value Standard (SFVS) statement. The second high risk relates to the retention of confidential data. The third high risk relates to the Governing Body / Finance & Resourcing Committee being supplied with insufficient source data to enable monitoring of the ongoing deficit recovery budgetary position. The first medium risk relates to schools cars log books not containing complete information. The second medium risk relates to the school not adopting a CCTV policy and the final medium risk relates to a lack of information on the financial activity of an association.

Purchase Cards
Exceptions Raised

Critical	High	Medium	Low
0	2	2	0

Overall Assurance Level

Limited

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Limited
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Limited
Reliability and Integrity of Data	Reasonable

The first high risk relates to a random sample of 15 purchase card transactions being unable to evidence the VAT receipts for 3 transactions. The second high risk relates to testing identifying 5/30 transactions were not coded correctly due to the VAT element not being coded. The first medium risk relates to 6/30 transactions not complying with the purchasing policy requirements. The final medium risk relates to testing of the purchase card transaction report finding 2.2% of transactions were not coded on Business World with the relevant cost centres and VAT within the 30 day deadline.

Mount Pleasant Junior School
Exceptions Raised

Critical	High	Medium	Low
0	3	0	0

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

Achievement of Strategic Objectives	Limited
Compliance with Policies, Laws & Regulations	Reasonable
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	No Areas Tested

The first high risk relates to the Governing Body / Finance staff not demonstrating that the school collectively has adequate financial skills to fulfil their financial responsibilities by completing a skills matrix. The second high risk relates to there being no terms of reference for the Governing Body. The third high risk relates to sample testing of petty cash claims finding 1/19 cannot be claimed via petty cash, 9/19 were unauthorised, 9/19 exceeded the standard limit threshold.

Payment Without Invoice - Refunds
Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

Overall Assurance Level

Assurance

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	No Areas Tested

From the testing undertaken, no issues were raised with issuing the payment without invoice method as a form to issue refunds. From the testing areas reviewed, Homeloss Refunds and Low Emission Taxis, the refunds issued were in line with internal guidance.

Family Matters Grant

Grant Outcome:	Assurance
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Internal Audit have performed testing on a regular basis for each submission and were able to evidence that the terms and conditions have been complied with.

EU Perinatal Mental Health

Grant Outcome:	Assurance
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Internal Audit have performed testing on a regular basis for each submission and were able to evidence that the terms and conditions have been complied with.

Bus Services COVID-19 Support Grant

Grant Outcome:	Assurance
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Internal Audit have carried out appropriate investigations and checks, in our opinion, in all significant aspects, the conditions attached to the COVID-19 Bus Services Support Grant for local transport authorities Grant Determination 2020/21 have been complied with.

Travel Demand Management Grant

Grant Outcome:

Assurance

Internal Audit have carried out appropriate investigations and checks, in our opinion, in all significant aspects, the conditions attached to the Travel Demand Management Grant have been complied with.

9. 2020/2021 Follow-up Audits completed to 31st March 2021

Agency / Temps – 2nd Follow Up Audit

Original Exceptions Raised

Critical	High	Medium	Low
0	1	0	1

Latest implementation date scheduled during the follow up audit was September 2019.
 Revised date: 1st April 2021

Original Assurance Level

Limited

2nd Follow Up Level

Limited

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (High) 1 (Low)	0	0	0	0	0	0	0

Follow up testing was unable to evidence progress being made for these exceptions. The high risk remains open. 33% of total spend was with agencies other than Hays and a new contract with a neutral vendor is not due to be in place until 1st April 2021. The low risk remains open due to there being no formal agency recruitment policies in place. This area is included in the 2021/22 Audit Plan as a full review.

Asset Management – 2nd Follow Up Audit

Original Exceptions Raised

Critical	High	Medium	Low
0	2	0	0

Latest implementation date scheduled during the audit was February 2020.
 Revised date: Ongoing Action

Original Assurance Level

Limited

Follow Up Assurance Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	1 (High)	0	1 (High)	0	0	0

Follow up testing was able to close 1 high risk exception. The other high risk remains in progress as the audit identified 68/135 rent and 64/151 lease reviews have been completed which is an improvement from the last audit. There has also been a significant decline in the reviews that are yet to begin.

Asbestos - Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	4	0	1

Latest implementation date scheduled during the audit was September 2019.
 Revised date: May 2021

Original Assurance Level

Limited

Follow Up Assurance Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	2 (High)	0	2 (High) 1 (Medium)	0	0	0

Follow up testing was able to close 2 high and one medium risk. The first high risk in progress relates to testing still identifying asbestos action returns information not being clear enough to update the asbestos database. The second high risk in progress relates to the asbestos removal framework (new contract) not forecast to be awarded until May 2021 with temporary arrangements being put in place until then. There will be a second follow up review undertaken in the 2021/22 Audit Plan.

Asbestos Construction Design & Management (CDM) Regulations - Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	4	1	0

Latest implementation date scheduled during the audit was February 2020.
 Revised date: 1st April 2021

Original Assurance Level

Limited

Follow Up Assurance Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (High)	0	2 (High) 1 (Medium)	0	1 (High)	0	0	0

The first high risk that remain in progress while a review of project documentation is completed. The second high risk will be verified during the conclusion of the Project Governance audit. The third high risk remains open to identify in pre-contract design activities the need of a research and development survey. The medium risk remains in progress awaiting training which was postponed by COVID-19.

Bassett Green Primary School - Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	6	4	0

Latest implementation date scheduled during the audit was February 2020.
 Revised date: Ongoing Action

Original Assurance Level

Reasonable

Follow Up Assurance Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (Medium)	0	0	0	6 (High) 1 (Medium)	1 (Medium)	0	1 (Medium)

Follow up testing was able to close 6 high and 3 medium risk exceptions. The remaining open exception relates to petty cash as 3/9 claims tested exceeding the £50 petty cash limit as stimulated by the Governing Body Financial Procedures Policy.

Blue Badge - Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

Latest implementation date scheduled during the audit was February 2020.
 Revised date: January 2021

Original Assurance Level

Reasonable

Follow Up Assurance Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (High)	0	0	0	0	0	0	0

Follow up testing was unable to close the high risk exception due to the Blue Badge system still not having data cleansing capabilities which would enable systematic removal of blue badge data when it is no longer required.

Children in Need – 2nd Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Latest implementation date scheduled during the audit was September 2019.
 Revised date: January 2021

Original Assurance Level

Limited

2nd Follow Up Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	1 (High) 1 (Medium)	0	1 (High)	0	0	0

Follow up testing was able to close a high risk exception. One high risk exception remains in progress, although managers now receive daily reports that show the level of supervision for individual cases, sample testing highlighted 13% of Children in Need Plans were overdue the 45 day statutory deadline. The medium risk remains in progress as although reminders have been sent to staff to include narrative around late submissions, 1/20 cases only included a revised date with no further notes.

Child Exploitation and Missing Children – 2nd Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	0	3	0

Latest implementation date scheduled during the audit was September 2019.

Original Assurance Level

Limited

2nd Follow Up Level

Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	0	0	3 (Medium)	0	0	0

Follow up testing was able to close all three medium risk exceptions.

Data Management – 2nd Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

Latest implementation date scheduled during the audit was September 2019.
 Revised date: Ongoing Action

Original Assurance Level

Reasonable

2nd Follow Up Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	1 (High)	0	0	0	0	0

Follow up testing was unable to close the high risk exception. This relates to a delay in the developments of data cleansing capabilities for software applications to allow for the removal of data.

Electric Vehicle Charging Points – Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	3	1	0

Latest implementation date scheduled during the audit was August 2020.
 Revised Date: Ongoing Action

Original Assurance Level

Limited

Follow Up Assurance Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	3 (High)	0	1 (Medium)	0	0	0

One medium risk exception has been closed and verified. The first high risk remains in progress as although an issue log of downtime of charging points is now being maintained, the back office system still cannot report on how long charge points are offline for. The second high risk remains in progress as although there is now a clear file structure and documentation for charging point installations, only one has occurred since the last audit. The final high risk in progress relates to verification of quotes/invoices, as no further quotes have been received since the last audit this remain in progress.

Flood Risk Management – Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	1	2	0

Latest implementation date scheduled during the audit was December 2020.
 Revised Date: March 2021

Original Assurance Level

Reasonable

Follow Up Assurance Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (Medium)	0	1 (High) 1 (Medium)	0	0	0	0	0

The high risk remain in progress while the service wait on the position update of grant income for future years. The medium risk that remains in progress relates to incomplete flood records with the service waiting on the online flood form to be uploaded by IT. The open medium risk relates to the Local Flood Management Strategy was last reviewed in November 2019.

Independent Fostering Arrangements – 2nd Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	3	0	0

Latest implementation date scheduled during the audit was August 2020.

