

Audit and Governance Committee

**Tuesday, 25 June 2019 at 6.30pm
in the Belle Vue Suite, Belle Vue Offices, Skipton**

The Chair (Councillor Hull) and Councillors Barrett, Handley, Harbron, Lis, Mercer, Noland, Place and Wheeler.

Independent Person: Mr G Robinson

Exclusion of the Public: In accordance with the Council's Access to Information Procedure Rules, Members are recommended to exclude the public from the meeting during the consideration of agenda item 8 on the grounds that it is likely that if members of the public were present that there would be disclosure to them of exempt information as defined in Paragraph 3 (relates to the financial or business affairs of any person including the Authority holding that information) of those Rules and Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

AGENDA

- 1. Apologies for absence** – To receive any apologies for absence.
- 2. Minutes** – To approve the minutes of the meeting held on 2 April 2019.
- 3. Public Participation** – In the event that any questions/statements are received or members of the public attend, the public participation session will proceed for a period of up to fifteen minutes.
- 4. Declarations of Interest** – All Members are invited to declare at this point any interests they have in items appearing on this agenda, including the nature of those interests.

(Note: Declarations should be in the form of:

a ***“disclosable pecuniary interest”*** under Appendix A to the Council's Code of Conduct, or ***“other interests”*** under Appendix B or under Paragraph 15 where a matter arises at the meeting which relates to a financial interest of a friend, relative or close associate.

A Member of Council who has a disclosable pecuniary interest must leave the room and not take part in the discussion or vote. When declaring interests under Appendix B or Paragraph 15 of the Code, Members must move to the public seating area, not vote, and speak only if members of the public are also allowed to speak at the meeting.)

5. Annual Governance Statement 2018/19 – Report of the Chief Finance Officer (s151 Officer)

Purpose of report – To present the Annual Governance Statement 2018/19 for consideration and approval.

6. Update on the Counter Fraud and Corruption Arrangements Action Plan – Outstanding Actions – Report of the Chief Finance Officer (s151 Officer)

Purpose of report – To present an analysis of the Counter Fraud and Corruption Arrangements Action Plan.

7. Exemptions granted under Contract Procedure Rules – Report of the Chief Finance Officer (s151 Officer)

Purpose of Item – To report on any exemptions granted from the Council's Contract Procedure Rules.

8. Exemption from Contract Procedure Rules to extend agreement for provision of Civil Engineering Support (Excluded) – Report to the Strategic Manager for Planning and Regeneration

Purpose of the Report – To request an exemption from the Contract Procedure Rules to extend the arrangement with Pendle Borough Council for the provision of civil engineering services.

9. (a) Internal Audit – Implementation of Recommendations – Report of the Chief Finance Officer (s151 Officer)

Purpose of report – To update Audit and Governance Committee on priority one internal audit recommendations outstanding, all those completed in the period and provide a summary of the numbers of priority two and priority three recommendations which have not yet been cleared.

(b) Annual Internal Audit Report 2018/19 – Report of the Audit Services Manager

Purpose of report – To consider the key findings and conclusions from audit work undertaken in 2018/19 and provide an update on the overall adequacy and effectiveness of the Council's arrangements for risk management and governance and on its internal controls.

10. Regulation of Investigatory Powers Act 2000 – Report to the Solicitor to the Council (Monitoring Officer)

Purpose of Report - To advise the Committee on the Council's use of covert surveillance under the Regulation of Investigatory Powers Act 2000 and to seek approval of the Council's updated RIPA Policy Statement.

11. Any other items which the Chairman decides are urgent in accordance with Section 100B(4) of the Local Government Act, 1972.

Agenda Contact Officer:

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Recording at Council Meetings: Recording is allowed at Council, Committee and Sub-Committee meetings which are open to the public, subject to

(i) the recording being conducted with the full knowledge of the Chairman of the meeting; and

(ii) compliance with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available on request. Anyone wishing to record must contact the agenda contact officer (details above) prior to the start of the meeting. Any recording must be conducted openly and not disrupt proceedings.

Emergency Evacuation Procedure

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The assembly point is in Belle Vue Square at the front of the building, nearest the main road. An officer will take a roll call once everyone is out of the building.

Please do not leave a meeting without telling the Chairman or a representative of Legal and Democratic Services.

Terms of Reference – Audit and Governance Committee

(a) In relation to internal and external audit activities, to:

- draw together the key components of corporate governance in relation to audit; promoting internal control, focusing audit resources and monitoring the management and performance of the providers of Internal Audit Services;
- consider the Annual Report and Opinion from Internal Audit, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements;
- consider summaries of specific internal audit reports focusing on those areas that receive 'limited assurance';
- consider a report from Internal Audit on the implementation status of agreed recommendations;
- consider the External Auditor's Annual Letter, relevant reports, plans, and report to those charged with governance;
- consider specific reports as agreed with the External Auditor;
- comment on the scope and depth of External Audit work and to ensure it gives value for money;
- liaise with the Audit Commission over the appointment of the Council's External Auditor; and
- approve the annual work programmes for Internal and External Audit and, in exceptional cases, to have the ability to commission work directly from audit providers.

(b) In relation to the Council's regulatory framework, to:

- ensure the effective development and operation of corporate governance within the Council and to maintain the Council's Constitution: the Standards Committee to be consulted on the review of any codes and protocols that relate to the ethical framework;
- review issues referred to it by the Chief Executive, Director, Corporate Head or any Council body;
- approve the corporate risk management framework in accordance with the Risk Management Strategy and Policy Statement; and monitor the effective development and operation of the risk management process: make any necessary changes to the process, including any recommendations for changes to the Strategy and Policy Statement;
- monitor Council policies on 'Whistle-blowing' and the Anti-fraud and Anti-corruption strategy;
- monitor progress on implementation of Internal Audit recommendations;
- oversee the production of the authority's Statement on Internal Control and to recommend its adoption to the Policy Committee / Council;
- consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice; and
- consider the Council's compliance with its own and other published standards and controls.
- Monitor the use of the Regulation of Investigatory Powers Act 2000.

