

CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **AUDIT COMMITTEE** held in Room 14, Priory House, Chicksands, Shefford on Monday, 9 January 2017

PRESENT

Cllr M C Blair (Chairman)

Cllrs F Firth
R Morris

Cllrs D Shelvey
A Zerny

Apologies for Absence: Cllrs P Downing
D J Lawrence

Substitutes: Cllrs R D Berry (In place of P Downing)
D Bowater (In place of D J Lawrence)

Officers in Attendance: Ms M Damigos Corporate Lawyer
Mr R Gould Head of Financial Control
Mr L Manning Committee Services Officer
Ms K Riches Head of Internal Audit & Risk
Mr C Warboys Director of Resources

Others In Attendance: Mr N Harris Executive Director – Ernst & Young
LLP
Ms C Ryan Manager – Ernst & Young LLP

AUD/16/29 Minutes

RESOLVED

that the minutes of the meeting of the Audit Committee held on 26 September 2016 be confirmed and signed by the Chairman as a correct record.

AUD/16/30 Members' Interests

Councillor Bowater declared an interest as an Appointed Governor of the South Essex Partnership University NHS Foundation Trust (SEPT).

AUD/16/31.Chairman's Announcements and Communications

The following announcements and communications were made:

- the Chairman informed Members that Kathy Riches, the Council's Head of Internal Audit and Risk, would be retiring from the Council and this was the last meeting of the Audit Committee which she would attend in that capacity. The Chairman asked that his thanks for Ms Riches' help and assistance, as well as that of her team, be recorded and he gave her his best wishes. The previous Chairman of the Committee and the Committee as a whole also expressed their gratitude and best wishes to Ms Riches.
- the Chairman welcomed two members of the Internal Audit team who were attending the meeting as observers.

AUD/16/32.Petitions

No petitions were received from members of the public in accordance with the Public Participation Procedure as set out in Annex 2 of Part A4 of the Constitution.

AUD/16/33.Questions, Statements or Deputations

No questions, statements or deputations were received from members of the public in accordance with the Public Participation Procedure as set out in Annex 1 of Part A4 of the Constitution.

AUD/16/34.Certification of Claims and Returns Annual Report 2015-16

The Committee considered the annual report from Ernst & Young LLP which summarised the results of the certification and other assurance work undertaken by the company.

Points and comments included:

- errors relating to income assessment and the misclassification of overpayments in the housing benefits subsidy claim had been extrapolated across the relevant cell totals and reported to the Department for Work and Pensions (DWP). A Member requested additional information and the Ernst and Young Manager undertook to share the letter containing this information with him
- a qualification letter had been issued by Ernst & Young with regard to the errors reported above. The meeting noted why such overpayments could occur

- some payroll providers were still failing to provide full assurance over the data they provided on teachers' pensions. Officers of the Council's Human Resources team contacted the relevant schools and made them aware of any shortcomings.

RECEIVED

the certification of claims and returns annual report 2015-16.

AUD/16/35 Annual Audit Letter for the Year Ended 31 March 2016

The Committee considered a report from Ernst & Young LLP which presented the Annual Audit Letter for the year ended 31 March 2016. The letter set out the key issues arising from the work undertaken by Ernst & Young as the Council's external auditor.

Points and comments included:

- the report before Members contained information of a largely historical nature. Detailed findings from Ernst & Young's audit work had already been submitted to the Committee on 26 September 2016 (minute AUD/16/22 refers)
- the Annual Audit Letter would be submitted to an earlier meeting of the Committee in future because the Statement of Accounts would be presented for approval to the July meeting.

RECEIVED

the 2015/16 Annual Audit Letter.

AUD/16/36 Audit Plan

The Committee considered a report which provided Members with a basis to review the proposed audit approach and scope for the 2016/17 audit by Ernst & Young LLP. The Ernst & Young Executive Director informed the meeting that the Plan was for the year ending 31 March 2017 and not 31 March 2016 as was stated on the front of the document.

Points and comments included:

- the Council's 'proper arrangements' when working with its Sustainability and Transformation Plan (STP) partners during 2016/17 had been identified as the only significant value for money risk. Ernst & Young had held discussions with senior management at the Council and had established that the latter was already actively engaged in the STP process

- Ernst & Young provided the external audit service for nearly all the bodies involved with the local STP and so it was able to provide a risk assessment of the individual partners as well as an overview of risk across the STP as a whole.

(Note: Councillor D Bowater declared an interest as a governor of the South Essex Partnership University NHS Foundation Trust (SEPT) at this point).