Original Assurance Level

Limited

2nd Follow Up Level

Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	0	0	3 (High)	0	0	0

All three high risk exceptions were closed down during the second follow up review.

IT Procurement, Inventory Control and Disposal – Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	4	0	0

Latest implementation date scheduled during the audit was December 2019
 Revised Date: Ongoing Action

Original Assurance Level

No Assurance

Follow Up Assurance Level

Limited

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	4 (High)	0	0	0	0	0

The first high risk relating to donating of IT equipment remains in progress, although the practice has stopped the general disposal process has residual issue due to audit only being able to evidence 14 out of 18 items of laptops/PCs sampled as having been disposed of by the accredited business. The second high risk remains in progress as an audit stock take was unable to locate 10 out of 23 items during the initial stocktake. The third high risk relates to inaccurate information being contained in the asset database and annual checks not being undertaken on qualifying machinery which is a requirement of the Financial Procedure Rules. The final high risk remains in progress due to there being an insufficient disposal management trail for IT equipment.

Health & Safety – Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	4	2	0

Latest implementation date scheduled during the audit was May 2020
 Revised Date: March 2021

Original Assurance Level

Limited

Follow Up Assurance Level

Limited

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	4 (High) 1 (Medium)	0	1 (Medium)	0	0	0

The first high risk relating to outdated risk assessments remains in progress while a staged H&S audit plan has been developed and implemented, three 3 risk assessments in City Services are still overdue a review. The second high risk relating to overdue fire risk assessment actions remains in progress. The third high risk relating to training reports remains in progress as reports on training are unable to be generated. The final high and medium risks in progress relates to the timeliness of closing incidents.

Looked After Children – 2nd Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	0	5	0

Latest implementation date scheduled during the audit was August 2020.
 Revised Date: Ongoing Action

Original Assurance Level

Reasonable

2nd Follow Up Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
4 (Medium)	0	0	0	0	1 (Medium)	0	0

The first open medium risk relates to 9/18 plans sampled not meeting the management target of 3 days for plan changes. The second open medium risk related to sample testing of 18 Personal Education Plans identifying 1/18 had not been logged on Paris and 16/18 exceeded the 4 weeks target for management signoff for spring time. The third medium risk remains open due to 2/18 cases not having supervision notes in 15 weeks. The fourth medium risk remains open due to 5/18 cases exceeding their Health Care Assessment's (HCA's) annual review date and 4/5 of these didn't have HCA's in place. The fifth medium risk has been closed due to the Care Director being scheduled to replace Paris but audit has not verified this progress.

Mobile Devices - 2nd Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

Latest implementation date scheduled during the audit was August 2020.

Original Assurance Level

Limited

2nd Follow Up Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	0	0	1 (High)	0	0	0

The high risk exception has been closed down due to the progress shown in allocating mobile devices or cancelling them for non-usage with only 20 devices now awaiting confirmation from service on allocation.

Parking (Income Collection) – Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	3	4	0

Latest implementation date scheduled during the audit was December 2020.
 Revised Date: First Half of 2021

Original Assurance Level

Limited

Follow Up Assurance Level

Limited

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
3 (Medium)	0	2 (High) 1 (Medium)	0	1 (High)	0	0	0

The first open high risk remains in progress awaiting a formal contract with a supplier. The second high risk relates to outstanding permit amounts in the SiDem system, although these have reduced significantly due to how discounts are recorded some remain. The medium risks relating to service level agreements with external suppliers, routine maintenance and the completion of annual parking reports remain open due to a lack of progress and COVID-19 impacts. The final medium risk relating to permit applications was unable to be retested due to COVID-19 restrictions.

Pest Control – 2nd Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	1	4	0

Latest implementation date scheduled during the audit was December 2020.
 Revised Date: Ongoing Action

Original Assurance Level

Limited

2nd Follow Up Assurance

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (Medium)	0	1 (High) 2 (Medium)	0	1 (Medium)	0	0	0

One medium risk was closed and verified. The high risk remains in progress while a defined refunds procedure for retrospective refunds is implemented. The first medium risk remains open awaiting upgrades to the Lagan system. The remaining medium risks relating to stock takes and contract monitoring remains in progress while further stocktakes are completed and the schools SLA programs for pest control restarts post COVID-19.

Short Breaks – Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Latest implementation date scheduled during the audit was December 2020.
 Revised Date: Ongoing Action

Original Assurance Level

Limited

Follow Up Assurance Level

Limited

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
2 (High)	1 (Medium)	0	0	0	0	0	0

The first open high risk relates to sample testing of short break cases finding 7 out of 10 did not meet the annual review timescales. The second open high risk relates to 3/10 approved short break cases not having a current Education Health Care Plan (EHC Plan). Furthermore, 6/10 EHC Plans were not uploaded onto the Paris system. The medium risk remains pending awaiting the final Annual Report for 2019/20 being issued.

St Monica Primary School – Follow Up Audit
Original Exceptions Raised

Critical	High	Medium	Low
0	12	3	1

Latest implementation date scheduled during the audit was October 2019.
 Revised Date: Ongoing Action

Original Assurance Level

No Assurance

Follow Up Assurance Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	4 (High) 1 (Medium)	0	8 (High) 2 (Medium) 1 (Low)	0	0	0

Eight high, 2 medium and one low risk have been closed down during the follow up review. The first high risk remains in progress due to the Governors 'shelving' the Schools Financial Value Standard (SFVS) submission requirements due to time pressures (this is a mandatory requirement). The second high risk and medium risk remains in progress due to staff needing to be made aware of the disaster recovery plan and safety policy. The third high risk on school inventory remains in progress and the fourth relating to the budget is in progress while a budget deficit is carried forward.

Woolston Infant School – Follow Up Audit

Original Exceptions Raised

Critical	High	Medium	Low
0	2	2	0

Latest implementation date scheduled during the audit was October 2019.

Original Assurance Level

Reasonable

Follow Up Assurance Level

Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	1 (High)	0	1 (High) 2 (Medium)	0	0	0

One high and two medium risks have been closed down during the follow up review. The remaining high risk that remains in progress relates to school inventory. Although stock takes have been undertaken, audit has been unable to evidence annual checks of that inventory have taken place in line with Financial Procedure Rules.

10. Follow-up Action Categorisation

The following table outlines the follow up categories used to describe the outcome of follow up testing completed.

Follow Up Categories	Description
Open	<i>No action has been taken on agreed action.</i>
Pending	<i>Actions cannot be taken at the current time but steps have been taken to prepare.</i>
In Progress	<i>Progress has been made on the agreed action however they have not been completed.</i>
Implemented but not Effective	<i>Agreed action implemented but not effective in mitigating the risk.</i>
Closed: <i>Verified</i>	<i>Agreed action implemented and risk mitigated, verified by follow up testing.</i>
Closed: <i>Not Verified</i>	<i>Client has stated action has been completed but unable to verify via testing.</i>
Closed: <i>Management Accepts Risk</i>	<i>Management has accepted the risk highlighted from the exception.</i>
Closed: <i>No Longer Applicable</i>	<i>Risk exposure no longer applicable.</i>

