

Audit and Risk Committee Agenda

14 December 2022 at 7pm
Marconi Room, Civic Centre, Chelmsford

Membership

Councillor N.M. Walsh (Chair)
Councillor M. Sismey (Vice Chair)

and Councillors

D.J.R. Clark, W.A. Daden, N.A. Dudley, G.B.R. Knight, J.M.C.
Raven, E.J. Sampson and A.B. Sosin

Local people are welcome to attend this meeting, where your elected Councillors take decisions affecting YOU and your City. There will also be an opportunity to ask your Councillors questions or make a statement. These have to be submitted in advance and details are on the agenda page. To find out more about attending please email daniel.bird@chelmsford.gov.uk or telephone on Chelmsford (01245) 606523

Audit and Risk Committee

14 December 2022

AGENDA

1. Apologies for Absence and Substitutions

2. Minutes

To consider the minutes of the meeting held on 21 September 2022

3. Declaration of Interests

All Members are reminded that they must disclose any interests they know they have in items of business on the meeting's agenda and that they must do so at this point on the agenda or as soon as they become aware of the interest. If the interest is a Disclosable Pecuniary Interest they are also obliged to notify the Monitoring Officer within 28 days of the meeting.

4. Public Question Time

Any member of the public may ask a question or make a statement at this point in the meeting. Each person has two minutes and a maximum of 20 minutes is allotted to public questions/statements, which must be about matters for which the Committee is responsible.

The Chair may disallow a question if it is offensive, substantially the same as another question or requires disclosure of exempt or confidential information. If the question cannot be answered at the meeting a written response will be provided after the meeting.

Any member of the public who wishes to submit a question or statement to this meeting should email it to committees@chelmsford.gov.uk 24 hours before the start time of the meeting. All valid questions and statements will be published with the agenda on the website at least six hours before the start time and will be responded to at the meeting. Those who have submitted a valid question or statement will be entitled to put it in person at the meeting.

5. Announcements
6. Internal Audit Interim Report 2022/23
7. Internal Audit Strategy 2023
8. Risk Management Report
9. Counter Fraud Strategy and Action Plan
10. External Audit Update (verbal)
11. Procurement Update
12. Work Programme
13. Urgent Business

To consider any other matter which, in the opinion of the Chair, should be considered by reason of special circumstances (to be specified) as a matter of urgency.

**MINUTES OF THE
AUDIT AND RISK COMMITTEE**
held on 21 September 2022 at 7pm

Present:

Councillor N.M. Walsh (Chair)

Councillors D.J.R. Clark, W.A. Daden, N.A. Dudley, E.J. Sampson and A.B. Sosin

1. Attendance and Apologies for Absence

Apologies for absence were received from Councillors Knight, Raven and Sismey.

2. Minutes

The minutes of the meeting on 15 June 2022 were confirmed as a correct record.

3. Declarations of Interests

All Members were reminded to disclose any interests in items of business on the meeting's agenda and that they should do so at this point on the agenda or as soon as they became aware of the interest. They were also obliged to notify the Monitoring Officer of the interest within 28 days of the meeting, if they had not been previously notified. None were made.

4. Public Questions

There were no questions or statements from members of the public.

5. Announcements

No announcements were made.

6. Presentation on Cyber Security

The Committee received a presentation from the Council's Digital Services Manager and the Virtual Cyber Information Security Officer, following a request at a previous meeting. The Committee heard that a posture review had taken place in 2021 of the Council's Cyber Security position which led to a list of actions and an updated policy.

It was noted that three key areas arose from the review, including the appointment of a VCISO, Security Information and Event Management Technology and Policies and People. The Committee heard that the following areas of work had been completed;

- Appointed VCISO
- Selected a SIEM
- Helped a neighbouring authority after a cyber attack
- Awarded an incident response contract
- Awarded a continuous testing contract
- Migrating our main website to a secure and supported platform
- Continued to upgrade legacy systems
- Continued our migration to Microsoft and TechnologyOne platforms
- Continued to run our phishing exercises with the governance team

The Committee was also informed of the upcoming areas of work officers would be focusing on;

- New Cyber Security Strategy
- People
- Action Log
- SIEM
- Day job
- Ensure that the organisation retains and trains subject matter experts at a service level

In summary the Committee were informed that positive progress continued to take place in the Council's cyber security efforts and with recent events it would continue to be an area of focus for the Council.

In response to questions from the Committee it was noted that;

- It was difficult to obtain insurance as a local authority against cyber attacks as it had essentially become an uninsurable market. Therefore, the approach of having a retainer in place for incident response staff was the appropriate option instead.
- The use of legacy systems was probably the largest risk posed to the Council in terms of Cyber Security. This was due to them essentially being very complex and historic and in some instances not easily integrated into other systems. Officers were well aware of the risk though and would continue to focus on this area.

RESOLVED that;

1. the update be noted and;
2. officers be thanked for their continued hard work and presentation.

(7.01 pm to 7.29 pm)

7. Modern Day Slavery Report

The Committee received a report updating them on the work undertaken within the Council on Modern Slavery reduction and awareness. Members were informed that the action plan initially produced in September 2020 had been updated and was

attached to the report. It was noted that there was one outstanding action, which was the review of Property Services and Housing Services. However, the appointment of a new co-ordinator now provided the expertise and resources to complete the review by the end of the calendar year.

The Committee were informed that the new co-ordinator, had also been in a similar role at Southend Council and therefore brought new expertise to the Council. Members of the Committee were reminded of an upcoming training session in November that they had been invited to. Members also noted that new funding had been provisionally agreed with the PFCC, that would continue to assist the Council.

The Committee also heard that with the introduction of the Chelmsford Against Slavery Partnership, Modern Slavery would become business as usual for the Safer Chelmsford Partnership. It was noted that progress would be reported to the One Chelmsford Board and then in turn Overview and Scrutiny Committee. This therefore meant future updates would not be provided to the Audit and Risk Committee.

RESOLVED that the report be noted

(7.30pm to 7.37pm)

8. Annual Health and Safety Report 2021/22

The Committee received an update on Health and Safety at the Council across 2021/22. Members were informed about progress with training, accidents, performance in comparison to other years and the recent audits. It was noted that training levels had increased and these continued to be managed by HR. It was also noted that the level of accidents had again remained low, with only 47 employee accidents. In summary the Committee heard that the measures put in place continued to be effective and that accident levels had remained very low for an organisation delivering a wide range of services daily to 170,000+ residents and visitors.

In response to questions from members it was noted that;

- It was difficult to perform accurate comparisons against other Councils. This was due to different reporting methods in addition to Councils sometimes outsourcing areas of work and therefore not being responsible for Health and Safety.

RESOLVED that the report be noted.

(7.38pm to 7.54pm)

9. CIPFA Financial Management Code Assessment

The Committee received an update informing them of the Financial Management Code and the Council's self-assessment. The Committee noted that the Council continued to be materially compliant with the Financial Management Code. The Committee also heard that the self assessment had been completed and had identified some areas where minor improvements could be made. It was also noted that there were a number of actions arising from the assessment and a report would come back to the Committee if they were not completed in line with the set timings.

RESOLVED that;

1. the contents of the report be noted and;
2. the actions identified to be undertaken be agreed.

(7.55pm to 8.pm)

10. External Audit Contract Update

The Committee received an update from Officers on the contract for External Audit. The update detailed the proposals consulted on by the Public Sector Audit Appointments and the proposals related to setting the scale fees for their services, for setting the 2022/23 audit fee.

It was noted that the changes were not significant for 2022/23 and inflation costs would be met by PSAA reserves. It was also noted that the current and future contracts could not for statutory reasons include any potential penalty clauses for late completion by the external auditors. The Committee heard that the new contract did offer improvements but officers were not convinced this would resolve late external audits.

In response to a question from a member it was noted that, lobbying was continuing via the Local Government Association for a new audit body but for now the same issues remained.

RESOLVED that;

1. the proposed methodology for setting the 2022/23 audit fees be noted and;
2. the Council's response to the consultation be noted.

(8.01pm to 8.08pm)

11. Update from External Auditor (verbal)

The Committee were updated by the external auditors as to the progress they had made. The Committee heard that they were now in the final closure stages for the 2020/21 audit with only minor areas of work left to complete. It was noted that the further delays had been caused by a number of factors including staff sickness and staff annual leave in the summer holiday period. The Committee heard that the audit opinion should be submitted next week and the external auditors said that the delays had not been ideal. It was noted that a debrief meeting would be held with the finance team to look at how they could improve and what actions could be taken going forward.

The auditors also updated the Committee on when work would start for the 2021/22 audit. It was noted that the 20/21 had to be finished first before scheduling could be looked at. After questions from the Committee, the external auditors clarified that this would not be before the summer of 2023. Members of the Committee asked for further clarification and it was noted that the due completion date was November 2022, but work would not even be starting until the summer of 2023.

Members of the Committee and other Cabinet members who were present at the meeting, expressed their strong levels of disappointment at the continued and unacceptable delays on the part of the external auditors, BDO. The following significant concerns were raised;

- The next elections would be in May 2023 and the accounts were not complete.
- The excuse of staff being on summer holidays was completely unacceptable.
- Why were their constant reassurances on dates for completion, when it was clear these were never going to be met?
- How were officers supposed to complete the budget for future years when they had no audited accounts to work from?
- The completion of the accounts was in the public interest especially with upcoming elections.
- Frustrations were increasing for both officers and Councillors with the constant promises that have continued to not be met.
- The finance team don't have dates to work towards, and officers priorities need to be elsewhere.
- An annual process simply has to be completed within 12 months, otherwise there would constantly be delays.

In response to the points raised, the external auditors stated that;

- They felt they had been working well with officers .
- Workable solutions were on BDO's radar, including overseas staffing resources but this then led to a lack of experience of staff previously working on UK local authority audits, so was not felt to be the best solution.
- It was not just a problem for BDO but the sector as a whole.
- Discussions had taken place with PSAA and CIPFA but due to regulatory standards placed on auditors, there would not be quick changes.
- It was hoped a plan for the 21/22 audit would be in place by the end of October.

RESOLVED that the update be noted.

(8.09pm to 8.39pm)

12. Presentation on the Unaudited Accounts 2021/22

The Committee received a presentation from officers on the Unaudited Accounts for 2021/22. It was noted that these had been published in July and the presentation covered the role of the Committee in reviewing the accounts, the core statements and some of the key items for consideration. The key aspects of the presentation were as below;

- Role of the Audit and Risk Committee
- The deadlines for the year
- What determines the format of the accounts?
- The “statutory” entries
- The main chapters in the accounts
- S151 officers – key messages
- Risks

Members of the Committee were invited to look at the accounts in further detail and then to contact officers if they had any comments or further questions on specific areas.

RESOLVED that the update be noted.

(8.40pm to 9.02pm)

13. Work Programme

The Committee received a report updating them on the rolling programme of work.

RESOLVED that the report be noted.

(9.03pm to 9.04pm)

14. Urgent Business

There was no urgent business for the meeting.

The meeting closed at 9.04pm

Chair



Chelmsford City Council

Audit & Risk Committee

14th December 2022

Internal Audit Interim Report 2022/23

Report by:

Audit Services Manager

Officer Contact:

Elizabeth Brooks, Audit Services Manager elizabeth.brooks@chelmsford.gov.uk

Purpose

This report summarises the work that Internal Audit has undertaken from April to November 2022 and provides detail on the high risk and priority issues which could impact on the effectiveness of the internal control environment, risk management and governance arrangements across the Council.

Recommendations

Committee are requested to note the contents of this report.

1. Introduction

1.1. The audit plan for 2022-23 was approved by Audit and Risk Committee in March 2022.

1.2. Current resourcing is as follows:

- 1.0 FTE – Audit Services Manager
- 1.5 FTE – Senior Auditor

1.3. We are on track to complete the audit plan by end of March 2023, taking into consideration any high priority/urgent pieces of work which require accommodation, as discussed and agreed with management.

