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Democratic Services



AUDIT AND SCRUTINY COMMITTEE

Thursday 16 November 2023 at 7.30 pm

Place: Council Chamber, Epsom Town Hall

Online access to this meeting is available on YouTube: [Link to online broadcast](#)

The members listed below are summoned to attend the Audit and Scrutiny Committee meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Councillor Steve Bridger (Chair)
Councillor Robert Leach (Vice-Chair)
Councillor Chris Ames
Councillor Rachel King

Councillor James Lawrence
Councillor Jan Mason
Councillor Phil Neale
Councillor Chris Watson

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sing'.

Chief Executive

For further information, please contact democraticservices@epsom-ewell.gov.uk or tel: 01372 732000

EMERGENCY EVACUATION PROCEDURE

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- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building, but move to the assembly point at Dullshot Green and await further instructions; and
- Do not re-enter the building until told that it is safe to do so.

Public information

Please note that this meeting will be held at the Town Hall, Epsom and will be available to observe live using free YouTube software.

A link to the online address for this meeting is provided on the first page of this agenda. A limited number of seats will be available on a first-come first-served basis in the public gallery at the Town Hall. If you wish to observe the meeting from the public gallery, please arrive at the Town Hall reception before the start of the meeting. A member of staff will show you to the seating area. For further information please contact Democratic Services, email: democraticservices@epsom-ewell.gov.uk, telephone: 01372 732000.

Information about the terms of reference and membership of this Committee are available on the [Council's website](#). The website also provides copies of agendas, reports and minutes.

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Exclusion of the Press and the Public

There are no matters scheduled to be discussed at this meeting that would appear to disclose confidential or exempt information under the provisions Schedule 12A of the Local Government Act 1972 (as amended). Should any such matters arise during the course of discussion of the below items or should the Chair agree to discuss any other such matters on the grounds of urgency, the Committee may wish to resolve to exclude the press and public by virtue of the private nature of the business to be transacted.

Questions and statements from the Public

Up to 30 minutes will be set aside for questions and statements from members of the public at meetings of this Committee. Any member of the public who lives, works, attends an educational establishment or owns or leases land in the Borough may ask a question or make a statement on matters within the Terms of Reference of the Committee.

All questions must consist of one question only and cannot consist of multiple parts. Questions and statements cannot relate to planning or licensing committees matters, the personal affairs of an individual, or a matter which is exempt from disclosure or confidential under the Local Government Act 1972. Questions which in the view of the Chair are defamatory, offensive, vexatious or frivolous will not be accepted. Each question or statement will be limited to 3 minutes in length.

If you wish to ask a question or make a statement at a meeting of this Committee, please contact Democratic Services at: democraticservices@epsom-ewell.gov.uk

Questions must be received in writing by Democratic Services by noon on the third working day before the day of the meeting. For this meeting this is **Noon, 13 November**.

A summary of statements must be received by Democratic Services by noon on the working day before the day of the meeting. For this meeting this is **Noon, 15 November**.

For more information on public speaking protocol at Committees, please see [Annex 4.2](#) of the Epsom & Ewell Borough Council Operating Framework.

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AGENDA

1. QUESTION AND STATEMENTS FROM THE PUBLIC

To take any questions or statements from members of the Public.

2. DECLARATIONS OF INTEREST

Members are asked to declare the existence and nature of any Disclosable Pecuniary Interests in respect of any item of business to be considered at the meeting.

3. MINUTES OF THE PREVIOUS MEETING (Pages 5 - 14)

The Committee is asked to confirm as a true record the Minutes of the Meeting of the Committee held on the **28 September 2023** (attached) and to authorise the Chair to sign them.

4. EXTERNAL AUDIT UPDATE (Pages 15 - 48)

This report presents management's responses to Grant Thornton's enquiries. In accordance with best practice, these items must be presented to Committee.

5. CODE OF CORPORATE GOVERNANCE - ANNUAL REVIEW (Pages 49 - 72)

The Council's Code of Corporate Governance - 'the Code' - was updated and approved by the Committee in November 2022. The Code sets out the principles of good governance and the arrangements the Council has in place to ensure it conducts its business in accordance with them. As part of best practice, the Code is reviewed annually by officers. Attached at Appendix 1 is an updated Code. No major changes have been made, purely minor administrative updates.

6. COUNTER-FRAUD AND WHISTLEBLOWING ANNUAL REPORT (Pages 73 - 82)

This report provides the committee with an overview of the systems and processes the council has in place to prevent, detect and address fraud.

7. COMMITTEE WORK PROGRAMME (Pages 83 - 88)

This report presents the Committee with its annual Work Programme.

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Minutes of the Meeting of the AUDIT AND SCRUTINY COMMITTEE held at the Council Chamber, Epsom Town Hall on 28 September 2023

PRESENT -

Councillor Steve Bridger (Chair); Councillor Robert Leach (Vice-Chair); Councillors Chris Ames, Rachel King, James Lawrence, Phil Neale and Chris Watson

In Attendance: Councillor Kate Chinn and Councillor Alex Coley, Raymund Daganio (Grant Thornton (External Auditor)) (Items 1-4 only) and Natalie Jerams (Assistant Head of Partnership) (Southern Internal Audit Partnership (Internal Auditor)) (Item 10 only)

Absent: Councillor Jan Mason

Officers present: Andrew Bircher (Interim Director of Corporate Services), Piero Ionta (Head of Legal Services and Monitoring Officer), Brendan Bradley (Head of Finance), Will Mace (Business Assurance Manager) and Phoebe Batchelor (Democratic Services Officer)

56 QUESTION AND STATEMENTS FROM THE PUBLIC

The Committee received one written question from a member of the public and noted that the Chair of the Audit & Scrutiny Committee had provided a written response to the questioner prior to the meeting. This response had also been published on the Council's website.

The member of the public repeated their question at the meeting and received a verbal response from the Chair.

One supplementary verbal question was asked during the meeting and the Chair provided a verbal response.

A Member of the public provided a verbal statement to the Committee.

57 POINT OF ORDER

Councillor Chris Ames raised a Point of Order regarding the procedure for Members of the Public asking two questions on the same topic, which can be found in paragraph 2.2 of [Annex 4.2](#) of the Council's Operating Framework. Councillor Ames explained that the decision to not accept the Member of the Public's second question on the same topic was due to an interpretation of the rules, rather than a specific rule set out in Operating Framework.

The Monitoring Officer responded, on behalf of the Chair, in relation to the issue about a second question, stating that decisions were taken in accordance with the Constitution and advice was given to the Member of the Public and an explanation provided in relation to whether or not a second question could be received. The Monitoring Officer confirmed that they have previously advised this Committee as to their interpretation of the current Constitution, and the relevant annex is to be read that way.

58 DECLARATIONS OF INTEREST

No declarations of any Disclosable Pecuniary Interests in respect of any item of business to be considered at the meeting were made by Members.

59 MINUTES OF THE PREVIOUS MEETING

The Committee confirmed as a true record the Minutes of the Meeting of the Committee held on 18 July 2023 and authorised the Chair to sign them.

60 EXTERNAL AUDIT UPDATE

The Committee received a report presenting an indicative External Audit Plan for 2022/23.

The following matters were considered:

- a) **Significant Risks Identified.** A Member of the Committee asked if there will be specific focus and extended concentration in the Audit Report regarding the areas identified as significant risk. The External Auditor confirmed that the Audit Plan is set out and has identified what Grant Thornton will do for the whole Audit process, including identifying some areas of focus which will have increased audit procedures carried out. The External Auditor informed the Committee that there is no specific concentration on any of the significant risks mentioned in the Audit Plan, they will just be picked up as part of the more focused areas of their work.
- b) **Performance Materiality.** A Member of the Committee asked for further information about the reduction in performance materiality, in comparison to the previous year, due to issues identified on page 29 of the report. The External Auditor responded to inform the Committee that the way Grant Thornton determine materiality is to think about the result of the past work, meaning if they've previously identified some corrected and uncorrected misstatements above a certain threshold, they will reduce materiality slightly. The External Auditor confirmed that last year, performance materiality was 75%. The External Auditor informed that Committee that he didn't expect much to change in terms of their work and it would be similar for this year's audit.
- c) **Land Valuation and Commercial Investments.** A Member of the Committee asked when the Council's properties were last valued. The Head of Finance informed the Committee that the valuation rolling five-

year period means that every asset is valued at least once every five years. The Head of Finance went on to state that in practice, the properties are valued much more frequently because there is a responsibility in the accounts to report valuations that give a true and fair view. In the current economic environment, which is quite volatile, valuations are moving around more than they have done in the previous economic cycle, so properties are revalued more regularly than every five years. The Head of Finance confirmed that if the auditor thinks a property hasn't been valued recently enough, they would usually raise that in their findings.

Following consideration, the Committee unanimously resolved to:

(1) Receive the indicative External Audit Plan for 2022/23.

61 REVENUE BUDGET MONITORING - QUARTER 1

The Committee received a report presenting the forecast revenue outturn position for the current financial year 2023/24, as at Quarter 1 (30 June).

The following matters were considered:

- a) **Observation on update report.** A Member of the Committee let Finance Officers know that they were happy with the report and pleased with the job they are doing. The Head of Finance responded to inform the Committee that things could still change before the end of the year, but at this stage, quarter one, it is expected that officers, if they have got an adverse variance, will take mitigating action to rectify that by the end of the year. Where it is so significant that that's not likely to be possible in full is where further action is recommended at this stage.
- b) **Clarification on page 41.** A Member of the Committee asked for clarity on the number used on page 41 and then referenced further throughout the report and whether it should be 99,000 instead of 98,000. The Head of Finance informed the Committee that the numbers are rounded to the nearest thousand in Excel and some of them are rounded down and some are rounded up, it will be corrected for use in future presentations.
- c) **Cost of Homelessness in the Borough.** A Member of the Committee made a statement regarding an initiative to provide 3 modular houses for homeless people in the borough and would like to see more progress in accelerating the program of modular housing, as a signal that the Council cares about the homeless but also in effort to reduce the massive cost that's going into hotels rather than into the community of Epsom. The Member of the Committee followed up their statement by asking why there are not more similar programmes to help with the borough's homelessness problem. The Monitoring Officer proposed that the Member's comments and question were directed to the Community & Wellbeing Committee so a response can be provided. This was agreed by the Member in question.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive the revenue budget monitoring report, which sets-out a projected deficit of £98,000 for 2023/24;**
- (2) **Agree that a report should be prepared for Community & Wellbeing Committee to consider long-term mitigation options for the increased costs of nightly paid accommodation within the Homelessness service;**
- (3) **Agree that a report should be prepared for Licensing & Planning Policy Committee to consider long-term mitigation options for the projected shortfall on planning income and the impact of government's review of planning fees;**
- (4) **Agree that the updated Quarter 2 position will be reported back to Audit and Scrutiny Committee in November.**

62 CAPITAL BUDGET MONITORING - QUARTER 1

The Committee received a report presenting the capital monitoring position at Quarter 1 for the current financial year 2023/24. The Committee was asked to review the progress of capital projects as set out in Appendix 1.

Councillor Coley made a verbal statement to the Committee.

The following matters were considered:

- a) **Affordable Housing Fund.** A Member of the Committee asked about the unallocated S106 balances, listed on page 55, specifically Affordable Housing. The Member asked for clarity as to how this fund works and if there is a benefit to stacking up the fund or if instead, we should be looking at having more ambitious affordable housing and using that fund. The Head of Finance responded to inform the Committee that where a developer can't meet its affordable housing obligations on a particular development, they can be required to make a financial contribution in lieu of that, the Council can then use that to try and provided alternative affordable housing separately, which can take many forms, including providing additional temporary accommodation to help out our homelessness situation. The Head of Finance explained that when those funds are deployed, they're targeted at the most effective schemes to try to deliver the greatest benefit that they can leverage in,
- b) **Ewell Court House Tea Rooms.** A Member of the Committee asked about that status of the Ewell Court House Tea Rooms, as referenced on page 61, and queried what are the project dependencies that could cause delay to the completion of the restoration. The Head of Finance confirmed that a written response would be provided in due course.

