Essex County Council

# Audit, Governance and Standards Committee

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| **10:00** | **Monday, 16 September 2019** | **Committee Room 1, County Hall, Chelmsford, CM1 1QH** |

**For information about the meeting please ask for:**
Andy Gribben, Senior Democratic Services Officer
**Telephone:** 033301 34565
**Email:** democratic.services@essex.gov.uk


| | | Pages |
|---|---|---|
| 1 | **Membership, Apologies, Substitutions and Declarations of Interest** | 4 - 4 |
| 2 | **Minutes and Matters Arising**<br>To approve as a correct record the minutes of the meeting held on 29 July 2019 and identify matters arising | 5 - 9 |
| 3 | **Internal Audit and Counter Fraud Progress Report**<br>To receive a report (AGS/42/19 and appendices) from Paula Clowes, Head of Assurance, Essex County Council | 10 - 23 |
| 4 | **Counter Fraud and Anti-Bribery Strategy**<br>To receive a report (AGS/43/19 and appendix) from Paula Clowes, Head of Assurance, Essex County Council | 24 - 43 |
| 5 | **Annual Audit Letter - 2018/19**<br>To receive the External Auditor's Annual Audit Letter (AGS/44/19 and appendix) for the year ending 31 March 2019 from David Eagles, Partner, BDO LLP (the council's external auditors) | 44 - 56 |

| | | |
|---|---|---|
| **6** | **Work Programme**<br>To receive a report (AGS/45/19) from Paul Turner, Director, Legal and Assurance | **57 - 60** |
| **7** | **Date of Next Meeting**<br>To note that the next meeting will be held on Monday 9 December 2019, at 10.00am in Committee Room 1, County Hall. | |

## Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

**That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.**

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**Agenda item 1**

**Committee:** Audit, Governance and Standards Committee

**Enquiries to:** Andy Gribben, Senior Democratic Services Officer

**Membership, Apologies, Substitutions and Declarations of Interest**

**Recommendations:**

To note

1. The membership of the committee as shown below

2. Apologies and substitutions

3. Declarations of interest to be made by Members in accordance with the Members' Code of Conduct

**Membership**
(Quorum: 3)

| | |
|---|---|
| Councillor T Cutmore | Chairman |
| Councillor P Channer | |
| Councillor A Davies | |
| Councillor A Erskine | |
| Councillor T Hedley | |
| Councillor R Mitchell | |
| Councillor R Moore | |
| Councillor M Platt | |
| Councillor K Smith | |
| Councillor A Turrell | |

# Minutes of the meeting of the Audit, Governance and Standards Committee, held in Committee Room 1, County Hall, Chelmsford, CM1 1QH on Monday, 29 July 2019

**Present:**

**Members**:

| | |
|---|---|
| Councillor T Cutmore | Chairman |
| Councillor A Davies | |
| Councillor A Hedley | |
| Councillor M Maddocks | (substitute for Councillor Channer) |
| Councillor R Mitchell | |
| Councillor Dr R Moore | |
| Councillor M Platt | |
| Councillor A Turrell | |

**Also Present:**

| | |
|---|---|
| Barry Pryke | BDO LLP (external auditor) |
| Janine Combrinck | BDO LLP (external auditor) |
| David Eagles | BDO LLP (external auditor) |

**ECC Officers:**

| | |
|---|---|
| Sam Andrews | Investment Manager, Essex Pension Fund |
| Paula Clowes | Head of Assurance |
| Fiona Davis | Director, Safeguarding and Quality Assurance (Adults) |
| Christine Golding | Chief Accountant |
| Giles Goodeve | Service Manager, Safeguarding and Quality Assurance |
| Andy Gribben | Senior Democratic Services Officer (clerk to the meeting) |
| Sarah Harris | Strategic Internal Audit Manager, Internal Audit and Counter Fraud |
| Margaret Lee | Executive Director, Corporate and Customer Services |
| Paul Turner | Director, Legal and Assurance (Monitoring Officer) |
| John Tyreman | Director, Technology Services |

## 1 Welcome and Introduction

The Chairman welcomed members of the committee, officers in attendance, the representative from the Essex Pension Fund and from BDO LLP, the external auditor.

He reminded members that the meeting was being broadcast live over the internet and that the full discussion would be publicly available on the County Council's website after the meeting. He also announced the fire, health and safety information.

## 2 Membership, Apologies, Substitutions and Declarations of Interest.

The report of Membership, Apologies and Declarations was received, and it was noted that:

1. The membership of the Audit, Governance and Standards Committee was as shown in the report.

2. Apologies for absence had been received from Councillor Channer who was substituted by Councillor Maddocks, and Councillor Erskine.

3. With respect to items on the agenda:

   - Councillors Hedley and Platt mentioned in respect of item 4 that they were members of the Essex Pension Fund Strategy Board,
   - Councillor Davies mentioned in respect of item 4 that he would in future be entitled to receive an LGPS Pension and
   - Councillor Maddocks mentioned in respect of item 4 that he was in receipt of an Essex Pension.

The Chairman reminded members that any interests must be declared during the meeting if the need to do so arose.

## 3 Minutes and Matters Arising

The minutes of the meeting held on 3 June 2019 were approved as a correct record and signed by the Chairman.

## 4 Update on Internal Audit Recommendations

The committee received a report (AGS/37/19 and confidential appendix) and a presentation from John Tyreman, Director, Technology Services Essex County Council relating to outstanding audit actions relating to Technology Services.

Members were informed of actions that had been taken to identify and mitigate the risks identified by the audit and to what specific risks the Council was exposed, in particular in relation to disaster recovery.

Members also noted the confidential information provided as an appendix to the report and determined that there was no need to enter private session in order to discuss those matters further.

**Resolved:**

1. Agreed that the Committee was content with the progress towards the implementation of internal audit recommendations.

2. Requested that the Director, Technology Services attend a further meeting of the Committee in approximately six months in order to report further progress.

## 5 Update on Implementation of Internal Audit Recommendations

The committee received an oral update from Fiona Davis, Director and Giles Goodeve, Service Manager, Safeguarding and Quality Assurance, Essex County Council.

Members were given the context for the audit that had been undertaken and informed of the legislative framework that enabled adults to be deprived of their liberty in hospitals and care homes when the person lacks the relevant capacity.

The legislation placed specific responsibilities on the local authority as the supervisory body as it must arrange for assessment to be undertaken and complete the process for authorisation. There had been a significant increase in the number of requests for assessment.

Members were informed that, arising from the Internal Audit there had been three recommendations with management actions and whilst these were either completed or on track, regrettably these updates had not been uploaded on to the 'Team Central' system to inform the Internal Audit service. In consequence it appeared as if the internal audit recommendations had not been addressed. Since the identification of that weakness they had developed a more robust system.

**Resolved:**

1. The Committee were satisfied that sufficient progress was being made against the Internal Audit recommendations
2. The Committee requested that the Chairman of the People and Families Policy and Scrutiny Committee consider if the Safeguarding Service was sufficiently resourced to meet the demands being laid upon it.

## 6 To Approve the Statement of Accounts 2018/2019 and the Annual Governance Statement

The committee received a report (AGS/38/19 and appendix) from Margaret Lee, Executive Director for Corporate and Customer Services and presented by Christine Golding, Chief Accountant and also noted the addendum and narrative changes to the accounts.

**Resolved**

1. Noted the matters raised in the External Auditor's 'Audit Completion Reports' (*item 6 on the Agenda)*
2. Approved the draft of the 2018/19 Annual Governance Statement, which was included in the Statement of Accounts document (*pages 203 to 224 of Appendix A to the report*); and
3. Approved the updated draft of the 2018/19 Statement of Accounts (*attached as Appendix A to the report*);
4. Noted the representations that the Executive Director for Corporate and Customer Services and Chairman of the Committee made on behalf of the Council and the Essex Pension Fund (*as set out within the Letters of Representation appended to the Audit Completion Reports for the Council and the Essex Pension Fund, which were presented elsewhere on the Agenda*).

The Chairman added that he and the members were grateful to Margaret Lee, who was stepping down as the Council's 151 Officer and had contributed significantly to the work of the committee.

## 7 To receive the 2018/2019 Audit Completion Report for Essex County Council

The committee received a report (AGS/39/19 and appendix) from Margaret Lee, Executive Director for Corporate and Customer Services and Christine Golding, Chief Accountant

**Resolved**

The report was noted

## 8 To receive the 2018/2019 Audit Completion Report for the Essex Pension Fund

The committee received a report (AGS/39/19 and appendix) from Margaret Lee, Executive Director for Corporate and Customer Services

**Resolved**

The report was noted

## 9 Work Programme

The members of the committee received a report (AGS/41/19) from Paul Turner, Director, Legal and Assurance

The committee noted that the Work Programme was subject to regular updates and the Chairman encouraged members to suggest any matter to be included in the programme.

It was noted that an addition to the programme was to be an update at the meeting in March 2020 from John Tyreman, Director, Technology Services Essex County Council relating to progress by Technology Services towards fulfilling their actions arising from the Internal Audit Recommendations.

## 12 Date of Next Meeting

Members noted that the next meeting of the committee was scheduled to take place on Monday 16 September 2019 at 10.00am in Committee Room 1

## 13 Exclusion of Press and public

**Resolved** to exclude the press and public from the meeting on the grounds that consideration of the report involved the likely disclosure of exempt information falling within paragraph 7 of Schedule 12A to the Local Government Act 1972 (as amended).

……..

**Chairman**
**16 September 2019**

**Agenda item 3**

| | |
|---|---|
| | **AGS/42/19** |
| **Report title:** Internal Audit and Counter Fraud Progress Report | |
| **Report to:** Audit, Governance and Standards Committee | |
| **Report author**: Paula Clowes – Head of Assurance | |
| **Date:** 16 September 2019 | **For:** Discussion |
| **Enquiries to**: Paula Clowes – Head of Assurance paula.clowes@essex.gov.uk | |
| **County Divisions affected**: All Essex | |

## 1. Purpose of Report

1.1 This report provides the Audit, Governance and Standards Committee with the current position regarding Internal Audit and Counter Fraud activity in relation to the 2019/20 Internal Audit Plan (approved by the Audit, Governance and Standards Committee in March 2019). It reflects the situation as at 31 August 2019.

## 2. Recommendation

2.1 That the report be noted**.**

## 3. Details of Internal Audit and Counter Fraud Activity

### 3.1 Final Internal Audit Reports Issued

3.1.1 When Internal Audit issues a report it gives an overall assurance rating which is either 'Good' 'Adequate' 'Limited' or 'No' Assurance. The final reports issued since the March 2019 Audit, Governance and Standards Committee are listed below. Executive Summaries for those reports receiving 'Limited Assurance' are set out in Appendix 1.

Full internal audit reports are available to Members on request.

**No Assurance**

- None

**Limited**

- Supported Living (Adults)
- Personal Budgets (Adults)
- Carers' Personal Budgets

**Adequate / Satisfactory**

- EPUT Partnership follow up review
- Essex Child and Family Wellbeing Service
- Identifying Deliverable and Desirable Savings
- Supplier Resilience
- Statutory Reporting
- Declarations of Interest Members and Officers
- Insurance
- Building Security
- TCS Integrated Assurance
- Facilities Management (follow up)
- Identifying Deliverable and Desirable Savings

**Good**

- Pensions Administration
- Public Health
- Pensions Funding and Investment
- Passenger Transport Entitlement
- Trading Standards
- ECC Companies (follow up)
- School Year End Balances

**Other**

- Troubled Families Grant
- EU Interreg Grant – SPONGE (preventing flooding)
- EU Interreg Grant - PROFIT (promoting tourism to the Essex coast)
- SELEP Growth Hub Grant
- Carbon Reduction Efficiency Scheme

## 3.2 Implementation of Internal Audit Recommendations

3.2.1 Whenever any recommendations are made in an audit report, Managers are asked to agree what activity they will undertake to address the recommendations and to agree timescales for implementation.