2. Conclusion

- 2.1. The Internal Audit Interim Report 2022/23 is attached for Audit & Risk Committee to note.

List of appendices: Internal Audit Interim Report 2022/23

Background papers: None

Corporate Implications

Legal/Constitutional: The Council has a duty to maintain an effective internal provision to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Regulation 5 (Part 1) of the Accounts and Audit Regulations 2015).

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: The scope of Internal Audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit & Risk Committee, management and outside parties (e.g. External Audit) on the adequacy and effectiveness of governance, risk management, and control process for Chelmsford City Council.

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees: Noted by Management Team November 2022

Relevant Policies and Strategies: None

Audit Output Summary: April to November 2022

a) Counter Fraud Activity

Two external frauds affecting two separate services have recently been identified totalling approximately £35,000. One related to a successful external phishing attack which led to an erroneous change of bank details. The other is being externally investigated and dealt with by the appropriate authorities, which may lead to criminal charges.

Internal Audit have undertaken reviews into the circumstances of both incidents to assess whether any improvements are required to strengthen the control environment.

In addition, the Council's Counter Fraud Strategy has been refreshed with an associated plan detailing the actions required to deliver it successfully and ensuring that the Council's internal control measures are effective in either preventing fraud and corruption or, where this is not possible, that a consistent and effective approach to tackling fraud and corruption is in place.

b) Work Completed

Report Title	Key Issues Arising
Car Parks	There were no critical/high priority findings identified. Four medium priority findings relate to central recording of health and safety training, income reconciliations and season ticket administration.
Grants Sign-Off	Internal Audit have carried out audit testing and review to ensure that the conditions attached to the Government COMF Test and Trace and TTSP (Test and Trace Support Payments) were complied with. No issues were noted.
Housing Allocations Follow-Up (Moderate Assurance)	In the previous report, two medium recommendations were made. Our follow-up audit noted that one recommendation relating to policy variations had been partially implemented; and one recommendation relating to management information has not yet been implemented and is in progress.
CiL/S106 Contributions Follow-Up (Moderate Assurance)	In the previous report, one medium priority recommendation was made. Our follow-up review noted that the agreed action was completed, and the recommendation has been fully implemented.

c) Audit Plan - Work in Progress as at November 2022

Audit Title	Status
Grants Received	Management Letter relating to the Council's arrangements for managing external Grant Income. Management Comments received. Final Report due December 2022.
On street parking and enforcement	Indicative Moderate Assurance. Final Report due December 2022.
Chelmsford Museum	Management Letter relating to the Council's arrangements for the Museum. Final Report due December 2022.
Cheques Advice	Management Letter relating to the Council's arrangements for handling received cheques. Final Report due December 2022.
Leisure Centres	Final Report due December 2022.
Mayor Office Follow Up (Moderate Assurance)	Final Report due December 2022.
Health and Safety Follow Up (Moderate Assurance)	Final Report due December 2022.
Community Funding Scheme Follow Up (Substantial Assurance)	Final Report due December 2022.
Theatres	Phased control design and assurance work (December to March 2023) timed as appropriate before and after re-opening, reviewing the processes for Theatre income collection and expenditure.
Council Tax Base	To review the Council's process for calculating the Council tax base, including database management for new developments. Draft Report due December 2022.
Environmental Health	To review the operational and financial management arrangements in place for Environmental Health. Draft Report due January 2023.
Project Management Governance	Review of the Council's framework for managing projects, including benefits realisation. Draft Report due January 2023.

d) Work Scheduled to 31st March 2023

Audit Title	Indicative Scope
Use of Agency Staff	Follow-up of previous limited assurance review.
Temporary Accommodation	Review of the Council's arrangements for Temporary Accommodation, including procurement and monitoring of providers.
Key Financial Systems 2022/23	Scope TBC. To include Purchase Cards
Corporate Property & Asset Management	Review of Council's Corporate Property and Asset Management process, including maintenance of property records.
Volunteers	Review of cross-service compliance with the Council's new Volunteering Policy developed in 2021.
Business Continuity/ Emergency Planning	Scope TBC
Climate Emergency Action Plan	Review of the Council's measures for responding to the Climate Change Emergency and its framework for reporting progress.
OCOP Monitoring	Review of the Council's performance monitoring framework against the Corporate Plan; including reporting and monitoring actions.
Cyber Security Accreditation	Ad-hoc support and advice as required during Council's roadmap and self-assessment for IASME Cyber Assurance standard.



Chelmsford City Council

Audit & Risk Committee

14th December 2022

Internal Audit Strategy 2023-24

Report by:

Audit Services Manager

Officer Contact:

Elizabeth Brooks, Audit Services Manager elizabeth.brooks@chelmsford.gov.uk

Purpose

This report seeks approval from the Audit & Risk Committee for the Internal Audit Strategy 2023-24.

Recommendations

Committee are requested to note the contents of this report and approve the Internal Audit Strategy 2023-24

1. Introduction

- 1.1. This document sets out the Internal Audit Strategy for 2023-24, covering how the service will be delivered and developed and is a key component of our compliance with Public Sector Internal Audit Standards. It is supported by the Internal Audit Charter (approved annually by Committee) which outlines the purpose, authority, responsibility and position of the Internal Audit Service within Chelmsford City Council.

2. Conclusion

- 2.1. This document outlines the mission and goals of the Internal Audit service for 2023-24 and forms part of our compliance with Public Sector Internal Audit Standards.

List of appendices: Internal Audit Strategy 2023-24

Background papers: None

Corporate Implications

Legal/Constitutional: The Council has a duty to maintain an effective internal provision to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Regulation 5 (Part 1) of the Accounts and Audit Regulations 2015).

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: The scope of Internal Audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit & Risk Committee, management and outside parties (e.g. External Audit) on the adequacy and effectiveness of governance, risk management, and control process for Chelmsford City Council.

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees: Management Team November 2022

Relevant Policies and Strategies: Internal Audit Charter

Internal Audit Strategy 2023-24



Our Mission Statement

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit helps Chelmsford City Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

The Council's response to Internal Audit activity should also lead to the strengthening of the control environment and therefore contribute to the achievement of the organisation's objectives as set out in Our Chelmsford: Our Plan to make Chelmsford a fairer, greener, safer and better-connected place to live, work and visit. Internal Audit also embodies the Council's core values: Accountability, Creativity, Collaborative, Trust, Learning and Encouraging.



Our Goals

To deliver our Mission Statement and a successful and effective Internal Audit Service, we have four key goals for 2023-24:

- 1. Develop an agile planning process which identifies the Council's most significant internal and external risks and deliver an Annual Internal Audit Plan focussing on these key risks, and which meets stakeholder needs.**

This will be met through:

- ensuring the plan remains flexible to respond to new and emerging risks by embracing short term prioritisation and pro-active advisory work, thus ensuring we are auditing the right areas at the right time.*
- collaborating internally and externally with other internal control, governance and risk management functions to coordinate and align coverage of the Council's risks and governance arrangements.*
- ensuring that the audit plan links the Council's OCOP to the auditable risks, governance and internal control arrangements.*
- Validating the methodology and agile plan with key stakeholders.*

- 2. To contribute to the Council's delivery of its governance and assurance framework**

This will be met through:

- Providing assurance as one part of the Council's 'three lines' assurance model, which promotes governance and management oversight responsibilities as set out in the Council's Annual Governance Statement.*
- Continuing to align with the Council's Risk Management Strategy, delivering the Council's Counter Fraud Strategy, and contributing to the Council's Corporate Governance Group.*

3. To be a trusted advisor to Senior Managers and the Audit and Risk Committee

This will be met through:

- *Providing timely, effective and useful communications to key stakeholders.*
- *Bringing analysis and perspective on root causes of issues identified in audit findings, to help services design/take corrective actions.*
- *Providing value-added services and proactive strategic advice to services beyond the audit plan.*

4. To monitor the critical skills and resource blend required to ensure Internal Audit deliver their mission and objectives.

This will be met through:

- *Ensuring that the audit team continually develop their skills and knowledge, which also aligns with professional CPD requirements and best practice.*
- *Participating in conversations with other local government Internal Audit teams to address resourcing issues/concerns and determine whether there are opportunities for authorities to work together.*
- *Where applicable and appropriate, continue to engage in a co-sourced arrangement with a suitable provider that encourages a partnering and development approach.*



Key Internal Audit Outputs

- Production and delivery of an agile risk-based Internal Audit Plan
- Head of Internal Audit Annual Opinion on the Council's overall internal control, risk management framework and governance arrangements in the Internal Audit Annual Report and Annual Governance Statement.
- Interim and Annual Reports to Senior Management and the Audit and Risk Committee which highlight any significant control deficiencies or potential areas for improvement in the Council's internal governance, risk and control arrangements.
- Internal Audit advice and guidance to management on risk and control issues within individual systems to improve those systems and processes where necessary.



Measurements of success

We have established key performance indicators (KPIs) to measure our performance, robustness and value of Internal Audit.

- At least 90% of the agile Internal Audit Plan delivered to draft report stage by 31st March of the financial year and 100% to be finalised by 31st May.
- Overall customer satisfaction score for the year to meet or exceed acceptable level (i.e. very good or good) for at least 95% of completed surveys.
- Audit areas where the indicative level of assurance has improved from no assurance/limited assurance at the follow-up stage to demonstrate improvement in the control environment.



Provision of the service

- 1.0 FTE Audit Services Manager
- 1.5 FTE Senior Auditors

In order to ensure Internal Audit have an appropriate range of knowledge, skills, qualifications and experience that is required to deliver the audit plan, the Audit Services Manager will consider the external support required to deliver areas where specialist input would be beneficial, and to provide contingency in the event of any gaps in in-house staffing, alongside in-house delivery.



Compliance with professional standards

Public Sector Internal Audit Standards: Our Internal Audit service will operate in compliance with PSIAS. An External Quality Assessment will be undertaken in 2023 to assess our conformance.

International professional standards framework: Internal Audit will also operate in compliance with the IIA International Professional Practices Framework and Code of Ethics.



Our associated key strategic documents include:

- Internal Audit Strategy
- Internal Audit Charter
- Audit and Risk Committee Terms of Reference
- Internal Audit Plan
- Internal Audit Annual Report
- Risk/Internal Audit Protocol
- Counter Fraud Strategy and Action Plan
- Internal Audit Methodology
- Quality Assurance and Improvement Programme (QAIP)



Chelmsford City Council Audit and Risk Committee

14 December 2022

Risk Management Report – Autumn/Winter 2022

Report by:

Director of Connected Chelmsford

Officer Contact:

Alison Chessell, Procurement and Risk Services Manager,
alison.chessell@chelmsford.gov.uk

Purpose

This report:

- summarises the current position for the Council's Principal Risks
- reviews 2022-23 risk management activity to date

Recommendation

Audit and Risk Committee are requested to note the contents of this report.

1. Background

- 1.1. It is the Council's policy to proactively identify, understand and manage the risks inherent in our services and associated with our plans and strategies, so as to:
- ✓ encourage responsible, informed risk taking
 - ✓ reduce exposure to a tolerable level using a justifiable level of resources
- 1.2. An effective risk management framework should:
- ✓ provide risk information to support decision-making and resource allocation

- ✓ improve compliance with policies, procedures, laws and regulations and stakeholder expectations; and
- ✓ provide assurance to internal and external stakeholders that the Council is well-managed

1.3. The risk management function assists the Council to identify, understand and manage its risks. The function reports twice a year to the Audit and Risk Committee to enable the Committee to monitor the effective development and operation of risk management in the Council.