- c) **Horton Chapel.** A Member of the Committee asked for an explanation as to what the funds held for the Horton Chapel as listed in the section 106 balances on page 55, are being held for, and whether these could be used for severe draining problems at the site. The Head of Finance confirmed that those funds are held to pass over to the Horton Chapel Heritage Arts Association, who were awarded a grant of around £1.45 million several years ago to convert Horton Chapel, the vast majority of those funds over have already been passed over with the remaining balance about to be passed over to them soon. The Head of Finance informed the Committee that the Horton Chapel Heritage Arts Association incur the expenditure and the finance department reimburse them after the event when they claim for it and the final payment is about to be passed over to them.
- d) **IT Strategy Funding.** A Member of the Committee asked about the funding approved for the SharePoint Project, and queried if the costs are variable and change significantly, do they have to be reapproved by the Strategy and Resources Committee or is there a variance that Officers can approve without going back to Committee. The Head of Finance informed the Committee that there is a threshold that Officers can approve within the Capital Programme without going back to Members. The Head of Finance confirmed that he would check the financial regulations to confirm the amount and provide the answer in a written response in due course.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive the capital monitoring position at Quarter 1, as set out in the report.**

63 OMBUDSMAN ANNUAL REPORT 2022-23

The Committee received a report providing the annual review of complaints received and decisions made by the Local Government and Social Care Ombudsman during 2022-2023.

The following matters were considered:

- a) **Ombudsman Complaints.** A Member of the Committee agreed with the decision to move the responsibility of dealing with Ombudsman complaints from the Customer Service Team to the Business Support Team. The Member asked about the issues experienced by the Ombudsman regarding problems communicating with the Customer Service Team and if there is still an ongoing issue with the Customer Service Team and failing to follow up with complaints. The Interim Director of Corporate Services responded to state that the Customer Service Team deals with a large volume of Stage 1, or minor, complaints, of which a small percentage of complaints get escalated to Stage 2, and an even smaller amount get escalated further to the Ombudsman. The Interim

Director of Corporate Services informed the Committee that the Customer Service team is fast-paced and busy dealing with many customers and chasing for and providing responses within 15 days. Due to only a very small number of complaints going to the Ombudsman, some have historically gotten lost or missed amongst the higher number of Stage 1 and 2 complaints. The Interim Director of Corporate Services explained that the responsibility now lies with the Business Support Team where there are people who can give exclusive focus to complaints that go to the Ombudsman.

- b) **2021/22 LGO Review Letter.** A Member of the Committee asked the Chair why the 2021/22 LGO Review Letter was not taken to the November 2022 or February 2023 Audit and Scrutiny Meetings once the letter was received by the Chief Executive and the Chair, but instead was taken to the April 2023 Audit and Scrutiny Meeting. A second Member of the Committee also asked why there was such a long delay in bringing the report to a meeting of the Audit and Scrutiny Committee. The Chair responded to reassure the Committee and residents that nothing was being hidden and accepts that it should have been dealt with in a timelier fashion. The Chair went on to explain that as stated in the Committee workplans prior to April 2023, the information and content of the letter was in the public domain and could be found on the LGO website and via the link provided in the Workplan reports prior to April 2023, where from that point the LGO Review Letter was brought to the Committee as a separate standalone report.
- c) **Service review.** A Member of the Committee asked why there was a six-month delay in initiating a Service review, once the 2021/22 LGO Review Letter was received. A Service Review was initiated on February 1, 2023. A further question was raised by the Member querying why the A&S Committee were not involved in supervising and scrutinising the decision to initiate and carry out a service review. The Chair informed the Committee that there was not enough time for this information to go through the report cycle prior to the February meeting of A&S. The Chair shared that if he hasn't had a reply or response from the Chief Exec, then nothing can be done until that is received first, following that matters need to be communicated and actioned within the service department, therefore, unfortunately, things don't happen overnight. The Chair expressed disappointment that it took a long time to bring to the attention of the Committee but confirmed to the Committee that everything has since been sorted.
- d) **Committee Workplan.** A Member of the Committee asked why the LGO Review Letter wasn't included in the workplans for April 2023, which is when it was presented to the Committee, and why a member of the public has been told it was included. The Member also asked why the workplans state *'When the Council receives its annual letter from the Local Government and Social Care ombudsman, we will note here whether any recommendations have been put to the Council by the ombudsman,'* however, no recommendations were noted in the workplans between

June 2022 and February 2023, until it was taken to the Committee in April 2023 as a standalone report. The Interim Director of Corporate Services responded to inform the Committee that it is shown in the workplan taken to the April 2023 meeting, as was the standalone Ombudsman report. The Interim Director of Corporate Services clarified that prior to the April 2023 Meeting, the recommendations of the Ombudsman have been within the Committee workplan, as a subset of that report and confirmed that it wasn't a standalone report, so would not have been listed on the table within the workplan detailing upcoming reports until it was brought to the Committee on the 6th of April 2023. The Interim Director of Corporate Services confirmed that a link to the Councils' performance data page of the LGO website was included in the workplan reports running from April 2022 - February 2023.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive and note the Local Government and Social Care Ombudsman Annual Review Letter 2022-2023.**

64 PERFORMANCE AND RISK REPORT - SEPTEMBER 2023

The Committee received a report providing an overview of the council's performance with respect to its 2023-24 annual plan objectives, key performance indicators, corporate risks, and committee risks.

The following matters were considered:

- a) **Risk identified for failing to deliver the local plan.** A Member of the Committee asked if there are any specific parts of either budget, staffing, or legislative changes that have caused the delivery of the Local Plan to be put as the highest possible risk of failure. The Interim Director of Corporate Services responded to inform the Committee that since the publication of this report, the Licensing and Planning Policy Committee had met and agreed to recommend to Council that the Local Plan is unpaused, whereas when this report was produced the Local Plan was paused and there was no work being completed on it, meaning that the likelihood of delivering a Local Plan when paused garnered the maximum level of risk of failure being assigned to it.
- b) **CIL deadline.** A Member of the Committee asked if the 31st of December 2023 date, listed on page 112, regarding the reviewing and updating of CIL policies and produces, is a strict deadline or a rough target. The Interim Director of Corporate Services confirmed that the 31st of December is a date that is being aimed for and was lined up to feed into the LPPC schedule and forward plan, the new regulations and procedures will be taken to LPPC as soon as they are ready. The Interim Director of Corporate Services went on to explain that a CIL member of staff has been recruited and officers are putting into place better ways of working to reflect how the Council should be compliant with CIL.

- c) **Staff delivering the Local Plan.** A Member of the Committee asked if any risk has been identified in regard to key personnel involved in delivering the Local Plan and the expiration of their fixed term contracts occurring during the period of completing and submitting the Local Plan. The Interim Director of Corporate Services informed the Committee that there is corporate risk in terms of availability of staff and having the right people to do the right job at the right time. The Interim Director of Corporate Services reassured the Committee that the relevant individuals are often employed on a fixed-term basis to often cover the same fixed-term period it takes to produce and deliver a Local Plan, and there is work happening to ensure that the right funds, people, and resource are in place to continue to take the Local Plan forward.
- d) **Updating of the Corporate Risk Register.** A Member of the Committee asked how often the Corporate Risk Register and the individual committee risk registers are updated, and gave an example of the Community and Wellbeing risk register not lining up with Corporate Risk Register for similar housing risks. The Business Assurance Manager informed the Committee that the risk registers are updated quarterly, as part of a set schedule. The Business Assurance Manager went on to explain that all the risks are contained on service business plans, which are accessible by the managers and key individuals at any time, so they can be updated at any time. He also notes that the council has three main levels of risks - Service, Committee and Corporate - and when risks become more strategically important they get escalated up a level., The corporate register sits at the top of the pyramid. The Business Assurance Manager let the Member know that he would be able to provide a more in-depth written response regarding the specific example of the housing risks on the Community and Wellbeing and Corporate registers in due course.

Following consideration, the Committee unanimously resolved to:

- (1) **Note and comment on the performance and risk information located at Appendix 1.**

65 COMMITTEE WORK PROGRAMME

The Committee received a report with the Work Programme for 2023-2024.

The following matters were considered:

- a) **The Scheme of Delegation.** The Monitoring Officer gave a verbal update to the Committee regarding a report which was due to come to the November Audit and Scrutiny Meeting, which, following consultation with the Chair and Vice Chair of Standards and Constitution, will now come to the February 2024 meeting of the Audit and Scrutiny Committee.
- b) **Circumstances as to how situation arose.** A Member of the Committee asked what issues have arisen which have caused the delay to the Audit

and Scrutiny Committee seeing the report. The Monitoring Officer responded to confirm that A&S will be responsible for looking at the overall situation once the scope had been agreed with the Chair and Vice Chair of this Committee but officers will not be able to prepare a report until the February meeting at the earliest.

Following consideration, the Committee resolved to;

(5 for, 1 abstaining and the Chair not voting)

- (1) Note and agree the ongoing Work Programme for 2023-2024 as presented in Section 2.**

66 INTERNAL AUDIT PROGRESS REPORT - SEPTEMBER 2023

The Committee received a report summarising progress against the Internal Audit Plan 2023-2024.

The following matters were considered:

- a) **Assurance Opinion Categories.** A Member of the Committee asked for a definition of Limited as one of four categories of assurance opinion. The Internal Auditor informed the Committee that a definition of all four categories of assurance opinion could be found on page 128 of the agenda and confirmed that Limited means, 'significant gaps, in either the control framework or non-compliance with the controls that are in place.' The Internal Auditor explained to the Committee that when the report concludes with limited assurance, they will receive further details, including a summary of the observations and the actions that managers are putting in place to address them in the progress report.
- b) **Concern about Limited Assurance Opinions.** A Member of the Committee asked if there is any concern about the amount of Limited category opinions listed on page 130. The Internal Auditor responded to state that, in regard to the table on page 130, it's important to look at the report dates on some of those, although it appears that there are a number of limited within that, they do span over the last two 2 1/2 financial years and that table only including reports where actions still remain overdue. The Internal Auditor informed that Committee that the wider assurance given in the annual report, which has concluded as reasonable assurance on the whole across the year is important to note. The Internal Auditor highlighted to the Committee that they are consistently working positively with Officers and with Members to ensure that the audit plans delivered are truly risk-based audit plans, therefore, although the conclusion may come out as limited overall on some reviews, there is positive collaborative work with Officers taking place to progress in the right direction.

Following consideration, the Committee unanimously resolved to:

- (1) Note the internal audit progress report 2023-2024 from Southern Internal Audit Partnership (SIAP) attached at Appendix 1.**

The meeting began at 7.30 pm and ended at 8.48 pm

COUNCILLOR STEVE BRIDGER (CHAIR)

EXTERNAL AUDIT UPDATE

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	1 – Management Responses to Auditors' Enquiries

Summary

This report presents management's responses to Grant Thornton's enquiries. In accordance with best practice, these items must be presented to Committee.

Recommendation (s)

The Committee is asked to:

- (1) Consider and approve the management responses to Grant Thornton's enquiries, as set out in Appendix 1.**

1 Reason for Recommendation

- 1.1 The annual audit is an integral part of the controls in place for ensuring that the Council achieves its key Corporate Plan priority of being an Effective Council.
- 1.2 The recommendations will also enable the Council to meet its statutory obligations with regard to external audit.

2 Background

- 2.1 Grant Thornton provides the Council's external audit work.
- 2.2 In September, this Committee approved the External Audit Plan for the 2022/23's Statement of Accounts. The audit of the accounts is now underway, having been delayed from the summer as previously communicated.

3 Proposals

- 3.1 Grant Thornton will undertake the external audit in accordance with International Standards on Auditing (ISAs). Under ISA240 guidance, Grant Thornton submitted a number of audit queries to management, to inform its risk assessment for the audit.
- 3.2 ISAs emphasise the importance of two-way communication between auditors and audit committees. As such, Grant Thornton has requested that Audit and Scrutiny Committee consider whether the management responses to the audit queries, at Appendix 1, are consistent with members' understanding and whether there are any further comments the committee wishes to make.

4 Risk Assessment

Legal or other duties

- 4.1 Impact Assessment
 - 4.1.1 None arising from the contents of this report.
- 4.2 Crime & Disorder
 - 4.2.1 None arising from the contents of this report.
- 4.3 Safeguarding
 - 4.3.1 None arising from the contents of this report.
- 4.4 Dependencies
 - 4.4.1 None arising from the contents of this report.
- 4.5 Other
 - 4.5.1 None arising from the contents of this report.

5 Financial Implications

- 5.1 None arising from the contents of this report.
- 5.2 **Section 151 Officer's comments:** The next scheduled external update report will be provided to this Committee in February 2024.