3.2.2 Progress on the implementation of recommendations is monitored by the Internal Audit service.

3.2.3 Critical or Major recommendations which have not been implemented within the agreed timescale are reported to the Audit, Governance and Standards Committee. Outstanding recommendations are provided to Functional Leadership Teams (FLT) quarterly.

3.2.4 As at 31 August 2019 there were 5 Critical and 21 Major recommendations open, of which 3 Major recommendations have moved beyond their latest agreed due date. See Appendix 3 for further detail.

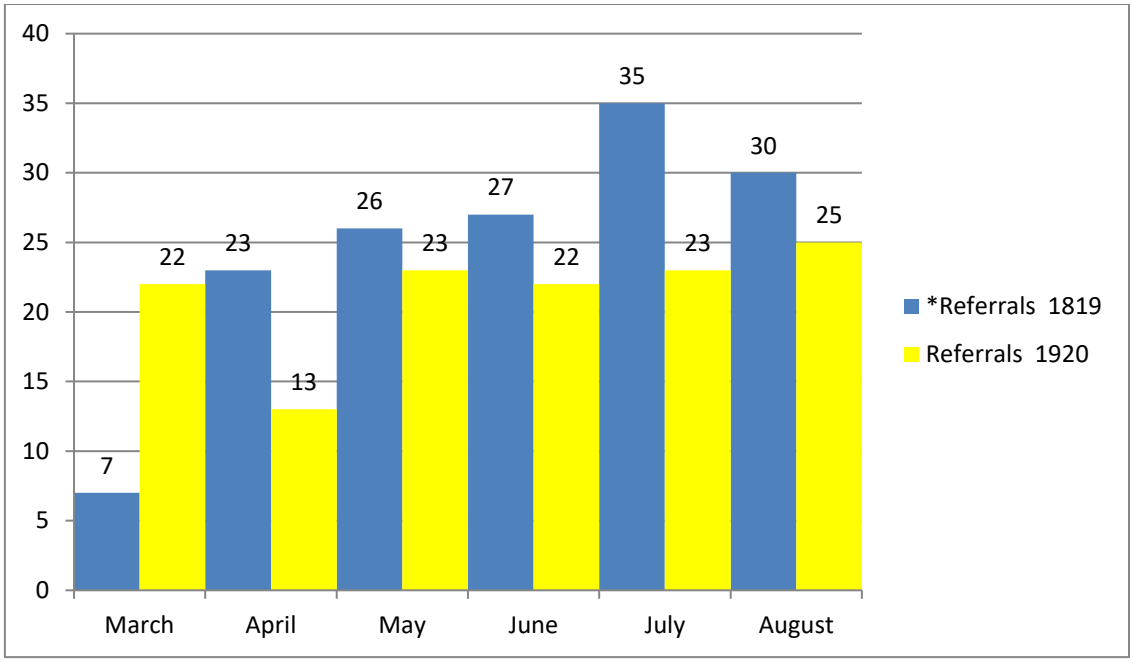
3.2.5 The current assessment rationale for grading the priority of recommendations made and the level of assurance (audit opinion) for each individual audit review is attached at Appendix 2.

## 3.3 Counter Fraud Activity

3.3.1 The Counter Fraud Team has a remit to prevent, detect and investigate fraud. This includes proactive work utilising data matching and analytical work. In some cases we will pursue sanction through the civil or criminal courts and where possible seek to recover lost/stolen monies.

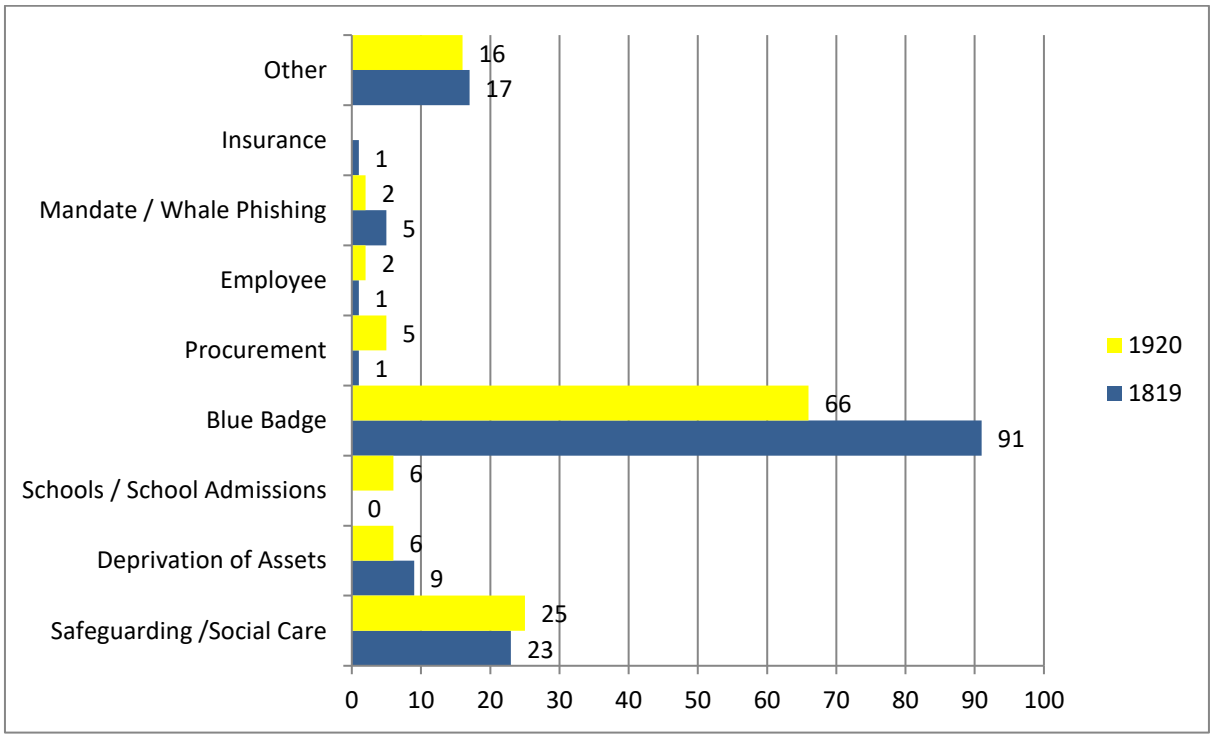
### Fraud Referrals

3.3.2 During the 6 month period 1 March 2019 to 31 August 2019, 128 referrals were received (including blue badge referrals). The table below shows how this compares to the same period last year and demonstrates that the number of referrals received this year is slightly lower than the same reporting period last year (148 referrals were received during the same period last year, mainly attributable to a slight decrease in blue badge referrals).




### Types of Referrals

3.3.3 The bar chart below demonstrates the type of referrals received, with a comparison to the referrals received last year.



**Internal Data Matching**

3.3.4 The Counter Fraud team now includes a Data & Intelligence Specialist. Data matching / analytical work has commenced in the following areas:

- payroll and expenses to identify potential erroneous, duplicate or fraudulent payments;
- adult social care, direct payments - following an investigation regarding an overpayment of a direct payment for adult social care, further data matching exercises have been completed in the area to ascertain whether this was an isolated error or whether weaknesses in ECC systems have led to further potential overpayments;

To date the data matching exercise has identified 42 potential overpayments that are currently being investigated.

**Essex Council Tax Data Matching Initiative**

3.3.5 The Council is supporting an Essex-wide data matching project that involves all councils providing data to ensure that income received from council tax is maximised. ECC provides data sets to support the data matching which is now undertaken on a monthly basis and the Counter Fraud Team provides support to districts in dealing with the output. Total cumulative savings recorded as at 19 August 2019 (from July 2017) are **£1,556,457**.

**National Fraud Initiative Data Matching Exercise**

3.3.6 The National Fraud Initiative is a biennial exercise overseen by the Cabinet Office. This is a mandatory exercise which all public sector bodies participate in, submitting prescribed data sets to the Cabinet Office to facilitate a national data matching exercise to be completed. The Counter Fraud Team submitted all data sets to the Cabinet Office in October 2018. Matches were returned during February and March 2019, the majority of which have been investigated. Matches received included the following (with results of the investigations):

| Match criteria | Number of matches returned (for investigation) | Matches Reviewed | Closed / Cancelled on system | Financial savings (£) |
|---|---|---|---|---|
| Pensions to deceased list | 485 | 485 | 485 | £48,688.64 |
| Payroll to Payroll between different organisations | 149 | 12 | 12 | 137 FOR FURTHER REVIEW |
| Blue Badge holders to deceased list | 2,913 | 2,393 | 1,629 | * 0.00 |
| Concessionary travel passes to deceased list | 12,320 | 12,320 | **12,021 | |
| Private residential homes to deceased list | 409 | 409 | 409 | £5,811 |
| Personal budgets to deceased list | 29 | 29 | 29 | £10,176 |
| Personal budgets to pensions (ECC) | 67 | 67 | 57 | 10 MATCHES STILL UNDER REVIEW |
| Personal budgets to pensions (non ECC) | 101 | 54 | 47 | 9 FOR FURTHER INVESTIGATION, 47 TO REVIEW |
| Procurement to Payroll to Companies House (Director) | 129 | 17 | 17 | 122 FOR REVIEW |

**Financial saving are not directly linked to Blue Badges being cancelled on the system although £575 is atributed to a badge taken out of circulation. Cancellations prevent replacement badges being issued in error.*

***279 anulled on system already. 20 flagged for further investigation as used after the date of death and 3 not accurate matches.*

Further matches were returned from the NFI in August 2019 following a pilot exercise utilising HMRC data. The pilot seeks to better target potential existing and emerging fraud by matching, analysing and disclosing data held by HMRC against a number of NFI datasets. The pilot utilises HMRC data relating to:

- earnings and employment from real time information (RTI), and self-assessment (SA);
- household composition (HHC); and
- property ownership (PO).

This data is matched against adult social care personal budget (direct payments) data sets to identify potential undisclosed capital and assets.

The following matches have been returned to ECC for further investigation:

- 52 Private Residential Care homes to HMRC property ownership
- 115 Private Residential Care homes to HMRC earnings and capital

**Cifas Pilot**

3.3.7 ECC have recently joined the Cifas data matching pilot. This will enable ECC to match their agreed datasets against the national fraud database. Fair processing notices have been updated to reflect the data matching exercise and are accessible on the ECC website.

To date, adult social care data sets have been uploaded to the Cifas database and the matches returned back to ECC are in the process of being investigated.

**Fraud Awareness Training**

3.3.8 At present, 85% of all ECC staff have completed the e-learning modules relating to:

- Anti-fraud and corruption
- Anti-bribery and money laundering.