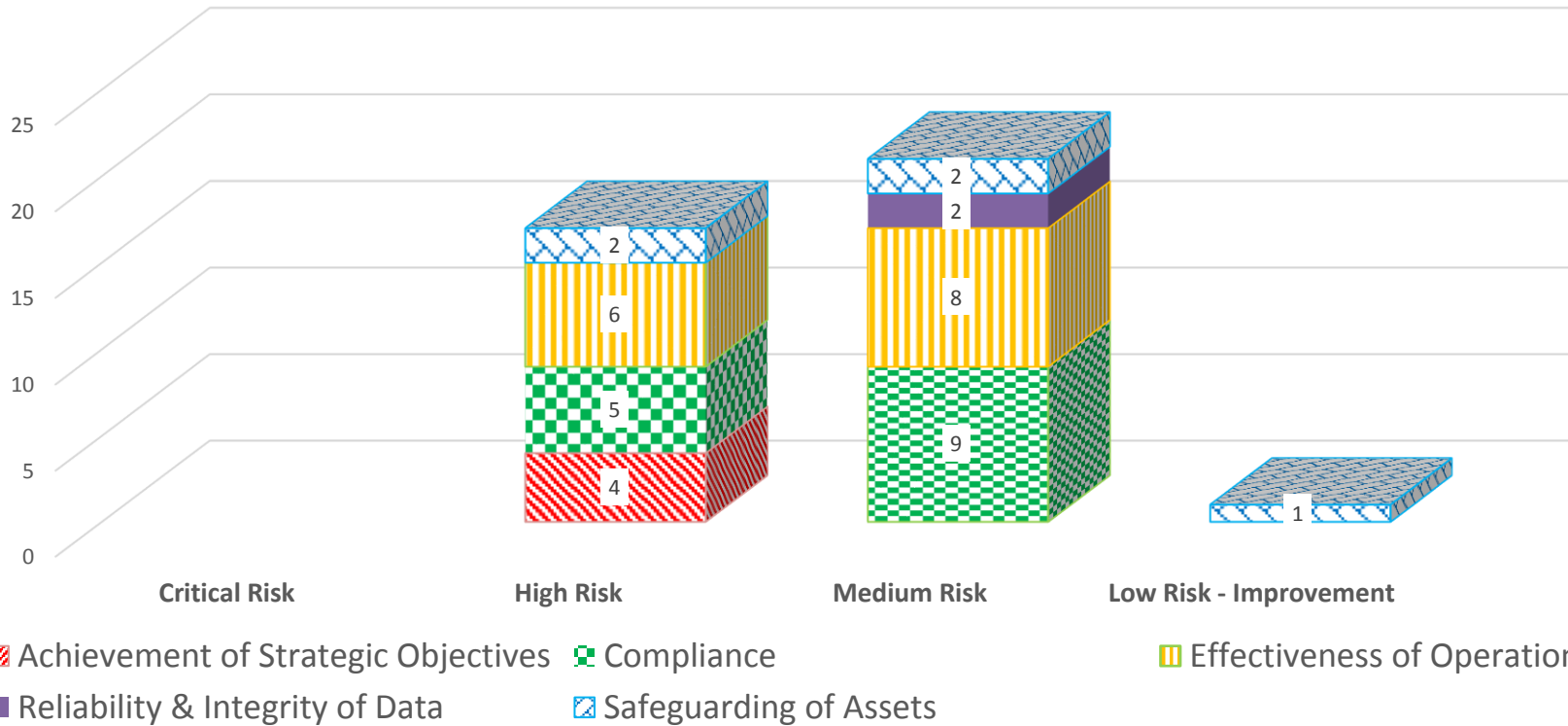
11. Audits in Draft

Audit	Directorate	Projected Reporting	Revised	Comments
Annual Governance Statement	All	July 2021		
Appointeeship	Wellbeing (Health & Adults) / Finance	November 2020	July 2021	Delay due to extra work.
Assurance Reporting	All	July 2021		
Business World	Finance	July 2021		
Capital Programme	Place	July 2021		
COVID-19 Enforcement Grant	All	July 2021		
Housing Depot (Responsive Repairs)	Finance	July 2021		
IT Project (Paris)	Business Services	November 2020	July 2021	Additional work performed.
Supplier Performance	Finance	July 2021		
Water Quality	Place	November 2020	July 2021	Delay due to extra work.

12. Audits in Progress

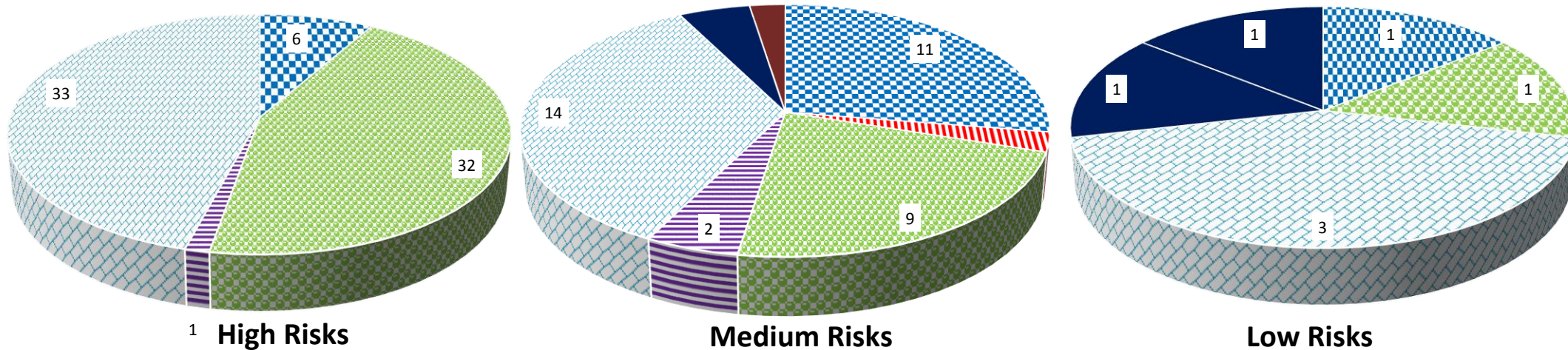
Audit	Directorate	Comments
Accounts Payable	Finance	
Accounts Receivable	Finance	
Care Act Carer	Wellbeing (Health & Adults)	
HMO Licensing	Community, Culture & Homes	
Procurement ICU	Finance	

13. Exception Analysis to Date



	Achievement of Strategic Objectives	Compliance	Effectiveness of Operations	Reliability & Integrity	Safeguarding of Assets	Total
Critical Risk						
High Risk	4	5	6		2	17
Medium Risk		9	8	2	2	21
Low Risk - Improvement					1	1
Grand Total	4	14	14	2	5	39

14. Follow Up Analysis



Open

In Progress

Closed – Verified

Pending

Implemented but not effective

Closed – Not Verified/Accepts Risk

	Open	Pending	In Progress	Implemented but not effective	Closed – Verified	Closed – Not Verified	Closed – Management Accepts Risk	Closed – No Longer Applicable
High Risk	6		32	1	33			
Medium Risk	11	1	9	2	14	2		1
Low Risk	1		1		3	1	1	
Grand Total	19	1	42	3	50	1	1	1

The Internal Audit Service follows up all audits where at least 1 high risk exception has been raised. These audits are followed up in the next financial year to allow for agreed actions to be sufficiently implemented. Any critical risk exceptions are followed up within 3 months due to the potential severity of the risks identified. The overall position of the exceptions followed up currently through 2020/21 shows that **45%** have been closed by audit, however **55%** remain open and or are in progress.

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Agenda Item 7

DECISION-MAKER:	GOVERNANCE COMMITTEE
SUBJECT:	ANNUAL INTERNAL AUDIT PLAN 2021-22
DATE OF DECISION:	19th APRIL 2021
REPORT OF:	CHIEF INTERNAL AUDITOR

<u>CONTACT DETAILS</u>			
Executive Director	Title	FINANCE	
	Name:	John Harrison	Tel: 023 8083 4897
	E-mail	John.Harrison@southampton.gov.uk	
Author:	Title	CHIEF INTERNAL AUDITOR	
	Name:	Elizabeth Goodwin	Tel: 023 8083 4616
	E-mail	Elizabeth.Goodwin@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

On an annual basis the Chief Internal Auditor is required to produce an Annual Plan that translates into a schedule of audit assignments. The plan defines the areas and potential scope inclusion and must provide a sufficient review of the Authority's functions in order to form an annual opinion on the effectiveness of the control framework. The plan must be proportionate to the risk exposure and appropriately aligned to the strategic objectives of the Council.

Due to the ongoing COVID 19 issues the proposed plan will be kept fluid as was the 2020/21 plan. This is in order to be able to react to the council's needs and priorities over the coming months.

The plan contains a mixture of full audits, follow ups, second follow ups and grant verification work. The second follow up will be carried out to ensure that residue 'open or in progress' actions have been fully implemented within revised agreed timescales, following the original audit. Only the outstanding areas will be retested.

RECOMMENDATIONS:

- | | | |
|--|-----|--|
| | (i) | That the Governance Committee approves the provisional Annual Internal Audit Plan for 2021-22 as attached. |
|--|-----|--|

REASONS FOR REPORT RECOMMENDATIONS

- | | |
|----|---|
| 1. | In accordance with internal audit practices and protocol, the Governance Committee is required to approve, but not direct the annual audit plan for Internal Audit & Counter Fraud. |
|----|---|

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED
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	None
--	------

DETAIL (Including consultation carried out)
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	The provisional Internal Audit Plan for 2021-22 has been discussed with the Council's Executive Management Team.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
	None
<u>Property/Other</u>	
	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
	The Accounts and Audit (England) Regulations 2015 state 'a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards.
<u>Other Legal Implications:</u>	
	None
RISK MANAGEMENT IMPLICATIONS	
	Failure to maintain an effective internal audit functions would result in a failure of the organisation meeting its statutory responsibilities in relation to the Annual Governance Statement and Annual Audit Opinion.
	To ensure the safety of all staff and clients, a risk assessment will be completed prior to each item of work in relation to risks relating to COVID-19. Specifically to assess whether evidence to support audit testing or an investigation can be obtained safely and in accordance with the required evidential levels. Actions to minimise risk will be completed and a determination made on whether the activities can be undertaken or if the evidence strategy can be substituted by alternative means. The risk assessment will be treated as a live document until the activity has been completed. Any activities that are deemed not safe to complete will be deferred to later in the financial year, escalated to the Executive Director of Finance or cancelled. The underlining processes for all activities will not fundamentally change.
POLICY FRAMEWORK IMPLICATIONS	
	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Annual Internal Audit Plan 2021-22

1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
	Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.		
2.		