6 Legal Implications

- 6.1 The Local Audit and Accountability Act 2014 sets out the framework for audit of local authorities. Grant Thornton's work is undertaken in the context of the Statement of Responsibilities of Auditors and Audit Bodies issued by the Comptroller and Auditor General.
- 6.2 **Legal Officer's comments:** None arising from the contents of this report.

7 Policies, Plans & Partnerships

- 7.1 **Council's Key Priorities:** The following Key Priorities are engaged:
Effective Council
- 7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 7.3 **Climate & Environmental Impact of recommendations:** No specific implications.
- 7.4 **Sustainability Policy & Community Safety Implications:** No specific implications.
- 7.5 **Partnerships:** No specific implications.

8 Background papers

- 8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- External Audit Update – Audit & Scrutiny Committee, 24 September 2023.

Other papers:

- None.

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Informing the audit risk assessment for Epsom and Ewell Borough Council 2022/23

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Agenda Item 4
Appendix 1

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

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Purpose

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

Background

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

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

Communication

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

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

Purpose

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

General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2022/23?</p>	<p>Changes in economic/social activity following the pandemic, and the ‘cost of living’ crisis – with elevated inflation, energy costs and interest rates – have all impacted on 2022/23’s financial statements.</p> <p>These economic factors affect demand for services (for example the number of households requiring housing support) and can cause significant asset valuation movements on the Council’s Balance Sheet. For example, valuations of property and the pension liability are all heavily impacted by economic conditions.</p> <p>These impacts have been quantified by independent actuarial and property valuation reports and factored into the 2022/23 financial statements accordingly.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by Epsom and Ewell Borough Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>Management considers that the accounting policies recommended by CIPFA’s Code of Practice remain appropriate for EEBC for 2022/23.</p> <p>There have been no events or transactions that cause a change or new accounting policies.</p> <p>From 2024/25, IFRS 16 may impact 2024/25’s accounts and a separate impact assessment will be undertaken for that in advance of the 2024/25 closedown.</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>The Council does not use derivatives. Financial instruments used by the Council are unchanged in nature from those reported in the 2021/22 Statement of Accounts (Note 18).</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>All transactions have been undertaken as part of the normal course of business.</p>

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	Not at the current time. Our external valuers assess all investment properties, and other non-current assets due for re-valuation. The external valuers also provide a market commentary report, which is used by accountants to determine whether any other assets need to be impaired or revalued.
6. Are you aware of any guarantee contracts? If so, please provide further details	Management is not aware of any guarantee contracts.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	The Council is supporting an ongoing Health & Safety Executive investigation following an incident in December 2021 involving a waste collection vehicle. The Council has set-aside a provision in 2022/23's accounts to reflect the risk that a financial liability may arise.
8. Other than in house solicitors, can you provide details of those solicitors utilised by Epsom and Ewell Borough Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<ul style="list-style-type: none"> • Trowers & Hamlins LLP – open commercial matters • Anthony Collins Solicitors LLP – Monitoring Officer • Cripps LLP – open property matters • South London Legal Partnership - open litigation matters, data protection, contracts • Tandridge Borough Council – general legal advice and planning matters • Eversheds – open planning and S106 matters • Davitt Jones Bould – open property and planning matters

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General Enquiries of Management

Question	Management response
<p>9. Have any of the Epsom and Ewell Borough Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details</p>	<p>No such reports have been received.</p>
<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>The Council subscribes to CIPFA's Better Governance Forum to receive regular bulletin/sector updates, but we didn't need to consult them on anything specific in the year. The Council is also a member of the National Anti Fraud Network; the Network identifies and shares potential frauds from across the sector, including around Covid related business grants, for the Council to be aware of.</p> <p>The Council also uses advisors for any service specific matters requiring independent specialist advice that is not available inhouse, some examples being:</p> <ul style="list-style-type: none"> • Knight Frank – advice on property-related matters • Link Asset Solutions – treasury management matters • Local Plan – multiple advisors
<p>11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details</p>	<p>The Council reviews at year-end all its assets, including debtor balances, loans and investments, for an indication of credit losses. At the current time, no material credit losses are expected. Should any arise however, these would be recognised in the financial statements in accordance with IFRS9 and proper accounting practice.</p>

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Fraud

Matters in relation to fraud

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

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

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

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

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

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

Fraud risk assessment

Question	Management response
<p>1. Has Epsom and Ewell Borough Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>Heads of Service on Strategic and Corporate Management Teams submit annual 'Divisional Assurance Statements', which provide assurance that any frauds affecting the financial statements would be reported. Management considers that the financial statements are not materially misstated, either due to fraud or for any other reason, due to this process and other internal controls to minimise the risk of fraud, including:</p> <ul style="list-style-type: none"> - Whistleblowing Policy - Segregation of duties - Internal audit to investigate any high risk fraud areas <p>The annual budget report to Full Council contains a budget risk assessment and associated risk mitigations, to ensure risk management is linked to financial reporting. In addition, both risk management and quarterly budget monitoring reports are presented to Audit & Scrutiny Committee.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>The Council treats all transactions/accounts/disclosures as similarly at risk of fraud, and as such our internal controls apply to all financial transactions, including council tax and housing benefits.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Epsom and Ewell Borough Council as a whole, or within specific departments since 1 April 2022? If so, please provide details</p>	<p>The Council's policy to prevent fraud is approved by the Strategic Management Team and it is clearly referenced in the annual counter-fraud report taken to Audit & Scrutiny Committee. Internal Audit provide regular reports to Audit & Scrutiny Committee, and any material and actual instances of fraud would be reported to this Committee.</p> <p>Management are not aware of any instances of material fraud. Regarding suspected or alleged fraud, errors or other irregularities, the Council is aware of a few instances of fraud related to fake parking tickets, and one instance of attempted phishing fraud using a fake invoice (which was prevented). The Council has also commissioned a neighbouring authority to investigate, predominantly, housing related fraud. This arrangement began in Quarter 1 2023-2024.</p>

Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Management reports risk issues to those charged with governance in accordance with the Council's Constitution and Risk Management Strategy. Regular risk management reports are reported to Audit & Scrutiny Committee, and Policy Committee-specific risk registers are maintained.</p> <p>The Annual Governance Statement identifies any significant governance issues, along with mitigations where appropriate.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Epsom and Ewell Borough Council where fraud is more likely to occur?</p>	<p>The Council registers and assesses fraud risk on Service business plans, alongside other corporate risks. The risk generally align with those typical fraud risks set out in the Fighting Fraud Locally Strategy. There are no risks that the Council is specifically concerned about. Fraud risk exposure meetings have or will be held with all Council teams.</p> <p>While the Council has identified some teams as exposed to higher fraud risk than others, such as revenues, benefits, housing, community services and transport and waste, the respective managers have confirmed that current risk mitigations are sufficient.</p>
<p>6. What processes do Epsom and Ewell Borough Council have in place to identify and respond to risks of fraud?</p>	<p>Heads of Service on Strategic and Corporate Management Teams submit annual 'Divisional Assurance Statements', which provide assurance that any frauds affecting the financial statements would be reported. Management considers that the financial statements are not materially misstated, either due to fraud or any other reason, due to this process and other internal controls to minimise the risk of fraud, including:</p> <ul style="list-style-type: none"> - Whistleblowing policy - Segregation of duties - Internal audit to investigate any high risk fraud areas - Fraud risks are included on the Council's corporate risk register. <p>A fuller account of our arrangements can be found in the committee files on the council's website for the Audit and Scrutiny Committee.</p>

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Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for Epsom and Ewell Borough Council, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Heads of Service on Strategic and Corporate Management Teams submit annual 'Divisional Assurance Statements', which provides assurance that internal controls are operating effectively.</p> <p>Internal audit regularly test internal controls/procedures and provide assurance reports – including an Annual Internal Audit Report & Opinion - to management and Audit & Scrutiny Committee. Any material findings must have a mitigating management action, which is then followed up by internal audit to ensure implementation.</p> <p>We are not aware of any areas where there is override or inappropriate influence over the financial reporting process.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>The Council has internal controls and procedures in place to ensure the risk of misreporting is low.</p> <p>Internal audit regularly test internal controls/procedures and provide assurance reports to management and Audit & Scrutiny Committee. Any material findings must have a mitigating management action, which is then followed up by internal audit to ensure implementation.</p>

Fraud risk assessment

Question	Management response
<p>9. How does Epsom and Ewell Borough Council communicate and encourage ethical behaviours and business processes of its staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Messages are communicated to staff through: Corporate plans, team meetings, managers' training, feedback at Corporate Management Team, Internal Audit, Staff Update publications, People Framework, Officers Code of Conduct, references made to the Nolan principles. The processes for contractors are set-out in the relevant contract and procurement documents.</p> <p>We encourage reporting in Staff Update messages, the creation of a new fraud reporting email inbox, by reading our fraud policies and completing the e-learning module as part of staff inductions. We also have a Whistleblowing Policy to ensure staff can report fraud without prejudice.</p> <p>Staff are expected to report full details of any known or suspected fraud. No significant issues have been reported in 2022/23.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Any post involved in financial transactions is considered at risk of fraud or corruption.</p> <p>Risks are managed through having appropriate internal controls, including appropriate authorisation limits for staff and segregation of duties for all financial transactions.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>There are no significant changes to the prior period in terms of related parties.</p> <ul style="list-style-type: none"> - Strategic and Corporate Management Teams are responsible for implementing the Council's policies and were asked at year-end to declare any related party transactions for the 2022/23 accounts. - Elected Members have direct Control over the Council's strategy and policies. Members were also asked to declare any related party transactions for inclusion in the 2022/23 accounts. <p>The Council has policies in place to ensure related party relationships and transactions must be disclosed. Officers and members are required to declare any conflicts of interest prior to taking part in any decision-making process.</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit and Scrutiny Committee?</p> <p>How does the Audit and Scrutiny Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Our arrangements for fraud reporting are set out in our Anti-fraud and anti-corruption strategy, which now includes a new fraud reporting mailbox for staff. An annual counter-fraud report is taken to Audit & Scrutiny Committee, as well as Internal Audit reports</p> <p>Internal audit recommendations must have a mitigating management action. Internal audit follow-up to ensure all actions are implemented, with any outstanding actions reported to Audit & Scrutiny Committee.</p> <p>Management are not aware of any instances of material fraud., Regarding suspected or alleged fraud, errors or other irregularities, the Council is aware of a few instances of fraud related to fake parking tickets, and one instance of attempted 'phishing' fraud using a fake invoice (which was prevented). The Council has also commissioned a neighbouring authority to investigate, predominantly, housing related fraud. This arrangement began in Quarter 1 2023-2024. The Annual Internal Audit Report & Opinion 2022-2023 concluded with a "reasonable" opinion.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>Management is not aware of any.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>Management is not aware of any.</p>

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Law and regulations

Matters in relation to laws and regulations

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

Management, with the oversight of the Audit and Scrutiny Committee, is responsible for ensuring that Epsom and Ewell Borough Council's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

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

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

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Appendix 1

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Epsom and Ewell Borough Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Heads of Service on Strategic and Corporate Management Teams submit annual 'Divisional Assurance Statements', which provide assurance that laws and regulations have been complied with. The Council has policies in place to identify any breaches, including the following:</p> <ul style="list-style-type: none"> - Whistleblowing policy - Internal audit test for compliance with laws and regulations as part of their reviews. <p>Furthermore, all Committee reports must have the legal comments documented within the report. All reports are reviewed by a legal officer or the Monitoring Officer.</p> <p>Post-year end, the Council is undertaking a review of its Scheme of delegation to ensure that decision-making procedures remain robust.</p> <p>Regarding regulatory changes, the Accounts and Audit Regulations require target dates for draft and audited accounts of 31 May and 30 September 2023 respectively. No other regulatory changes are expected to have a material impact on the financial statements.</p>
<p>2. How is the Audit and Scrutiny Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>All Committee reports and decisions must have the legal implications documented within the report; all reports are reviewed by a legal officer or the Monitoring Officer.</p> <p>The Council's Constitution and Annual Governance Statement set-out the Council's robust governance framework, providing further assurance to the Committee.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2022 with an on-going impact on the 2022/23 financial statements? If so, please provide details</p>	<p>Management is not aware of any.</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>Management is not aware of any claims at the litigation stage. However, the Council:</p> <ul style="list-style-type: none"> - Has received a number of planning appeals that it expects to defend; - Is supporting an ongoing Health & Safety Executive investigation. <p>In each case, financial impacts are assessed at year-end and included in the financial statements in accordance with proper accounting practice.</p>