3.3.9 In addition, the Counter Fraud Team have completed bespoke fraud awareness sessions for the following:

- Corporate Debt Team – Support Workers & Operations Team

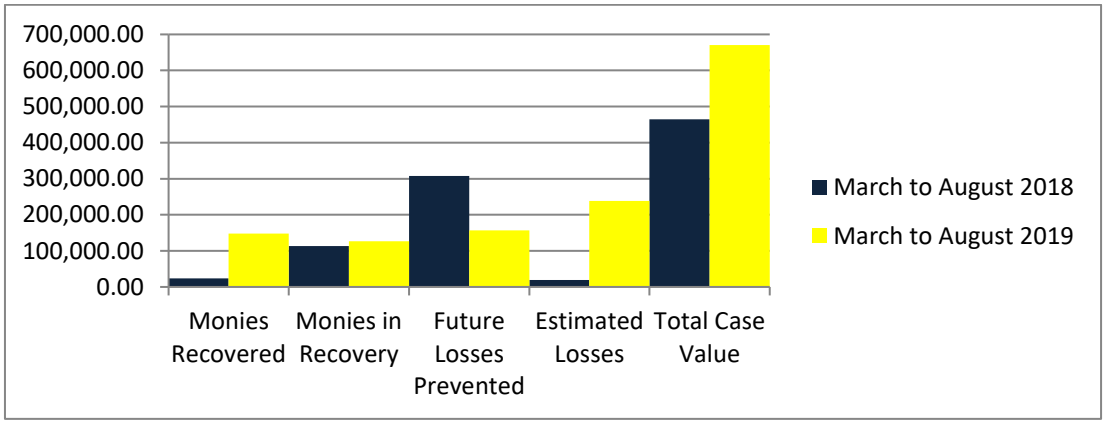
**Outcomes**

3.3.10 During the period 1 March to 31 August 2019, the following outcomes and sanctions have been achieved:

| **Outcome Type** | **March to August 2018** | **March to August 2019** |
|---|---|---|
| Prosecutions | 2 | 2 |
| Dismissals | 1 | 1 |
| Disciplinary - Mgmt Advice | 0 | 0 |
| Written / Verbal Warning | 0 | 0 |
| No fraud established | 13 | 14 |
| Referred to third party | 3 | 0 |
| Blue Badges – **Misuse letter issued** | 19 | 11 |
| Blue Badges - Seized | 22 | 15 |
| ASC - Financial recovery | 13 | 10 |
| ASC - PB terminated | 3 | 2 |
| Other | 17 | 14 |

**Financial Recoveries**

3.3.11 In addition to the savings identified during the data matching exercise, this quarter, the following financial outcomes have been achieved:




The future losses prevented mainly related to personal budgets (adult social care) which have been reduced or terminated during the year due to fraud or misrepresentation of circumstances, such as care needs have been overstated, misuse of funds, deprivation of assets. Future losses are estimated as the annual value of a personal budget (i.e. the cost to ECC if the personal budget had continued to be paid until the next social care review).

3.3.12 In addition, notional savings of £8,625 have been identified as 15 expired blue badges have been taken out of circulation, each badge being attributed a value of £575 (figure determined by the Cabinet Office).

## 4. Financial Implications

4.1 There are no financial implications as the Internal Audit and Counter Fraud activity 2019/20 will be met within existing resources.

## 5. Legal Implications

5.1 Internal Audit is a key way in which councillors can be assured that the Council is using its resources effectively and that the Council is discharging its fiduciary duties concerning taxpayers' money. It helps services to design systems which have appropriate controls and also helps identify and respond to breaches if they occur. This report seeks to update the Audit, Governance and Standards Committee on the activities of the Council's Internal Audit and Counter Fraud service for the purposes of providing further assurance.

## 6. Equality and Diversity Implications

6.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:

(a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
(b) Advance equality of opportunity between people who share a protected characteristic and those who do not
(c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. Equality and diversity matters have been considered in the production of the progress report.

## 7. List of Appendices

Appendix 1 Executive Summaries for Limited Assurance Reports
Appendix 2 Current assessment rationale for grading the priority of recommendations in Internal Audit reports.
Appendix 3 Critical and Major Recommendations which are overdue for implementation as at 31 August 2019

## 8. List of Background Papers

Internal Audit reports

# Final Internal Audit Report 2018/19 – Supported Living (ASC11)

Appendix 1

## 1. Executive Summary

**Function:** **Adult Social Care**
**Audit Sponsor:** **Patrick Higgs** – Director for Local Delivery North (Audit Sponsor)
**Distribution List:** **Patrick Higgs**; **Nick Presmeg -** Director, Adult Social Care; **Fiona Davis** - Director, Safeguarding & Quality Assurance (ASC); **Giles Goodeve -** ASC Service Manager; **Alison** Ansell **–** ASC Service Manager, Learning Disabilities and Autism (Countywide); **Simon Froud** – Director Local Delivery (Mid); **Sue Vallance** – Independent Consultant, Adults with Disabilities (Complex Team 1/2); **Robert Sier** - Category and Contract Manager; **Nick Green** - Category and Contract Manager; **Steve Allen** – Head of Strategic Commissioning and Policy; **Jessica Stewart** - Head of Strategic Commissioning and Policy; **Steve Ede** – Head of Procurement; **Tony Clissold** – Category and Supplier Relationship Lead; **Margaret Lee** - Executive Director, Corporate and Customer Services; **Cllr John Spence -** Cabinet Member for Health and Adult Social Care; **Gavin Jones,** Chief Executive, **Cllr Finch**, Leader of the Council; **External Auditors** – BDO Barry Pryke

**Final Report Issued:** **June 2019**

**Date of last review:** N/A

**Overall Opinion**

**LIMITED ASSURANCE**

**Direction of Travel**

N/A – This area has not been audited before

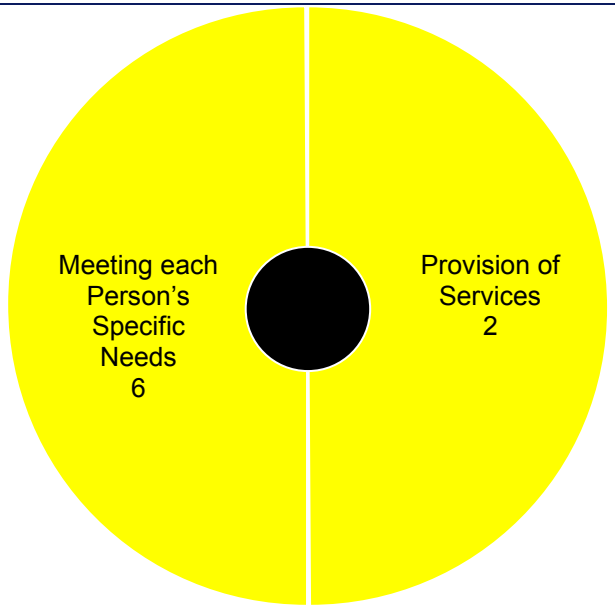
| Number of Control Design Issues Identified | | Number of Control Operating in Practice Issues Identified | | Number of Recommendations | |
|---|---|---|---|---|---|
| 0 | Critical | 0 | Critical | 8 | Made |
| 0 | Major | 0 | Major | 3 | Rejected |
| 4 | Moderate | 4 | Moderate | n/a | Critical Rejected |
| 0 | Low | 0 | Low | n/a | Major Rejected |

**Scope of the Review and Limitations:** This audit's objective was to evaluate the arrangements in place to prevent or manage to reasonable levels potentially significant risk events and consequences associated with ensuring that ECC are fulfilling the Statutory Responsibilities set out in the Care Act that can be deemed to relate to Supported Living. This audit did not specifically review costs or the quality of information contained within assessments, support plans or similar documents relevant to specific Adults other than to confirm that processes are in place to ensure agreed standards and procedures are being adhered to.

**Key Messages**

No critical or major findings were identified during the course of this audit.

It was noted during the audit that processes relating to Supported Living were still evolving and work was on-going in respect of the design and implementation of a new contractual framework.




**Each risk area for this review is shown as a segment of the wheel. The key to the colours on the wheel is as follows:**

- Critical priority Control Design or Control Operating in Practice issues identified
- Major priority Control Design or Control Operating in Practice issues identified
- Moderate priority Control Design or Control Operating in Practice issues identified
- No / Minor Control Design or Control Operating in Practice Issues identified



Essex County Council

# Final Internal Audit Report 2018/19 – Carers' Personal Budgets (ASC4)

## 1. Executive Summary

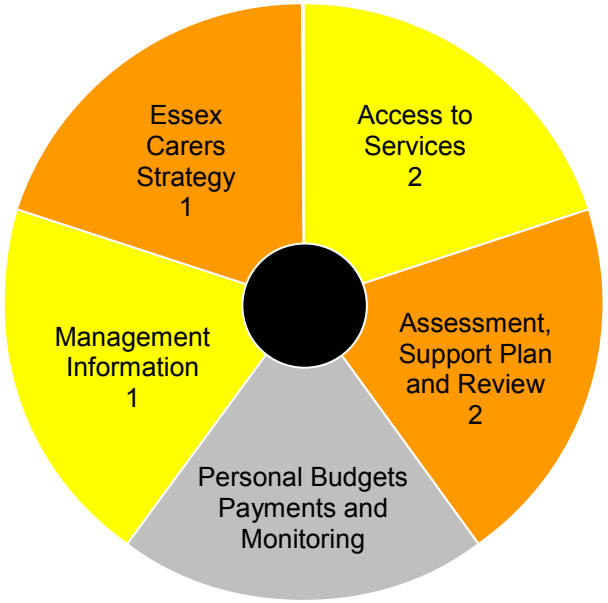
| | | | | |
|---|---|---|---|---|
| **Function:** **Adult Social Care**<br>**Audit Sponsor:** **Nick Presmeg, Director, Adult Social Care**<br>**Distribution List:** **Nick Presmeg; Alexandra Green,** Director for Local Delivery West; **Rebecca Jarvis,** Head of Strategic Commissioning and Policy; **Fiona Davis,** Director Safeguarding and Quality Assurance (ASC); **Giles Goodeve,** Service Manager, Adult Social Care **-** Quality Assurance**, David Williams,** Senior Operational Policy Advisor; **Margaret Lee,** Executive Director for Corporate and Customer Services**; Gavin Jones,** Chief Executive Officer, **Cllr David Finch,** Leader of the Council; **Cllr John Spence**<br><br>**Final Report Issued:** **June 2019**<br>**Date of last review:** **N/a** | **Overall Opinion**<br><br>**LIMITED ASSURANCE**<br><br>**Direction of Travel**<br><br>The scope of this review is not consistent with prior audits in this area | **Number of Control Design Issues Identified**<br><br>0 **Critical**<br>1 **Major**<br>0 **Moderate**<br>0 **Low** | **Number of Control Operating in Practice Issues Identified**<br><br>0 **Critical**<br>1 **Major**<br>4 **Moderate**<br>0 **Low** | **Number of Recommendations**<br><br>6 **Made**<br>0 **Rejected**<br>0 **Critical Rejected**<br>0 **Major Rejected** |

| | |
|---|---|
| **Scope of the Review and Limitations:** | The objective of the audit was to evaluate the arrangements in place since the 1 April 2018 to manage the new Carers Support Service, progress against the Essex Carers Strategy 2015 -2020 and service provision to Carers.<br>Testing was not completed on Personal Budget Payments and Monitoring as the sample selected had not reached this point in the process.<br>Young Carers (under 18 years of age) are excluded from this audit. |

**Key Messages**

Two major recommendations were identified during this audit in relation to:

- allocation of replacement care (sitting service)
- progress and monitoring of the Essex Carers Strategy 2015-2020




**Each risk area for this review is shown as a segment of the wheel. The key to the colours on the wheel is as follows:**