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SOUTHAMPTON
CITY COUNCIL

2021/22 Internal Audit Plan

Elizabeth Goodwin, Chief Internal Auditor

Executive Summary

This document sets out Internal Audit's programme of work for 2021/22, to provide the Executive Management Board with the opportunity to comment on the proposed coverage.

The Plan is informed by:

- Legal requirements, specifically including grant sign offs by Internal Audit.
- Industry good practice and sector trends.
- Outcomes of prior Internal Audit reviews, for example all 2020/21 higher risk expectations will be followed up during 2021/22 along with any outstanding 'open or in progress' actions from follow up reviews performed during 2020/21.
- Consultation with the Council's senior management, including the Chief Executive, Executive Directors and Heads of Service.

Primarily the Plan is risk based, although a number of fundamental areas, for example key financial processes such as Payroll, Accounts Payable and Receivable, are reviewed every year.

Detail regarding the standards applicable to Internal Audit are set out in the Public Sector Internal Audit Standards:

<http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

Proposed Audits

Audits	Type	Provisional Scope	Strategic Risks	Corporate Outcomes
Business Services				
Information Governance	Full	Scope to include a review of the arrangements in place for Freedom of Information (FOI) and General Data Protection Rules (GDPR)	9	All
Agency & Temporary Staff	Full	Scope to include a review of key controls deployed across the council.	1/2/12	All
Health & Safety	Full	Scope to include a review of residue issues and general arrangements across the council.	2/8	1/2/5
Payroll	Full	Scope to include a review of key controls.	1/13	5
Cloud Storage	Full	Scope to include a review of general controls and arrangements in place.	1/3/9	5
Feeder Systems	Full	Scope to include a review of systems outside of Business World (BW) for example 'Total' and how they interface with BW	1/3/9	5
Website	Full	Scope to include a review of accessibility.	3/9	5
Project Governance	Full	Scope to include a review of the new framework post implementation.	All	All
Teams 365 & Home Working	Full	Scope to include a review of key controls.	1/3/9	5
Data Sharing Agreements	Full	Scope to include a review of NHS Digital and any additional as a result of COVID 19.	9	All
Expenses Travel & Subsistence	Full	Annual review and sample testing for compliance with rules.	1/13	5

Audits	Type	Provisional Scope	Strategic Risks	Corporate Outcomes
Recruitment & Retention	1 st follow up	Follow up required on agreed actions, deferred from 2020/21.	1/12	All
Pension Return	1 st follow up	Follow up required on agreed actions and progress for annual return.	1/13	5
IT Procurement & Disposal	2 nd follow up	Follow up on 'open or in progress' exceptions.	1/3/11	5
Learning & Development	2 nd follow up	Follow up on 'open or in progress' exceptions.	1/8/12	5
Business Services, Wellbeing Health & Adults				
PARIS replacement CareDirector	1 st follow up	Follow up required on agreed actions and position update on project progress.	1/3/5/9/11	4/5
Community Culture & Homes				
Emergency Procedures/ Fire Safety	Full	Scope to include a review of Landlord responsibilities, including fire risk assessments.	2/4/6/8	1
Registrar Services	Full	Scope to include a review of protection of sensitive legal documentation.	9	5
EU Perinatal Mental Health Grant	Grant	Grant Verification	4/6	4/5
Parking Income	2 nd follow up	Follow up on 'open or in progress' exceptions.	1/11	2/3
HMO Licensing	2 nd follow up	Follow up on 'open or in progress' exceptions.	2/4/8	1/4
Community Culture & Homes, Finance & Commercialisation				
Voids	Full	Scope to include a review of new arrangements implemented.	1/12	1/5
Housing Rents & Arrears Collection	Full	Scope to include a review of key controls.	1/4/6/9	1/5

Audit	Type	Provisional Scope	Strategic Risks	Corporate Outcomes
Community Culture & Homes, Finance & Commercialisation, Wellbeing Health & Adults				
Modern Slavery	Full	Scope to include a review of key controls, including contract conditions, training & general awareness.	4/11	1
Community Culture & Homes, Wellbeing Health & Adults				
Community Safety/ Domestic Violence	Full	Preliminaries will be performed before the scope is determined and one of the elements noted will then be selected.	2/4/6/8	1/4
Blue Badge	2 nd follow up	Follow up on 'open or in progress' exceptions.	4/5	1/3/4
Finance & Commercialisation				
Accounts Receivable	Full	Scope to include a review of key controls.	1/5/7/11/13	5
Accounts Payable	Full	Scope to include a review of key controls.	1/5/7/11/13	All
PUSH	Full	Annual sign off required.	1	3/5
Purchase Cards	Full	Scope to include a review of compliance with rules.	1/11/13	5
Council Tax	Full	Scope to include a review of key controls.	1	1/5
NNDR	Full	Scope to include a review of key controls.	1	5
Housing Benefits	Full	Scope to include a review of key controls.	4/9	4/5
Supplier Performance	1 st follow up	Follow up required on agreed actions.	1/11	All
Business World	1 st follow up	Follow up required on agreed actions.	1/3/13	All
Bank Account	1 st follow up	Follow up required on agreed actions.	1/13	5
Covid 19 Income Loss Compensation Claim	Claim	Work performed to support the submission	1	All

Audit	Type	Provisional Scope	Strategic Risks	Corporate Outcomes
Finance & Commercialisation, Place				
Local Authority Bus Subsidy	Grant	Grant Verification	1/10/16	2/3/5
Disabled Facilities Grant	Grant	Grant Verification	1/4/8	1/4/5
Local Transport Capital Block Funding	Grant	Grant Verification	1/10/16	2/3/5
Water Quality	Full	Scope to include a review of key controls.	2/4/6/8	1
Additional Dedicated H2S & College Transport No 31/5137 Tranche 2	Grant	Grant Verification	1/10/16	2/3/5
Finance & Commercialisation, Wellbeing Children & Learning				
Schools Financial Values Statement (SFVS)	Full	Annual testing as part of the statutory return.	6/7	4
Schools Budget Deficits	Full	Scope to include a review of arrangements in place both within schools and education.	1	4/5
Finance & Commercialisation, Wellbeing Health & Adults				
Appointeeship	1 st follow up	Follow up required on agreed actions.	4/5/9	4
Covid 19 Test & Trace	Grant	Grant Verification	1/2/8/9	1/4/5
Place				
Safety Compliance (Tower Blocks)	Full	Scope to include a review of fire risk assessment, general health and safety, cleaning schedules and new legislation.	4/6/8	1/4/5
Third Party Contract	Full	Scope to include a review of defects and mitigating actions.	4/6/8/11/14	1/2/5
Waste Operations	Full	Scope to include a review of key controls.	2/8/11	2/5

Audit	Type	Provisional Scope	Strategic Risks	Corporate Outcomes
Asbestos	Full	Scope to include a review of key controls and open or in progress action from the Construction Design Management (CDM) Asbestos review.	2/4/6/8	1/2/4/5
Ground Maintenance (excludes schools)	1 st follow up	Follow up required on agreed actions.	1/8/11/12	1/2/3/5
Fleet Management	1 st follow up	Follow up required on agreed actions.	1/10	2/3/5
Electric Charging Points Contract	2 nd follow up	Follow up on 'open or in progress' exceptions.	1/10/11/16	2/3/5
Flood Risk Management	2 nd follow up	Follow up on 'open or in progress' exceptions.	2/8	All
Wellbeing Children & Learning				
Early Help & Youth Justice	Full	Scope to include a review of the integrated arrangements with Solent, including accountability and governance controls under the section 75 agreement.	6/7	4/5
Child Protection Planning	Full	Scope to include a review of effectiveness of practice and governance arrangements.	6/7	4/5
Multi Agency Safeguarding Hub (MASH)	Full	Scope to include a review of implementation of the agreed action plans following serious cases reviews.	6/7	4
Music Services	Full	Scope to include a review of key controls.	7	4
Schools x 4 (to be determined)	Full	Scope to include a review of key governance and operational controls.	6/7	4
Families Matter Grant	Grant	Grant Verification	1/6/7	1/4
Polygon School	1 st follow up	Follow up required on agreed actions.	6/7	4
Education Psychologists	1 st follow up	Follow up required on agreed actions.	6/7	4/5
Public Protection Notices	1 st follow up	Follow up required on agreed actions.	6/7	4/5