NOTED

the external Audit Plan for the year ending 31 March 2017.

AUD/16/37 Statement of Accounts 2016/17

The Committee considered a report by the Director of Resources which outlined any changes required in the preparation of the Council's statutory Statement of Accounts for 2016/17.

Points and comments included:

- reference was made to the possible extension of Public Rights (which included the rights of objection, inspection of the local authority accounting documentation and questioning of the external auditor with regard to the Statement of Accounts) under the Local Audit (Public Access to Documents) Bill to journalists as 'interested parties'. The Director of Resources stated that he believed that there were sufficient staff resources to cope with a possible increase in demand for information should the extension be approved
- in view of the introduction of earlier closedown requirements regarding the accounts for the year 2017/18 under the Accounts and Audit Regulations 2015 the Head of Financial Control advised of the measures that would be taken to deal with the impact of this requirement including assistance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The meeting was advised that, in addition, the Statement of Accounts for 2016/17 would be completed to the accelerated timetable as a trial run in preparation for the changes which would apply to the 2017/18 financial year.

NOTED

the changes required in the preparation of the Council's statutory Statement of Accounts for 2016/17.

AUD/16/38 Local Government Pension Scheme Update

The Committee considered an update on the governance of the Local Government Pension Scheme (LGPS) including the results of the 2016 actuarial valuation.

Points and comments included:

- the LGPS funding level in respect of the Council had remained unchanged since the 2013 valuation at 66% but the increase in liabilities and assets since that date had resulted in a net £28.8m increase in the value of the deficit to £217.6m
- lower than anticipated bond yields had been the most significant contribution to the increase in the financial deficit between March 2013 and March 2016 adding £37.2m towards the liabilities whilst lower than anticipated pay and price inflation had offset some of the growth in liabilities
- investment returns had been in line with the actuarial assumptions.

NOTED

the Local Government Pension Scheme update.

AUD/16/39 Revised Confidential Reporting Code

The Committee considered a report which set out proposed revisions to the Confidential Reporting Code to ensure that it was up to date and reflected current legislation and reporting channels within the Council. Members were aware that, although it was the Committee's responsibility to maintain an overview of the Code, any proposed revisions would need to be recommended to full Council for approval.

Points and comments included:

- the suggestion of additional revisions by the Chairman
- the need to make minor updates to the Code to ensure that it remained fully applicable at all times and the appropriate means of achieving this.

RECOMMENDATION TO COUNCIL

- 1 that the revised Confidential Reporting Code, as set out at Appendix A to these minutes, be approved;**
- 2 that paragraph 4.1.15 of Part E2 of the Constitution be amended to authorise the Director of Resources, in consultation with the Monitoring Officer, to undertake minor amendments to the Confidential Reporting Code.**

(Note: Subsequent to the meeting, the Monitoring Officer confirmed that suitable authorisation was already provided for within paragraph 9 of the Confidential Reporting Code and at paragraphs 4.2.74 and 4.2.76 of Part H3 of the Constitution, thereby enabling the Monitoring Officer to authorise and implement minor amendments to maintain the Code as up to date. On this

basis recommendation 2 above was not submitted to full Council for consideration).

AUD/16/40 Revisions to the Internal Audit Charter

The Committee considered a report which proposed the adoption of revisions to the Internal Audit Charter in compliance with the Public Sector Internal Audit Standards following the revision of the latter in April 2016.

Points and comments included:

- that future revisions to the document be track changed so that any proposed changes were readily apparent.

RESOLVED

that the proposed revisions to the Council's Internal Audit Charter, as set out within the revised copy of the Charter attached at Appendix A to the report of the Director of Resources, be approved.

AUD/16/41 Risk Update Report

The Committee considered a report which provided an overview of the Council's risk position as at December 2016.

Points and comments included:

- the Assets Team now had an effective monitoring system in place with regard to Operational Risk COMS040008 (Assets – Non realisation of capital receipts) and significant improvements had taken place over the past 18 months to two years. The capital receipt figure was coming close to budget this year and the Operational Risk could possibly be removed from the dashboard if the improvement was maintained for a suitable period.

NOTED

the strategic and operational risks facing Central Bedfordshire Council as set out in the Risk Register Dashboard attached at Appendix A to the report of the Director of Resources.

AUD/16/42 Internal Audit Progress Report

The Committee considered a report outlining the progress made on Internal Audit work against the 2016/17 Internal Audit Plan up to the end of November 2016.