- Critical priority Control Design or Control Operating in Practice issues identified
- Major priority Control Design or Control Operating in Practice issues identified
- Moderate priority Control Design or Control Operating in Practice issues identified
- No / Minor Control Design or Control Operating in Practice Issues identified
- Not tested



Essex County Council

# Final Internal Audit Report 2018/19 – Personal Budgets (Adults) (ASC1)

## 1. Executive Summary

**Function:** **Adult Social Care**

**Audit Sponsor:** **Patrick Higgs,** Director for Local Delivery North

**Distribution List:** **Patrick Higgs; Margaret Lee,** Executive Director for Corporate and Customer Services**; Nick Presmeg,** Director Adult Social Care**; Fiona Davis,** Director for Safeguarding and Quality Assurance (Adults)**; Catherine Apps,** Senior Commissioning Support Office); **Chris Gee,** Category and Contract Manager; **Cllr David Finch**, Leader of the Council; Cllr John Spence; **Gavin Jones,** Chief Executive Officer; **Barry Pryke** - Audit Manager BDO, External Audit

**Final Report Issued:** June 2019

**Date of last review:** August 2017

**Overall Opinion**

**LIMITED ASSURANCE**

**Direction of Travel**

Control environment has deteriorated since our prior audit

| Number of Control Design Issues Identified | | Number of Control Operating in Practice Issues Identified | | Number of Recommendations | |
|---|---|---|---|---|---|
| 0 | Critical | 0 | Critical | 7 | Made |
| 0 | Major | 5 | Major | 0 | Rejected |
| 0 | Moderate | 2 | Moderate | N/A | Critical Rejected |
| 0 | Low | 0 | Low | 0 | Major Rejected |

**Scope of the Review and Limitations:** This review included personal budgets paid as direct payments (into a dedicated bank account), via the Direct Payment Support Services (DPSS) contract and Prepaid Cards. Samples were selected from Mosaic and A4W, and testing undertaken to determine that the identified risks were being managed. Testing was undertaken through access to ECC systems and data. Systems operated by the DPSS provider were not reviewed.

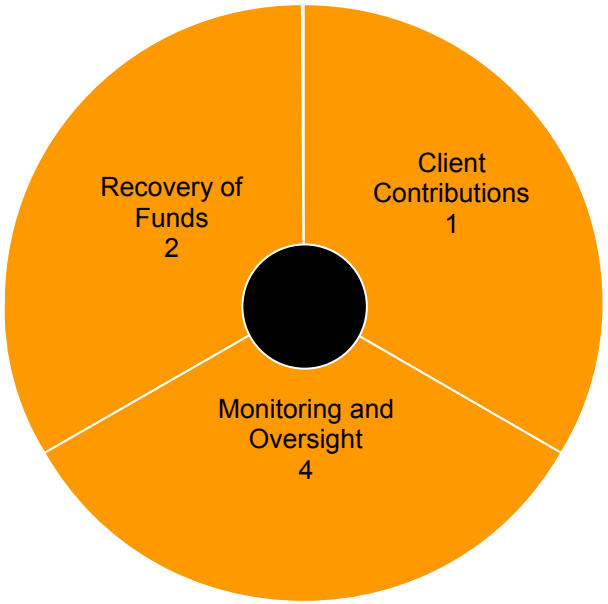
**Critical and Major Findings and Recommendations**

There were no critical recommendations arising from this audit.

5 major recommendations have been made:

- There are significant issues with the payment of Client Contributions.
- Reviews are not completed with adequate frequency; and issues identified (and recorded in case notes) are not followed up.
- There is a poor audit trail of decisions (including support plans, basis / calculation of direct payments, and rationale for awarding increases).
- Processes are not embedded for calculations of surpluses and for recovery of monies (including transferring to an alternative payment mechanism and ceased/deceased).
- Prepaid card compliance checking is not robust and does not lead to process improvement. Roles and responsibilities have not been established.

  The DPSS contract implementation has been subject to significant delay. Reporting (including delays to recovery of surplus monies) is inadequate.




**Each risk area for this review is shown as a segment of the wheel. The key to the colours on the wheel is as follows:**

- Critical priority Control Design or Control Operating in Practice issues identified
- Major priority Control Design or Control Operating in Practice issues identified
- Moderate priority Control Design or Control Operating in Practice issues identified
- No / Minor Control Design or Control Operating in Practice Issues identified



Essex County Council

**Appendix 2**

# Current assessment rationale for grading the priority of recommendations in Internal Audit reports

| Risk rating | Assessment rationale |
|---|---|
| Critical | Critical and urgent in that failure to address the risk could lead to one or more of the following occurring:<br>▪ Significant financial loss (through fraud, error, poor value for money)<br>▪ Serious safeguarding breach<br>▪ Life threatening or multiple serious injuries<br>▪ Catastrophic loss of service<br>▪ Failure of major projects<br>▪ Critical Information loss leading to Information Commissioner's Office (ICO) referral<br>▪ Reputational damage – Intense political and media scrutiny i.e. front-page headlines, television coverage.<br>▪ Possible criminal, or high profile, civil action against the Council, Members or officers.<br>▪ Intervention by external agencies<br>***Remedial action must be taken immediately*** |
| Major | Major in that failure to address the issue or progress the work would lead to one or more of the following occurring:<br>▪ High financial loss (through fraud, error, poor value for money)<br>▪ Safeguarding breach<br>▪ Serious injuries or stressful experience requiring medical treatment, many work days lost.<br>▪ Significant disruption to service (Key outcomes missed, some services compromised. Management action required to overcome medium term difficulties)<br>▪ Major Information loss leading to internal investigation<br>▪ Reputational damage – Unfavourable external media coverage. Noticeable impact on public opinion.<br>▪ Scrutiny required by external agencies<br>***Remedial action must be taken urgently*** |
| Moderate | Moderate in that failure to address the issue or progress the work would lead to one or more of the following occurring:<br>▪ Medium financial loss (through fraud, error or poor value for money)<br>▪ Significant short-term disruption of non-core activities<br>▪ Scrutiny required by internal committees.<br>▪ Injuries or stress level requiring some medical treatment, potentially some work days lost<br>▪ Reputational damage – Probable limited unfavourable media coverage.<br>***Prompt specific action should be taken*** |
| Low | Low in that failure to address the issue or progress the work would lead to one or more of the following occurring:<br>▪ Low financial loss (through error or poor value for money)<br>▪ Minor errors in systems/operations or processes requiring action or minor delay without impact on overall service delivery schedule. Handled within normal day to day routines.<br>▪ Reputational damage – Internal review, unlikely to have a wider impact.<br>***Remedial action is required*** |
| **Assurance Level** | **Description** |
| **Good** | ***Good assurance –*** there is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to achieving those objectives. Recommendations will normally only be of Low risk rating. Any Moderate recommendations would need to mitigated by significant strengths elsewhere. |
| **Adequate/ Satisfactory** | ***Adequate/satisfactory assurance –*** whilst there is basically a sound system of control, there are some areas of weakness, which may put the system/process objectives at risk. There are Moderate recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any Major recommendations relating to part of the system would need to be mitigated by significant strengths elsewhere. |
| **Limited** | ***Limited assurance –*** there are significant weaknesses in key areas in the systems of control, which put the system/process objectives at risk. There are Major recommendations or a number of moderate recommendations indicating significant failings. Any Critical recommendations relating to part of the system would need to be mitigated by significant strengths elsewhere. |
| **No** | ***No assurance –*** internal controls are generally weak leaving the system/process open to significant error or abuse or reputational damage. There are Critical recommendations indicating major failings |

**Appendix 3**

# Overdue Critical and Major Internal Audit Recommendations as at 31 August 2019

| Audit Review Title | Function | Recommendation | Latest Target Date | Last Status Update | Owner | Rating |
|---|---|---|---|---|---|---|
| Personal Budgets (Families) (1718 C2) | Children Families and Education | Monitoring and Review | 31/12/18 | **Update as at 2 July 2019:** *This remains an ongoing issue- we are waiting for Purchase to Pay to agree monitoring process but they are going through Organisational Redesign. There is also consideration with Adults to share this role. Social workers are aware no more than 8 weeks money should be kept in bank accounts and routinely money is clawed back.* | Director, Local Delivery, South | Major Risk |
| Essex Partnership University Trust (EPUT) (1819 ASC17) | Adult Social Care | Partnership Arrangements Post March 2019. | 30/06/19 | **Update 13 August 2019:** The future delivery of the service has not been agreed yet. A six month extension to the current agreement is being sought to October 2020 whilst future deliver is being considered | Director for Integrated Commissioning & Vulnerable People (West) | Major Risk |
| Essex Child and Family Well-being Service (1819 CF4) | Children, Families and Education | Safeguarding: assurance reporting and escalation processes | 3/06/19 | No update provided but as this was a recently finalised audit only one automated request has been sent on 20/08/19 | Director for Integrated Commissioning & Vulnerable People (West) | Major Risk |

**Agenda item 4**

| | |
|---|---|
| | **AGS/43/19** |
| **Report title:** Counter Fraud and Anti-Bribery Strategy | |
| **Report to:** Audit, Governance and Standards Committee | |
| **Report author**: Paula Clowes – Head of Assurance | |
| **Date:** 16 September 2019 | **For:** Decision |
| **Enquiries to**: Paula Clowes – Head of Assurance paula.clowes@essex.gov.uk | |
| **County Divisions affected**: All Essex | |

## 1. Purpose of Report

1.1 The Council has a duty to seek to eliminate fraud and bribery in order to protect public funds, as such the Council has a Counter Fraud and Anti-Bribery Strategy to outline its approach and commitment to preventing, detecting and deterring fraud and corruption. This has been refreshed after the biennial review to ensure it is accurate and up to date. This report asks the Committee to approve the updated Strategy.

## 2. Recommendation

2.1 That the updated Strategy is adopted**.**

2.2 That the Sanctions Policy which was set out in the previous version of the Strategy continues to have effect until it is replaced by a new policy.

## 3. Background

3.1 The Counter Fraud and Anti-Bribery Strategy was last approved in December 2017. The Strategy has been reviewed by the Head of Assurance and the Counter Fraud Manager to ensure that it remains aligned to the Council's objectives and incorporates and relevant developments both internally and externally.

3.2 The Council's Counter Fraud and Anti-Bribery Strategy continues to adopt the strategic approach recommended by the Fighting Fraud and Corruption Strategy[1] (the local government counter fraud and corruption strategy 2016-19). A new strategy for 2020-2023 is expected to be published next year and it is intended that the Council's Counter Fraud and Anti-Bribery Strategy will receive a full review and re-write next year in line with this.

[1] https://www.cifas.org.uk/secure/contentPORT/uploads/documents/External-Fighting%20fraud%20and%20corruption%20locally%20the%20local%20government%20counter%20fraud%20and%20corruption%20strategy%202016%20to%202019.pdf

3.2 The delivery of the Counter Fraud and Anti-Bribery Strategy is reported to the Audit, Governance and Standards Committee through the Internal Audit and Counter Fraud progress reports.

## 4. Summary of Changes

4.1 This review has resulted in the following amendments:

(a) 'Acknowledge' section (page 7), added last paragraph
(b) 'Prevent' section (page 7), added third and fourth paragraphs.
(c) Appendix D, sanction policy removed. It is intended to create this as a separate policy which will be reported to the December Committee. Meanwhile the committee is asked to maintain the current sanction policy in force until the new stand alone policy can be introduced. The reason for this change is that this policy requires frequent review and updating based on legislative changes and case law.

## 5. Financial Implications

5.1 There are no financial implications as the Internal Audit and Counter Fraud activity is met within existing resources.