(c) In relation to the Council's Financial Statements / Accounts, to:

- review and approve the annual Statement of Accounts, including whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Policy Committee / Council

- consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

(d) Under Part 4 (Parishes), Chapter 3 (Reorganisation) of the Local Government and Public Health Act 2007 (and any amending legislation):

- to be responsible for conducting community governance reviews within the District.

AUDIT AND GOVERNANCE COMMITTEE

2 April 2019

Present – The Chair (Councillor Harbron) and Councillors Brown, Hull, Lis, Mercer and Place.

Independent Person – Greg Robinson.

Officers – Chief Executive, Chief Finance Officer (s151 Officer), Solicitor to the Council and Monitoring Officer, Interim Audit Services Manager, Auditor, Democratic Services Manager and Clerical Officer.

Apologies for absence were received from Councillors Barrett, Brockbank and Whitaker.

Start: 6.30pm

Finish: 7.55pm

The minutes of the meeting held on 29 January 2019 were approved as a correct record and signed by the Chair.

Minutes for Report

AC.342 **INTERNAL AUDIT: AUDIT SERVICES PROGRESS REPORT**

The Audit Services Manager submitted a report which presented an update on progress made against the 2018/19 Internal Audit plan up to 22 March 2019.

Resolved – That the report and appendices are noted.

AC.343 **INTERNAL AUDIT: DRAFT INTERNAL AUDIT PLAN 2019/20**

The Audit Services Manager submitted a report which presented the proposed Internal Audit Plan for 2019/20 for consideration and approval.

The Chair welcomed to the meeting, Alison Johnson, Interim Audit Services Manager and Julie Fearn, Auditor, to present the report and respond to Members' questions and comments.

The key areas of discussion were:

- Confirmation that consideration of environmental policies was to be included under the heading 'policy management'.
- A suggestion that the Town Hall project is added to the proposed Internal Audit Plan. It was advised that it was too early to include the Town Hall project at this stage. Contingency days had been included to enable future consideration of items if required.

Resolved – That the Internal Audit Plan for 2019/20 is approved.

AC.344 **INTERNAL AUDIT REPORTS**

The following audit services reports were submitted:

- a) Property Valuations – Significant level of assurance reported

Resolved – That the outcome of the Audit Service Report in relation to Property Valuations, is noted.

- b) Housing Benefit – Significant level of assurance reported.

Resolved – That the outcome of the Audit Service Report in relation to Housing Benefit, is noted.

- c) Creditors – Significant level of assurance reported.

One Member queried the status that had been applied to the level of assurance. It was advised that no priority one recommendations had been identified as part of the overall testing that had been undertaken.

Resolved – That subject to the above comments, the outcome of the Audit Service Report in relation to Creditors, is noted.

- d) Debtors – Good level of assurance reported.

Members highlighted the need for further training for senior managers. There was also a need to review how debt was monitored and recovery action.

Resolved – That subject to the above comments, the outcome of the Audit Service Report in relation to Debtors, is noted.

- e) Council Tax & Non Domestic Rates 2017/18 – Significant level of assurance reported.

Resolved – That the outcome of the Audit Service Report in relation to Council Tax & Non Domestic Rates 2017/18, is noted.

- f) Health and Safety Arrangements 2018/19 – Partial Level of Assurance reported.

Members emphasised the importance of ensuring that health and safety policies and procedures were kept up to date. There was a need to undertake a review of first aiders within each office. The ability to log and review incidents was also important.

Resolved – That subject to the above comments, the outcome of the Audit Service Report in relation to Health and Safety Arrangements 2018-19, is noted.

- g) Peer Review of Recommendations 2018/19 – Significant Level of Assurance reported.

Resolved – That the outcome of the Audit Service Report in relation to Peer Review of Recommendations 2018/19, is noted.

- h) Use of Social Media 2018/19 – Significant Level of Assurance reported.

Resolved – That the outcome of the Audit Service Report in relation to the Use of Social Media 2018/19, is noted.

AC.345

EXTERNAL AUDIT: 2018/19 AUDIT PROGRESS REPORT

A report was submitted by Mazars, which provided an update on progress in delivering its responsibilities as external auditor for the Council.

The Chair welcomed the following representatives to the meeting:

- Karen Murray, Engagement Lead, Public Services Audit, Mazars
- Daniel Watson, Engagement Manager, Public Services Audit, Mazars.

Resolved – That the audit progress report is noted.

AC.346

**INTERNAL AUDIT: IMPLEMENTATION OF
RECOMMENDATIONS**

The Chief Finance Officer (s151 Officer) submitted a report which presented an update on implementation of internal audit recommendations.

The Chair welcomed to the meeting, Nicola Chick, Chief Finance Officer (s151 Officer) to present the report.

Members acknowledged that there had been a significant improvement in relation to completed recommendations. The Committee welcomed this positive development.

Resolved – That the position in respect of implementation of internal audit recommendations is noted.

AC.347

RISK REGISTER REVIEW 2019 – DRAFT RISK REGISTER

The Chief Finance Officer (s151 Officer) submitted a report which presented a draft version of the Council's updated corporate risk register.

Members received an update on proposed changes to the corporate risk register, which reduced the risks from 33 to a more manageable 8. It was advised that the information was to be used as part of the Elected Member risk management training session on Monday, 10 June 2019.

Resolved –

- a) That the draft risk register and progress to date is noted.
- b) That the proposed changes to the corporate risk register are approved.
- c) That a Member and Officer session is convened to enable Members of the Committee to work with CLT and SLT to create an appropriate risk appetite for the Council.