2. Risk management activity

2.1 Priorities for the risk function during 2022-23 were noted by this Committee in June 2022. Progress against these priorities is summarised below:

Priority	Outcomes to date for 2022-23
Corporate Risk – Maintaining the Principal Risk register and detailed risk work according to priority	<ul style="list-style-type: none"> ✓ Principal Risk Register thorough review ✓ Feasibility work carried out in relation to Lighthouse, a new risk management and compliance tool from Torque software, proposed by TechnologyOne to supplement the existing Enterprise Resource Planning (ERP) system, at no additional cost to the Council
Corporate Reporting – Maintaining reporting routines for corporate risk, compliance, and strategic plan performance	<ul style="list-style-type: none"> ✓ Quarterly Health & Safety (H&S) and Fire Risk Assessment (FRA) compliance reporting to Management Team ✓ Corporate risk reporting to Management Team ✓ Our Chelmsford, Our Plan (OCOP) and Climate and Ecological Emergency (CaEE) Action Plan performance reporting to Overview and Scrutiny Committee ✓ Supporting the Health and Wellbeing Action Plan refresh
Insurance Refresh – Reviewing claims, underwriting, and reporting processes, with staff development taking place to support this work	<ul style="list-style-type: none"> ✓ Ongoing development of claims reporting to improve financial forecasts for the Council's insurance reserve ✓ Ongoing deep dives into systems and recordkeeping for Fine Arts, Motor, Contracted Works and General Property cover ✓ Staff training provided by Zurich Municipal
Operational Risk – Exploring how work to maintain the Council's insurance programme can boost operational	<ul style="list-style-type: none"> ✓ Health & Safety Driving at Work Policy developed in conjunction with Public Health and Protection to address driving risk and satisfy insurer's requirements • Pending implementation of a more user-friendly risk and compliance tool, insurance data will

Priority	Outcomes to date for 2022-23
risk management across the Council	contribute toward populating operational risk registers, ensuring that they become a useful and relevant management tool at local level

- 2.2 The focus of the remaining months in 2022-23 will be to progress the Lighthouse solution and secure 2023 insurance renewals.

3. Principal Risk Summary

- 3.1 The Principal Risk Register ('the Register') is central to the risk management framework. Principal Risks (which may include strategic, operational, project or compliance risks) are those which require regular oversight at senior level. Management Team receive detailed information from the Register to ensure that, where necessary, action is taken to further mitigate risks outside the Council's indicative risk appetite.
- 3.2 A summary of the Council's Principal Risks can be found in [Appendix 1](#). Much of the detailed information contained within the Register is operational and may, in some cases, be sensitive. Councillors are, therefore, invited to request further detail on risks of particular interest or concern to them for circulation after the meeting.
- 3.3 **PRR 019 Income and Financial Position** – The risk has been temporarily removed from this paper pending further information from central government, due on 21 December 2022. The Accountancy Services Manager notes that the Council faces a very challenging financial outlook without significant additional government funding for services and specifically towards higher energy costs. Once the outcome of this year's funding announcement is known, and its consequences can be examined in full, the risk will be considered in the Budget report in January.
- 3.4 **PRR 023 Theatre Refurbishment and Rebranding** – The project has faced challenges to both programme and budget (including delays to/rising costs of materials and some complex engineering issues), but with the additional capital funding approved by Cabinet in August, the project is now scheduled for completion in December 2022. Any further impact on the theatre's cultural programme is now considered 'Unlikely'. The current risk level is therefore reduced from 'Very High' to 'High'. Once the project handover is complete, any residual financial risk will be removed from the Register.
- 3.5 **PRR 010 Enterprise Resource Planning** – Benefits realisation from the Council's new ERP system, TechOne, remains 'Medium' risk overall, but likelihood of occurrence (i.e., failure to maximise the benefits) is reduced from 'Possible' to 'Unlikely' due to monitoring of a costed, prioritised development programme by the TechOne Board.
- 3.6 Any apparent lack of change to other risk scores is not a direct reflection of the level of work carried out by Services or the Council as a whole, as:

- Some risks may be heavily influenced by external factors outside the Council's control
- Where inherent risk is increasing, additional work may have been undertaken to maintain the same current risk level

4. Conclusion

- 4.1 Members are invited to note the ongoing work by Directors and Service Managers to manage the Council's Principal Risks, along with the continuing development of the Council's risk management framework.

List of appendices:

Appendix 1 – Principal Risk Summary

Background papers:

Risk Management Strategy

Corporate Implications

Legal/Constitutional: The Council has a legal duty to ensure that it has a sound system of internal control, which includes effective arrangements for the management of risk (Regulation 3 (Part 2) of the Audit and Accounts Regulations 2015). The risk management framework encourages risk owners to consider the potential legal and regulatory consequences, should a risk event occur.

Financial: The risk management framework encourages risk owners to consider the potential financial consequences, should a risk event occur.

Potential impact on climate change and the environment/ Contribution toward achieving a net zero carbon position by 2030: Potential reputational consequences set out within the risk management framework encourage risk owners to consider environmental aspects of their activities.

Personnel: The corporate risk management framework is being implemented within existing staff budgets (approximately 0.3 FTE).

Risk Management: Effective risk management is an essential part of good governance, providing assurance to internal and external stakeholders that the Council is well-managed. This report is intended to enable the Committee to fulfil its role in overseeing the effective operation and development of risk management at the Council.

Equality and Diversity: Equalities implications of Council activities are considered at initiative level.

Health and Safety: The risk management framework encourages risk owners to consider the potential safety, health and wellbeing implications for staff and/or service users, should a risk event occur.

Digital: The risk function uses TechOne, the Council's Enterprise Resource Planning (ERP) system. ERP aims to increase efficiency and improve performance by integrating back-office systems and is key to the Council's Digital Strategy.





Other: None

Consultees:

Management Team, Audit Services Manager, Section 151 Officer, Risk Owners





Principal Risk Summary - Current risk ('with controls') from highest to lowest

Appendix 1

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Recent Trend	Risk Event	Approach to Mitigation
PRR 006	Homelessness	Operations	Fairer and Inclusive Chelmsford	David Green	Very High	22		Inability to meet our statutory obligations to the homeless (and/or use our statutory powers to assist the homeless) promptly, effectively and efficiently	To deal with unprecedented demand, short-term options to expand temporary accommodation are being pursued as a matter of urgency, while medium-term measures set out in the Housing Strategy 2022-27 are underway. Increased provision for rough sleepers remains in place.
PRR 001	Cyber Security	Operations	All Themes	Louise Goodwin	Very High	18		Malicious attack results in significant loss of sensitive data and/or significant disruption to Council operations	The Council continues to respond to the increasing cyber threat by completing a programme of work coordinated by its consulting Chief Information Security Officer, with a view to achieving external accreditation in due course.
PRR 014	Health and Safety	Legal and Regulatory	Safer and Greener Place	Keith Nicholson	Very High	18		A serious health and safety incident occurs	Implementation of the Council's H&S management system, including proactive monitoring arrangements and competent external advice overseen by the Corporate Health and Safety function.
PRR 012	Chelmer Waterside Development	Projects	Safer and Greener Place	David Green	Very High	18		The housing and other development potential of Chelmer Waterside is not realised in	While short-term financial exposure is increasing as the programme progresses, in line with expectations and inflationary pressures, good progress on the infrastructure






Principal Risk Summary - Current risk ('with controls') from highest to lowest

Appendix 1 (cont.)

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Recent Trend	Risk Event	Approach to Mitigation
								accordance with the Local Plan	delivery continues to be made. Consultant project managers monitor and report monthly on project risk and performance.
PRR 005	Fraud	Financial	All Themes	Nick Eveleigh	High	16		Major fraud attempt (potentially undetected) is successful and there is little or no recourse for the Council	The Council's approach is set out in the Anti-Fraud and Corruption Strategy supported by an action plan overseen by Internal Audit and the Corporate Governance Group.
PRR 004	Emergency Planning	Operations	Safer and Greener Place	Keith Nicholson	High	15		Ineffective emergency planning response breaches the Council's duties under the Civil Contingencies Act	The Council continues to work with Essex Resilience Forum to ensure it is well-placed to respond
PRR 020	Beaulieu Station & Chelmsford NE Bypass	Projects	Fairer and Inclusive Chelmsford	David Green	High	15		Funding is partially or wholly withdrawn resulting in non-delivery of key infrastructure	Essex County Council continues to lead on risk management, and good progress to be made, with planning permission now secured for both the Station and the Bypass. Both projects are currently on schedule.
PRR 022	Theatre Refurbishment and Rebranding	Projects	Connected Chelmsford	Louise Goodwin	High	15		Refurbishment is not completed on time, within budget and/or to the required standard, adversely affecting the theatre's cultural programme	This complex project has required ongoing and intense senior management involvement. The project is now scheduled to complete in December 2022.

Principal Risk Summary - Current risk ('with controls') from highest to lowest

Appendix 1 (cont.)

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Recent Trend	Risk Event	Approach to Mitigation
PRR 016	Information Governance	Legal and Regulatory	All Themes	Louise Goodwin	High	13		A serious data breach occurs and/or other significant instance of non-compliance with data legislation	Implementation of the Council's GDPR action plan continues overseen by the Council's Data Protection Officer and supported by the Information Governance team.
PRR 021	Climate and Ecological Emergency	Reputation	Safer and Greener Place	Keith Nicholson	High	13		The Council fails to effectively engage with the environmental agenda	Implementation of the Council's Climate and Ecological Emergency Action Plan continues.
PRR 003	Business Continuity	Operations	All Themes	Keith Nicholson	High	13		Ineffective business continuity response enables an event to seriously disrupt Council operations	Council strategy is being adapted (a) for changes to working patterns and the digital environment (b) to focus on operational resilience (rather than specific events). The Council remains well-placed to respond.
PRR 017	Procurement Strategy	Financial	All Themes	Louise Goodwin	Medium	9		Procurement activity takes place which is not in the best interests of the Council and its stakeholders and/or is in breach of legislation	Central procurement processes are more agile and robust and contract oversight is improving with the use of TechOne. Residual risk lies with the Services.
PRR 015	Safeguarding	Legal and Regulatory	Safer and Greener Place	Keith Nicholson	Medium	9		A safeguarding incident occurs which, through action or omission by the Council, might otherwise have been prevented	With oversight from the Essex Safeguarding Boards, the Community Safety Team continues to deal with safeguarding matters, with Designated Safeguarding Reporting Officers (DSROs)