Points and comments included:

- the audit of Assets Compliance had resulted in the issue of a Limited Assurance Opinion because of concerns regarding the robustness of the management arrangements for those Council properties (non residential) which were not under the control of the Council's own Facilities Management Team
- following the investigation which had led the dismissal of an officer for the non banking of cash, it was noted that action was being taken to recover the missing money. A Member stressed the importance of avoiding the use of cash where ever possible because of the risk of fraudulent activity that it generated
- to date there were only approximately three local authorities which had decided not to opt in to the sector led arrangement for external auditor appointments.

NOTED

the progress made against the 2016/17 Internal Audit Plan.

AUD/16/43.Tracking of Internal Audit Recommendations

The Committee considered a report which summarised the high priority recommendations arising from Internal Audit Reports and the progress made in implementing them.

NOTED

the report setting out the high priority recommendations arising from Internal Audit reports and the progress made in implementing the recommendations to date.

AUD/16/44.Work Programme

Members considered a report which set out the Committee's proposed work programme for part of the 2016/17 municipal year and for the first meeting in the 2017/18 municipal year.

RESOLVED

that the proposed Audit Committee work programme for part of the 2016/17 municipal year and the first meeting of the 2017/18 municipal year, as attached at Appendix A of the report of the Committee Services Manager and Committee Services Officer, be approved.

(Note: The meeting commenced at 10.00 a.m. and concluded at 11.35 a.m.)

Chairman

Dated

APPENDIX A



**Central
Bedfordshire**

Confidential Reporting Code (Also known as “Whistle Blowing”)

July 2013 – Updated January 2017

CONFIDENTIAL REPORTING
(Also known as 'Whistle Blowing')

1.0 Introduction

- 1.1 Central Bedfordshire Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect employees and others that we deal with who have serious concerns about any aspect of the Council's work to come forward and voice those concerns. It is recognised that most cases will have to proceed on a confidential basis.
- 1.2 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.
- 1.3 The Public Interest Disclosure Act 1998 encourages individuals to raise concerns about malpractice in the workplace and this policy document makes it clear that employees can raise serious concerns without fear of victimisation, subsequent discrimination or disadvantage and is intended to encourage and enable employees to raise those concerns within the Council, rather than overlooking a problem.
- 1.4 This code acknowledges the amendments recently made to the Public Interest Disclosure Act by the introduction of the Enterprise and Regulatory Reform Act 2013.
- 1.5 The code applies to all employees and those contractors working for the Council on Council premises, for example, agency staff, builders, and drivers. It also covers suppliers and those providing services under a contract with the Council in their own premises, for example care homes. Members of the public are also encouraged to raise concerns, which will be responded to in accordance with this code.
- 1.6 These procedures are in addition to the Council's complaint procedures and other statutory reporting procedures applying to some service areas. Service managers are responsible for making service users aware of the existence of these procedures if and when necessary.
- 1.7 This code has been discussed with the relevant trade unions and professional organisations and has their support.

2.0 Aims and Scope of this Code

- 2.1 This code aims to:-
- encourage you to feel confident in raising serious concerns and to question and act upon concerns about practice
 - provide avenues for you to raise those concerns and receive feedback on any action taken
 - ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied

- reassure you that you will be protected from possible reprisals or victimisation if you have a reasonable belief that any disclosure is made in the public interest.

2.2 The Confidential Reporting Code is intended to cover major concerns that fall outside the scope of other policies and procedures (such as the Grievance procedure, which is in place to enable you to lodge a grievance relating to your own contract of employment). Personal grievances (e.g. bullying, harassment, discrimination) are not usually covered by whistleblowing law, unless your particular case is in the public interest. If the Monitoring Officer or delegated officer considers that a concern raised under the Confidential Reporting Code should more properly be dealt with under the provisions of another policy, the whistle-blower will be referred to that policy. Advice from relevant officers should be sought where required.

Those major concerns that fall outside of other policies and procedures are called "qualifying disclosures". A qualifying disclosure is one made in the public interest by someone who has a reasonable belief that any of the below matters are being, have been, or are likely to be, committed:

- conduct which is an offence or a breach of law
- disclosures related to miscarriages of justice
- health and safety risks, including risks to the public as well as other employees
- damage to the environment
- the unauthorised use of public funds
- possible fraud and corruption, including bribery
- sexual or physical abuse of clients, or
- other unethical conduct
- covering-up of any of the above.