Impact of laws and regulations

Question	Management response
<p>5. What arrangements does Epsom and Ewell Borough Council have in place to identify, evaluate and account for litigation or claims?</p>	<p>At year-end, senior officers on Strategic and Corporate Management Teams submit annual 'Divisional Assurance Statements', which include details of any new potential litigation or claims and sufficient details to enable the finance team to judge the appropriate accounting treatment.</p> <p>This provides assurance that any new potential litigation or claims would be identified.</p> <p>Legal advice is sought where appropriate, and managers can access training on regulatory areas that are subject to change.</p>
<p>Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details</p>	<p>The Council is supporting an ongoing Health & Safety Executive investigation following an incident in December 2021 involving a waste collection vehicle.</p>

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Related Parties

Matters in relation to Related Parties

Epsom and Ewell Borough Council are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

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

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

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

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Epsom and Ewell Borough Council 's 2022/23 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and Epsom and Ewell Borough Council whether Epsom and Ewell Borough Council has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>No significant known changes at the current time. Senior Officers and Members are required to sign updated Related Party Declarations at each year-end – these will be provided to Grant Thornton during the audit.</p>
<p>2. What controls does Epsom and Ewell Borough Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>The Council has a formal policy on Disclosable Pecuniary Interests</p> <p>Formal declarations for related party transactions are required annually from all senior officers and all Members.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Members/Officers with declared related party relationships are not involved in the decision making process for related party transactions.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>All transactions are processed through the normal business procedures.</p>

Going Concern

Matters in relation to Going Concern

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

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

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

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

Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Epsom and Ewell Borough Council will no longer continue?	Management subscribes to sector bulletins, such as LGA Updates, SOLACE and LG Futures, which would raise awareness of any such changes. Management is also represented at Surrey Chief Executives and Surrey Treasurers groups, which would discuss any such matters impacting the County.
2. Are management aware of any factors which may mean for Epsom and Ewell Borough Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	Management is not aware of any such factors.
3. With regard to the statutory services currently provided by Epsom and Ewell Borough Council, does Epsom and Ewell Borough Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Epsom and Ewell Borough Council to cease to exist?	There are no known or agreed plans for the Council to cease to exist, therefore management expects to continue delivering current statutory services for the foreseeable future.
4. Are management satisfied that the financial reporting framework permits Epsom and Ewell Borough Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes management is satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements, and that the financial reporting framework permits this approach. The Chief Finance Officer provides assurance that the Council is a going concern, through the MTFS projections and section 25 report to Full Council on 15 February 2022

Accounting estimates

Matters in relation to accounting estimates

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

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

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

Specifically do Audit Committee members:

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

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

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?</p>	<p>The main accounting estimates in the financial statements are disclosed in Note 4 to the Statement of Accounts. These are:</p> <ul style="list-style-type: none"> - Property Plant & Equipment valuations - Investment Property valuations - Pension Fund valuations <p>Through representation at Corporate Management Team and Committee meetings, Finance Team become aware of any significant transactions, events or conditions that would require accounting estimates.</p> <p>Senior officers on Strategic and Corporate Management Teams also submit annual 'Divisional Assurance Statements', which provides assurance that all material transactions, events and conditions, that affect the financial statements, have been captured.</p>
<p>2. How does the Council's risk management process identify and address risks relating to accounting estimates?</p>	<p>The Council uses independent and suitably qualified external experts where appropriate.</p> <p>The Council's finance team employs suitably CCAB-qualified accountants to follow CIPFA and IFRS accounting standards when making accounting estimates.</p>
<p>3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?</p>	<p>Management follows CIPFA's Code of Practice and the accounting standards to make the key accounting estimates.</p>
<p>4. How do management review the outcomes of previous accounting estimates?</p>	<p>Year on year changes in accounting estimates are reconciled within the Notes to the Statement of Accounts.</p>
<p>5. Were any changes made to the estimation processes in 2022/23 and, if so, what was the reason for these?</p>	<p>No changes have been made for 2022/23 – the Council has been consistent in the methodology used for accounting estimates.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>	<p>Management follows standard sector practice by using RICS specialists for the valuation of its Property Plant and Equipment, and qualified actuaries for the estimation of the pension fund position.</p> <p>When specific technical accounting advice is required, the Council utilises Icabods Industries for external advice.</p>
<p>7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>The Council provides its RICS property valuers with an engagement letter, setting out the activities that are required. The external estimates/valuations are then reviewed by qualified Council officers, with any unusual or unexpected movements/valuations queried and explanations sought.</p> <p>As a member of the Surrey Pension Fund, Surrey County Council engages the actuary Hymans Robertson LLP to calculate the pension fund position on our behalf.</p> <p>Council officers then review the IAS Results Report for reasonableness of assumptions. Any unusual or unexpected movements/valuations are queried and explanations sought.</p>
<p>8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>As above, the Council provides its RICS property valuers with an engagement letter, which sets out the activities that are required. The external estimates/valuations are then reviewed by qualified Council officers, with any unusual or unexpected movements or valuations queried and explanations sought.</p> <p>As a member of the Surrey Pension Fund, Surrey County Council engages the actuary Hymans Robertson LLP to calculate the pension fund position on our behalf.</p> <p>Council officers then review the IAS Results Report for reasonableness of assumptions. Any unusual or unexpected movements/valuations are queried and explanations sought.</p>
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<p>Both the Section 151 Officer and Deputy S151 Officer review the estimates used in the Statement of Accounts. Following review, the S151 Officer certifies the SoA as free from material error and presenting a true and fair view.</p> <p>The SoA is also reviewed and approved by elected members of Audit and Scrutiny Committee, before the audit is signed off.</p> <p>See Appendix A for the methods and models used.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?</p>	<p>The main accounting estimates in the financial statements are those disclosed in Appendix A and in Note 4 to the Statement of Accounts. These are:</p> <ul style="list-style-type: none"> - Property Plant & Equipment accounting - Investment Property Accounting - Pension Fund Accounting
<p>11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?</p>	<p>Management is satisfied that arrangements for the accounting estimates are reasonable, as the estimates are compliant with accounting standards and CIPFA's Code of Practice, and have been reviewed by the Council's finance team of suitably CCAB-qualified accountants. Where applicable, estimates are obtained from qualified, external (and therefore independent) actuaries and property valuers, providing further assurance that the estimates are reasonable.</p>
<p>12. How is the Audit and Scrutiny Committee provided with assurance that the arrangements for accounting estimates are adequate ?</p>	<p>The Council's accounts are produced by appropriately qualified accountants and then certified by the CIPFA-qualified S151 Officer.</p> <p>Members can challenge officers on any aspect of the Statement of Accounts at the Audit and Scrutiny Committee meeting.</p> <p>Internal audit periodically review general and capital accounting arrangements, which provides further assurance.</p> <p>External audit review also provides assurance.</p>

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Appendix 1

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	As set-out in the accounting policies in the Statement of Accounts - fair value for investment properties, current value or depreciated replacement cost for operational land and properties.	<p>Qualified experts are used to undertake the estimates.</p> <p>Segregation of duties requires two officers to post valuation movements in the general ledger.</p>	Yes – management have used RICS qualified firm Wilks, Head and Eve.	Note 4 of the Statement of Accounts discloses the degree of uncertainty and a high-level sensitivity analysis.	No
Depreciation	As set-out in our accounting policies - typically 50 years for buildings on a straight-line basis.	<p>Qualified experts are used to assess the expected asset life, which is used as the basis for the depreciation estimate.</p> <p>Segregation of duties requires two officers to post depreciation movements in the general ledger.</p>	Wilks, Head and Eve provide the valuations. In addition, officers in the finance team are qualified accountants i.e. experts. We use internal software called Real Asset Management to assist with depreciation estimates.	Note 4 of the Statement of Accounts discloses the degree of uncertainty and a high-level sensitivity analysis.	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Significant accruals	The accruals accounting principal is applied. Civica Purchasing is used to identify system accruals, with a supporting manual process for sundry accruals.	Internal guidance and segregation of duties requires two officers to post accruals in the general ledger.	Officers in the finance team are qualified accountants i.e. experts.	Expenditure and income is recognised in the year to which it relates. There is little uncertainty, and no acceptable alternative to accruals accounting.	No
Valuation of pension liability	The valuation is undertaken in accordance with the principles of the relevant accounting standards - FRS102 and IAS19.	Qualified independent experts are used to undertake the estimates.	Expert firm Hymans Robertson LLP are engaged to undertake the estimates.	Notes 4 and 32 of the Statement of Accounts disclose the degree of uncertainty and a high-level sensitivity analysis.	No
Fair value of loans	Fair valuations are undertaken in accordance with IFRS16 by independent experts.	Independent industry experts are used to undertake the estimates.	Expert firm Link Asser Services are engaged to undertake the estimates.	Note 18 of the Statement of Accounts discloses the degree of uncertainty and input assumptions used in the valuation.	No

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Agenda Item 4
Appendix 1

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
NNDR Appeals provision Page 46	In accordance with CIPFA's Code of Practice, provisions are calculated based on an estimate of the probable liability.	Management use information provided by the Valuation Office Agency to identify outstanding appeals submitted by businesses.	Management use information provided by the Valuation Office Agency.	Management use past appeal success rates to assist in projecting future appeal success rates. In addition, advice is sought from business rate specialists LG Futures.	No
Credit loss allowance	Debtors are assessed annually and for doubtful debts, an allowance is made for expected future credit losses, which factors in the age and recoverability of the debt.	Outstanding debtor balances are monitored through the debtors control account.	Officers in the finance team are qualified accountants i.e. experts.	The estimate is based on expected future credit losses on outstanding debts. A sensitivity analysis is included within Note 4 of the Statement of Accounts.	No

Agenda Item 4
Appendix 1



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CODE OF CORPORATE GOVERNANCE - ANNUAL REVIEW

Head of Service:	Andrew Bircher, Interim Director of Corporate Services
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1 – Code of Corporate Governance

Summary

The Council's Code of Corporate Governance - 'the Code' - was updated and approved by the Committee in November 2022. The Code sets out the principles of good governance and the arrangements the Council has in place to ensure it conducts its business in accordance with them. As part of best practice, the Code is reviewed annually by officers. Attached at Appendix 1 is an updated Code. No major changes have been made, purely minor administrative updates.

Recommendation (s)

The Committee is asked to:

- (1) **Approve the updates to the Code of Corporate Governance attached at Appendix 1.**

1 Reason for Recommendation

- 1.1 To ensure the Committee remains regularly apprised of the contents of the Code of Corporate Governance, and ensure the document remains up-to-date.

2 Background

- 2.1 In addition to setting out the council's key governance arrangements, the Code acts as a foundational document in the production of the Annual Governance Statement ('AGS'). The AGS assesses the effectiveness of the Council's governance arrangements based on the Code. The AGS is also brought to the committee annually, and published alongside the council's statement of accounts.
- 2.2 The Code has been reviewed and minor administrative updates made. The updates are available to view in Appendix 1 as track changes. If approved by the Committee, a 'clean' version of the document will be produced and published on the Council's [website](#).

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

3.1.1 No direct implications arising from this report, although equality is a theme within the CIPFA framework.

3.2 Crime & Disorder

3.2.1 No direct implications arising from this report.

3.3 Safeguarding

3.3.1 No direct implications arising from this report.

3.4 Dependencies

3.4.1 The production of the AGS relies in part on the Code of Corporate Governance.

3.5 Other

3.5.1 None.

4 Financial Implications

4.1 None for the purposes of this report.

4.2 **Section 151 Officer's comments:** None arising from the contents of this report.

5 Legal Implications

5.1 None for the purposes of this report.

5.2 **Legal Officer's comments:** None arising from the contents of this report.

6 Policies, Plans & Partnerships

6.1 **Council's Key Priorities:** The following Key Priorities are engaged: All, the council's governance arrangements, as documented in this report, underpin all the council's priorities.



6.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

6.3 **Climate & Environmental Impact of recommendations:** No direct impacts.

6.4 **Sustainability Policy & Community Safety Implications:** No direct impacts.

6.5 **Partnerships:** No direct impacts.

7 Background papers

7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Audit and Scrutiny Committee (November 2022) *Code of Corporate Governance*, see Item 22. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1252> [last accessed 25/09/23].

Other papers:

- Audit and Scrutiny Committee (July 2023) *Annual Governance Statement 2022-2023*, see Item 52. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1478> [last accessed 25/09/23].