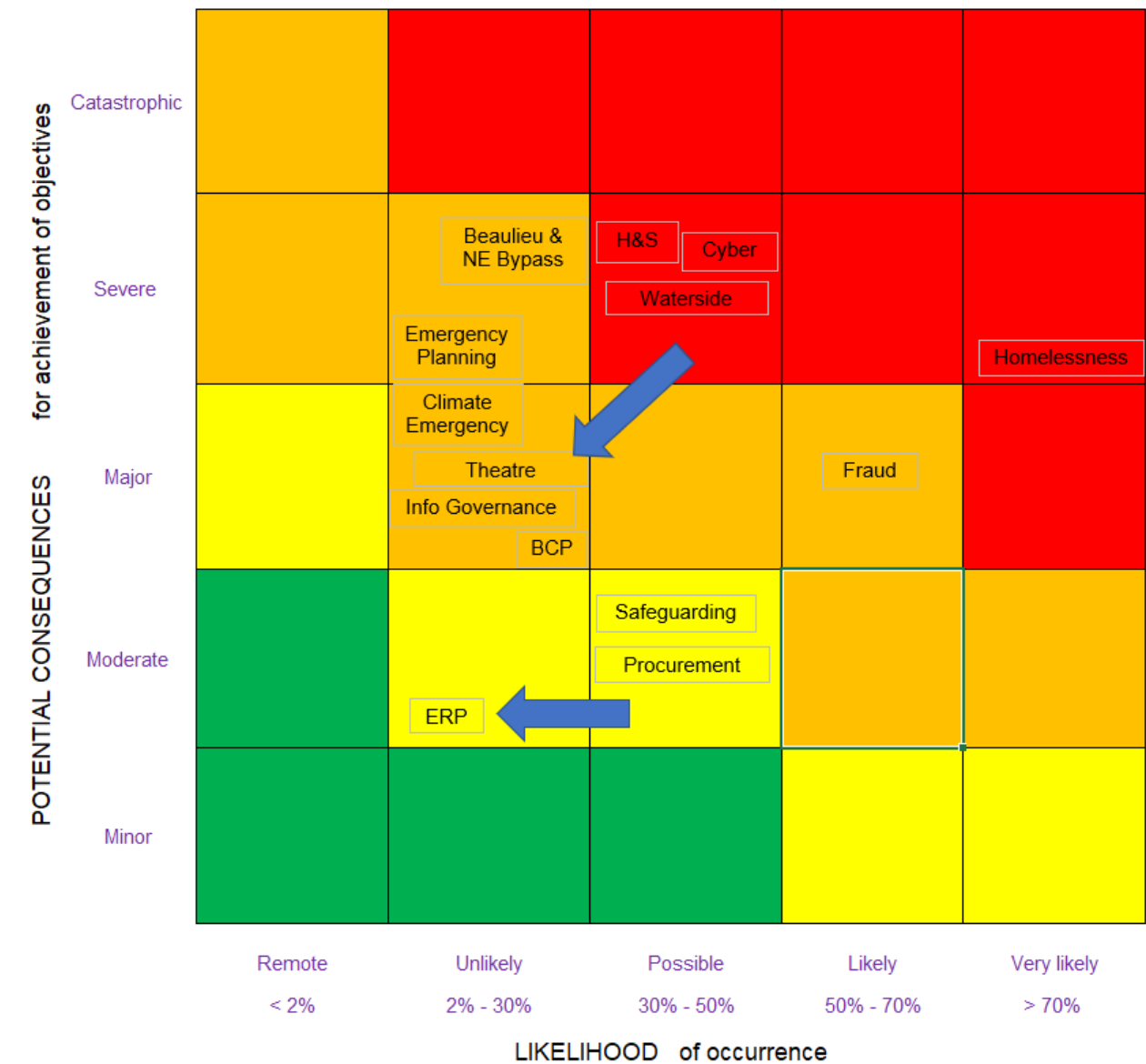
Principal Risk Summary - Current risk ('with controls') from highest to lowest

Appendix 1 (cont.)

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Recent Trend	Risk Event	Approach to Mitigation
									embedded across the Council high-risk frontline services.
PRR 010	Enterprise Resource Planning	Projects	All Themes	Louise Goodwin	Medium	7	↓	The intended benefits of the TechOne system are not realised in full	The TechOne Project Board oversees an approved, prioritised programme of development covering all modules, receives periodic written progress updates and meets formally according to need.

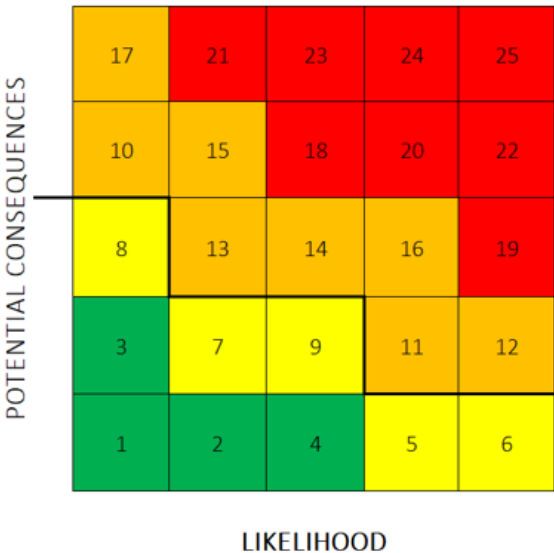
Principal Risk Summary – Heat Map (current risk)

Appendix 1 (cont.)



Risk score	Risk level	Management response
18 to 25	Very High Risk	Critical - Immediate/ sustained action required
10 to 17	High Risk	Concerned - Action required (exceeds appetite)
5 to 9	Medium Risk	Cautious - Action required (to ensure appetite is not exceeded)
1 to 4	Low Risk	Comfortable - monitor and review (low cost/ efficiency measures only)

Indicative risk appetite



Principal Risk Summary – Key to Consequence Ratings

Appendix 1 (cont.)

	FINANCIAL	OPERATIONS	PEOPLE	REPUTATION	LEGAL & REGULATORY	MAJOR PROJECTS	AUDIT
CATASTROPHIC	Catastrophic financial loss. (>£20 million*)	Permanent cessation of core activities	Multiple fatalities.	Future viability of the organisation threatened.	External control of the Council assumed.	Repeated failure of high-profile projects. All discretionary funding withdrawn.	Critical Priority
SEVERE	Severe financial loss (>£1 million *)	Extended disruption of core activities in excess of normal recovery timescales, with adverse impact on the wider community.	Life-threatening or multiple serious injuries (to staff or service users) or prolonged workplace stress. Severe impact on morale and service performance. Mass strike actions etc.	Critical impact on the reputation or brand of the organisation. Intense political and media scrutiny i.e., national front-page headlines, TV.	Possible criminal, or high-profile civil action against the Council, Members or officers. Statutory intervention triggered with impact across the whole Council. Critical breach in laws and regulations that could result in severe fines or consequences.	Failure of major projects and/or politically unacceptable increase on project budget/cost. Elected Members are required to intervene.	
MAJOR	Major financial loss. Service budgets exceeded (£200k to £1 million*)	Disruption to core activities. Some services compromised. Management Team action required to overcome medium-term difficulties.	Serious injuries or stressful experience (for staff member or service user) requiring medical attention/ many workdays lost. Major impact on morale and performance of staff.	Major impact on the reputation or brand of the organisation. Unfavourable media coverage. Noticeable impact on public opinion.	Major breach in laws and regulations resulting in major fines and consequences. Scrutiny required by external agencies.	Key targets missed. Major increase on project budget/ cost. Major reduction to project scope or quality.	High Priority
MODERATE	Moderate financial loss. Handled within the team (£50k to £200k*)	Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service Manager action will be required.	Injuries (to staff member or service user) or stress levels requiring some medical treatment, potentially some workdays lost. Some impact on morale and performance or staff.	Moderate impact on the reputation or brand of the organisation. Limited unfavourable media coverage.	Moderate breach in laws and regulations resulting in fines and consequences. Scrutiny required by internal committees or internal audit to prevent escalation.	Delays may impact project scope or quality (or overall project must be re-scheduled). Small increase on project budget/cost. Handled within the project team.	Medium Priority
MINOR	Minor financial loss (< £50k*)	Minor errors in systems/ operations or processes requiring Service Manager or Team Leader action. Little or no impact on service users.	Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale.	Minor impact on the reputation of the organisation.	Minor breach in laws and regulations with limited consequences.	Minor delay without impact on overall schedule. Minimal effect on project budget/cost or quality.	Low Priority

*Please note financial limits are a guide only and may be overridden by other consequences.



Chelmsford City Council

Audit & Risk Committee

14th December 2022

Counter Fraud & Corruption Strategy 2023 and Action Plan

Report by:

Audit Services Manager

Officer Contact:

Elizabeth Brooks, Audit Services Manager elizabeth.brooks@chelmsford.gov.uk

Purpose

The 2023 Counter Fraud and Corruption Strategy encompasses key principles such as acknowledging the responsibility for countering fraud and corruption, identification of fraud and corruption risks, provision of resources to implement the strategy and the action to be taken in response to fraud and corruption.

Recommendations

Committee are requested to note the contents of this report and adopt the Counter Fraud and Corruption Strategy, as well as note and approve the corresponding action plan for its delivery during 2023.

1. Introduction

- 1.1. Public sector organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong financial management.
- 1.2. CIPFA have reported that public services are more vulnerable than ever to criminal activity. We also know that the pandemic and other global/national issues mean risks will continue to remain high for fraud and economic crime. It is therefore a pertinent opportunity to review, refresh and update the Council's approach to Counter Fraud to ensure it is line with best practice,

CIPFA's guidance on Managing the Risk of Fraud and Fighting Fraud and Corruption Locally.

- 1.3. By adopting the 2023 Counter Fraud and Corruption Strategy, Audit & Risk Committee acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users, as well as the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.
- 1.4. Supplementing the Strategy is an action plan which sets out how Counter Fraud Strategy will be delivered over the next year to December 2023, and by whom. A key part of this governance and delivery will be the Council's Corporate Governance Group who will provide operational oversight of the Council's counter-fraud activities across the Council.
- 1.5. Work to March 2023 includes:
 - Updating the Council's Fraud Risk Register and undertaking a role-based Bribery and Corruption risk assessment, and reviewing any mitigating actions required arising from the assessments.
 - Producing a revised Fraud Response Plan aligned to the new Counter Fraud and Corruption Strategy, including specialist fraud areas such as Housing, Revenues and Benefits, Prevention of Money Laundering etc.
 - Reviewing the Council's Whistleblowing Policy
 - Developing and refreshing training and awareness activities for staff and Members to underpin an understanding of anti-fraud and corruption responsibilities.
- 1.6. A further update will be provided to Management Team and ARC in March 2023.

2. Conclusion

- 2.1. The Counter Fraud and Corruption Strategy 2023 and Action Plan are attached for ARC to note and adopt.

List of appendices: Counter Fraud and Corruption Strategy 2023 and Action Plan

Background papers: None

Corporate Implications

Legal/Constitutional: The Council has a duty to maintain an effective internal provision to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Regulation 5 (Part 1) of the Accounts and Audit Regulations 2015).

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: The scope of Internal Audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit & Risk Committee, management and outside parties (e.g. External Audit) on the adequacy and effectiveness of governance, risk management, and control process for Chelmsford City Council.

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees: Noted by Management Team November 2022

Relevant Policies and Strategies: None

CHELMSFORD CITY COUNCIL

COUNTER FRAUD AND CORRUPTION STRATEGY 2023-25

Foreword

With approximately 180,000 residents, 9400 businesses and 900 employees, Chelmsford City Council takes its responsibility as the guardians of public money very seriously. Fraud and corruption cheats the local tax payer, and impacts the recipients of the services that we strive to deliver, ultimately undermining the aims of the Council to lead by example, and help to make our society safer, greener, fairer, and better connected.

This Counter Fraud and Corruption Strategy will support the Council in its determination to take an active role in protecting itself and its residents from fraud and corruption from within and outside the organisation. We will be vigilant and advocate a zero-tolerance approach, and will seek to prevent fraud and corruption, including bribery, in all areas of our activities. Where any instances are discovered, we will take all action as is necessary to hold perpetrators to account and reduce losses to an absolute minimum. To this end, all Members, employees and those with whom we do business, have a responsibility for promoting a culture of good governance by ensuring that effective measures are in place to prevent fraud and corruption and by promptly identifying and reporting potential instances for investigation. We will be agile and work together with national agencies, the Government and other Councils to respond to new fraud threats, to prevent losses and to protect the Council finances, enabling us to maximise the value of every pound spent on behalf of local residents.

We fully commit to this Counter Fraud and Corruption Strategy as a key component in our fight against fraud and corruption.

Nick Eveleigh, Chief Executive

Cllr Nora Walsh, Chair of Audit and Risk Committee

Aim of the Counter Fraud and Corruption Strategy

The aim of this strategy is to minimise the risk of fraud and corruption and its impact, and ultimately to protect the public purse and Chelmsford City Council services for its residents.

It also ensures that the Council's internal control measures are effective in either preventing fraud and corruption or where this isn't possible, that a consistent and effective approach to tackling fraud and corruption is in place. Robust investigations will be undertaken in line with legislation and best practice, and appropriate action taken where necessary.

Definitions

Fraud

A person can be found criminally in breach of the [Fraud Act 2006](#) if they have acted dishonestly with the intention of making a gain for themselves or another, or causing a loss (or risk of a loss) to another by:

- False representation
- Failing to disclose information to a third party where they under a legal duty to do disclose such information
- Abuse of position, where they are expected to safeguard the financial interests of another person and abuses that position.