2.3 Therefore, any serious concerns that you have about any aspect of service provision or the conduct of officers or members of the Council or others acting on behalf of the Council can be reported under the Confidential Reporting Code. This may be about something that:

- makes you feel uncomfortable in terms of known standards, your experience or the standards you believe the Council subscribe to; or
- is against the Council's Constitution and policies; or
- falls below established standards of practice; or
- amounts to improper conduct.

2.4 This code does not replace the corporate complaint procedure which is in place to address complaints about the Council's services.

2.5 The Council encourages you to raise your concerns under this procedure in the first instance. If you are not sure whether or not to raise a concern, you should discuss the issue with your line manager, trade union representative or the Monitoring Officer.

2.6 Individuals who make a public interest disclosure ('whistleblow') within the context of protections provided within the Employment Rights Act 1996¹ would normally be expected to first raise the issue with their employer directly. However, they can also make disclosures to prescribed persons or bodies. The Government has recently updated the [List of prescribed persons and bodies](#). Under the list, individuals need to raise the issue with the correct prescribed person for the sector or industry concerned. Across sectors and industries, there are over 80 persons and bodies listed, a number of them relating to local authorities depending on their areas of responsibility. Guidance in the list also provides information for individuals to help them identify the relevant auditor for a particular local authority.

3.0 Safeguards

3.1 Harassment or Victimisation

3.2 The Council is committed to good practice and high standards and wants to be supportive of employees and others covered by this code.

3.3 The Council recognises that the decision to report a concern can be a difficult one to make. If what you are saying is true, and you have reasonable belief that the disclosure is being made in the public interest, you should have nothing to fear because you will be doing your duty to your employer and those for whom you are providing a service.

3.4 The Council will not tolerate any bullying, harassment or victimisation (including informal pressure) by managers and colleagues and will take appropriate action to protect you when you raise a concern in the public interest. Victimisation of a worker for raising a qualifying disclosure will be a disciplinary offence.

3.5 If you report your concerns via a disclosure you have the right not to be dismissed or subjected to any other detriment because of it.

3.6 Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary, sickness, capability or redundancy procedures that already affect you or may affect you in the future.

4.0 Confidentiality

4.1 All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish. However, it must be appreciated that the investigation process may reveal the source of the information and a statement by the whistle-blower may be required as part of the evidence. This may mean that witness statements or correspondence is also disclosed. In these situations the Council will contact you and any additional witnesses to advise of this and to offer any guidance where necessary.

4.2 The Council may need to reveal your identity and disclose information where there are legal proceedings following on from the whistleblowing disclosure and as above will inform you prior to this information being released.

¹ The protections are that the dismissal of an employee will be automatically unfair if the reason, or principal reason, for their dismissal is that they have made a "protected disclosure" and that workers are protected from being subjected to any detriment on the ground that they have made a protected disclosure.

4.3 If the Council feels for example that allegations relate to serious criminal offences which the Police should investigate we may also be required to disclose your identity to third parties.

5.0 Anonymous Allegations

5.1 This code encourages you to put your name to your allegation whenever possible.

5.2 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council. You should remember that wherever possible, confidentiality will be preserved.

5.3 In exercising this discretion the factors to be taken into account would include:

- the seriousness of the issues raised
- the credibility of the allegation; and
- the likelihood of confirming the allegation from attributable sources.

5.4 Anonymous whistle-blowers should also bear in mind that, if they do not make their name known, the Monitoring Officer or delegated officer will not know whose identity to keep confidential. It will also not be possible to provide direct feedback to them on the progress and outcome of any investigations.

6.0 False or Unproven Allegations

6.1 Where it is established, after investigation, that the allegations are unproven, the whistle-blower will be notified. The Council will deem the matter “closed” and will not expect the issue to be raised again unless new evidence becomes available.

6.2 If you make an allegation which you believe to be in the public interest, but it is not confirmed by the subsequent investigation, no action will be taken against you. If however, you make an allegation maliciously or for personal gain, disciplinary action may be taken against you. (The Council will manage such situations using its agreed Disciplinary Procedure).

7.0 How to raise a concern

7.1 As a first step, you should normally raise concerns with your immediate manager or their superior. This depends however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if you believe that management is involved you should approach the Chief Executive, Director of Resources, the Monitoring Officer or the Head of Internal Audit and Risk. Should the concern be relating to the Chief Executive, Director of Resources, the Monitoring Officer or the Head of Internal Audit and Risk your concerns should be raised with the Assistant Director – People.