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Code of Corporate Governance

Version number: 2.~~10~~

Date: November 202~~32~~

Version control

No.	Date	Author	Change description	Approved by
1	04/04/2017	Head of Corporate Governance	2017 Version.	Strategy & Resources Committee
2	21/10/2022	Business Assurance Manager	Review and update, including changes to the structure and format of the document.	Audit & Scrutiny Committee (17/11/2022)
2.1	25/09/2023	Business Assurance Manager	Minor updates made, inc. references to the Operating Framework.	
Next review date: November 2024 3				

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Governance Assurance Channels[202019](#)

Introduction

Corporate governance is a term used to describe the way that organisations direct and control what they do. For local authorities, it includes the systems, policies and processes as well as the cultures and values that underpin a council's arrangements for effective:

- Leadership
- Management
- Performance
- Delivery of positive customer outcomes
- Community engagement
- Stewardship of public money

Epsom and Ewell Borough Council (the council) is responsible for ensuring a sound system of governance: ensuring its business is conducted in accordance with the law and proper standards; that public money is safeguarded, properly accounted for and used; and that it exercises its functions efficiently and effectively. Councillors and officers are responsible for putting in place proper arrangements for the council's governance and the stewardship of its resources, and for regularly reviewing those arrangements.

The council is committed to demonstrating that it has the necessary corporate governance arrangements in place. It has developed and adopted a local Code of Corporate Governance which brings together in one document, all the governance and accountability arrangements the council currently has in place.

Principles of good corporate governance

This document is based upon the CIPFA/SOLACE Framework: Delivering good governance in local government.¹ The aim of the principles is to help local authorities achieve their intended outcomes, while acting in the public interest at all times. The principles are as follows:

- A.** Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B.** Ensuring openness and comprehensive stakeholder engagement.
- C.** Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D.** Determining the interventions necessary to optimise the achievement of the intended outcomes.

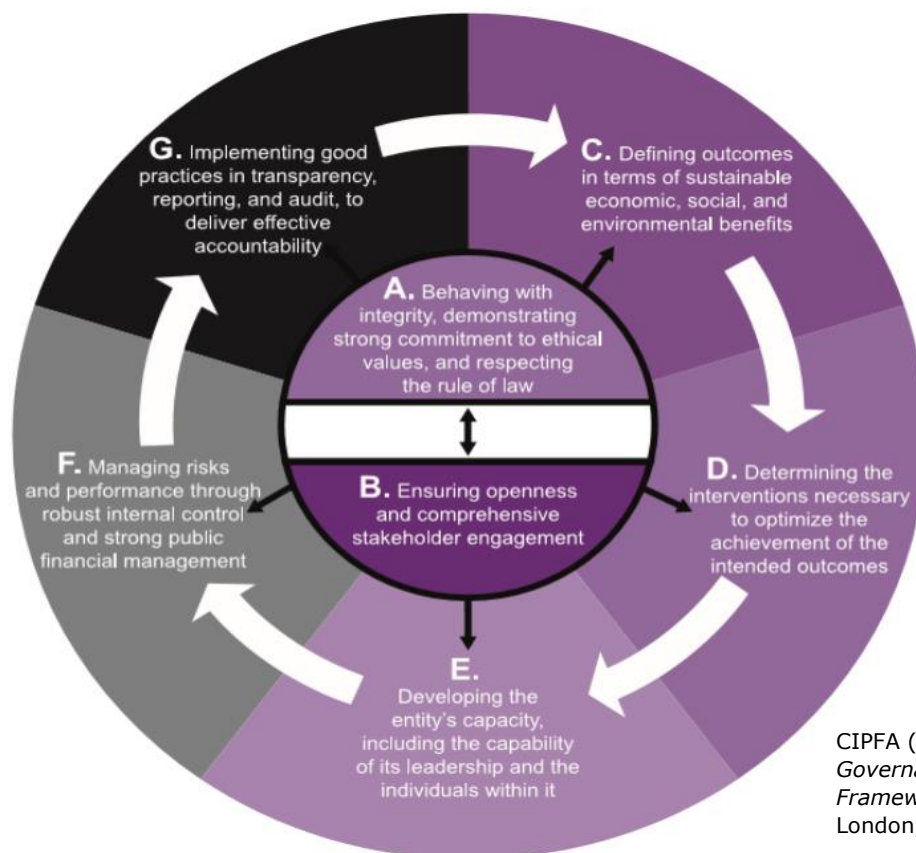
¹ CIPFA (2016) *Delivering Good Governance in Local Government Framework*, 2016 Edition. CIPFA: London.

E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.

F. Managing risks and performance through robust internal control and strong public financial management.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The diagram below illustrates how the seven principles of good governance relate to each other: principles A and B permeate through the implementation of principles C to G. Hence, good governance is dynamic and requires a commitment to continually improve by developing positive outcomes for services users and other stakeholders.



CIPFA (2016) *Delivering Good Governance in Local Government Framework 2016 Edition*. CIPFA: London, p.11.

Putting the principles into practice at the Council

The overarching aim of the CIPFA/SOLACE Framework is to support local authorities in taking responsibility for developing an informed approach to governance and achieve the highest standards in a measured and proportionate way. In reviewing and accounting for their own unique approaches in line with the CIPFA/SOLACE framework, local authorities look to ensure that:

- Decision making is inclusive and sound.

- Agreed priorities and policies direct resources, and there is clear accountability for their use.

The council's **constitution** sets out how the council operates, how decisions are made and the procedures which are followed to ensure transparency and accountability. Some of these processes are required by law, while others have been adopted at the council's discretion. Much of the council's approach to addressing the principles of good governance is contained within it. More specific details of the way that the council applies the principles in practice are set out below.

Monitoring and reporting

Regulation 6 of the Accounts and Audit Regulations 2015 and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 require an authority to conduct a review at least once in a year of the effectiveness of its systems of internal control and include a statement reporting on the review with any published statement of Accounts. This is known as an Annual Governance Statement.

The council will monitor its governance arrangements for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date and working effectively. Where monitoring reviews of the corporate governance arrangements have revealed gaps, actions will be planned to enhance the governance arrangements accordingly.

The council will submit an Annual Governance Statement to its Audit and Scrutiny Committee each year for consideration. The Statement will assess how the council have complied with this local code of corporate governance, and detail how governance improvements will be achieved.

Following approval at committee, the Annual Governance Statement is published with the Council's Statement of Accounts, on the council's website. Progress updates on the implementation of actions arising from the annual governance statements are provided to Audit and Scrutiny Committee throughout the year.

Certification

We hereby certify our commitment to this Local Code of Corporate Governance and will ensure that the council continues to review, evaluate and develop its governance arrangements and ensure continuous improvement of its systems.

NEIL DALLEN

JACKIE KING

**Chair of Strategy and Resources
Committee**

Interim Chief Executive

Date: 24/01/2023

Date: 24/01/2023

Note: the signed original copy is kept at the council offices.

Applying the principles of good governance

The table below shows examples of documents and practices that the council has in place to ensure effective governance. The information is presented in line with the CIPFA framework.²

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

What this means in practice:

The council is accountable not only for how much it spends, but also how it uses the resources under its stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes it has achieved. In addition, it has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, the council can demonstrate the appropriateness of all its actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and respect the rule of the law.

Supporting principles

Behaving with Integrity

Examples of the council’s commitment to achieving good governance in practice

- The council’s [Constitution and Operating Framework](#) contains a code of conduct for councillors ~~and officers~~, roles and functions of statutory officer and key posts, to ensure the high standards of conduct are maintained. The ~~constitution and~~ councillor code of conduct ~~are is~~ currently being reviewed by [the Standards and Constitution Committee – a council working group](#) to ensure it is up to date and as effective and user-friendly as possible.
- In addition, the [Constitution-Operating Framework](#) includes codes for councillor / officer relations, the Monitoring Officer, conduct and practice in licensing procedures and hearings, and practice in respect of planning matters. All are being reviewed as per the point above.
- [A code of conduct for offices is in place.](#)
- Contract Standing Orders, Procurement Strategy and Financial Regulations in place and up to date.
- New ‘People Framework’ for officers being implemented. Part 3/3 is being implemented in late 2022-23 / early 2023-24.
- Registers of councillors’ interests are published on the council’s website.

² The table below contains content modified from: CIPFA (2016) *Delivering Good Governance in Local Government Framework*, 2016 Edition. CIPFA: London.

	<ul style="list-style-type: none"> • Councillors' declarations of disclosable pecuniary interests and other disclosable interests are recorded in the minutes of committee meetings. • The council's has Anti-Fraud and Anti-Corruption Strategy & Fraud Response Plan and associated policies which seek to prevent fraud and corruption, in place. An annual fraud report is submitted to Audit & Scrutiny Committee (from 2022-2023 onwards) and fraud e-learning is also mandatory for all new starters. • A Whistleblowing Policy is in place to enable staff to raise issues of concern and report wrongdoing. • Standard decision-making reporting format is in place to ensure that all those responsible for taking decisions have the necessary information on which to do so. Key decisions are supported by various different assessments e.g. finance, legal, equalities, climate change etc. depending on the decision. • The procedure to make complaints to the council or local government and social care ombudsman is provided on the council's website. • A customer charter is published on the council's website, detailing the standards of service customers can expect from the council. • Induction programmes in place for new staff and councillors.
<p>Demonstrating strong commitment to ethical values</p>	<p>In addition to the relevant points above:</p> <ul style="list-style-type: none"> • Councillors' code of conduct includes specific reference to nine principles of public life, which are based on the Committee on Standards in Public Life's seven principles. • Terms of reference in place for all committees and working groups. • Internal and External audit reports are discussed in committee meetings and published publicly. • Diversity, Equity and Inclusion Framework 2021-2024 adopted and annual report on equality, diversity and inclusion submitted to Audit & Scrutiny Committee (from 2022-2023 onwards). • Publication of an Annual Governance Statement. • Public petition scheme included in the Constitution Operating Framework. • The council participates in its local community safety partnership.
<p>Respecting the rule of the law</p>	<p>In addition to the relevant points above:</p> <ul style="list-style-type: none"> • Statutory Monitoring Officer and Section 151 Officer both work with councillors and officers to ensure that the law is adhered to and a balanced budget is achieved.

	<ul style="list-style-type: none"> • Internal and External auditors provide independent and objective reviews of the council’s systems of internal control, governance and finances. • The council’s political structure and roles are available on the council’s website and includes membership details and functions of all major committees. • Transparency page on the council’s website publishes key documents and council information, including how freedom of information requests can be submitted. • All committee decisions made by the council are published on the council’s website, and meeting agendas are published publicly ahead of each committee meeting. • Data Protection Policy requires applicable data breaches to be reported to the Information Commissioner’s Office. • Health and safety processes, policies and procedures have senior management oversight.
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Principle B - Ensuring openness and comprehensive stakeholder engagement

What this means in practice:

The council is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens, and service users, as well as institutional stakeholders.

Supporting principles	Examples of the council’s commitment to achieving good governance in practice
Openness	<ul style="list-style-type: none"> • Adoption of a clear and consistent reporting format in relation to committee reports. • Agendas, reports (and minutes) are published on the council’s website in advance. Meetings are open to the public except in relation to exempt items. • Transparency page on the council’s website provides a range of information that is freely available to the public under its publication scheme, including staff pay and procurement card spends. • Regular budget monitoring reports are submitted to Audit & Scrutiny Committee. • The council’s Four Year Plan illustrates where the council is directing its resources. • Regular meetings are held with committee Chairs to discuss developments in their service area and of issues of concern, which is supplemented by regular all member briefings on areas of interest to elected councillors. • Corporate performance reports taken to Audit and Scrutiny Committee. • Process in place to respond to freedom of information requests, which is also published on the council’s website.