AC.348

**CRAVEN MUSEUM AND ART GALLERY – DELIVERY PHASE
RISKS**

The Chief Finance Officer (s151 Officer) presented the Craven Museum and Art Gallery – Delivery Phase Risks for Members' information. It was advised that the information had been presented to provide Members with an overview of progress made to date and highlight any key issues.

Resolved – That the Craven Museum and Art Gallery – Delivery Phase Risks is noted

AC.349

ANY OTHER ITEMS

There were no other items to consider.

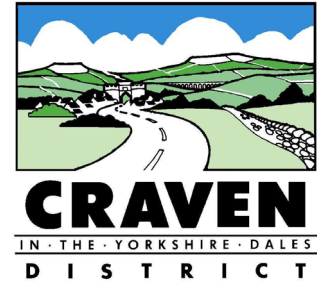
Minutes for Decision

There were no items recommended to Council for a decision.

Chairman.

Audit & Governance Committee – 25th June 2019

Annual Governance Statement 2018/19



Report of the Chief Finance Officer (Section 151)

Ward(s) affected: All

1. Purpose of Report

- 1.1. To present the Draft Annual Governance Statement for 2018/19 for consideration and approval by Committee, and sign off by the Chair of the Audit Committee and the Chief Executive.

2. Recommendation

- 2.1. Members are recommended to approve the Annual Governance Statement which will form part of the Statement of Accounts 2018/19.

3. Annual Governance Statement (AGS)

- 3.1. Governance comprises the arrangements put in place by the Council to ensure that the intended outcomes for stakeholders are defined and achieved.
- 3.2. The Council operates a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes, as set out in the Local Code.
- 3.3. The Code reflects the core principles taken for the delivery of good governance taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) as contained within the Delivering Good Governance in Local Government: Framework (updated April 2016) developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).
- 3.4. The CIPFA/SOLACE Framework defines proper practices for the form and content of a governance statement that meets the requirement to prepare and publish a statement of internal control. The preparation and publication of an AGS in accordance with the CIPFA/SOLACE Framework meets the statutory requirements set out in Regulation 4(2) of the Accounts and Audit Regulations which requires authorities to “conduct a review at least once a year of the effectiveness of its system of internal control” and to prepare a statement on internal control “in accordance with proper practices.
- 3.5. In common with most local authorities, the Council has a well-established system of internal control in place. The review of effectiveness formally demonstrates that these controls are operating effectively and if they are not then it identifies areas for improvement.

- 3.6. The AGS provides public assurance that the Council has a sound system of internal control, designed to help manage and control risks that will impede the achievement of its objectives. The AGS should not be seen as a purely financial requirement, but as an important public expression of what has been done and how priorities have been set out and monitored. The requirement for it to be signed by the Chair of Audit and Governance Committee and the Chief Executive reflects the importance with which it is viewed.
- 3.7. Whilst all meetings of the Authority and its Committees are an integral part of our corporate governance framework, the Audit and Governance Committee has a specific role which is key to its operation. The Committee should determine whether it is satisfied that the review process has been rigorous and thorough.
- 3.8. The AGS sets out the significant governance issues outstanding at the end of 2018/19 and the proposals for addressing them during 2019/20. Committee Members should ensure that they are satisfied with the corrective actions being proposed.
- 3.9. The External Auditor will be considering the AGS as part of the review of the Statement of Accounts for 2018/19. The Auditor is required to issue an opinion on the accounts and “sign them off”.
- 3.10. Members are recommended to approve the Annual Governance Statement which will form part of the Statement of Accounts 2018/19.

4. Implications

4.1. Financial and Value for Money Implications

None arising directly from this report.

4.2. Legal implications

The Council is required to publish an Annual Governance Statement (AGS) which must accompany its Annual Statement of Accounts in compliance with the Accounts and Audit (England) Regulations 2015 – Regulation 6(1)b.

4.3. Contribution to Council Priorities

Financial resilience through appropriate procedures and practices

4.4. Risk Management

Implementation of measures to improve the Council’s governance arrangements help to mitigate against Corporate Governance risks.

4.5. Equality Analysis

The Council’s Equality Impact Assessment Procedure has been followed. An Equality Impact Assessment has not been completed on the proposals as completion of Stage 1- Initial Screening of the Procedure identified that the proposed policy, strategy, procedure or function does not have the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

5. Consultation with Others

CLT, Corporate Governance Working Group, SLT, Internal Audit Manager,

6. **Access to Information: Background Documents**
CIPFA – Delivering Good Governance in Local Government.
Local Code of Governance
7. **Author of the Report**
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8. **Appendices**
Appendix 1 - Annual Governance Statement 2018/19



Craven District Council

Annual Governance Statement 2018/19

DRAFT

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1.1 Scope and Purpose of the Governance Framework

Craven District Council is responsible for conducting its business in accordance with the law, and for ensuring that public money is used efficiently and properly accounted for.

The Council is responsible for putting in place governance arrangements to ensure it exercises its duties and functions with proper regard to legislation and guidance. These arrangements include financial controls, risk management, audit and performance management.

The Council's Governance Framework describes the systems, processes cultures and values, by which the Council is directed and controlled.

The Council has approved and adopted a Local Code of Governance (the Code), which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

A copy of the Local Code and a description of our governance arrangements can be obtained from the Council's website at <https://www.cravendc.gov.uk/the-council/corporate-governance/>

or by writing to:

Financial Services, Craven District Council, 1 Belle Vue Square, Broughton Road, Skipton, North Yorkshire, BD23 1FJ.

This Statement describes how Craven District Council has complied with this Code and meets the requirements of Regulation 6 of the Accounts and Audit (England) Regulations 2015, which require the Council to prepare an Annual Governance Statement.

This statement gives assurances on compliance with Craven District Council's governance framework for the year ending 31 March 2019 and up to the date of approval of the Statement of Accounts for 2018/2019.

1.2 Annual Review of Effectiveness

Craven District Council must conduct, at least annually, a review of the effectiveness of its governance framework.