## 6. Legal Implications

6.1 Counter Fraud & Internal Audit is a key way in which councillors can be assured that the Council is using its resources effectively and that the Council is discharging its fiduciary duties concerning taxpayers' money. It helps services to design systems which have appropriate controls and also helps identify and respond to breaches if they occur.

6.2 The Council has a duty to consider the need to prevent and reduce crime in the exercise of its functions under section 17 of the Crime and Disorder Act 1998.

## 7. Equality and Diversity Implications

7.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:

(a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act

(b) Advance equality of opportunity between people who share a protected characteristic and those who do not

(c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. Equality and diversity matters have been considered in the production of the progress report.

## 8. List of Appendices

Appendix 1: Updated Counter Fraud and Anti-Bribery Strategy.

## 9. List of Background Papers

None

# Counter Fraud & Anti-Bribery Strategy

## Revised September 2019



Essex County Council

## Contents

Introduction 3
Fraud 3
Bribery 3
Aims 3
Approach 5
Staff & Stakeholders 8
Culture 8
Reporting Lines 9
Appendix A Summary of Fraud Act 2006 10
Appendix B Extract from Anti-Bribery Policy 13
Appendix C Nolan Principles 14
Appendix D Fraud Response Plan 17

## Introduction

The Local Government Counter Fraud and Corruption Strategy, Fighting Fraud and Corruption Locally 2016-19 outlines that fraud has cost local government in excess of £2.1 billion per annum. Preventing and detecting fraud is essential in ensuring that we protect the public purse, and that the funds used to provide the services to our community within Essex are used for their intended purpose.

## Fraud

Fraud can be broadly described as acting dishonestly with the intention of making a gain for themselves or another, or inflicting a loss (or a risk of loss) on another; including:

- Dishonestly making a false representation
- Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose
- Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

Appendix A includes a summary of the Fraud Act 2006.

## Bribery

The Bribery Act 2010 defines bribery as "the inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages whether monetary or otherwise".

Corruption is the abuse of entrusted power for private gain. It affects everyone who depends on the integrity of people in a position of authority. The Bribery Act 2010 repealed all Corruption Acts in whole and therefore there is now no offence of corruption; therefore whilst corruption exists as a term, it no longer exists as an offence.

Section 7 of the Act created a new offence of failure by an organisation to prevent a bribe being paid for or on its behalf. It is possible to provide a defence by implementing adequate procedures to prevent bribery occurring within the organisation as outlined by the Ministry of Justice. If these cannot be demonstrated and an offence of bribery is committed within the organisation senior officers of the County Council could be held accountable.

Appendix B is an extract from our Anti-Bribery Policy.

## Aims

The Council has a duty to reduce fraud and bribery to an absolute minimum in order to protect its residents and customers. This Strategy sets out the Council's commitment to preventing, detecting and deterring fraud, corruption, bribery or other irregularity and takes into consideration the Council's key strategic aims. These are:

- Enable inclusive economic growth
- Help people get the best start and age well
- Help create great places to grow up, live and work
- Transform the council to achieve more with less.

This strategy aims to:

- Instill an anti-fraud culture and demonstrate a zero-tolerance approach;
- Actively prevent, deter and promote detection of fraudulent and corrupt acts, including bribery;
- Provide a clear direction in relation to the roles and responsibilities of Council staff, management and councillors; and
- Identify a clear pathway for investigation and remedial action.

The effectiveness of this strategy will be subject to regular review, by the Head of Assurance and the Audit, Governance and Standards Committee.

This strategy is supplemented with more detailed documents:

Appendix A: Summary of the Fraud Act 2006;

Appendix B: Extract from ECC Anti-Bribery Policy;

Appendix C: Nolan Principles and Stakeholder Responsibilities; and,

Appendix D: Fraud Response Plan.

## Our Approach

Statement of Commitment

"We have a responsibility to be transparent and accountable to our residents.
Taking responsibility for fraud means being honest about the level of fraud and acknowledging that fraud risk will exist in all large organisations. We are committed to tackling fraud, in both prevention and the delivery of robust action where fraud or bribery does occur. This strategy outlines our approach and demonstrates our commitment to ensuring good governance."

*Margaret Lee*

*Executive Director for Corporate and Customer Services*

## Approach

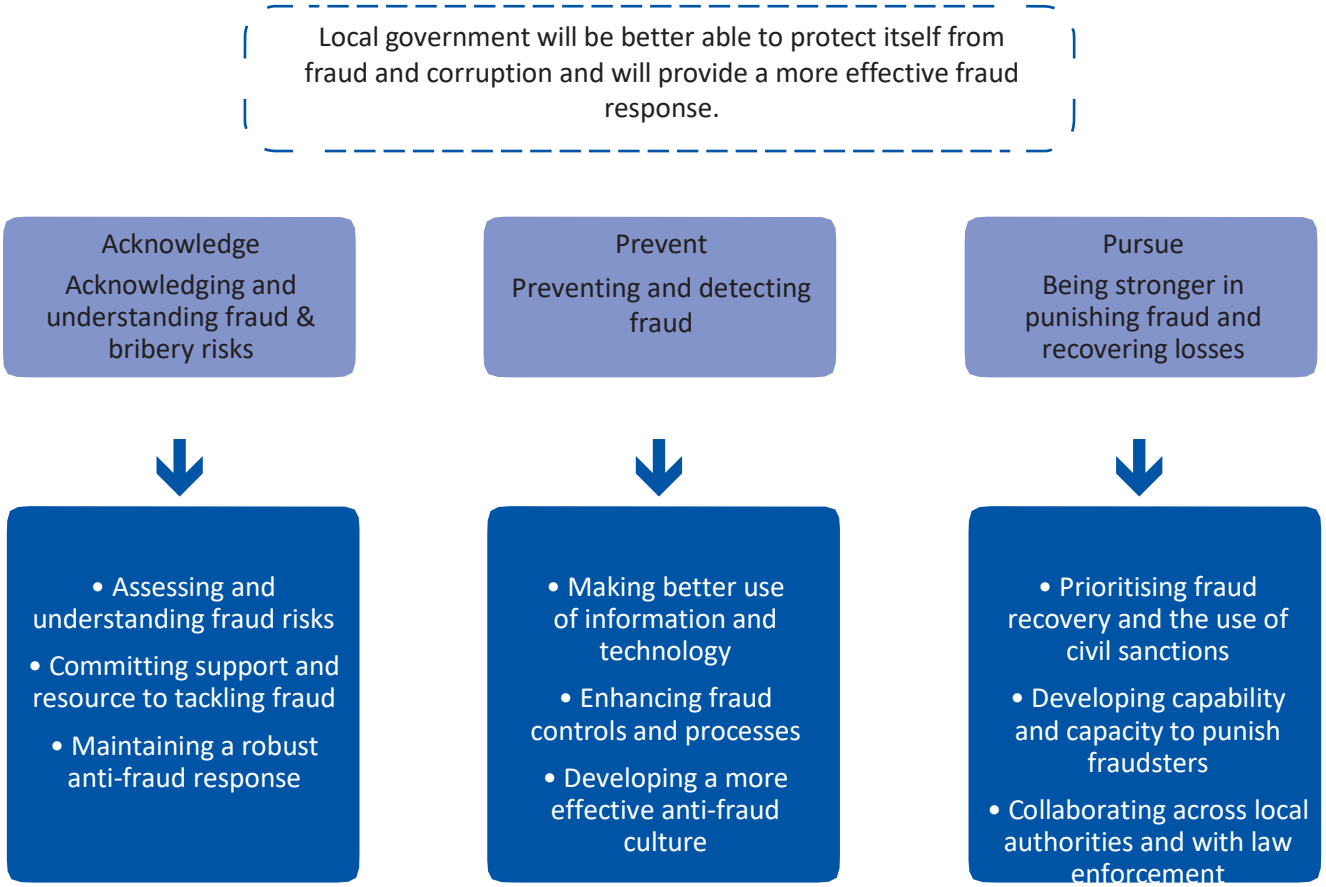
The Council takes the threat of fraud and bribery seriously, in that it has the necessary dedicated and specialist resource, comprising of the Counter Fraud and Internal Audit team. These teams are focused on coordinating the approach that Essex County Council takes in protecting its assets and finances from fraud and bribery.

Fraud, by its very nature is hidden, and conducted in such a manner that fraudulent actions are actively concealed. It is therefore vital to provide a strong anti-fraud culture, and advocating a zero tolerance approach. If done effectively this will not only provide a deterrence effect to potential fraudsters, but also encourage an environment where individuals feel comfortable coming forward to raise concerns.

In compiling the strategy, we have considered the Councils objectives and have also incorporated guidance and best practice of combatting fraud within local government, including:

- The National Crime Agency / Cabinet Office
- The Local Government Counter Fraud & Corruption Strategy 2016-19 (Fighting Fraud and Corruption Locally)

The diagram below describes our approach which is in line with the Fighting Fraud and Corruption Locally strategy.



## Acknowledge

Essex County Council accepts that no authority is immune from the risk of fraud or bribery. It is for this reason that we have implemented a specific strategy, inclusive of a bespoke work programme based on an assessment of risk, to undertake proactive work to protect the assets and finances of the Council.

The Council is also committed to providing all employees with sufficient training to enable them to identify and report fraud in a timely manner. This is achieved via e-learning modules offered as a suite of training and guidance modules at the induction stage. The Counter Fraud Team also offer bespoke training packages for staff within the Council.

The Council will also inform councillors of their responsibilities as part of the induction programme for new councillors and remind them of their responsibilities and update them on developments regularly. Detailed requirements are also included within the documents published on the Members' portal. The details include rules on declaring and registering any possible areas of conflict between an elected councillor's County Council duties and responsibilities and any other area of their personal or professional life.

The Council will regularly review its approach to tackling fraud, with a focus on emerging risks and current themes and trends which occur across the Council, or wider across other local government areas.

The Counter Fraud Team will liaise with colleagues from other authorities to keep abreast of new challenges and emerging risk areas. The Team will also work closely with service areas to understand fraud risks in their operational areas. A fraud risk register will be updated on an annual basis and used to inform a schedule of proactive work.

## Prevent

Prevention is the best and most efficient way to tackle fraud and prevent losses to the Council. The Counter Fraud Team will ensure that our resources are used in preventing fraud from happening in the first place.

The Counter Fraud Team will work closely with Internal Audit colleagues to ensure that a robust control framework is in place within the Council, and recommendations to rectify any system weaknesses will be recorded and monitored via our centralised tracking system.

A collaborative approach will be adopted, working with colleagues in other authorities on data matching initiatives to help prevent fraud throughout Essex. National initiatives, for example the National Fraud initiative (NFI) will be co-ordinated by the Counter Fraud Team on a biennial basis.

The Counter Fraud Team will also complete proactive work including a programme of internal data matching initiatives to help to identify erroneous or fraudulent transactions and take remedial action as necessary. The programme of internal data matching will be compliant with the Data Protection Act 2018 and General Data Protection Regulation.

A robust enforcement response will be established to pursue fraudsters and deter others.

One of our main preventative measures is to make sure that appropriate checks are made before we take on new members of staff. Heads of Service must follow the procedures in our recruitment and selection guidelines and code of practice. We will always undertake appropriate pre-employment checks (e.g. written references) before we can confirm any employment offers. We will treat temporary, contract and voluntary staff in the same way as permanent staff.