Audit	Type	Provisional Scope	Strategic Risks	Corporate Outcomes
Care Leavers	2 nd follow up	Follow up on 'open or in progress' exceptions.	6/7	4/5
Short Breaks	2 nd follow up	Follow up on 'open or in progress' exceptions.	6/7	4/5
Wellbeing Health & Adults				
Adult Safeguarding	Full	Scope to include a review of key controls and timeframe adherence.	4/5	1/4
Adaptions	Full	Scope to include a review of key controls.	4/5/8	1/4/5
Deprivation of Liberty	Full	Scope to include a review of compliance with statutory requirements.	4/5	4/5
Residential Unit	Full	Scope to include a review of operational controls.	4/5	1/4/5
Mandated Services	Full	Scope to include a review of delivery of mandated service and suspended activity due to Covid.	2/4/6/8	1/4/5
Public Health Outcomes	Full	Scope to include a review of arrangements in place to evidence outcomes achieved across the council, in line with the PH Grant conditions.	1/2/8/9	1/4/5
Contract Monitoring (contract PH/IUC TBD)	Full	Scope to include a review of contract monitoring arrangements.	1/5/11	4/5
Contract & Procurement ICU	1 st follow up	Follow up required on agreed actions.	1/11/13	5
Carers (Care Act)	1 st follow up	Follow up required on agreed actions.	4/5	1/4/5
Direct Payments	1 st follow up	Follow up required on agreed actions.	1/4/5	4/5

Risks

Ref	Risk
1	Failure to address the significant and ongoing financial pressures in a sustainable way and to enable service provision to reflect key strategic outcomes and be aligned with the associated budget envelopes.
2	Major incident or service disruption (including serious health protection threats) leading to delivery failure that significantly impairs or prevents the Council's ability to deliver key services and/or statutory functions
3	Major IT incident or IT service disruption leading to delivery failure that significantly impairs or prevents the Council's ability to deliver key services and/or statutory functions.
4	Failure to safeguard vulnerable adults resulting in a preventable incident
5	Failure to ensure an effective and sustainable adult social care system
6	Failure to safeguard children resulting in a preventable incident
7	Failure to ensure an effective and sustainable children's social care system
8	Failure to meet our health and safety responsibilities
9	Failure to ensure the City Council's information is held and protected in line with Information Governance policies and procedures.
10	Failure to ensure delivery of statutory air quality standards
11	Failure by service areas to adhere to and comply on a consistent basis with the council's 'Contract Procedure Rules'
12	Failure to have in place up to date skills audits across all service areas to identify the range of skills and technical / professional expertise required to deliver services
13	Issues with Business World functionality and interfaces have an adverse impact on the ability to provide robust and efficient financial management, reporting and processing
14	Contractor dispute, resulting in failure to accept/ recognise its contractual and, or financial obligations
15	The council fails, or is unable to evidence, that it took an informed position on nitrate neutrality when considering planning applications
16	Failure to deliver the key actions and commitments as set out in the Green City Charter

Outcomes & Priorities

Ref	Outcome
1. Communities, Culture and Homes	
1a	Supporting safer communities
1b	Delivering more quality, affordable council homes
1c	Bitterne Community Hub
1d	Developing cultural city
1e	Outdoors sports centre
2. Green City	
2a	Sustainable energy and carbon reduction
2b	Delivering cleaner air
2c	Our natural environment
2d	Resources, waste and water management
2e	Sustainable active travel
3. Place Shaping	
3a	Local Plan
3b	Mayflower Quarter
3c	Local Transport Plan
3d	Future of Work
3e	Southampton pound and social value
4. Wellbeing	

4a	Expanding St Marks school
4b	Tackling child hunger
4c	Transforming adult social care
4d	Children & young people's special resource hub
4e	Better case management
5. Successful, Sustainable Business	
5a	Improving the customer experience
5b	Innovation & efficiencies
5c	Working differently
5d	People development
5e	Absent management

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DECISION-MAKER:	GOVERNANCE COMMITTEE
SUBJECT:	ANTI-FRAUD, BRIBERY AND CORRUPTION, ANTI-MONEY LAUNDERING AND WHISTLEBLOWING (DUTY TO ACT) POLICY REVIEWS
DATE OF DECISION:	19 APRIL 2021
REPORT OF:	CHIEF INTERNAL AUDITOR

<u>CONTACT DETAILS</u>			
Executive Director	Title	Finance and Commercialism	
	Name:	John Harrison	Tel: 023 8083 4897
	E-mail	John.Harrison@southampton.gov.uk	
Author:	Title	CHIEF INTERNAL AUDITOR	
	Name:	Elizabeth Goodwin	Tel: 023 8083 4616
	E-mail	Elizabeth.Goodwin@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

The following policies;

- Anti-Fraud Bribery and Corruption
- Anti-Money Laundering (AML)
- Whistleblowing (Duty to Act)

Have all been reviewed to enable any changes in relevant legislation to be considered for incorporation along with any amended recommended areas of best practice.

The policies have been highlighted to indicate where revisions have been made.

Overall the number of changes are minor, and include:

- Changes to the Whistleblowing (Duty to Act) Policy due to the Authority no longer using the external body Protect to support whistleblowing complaints.
- The Money Laundering Policy has been updated due to changes to the Government's Money Laundering Regulations coming into force on 10th January 2020. These updated the UK's AML regime to incorporate international standards set by the Financial Action Task Force (FATF) and to transpose the EU's 5th Money Laundering Directive (this is a name change only).
- Changes in individual officer titles.

RECOMMENDATIONS:

	(i)	That the Governance Committee approves the reviewed Anti-Fraud, Bribery & Corruption Policy, the Anti-Money Laundering Policy and the Whistleblowing (Duty to Act) Policy as attached in appendix, 1, 2 & 3.
--	-----	--

REASONS FOR REPORT RECOMMENDATIONS	
1.	To maintain compliance with the relevant legislative requirements including: <ul style="list-style-type: none"> • Fraud Act 2006 • Bribery Act 2010 • Money Laundering and Terrorist Financing Regulations 2020 • Public Interest Disclosure Act 1998
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
	None
DETAIL (Including consultation carried out)	
	The revised policies have been reviewed by the Service Director for Legal and Business Operations to ensure they are compliant with any legislative requirements.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
	None
<u>Property/Other</u>	
	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
	<ul style="list-style-type: none"> • Fraud Act 2006 • Bribery Act 2010 • Money Laundering and Terrorist Financing Regulations 2020 • Public Interest Disclosure Act 1998
<u>Other Legal Implications:</u>	
	None
RISK MANAGEMENT IMPLICATIONS	
	Non-compliance with legislation.
POLICY FRAMEWORK IMPLICATIONS	
	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Anti-Fraud Bribery and Corruption Policy
2.	Anti-Money Laundering Policy
3.	Whistleblowing (Duty to Act) Policy

Documents In Members' Rooms

1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s): None	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	

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Southampton City Council Anti-Fraud, Bribery and Corruption Policy



Southampton City Council Anti-Fraud, Bribery and Corruption Policy

Contents

Introduction.....	2
Scope	2
What is fraud, bribery, corruption and dishonesty?	2
Statement of Intent	3
Responsibility for the Implementation of this Policy.....	4
Reporting Suspected Fraud, Bribery, Corruption and or Dishonest Dealings within the Council.	5
Administration & Further Information.....	5

Anti-Fraud, Bribery and Corruption Policy			
Version	2.2	Approved by	Governance Committee
Date last amended	17/03/2021	Approval date	19/04/2021
Lead officer	Elizabeth Goodwin, Chief Internal Auditor	Review date	30/03/2022
Contact	elizabeth.goodwin@southampton.gov.uk	Effective date	19/04/2021

Introduction

1. The public sector in the United Kingdom maintains high standards of ethics and has a good reputation for protecting the public purse. Sound systems of public accountability are vital to effective management and in maintaining public confidence.
2. Southampton City Council (hereafter referred to as the council) is determined to discharge its responsibilities to safeguard public funds and is committed to fighting fraud and corruption whether attempted from inside or outside of the council. The council is committed to the highest ethical standards and requires Members, Officers and all other staff to comply with the seven principles of public life. The council's Anti-Fraud, Bribery and Corruption Policy, codes of conduct, internal policies, procedures and relevant legislation.
3. The council believes strongly in the honesty and integrity of its Members and employees and has achieved a reputation for maintaining effective systems of control. The council also expects that all outside individuals and organisations, including suppliers, contractors and claimants, will act towards the council with honesty and integrity. The council will not tolerate fraud, corruption or other irregularities, regardless of the perpetrator. The council is therefore determined to prevent, deter and detect all forms of fraud and corruption committed against it and take appropriate action where fraud or corruption is detected.
4. This policy sets out the requirements for the council in relation to combating fraud, bribery, corruption and dishonest dealings within and against the council.