The Council has reviewed the effectiveness of its governance mechanisms as outlined in the Local Code of Governance.

The purpose of the review is to identify and evaluate the controls in place to manage key risks, evaluate any assurances received from responsible Officers, and identify gaps in controls and assurances. Areas of improvement have been identified and are outlined in the Statement.

Review of the governance framework is overseen by the Council's Strategic Finance Manager (s151 Officer) and undertaken by the Corporate Governance Working Group consisting of the Corporate Leadership Team (CLT) and representatives of the service managers that form the Council's Senior Leadership Team (SLT).

The review of effectiveness is informed by the work of the Corporate Leadership Team (CLT) who have responsibility for developing and maintaining the governance environment, the Internal Audit Services Manager's annual report. The report considers recommendations made by external auditors as well as feedback from other review agencies and inspectorates including the LGA Peer Review process.

The outcomes of the review are considered and approved by the Audit and Governance Committee. The Audit and Governance Committee has overall responsibility for ensuring the effective development and operation of corporate governance within the Council.

Issues identified in the Annual Governance Statement and management actions to reduce risks have been reported to Audit & Governance Committee and/or Policy Committee and/or Council. These reports where appropriate have also included new issues for consideration.

1.3 Specific Assurances

The following specific assurances have been obtained to support this statement:

Chief Finance Officer, Section 151 Officer: The CIPFA statement on the role of the Chief Financial Officer requires them to provide assurance on financial decision making, financial accounting and reporting, internal control, and risk management. These assurances have been considered through the review of our governance arrangements. The Council's arrangements conform to CIPFA requirements.

Chief Information Officer: Craven District Council maintains externally verified (annually) compliance with the Governments PSN (Public Services Network) and the Payment Card Industries PCI-DSS (Payment Card Industries – Data Security Standards). Compliance with these standards provides confidence that services used over the technical network will work without problems, gives assurance that our data and our customers data is protected in accordance with our Information Assurance (IA) commitments and ensures that in the event of things going wrong they can be quickly put right. In the case of PCI-DSS it also ensures that adequate controls are in place surrounding the storage, transmission and processing of customer payment card data.

Audit Services Manager: The 2018/19 financial year was the first year of a new 3 year shared service arrangement between Craven District Council and Harrogate Borough Council. This follows the completion of a successful 3-year arrangement with Harrogate Borough Council which ran from 2015/16 to 2017/18. There were 14 audit reports completed during 2018/19. 8 of these indicated a 'substantial' level of assurance, 2 a 'good' level of assurance and 4 a 'partial' level of assurance. Progress against all Internal Audit recommendations is routinely monitored and reported to the Audit & Governance Committee.

External Audit: The external audit of the Council is provided by Mazars. Whilst external auditors are not required to form an opinion on the effectiveness of the Council's risk and control procedures, their work does give a degree of assurance. The Council believes that a proactive relationship with the Mazars strengthens its governance arrangements. Regular meetings have taken place to cover corporate governance, accounting and internal audit matters. There were no significant issues arising from the 2018/19 Audit.

1.4 Local Government Ombudsman

The Local Government Ombudsman Annual Review letter was published in July 2018. The report considered 9 complaints referred to the Ombudsman in for the year ended 31 March 2018. One of the 9 complaints was upheld. 4 were referred back to the Council for local resolution and 1 was closed after initial enquiries.

The letter is published online at

<https://www.lgo.org.uk/documents/councilperformance/2018/craven%20district%20council.pdf>

The Review letter for the year ended 31 March 2019 is expected in July 2019.

1.5 Performance against the Local Code of Corporate Governance

The Council considers that its governance arrangements continue to be fit for purpose and compliant with our Local Code of Corporate Governance. In undertaking our review of effectiveness we have assessed our performance against the detailed arrangements set out in the code.

The Council has assessed and confirms that arrangements detailed within the Local Code are in place and no significant weaknesses to our governance arrangements have been identified. However, in doing so we have identified a number of areas for improvement to form part of our Governance Improvement Plan.

It is stressed that no system of control can provide absolute assurance against material mis-statement or loss. This statement is intended to provide reasonable assurance.

The following pages detail our assessment of compliance with the arrangements we have in place to meet the governance principles as set out in our Local Code, along with our Governance Improvement Plan.

2. Review of Actions from the Annual Governance Plan, 2018/19

Action to Improve Governance Arrangements

Update

GS 18/19/01

Constitution

Undertake a light touch review of the Constitution

A light-touch review of the council's constitution was completed in July 2018, and an updated version was uploaded to the council website. The constitution can be accessed at https://www.cravendc.gov.uk/media/7280/constitution_2018-july-ch-revisions.pdf

The Constitution was reviewed and adopted by Full Council at its August meeting.

This action was **completed**.

GS 18/19/02

Nolan principles

Further develop and embed understanding of the Nolan Principles and the linkages between them and the Council's Officer Code of Conduct and Core Values amongst Officers at all levels throughout the Council

A 'Principles of Public Life' flyer has been designed. This was distributed in the annual reminder for the Officer's Code of Conduct in April 2019, and will be continue to be included in the annual reminder for the Officers' Code of Conduct in future.

This action was **completed**.

GS 18/19/03

Consultation and Engagement

Work to further develop understanding of and embed the North Yorkshire Joint Principles for Consultation across all services

The council successfully completed a comprehensive budget consultation exercise, with an improved rate of return. The 'North Yorkshire Joint Principles for Consultation' have not been widely adopted across North Yorkshire, and the council will review its approach to consultation in 2019/20.

This action was **partially completed**.

GS 18/19/04

Member Engagement

Enhance approaches to Member engagement through improvements to the Contact Your Councillor section of the Council's website and Member reporting on their work with Outside Bodies

We've introduced a new item on full Council agendas that provides an opportunity for Outside Body representatives to report back on initiatives, key work undertaken etc. This has included, for example, an update at the December Council meeting about the work of the Yorkshire Dales Leader Programme in relation to funding for local schemes. Members will continue to provide updates.