Staff must adhere to section 117 of the Local Government Act 1972 and our Constitution, which says that they must tell us about any interests they have in any contracts relating to our affairs, similarly

they must disclose any close personal relationships with both colleagues and external contractors (refer to the Code of Conduct for guidance). Staff must tell us about any fees or rewards that they are offered in their official capacity, other than their normal salary. In any event, fees or rewards should not be accepted without first ensuring compliance with the Code of Conduct for ECC Employees.

Councillors are reminded of their responsibilities with details included in the Members' portal. The details include rules on declaring and registering any possible areas of conflict between an elected councillor's County Council duties and responsibilities and any other area of their personal or professional life.

Where an employee or councillor is suspected of fraudulent behaviour, they will be subjected to investigation, potential disciplinary and criminal sanctions as appropriate.

## Pursue

We will commit to making efforts to proactively seek out instances of fraud and take effective action once it is identified. The Council will make best use of its communications strategy to highlight instances of fraud, for the purposes of seeking the maximum deterrence effect.

The Counter Fraud Team will investigate allegations of fraud and will seek to achieve the most appropriate sanction in accordance with the Counter Fraud Sanction Policy . See separate Counter Fraud Sanction Policy.

We will enhance our provision further by making best use of existing legislation, for example the Proceeds of Crime Act 2002, to ensure that funds are recovered, where possible by the Council.

## Staff & Stakeholders

Our staff are our first line of defence against most acts of attempts of fraud, corruption or bribery. We expect and encourage them to be alert to the possibility of acts of fraud, corruption or bribery and to raise any such concerns at the earliest opportunity.

Staff have a duty to protect the assets of the Council, including information, as well as property. When an employee suspects that there has been fraud or corruption, they must report the matter to the Head of Assurance/Counter Fraud Team.

## Culture

The Council is committed to the highest ethical standards; high standards of corporate and personal conduct are a requirement throughout the Council. The three fundamental public service values are:

| | |
|---|---|
| Accountability | Everything done by those who work in the Council must be able to stand the tests of parliamentary scrutiny, public judgements on property and professional codes of conduct. |
| Probity | Absolute honesty and integrity should be exercised in dealing with assets, employees, suppliers and customers. |
| Openness | The Council's actions should be sufficiently public and transparent to promote confidence between Essex County Council, our employees and the public. |

We believe the best defence against fraud, corruption and bribery is to create a strong anti-fraud culture within the organisation. We promote the 'seven principles of public life' put forward by the Nolan Committee and expect all our staff, including contractors, and councillors to make themselves aware of and to follow these principles and all legal rules, procedures and practices, and to protect our legitimate interests at all times.

These principles are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership.

Appendix C provides further details of these principles and responsibilities of stakeholders.

## Reporting Lines

Reporting a Fraud

There are a number of ways that individuals may raise a concern or report suspected fraud or bribery (see below). Employees are urged to consider the nature of the concern, whether it involves immediate management and the seriousness and sensitivity of the issues involved Our Fraud Response Plan is included at Appendix D.

## Dedicated Fraud Hotline

The Council also has a dedicated fraud hotline - contact telephone number 033301 38917 which is answered by fraud investigators within the Counter Fraud Team and staffed during normal office hours (an answering service operates at all other times).

You can also email:

Counter Fraud Team - counterfraud.team@essex.gov.uk
Karen Bellamy (Counter Fraud Manager) – karen.bellamy@ essex.gov.uk

## Expolink

Expolink is an external agency that operates a Whistleblowing hotline on behalf of the Council - contact telephone number 0800 374199 or via e-mail – essexcc@expolink.co.uk. It is answered by trained personnel. Anonymous referrals may be made via this route.

## Whistleblowing

The Council's Whistleblowing Policy encourages employees (and those of contractor and partner organisations) to report concerns that are in the public interest. The Policy outlines the process for raising concerns and the types of conduct that should be reported. For example:

- criminal offences;
- failure to comply with legal obligations;
- actions which endanger the health or safety of any individual;
- actions which cause damage to the environment;
- actions which are intended to conceal any of the above.

It is encouraged that any persons with suspicions of any activity relating to fraud or bribery come forward to raise concerns.

The Council does not tolerate the victimisation or harassment of anyone raising a genuine concern.

Employees are afforded protection from such by the Public Interest Disclosures Act 1998, which aims to reassure employees with concerns over coming forward that they can do so in the knowledge that they have protection to do so. Any harassment or victimisation of a whistleblower is treated as a serious disciplinary offence, which will be dealt with under the Disciplinary Policy.

Where allegations are found to be malicious, they will also be considered for further investigation and subject to appropriate disciplinary action. All referrals are treated in the strictest confidence and callers who wish to may remain anonymous.

## Appendix A - Summary of the Fraud Act 2006

Key areas of the Fraud Act 2006

There are a number of other areas that are not included within this summary. This summary focuses on those issues that are more likely to affect fraud investigations in the public sector.

## Section 1 - Fraud

A person is guilty of fraud if he/she is in breach of any of the Sections listed in subsection (2) (which provide for different ways of committing the offence).

The Sections are:

- Section 2 - Fraud by false representation
- Section 3 - Fraud by failing to disclose information
- Section 4 - Fraud by abuse of position
- Section 7 – Making or supplying articles for use in fraud.

Maximum penalty is imprisonment for a term up to 10 years (note: this was previously 7 years).

## Section 2 - Fraud by false representation

A person is in breach of this Section if he/she:

- Dishonestly makes a false representation; and
- Intends, by making the representation to make a gain for himself or another, or to cause loss to another or to expose another to a risk of loss.

### Explanatory notes

- Note a gain need not have taken place, intent suffices
- 'Gain' includes keeping what one has, as well as a gain by getting what one does not have
- 'Loss' means not getting what one might get, as well as losing something that one has
- Importantly the loss can be permanent or temporary (previously the onus was on intention to permanently deprive)
- 'Dishonest' is defined in case law (Ivey v Genting Casinos 2017), and is based upon the test of whether an individuals' behaviour is regarded as being dishonest by the ordinary standards of reasonable and honest people.

### A representation is false if:

- It is untrue or misleading; and
- The person making it knows that it is, or might be, untrue or misleading
- The term 'representation' is defined under s.2 (3) of the Act as
- Any representation as to fact or law, including a representation as to the state of mind of the person making it, or any other person.

Subsection (4) states the representation may be expressed or implied.

Examples of this would be misusing a credit card or obtaining bank details by phishing.

Subsection (5) states a representation may be regarded as made if it (or anything implying it) is submitted in any form to any system or device designed to receive, convey or respond to communications (with or without human intervention).

Example of this would be the illicit capture of a chip and pin number entered into a machine.

## Section 3 - Fraud by failing to disclose information

A person is in breach of this Section if he/she:

- Dishonestly fails to disclose to another person information which he is under a legal duty to disclose; and
- Intends, by failing to disclose the information, to make a gain for himself or another, or to cause loss to another or to expose another to a risk of loss.

### Explanatory notes

This section applies to all parties where a person is under a duty to disclose something and by not doing so could create some gain (e.g. not disclosing an illness for medical insurance) or where the failure to disclose causes a loss or puts another at a risk of a loss.

This may include verbal or written contracts. The Law Commission's Report of Fraud on the concept of 'legal duty' is as follows:

'Such a duty may derive from statute (such as the provisions governing a company prospectus), from the fact that the transaction in question is one of utmost good faith (such as a contract of insurance), for the express or implied terms of a contract, from the customer of a particular trade or market, or from the existence of a fiduciary relationship between the parties (such as that of agent and principle).'

For this purpose there is a legal duty to disclose information not only if the defendant's failure to disclose it gives the victim a cause of action for damages, but also if the law gives the victim a right to set aside any change in his or her legal position to which he or she may consent as a result of the non-disclosures. For example, a person in fiduciary position has a duty to disclose material information when entering into a contract with his or her beneficiary, in the sense that a failure to make such a disclosure will entitle the beneficiary to rescind the contract and to reclaim and property transferred under it.

## Section 4 - Fraud by abuse of position

A person is in breach of this Section if he/she:

- Occupies a position, in which he is expected to safeguard, or not act against, the financial interests of another person
- Dishonestly abuses that position; and
- Intends, by means of the abuse of that position to make a gain for himself or another, or to cause loss to another or expose another to a risk of loss.

### Explanatory notes

S.4 (2) A person may be regarded a having abused his position even though his conduct consisted of an omission rather than an act.

This offence focuses on those persons who are in positions of financial trust and have insight and possibly control of another's financial situation. There will be some form of relationship or agreement between both parties for the offence to operate: the relationship can be one of

client, employee, family, trustee and beneficiary or simple trust. Although the offence focuses on the area of finance of the victim, it appears by the wording of the section that the actual gain to the offender may not be monetary, although it invariably will be.

It is not clear what is meant by the term 'abuse' and the Act does not seek to define the meaning. It is therefore designed to give the word a broad meaning, allowing for numerous interpretations for various situations.

The following examples are given:

- Where an employee fails to take up a contract to allow a rival company to obtain the contract at the expense of the employee's company
- Where someone is looking after elderly or vulnerable persons and has access to their bank account and abuses their position by removing money from the account.

## Section 7 – Making or supplying articles* for use in frauds

Under section (1) a person is guilty of an offence if he makes, adapts, supplies or offers to supply any article:

- Knowing that it is designed or adapted for use in the course of or in connection with fraud: or
- Intending it to be used to commit, assist in the commission of, fraud.

*An article includes any program or data held in electronic form, and can also include anything that can be used to make, alter, remove, supply or store something by electronic means in connection with fraud.

Fraud under this section may be manipulating or amending the date on a Blue Badge, or photocopying a badge and supplying to another.

## Appendix B – Extract from our Anti-Bribery Policy

ECC will not tolerate bribery.

It is unacceptable to:

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

### Facilitation payments

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

### Gifts and Hospitality

This policy does not change the requirements of our Gifts and Hospitality guidance. All staff should ensure that they are in compliance with the Officer Gifts and Hospitality Policy. Similarly Members should ensure they comply with requirements of the Code of Member Conduct which forms part of the Council's Constitution.

### Public contracts and failure to prevent bribery

Under the Public Contracts Regulations 2015 (which give effect to EU law in the UK), a company is normally debarred from competing for public contracts where it is convicted of a corruption offence. This does not include the crime of failure to prevent bribery. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. However, Essex County Council has the discretion to exclude organisations convicted of this offence.

## Appendix C- Nolan Principles

The Committee on Standards in Public Life sets the 7 principles of public life, which are:

**1. Selflessness**

Holders of public office should act solely in terms of the public interest.

**2. Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

**3. Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

**4. Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

**5. Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

**6. Honesty**

Holders of public office should be truthful.