Scope

5. This policy applies to any actual or suspected internal or external fraud, bribery, corruption and dishonest dealing that involve the council and or its councillors and staff. It also covers contractor, supplier, partner, agents, intermediaries and service users. To support the policy each service has its own anti-fraud, bribery, corruption and dishonesty strategy and procedures pertaining to those service users within their area.

What is fraud, bribery, corruption and dishonesty?

6. The Fraud Act 2006 came fully into force on 15th January 2007. There is no simple definition of fraud although the courts have provided definitions applicable to specific cases. The 2006 Act provides for a general offence of fraud with three ways of committing it, which are by:
 - False representation,
 - Failing to disclose information
 - Abuse of position.

It creates new offences of obtaining services dishonestly and of possessing, making and supplying articles for use in frauds.

7. The Bribery Act 2010, which was implemented 1st July 2011, created two general offences covering the offering, promising or giving of an advantage, and requesting, agreeing to receive or accepting an advantage. It also creates a new offence of failure by an organisation to prevent a bribe being paid for or on its behalf. In simple terms it is the act of taking or receiving something with the intention of influencing the recipient in some way favourable to the party providing the bribe.

8. The council defines the term “corruption” as the giving or obtaining advantage through means which are illegitimate, immoral and or inconsistent with employees/councillors duties or the rights of others.
9. Dishonesty is an element of fraud and this has been judicially described as requiring knowledge by the defendant that what s/he was doing would be regarded as dishonest by honest people, although s/he should not escape a finding of dishonesty because s/he sets his or her own standards of dishonesty and does not regard as dishonest what s/he knows would be the normal standard of honest conduct.

Statement of Intent

10. Southampton City Council is a public body, which administers substantial funds and property and is committed to protecting those funds to which it has been entrusted.
11. We expect the highest standards of conduct from councillors, staff and all with whom we have any kind of business including:
 - Other organisations
 - Contractors
 - Suppliers
 - Partners
 - Agents
 - Intermediaries
 - And users of our services
12. We will not tolerate any level of fraud, bribery and corruption or dishonesty. Any suspected cases will be investigated promptly and thoroughly with appropriate action taken including, referral to the police and other relevant bodies.
13. The council will take all steps to minimise the risk of fraud, bribery, corruption and dishonesty by ensuring that we:
 - Carry out appropriate risk assessments throughout all levels of the Authority
 - Appropriately vet all potential employees prior to their employment with SCC
 - Have the right culture and top level commitment
 - Have a robust internal control framework, including clear and practical policies and procedures, which are effectively implemented, monitored and reviewed.
 - Perform our business activities with due diligence in a transparent and ethical manner
 - Encourage the reporting of suspected wrong doings
 - Publicise cases identified and action taken
 - Seek prosecutions and impose appropriate sanctions
 - Take appropriate action to recover any losses
14. The Code of Conduct for Employees includes a duty to report any suspected cases of fraud or corruption or dishonesty as an essential part of the process of protecting the council, its property and reputation.
15. You should have no doubt that:
 - Fraud, bribery, corruption and or dishonest dealings involving the council by members of staff will normally be regarded as gross misconduct and may well result in summary dismissal.

Responsibility for the Implementation of this Policy

16. The primary responsibility for the prevention and detection of fraud, bribery and corruption rests with management. However we are all responsible for the implementation of this policy. In the context of this policy:
17. **The Executive Director Finance & Commercialisation** (S.151 Officer) is responsible for:
- Proper administration of the council's financial affairs
 - Reporting to council and External Audit if the council, or one of its representatives makes, or is about to make, a decision which involves illegal expenditure or potential financial loss
 - Directing investigations into financial irregularities
 - Combating money laundering
18. The Monitoring Officer is responsible for:
- Ensuring lawfulness and fairness in decision making
 - Dealing with investigations into matters referred by the Governance Committee and making reports or recommendations in respect of them to the Governance Committee and
 - Providing advice on the scope of powers to take decisions, maladministration, financial impropriety and probity.
19. Managers are responsible for:
- Maintaining internal control systems and ensuring that the council's resources and activities are properly applied in the manner intended
 - Identifying the risks to systems and procedures
 - Developing and maintaining effective controls to prevent and detect fraud, bribery and corruption
 - Ensuring that controls are complied with
 - Responding to suspected cases of fraud and dishonesty pertaining to users of services within their area. (Cases of suspected internal fraud by staff or contractors etc. should be referred to Internal Audit)
 - Ensuring that suitably qualified staff are in place to carry out investigations where service user abuse is identified and that appropriate action is instigated if criminality is found. (All cases must be referred to the Monitoring Officer)
20. You are responsible for:
- Your own conduct
 - Contributing towards the maintenance of corporate standards
 - Acting properly in the use of the council's resources and in the handling and use of corporate funds
 - Raising concerns under the Whistleblowing Policy if you believe you have good reason for thinking that there has been fraud, bribery, corruption or dishonest dealing with the council. (In cases of service user abuse, please raise your concerns with the relevant Service Lead or Service Director).
21. Internal Audit is responsible for:
- The independent appraisal of control systems and their operation
 - Carrying out investigations, by suitably qualified staff, into suspected corporate irregularities as directed by the Investigation Steering Panel, whose members include the S.151 Officer, Monitoring Officer, and the Service Director HR & Organisational Development.
 - Recording all suspected or detected fraud, bribery or corruption pertaining to members of staff, contractors or external parties.

22. External Audit is responsible for:

- Reviewing the stewardship of public money
- Considering whether the council has adequate arrangements in place to prevent fraud, bribery, corruption and dishonesty

23. Each councillor is responsible for:

- Their own conduct
- Contributing to the maintenance of corporate standards.

Reporting Suspected Fraud, Bribery, Corruption and or Dishonest Dealings within the Council

24. Please also be alert to the possibility that someone is not, or may not be, dealing honestly with the council.

25. If you think you have grounds for suspicion of dishonesty, you should raise it with your manager, Internal Audit or raise it under the Whistleblowing Policy. Such concerns will, so far as possible, be dealt with confidentially as described in that policy.

26. For suspected cases of service user fraud and or dishonesty please raise your concerns with your manager, service manager or section head.

Administration & Further Information

27. The **Executive Director Finance & Commercialisation** will ensure that the Governance Committee monitor this document at least annually.

28. See also: -

- Whistleblowing Policy
- Disciplinary Policy
- Code of Conduct
- Gifts & Hospitality Declaration Procedure

[END]

Southampton City Council Anti-Money Laundering Policy



Southampton City Council Anti-Money Laundering Policy

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Anti-Money Laundering Policy			
Version	2.2	Approved by	Governance Committee
Date last amended	17/03/2021	Approval date	19/04/2021
Lead officer	Elizabeth Goodwin, Chief Internal Auditor	Review date	31/03/2022
Contact	elizabeth.goodwin@southampton.gov.uk	Effective date	19/04/2021

Introduction

1. Southampton City Council (the council) will do all it can to prevent the council and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.
2. **The Money Laundering and Terrorist Financing Regulation 2020 (Amendment) (EU Exit) are made in exercise of powers in section 2(2) of the European Communities Act 1972 and section 8 of the European Union (Withdrawal) Act 2018.** Whilst these obligations are not directly imposed on Local Authorities, guidance provided from financial professions, including the Chartered Institute of Public Finance and Accounting (CIPFA) indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and have in place internal procedures to prevent the use of their services for money laundering. Specific to these regulations is an enhanced risk based approach in conducting due diligence reviews, which are detailed further in this policy.
3. Money Laundering Regulations apply to cash transactions in excess of 15,000 Euros (approximately £13,000). However, Proceeds of Crime Act 2002 (POCA) applies to all transactions and can include dealings with agents, third parties, property or equipment, cheques, cash or bank transfers.
4. Key points:
 - The council is committed to the prevention, detection and reporting of money laundering.
 - All employees must be vigilant for the signs of money laundering.
 - Any employee who suspects' money laundering activity must report this promptly to the Chief Internal Auditor (CIA) as the officer delegated to receive such reports.
 - All payments to the council accepted in cash that exceed £5,000 should be reported to the CIA.
 - Where the council is carrying out certain regulated activities by way of business then the customer due diligence procedure must be followed.