This action was **completed**.

GS 18/19/05

Economic, Social and Environmental Impacts

Improve our approach to ensure greater consideration of wider economic, social and environmental impacts of policy decisions in our decision making processes

Due to conflicting priorities a review of the economic, social and environmental impacts of policy decisions has been rescheduled for 2019/20 financial year. This will allow our approach to understanding the economic, social and environmental impacts of policy decisions to be reviewed alongside the 'beyond 2020' planning exercise, ensuring that the potential impacts of our long-term decisions are fully considered at an early stage.

This action was **not completed but is planned for 2019/20**.

GS 18/19/06

Project management

Improve our approach to project management to ensure that the range of improvement projects implemented across Council services are done so effectively to maximise outcomes and make best use of resources

A Project Centre has been established on our Intranet providing guidance in terms of the 'Craven Project Methodology' through a project management toolkit, also provided are standard templates for the management and control of projects across the organisation. Additionally, the Transformation Team provide guidance and support where required on key projects.

This action was **completed**.

GS 18/19/07

Procurement

Review procurement to ensure arrangements continue to be fit for purpose, secure value for money, and contribute the achievement of added value (social value) within the community including publication of an updated Procurement Strategy, improved use of E-Tendering, staff training and development, and improved supplier engagement and contract management

An approach to ensuring the continuous improvement of procurement support has been identified, and an improved service agreement with Procure North Yorkshire is currently under negotiation. The e-tendering system (Proactis Procontract/Yortender) is widely used and training is available to all staff with budget responsibility.

Improving social value and supplier engagement will be included in the revised procurement strategy, which will be put in place once the new support service contract is agreed.

This action was **partially completed and further action is planned for 2019/20**.

GS 18/19/08

Arrangements to secure value for money

Review and update of the Council's Value for Money Framework

Due to staffing changes in the Finance team, this review did not happen during 2018/19 and will be rescheduled to take place in 2019/20.

This action was **not completed**.

GS 18/19/09

Officer induction

Review and improve the effectiveness of the Council's approach to Officer Induction

The Officer Induction was reviewed during 2018. The induction programme is now subject to ongoing review; we encourage Officers to actively contribute to its development. Recent changes include improved arrangements for Finance and Performance in the Managers' induction.

This action was **completed**.

GS 18/19/10

Member training

Review and improve the Council's approach to training for new Members

This year we've introduced mandatory training for Members of Planning and Licensing Committee. We've already run two successful sessions. Further training will be introduced in the coming year.

This action was **completed**.

GS 18/19/11

Risk Management

Implement the revised corporate approach to risk management to ensure arrangements are fully embedded within the culture of the organisation, are fit for purpose and identified risks effectively addressed.

Risk management training has been provided for Managers to enable alignment of risks with the Council Plan. Risk management working group established of officers and members. Update of risk registers undertaken to align risks with Council plan priorities. Training for members on governance and risk management arranged. Risk appetite for the Council to be jointly developed by Senior Managers and Member representatives from the Audit & Governance Committee. Further training for Members will take place on 10th June 2019.

This action was **completed**.

GS 18/19/12

Counter Fraud and Corruption

Further strengthen Counter Fraud and Corruption Arrangements to drive a strong anti fraud and corruption culture from corporate to operational level

Briefings for staff to ensure that fraud awareness / detection and prevention remains a focus. Role within Revenues and Benefits Service being developed to focus on Fraud within the service and also across the Council. Risk based approach to internal audit service reviews developed and weaknesses in service procedures being identified and recommendations for improvement made. Allocation in the Internal Audit Plan for fraud review work.

This action was **completed**.

GS 18/19/13

Internal Audit

Undertake an assurance mapping exercise to further integrate the role of Internal Audit within the Council's 'assurance framework'

Internal audit assurance mapping exercise limited work due to staff changes. Internal audit work moved to more risk based audit review process from the traditional audit reviews and service audit reviews selected as appropriate. Internal Audit service procured specialist software to assist with reporting structure.

This action was **partially completed**.

GS 18/19/14

Data Protection

Implement our action plan to ensure compliance with the requirements of the new General Data Protection Regulations

New Data Protection guidance was issued to Members and to Officers in October 2018, covering all aspects of the change in regulation.

The council has a comprehensive approach to managing Data Protection risks which is described in our Information Management and Governance Strategy. A brief guide can be found at:

<http://cdcintranet.cravendc.gov.uk/media/1430/at-a-glance-img-strategy-guide.pdf>

Our Data Protection requirements are now reviewed on an ongoing basis and activity forms a part of a quarterly update to the Council Leadership Team.

This action was **completed**.

GS 18/19/15

Partnership Governance

Ensure appropriate governance arrangements are instigated for and effectively embedded in Council performance review and monitoring arrangements existing and new partnership arrangements, including the Great Places Partnership with South Lakeland District Council and the Council's Joint Venture Regeneration Scheme

The Council's Joint Venture Partnership is governed by a Joint Venture Agreement with performance review undertaken by the JV Board. The JV Board comprises Council Members and Council Officers. The JV Company delivers to the Business Plan approved by the Council. The Council's Policy Committee is required to approve all projects prior to any development proceeding. Internal Audit will be requested to review projects at an appropriate time.

This action was **completed**.

GS 18/19/16

Data Transparency

Raise awareness of requirements for data publication under Data Transparency Guidelines, improve ownership across services of services and look to opportunities for improvement to data publication arising from the implementation of the new website

Data Transparency is a key principle of our Digital Strategy. A brief guide can be found at:

<http://cdcintranet.cravendc.gov.uk/media/1426/at-a-glance-digital-strategy-guide.pdf>

The new CDC website was launched in January 2018 and contains an improved range of public information.