	<ul style="list-style-type: none"> • Scheme of Delegation in place in the Constitution.
<p>Engaging comprehensively with institutional stakeholders.</p>	<p>In addition to the relevant points above:</p> <ul style="list-style-type: none"> • A number of priority partnerships have been identified and are supported to ensure that outcomes are achieved efficiently and effectively, such as the Community Safety Partnership and the local Business Improvement District. • The council's 2022-2023 Annual Plan2023-2024 Annual Plan includes engagement activities. A report was taken to Community and Wellbeing Committee in June 2023, with a follow-up scheduled for early 2024. • The council's Procurement Strategy makes provision for engagement with a breadth of suppliers and ensures that they are chosen according to the council's requirements and deliver value to residents. • Ensure regular performance / contract management / partnership meetings are scheduled with key partners. • The council plays a significant part in the management of multi-agency arrangements for planning, responding to, and recovery from emergency and major incidents. The coordination of such actions takes place through the Local Resilience Partnership which is a statutory body established under the Civil Contingencies Act 2004. Membership is drawn from a range of statutory partners including all local authorities across Surrey.
<p>We will engage stakeholders effectively, including citizens and service users.</p>	<p>In addition to the relevant points above:</p> <ul style="list-style-type: none"> • Engaging with customers before planning and commissioning services is encouraged by the council. For example, new engagement approaches were used for consultation on the Epsom masterplan. • Social media platforms utilised to engage and communicate with stakeholders. • Contact Centre in place to triage resident and other customer enquiries (phone, reception and online) and complaints. • Communications Plan in production. • Staff surveys issued on key topics.

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

What this means in practice:

The long-term nature and impact of many of the Council's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the Council's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and

resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Supporting principles	Examples of the council's commitment to achieving good governance in practice
Defining outcomes	<ul style="list-style-type: none"> • The council's overall vision is reflected in the Four Year Plan, which sets out priority outcome themes, and is supported by individual annual plans, a Medium-Term Financial Strategy, and underpinned by a service delivery plan. • Several corporate strategies and frameworks <u>are</u> in place that cover specific policy areas, such as climate change and equalities. The council is also consolidating its strategies' separate action plans within its annual plans to aid effectiveness. • Progress on the annual plan is reported regularly to Audit & Scrutiny Committee. • Corporate performance report, and actions produced to address observations raised in Internal and External Audit reports. • Project management arrangements are in place
Sustainable economic, social and environmental benefits	<p>In addition to the relevant points above:</p> <ul style="list-style-type: none"> • Climate change strategy and equality framework are in place. • Environment and Sustainability Officer in post. • Climate change and equalities implications are included in the standard committee report template. • Social value included in the council's Procurement Strategy. • Grant funding secured for community enhancements awarded and allocated. • Health, wellbeing and equalities objectives included in the 2022-2023 Annual Plan.
<p>Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>What this means in practice:</p> <p>The Council achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that the Council has to make to ensure intended outcomes are achieved. It needs to ensure that it's defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.</p>	
Supporting principles	Examples of the council's commitment to achieving good governance in practice

<p>Determining and planning interventions</p>	<ul style="list-style-type: none"> • Corporate planning process in place, including Vision Future 40 and Four Year Plan. • Robust budget planning and monitoring in place, including Medium Term Financial Strategy. • Governance of decision making in place, such as: policy committees, Strategic Management Team, Corporate Management Team, divisional team meetings, project boards. • Committee reports include objective and rigorous analysis of options in reports, indicating how intended outcomes would be achieved and associated risks. • Corporate strategies in place such as for procurement, homelessness, climate change, equalities and counter fraud. • Decisions for committee are presenting in a standard format, which ensures that proper professional advice on matters that have legal or financial implications is available, recorded and used appropriately. • Audit reports and the production of the Annual Governance Statement are used to form governance improvement actions. • Project boards and Project and Programme Management Toolkit in place. • Put in place effective arrangements to deal with a failure in service delivery and explore options for improving service delivery and outcomes for our residents. • Emergency and business continuity plans in place. • Through the council's enforcement functions we take action to ensure compliance with regulations.
<p>Optimise achievement of intended outcomes</p>	<p>In addition to the relevant points above:</p> <ul style="list-style-type: none"> • Financial reporting processes which include budget setting processes and budget monitoring are clearly defined to highlight budget pressures where intervention may be required. • Ensuring the Medium Term Financial Strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage. • The annual budget is prepared for scrutiny and approval by councillors and published in line with agreed priorities and the medium term financial strategy. • Risk Management Strategy updated this year, and all corporate risk registers are being reviewed. • Corporate performance reports published regularly. • Scheme of Delegation in place. • A Whistleblowing Policy which details key officers and processes is in place.

Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it

What this means in practice:

The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. It must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual Officers. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Supporting principles

Examples of the council's commitment to achieving good governance in practice

Developing the entity's capacity

- Key councillor and officer roles and responsibilities are set out in the Constitution and Operating Framework.
- Councillor / officer relations protocol is in place to ensure effective communication.
- Management meetings are in place, and can be used by service managers to escalate issues.
- Corporate planning aligned with financial planning.
- Support arrangements are in place to allow deployment of interim capacity where required.
- Employee Assistance Programme, mental health first aiders, and occupational health services support for staff health and wellbeing.
- Roles of councillors and officers are set out in the Council's constitution . Operating Framework, and in officer job descriptions.
- Annual pay policy statement.
- Members' Allowance Scheme is in place.
- Scheme of Delegation is available in the Constitution.
- Corporate performance report taken to Audit and Scrutiny Committee.
- Regular service performance and county benchmarking in place.
- Internal Audit in place as a third line of defence regarding officer skills and training.
- The Corporate Project Board oversees corporate projects.
- Improving resource use through appropriate application of techniques such as business process reviews.
- Corporate management structure available to all staff and published in the Constitution.

	<ul style="list-style-type: none"> • Recognising the benefits of partnerships and collaborative working where added value can be achieved, such as with Building Control. • ICT Strategy in production. • Succession planning is considered for key roles. • The My Performance Conversation framework is used to discuss performance with officers and take action where performance is not meeting expectations. • Pay benchmarking and job evaluation is undertaken.
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We will develop the capability of the entity's leadership and other individuals.	<p>In addition to the relevant points above:</p> <ul style="list-style-type: none"> • Councillor induction programme and additional training provided, such as for planning and finance. • Training available to staff and included within the My Performance Conversations framework. • Statutory officers <u>in</u> posts in place, and recruitment of permanent Chief Executive underway. • Project Management Group (community of practice) in place.
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Principle F - Managing risks and performance through robust internal control and strong public financial management

What this means in practice:

The Council needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the achievement of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Supporting principles	Examples of the council's commitment to achieving good governance in practice
Managing risks	<ul style="list-style-type: none"> • Audit and Scrutiny Committee has overall responsibility for the council's governance and risk management arrangements, and relevant reports are reviewed by the committee through the year, such as those listed below. • Corporate performance reports taken to Audit and Scrutiny Committee regularly. • Risk Management Strategy in place and training workshops undertaken.

	<ul style="list-style-type: none"> • Multi-level risks registers are used, i.e. for corporate, committee and service-level risk management. • Internal Audit reports and an annual audit plan are reviewed and approved by Audit and Scrutiny Committee. • External Audit reports are taken to Audit and Scrutiny Committee. • Procurement Strategy and Contract Standing Orders are in place. • Senior management team meetings in place. • Policy committee meetings held, which enable risk discussions within each committee's remit. • Risk assessments are included in committee reports. • Corporate Health and Safety Officer in post. • A corporate health and safety group is operational and meets quarterly. • Data Protection Officer in post. • Mandatory e-learning on a variety of topics is in place for new starters. • Councillor induction programme and training workshops in place. • Monitoring Officer in post. • Divisional Assurance Statements are signed by Heads of Service each year. • An corporate fraud report is taken to Audit and Scrutiny Committee annually.
We will manage performance.	<p>In addition to the relevant points above:</p> <ul style="list-style-type: none"> • Service Delivery Plan agreed each year and overseen by senior management. • The Corporate Project Board and Project Management Group provide forums to discuss project performance. • Business Assurance team oversee corporate performance management. • The Annual Governance Statement considers performance related to the council's governance.
We will have robust internal control.	<p>In addition to the relevant points above:</p> <ul style="list-style-type: none"> • The Chief Internal Auditor produce sed an Annual Report and Opinion on the council's governance and systems of internal control. • Anti-Fraud and Corruption Strategy is in place and an annual corporate fraud report is taken to Audit and Scrutiny Committee.
We will manage data.	<p>In addition to the relevant points above:</p>

	<ul style="list-style-type: none"> • Data Protection Policy is in place. • ICT Acceptable Use Policy in place. • Process for reporting and recording data breaches is available to council staff and councillors. • Records of the council's data processing activities are being reviewed and updated. • Data protection clauses are included in contracts. • Mandatory data protection e-learning in place for new starters. • Password policy in place. • ICT penetration testing takes place. • Information sharing agreements are used where required.
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We will implement strong public financial management.	<p>In addition to the relevant points above:</p> <ul style="list-style-type: none"> • Financial regulations are available in the Constitution and regular budget reporting and monitoring takes place. • Medium Term Financial Strategy adopted. • Section 151 Officer in post. • Financial audits are regularly scheduled within every annual audit plan. • Star chambers take place to review potential savings opportunities.
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Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

What this means in practice:

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Supporting principles	Examples of the council's commitment to achieving good governance in practice
Implementing good practice in transparency and reporting	<ul style="list-style-type: none"> • Agendas, reports and minutes are published on the council's website. • Committee reports adopt a standard template and utilise bespoke software to enable effective feedback from key stakeholders and to be published on time.

	<ul style="list-style-type: none"> • Committee meetings are webcast live. • Transparency page on the council's website includes procurement card and supplier spend details, staff pay details, how freedom of information requests can be made and so forth. A project is currently underway to make this page more accessible by drawing all requirements from the Local Government Transparency Code and Localism Act into one place. • Annual Pay Policy Statement published on the council's website. • Audit and Scrutiny Committee in place and reports are published publicly. • The Constitution and Operating Framework <u>is/are</u> available on the council's website. • ICT monitor and publish website accessibility to staff. • E-Hub enables departments to publish information relevant to other teams internally. • Corporate Performance Report published publicly and reviewed by Audit & Scrutiny Committee. • External and internal audit reports are published publicly and reviewed by Audit & Scrutiny Committee. • There is an Internal Audit Charter which sets out the purpose, authority and responsibility for the internal audit function and clearly defines councillors' and officers' roles, responsibilities and relationship. • Budget reports and Medium Term Financial Strategy published publicly and reviewed by multiple committees. • Member News used to disseminate key information / briefings to elected councillors. • Whistleblowing Policy in place. • Corporate and committee risk registers published within the Corporate Performance Report. The latter registers are in development at the time of writing.
<p>Assurance and effective accountability</p>	<p>In addition to the relevant points above:</p> <ul style="list-style-type: none"> • External Audit provides an annual opinion on the Council's financial statements and value for money arrangements. • To mitigate any potential risks observed by Internal Audit, improvement actions are formulated by senior officers - which include a priority rating and date for completion - and are signed off by the Chief Internal Auditor. These are tracked through to completion via regular Internal Audit progress reports, which are brought to Audit and Scrutiny Committee. • Progress with the Internal Audit annual plan culminates in the Chief Internal Auditor's Annual Report and Opinion, which provides assurance on the council's overall governance arrangements and systems of internal control. • The Annual Governance Statement (AGS) is prepared in accordance with CIPFA guidance. The AGS sets out the council's governance framework and the results of the annual review of the effectiveness of the council's arrangements. The AGS includes areas for improvement, which are tracked within the Corporate Performance Report.