Other main offences under the Act include:

- Making or supplying/possession of articles for use in frauds
- Obtaining services dishonestly

Theft

The [Theft Act 1968](#) states that a person is guilty of **theft** if they dishonestly appropriate property belonging to another, with the intention of permanently depriving the other of it.

Bribery and Corruption

[Bribery Act 2010](#) defines **bribery** as financial or other advantage that is offered, given, requested or accepted with the intention of inducing or rewarding the improper performance of a relevant function. Section 7 of the Act also sets out the corporate offence of failing to prevent bribery.

The LGA defines **corruption** as the misuse of a person's position to commit offences, which can include theft, extortion and a number of other crimes, including the soliciting of bribes. The defining characteristic of corruption is that it involves collusion between two or more individuals and is often associated with those holding public office.

Stakeholders

All of the council's stakeholders can assist with being our first line of defence against attempts of fraud and corruption by:

- Being alert to the possibility of fraud and corruption and raise any concerns through the Council's Whistleblowing Policy at the earliest opportunity
- Fulfilling any legal and regulatory responsibilities
- Specialist knowledge to help identify and control fraud risk
- Input into the detection and investigation of fraud
- To assist in the reduction of fraud

More detailed responsibilities are outlined in the following table:

Stakeholder	Responsibility
All employees	Comply with the Council's relevant policies and procedures including code of conduct, financial rules, procurement procedures, conflicts of interest, as well as meet standards set by professional bodies to which they belong.
Audit & Risk Committee	Approve and support the Counter Fraud Strategy and receive reports relating to the Council's Counter Fraud activity and Fraud Principal Risk, ensuring that resources are focussed on the Council's highest risk areas.
Audit Services Manager	<p>Liaise with Corporate Risk and highlight emerging fraud risks to CGG, Management Team and Audit & Risk Committee.</p> <p>Provide regular reports of Cross-Council Counter Fraud activity to Management Team and Audit & Risk Committee.</p> <p>Provide investigative services to allegations of corporate fraud.</p> <p>Develop an agile risk-based approach to internal audit coverage with consideration of fraud risks and controls in line with its Internal Audit Charter.</p> <p>Provide anti-fraud controls assurance to Management Team and Audit & Risk Committee through internal audit reporting.</p>
Cabinet Member for Fairer Chelmsford (Portfolio Holder)	Receive reports that include information, progress and barriers on the Council's assessment against the FFCL checklist, and fraud risk assessment and horizon scanning.
Chief Executive and Management Team	<p>Approve and support the Counter Fraud Strategy and receive reports relating to the Council's Counter Fraud activity and Fraud Principal Risk, ensuring that resources are focussed on the Council's highest risk areas and that the Council is measuring itself against the FFCL checklist.</p> <p>Ensure that service managers are fulfilling their anti-fraud responsibilities (see Senior Managers).</p>
Contractors and Partners	Maintain adequate systems and controls to ensure the prevention and detection of fraud and corruption.
Corporate Governance Group (CGG)	Support the Counter Fraud Strategy and receive reports relating to the Council's Counter Fraud activity and Fraud Principal Risk. Provide oversight of the Council's counter-fraud activities across all areas of the Council, including those specifically recognised as high-risk areas.
Councillors	Comply with the Council's relevant policies and procedures including constitution, code of conduct, financial rules, procurement procedures, conflicts of interest.
Digital Services and Information Governance	Deploy procedures and technical controls to minimise information security risks.

Stakeholder	Responsibility
External Audit	In line with International Standard on Auditing (UK) 240, External Audit are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.
Human Resources	Provide associated Council Policy and Training framework to support awareness of, and compliance with the strategy.
Monitoring Officer/Legal & Democratic Services Manager (Statutory Duty)	Local Government and Housing Act 1989 requires the Monitoring Officer to report on matters they believe to be illegal or amount to maladministration, to be responsible for the operation of the Council's constitution, and to be responsible for matters relating to the conduct of councillors and their training in relation to counter fraud awareness.
Section 151 Officer (Statutory Duty)	Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a S151 Officer, also known as a Chief Financial Officer (CFO), to have responsibility for those arrangements. Also acts as the Council's nominated Money Laundering Reporting Officer (MLRO).
Senior Managers	<p>Establish and support an anti-fraud culture in their services by ensuring employees are aware of relevant policies and procedures relating to anti-fraud and bribery, code of conduct etc, and adopting a robust control environment as well as ensuring any internal audit recommendations are implemented promptly.</p> <p>Ensure that NFI (National Fraud Initiative) data matches are reviewed and investigated, where applicable and respond to enquiries from other matched bodies. Provide mandatory fraud statistics where applicable to meet Transparency Code requirements.</p> <p>Managers of specific high-risk areas form part of CGG (see below) to ensure effective co-ordination and liaison in counter-fraud activity.</p>

PRINCIPLES AND OBJECTIVES

This strategy is based on guidance and best practice relating to fraud and corruption in the public sector including:

[CIFAS Fighting Fraud and Corruption Locally](#)

[CIPFA Code of Practice on Managing the Risk of Fraud and Corruption](#)

Providing an outline for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top, Fighting Fraud and Corruption Locally (FFCL) sets out **five pillars of activity**:

PROTECTING ITSELF AND ITS RESIDENTS

Recognising the harm that fraud can cause in the community. Protecting itself and its residents from fraud.

GOVERN

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.

ACKNOWLEDGE

Accessing and understanding fraud risks.

Committing the right support and tackling fraud and corruption.

Demonstrating that it has a robust anti-fraud response.

Communicating the risks to those charged with governance.

PREVENT

Making the best use of information and technology.

Enhancing fraud controls and processes.

Developing a more effective anti-fraud culture.

Communicating its activity and successes.

PURSUE

Prioritise fraud recovery and use of civil sanctions.

Developing capability and capacity to punish offenders.

Collaborating across geographical and sectoral boundaries.

Learning lessons and closing the gaps.

GOVERN

Those who are charged with governance support the activity by ensuring that there are robust arrangements and executive support to ensure counter fraud, bribery and corruption measures are embedded throughout the organisation.

The internal arrangements that are put in place should be communicated throughout the organisation and publicly available to demonstrate the culture and commitment to preventing fraud

Chelmsford will demonstrate this by:

- ✓ *Developing a counter fraud and corruption strategy applying to all aspects of the Council's activities which will be communicated throughout the Council and acknowledged by those charged with governance.*
- ✓ *Assessing its fraud and corruption risks, have an action plan to deal with them and regularly report to Management Team and Members.*
- ✓ *Presenting a regular report to Management Team and Audit & Risk Committee to compare against FFCL.*
- ✓ *Briefing Management Team and Audit & Risk Committee on fraud risks and mitigation.*
- ✓ *Management Team and Audit & Risk Committee supporting counter fraud work to ensure that it is appropriate in terms of fraud risk and resources.*
- ✓ *Scrutinising weaknesses revealed by instances of proven fraud and corruption and feed back to departments to fraud proof systems.*

ACKNOWLEDGE

In order to create a counter fraud response Chelmsford must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource to tackling fraud.

This means undertaking a risk assessment of fraud areas and vulnerabilities, having a plan to address it, and have access to resources with the right capabilities and skills.

Chelmsford will demonstrate this by:

- ✓ *Undertaking an assessment against the risks and horizon scanning of future potential fraud and corruption risks. This assessment will include the understanding of the harm that fraud may do in the community.*
- ✓ *Specifically considering the risks of fraud and corruption in the Council's overall risk management process.*

PROTECT

Chelmsford will protect public funds, protecting the Council from fraud and cyber-crime and also protecting itself from future frauds as well as protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

Chelmsford will demonstrate this by:

- ✓ *Assessing fraud resources proportionately to the risk the Council faces and are adequately resourced.*
- ✓ *Develop a fraud plan which is agreed by Management Team and Audit & Risk Committee, reflecting resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the Council's activities including those undertaken by contractors and third parties or voluntary sectors.*

PREVENT

Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Chelmsford will demonstrate this by:

- ✓ *Putting in place arrangements to promote and ensure probity and propriety in the conduct of its activities and prevent and detect fraud and corruption as well as a mechanism for ensuring that this is effective and is reported to Management Team and Audit & Risk Committee.*
- ✓ *Putting in place arrangements for monitoring compliance with standards of conduct across the Council covering: Codes of conduct including behaviour for counter fraud, anti-bribery and corruption, Register of Interests, Register of gifts and hospitality.*
- ✓ *Undertaking recruitment vetting of staff prior to appointment by risk assessing posts and undertaking the checks recommended.*
- ✓ *Ensuring that there is a zero-tolerance approach to fraud and corruption and independent whistle-blowing policy which can also be accessed by contractors and third parties, is monitored for take up and can show that suspicions have been acted upon without discrimination.*
- ✓ *Consulting counter fraud staff to review new policies, strategies and initiatives across departments and this activity will be reported to Management Team and Audit & Risk Committee.*
- ✓ *Ensuring the fraud response plan covers all areas of counter fraud work and is linked to the audit plan and communicated to Management Team and Audit & Risk Committee.*
- ✓ *Ensuring that the Council actively takes part in mandatory NFI exercises and promptly takes action arising from it.*
- ✓ *Publicise successful cases of proven fraud/corruption to raise awareness.*

PURSUE

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response on sanctions and collaboration.

Chelmsford will demonstrate this by:

- ✓ *Reporting statistics maintained by the Counter Fraud team which cover all areas of activity and outcomes.*
- ✓ *Developing a programme of proactive counter fraud work which covers risks identified in the fraud risk assessment.*
- ✓ *Collaborating with other Council services and external enforcement agencies, encouraging a corporate approach and co-location of enforcement activity*
- ✓ *Undertaking prevention measures and projects using data analytics where possible*
- ✓ *Ensuring the Counter Fraud team have unfettered access to premises and documents for the purposes of counter fraud investigation.*
- ✓ *Ensuring that there are professionally trained and accredited staff for counter fraud work, with adequate knowledge in all areas of the Council and the counter fraud team has access to specialist staff for surveillance, computer forensics, asset recovery and financial investigations where required.*

ANTI-BRIBERY AND CORRUPTION

The Council will follow the guidance issued by the [Ministry of Justice](#) on compliance with the Bribery Act. In particular, it will take account of the six principles set out in the guidance as part of ensuring a robust and effective anti-bribery approach.

Proportionate Procedures

The procedures to prevent bribery by persons should be proportionate to the bribery risks faced and to the nature, scale and complexity of the Council's activities. They should also be clear, practical, accessible, effectively implemented and enforced

Top Level Commitment

Management Team are committed to preventing bribery by persons associated with the Council and to fostering a culture in which bribery is never acceptable. A report on the Bribery Act 2010 and the introduction of this policy will be approved by the Audit & Risk Committee.

Risk Assessment

The nature and extent of the Council's exposure to external and internal risks of bribery will be assessed as part of the Council's risk management process. Any risk assessment is intended to be an on-going process based on regular communication and review.

Due Diligence

A proportionate and risk-based approach will be taken in respect of persons and other organisations that perform services for or on behalf of the Council. Due diligence will include an evaluation of the background, experience and reputation of business partners. The transactions will be properly monitored, and written agreements and contracts will provide references to the Bribery Act 2010 and this policy. Reciprocal arrangements may be required for business partners to have their own policies in place. They will be advised of the Council's policy and be expected to operate at all times in accordance with such policy.

Communication (including training)

The Council will ensure that this policy and other related policies and procedures are embedded in the Council's working arrangements through appropriate communication, including training, which is proportionate to the risks the Council faces. The Council's induction programme will include reference to the Bribery Act 2010 and this policy.

Monitoring and Review

This policy, control arrangements, risk management processes and other related policies and procedures designed to prevent bribery and corruption will be monitored, reviewed and improved where necessary on a regular basis. All incidents of bribery or suspected bribery will be reported to the Audit & Risk Committee.