Scope

5. This Policy applies to all employees of the council and aims to maintain the high standards of conduct, which currently exist within the council by preventing criminal activity through money laundering. The Policy sets out the procedures which must be followed (for example reporting of suspicions of money laundering activity) to enable the Council and staff to comply with their legal obligations.
6. This Policy sits alongside the Council's Anti-Fraud, Bribery and Corruption Policy.
7. Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them and may also lead to a conviction under POCA and Money Laundering Regulations **2020**. Any disciplinary action will be dealt with in accordance with the council's Disciplinary Policy.

What is Money Laundering?

8. Money laundering is the term used for a number of offences involving the proceeds of crime or terrorism funds. The following acts constitute the act of money laundering:-

- Concealing, disguising, converting, transferring criminal property or removing it from the UK (section .327 of the proceeds of Crime Act 2002);
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section.328); or
- Acquiring, using or possessing criminal property (section .329).

These are the primary money laundering offences, and are thus prohibited acts under the legislation. There are two secondary offences:

- Failure to disclose any of these primary offences.
- Tipping off.

Tipping Off is where someone informs a person or people who are, or who are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation. A person found guilty of tipping off or prejudicing an investigation offence is liable to imprisonment (maximum five years) a fine or both under the legislation. In addition a new criminal offence was created whereby, any individual who recklessly makes a statement in the context of money laundering which is false or misleading commits an offence punishable by a fine and or up to two years imprisonment.

9. Any member of staff could potentially be caught by the money laundering provisions as noted above, if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This Policy therefore sets out how any concerns should be raised.
10. While the risk to the council of contravening the legislation is low, it is important that all employees are familiar with their responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation. The key requirement of employees is to promptly report any suspected money laundering activity to the CIA.

Obligations of the Council

11. When complying with the obligations the council is required to:

- Appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity.
- Implement risk sensitive policies and procedures relating to customer due diligence, reporting, record keeping, internal control, risk assessment and management, monitoring and management of compliance, along with the communication of policies and processes.

Nominated Officers

12. The officer nominated to receive such reports from staff within that council is the Chief Internal Auditor, Elizabeth Goodwin , she can be contacted as follows:-

Elizabeth Goodwin	
Chief Internal Auditor	Telephone: 023 8083 4616
Internal Audit	Email: elizabeth.goodwin@southampton.gov.uk

13. Alternatively and in the absence of the CIA you may also contact:

Glenda Chambers	
Audit Manager	Telephone: 023 8083 4616
Internal Audit	Email: glenda.chambers@southampton.gov.uk

Reporting Arrangements

14. Cash payments to the council exceeding £5000 must be reported immediately to the CIA using the attached form (Appendix A) regardless of whether you suspect money laundering activities or not.
15. You must follow any subsequent directions of the CIA and must not yourself make any further enquiries into the matter. You must not disclose or otherwise indicate your suspicions to the person suspected of the money laundering. In addition you must not discuss the matter with others i.e. colleagues or note on the file that a report has been made to the CIA in case this results in the suspect becoming aware of the situation.
16. The CIA must promptly evaluate any Disclosure Report, to determine whether it should be reported to the National Crime Agency via the UK Financial intelligence Unit by means of a Suspicious Activity Report (SAR).
17. The CIA or any member of staff will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the National Crime Agency.

Customer Due Diligence

18. Customer due diligence means that the council must know its clients and understand their businesses. This is so that the council is in a position to know if there is suspicious activity that should be reported.
19. The 2020 Regulations require that the council identifies its customers and verifies the identity on the basis of documents, data or information obtained from a reliable source. Where there is a beneficial owner who is not the customer then the council must identify that person and verify the identity and where the beneficial owner is a trust or similar then the council must understand the nature of the control structure of that trust. Finally the council must obtain information on the purpose and intended nature of the business relationship. Here are some simple questions that will help you decide if customer due diligence is necessary.

- Is the service a regulated activity? Note: Regulated activity is defined as the provision 'by way of business' of: advice about tax affairs, accounting services, treasury management, investment or other financial services, audit services, legal services, estate agency, services involving the formation, operation or arrangement of a company or trust or dealing in goods wherever a transaction involves a cash payment of £15,000 or more.
- Is the council charging for the service? I.e. is it by way of business?
- Is the service being provided to a customer other than a UK public authority?

If the answer to any of these questions is **no** then you do not need to carry out customer due diligence.

If the answer is **yes** then you do not need to carry out customer due diligence before any business is undertaken for that client.

20. Where you need to carry out customer due diligence then you must seek evidence of identity, for example.

- Checking with the customer's website to confirm their business address;
- Conducting an on-line search via Companies House to confirm the nature and business of the customer and confirm identities of any directors;
- Seeking evidence from the key contacts or Individuals of their personal identity, for example their passport, and position within the organisation.

21. The requirement for customer due diligence applies immediately for new Customers and should be applied on a risk sensitive basis for existing Customers.
22. Ongoing customer due diligence must also be carried out during the life of a business relationship but should be proportionate to the risk of money laundering and terrorist funding, based on the other's knowledge of the Customer and a regular scrutiny of the transactions involved.
23. If, at any time, you suspect that a client or customer for whom you are currently, or are planning to carry out a regulated activity is carrying out money laundering or terrorist financing, or has lied about their identity then you must report this to the CIA.

Enhanced Due Diligence

24. In certain circumstance enhanced customer due diligence must be carried out for Example where:
- The customer has not been physically present for identification.
 - The customer is a politically exposed person. Note: A politically exposed person is an individual who at any time in the preceding year has held a prominent public function outside the UK and EU or international institution/ body, their immediate family members or close associates.
 - There is a beneficial owner who is not the customer- a beneficial owner is any individual who: holds more than 25% of the shares, voting rights or interest in a company, partnership or trust.
25. Enhanced customer due diligence could include additional documentation, data or information that will confirm the customer's identity and/or source of the funds to be used in the business relationship/transaction. If you believe that enhanced customer due diligence is required you must consult the CIA prior to carrying it out, to ensure that the checks are completed. An example of this would be in the case of 'Right to Buy' where there is an intention to pay either in part or fully in cash.

Record Keeping

26. Where 'relevant business' is carried out then the customer due diligence records and details of the relevant transaction(s) for that client must be retained for at least five years after the business relationship.
27. An electronic copy of every customer due diligence record must be sent to the CIA to meet requirements of the Regulations and in case of inspection by the relevant supervising body.

Guidance and Training

28. In support of the policy and procedure, the council will:
- Endeavour to make all staff aware of the requirement and obligation placed on the council and on themselves as individuals by the anti-money laundering legislation; and

- Provide targeted training where it has been identified staff are most likely to encounter money laundering

Further Information

29. Further information can be obtained from the CIA and the following sources:

- Money laundering regulations 2020:
<https://www.gov.uk/eu-withdrawal-act-2018-statutory-instruments/the-money-laundering-and-terrorist-financing-amendment-eu-exit-regulations-2020>
- National Crime Agency:
<http://www.nationalcrimeagency.gov.uk/about-us/what-we-do/economic-crime/proceeds-of-crime-centre>

Appendix A

CONFIDENTIAL

REPORT TO CHIEF INTERNAL AUDITOR:
RE MONEY- LAUNDERING ACTIVITY

**To: Elizabeth Goodwin, Chief Internal Auditor, Internal Audit,
Southampton City Council, Civic Centre, Southampton, SO14 7LY**

From: _____
(Insert employee name)

Service: _____

Dept & Ext/Tel No: _____
(Insert department, job title & ext.)

Details of Suspected Offence:

Name(s) and address(es) of person(s) involved (If a company/public body please include details of their nature of business if known).
Name(s):
Address(es):
Nature, value and timing of activity involved (Please include full details e.g. date(s); what the payment was for and if this is a single transaction or has been identified as one of a series of transactions. Include all available evidence of the activity).
Date(s):
Description of activity:

Amount(s):

Where activity took place:

Evidence (Please list and attach if possible):

Reasons for suspicion of activity:

Has any investigation been undertaken to the best of your knowledge?
(If yes please include full details)

Have you discussed your suspicions with anyone else?
(Please read the notes at the foot of the page)

If yes please explain who with and why such discussion was necessary:

Please detail below any other information you feel is relevant:

Signed: _____ **Dated:** _____

IMPORTANT: Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity either directly or indirectly with anyone else who could alert the suspect(s) that they are under investigation. If you do, this may be

considered as a 'tipping off' offence under the legislation, which carries a maximum penalty of 5 years' imprisonment.

THIS SECTION FOR CIA USE ONLY

Date Report Received: _____

Date Acknowledged: _____

Reference Number Allocated: _____

(Reference)

CONSIDERATION OF DISCLOSURE TO THE NATIONAL CRIME AGENCY

Action Plan:
OUTCOME OF CONSIDERATION OF DISCLOSURE:
Are there reasonable grounds for suspecting money laundering activity?
Yes / No – State reasons
If there are reasonable grounds for suspicion, will a Suspicious Activity Report (SAR) be made to the NCA?