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| | <ul style="list-style-type: none">• Procurement strategy, contract standing orders and partnership contracts, memorandums and agreements are used for each formal partnership. |
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Responsibilities

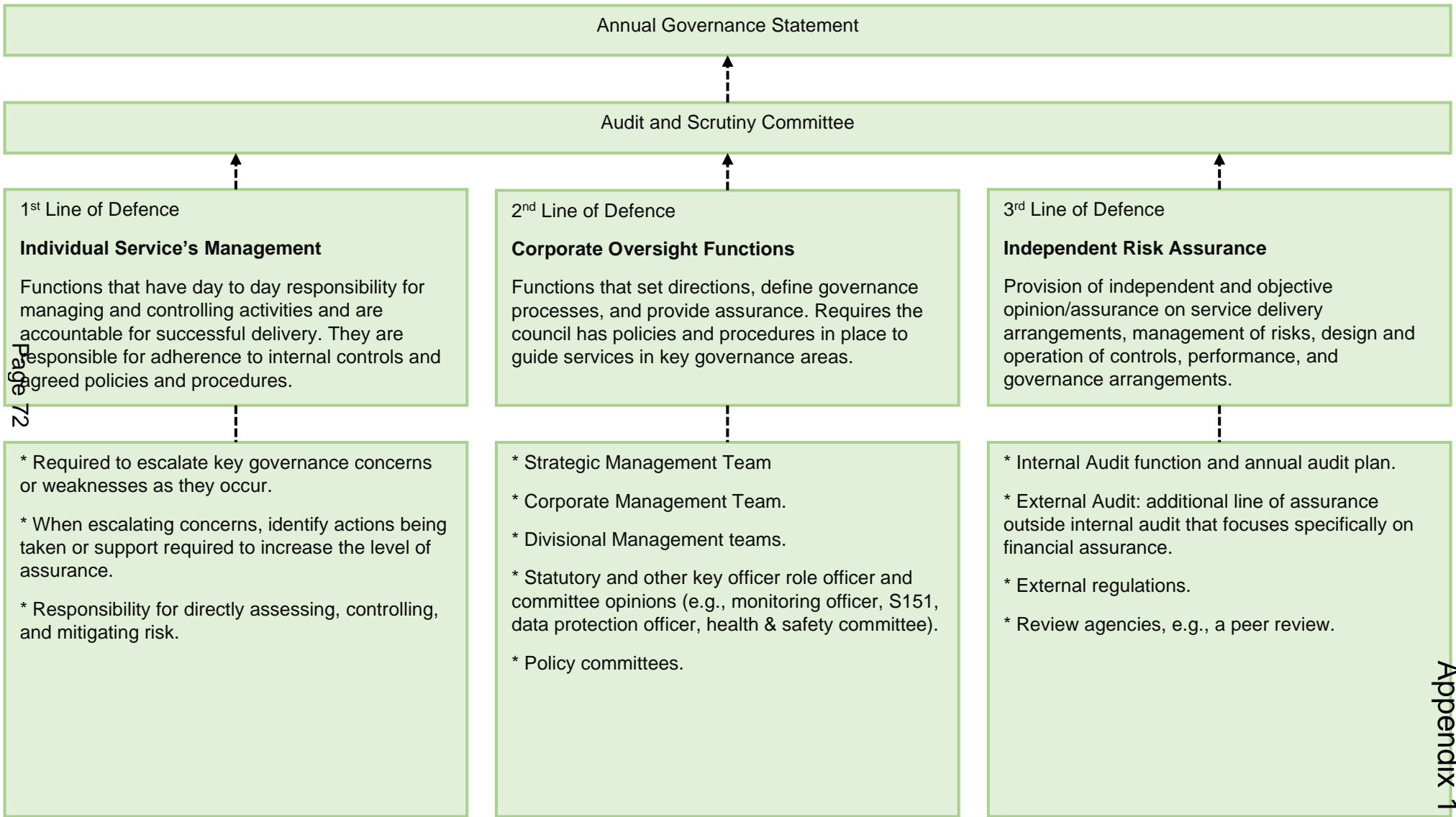
Good corporate governance is everyone's responsibility. There are however several specific responsibilities in relation to the implementation, monitoring and review of the council's governance practices and the production of the Annual Governance Statement, as outlined below:

<p>The council and its committees</p>	<p>The council's political structure is based on the committee system. The Constitution shows how the council makes decisions and how they are delegated to policy, regulatory and sub-committees, and to officers. The full council agrees the budget and major plans. Elected councillors and the chairs of committees should champion and be role models for good governance, in the spirit of the this Code.</p>
<p>Head of Paid Service (Chief Executive)</p>	<p>The Chief Executive (as Head of Paid Service) is responsible for coordinating the different functions of the Council, staff appointment, organisation, and management. They also have responsibility for championing and role modelling good governance, in the spirit of this Code.</p>
<p>Monitoring Officer</p>	<p>Ensures that decisions taken comply with all necessary statutory requirements and are lawful. Ensures decisions are taken in accordance with the Council's budget and policy framework. Provides advice and scope of powers and authority to take decisions as well as support councillors with their code of conduct.</p>
<p>Section 151 Officer</p>	<p>Leading the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.</p>
<p>Internal Audit function (Southern Internal Audit Partnership)</p>	<p>Provides independent and objective assurance and an annual opinion on the overall adequacy and effectiveness of the council's governance, risk management and control framework. Delivers an annual programme of risk-based audit activity, and reports to the Audit and Scrutiny Committee on audit activities during the year.</p>

Governance structure

<p>The Council</p> 	<ul style="list-style-type: none"> • Consists of elected councillors. • Approves the Constitution and Operating Framework. • Appoints committees and sub-committees. • Sets council tax. • Set budget framework
<p>Policy Committees</p> 	<ul style="list-style-type: none"> • Main decision-making function of the council. • Comprises four five committees who have responsibilities for particular areas. • Subject to political oversight of the council. • Membership is politically balanced.
<p>Audit & Scrutiny Committee</p> 	<ul style="list-style-type: none"> • Provides assurance to the council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment. • Approves the Local Code of Governance, Annual Governance Statement and the Statement of Accounts. • Review and scrutinise decisions and performance of the Council and audit arrangements.
<p>Other regulatory committees</p> 	<ul style="list-style-type: none"> • Licensing: deals with all aspects of local licensing for which the council is responsible. • Planning: makes decisions on certain planning applications and deals with other development control issues such as enforcement. • Standards and Constitution Committee: promoting and maintaining high standards of conduct by councillors and co-opted councillors, and maintaining oversight of the Constitution and Operating Framework.
<p>Corporate Management Team</p> 	<ul style="list-style-type: none"> • Implements the policy and budgetary framework set by the council, and provides advice to policy committees and the council on the development of future policy and budgetary issues. • Oversees the delivery of the council's corporate strategiesplans, statutory and discretionary services, and implementation of policy. • Responsible for developing, maintaining and implementing the council's governance, risk, performance and control framework. • Contribute to the effective corporate management and governance of the council.

Governance Assurance Channels



COUNTER FRAUD & WHISTLEBLOWING

Head of Service:	Andrew Bircher, Interim Director of Corporate Services
Wards affected:	(All Wards);
Appendices (attached):	None

Summary

This report provides the committee with an overview of the systems and processes the council has in place to prevent, detect and address fraud.

Recommendation (s)

The Committee is asked to:

- (1) The Committee is asked to note and comment on the contents of the report, the measures in place and the work being undertaken to prevent and detect fraud.**

1 Reason for Recommendation

- 1.1 To ensure effective monitoring of fraud, corruption and whistleblowing is undertaken.

2 Background

- 2.1 In common with all other public bodies, the council is potentially vulnerable to fraud. Receiving an annual report on the council's counter-fraud arrangements is included within this committee's [terms of reference](#).
- 2.2 As stated by the Local Government Association, "[a]ll councils have a duty to protect the public purse and a major part of this is by limiting exposure to fraud and corruption and reducing risk through effective prevention and detection." Fraud can reduce the money available to support local communities.¹

- 2.3 Fraud can be defined as “any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.”² The main legislation covering fraud is the Fraud Act 2006,³ however there are other specific pieces of legislation which cover particular council activities. Within the Act there are three core sections: fraud by false representation, fraud by failing to disclose information, and fraud by abuse of position. There are other types of fraud that can fall within these definitions, such as corruption, bribery, theft and money laundering.⁴
- 2.4 *Fighting Fraud and Corruption Locally: a strategy for the 2020s*, provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities.⁵ The previous two strategies focused upon three pillars of activities or strategic objectives, namely: Acknowledge, Prevent and Pursue. The latest version of the strategy includes additional areas of activity: “Govern” and “Protect”. Govern focuses on those charged with leadership to ensure robust arrangements are in place and that senior leadership and members support antifraud, bribery and corruption measures, and their embeddedness throughout the organisation. Protect is the overarching responsibility to protect the public from fraud.
- 2.5 Nonetheless it remains the case that “[t]he Council has a zero tolerance attitude to fraud and is totally opposed to any form of fraud and corruption.”⁶
- 2.6 The Audit and Scrutiny Committee has “[o]verall responsibility for audit and governance frameworks”, which includes fraud, corruption and whistleblowing policies.⁷ Therefore this report has been brought to the committee to help it fulfil these responsibilities.

3 What the council has in place

- 3.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) published a code of practice in “managing the risk of fraud and corruption” in 2014, which sets out the following principles that embody good governance and effective management regarding fraud.⁸ These principles can be used to demonstrate what activities the council has in place to manage the risk of fraud.

<p>A. Acknowledge responsibility.</p>	<ul style="list-style-type: none"> • Responsibility acknowledged within statements and policies published on a dedicated fraud webpage and intranet page.⁹
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	<ul style="list-style-type: none"> • Member’s and officer’s codes of conduct incorporated into the council’s constitution and employment policies respectively. Codes include reference to principles such as the seven principles of public life, declaration of interests, gifts and hospitality and political neutrality (for officers).¹⁰ • Whistleblowing policy incorporated into the employment policies. • Annual report brought to Audit & Scrutiny Committee. • Specific goal for fraud: listed in Service Delivery Plan 2023-2024 – ‘Enhance counter-fraud governance’.
<p>B. Identify risks.</p>	<ul style="list-style-type: none"> • Fraud risks included in each Service’s Business Plan. The risks have been disaggregated from the previous standalone register to provide greater visibility to fraud risk owners and Heads of Service. The risks have been reviewed as part of fraud risk exposure meetings with each team; there were no red / high risks. • Divisional assurance statements completed as part of the production of the Annual Governance Statement. The statements confirm that Heads of Service are aware of their responsibilities to report upwards any unresolved matters of concern about internal control or fraud, and to deal with any matters reported to them in an expeditious manner. • Counter-fraud implications included in new corporate policy and Project Initiation Document (PID) templates.
<p>C. Develop a strategy.</p>	<ul style="list-style-type: none"> • Anti-Fraud and Anti-Corruption Strategy & Fraud Response Plan. • Mandatory fraud awareness e-learning for staff, which is also included in the refresher e-learning package.
<p>D. Provide resources.</p>	<ul style="list-style-type: none"> • National Anti-Fraud Network (NAFN) member. • National Fraud Initiative. • Environmental health enforcement and PACE interview equipment. • Commissioned neighbouring Borough council to undertake housing fraud reviews/investigations (with the potential for additional fraud work).

<p>E. Take action.</p>	<ul style="list-style-type: none">• Counter-fraud policies in place:<ul style="list-style-type: none">○ Anti-Fraud and Anti-Corruption Strategy & Fraud Response Plan.○ Anti-Bribery Policy.○ Anti-Money Laundering Policy.• Code of Conduct for Members.• Officers' Code of Conduct.• Gifts and hospitality policy and register.• Pecuniary interest and conflicts of interest policies and register for Members.• Whistleblowing Policy.• ICT Security & Acceptable Use Policy (inc. cyber).• Password policy.• Segregation of duties for financial transactions.• Cyber: ICT mitigations tested and in place.• PCN Compliance.• External Audit, including financial fraud risk assessments.¹¹• Internal Audit.• National Fraud Initiative data matching.• Revenues and benefits: in-house reviews undertaken, partnership with Department of Work & Pensions, ICT-based checks and balances.• Post-assurance checks completed for Government grants.• Procurement: Strategy, contract standing orders anti-collusion clauses in contracts, officer training, and access to credit safe in place.• Homelessness assessments and eligibility checks, and multi-agency networks.• Housing Allocation Policy and criteria; applications involve supporting documents and ID checks.• Pre-employment checks undertaken, e.g.: right to work, references, DBS checks as appropriate.• A new fraud reporting email address has been setup for employees to use to report potential fraud.• Ongoing counter fraud action plan (see Paras. 3.2 and 3.3)
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	<ul style="list-style-type: none"> • Cases of corporately reported fraud and/or whistleblowing in the last year: <ul style="list-style-type: none"> ○ 4x related to fake parking tickets /blue badges. Actions taken: PCNs issued and reported to blue badge issuing authorities. ○ 1 x fake invoice: payment prevented; improvement made to highlighting potentially fraudulent email addresses. Work also underway on phishing prevention tests. ○ Housing and homelessness (Q1 23/24):¹ <ul style="list-style-type: none"> ▪ Referrals: 73 ▪ Total cases investigated: 64 ▪ Positive outcomes: 10 ▪ Financial savings: £32,400
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3.2 Status of the counter-fraud actions that were highlighted in last year's report.