MONITORING AND REVIEW

Chelmsford will consider its performance against each of the following key themes in line with FFCL:

Culture – creating a culture where fraud and corruption are unacceptable

Capability – assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate

Capacity – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance

Competence – having the right skills and standards commensurate with the full range of counter fraud and corruption activity

Communication – raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes

Collaboration – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information

CHELMSFORD CITY COUNCIL

COUNTER FRAUD AND CORRUPTION STRATEGY 2023-25

ACTION PLAN

Action Ref	Action	Service Manager	Target Start Date	Target Completion Date
GOVERN: Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.				
G1	Develop a Counter Fraud and Corruption Strategy which will be communicated throughout the Council and acknowledged by those charged with governance.			
ABC Policy	Management Team and Audit & Risk Committee are committed to preventing bribery by persons associated with the Council and to fostering a culture in which bribery is never acceptable.			
G1.1	Produce Counter Fraud and Corruption Strategy	E Brooks	Nov 22	Dec 22
G1.2	Review by Corporate Governance Group (CGG)			Dec 22
G1.3	Review and approval by Management Team			Dec 22
G1.4	Review and approval by Audit & Risk Committee			Dec 22
G2	Assess the Council's fraud and corruption risks, have an action plan to deal with them and regularly report to Management Team and Members.			
ABC Policy	The nature and extent of the Council's exposure to external and internal risks of bribery will be assessed as part of the Council's risk management process. Any risk assessment is intended to be an on-going process based on regular communication and review.			
G2.1	Undertake a detailed risk assessment of the Council's activities susceptible to fraud and/or corruption	CGG	COMPLETE	COMPLETE
G2.2	Review and monitor including any additional actions required.	CGG	Ongoing	
G2.3	Brief Management Team and Audit & Risk Committee on fraud risks and mitigation through Counter Fraud Reports and Principal Risk Register reviews (NB PRR reporting cycle is June and December).	E Brooks/A Chessell	Mar-23	Sep/Mar
G3	Present a regular report to Management Team and Audit & Risk Committee to compare the Council's progress against FFCL and Counter Fraud and Corruption Strategy	E Brooks	Sep-23	March thereafter
G4	Management Team and Audit & Risk Committee review regular reports to ensure that the Counter Fraud and Corruption Strategy is appropriate in terms of its fraud risk and resources	E Brooks	Sep-23	March thereafter
G5	Scrutinise weaknesses revealed by instances of proven fraud and corruption and feed back to departments to fraud proof systems.			
G5.1	Where fraud is identified, a report will be written outlining weaknesses which led to its perpetration and recommendations made to improve the control framework.	E Brooks	Ad hoc	
G5.2	Follow up to be undertaken to assess the progress of implementation of recommendations to assess improvement of the control framework.	E Brooks	Ad hoc	

Action Ref	Action	Service Manager	Target Start Date	Target Completion Date
ACKNOWLEDGE: Accessing and understanding fraud risks; Committing the right support and tackling fraud and corruption; Demonstrating that it has a robust anti-fraud response; Communicating the risks to those charged with governance.				
A1	Undertake an assessment against the internal and external risks and horizon scan future potential fraud and corruption risks. Specifically consider the risks of fraud and corruption in the Council's overall risk management process.			
A1.1	Undertake a detailed risk assessment of the Council's activities susceptible to fraud and/or corruption.	CGG	COMPLETE	COMPLETE
A1.2	Review and monitor including any additional actions required.	CGG	Ongoing	
A1.3	Brief Management Team and Audit & Risk Committee on fraud risks and mitigation through Counter Fraud Reports and Principal Risk Register reviews (NB PRR reporting cycle is June and December).	E Brooks/A Chessell	Mar-23	Sep/Mar
PREVENT: Making the best use of information and technology; Enhancing fraud controls and processes; Developing a more effective anti-fraud culture; Communicating its activity and successes.				
PRE1	Put in place arrangements to promote and ensure probity and propriety in the conduct of activities and prevent and detect fraud and corruption and for monitoring compliance with standards of conduct across the Council covering: Codes of conduct including behaviour for counter fraud, anti-bribery and corruption, Register of Interests, register of gifts and hospitality, as well as a mechanism for ensuring that this is effective and reported to Management Team and Audit & Risk Committee.			
ABC Policy	The procedures to prevent bribery by persons will be proportionate to the bribery risks faced and to the nature, scale and complexity of the Council's activities. They will be clear, practical, accessible, effectively implemented and enforced, and embedded in the Council's working arrangements through appropriate communication, including training. The policy, control arrangements, risk management processes and other related policies and procedures designed to prevent bribery and corruption will be monitored, reviewed and improved where necessary on a regular basis.			
PRE1.1	Remind all staff and Members of their role and responsibility in preventing and detecting fraud through promotion of the Counter Fraud and Corruption Strategy.	Management Team (MT)	Apr 23	Ongoing
PRE1.2	The roles within the Council (whether a Member, directly employed member of staff, agency, interim, contractor or consultant) most at risk of bribery and corruption will be identified and risk assessed by considering levels of seniority, budgetary responsibility, influences over procurement arrangements and the general nature of their duties.	E Brooks	Jan-23	Mar-23
PRE1.3	Remind service managers of their responsibility in monitoring these roles to ensure transparency over decision, and any conflicts or failures to disclose are managed appropriately.	MT	Apr 23	Ongoing
PRE1.4	Develop training and awareness activities for new staff and Members (through induction) and existing staff and Members (through refresher training) to underpin understanding of anti-fraud and corruption responsibilities.	E Brooks/ K Knowles	Jan-23	Jun-23

Action Ref	Action	Service Manager	Target Start Date	Target Completion Date
PRE1.5	Remind service managers of their responsibility for establishing and supporting an anti-fraud culture in their services, ensuring all their team members are aware of relevant policies and procedures relating to anti-fraud and bribery, code of conduct etc and adopting a robust control environment, including ensuring any internal audit recommendations are implemented promptly through inclusion in service plans to be monitored and actions reported locally.	MT	Apr 23	Ongoing
PRE1.6	Independent assurance on the effectiveness of the governance, risk management and control environment relating to fraud and corruption to be provided by Internal Audit.	E Brooks	Ongoing	
PRE2	Undertake recruitment vetting of staff prior to appointment by risk assessing posts and undertaking the checks recommended.			
ABC	A proportionate and risk-based approach will be taken in respect of persons and other organisations that perform services for or on behalf of the Council.			
PRE2.1	Review of Safer Recruitment procedures to ensure they mitigate fraud and corruption risks.	D Wootton	TBC	TBC
PRE2.2	Remind service managers of their responsibility for undertaking due diligence to evaluate the background, experience and reputation of business partners.	MT	Apr 23	Ongoing
PRE2.3	Written agreements and contracts will provide references to the Bribery Act 2010 and the Council's Counter Fraud and Corruption Strategy and the expectation that they will operate at all times in accordance with such policy.	A Chessell	COMPLETE	COMPLETE
PRE3	Ensure that there is a zero-tolerance approach to fraud and corruption and independent whistle-blowing policy.			
ABC	All incidents of bribery or suspected bribery will be reported to Audit & Risk Committee			
PRE3.1	Review Council's Whistleblowing Policy	E Brooks	Jan-23	Jan-23
PRE3.2	Review by CGG			Feb-23
PRE3.3	Review and approval by Management Team and Audit & Risk Committee			Mar-23
PRE3.4	Promote awareness of new Policy internally and externally	MT	Apr 23	Ongoing
PRE3.5	Align training to new Policy and promote refresher training	E Brooks/ K Knowles	Jan-23	Jun-23
PRE3.7	Whistleblowing Team respond in line with Policy and record concerns and outcomes.	TBC	Ongoing	
PRE3.8	Monitoring Officer will provide regular anonymised report to Governance Committee	L Browne	COMPLETE	Ongoing
PRE4	Consult counter fraud staff to review new policies, strategies and initiatives across departments and this activity will be reported to Management Team and Audit & Risk Committee			

Action Ref	Action	Service Manager	Target Start Date	Target Completion Date
PRE4.1	Remind service managers that new policies, procedures, strategies etc that may be connected to a fraud and/or corruption risk should be reviewed by the CGG for comments/amendments and to inform the Counter Fraud Risk Register.	MT	Apr 23	Ongoing
PRE4.2	CGG Counter Fraud activity will be included in the Counter Fraud Report to Management Team and Audit & Risk Committee.	E Brooks	Mar-23	Sep/Mar
PRE5	Ensure the fraud response plan covers all areas of counter fraud work and is linked to the audit plan and communicated to Management Team and Audit & Risk Committee			
PRE5.1	Produce Fraud Response Plan aligned to new Counter Fraud and Corruption Strategy and including specialist fraud areas i.e., Tenancy Fraud, Council Tax. Prevention of Money Laundering.	E Brooks	Jan-23	Mar-23
PRE5.2	Review by CGG			Mar-23
PRE5.3	Review and approval by Management Team and Audit & Risk Committee			Mar-23
PRE5.4	Promote awareness of new Fraud Response Plan internally and externally	MT	Apr 23	Ongoing
PRE6	Ensure that the Council actively takes part in mandatory NFI exercises and promptly takes action arising from it.			
PRE6.1	Produce an NFI operations protocol outlining roles and responsibilities for partaking in exercises, including prompt review of matches.	E Brooks	Jan-23	Mar-23
PRE6.2	CGG will consider if the data highlights any weakness/root causes and update Counter Fraud Risk Register accordingly.	CGG	Ongoing	
PRE7	Publicise successful cases of proven fraud/corruption to raise awareness	CGG	Ad hoc	
PURSUE: Prioritise fraud recovery and use of civil sanctions; Developing capability and capacity to punish offenders; Collaborating across geographical and sectoral boundaries; Learning lessons and closing the gaps.				
PU1	Reporting statistics maintained by the Counter Fraud team which cover all areas of activity and outcomes.			
PU1.1	Transparency Code and NFI statistics will be collated annually and reported to Management Team and Audit & Risk Committee	E Brooks	Sep 23	Mar thereafter Annually
PU1.2	Statistics will be reviewed by CGG to determine any trends/root causes and update Counter Fraud Risk Register accordingly.	CGG	ongoing	
PU2	Developing a programme of proactive counter fraud work which covers risks identified in the fraud risk assessment.			

Action Ref	Action	Service Manager	Target Start Date	Target Completion Date
PU2.1	Internal Audit will align their Internal Audit Plan with Fraud Risk Assessment	E Brooks	COMPLETE	Ongoing
PU2.2	Individual audit scopes will consider the Fraud Risk assessment and consider the prevention and detection of fraud.	E Brooks	ongoing	
PU3	Collaborating with other Council services and external enforcement agencies, encouraging a corporate approach and co-location of enforcement activity			
PU3.1	CGG will continue meet quarterly in line with its terms of reference and programme of work.	E Brooks	COMPLETE	Ongoing
PU3.2	CGG Counter Fraud activity will be included in the Counter Fraud Report to Management Team and ARC	E Brooks	Sep 23	Sep/Mar
PU3.3	CGG to consider engagement plan with external agencies.	CGG	Jan 23	Mar 23
PU4	Undertake prevention measures and projects using data analytics where possible.			
PU4.1	Internal Audit to consider use of data analytics in its key financial systems review and other counter fraud work where applicable.	E Brooks	Ongoing	
PU5	Ensure that there are professionally trained and accredited staff for counter fraud work, with adequate knowledge in all areas of the Council and the counter fraud team has access to specialist staff for surveillance, computer forensics, asset recovery and financial investigations where required.			
PU5.1	Skills analysis to be undertaken by the CGG with training needs identified.	CGG	Jan-23	Mar-23
PU5.2	Training undertaken as required or identified skills gap to be considered for inclusion in the fraud risk assessment.	CGG	Jan-23	ongoing
PU5.3	CGG to consider engagement plan with external specialist support where required.	CGG	Jan 23	Mar 23
PROTECTING ITSELF AND ITS RESIDENTS: Recognising the harm that fraud can cause in the community. Protecting itself and its residents from fraud.				
PRO1	Assess fraud resources proportionately to the risk the Council faces and are adequately resourced.			
PRO1.1	Resource analysis undertaken to be undertaken by CGG with any gaps identified.	CGG	Jan-23	Mar-23
PRO1.2	Capacity gaps to be considered for inclusion in the fraud risk assessment.	CGG	Jan-23	Mar-23
PRO1.3	CGG to consider engagement plan with external support where required.	CGG	Jan-23	Mar-23
PRO2	Develop a fraud plan which is agreed by Management Team and Audit & Risk Committee, reflecting resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the Council's activities including those undertaken by contractors and third parties			
PRO2.1	Fraud plan to be reviewed by CGG	E Brooks	Sep-23	Sep/Mar
PRO2.2	Fraud plan will be included in the Counter Fraud Report to Management Team and Audit & Risk Committee	E Brooks	Sep-23	Sep/Mar