If yes please state date report submitted: _____

If no, please state below the reasons for non-disclosure to the NCA:

(Please include details of any discussions with other Officers e.g. Legal Services, together with name(s) and advice given).

Is consent required from the NCA to any on-going or imminent transactions which would otherwise be prohibited acts?

If Yes please confirm full details

Details of liaison with the NCA

Consent Not Required: **Date SAR Report Acknowledged:** _____

Consent Requested:

Notice Period: From: _____ **To:** _____

(The NCA has 7 working days starting the first working day after the consent request is made to refuse continuation of the activity. If no refusal has been received consent is deemed to have been given and the activity may continue).

Moratorium Period: From: _____ **To:** _____

(If consent is refused during the notice period, a further 31 days starting with the day on which the consent is refused must elapse before the activity may continue. In the absence of any action to restrain the activity by law enforcement during the moratorium period the activity may continue).

Date and time consent given by the NCA: _____

(Telephone consent will often be given, which can be relied upon, and followed up in writing several days later).

SOCA Consent Reference: _____

Name and Contact Number of NCA Officer: _____

Date consent given by you to the employee: _____

Any Other relevant information:

Signed: _____ Dated: _____

Print Name: _____

IMPORTANT: This report and all other records relating to an investigation of suspected Money Laundering activity whether or not reported to the NCA must be kept in a confidential file for that purpose and retained for at least 5 years from the conclusion of the investigation.

[END]

Southampton City Council Whistleblowing (Duty to Act) Policy



Southampton City Council Whistleblowing (Duty to Act) Policy

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Whistleblowing (Duty to Act) Policy			
Version	2.2	Approved by	Governance Committee
Date last amended	17/03/2021	Approval date	19/04/2021
Lead officer	Elizabeth Goodwin, Chief Internal Auditor	Review date	01/03/2023
Contact	elizabeth.goodwin@southampton.gov.uk	Effective date	20/04/2021

Introduction

1. Whistleblowing is a way for employees of an organisation to raise reasonably and honestly held concerns they may have about serious matters that could put the council and/or the wider public at risk. Whistleblowing usually involves bringing forward concerns that is in the public interest to investigate and resolve. Examples are crime, fraud, the giving or taking of bribes, financial malpractice, or practices that might endanger individuals or the environment. The aim of this policy is to outline what you can do if you believe you need to raise an issue of this nature, and how you will be protected if you do.
2. All of us at one time or another has concerns about what is happening at work. Usually these concerns are easily resolved. However, when they are about unlawful conduct, illegality, financial malpractice, endangering an individual's health or safety, or dangers to the public (including care users and clients), employees, pupils or the environment, it can be difficult to know what to do.
3. You may be worried about raising such issues or may want to keep the concerns to yourself, perhaps feeling it's none of your business or that it's only a suspicion. You may feel that raising the matter would be disloyal to colleagues, managers or to the organisation. You may decide to say something but find that you have spoken to the wrong person or raised the issue in the wrong way and are not sure what to do next.
4. Southampton City Council has introduced this policy, which reflects the legal framework and the legal obligations placed upon the council, to enable you to raise your concerns about such malpractice at an early stage and in the right way. We would rather that you raised the matter when it is just a concern rather than wait for proof.
5. If something is troubling you which you think we should know about or look into, please use this policy. If, however, you are aggrieved about your personal position, please use the Resolution of Grievances Policy - which you can get from your manager, HR Pay / Human Resources, your trade union or from the council's Intranet site. This Whistleblowing Policy is primarily for concerns where the interests of others or of the organisation itself are at risk. **If in doubt – raise it!**

Legislative Context

6. The Public Interest Disclosure Act 1998 provides legal protection, in certain circumstances, to workers making disclosures about malpractice. The Act makes it unlawful for the council to dismiss anyone or allow them to be victimised on the basis that they have made an appropriate lawful disclosure in accordance with the Act.

Our Assurances to You

7. If you raise a genuine concern under this policy, you will not be at risk of losing your job or suffering any form of retribution as a result. Provided you reasonably believe what you are reporting is true, and that the disclosure is in the public interest, it does not matter if you are mistaken. Of course, we do not extend this assurance to someone who maliciously raises a matter they know is untrue. In that case, disciplinary action may be taken against you.
8. We will not tolerate the harassment or victimisation of anyone raising a genuine concern. Taking reprisals against an employee who has raised a concern in good faith is unacceptable, and may

give rise to disciplinary proceedings. If you have raised a concern and feel at any stage subsequently that you are suffering as a result of doing so, please let the Service Director: Legal & Governance know so that appropriate action can be taken.

9. However, we recognise that you may nonetheless want to raise a concern in confidence under this policy. If you ask us to protect your identity by keeping your confidence, we will not 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.
10. Remember that if you do not tell us who you are, it will be much more difficult for us to look into the matter or to protect your position or to give you feedback. Accordingly, while we will consider anonymous reports, this policy is not well suited to concerns raised anonymously.

How We Will Handle the Matter

11. Once you have told us of your concern, we will look into it to assess initially what action should be taken. This may involve an internal inquiry or a more formal investigation. We will tell you who is handling the matter, how you can contact them and whether your further assistance may be needed. If you request it, we will write to you summarising your concern and setting out how we propose to handle it.
12. When you raise the concern you may be asked how you think the matter might best be resolved. If you do have any personal interest in the matter, we do ask that you tell us at the outset. If your concern falls more properly within the Resolution of Grievances Policy we will tell you.
13. While the purpose of this policy 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.

How to Raise a Concern Internally

14. Step one:
 - If Officers (or staff in schools) have a concern about malpractice, wherever possible please raise it with your manager first. This may be done orally or in writing.
 - For Members, we hope you will feel able to raise it first with the relevant Service Director. This may be done orally or in writing.
15. Step two:
 - If Officers (or staff in schools) feel unable to raise the matter with their manager, for whatever reason, please raise the matter with the appropriate Service Director or Headteacher. Please say if you want to raise the matter in confidence so that they can make appropriate arrangements.
 - If you feel unable to raise the matter with the relevant **Service Director/Manager** or Head teacher, for whatever reason, please raise the matter with the appropriate **Executive Director**.
Members should also raise the matter with the appropriate **Executive Director** if they feel unable to refer to the relevant **Service Director/Manager**, for whatever reason.

16. Step three:

- For officers (or staff in schools) and Members, if these channels have been followed and you still have concerns, or the above are not appropriate to you (for example, you are a contractor or consultant) or if you feel that the matter is so serious that you cannot discuss it with any of the above, please contact:

Richard Ivory	
Service Director Legal & Governance	Telephone: 023 8083 2794 Email: richard.ivory@southampton.gov.uk

John Harrison	
Chief Financial Officer Finance & Commercialisation	Telephone: 023 8083 4897 Email: john.harrison@southampton.gov.uk

Elizabeth Goodwin	
Chief Internal Auditor Internal Audit	Telephone: 023 8083 4616 Email: elizabeth.goodwin@southampton.gov.uk

Any member of school staff or of a school's governing body nominated by the governing body as a contact.

17. Step four:

- For officers (or staff in schools) and Members, if for whatever reason, you feel uncomfortable in reporting your concerns direct to the named officers above then there is a facility to submit a report via email to the following generic in-box: Duty.to.act@southampton.gov.uk

Independent Advice

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

- if applicable, your union; or
- your professional body (e.g. British Association of Social Workers, National College for Teaching and Leadership etc).

External Contacts

19. While we hope this policy gives you the reassurance you need to raise such matters internally, we recognise that there may be circumstances where you can properly report matters to outside bodies, such as regulators or the police.

20. If you choose not to raise the matter internally, we would rather you raised the matter with the appropriate "regulator" than not at all. Provided you reasonably believe what you are reporting is true, that it is in the public interest and you have evidence to back up your concern, you can also contact certain external bodies. However, not all disclosures to external bodies or individuals benefit from the protection set out in this policy. Raising a matter with a third party who you reasonably believe is responsible for the wrongdoing, or a legal adviser, or a person prescribed by Parliament (such as HMRC, the Health and Safety Executive, Office of Fair Trading) will still be protected. Any further disclosure will only be protected if you reasonably believe that your concern is substantially true, you are not acting for any gain, and it is so serious that you could not disclose it to the council or one of the prescribed bodies first.

If you are Dissatisfied

21. If you are unhappy with our response, remember you can go to the other levels and bodies detailed in this Policy.
22. While we cannot guarantee that we will respond to all matters in the way that you might wish, we will handle the matter fairly and properly. By using this policy, you will help us to achieve this

[END]