**7. Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

The table on the following page sets out the responsibilities for each stakeholder.

| Group/Stakeholder | Responsibility |
|---|---|
| Audit, Governance and Standards Committee | • Approve the Counter Fraud Strategy and receive reports of the Counter Fraud activity<br>• Approve the internal audit and counter fraud plan.<br>• Promotes the strategy and ensures that resources are focussed to the Councils high risk areas. |
| Councillors | • Cabinet Member for Finance<br>• Councillors must work within:<br>• The rules around disclosable pecuniary interests in the Localism Act 2011 and associated regulations.<br>• The ECC Code of Member Conduct Interest Regulations; and our regulatory framework, including the Constitution, Financial Regulations and Procurement Rules and Procedures. |
| Section 151 Officer | • Has a statutory duty, under Section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985, to ensure that there are proper arrangements in place to administer the Council's financial affairs. |
| Head of Assurance | • Responsible for the Internal Audit & Counter Fraud Team<br>• Report the results of any fraud or bribery cases to the Audit, Governance and Standards Committee through the Internal Audit and Counter Fraud reporting process<br>• Act as the Bribery Act Compliance Officer |
| Senior Managers | • Establish an anti-fraud culture in their functional area(s)<br>• Ensure staff are aware of and promotion of all relevant policies and procedures relating to anti-fraud and bribery, Code of Conduct etc<br>• Adopting a robust control environment, ensuring all internal recommendations are implemented promptly. |
| Counter Fraud Team | • Deliver a quality investigative service with the objective of preventing, detecting and deterring fraud throughout the Council, thereby securing the "public purse".<br>The Counter Fraud Team will:<br>• Regularly report to the Audit, Governance and Standards Committee on the progress of proactive work undertaken across the Council and on the investigation of actual or suspected bribery;<br>• In consultation with the Head of Assurance, the relevant Head of Service & Legal Services, will decide when/if to report cases of fraud or bribery to the Police. Further, they will ensure that other relevant parties are informed where necessary e.g. Organisational Design and People;<br>• Ensure that the Council incident and losses reporting systems are followed;<br>• Ensure that system weaknesses identified as part of any investigation are followed up with management or Internal Audit and recommendations made to improve the control framework. |
| Internal Audit | • Developing an annual risk based approach to internal audit coverage (with consideration of fraud risk)<br>• Reviewing and appraising the adequacy, reliability and effectiveness of the Council's systems of internal control and reporting to Senior Managers<br>• Following up internal audit recommendations to confirm that these have been implemented by Senior Managers in accordance with agreed timescales<br>• Ensure fraud risks are adequately considered in all internal audit assignments |
| Staff | Staff must work within:<br>• the Code of Conduct for ECC Employees;<br>• ECC regulatory framework including Financial Regulations and Procurement Rules and Procedures (for buying any item or service); and<br>• relevant codes of conduct including the standards of appropriate professional organisations and associations. |
| Contractors | Must ensure they have adequate systems and controls to ensure the prevention and detection of fraud and corruption. |

This information is issued by
Essex County Council, Counter Fraud
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**Agenda item 5**

| | |
|---|---|
| | **AGS/44/19** |
| **Report title:** Annual Audit Letter for year ending 31 March 2019 | |
| **Report to: Audit, Governance and Standards Committee** | |
| **Report author:** Nicole Wood, Executive Director, Finance and Technology | |
| **Date of meeting:** 16 September 2019 | **For:** Noting |
| **Enquiries to** Nicole Wood - Executive Director, Finance and Technology<br>Tel. No: 07946 705816 | |
| **Divisions affected:** All Essex | |

## 1. Purpose of report

1.1 The purpose of this report is to present the External Auditor's Annual Audit Letter for the year ending 31 March 2019 to the Committee.

## 2. Recommendations

2.1 That the report be noted.

## 3. Background and proposals

3.1 The detailed findings from the audit work performed by BDO LLP in relation to the audit of accounts for the year ending 31 March 2019 were reported to the Committee on 29 July 2019 (when the Committee approved the 2018/19 Statement of Accounts).

3.2 The purpose of BDO LLP's Annual Audit Letter (as appended) is to communicate the key issues arising from their audit work for 2018/19 to Members, and to other key stakeholders.

3.3 The Annual Audit Letter summarises the conclusions from the external audit work related to 2018/19, including that:

i. **Unmodified opinions** were issued in relation to the Council's financial statements and those of the Essex Pension Fund, meaning that BDO consider that the financial statements:

- Gave a true and fair view of the financial position of the Council and the Essex Pension Fund as at 31 March 2019, and of the expenditure and income for the year then ended; and
- Were properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2018/19.

**ii.** An **unmodified conclusion** was issued on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources, which means that BDO consider that in all significant respects, the Council had proper arrangements in place to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

3.4 At the time of writing this report, BDO had not yet issued the Audit Certificate for 2018/19, as work to review the Council's Whole of Government Accounts (WGA) return for 2018/19 was ongoing. The review of the Council's WGA return is being completed in accordance with the timetable set by HM Treasury, and it is anticipated that the work will be completed by the submission deadline of **13 September 2019**.

## 4. Policy context and Outcomes Framework

4.1 The Annual Audit Letter communicates the key matters related to the audit of the Council's Statement of Accounts for 2018/19. As such, this report relates to the Council's financial health and financial standing rather than to specific policies or outcomes.

## 5. Financial Implications

5.1 There are no specific financial implications associated with this report.

## 6. Legal Implications

6.1 The Committee is required to consider the annual audit letter and may make recommendations if it so wishes.

## 7. Staffing and other resource implications

7.1 There are no staffing or other resource implications associated with this report.

## 8. Equality and Diversity implications

8.1 There are no equality and diversity or other resource implications associated with this report.

## 9. List of appendices

9.1 **Appendix A** – Annual Audit Letter for the year ending 31 March 2019.

## 10. List of Background Papers

10.1 None.

# ESSEX COUNTY COUNCIL AND ESSEX PENSION FUND

Annual Audit Letter

Year ended 31 March 2019

IDEAS | PEOPLE | TRUST

BDO

# EXECUTIVE SUMMARY

## Purpose of the Annual Audit Letter

This Annual Audit Letter summarises the key issues arising from the work that we have carried out in respect of the year ended 31 March 2019.

It is addressed to the Council but is also intended to communicate the key findings we have identified to key external stakeholders and members of the public.

## Responsibilities of auditors and the Council

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's (NAO's) Code of Audit Practice (the Code). Under the Code, we are required to report:

- Our opinion on the Council's and Pension Fund's financial statements; and
- Whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

**BDO LLP**

29 August 2019

## Audit conclusions

| Audit area | Conclusion |
|---|---|
| Financial statements - Council | Unmodified opinion |
| Financial statements – Pension Fund | Unmodified opinion |
| Use of resources | Unmodified conclusion |
| Audit certificate | We are unable to issue our audit certificate until we have completed our review of the Whole of Government Accounts return and issued our opinion on the consistency of the return with the audited financial statements. |

We issued our audit opinion on the Council's and Pension Fund's financial statements and use of resources conclusion on 31 July 2019.

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the audit.

# FINANCIAL STATEMENTS

## Audit opinion on the financial statements

We issued an unmodified audit opinion on the financial statements. This means that we consider that the financial statements:

- Give a true and fair view of the financial position and its income and expenditure for the year; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2018/19.

## Final materiality

Materiality for the Council's financial statements as a whole was calculated at £30.9 million based on a benchmark of 1.5% of gross expenditure.

Materiality for the Pension Fund financial statements was calculated at £70 million based on 1% of net assets. Specific materiality (at a lower level) was set for the fund account balances at £12 million and this was based on 5% of total contributions receivable.

## Material misstatements

We did not identify any material misstatements.

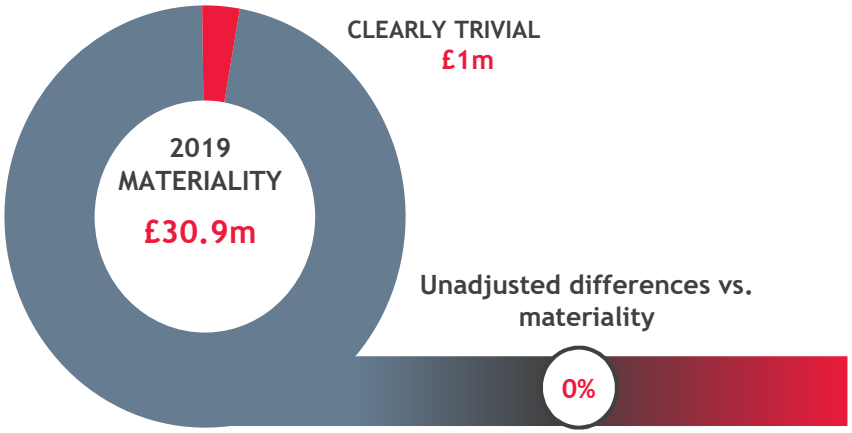
## Unadjusted audit differences

We did not identify any misstatements above a trivial level that were not adjusted for in the Council's financial statements.

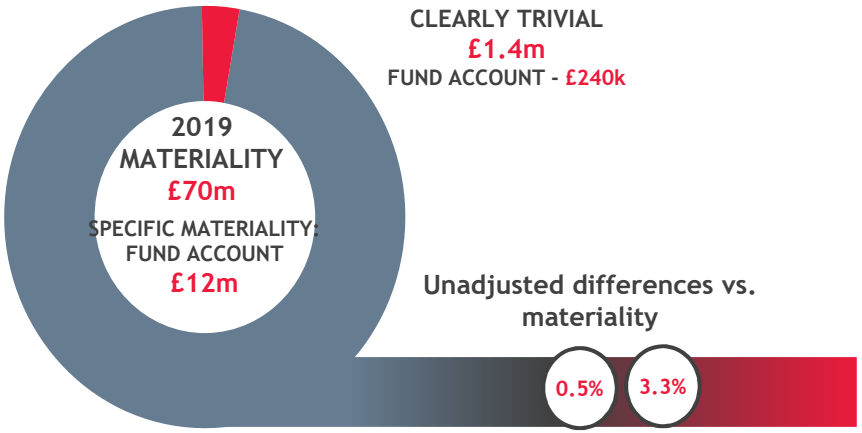
We identified one audit adjustment in the Pension Fund financial statements that, if posted, would increase the 'Net increase in the assets available for benefits during the year' in the Fund Account and increase 'Net assets of the scheme available to fund benefits' in the Net Asset Statement by £394,000.

The above audit adjustment is below the overall triviality applied to the Net Assets Statement, but above the specific triviality applied to the Fund Account.

## COUNCIL FINAL MATERIALITY




## PENSION FUND FINAL MATERIALITY



# FINANCIAL STATEMENTS

We set out below the risks that had the greatest effect on our audit strategy, the allocation of resources in the audit, and the direction of the efforts of the audit team.

| Risk description | How the risk was addressed by our audit | Results |
|---|---|---|
| Management override of controls<br><br>(Council and Pension Fund) | We carried out the following planned audit procedures:<br>• Determined key risk characteristics to filter the population of journals, using our IT team to assist with the journal extraction;<br>• Using our data analytics software, reviewed and verified large and unusual journal entries made in the year and agreed the journals to supporting documentation;<br>• Reviewed estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias.<br>• Reviewed unadjusted audit differences for indications of bias or deliberate misstatement. | No issues were identified by our audit of journals and accounting estimates for management override of controls or management bias. |
| Revenue and expenditure recognition<br><br>(Council only) | We carried out the following planned audit procedures:<br>• Tested a sample of grants recognised as revenue to documentation from grant paying bodies and check whether recognition criteria had been met; and<br>• Tested a sample of expenditure either side of year end, to confirm that expenditure had been recorded in the correct period and that all expenditure that should have been recorded at year end had been. | No issues were identified by our audit of grants recognised as revenue or expenditure either side of the year end. |