Outstanding Actions – Action Plan (By Quarter)

Q3 (to Dec 2022)

Action Ref	Action	Service Manager
G1.1 to G1.4	<i>Produce Counter Fraud and Corruption Strategy, review by CGG, and approval from Management Team and ARC</i>	E Brooks

Q4 (Jan – Mar 2023)

Action Ref	Action	Service Manager
G2.1 & A1.1	<i>Review and update risk assessment of the Council's activities susceptible to fraud and/or corruption</i>	CGG
G2.2 & A1.2	<i>Review and monitor including any additional actions required.</i>	CGG
G2.3 & A1.3	<i>Brief Management Team and Audit & Risk Committee on fraud risks and mitigation through Counter Fraud Report</i>	E Brooks
PRE1.2	<i>The roles within the Council (whether a Member, directly employed member of staff, agency, interim, contractor or consultant) most at risk of bribery and corruption will be identified and risk assessed by considering levels of seniority, budgetary responsibility, influences over procurement arrangements and the general nature of their duties.</i>	E Brooks
PRE1.4	<i>Develop training and awareness activities for new staff and Members (through induction) and existing staff and Members (through refresher training) to underpin understanding of anti-fraud and corruption responsibilities.</i>	E Brooks/ HR
PRE3.1, 3.2, 3.3	<i>Review Council's Whistleblowing Policy, review by CGG, and approval by Management Team and Audit & Risk Committee</i>	E Brooks
PRE3.5	<i>Align training to new Counter Fraud Strategy and promote refresher training</i>	E Brooks/ HR
PRE4.2, PU3.2	<i>CGG Counter Fraud activity will be included in the Counter Fraud Report to Management Team and Audit & Risk Committee.</i>	E Brooks
PRE5.1, 5.2, 5.3	<i>Produce Fraud Response Plan aligned to new Counter Fraud and Corruption Strategy and including specialist fraud areas i.e., Tenancy Fraud, Council Tax. Prevention of Money Laundering. review by CGG, and approval by Management Team and Audit & Risk Committee</i>	E Brooks

Action Ref	Action	Service Manager
PRE6.1	<i>Produce an NFI operations protocol outlining roles and responsibilities for partaking in exercises, including prompt review of matches.</i>	E Brooks
PU2.1	<i>Internal Audit will align their Internal Audit Plan with Fraud Risk Assessment</i>	E Brooks
PU3.3	<i>CGG to consider engagement plan with external agencies.</i>	CGG
PU5.1	<i>Skills analysis undertaken to be undertaken by the CGG with training needs identified.</i>	CGG
PU5.3 and PRO1.3	<i>CGG to consider engagement plan with external support where required.</i>	CGG
PRO1.1	<i>Resource analysis to be undertaken by the CGG with any gaps identified.</i>	CGG
PRO1.2	<i>Capacity gaps to be considered for inclusion in the fraud risk assessment.</i>	CGG

Q1 (April to June 2023)

Action Ref	Action	Service Manager
PRE1.1	<i>Remind all staff and Members of their role and responsibility in preventing and detecting fraud through promotion of the Counter Fraud and Corruption Strategy.</i>	MT
PRE1.3	<i>Remind service managers of their responsibility in monitoring these roles to ensure transparency over decision, and any conflicts or failures to disclose are managed appropriately.</i>	MT
PRE1.4, PRE3.5	<i>Roll out training and awareness activities for new staff and Members (through induction) and existing staff and Members (through refresher training) to underpin understanding of anti-fraud and corruption responsibilities.</i>	E Brooks/ HR
PRE1.5	<i>Remind service managers of their responsibility for establishing and supporting an anti-fraud culture in their services, ensuring all their team members are aware of relevant policies and procedures relating to anti-fraud and bribery, code of conduct etc and adopting a robust control environment, including ensuring any internal audit recommendations are implemented promptly through inclusion in service plans to be monitored and actions reported locally.</i>	MT

Action Ref	Action	Service Manager
PRE2.2	<i>Remind service managers of their responsibility for undertaking due diligence to evaluate the background, experience and reputation of business partners.</i>	MT
PRE3.4 & 5.4	<i>Promote awareness of new Strategy, Fraud Response Plan and Whistleblowing Policy internally and externally</i>	MT
PRE4.1	<i>Remind service managers that new policies, procedures, strategies etc that may be connected to a fraud and/or corruption risk should be reviewed by the CGG for comments/amendments and to inform the Counter Fraud Risk Register.</i>	MT
PU5.2	<i>Training undertaken as required (as identified by CGG) or identified skills gaps to be considered for inclusion in the fraud risk assessment.</i>	E Brooks/ HR

Q2 (July to September 2023)

Action Ref	Action	Service Manager
G3 & G4	<i>Present a regular report to Management Team and Audit & Risk Committee to compare the Council's progress against FFCL and Counter Fraud and Corruption Strategy to ensure that the Counter Fraud and Corruption Strategy is appropriate in terms of its fraud risk and resources.</i>	E Brooks
PRE2.1	<i>Review of Safer Recruitment procedures to ensure they mitigate fraud and corruption risks.</i>	E Brooks/ D Wootton
PU1.1	<i>Transparency Code and NFI statistics will be collated annually and reported to Management Team and Audit & Risk Committee</i>	E Brooks
PU1.2	<i>Statistics will be reviewed by CGG to determine any trends/root causes and update Counter Fraud Risk Register accordingly.</i>	CGG
PU3.2	<i>CGG Counter Fraud activity will be included in the Counter Fraud Report to Management Team and Audit & Risk Committee.</i>	E Brooks
PRO2.1 & PRO2.2	<i>Fraud plan to be reviewed by CGG and included in the Counter Fraud Report to Management Team and Audit & Risk Committee.</i>	E Brooks

Ongoing

Action Ref	Action	Service Manager
G2.2 & A1.3	<i>Review and monitor including any additional actions required in Counter Fraud Risk Register.</i>	CGG
G5.1	<i>Where fraud is identified, a report will be written outlining weaknesses which led to its perpetration and recommendations made to improve the control framework.</i>	E Brooks
G5.2	<i>Follow up to be undertaken to assess the progress of implementation of recommendations to assess improvement of the control framework.</i>	E Brooks
PRE1.6	<i>Independent assurance on the effectiveness of the governance, risk management and control environment relating to fraud and corruption to be provided by Internal Audit.</i>	E Brooks
PRE3.7	<i>Whistleblowing Team respond in line with Policy and record concerns and outcomes.</i>	TBC
PRE3.8	<i>Monitoring Officer will provide regular anonymised Whistleblowing report to Audit & Risk Committee.</i>	L Browne
PRE6.2	<i>CGG will consider if the NFI data highlights any weakness/root causes and update Counter Fraud Risk Register accordingly.</i>	CGG
PRE7	<i>Publicise successful cases of proven fraud/corruption to raise awareness</i>	CGG
PU2.2	<i>Individual audit scopes will consider the Fraud Risk assessment and consider the prevention and detection of fraud.</i>	E Brooks
PU3.1	<i>CGG will continue to meet quarterly in line with its terms of reference and programme of work.</i>	CGG
PU4.1	<i>Internal Audit to consider use of data analytics in its key financial systems review and other counter fraud work where applicable.</i>	E Brooks



Chelmsford City Council Audit and Risk Committee

14 December 2022

Annual Report of Procurement and Sourcing Activities

Report by:

Director of Connected Chelmsford

Officer contacts:

Alison Chessell, Procurement and Risk Services Manager

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Purpose

This report provides details of:

- All formal procurement and sourcing activities undertaken by the Procurement Team
- Any cross-functional working that has taken place
- New processes, policies and practices that have been introduced in the last 12 months
- The team's planned activities for the coming 12 months

Recommendations:

Committee note the report and contents

1. Introduction

- 1.1. In the 12 months to 31 October 2022 (hereafter '2021/22'), the Procurement Team has been continuing to support front line services within the Council and working more closely with internal clients. This is reflected in the volume of procurement processes in which we have been involved. Please see [Appendix A](#) for details.
- 1.2. The team is continuing to provide procurement services to Uttlesford District Council within existing resources. This has meant a refocusing of resources, including a rationalisation of administration tasks to other teams. There has been a restructure within the team during the year due to a vacancy.
- 1.3. External factors, predominantly the UK's exit from the European Union and its emergence from the effects of the pandemic, have impacted on a number of procurements. The increases in material costs, lead times and capacity reported in the news have all impacted the Council's supply network.

2. Working Methodology

- 2.1. The team works across the Council providing advice, guidance and support with a variety of sourcing requirements. We use an e-procurement system (Delta eSourcing) that enables compliance with the current public procurement regulations, the Council's Contract Rules and any incoming regulations following the UK's exit from the EU.
- 2.2. In other areas of the Council there is more of a cross-functional partnership approach with teams sourcing their requirements direct from frameworks. We aim to support teams in these processes, ensuring compliance but also that they apply the ethos of the Social Value Policy in their sourcing practices.

3. Achievements 2021/22

- 3.1. **Uttlesford District Council (UDC)** – In April 2021, the team was awarded a two-year contract by UDC for the provision of their procurement services. The contract is running successfully and covers the running of request-for-quotation (RFQ) and tender processes, providing advice on the use of frameworks and general support and strategic advice on contract rules and public sector procurement regulations. To date we have worked with them to:
 - review and refresh UDC Contract Rules
 - author and deliver a new Procurement Strategy that has been approved at UDC Full Council
 - provide training to UDC Governance, Audit and Performance Committee regarding the new Procurement Strategy and Contract Procedures

- provide procurement support on numerous items

3.2. **Training and support for Small and Medium Enterprises (SMEs)** - The Council, via our Economic Development team, has provided procurement training and support to 24 SMEs throughout the district during the year to assist business post pandemic. This has been provided by a partner organisation on a one-to-one basis. There was also a workshop held in November for 11 third-sector organisations to provide business support.

3.3. **Social Value Policy** – This policy, introduced in November 2020, requires a minimum of 10% weighting to be applied to all appropriate procurement exercises. The most notable benefits of this policy change are that:

- local SMEs are more competitive in our processes.
- suppliers are rewarded for using local businesses in their supply chain; and
- we have a growing understanding of the policies and practices of our supply partners.

A summary of procurement exercises which included SV weighting can be found in [Appendix B](#), which shows that:

- 8 of 9 (88%) of contracts were awarded to SMEs
- 5 of 9 (55%) of contracts were awarded to Essex-based companies (one of which was based in Chelmsford).

The social value process is still embedding, however it is encouraging to note that in 3 of the 9 processes listed, the highest-ranking supplier by social value won the contract, so the social value scoring is having an impact on awards.

3.4. **Print Marketplace** – In response to the closure of the Council's print room we have been piloting the use of Crown Commercial Service's PMP (Print Marketplace). This is an online printing portal that operates by allowing users to seek quotes for printing jobs across a range of suppliers. During 2021/22, there have been 80 print marketplace orders saving £4,256 - as per CCS figures.

3.5. **Frameworks** – We have renewed two large frameworks during this year – 'Signs and Lines' and 'Play Area Surfacing'. Frameworks allow us to perform mini-competitions with pre-approved and selected suppliers to ensure competitive pricing from trusted suppliers.