Action	Update
Updating the Anti-Fraud and Anti-Corruption Strategy & Fraud Response Plan	Completed: Updates have been made to the Strategy, and also the Anti-Bribery, Anti-Money Laundering and Whistleblowing Policies. These have been published on the council's website, with some officer contact details redacted. It is recommended that committee members acquaint themselves with the policies, all of which can be downloaded at this website address: Anti-Fraud and Anti-Corruption Strategy .
Issue refresher e-learning training to officers and members.	Ongoing: The counter-fraud e-learning module was included in the refresher e-learning package for staff. This has been issued to officers in the year, and the annual reminder is due to be sent in November 2023. A release to councillors is in progress.

¹ Data provided by Reigate & Banstead Borough Council, who are commissioned to undertake counter-fraud work on behalf of Epsom & Ewell Brough Council.

<p>Scoping work being undertaken to explore how we could use data and publicise fraud information to strengthen our corporate approach to fraud</p>	<p>Completed: Counter-fraud meetings have been completed with each team in the council. These meetings have included discussions on whether it would be appropriate for the team to have fraud KPIs, and that we are keen to publish successful fraud preventions and convictions. We are having the same conversations with our Borough counter-fraud partner. The data we are focusing on over the coming year will be that coming from our fraud partner (referrals and successes), fraud reporting into the new fraud reporting mailbox, and a trail KPI on housing benefit fraud referrals.</p>
<p>Internal Audit of Ethical Governance.</p>	<p>Completed: Received “Reasonable Assurance” from our internal audits. Several management actions were agreed to enhance our arrangements. All actions pertinent to this report, which have not been completed to-date, have been included as actions below in Para. 3.3.</p>
<p>Review of officers’ declarations of interest forms and processes.</p>	<p>Ongoing: this action was refined following the Ethical Governance audit and remains in progress as part of the updates being made to the Officers’ Code of Conduct. It expected completion date is March 2024.</p>

3.3 As part of its business as usual operations and counter-fraud self-assessment, the Council has the following counter fraud governance activities underway or planned:

Activity	Description
Members Code of Conduct	Review the Members Code of Conduct. This is underway, updates are due at Standards and Constitution Committee in December 2023.
Officers Code of Conduct	Review the Officers Code of Conduct.

Gifts and hospitality register	<p>Councillors' declarations of interests, gifts and hospitality can be viewed with reference to their personal page on the internet. It is the responsibility of each elected Member to ensure that they keep their declarations up to date.</p> <p>An officer declaration of interests, gifts and hospitality register will be held internally but will not be open to the public as there are concerns regarding the protection of personal data in doing so.</p>
Fraud risk meetings	Work through any actions from the fraud risk exposure meetings that have not been completed to date.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

4.1.1 No implications for the purposes of this report.

4.2 Crime & Disorder

4.2.1 The report provides an overview of the council's counter fraud activities.

4.3 Safeguarding

4.3.1 No implications for the purposes of this report.

4.4 Dependencies

4.4.1 No implications for the purposes of this report.

4.5 Other

4.5.1 None.

5 Financial Implications

5.1 None for the purposes of this report.

5.2 **Section 151 Officer's comments:** None arising from the contents of this report.

6 Legal Implications

6.1 None for the purposes of this report.

6.2 **Legal Officer's comments:** None arising from the contents of this report.

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priorities are engaged:
Effective Council.

7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** Not applicable.

7.4 **Sustainability Policy & Community Safety Implications:** Not applicable.

7.5 **Partnerships:** as stated in the main body of the report.

8 Background papers

8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Epsom & Ewell Borough Council (2022) *Counter Fraud & Whistleblowing*, Audit and Scrutiny Committee, 17th November. Online available: [Epsom and Ewell Democracy \(epsom-ewell.gov.uk\)](https://www.epsom-ewell.gov.uk) [last accessed 24/08/2023].

Other papers:

- ¹ Local Government Association [LGA] (2017) *A councillor's workbook on bribery and fraud prevention*, p. 4. Online available: <https://www.local.gov.uk/publications/councillor-workbook-bribery-and-fraud-prevention> [last accessed 18/07/2022].
- ² The Institute of Internal Auditors et al. (no date) *Managing the Business Risk of Fraud: A Practical Guide*, p. 6. Online available: https://www.iaa.org.uk/media/158775/managing_the_business_risk_of_fraud.pdf [last accessed 18/07/2022].
- ³ HM Government (2006) *Fraud Act 2006*. Online available: <https://www.legislation.gov.uk/ukpga/2006/35/contents> [last accessed 18/07/2022].
- ⁴ Ibid., LGA (2017).
- ⁵ CIFAS (2020) *Fighting Fraud and Corruption Locally*. Online available: <https://www.cifas.org.uk/insight/public-affairs-policy/fighting-fraud-corruption-local-authorities/ffcl-strategy-2020> [last accessed 22/08/2022].
- ⁶ Epsom & Ewell Borough Council [EEBC]a (2023) *Anti-fraud and anti-corruption strategy*. Online available: <https://www.epsom-ewell.gov.uk/council/about-council/anti-fraud-and-corruption-strategy> [last accessed 18/07/2022].
- ⁷ EEBCb (2023) *Constitution: Appendix 3 – Terms of Reference for Full Council and Committees*, p. 5. Online available: [Appendix 3 - Terms of Reference for Full Council and Committees.pdf \(epsom-ewell.gov.uk\)](https://www.epsom-ewell.gov.uk/council/about-council/constitution/appendix-3-terms-of-reference-for-full-council-and-committees.pdf) [last accessed: 24/08/2023].
- ⁸ CIPFA (2014) *Code of practice on managing the risk of fraud and corruption*. Online available: <https://www.cipfa.org/policy-and-guidance/reports/code-of-practice-on-managing-the-risk-of-fraud-and-corruption> [last accessed 18/07/2022].
- ⁹ EEBCa (2023) *Anti-fraud and anti-corruption strategy*. Online available: <https://www.epsom-ewell.gov.uk/council/about-council/anti-fraud-and-corruption-strategy> [last accessed 18/07/2022].
- ¹⁰ EEBCc (2023) *Constitution of Epsom and Ewell Borough Council: Appendix 1 – Members Code of Conduct*. Online available: [Appendix 1 - Members Code of Conduct.pdf \(epsom-ewell.gov.uk\)](https://www.epsom-ewell.gov.uk/council/about-council/constitution/appendix-1-members-code-of-conduct.pdf) [last accessed 24/08/2023].
- ¹¹ Grant Thornton (2022) *Informing the audit risk assessment for Epsom & Ewell Borough Council 2021/22*, Audit & Scrutiny Committee 7 April 2022. Online available: <https://democracy.epsom-ewell.gov.uk/documents/s23311/External%20Audit%20Plan%20Appendix%202.pdf> [last accessed 19/07/2022].

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COMMITTEE WORK PROGRAMME

Head of Service:	Andrew Bircher, Interim Director of Corporate Services
Wards affected:	(All Wards);
Appendices (attached):	None

Summary

This report presents the Committee with its annual Work Programme.

Recommendation (s)

The Committee is asked to:

- (1) **Note and agree the ongoing Work Programme as presented in Section 2.**

1 Reason for Recommendation

- 1.1 Paragraph 4.6 of the Constitution states that the Committee “can scrutinise decisions made by the Full Council or policy committees”¹. Paragraphs 1.3(i) and 1.3(iii) of Annex 4.6 of the Council Operating Framework also states that the Committee “will be responsible for arranging the overview and scrutiny functions on behalf of the council” as well as “approving an annual overview and scrutiny Work Programme”.² Therefore the Committee is able to maintain oversight of its Work Programme and make any additions or adjustments it wishes.

2 Background

¹See *Constitution of Epsom and Ewell Borough Council*, p.3. Online available: <https://democracy.epsom-ewell.gov.uk/documents/s27178/Constitution%20of%20Epsom%20and%20Ewell%20Borough%20Council.pdf> [Last accessed 18/05/2023]

² See *Council Operating Framework, Annex 4.6: Overview, Audit and Scrutiny*, p.1. Online available: <https://www.epsom-ewell.gov.uk/sites/default/files/documents/council/about-council/governance/Annex%204-6%20-%20Overview%20Audit%20and%20Scrutiny.pdf> [Last accessed 18/05/2023].

2.1 The committee Work Programme is presented below. The programme includes reports that relate to the committee’s areas of responsibility, as stipulated in its terms of reference.³

2.2 Work Programme:

Meeting		Agenda
Past	28 September 2023	<ul style="list-style-type: none"> • 2022-2023 External audit update • Revenue Budget Monitoring – Quarter 1 (2023-2024) • Capital Budget Monitoring – Quarter 1 (2023-2024) • Internal Audit: Progress Report – September 2023 • Performance & Risk Report - September 2023 • Local Government and Social Care Ombudsman Annual Letter • Work Programme 2023-2024
Present	16 November 2023	<ul style="list-style-type: none"> • Code of Corporate Governance Annual Review • Counter-Fraud and Whistleblowing Annual Report (inc. gifts and hospitality) • External Audit Update (if required) • Work Programme
Future	1 February 2024	<ul style="list-style-type: none"> • Community Safety Partnership Update • Revenue Budget Monitoring – Quarters 2 & 3 (2023-2024) • Capital Budget Monitoring – Quarters 2 & 3 (2023-2024) • External Audit Update • Equality and Diversity (inc. modern slavery) Annual Report • Internal Audit: Progress Report - February 2024 • Performance and Risk Report – February 2024 • Work Programme • Review of the Council’s Scheme of Delegation⁴ (provisional)
Future	28 March 2024	<ul style="list-style-type: none"> • Internal Audit: Annual Plan 2024-2025 & Internal Audit Charter • Internal Audit: Progress Report - March 2024 • External Audit Update • Performance and Risk Report – March 2024 • Committee Annual Report 2023-2024 (to be presented to Full Council) • Regulation of Investigatory Powers Act (2000) Annual Report

³ See *Audit and Scrutiny Committee-Terms of Reference*, Online available: <https://democracy.epsom-ewell.gov.uk/mgCommitteeDetails.aspx?ID=157> [Last accessed 18/05/2023].

⁴ The Head of Legal and Monitoring Officer advised this Committee at its meeting on 28 September 2023 that this is the target date for this report, yet it could slip to a later meeting depending on the progress of the updates being made to the Scheme.

		<ul style="list-style-type: none"> • Annual Complaints Report⁵ • Work Programme
Future	June/July 2024	<ul style="list-style-type: none"> • External Audit Update – Annual Auditor’s Report • Internal Audit: Annual Report & Opinion 2023-2024 • Internal Audit: Progress Report – June/July 2024 • Annual Governance Statement 2023-2024 • Performance and Risk Report – July 2024 • Use of Delegated Powers Annual Report • Work Programme
Future	September 2024	<ul style="list-style-type: none"> • 2023-2024 External audit update • Revenue Budget Monitoring – Quarter 1 (2024-2025) • Capital Budget Monitoring – Quarter 1 (2024-2025) • Internal Audit: Progress Report – September 2024 • Performance & Risk Report - September 2024 • Local Government and Social Care Ombudsman Annual Letter • Work Programme

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

3.1.1 No direct implications arising from this report.

3.2 Crime & Disorder

3.2.1 The annual scrutiny of the Community Safety Partnership is proposed to be held at the February 2024 committee meeting.

3.3 Safeguarding

3.3.1 No direct implications arising from this report.

3.4 Dependencies

3.4.1 The committee does rely on some of the council’s partners, and other committees, to deliver its work programme as proposed in Section 2 (e.g. internal and external audit, and the Community Safety Partnership).

⁵ This report has been moved from November as the author is leaving the council in October 2023 and the work is in the process of being reassigned.

3.5 Other

3.5.1 No other direct implications arising from this report.

4 Financial Implications

4.1 None for the purposes of this report.

4.2 **Section 151 Officer's comments:** None arising from the contents of this report.

5 Legal Implications

5.1 None for the purposes of this report.

5.2 **Legal Officer's comments:** None arising from the contents of this report.

6 Policies, Plans & Partnerships

6.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Effective Council: Strengthen the council's financial independence.
- Effective Council: Improve openness, transparency and customer service.
- Safe & Well: Work with partners to keep our borough safe and secure.

6.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

6.3 **Climate & Environmental Impact of recommendations:** No direct implications arising from this report.

6.4 **Sustainability Policy & Community Safety Implications:** See Section 2, February 2024 meeting.

6.5 **Partnerships:** No direct implications arising from this report.

7 Background papers

7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Committee Work Programme, *Audit and Scrutiny Committee*, 28th September 2023. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1488> [last accessed 29/09/2023].

Other papers:

- None.

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