7.2 Concerns may be raised verbally or in writing. Staff who wish to make a written report are invited to use the following format:

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

- and providing as full and comprehensive information as is known at the time of the disclosure

If you raise your concern verbally, a written note will be taken in accordance with the above format.

All concerns received will be registered with the Monitoring Officer.

7.3 The earlier you express the concern the easier it is to take action.

7.4 Although you are not expected to prove beyond doubt the truth of an allegation, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern.

7.5 Advice and guidance on how matters of concern may be pursued can be obtained from:

- Monitoring Officer
- Director of Resources
- Head of Internal Audit and Risk
- Chief Executive.

7.6 You may wish to consider discussing your concern with a colleague or your trade union representative first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns. *However, once you have raised a concern under the Confidential Reporting Code you should be mindful that any further discussions with other parties may impede the maintenance of confidentiality or compromise any investigation.*

7.7 You may invite your trade union or friend to be present during any meetings or interviews in connection with the concerns you have raised.

8.0 How the Council will respond

8.1 The Council will respond to your concerns. Do not forget that testing out your concerns is not the same as adjudicating the validity of them.

8.2 Where appropriate the matters raised may:

- be investigated thoroughly by management, internal audit, or through the disciplinary process
- be referred to the police
- be referred to the external auditor
- form the subject of an independent inquiry.

8.3 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle, which the Council will have in mind, is the public interest. Concerns or allegations, which fall within the scope of specific procedures (for example, child protection or discrimination issues), will normally be referred for consideration under those procedures.

- 8.4 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 8.5 Within ten working days of a concern being raised, the Monitoring Officer will write to you:
- acknowledging that the concern has been received
 - indicating how we propose to deal with the matter
 - giving an estimate of how long it will take to provide a final response
 - telling you whether any initial enquiries have been made
 - supply you with information on staff support mechanisms, and
 - telling you whether further investigations will take place and if not, why not.
- 8.6 The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seek further information from you.
- 8.7 Where any meeting is arranged, off-site if you so wish, a union or professional association representative or a friend can accompany you.
- 8.8 The Council will take steps to minimise any difficulties, which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings the Council will arrange for you to receive advice about the procedure.
- 8.9 The Council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcomes of any investigation.

9.0 The Responsible Officer

- 9.1 The Monitoring Officer has overall responsibility for the maintenance and operation of this code. That officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Council. They will also ensure that proper and timely progress is made in dealing with any complaint and that the principles and requirements of this code are met.

10.0 How the matter can be taken further

- 10.1 This code is intended to provide you with an avenue within the Council to raise concerns. The Council hopes you will be satisfied with any action taken. If you are not, and if you feel it is right to take the matter outside the Council, possible contact points are set out after paragraph 10.4.
- 10.2 Before taking matters outside the Council you may wish to take independent advice and the charity Public Concern at Work offers such facilities to employees. They can be contacted through their web site www.pcaw.org.uk or via their telephone number: 0207 404 6609 which is operated Monday to Friday, 9.00 a.m. to 6.00 p.m.

10.3 The following are possible external contact points:

- the Council's external auditor
- your trade union/professional association representative
- your local Citizens Advice Bureau
- relevant professional bodies or regulatory organisations
- a relevant voluntary organisation
- the police.

10.4 If you do take the matter outside the Council, you should ensure that you do not disclose confidential information.

Further Information:

Charles Warboys – Director of Resources

TEL: 0300 300 6147

EMAIL: charles.warboys@centralbedfordshire.gov.uk

Kathy Riches – Head of Internal Audit and Risk

TEL: 0300 300 6155

EMAIL: kathy.riches@centralbedfordshire.gov.uk

24 Hours CBC Fraud Hotline

TEL: 0300 300 8182

EMAIL: tellusaboutfraud@centralbedfordshire.gov.uk

Quentin Baker - Monitoring Officer

TEL: 0300 300 4204

EMAIL: quentin.baker@centralbedfordshire.gov.uk

Richard Carr - Chief Executive

TEL: 0300 300 4009

EMAIL: richard.carr@centralbedfordshire.gov.uk

Catherine Jones – Assistant Director – People

TEL: 0300 300 6048

EMAIL: Catherine.Jones@centralbedfordshire.gov.uk

NSPCC National Whistleblowing Helpline for employees

TEL: 0808 800 5000

EMAIL: help@nspcc.org.uk

WEBSITE: <https://www.nspcc.org.uk/fighting-for-childhood/news-opinion/new-whistleblowing-advice-line-professionals>

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