# FINANCIAL STATEMENTS

| Risk description | How the risk was addressed by our audit | Results |
|---|---|---|
| Pension liability valuation<br><br>(Council and Pension Fund) | We carried out the following planned audit procedures:<br>• Agreed the disclosures to the information provided by the pension fund actuary;<br>• Reviewed the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data;<br>• Reviewed the controls for providing accurate membership data to the actuary;<br>• Checked whether any significant changes in membership data have been communicated to the actuary; and<br>• Discussed with the actuary how the impact of the GMP gender discrimination and McCloud age discrimination judgements have been taken into account in the liability assumptions at 31 March 2019. | We were able to agree disclosures to information provided by the actuary and are satisfied that the assumptions used in the calculation of the liability were not unreasonable or outside of the expected ranges.<br><br>Recent legal cases regarding transitional protection for members of certain public sector pension schemes where the terms of the benefit provided by the scheme have changed determined that these protections were age discriminatory. No allowance was made for these judgements in the information provided to the Council by the actuary for the purposes of preparing its Statement of Accounts due to the uncertainty surrounding the impact on the Local Government Pension Scheme (LGPS).<br><br>Following publication of the Council's and Pension Fund's unaudited 2018/19 Statement of Accounts, the government's request for an appeal relating to one of these cases was refused by the Supreme Court. While the impact on the LGPS is unknown, there is sufficient information to calculate a reasonable estimate of the liability. The Council requested the actuary to prepare updated information recognising the impact of the judgements, resulting in an increase in both past service cost and the net pension liability of £22.4 million for the Council and £79.3 million for the Pension Fund.<br><br>The accounts were updated to reflect the revised information provided by the actuary. |

# FINANCIAL STATEMENTS

| Risk description | How the risk was addressed by our audit | Results |
|---|---|---|
| Valuation of land, buildings and investment properties<br><br>(Council only) | We carried out the following planned audit procedures:<br>• Reviewed the instructions provided to the external valuer and reviewed the valuer's skills and expertise in order to determine if we could rely on the management expert;<br>• Confirmed that the basis of valuation for assets valued in year is appropriate based on their usage;<br>• Reviewed accuracy and completeness of asset information provided to the valuer such as rental agreements and sizes;<br>• Reviewed assumptions used by the valuer and movements against relevant indices for similar classes of assets and followed up valuation movements that appeared unusual; and<br>• Reviewed all properties not subject to in-year valuation against changes in market conditions to assess the impact on the value of the Council's portfolio | No issues were identified by our audit of the valuation of land, buildings and investment properties. |

# FINANCIAL STATEMENTS

| Risk description | How the risk was addressed by our audit | Results |
|---|---|---|
| Valuation of investments (unquoted and direct property investments)<br><br>(Pension Fund only) | We carried out the following planned audit procedures:<br>• Obtained direct confirmation of investment valuations from the fund managers and request copies of the audited financial statements (and member allocations) from the fund;<br>• Reviewed the valuation completed by the fund manager and any significant assumptions made in the valuation;<br>• Where the financial statement date supporting the valuation was not coterminous with the pension fund's year end, we confirmed that appropriate adjustments were made to the valuations in respect of additional contributions and distributions with the funds; and<br>• Ensured investments were correctly valued in accordance with the relevant accounting policies. | The direct confirmations obtained from fund managers identified that the valuation of private equity and property investments were overstated by non material amounts of £8.9m and £1.4m respectively. The investment valuations for timber and infrastructure were understated by £6.6m and £3.8m respectively. These variances are due to the fact that some investment reports used during the preparation of financial statements were not coterminous with the year-end date and therefore estimates were made. The net difference of the above misstatements along with other non material differences identified amounted to £0.4m.<br><br>For investments in private equity, illiquid debt, infrastructure and timber, we obtained audited financial statements of the underlying investee funds, and valuations were recalculated by adjusting the additional contributions and distributions where relevant. This identified that the valuation of private equity were overstated by an extrapolated value of £6.5m and investment in infrastructure were overstated by £1.8m. These amounts were offset by the understatement of valuations in investment in timber and illiquid debts by £6.5m and £1.6m respectively, giving a net difference of £0.2m. Therefore, we are satisfied that the valuation of unquoted investments in the Net Assets Statements is reasonable. |

# USE OF RESOURCES

## Audit conclusion on use of resources

We issued an unmodified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. This means that we consider that in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We set out below the risk that had the greatest effect on our audit strategy.

| Risk description | How the risk was addressed by our audit | Results |
|---|---|---|
| Sustainable finances | We carried out the following planned audit procedures:<br>• Reviewed the financial outturn for 2018/19 and progress against the 2019/20 budget, as a starting point for assessing the effectiveness of financial management arrangements;<br>• Considered the reasonableness of the MTRS assumptions, including investment costs associated with major savings schemes and capital projects;<br>• Reviewed arrangements to identify savings, including any relevant Internal Audit work, evidence underpinning a sample of identified savings schemes, and progress towards identifying further savings to balance the budget in the medium term; and<br>• Carried out benchmarking to compare the Council's financial performance against other county councils, taking account of relevant contextual information, in informing our assessment of the strength of the Council's financial management arrangements. | We are satisfied the Council has adequate arrangements for budget monitoring and taking mitigating actions to eliminate the impact of any overspends and undeliverable savings. As a result it has retained its track record of delivering underspends in the General Fund and is on track to deliver its required savings in 2019/20.<br>The Medium Term Resources Strategy (MTRS) reflects known savings and cost pressures and the key assumptions are reasonable.<br>The MTRS and the Council's Finance Outlook towards the end of 2018/19 indicated cumulative budget gaps of £148 million by the end of 2023/24. Based on this position, if no further savings are made in 2020/21 to 2023/24, above those already identified and assumed in the MTRS, the Council's general fund balance, reserve for future capital funding and other unrestricted earmarked reserves would be fully depleted.<br>However, the Council has a comprehensive business planning process in place and significant work has been done to identify further savings of £116 million over the four year period to 2023/24, with £64.2 million identified for 2020/21. This compares to a average of £59 million in 2018/19 and 2019/20.<br>This has reduced the budget gap to a cumulative £54.3 million by 2023/24, of which £27.3 million relates to 2020/21. The Council has sufficient unrestricted earmarked reserves to cover this shortfall, if necessary.<br>Achieving the identified savings and closing the remaining budget gaps will be challenging and will continue to require strong leadership and action by the Council, particularly if the Council wants to maintain its general fund and unrestricted earmarked reserves balances at current levels over the medium term. However, we are satisfied that the Council has adequate arrangements in place to remain financially sustainable in the medium term. |

# FEES AND REPORTS ISSUED

## Fees summary

| | 2018/19 Final £ | 2018/19 Planned £ |
|---|---|---|
| Audit fee – PSAA scale fee | | |
| • Council | 126,265 | 126,265 |
| • Pension Fund | 24,075 | 24,075 |
| Other fees under PSAA arrangements | | |
| Pension Fund - IAS 19 Assurance letters | 5,500 | 5,500 |
| Non-audit assurance services: | | |
| Fees for reporting on government grants: | | |
| • Teachers' pensions return | TBC | TBC |
| **Total fees** | TBC | TBC |

## Communication

| Reports | Date | To whom |
|---|---|---|
| Audit plan – Council | 25 March 2019 | Audit, Governance and Standards Committee |
| Audit plan – Pension Fund | 25 March 2019 | Audit, Governance and Standards Committee |
| Audit completion report – Council | 29 July 2019 | Audit, Governance and Standards Committee |
| Audit completion report – Pension Fund | 29 July 2019 | Audit, Governance and Standards Committee |

FOR MORE INFORMATION:

**David Eagles, Partner**

t: 01473 320728
e: david.eagles@bdo.co.uk

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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| Meeting | Topic | Author | Notes |
|---|---|---|---|
| **9 December 2019** | **Internal Audit and Counter Fraud progress report** | Paula Clowes, Head of Assurance | |
| | **Internal Audit Charter Annual Review** | Paula Clowes, Head of Assurance | Annual report |
| | **Counter Fraud and Anti-Bribery Strategy** | Paula Clowes, Head of Assurance | Review of existing policy (every 2 years) |
| | **Anti-Money Laundering Policy** | Paula Clowes, Head of Assurance | Review of existing policy (every 2 years) |
| | **Review of Standards Investigation Procedure** | Paul Turner, Director, Legal and Assurance | Revision to existing procedure |
| | **Review of the Terms of Reference and duties of the Audit, Governance and Standards Committee** | Paul Turner, Director, Legal and Assurance | |

| Meeting | Topic | Author | Notes |
|---|---|---|---|
| **23 March 2020** | **Internal Audit and Counter Fraud progress report** | Paula Clowes, Head of Assurance | |
| | **Arrangements for the closure of the 2019/2020 Accounts** | Nicole Wood, Executive Director, Finance and Technology and Christine Golding, Chief | |

| | | | |
|---|---|---|---|
| | | Accountant. | |
| | **2019/20 Audit Plans for Essex County Council and the Essex Pension Fund** | Nicole Wood, Executive Director, Finance and Technology | |
| | **Regulation of Investigatory Powers Act 2000 - review of activity on use of Directed Surveillance and Covert Human Intelligence Sources (CHIS)** | Paul Turner, Director, Legal and Assurance | |
| | **Approval of Internal Audit and Counter Fraud Plan for 2020/21** | Paula Clowes, Head of Assurance | |

| Meeting | Topic | Author | Notes |
|---|---|---|---|
| **1 June 2020** | **Internal Audit and Counter Fraud Annual Report for the year ended 31 March 2020** | Paula Clowes, Head of Assurance | |
| | **To receive the Draft Statement of Accounts 2019/2020 and the Draft Annual Governance Statement** | Nicole Wood, Executive Director, Finance and Technology and Christine Golding, Chief Accountant. | |

| Meeting | Topic | Author | Notes |
|---|---|---|---|
| **27 July 2020** | | | |
| | **To Approve the Statement of Accounts 2019/2020 and the Annual Governance Statement** | Nicole Wood, Executive Director, Finance and Technology and Christine Golding, Chief Accountant. | |

| | | | |
|---|---|---|---|
| | **2019/2020 Audit Completion Report for the Essex Pension Fund (from external auditor)** | Nicole Wood, Executive Director, Finance and Technology and Christine Golding, Chief Accountant. | Annual report |
| | **2019/2020 Audit Completion Report for Essex County Council (from external auditor)** | Nicole Wood, Executive Director, Finance and Technology and Christine Golding, Chief Accountant. | Annual report |

| Meeting | Topic | Author | Notes |
|---|---|---|---|
| **14 September 2020** | **Internal Audit and Counter Fraud progress report** | Paula Clowes, Head of Assurance | |
| | **Annual Audit Letter – 2019/20**<br>To formally present the External Auditor's Annual Audit Letter for the year ending 31 March 2020 | From external auditors | Annual report |
| | **Updating of Risk Management Strategy 2017-2021** | Paula Clowes, Head of Assurance | Annual report |

| Meeting | Topic | Author | Notes |
|---|---|---|---|
| **7 December 2020** | **Internal Audit and Counter Fraud progress report** | Paula Clowes, Head of Assurance | |

| Meeting | Topic | Author | Notes |
|---|---|---|---|
| **22 March 2021** | **Internal Audit and Counter Fraud progress report** | Paula Clowes, Head of Assurance | |

| | |
|---|---|
| **Arrangements for the closure of the 2020/2021 Accounts** | Nicole Wood, Executive Director, Finance and Technology and Christine Golding, Chief Accountant. |
| **2020/21 Audit Plans for Essex County Council and the Essex Pension Fund** | Nicole Wood, Executive Director, Finance and Technology |
| **Regulation of Investigatory Powers Act 2000 - review of activity on use of Directed Surveillance and Covert Human Intelligence Sources (CHIS)** | Paul Turner, Director, Legal and Assurance |
| **Approval of annual Internal Audit and Counter Fraud Plan for 2021/22** | Paula Clowes, Head of Assurance |