We are regularly reviewing and identifying opportunities for greater transparency on an ongoing basis (for example, the comprehensive information that we are publishing relating to our progress on the Local Plan).

Our activity on Data Transparency is part of a quarterly update to the Council Leadership Team.

This action was **completed**.

3. Review of Effectiveness for 2018/19

This section of the report describes our self-assessment of our effectiveness in applying the principles we have identified in the Local Code of Governance over the past financial year.

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

Overall Assessment: We are achieving this principle

The Council's ethical values and the legal requirements of our work are clearly communicated and regularly reinforced.

The Council's constitution is reviewed and updated annually. A light touch review was completed and agreed by Council in July 2018. The Nolan Principles have been actively promoted to Members and Officers, and this activity is now part of the Council's routine 'annual reminder' activity for all staff.

3.2 Principle B – Ensuring openness and comprehensive stakeholder engagement

Overall Assessment: We are largely achieving this principle, but with some minor areas for targeted improvement

The Council has engaged successfully with a range of stakeholders to deliver key projects. This includes, for example, our successful engagement with Friends of Aireville Park and our partnership projects with local NHS organisations. The Great Place: Lakes and Dales project has included a wide range of activity to increase our engagement with young people in the area.

The 2018/19 budget consultation exercise achieved our highest ever response rate. We believe that there is an opportunity to increase the response rate for young people in next year's consultation.

Improvement Action 1: Ensure that the response rate for the budget consultation exercise remains high, and that the number of responses from young people is increased.

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

Overall Assessment: We are partially achieving this principle

Some improvement is required to ensure that we achieve this principle in 2019/20

The Council has a clear vision which provides a strong basis for strategy, planning and decision-making. The required resources and intended outputs of projects and service activities are clearly defined.

The Council does not always clearly define the longer-term outcomes that it expects to achieve for residents as a result of its activity.

Improvement Action 2: Ensure that project, partnership and service delivery plans clearly define the longer-term outcomes that we expect to achieve for residents.

The council does take into account financial, legal, risk and equality impact of all decisions. There remains a need to embed the assessment of economic, social and environmental impacts into decision-making processes.

Improvement Action 3: Review our approach to assessing the economic, social and environmental impact of decision-making. Ensure that meaningful consideration of these impacts is embedded in our processes.

3.4 Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

Overall Assessment: We are partially achieving this principle

Some improvement is required in key areas to ensure that we achieve this principle in 2019/20

The council continues to achieve many aspects of this principle including ensuring clear Lead Member responsibility for priorities, sound financial planning, comprehensive monitoring arrangements and regular contingency planning.

We improved our approach to project management during 2018/19, including introducing a Programme Office and developing a Project Management Toolkit. We now consider that staff have access to the tools and support necessary to manage projects effectively from initiation to completion.

There is a need to review the Council's arrangements for procurement support to ensure that colleagues are able to comply with our Contract Procedure Rules. The Council does not have an up-to-date Procurement Strategy or Procurement Forward Plan; these should be revised immediately following the renewal of our procurement support arrangements.

Improvement Action 4: Ensure that an appropriate procurement support arrangement is in place.

Improvement Action 5: Agree and implement an updated Procurement Strategy and Procurement Forward Plan.

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

Overall Assessment: We are largely achieving this principle, but with some minor areas for targeted improvement

The council continues to achieve many aspects of this principle. Leadership roles are clearly defined, there are transparent lines of delegated decision-making and an effective performance review process is in place. The Council's Apprenticeship scheme is a strength.

A revised induction programme is in place and this is subject to ongoing review. New training for Members has been introduced, with further training planned for 2019/20.

There have been recent improvements in arrangements to ensure the Health & Safety of our workforce, including a new strategy and a newly contracted Health & Safety Advisor. We must ensure that these recent improvements are embedded.

Improvement Action 6: Review progress on Health & Safety actions to ensure that identified improvements are fully embedded both in our defined processes and in practice.

3.6 Principle F – Managing risks and performance through robust internal control and strong public financial management

Overall Assessment: We are partially achieving this principle

Some improvement is required in key areas to ensure that we achieve this principle in 2019/20

The Council's approach to Risk Management was strengthened in 2018/19. A clear, defined approach to Risk Management was rolled out to all staff with further Member training planned for June 2019.

The Council has a clearly defined Performance Management Framework. Some elements of the framework require review to ensure that our performance management activity supports effective and constructive challenge and debate. We should ensure that projects and contracts are covered by our Performance Management activity, as well as ensuring that risk is regularly considered.

All required policies are now in place to ensure safe and effective data management. Our compliance with these policies is monitored on an ongoing basis and reported quarterly to the Council's Leadership Team.

Improvement Action 7: Ensure that the roll-out of our Risk Management approach is successfully completed, via member training and the development of a risk appetite statement.

Improvement Action 8: Revise the Performance Management Framework to ensure that regular performance meetings cover service delivery, projects and contracts and guarantee regular consideration of risk.

3.7 Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

Overall Assessment: We are largely achieving this principle, but with some minor areas for targeted improvement

The Council's approach to transparency is supported by clear policies and regular consideration is given to the style and volume of both reporting and data presented to the public and other stakeholders. The Council is compliant with the Local Government Transparency Code.

We have continued our strong and compliant Internal Audit shared service with Harrogate Borough Council. Our financial controls are well-established and effective. External Audit services are provided by Mazars.

Partnership governance arrangements are clearly defined. More work is still required to ensure that we are able to monitor the shared impact of partnership activity.

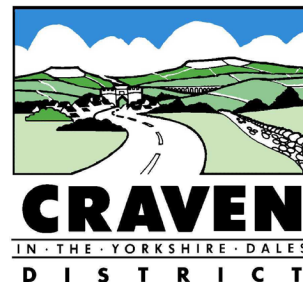
Improvement Action 9: Embed the review of partnership impact within the Council's performance review and monitoring arrangements.