3.6. **Hydrogenated Vegetable Oil (HVO) Fuel** - A contract for HVO fuel, a more environmentally friendly alternative to diesel, was awarded by the Council through the CCS national fuels framework in September 2022. The fuel will be used in the Council's Operational Services fleet. The Council took part in the CCS frameworks quarterly competition which allowed us to compliantly award to a pre-qualified supplier. Although the commodity cost of the fuel changes on a weekly basis, the contract allows the Council to fix a supplier margin for the two-year period of the contract to provide as much cost certainty as possible.

- 3.7. **TechnologyOne** – We have consolidated the use of the Contract Module. We now have easy access to a contract register, the contracts themselves and all associated spend. We are currently reviewing the processes used to on-board new suppliers. Revised processes will be implemented in 2023.
- 3.8. **Procurement Processes** – Please see full listing in [Appendix A](#).
- 3.9. **Cost Reductions** – We have been able to realise fee reductions in a couple of areas following competitive procurement processes – Treasury Management and consultancy advice. However, in general, market conditions have made savings difficult to achieve.

4. Planned Activities from November 2022

- 4.1. **Regulatory Change** – Changes to public sector procurement regulations, as a result of our exit from the EU, are likely to be made law in early 2023. The green paper was published and consulted on in 2021. The paper included proposals to move to a single, more flexible procurement process model, that would simplify the route to market decision. It also moves to a ‘most advantageous tender’ principle, giving more weight to alternative local factors (ecological, localism etc) over economic considerations.
- 4.2. **Continued Embedding of Social Value Policy** – We will continue to evolve the data gathering and reporting process.
- 4.3. **Cross-functional Alliances** – We continue to work closely with key services and departments to enable them to undertake their own sourcing processes in a compliant, fair and transparent manner.
- 4.4. **Training** - Awareness raising across the organisation, at all levels, with the aim of increasing knowledge of the Council’s internal contract rules and PCR 2015 (Public Contract Regulations).
- 4.5. **Contract Management Framework** –In early 2022 we will be designing a new contract management framework for use by all Service Mangers and Contract Managers. The framework will have a selection of options depending on the risk profile of the contract. This work will feed into the new TechnologyOne module.

List of appendices:

Appendix 1 – Summary of Procurement and Sourcing Activities 2021/22

Appendix 2 – Social Value Procurements 2021/22

Background papers:

Procurement Strategy

Social Value Procurement Policy

Corporate Implications

Legal/Constitutional: All procurement activity must be compliant with Public Contract Regulations 2015 and Contract Procedure Rules

Financial: Procurement activity is aligned with the Medium-Term Financial Strategy (MTFS) and annual budget cycle

Potential impact on climate change and the environment: The Climate Emergency Action Plan is a key driver for the Procurement Strategy

Contribution toward achieving a net zero carbon position by 2030: The Procurement Strategy specifically targets this action through the Theme Outcomes and Measures.

Personnel: None

Risk Management: 'Procurement Strategy' is a Principal Risk monitored by Management Team and Audit and Risk Committee

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees: Accountancy Services Manager (Section 151 Officer)

Relevant Policies and Strategies:

Our Chelmsford Our Plan

Summary of Procurement and Sourcing Activities 2021/22

N.B. This listing does not include distributed procurement processes supported with advice and guidance.

Requirement	Service	Contract Type / Value (when let)	Winning Supplier Location	SME?	Contract Length
Process - RFQ (Request for Quotation) <i>A Request for Quotation relates to a competition below threshold where quotations are sort from the open market or from a prequalified group of suppliers. The number of quotations required is dictated by the contract value and the Council's Contract Rules.</i>					
Market Square Public Realm Enhancement	Economic Development and Implementation	Services - £7000	London	Yes	6 months
Treasury Management Advisors	Accountancy Services	Services - £70,000	London	Yes	3yrs +2yr extension.
Residential Refurbishment Work	Property Services	Works - £50,000	London	Yes	n/a
Strategic Housing Needs Assessment	Spatial Planning	Services - £20,000	Kent	Yes	30 months.
Chauffeur Services	Legal and Democratic	Services £75,000	Essex	Yes	2yrs + 1 year extension
Chelmer Park Pavilion Roof Replacement	Building Services	Works - £95,000	Essex	Yes	
Market Road Public Convenience Roof Replacement	Building Services	Works - £100,000	Essex	Yes	
Aquila House Refurbishment	Property Services	Works - £1.6million	Essex	Yes	
Community Stewardship Assessment	Spatial Planning	Services - £30,000	Birmingham		6 months.
Strategic Flood Risk Assessment	Spatial Planning	Services £23,000	North Yorkshire		3 yrs.
Retail Capacity Study	Spatial Planning	Services - £40,000	London	Yes	3 yrs.
Extension to 2a Rainsford Lane	Property Services	Works - £400,000	Essex	Yes	
Beaulieu Sports Pitch Upgrade	Parks	Works - £90,000	Nottinghamshire	Yes	
Play Areas Surfacing Framework	Parks	Works - £1,000,000	n/a multiple suppliers		4 yrs.
Chelmer Waterside Ground Investigation	Property Services	Works - £125,000	Leeds		
Theatre Remodelling & Refurbishment	Theatres	Works- £2,000,000	London	Yes	

Central Park Lake Bank Stabilisation	Parks	Works- £30,000	North Walsham		
Light Industrial Units Galleywood Hall	Property Services	Works-£1.3million	Essex	Yes	
Process – Full Tender and PCR 2015 Applies (Over OJEU OR considered to be of Strategic Importance) #					
Signs and Lines Framework	SEPP	Goods/ Works - £300,000	n/a multiple suppliers		4 yrs.
Building Maintenance DPS	Building Services	Services/Works - £14,250,000	n/a multiple suppliers		5 yrs + 5 yrs.
Procurements via Purchasing Framework					
Fuel – CCS Fuels Framework	Operational Services	Goods - £1.5million	n/a multiple suppliers		2 yrs.
ESRI GIS – CCS DAS Framework	Digital Services	Services - £37,000	Aylesbury		1 yr.
Chelmer Waterside Marketing Advice – Homes England Framework	Property Services	Services - £90,000	London		1yr.
Employment Land Review – Homes England Framework	Spatial Planning	Services - £30,000	London	Yes	36 months.
Local Plan Consultancy - ESPO 664 21 Framework	Spatial Planning	Services - £150,000	Aberdeen	Yes	4 yrs.
Chelmer Waterside Bridge – CCS Framework	Economic Development	Works - £12,000,000	Hillsborough		
Chelmer Waterside Project Manager – CCS Framework	Economic Development	Services - £125,000	London		1 yr.
Planning Consultancy - 6 Chelmsford Sites – CCS Framework	Property Services	Services - £130,000	London		2 yrs.
Microsoft Enterprise Subscription – KCS Framework	Digital Services	Services - £1,500,000	Pocklington		3 yrs.
Contract Extensions Taken					
MFD Leasing	Digital Services	Capita – extended a further 2 years.			

*These procurements were used to pilot the use of 10% weighting for social value in the scoring criterion.

Please note property deals are not affected by PCR (Public Contract Regulations).

Social Value Procurements 2021/22

Procurement Process / Winning Bidder	SME	Chelmsford or Essex-based?	SV Weighting	SV Score	SV Tender Ranking	Prompt Payment
Chelmer Park Pavilion Roof Replacement	Yes	Chelmsford	10%	6%	Joint 2 out of 5	Standard 30 days
Market Road Public Convenience Roof Replacement	Yes	Essex	10%	7.60%	1 out of 5	Subcontractors within 14 days
Aquila House Refurbishment	Yes	Essex	10%	6.33%	2 out of 5	Standard 30 days
Beaulieu Sports Pitch Upgrade	Yes	No	10%	5%	Joint 2 out of 3	Unknown
Play Area Surfacing Framework (Details of highest scoring bidder, multiple suppliers on framework)	Yes	No	10%	6%	Joint 3 out of 4	Unknown
Chelmer Waterside Ground Investigation	No	No	10%	7.20%	1 out of 5	14-day Prompt Payment for SMEs
Theatre Remodelling & Refurbishment	Yes	No	10%	6%	1 out of 3	28-day payment
Light Industrial Units Galleywood Hall	Yes	Essex	10%	6%	Joint 2 out of 5	Standard 30 days
Signs and Lines Framework (Details of highest scoring bidder, multiple suppliers on framework)	Yes	Essex	10%	4.8%	5 out of 7	Standard 30 days



Chelmsford City Council

Audit & Risk Committee

14th December 2022

Audit and Risk Committee Work Programme

Report by:

Audit Services Manager

Officer Contact:

Elizabeth Brooks, Audit Services Manager elizabeth.brooks@chelmsford.gov.uk

Purpose

This report updates the rolling programme of work for this Committee.

Recommendations

That the rolling programme of work for the Committee is agreed.

1. Introduction

- 1.1. The Audit & Risk Committee works to a standard programme of work to ensure that their work is spread evenly across meetings, as far as possible, and to ensure that core reports are produced at the appropriate time within the Council's reporting timetable.

2. Self-assessment and training

- 2.1. CIPFA issued a new position statement on Audit Committees in September 2022. A review of the position statement against our current Committee terms of reference and governance arrangements will be undertaken to ensure that we continue to be aligned to best practice. A new survey of Committee Members will also be undertaken in line with any new recommendations from the guidance.

3. Rolling Programme of Work

- 3.1. Many of the reports submitted to this Committee are presented on a cyclical basis and can be timetabled for particular meetings. However, from time to time additional

reports are requested which are presented to future meetings. The proposed rolling programme of work for this Committee for the next series of meetings is shown below.

15th March 2023

Agenda Item	Report Owner
External Audit Update	BDO
Internal Audit Plan 2023 + Internal Audit Charter 2023	Audit Services Manager
Counter Fraud Strategy Action Plan Update	Audit Services Manager
Accounting Policies	Accountancy Services Manager (S151)
Audit & Risk Committee Work Programme	Audit Services Manager

14th June 2023

(Joint meeting with Governance Committee)

Agenda Item	Report Owner
Review of the Local Code of Corporate Governance	Legal and Democratic Services Manager
Annual Governance Statement	Legal and Democratic Services Manager

(Audit & Risk Committee)

Agenda Item	Report Owner
External Audit Update	BDO
Revenue (Outturn)	Accountancy Services Manager (S151)
Capital Monitoring (Outturn)	
Internal Audit Annual Report 2022/23	Audit Services Manager
Audit & Risk Committee Annual Report 2022/23	
Review of the Audit & Risk Committee's Terms of Reference	
Risk Management Report	Procurement and Risk Services Manager
Audit & Risk Committee Work Programme	Audit Services Manager

20th September 2023

Agenda Item	Report Owner
External Audit Update	BDO
Health and Safety Annual Report	Public Health and Protection Services Manager
Modern Slavery Report	Procurement and Risk Services Manager/ Public Health and Protection Services Manager
Counter Fraud Strategy Action Plan Update	Audit Services Manager
Audit & Risk Committee Work Programme	Audit Services Manager

13th December 2023

Agenda Item	Report Owner
External Audit Update	BDO
Internal Audit Interim Report 2023/24	Audit Services Manager
Counter Fraud Annual Report 2023	Audit Services Manager
Risk Management Report	Procurement and Risk Services Manager
Procurement Update	Procurement and Risk Services Manager
Audit & Risk Committee Work Programme	Audit Services Manager

List of appendices: None

Background papers: None

Corporate Implications

Legal/Constitutional: The Council has a duty to maintain an effective internal provision to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Regulation 5 (Part 1) of the Accounts and Audit Regulations 2015). Numerous legislation also emphasises the importance of the audit committee, including:

- Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016)

- PSIAS
- the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: The role of the Audit & Risk Committee in relation to risk management covers: assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risks; keeping up to date with the risk profile and the effectiveness of risk management actions and; monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management.

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees: None

Relevant Policies and Strategies: None