4. Summary of improvement actions for 2019/20

| Principle | Actions |
|--|--|
| Ensuring openness and comprehensive stakeholder engagement | 1. Ensure that the response rate for the budget consultation exercise remains high, and that the number of responses from young people is increased |
| Defining outcomes in terms of sustainable economic, social and environmental benefits | 2. Ensure that all project, partnership and service delivery plans clearly define the longer-term outcomes that we expect to achieve for residents. 3. Review our approach to assessing the economic, social and environmental impact of decision-making. Ensure that meaningful consideration of these impacts is embedded in our processes. |
| Determining the interventions necessary to optimise the achievement of the intended outcomes | 4. Ensure that an appropriate procurement support arrangement is in place. 5. Agree and implement an updated Procurement Strategy and Procurement Forward Plan. |
| Developing the entity's capacity, including the capability of its leadership and the individuals within it | 6. Review progress on Health & Safety actions to ensure that identified improvements are fully embedded both in our defined processes and in practice. |
| Managing risks and performance through robust internal control and strong public financial management | 7. Ensure that the roll-out of our Risk Management approach is successfully completed, via member training and the development of a risk appetite statement. 8. Revise the Performance Management Framework to ensure that regular performance meetings cover service delivery, projects and contracts and guarantee regular consideration of risk. |
| Implementing good practices in transparency, reporting and audit to deliver effective accountability | 9. Embed the review of partnership impact within the Council's performance review and monitoring arrangements. |

Audit & Governance Committee – 25 June 2019

Update on the Counter Fraud and Corruption Arrangements Action Plan – Outstanding Actions



Report of the Chief Finance Officer (s151 Officer)

Ward(s) affected: All

1. Purpose of Report

- 1.1 To present to Members with an analysis of the Counter Fraud and Corruption Arrangements Action Plan elements that still require further work.

2. Recommendations

- 2.1 Members note the elements of the Action Plan that require further work.

3. The Report

- 3.1 Internal audit presented their findings of their review into the Council's position in relation to the CIPFA Code of Practice on Managing the Risk of Fraud & Corruption to the meeting of Audit and Governance Committee on 15 November 2016.
- 3.2 The assessment contained 68 questions / statements for measurement. The scoring of questions ranged from Red through Dark Amber to Light Amber and Green.
- 3.3 An action plan to address the areas where the Council was assessed as needing to implement improvements or procedures to comply with the Code was created. This initial action plan had 42 areas for improvement. The report to the meeting of Audit & Governance Committee on 26 June 2018 provided an update on the action plan and identified the elements that still required further work of which there were 22 out of the 42. This report updates progress on those actions and any still requiring additional work or completion to move them to a rolling ongoing status are identified at Appendix A, of which there are 12. Appendix B contains the completed actions which total 10.
- 3.4 The aim of the action plan is to ensure that in response to all the questions / statements the Council will achieve a minimum score of Light Amber in a future reassessment. This was felt to be a reasonable level of attainment for an authority the size of craven.

- 3.5 The Council does not currently subscribe to the CIPFA Counter Fraud Service and this is something that will need to be considered for the reassessment.
4. **Implications**
- 4.1 **Financial and Value for Money Implications**
None as a consequence of this report. However, should additional resources be required to address any of the issues then there will be a financial consequence. To enable re-measurement there will need to be a subscription paid to CIPFA of £2,350.
- 4.2 **Legal implications**
Leaders of 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 public financial management.
- 4.3 **Contribution to Council Priorities**
Effective management of the risk of fraud and corruption contributes to all the Councils Corporate Priorities by protecting assets and resources to ensure our aims are delivered.
- 4.4 **Risk Management**
The Council must have in place appropriate resources, strategies and policies to assist with mitigation of the risks associated with theft, fraud, corruption, bribery and ICT abuse, whether they are perpetrated by employees, councillors, Craven District residents, visitors, contractors, suppliers or individuals and organisations unconnected with the Council.
- 4.5 **Equality Impact Assessment**
The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.
5. **Consultations with Others**
None
6. **Access to Information : Background Documents**
None
7. **Author of the Report**
Nicola Chick, Chief Finance Officer (s151 officer)
Tel No 01756 706418; Email: NChick@cravendc.gov.uk
8. **Appendices**
Appendix A –Action Plan – Actions Outstanding.
Appendix B – Actions considered completed or progressed and embedded.

| Cipfa Criteria | | Current Score | Minimum Target Score | Action | Action Completion Target Date | Progress | Revised Target Date |
|-----------------------------------|--|---------------|----------------------|--|---|--|---|
| Acknowledge Responsibility | | | | | | | |
| A4/2 | Opportunities to improve resilience and achieve financial savings as a result of enhanced fraud detection or prevention initiatives are actively explored and supported by the leadership team. | Dark Amber | Light Amber | 1. Ensure that council continues to undertake empty property reviews. 2. Ensure that council continues to undertake single person discount reviews. 3. Council to undertake some reviews of HB claimants as part of quality check. 4. Assessment of value of targeted internal audit reviews as part of annual audit plan process. 5. Service area checks and reviews such as Car Parking – Blue Badge use, Craven Leisure Gym Memberships, Payroll & Creditors. | April – December 2017 June – September 2017 June – September 2017 April 2017 – March 2018 April 2017 – March 2020 | 1. Undertaken and as part of work of Revenues. Ongoing annual process. 2. Ongoing annual process. Options to sign up to an ongoing rolling review with other North Yorkshire LA's in progress. 3. Ongoing process. Checks being made. Changes to benefits implemented in relevant cases. 4. To be assessed in annual internal audit report. 5. Part of the audit plan of work. | Can move to ongoing embedded process once sign up to rolling review of single person discount completed later summer 2019 |
| Identify Risks | | | | | | | |
| B3/1 | The organisation identifies appropriate fraud loss estimates that are appropriate for its sector or fraud risk types. It uses these to inform its fraud risk assessment and to quantify the value of fraud prevention. | Red | Light Amber | Use of benchmarking data from relevant sources – CIPFA / NFI / NAO, & include in annual reporting. | September 2107 | Assessment will be used in reporting as appropriate. | June 2019 |

| Cipfa Criteria | | Current Score | Minimum Target Score | Action | Action Completion Date | Progress | Revised Target Date |
|---------------------------|---|---------------|----------------------|--|------------------------|--|----------------------------------|
| Develop a Strategy | | | | | | | |
| C2/1 | The organisation evaluates how it can best work with other organisations to address the fraud risk exposures. | Dark Amber | Light Amber | Evaluation to be undertaken as part of council work programme. | April – September 2018 | The Council has appointed an officer to address fraud issues. The focus will mainly be on Local taxation and benefits. However other service areas will also be subject to review. The Council works with DWP on benefit fraud via a memorandum of understanding. The Council is in the process of signing up with other North Yorkshire authorities to a continuous review programme for CTax single person discount rather than a biannual review. Further evaluation of other opportunities for joint working is required | December 2019 to assess progress |
| Provide Resources | | | | | | | |
| D1/3 | Internal audit reviews of counter fraud have included the availability of capacity and skills to manage fraud and corruption risks. | Dark Amber | Light Amber | Review to form part of 2017/18 Audit Plan | Commence April 2017 | Capacity for the authority to detect fraud was increased in May 2019. Future reviews will assess if this is adequate. | Review March 2020 |

FRAUD ACTION PLAN – ACTIONS OUTSTANDING
APPENDIX A

| Cipfa Criteria | | Current Score | Minimum Target Score | Action | Action Completion Date | Progress | Revised Target Date |
|--------------------------|--|---------------|----------------------|---|------------------------|---|----------------------|
| Provide Resources | | | | | | | |
| D2/1 | The resource planning that supports the strategy identifies the skills and experience required from the identified resources. | Red | Light Amber | Review of the Strategy will assess and aim to address this issue. | September 2017 | Capacity for the authority to detect fraud was increased in May 2019. Future reviews will assess if this is adequate. | Review March 2020 |
| D2/2 | Staff undertaking investigation work or bought in to conduct an investigation have appropriate training in fraud investigation, including professional accreditation for investigatory work. | Red | Light Amber | This will be addressed as part of the resource review for fraud work. | April – December 2017 | Capacity for the authority to detect fraud was increased in May 2019. Further development required in 2019/20. | Review March 2020 |
| D3/1 | Policies are in place to ensure that investigation staff are able to access the required information and staff to conduct the investigation. Protocols are in place to ensure that such access is proportionate and necessary. | Red | Light Amber | Policies and protocols will be reviewed to ensure that access to appropriate information is available for staff undertaking investigations. | April 2018 | Commenced 2019. Will be developed as the Fraud Officer role progresses. Focus in the initial stages is local taxation and benefits. | Review December 2019 |
| D3/2 | Access rights are in place covering outsourced activities, shared services and partnership arrangements so that an investigator is able to conduct appropriate enquiries. | Red | Light Amber | Policies and protocols will be reviewed to ensure that access to appropriate information is available for staff undertaking investigations. | April 2018 | Limited progress. Commence 2019. Council has small number of partnerships / shared services that are exposed to risk of fraud. | Review March 2020 |
| Take Action | | | | | | | |
| E2/3 | Counter fraud and anti-corruption operations during the year are in accordance with those planned in the agreed strategy or reflect new, emerging risks and opportunities. | Dark Amber | Light Amber | A plan to be included in the refreshed strategy | September 2017 | Strategy updated and approved. Further work required to create plan now that counter –fraud staff appointed. | Review March 2020 |

| Cipfa Criteria | | Current Score | Minimum Target Score | Action | Action Completion Date | Progress | Revised Target Date |
|----------------|--|---------------|----------------------|---|------------------------|--|-----------------------|
| E2/4 | The organisation is satisfied that its performance in managing fraud and corruption risks over the years has been effective. | Red | Light Amber | Use bench marking and NFI initiatives. Benchmarking comparators to be included in annual report. | June 2018 | Commence 2018 & review by March 2019. Use of NFI findings. Unavoidable delays to address NFI matches in 2018/19. This will be addressed in 2019/20 | Review March 2020 |
| E5/1 | An annual report is prepared that covers the following: Any changes made to the strategy during the year, performance against the strategy and summary of principal actions undertaken, assessment of resource availability in the year, conclusion on whether actions taken are effective in helping to achieve the overall goal, action plan for next year, results of an assessment of performance against the CIPFA Code. | Red | Light Amber | Annual report to be presented to A&G as part of the year end reporting. | June 2017 | Report to be presented as part of year end procedures | July / September 2019 |
| E5/2 | The governing body receives the annual report on performance against the strategy. | Red | Light Amber | Annual report to be presented to A&G as part of the year end reporting. This will include any information re performance. | June 2017 | Reported as part of other reporting activities. Further work required. | July / September 2019 |

FRAUD ACTION PLAN – ACTIONS COMPLETED
APPENDIX B

| Cipfa Criteria | | Current Score | Minimum Target Score | Action | Action Completion Date | Progress | Revised Target Date |
|-----------------------------------|---|---------------|----------------------|---|---|---|---|
| Acknowledge Responsibility | | | | | | | |
| A2/2 | The leadership team regularly refers to the importance of values and behaviours that support enhanced awareness and mitigation of fraud and corruption risks. | Dark Amber | Light Amber | <ol style="list-style-type: none"> 1. Report to audit and governance annually as part of the end of year reporting. 2. Use of Core Brief to remind staff of council values and fraud/corruption issues – top tips corner. 3. Review risk section of reports to ensure that fraud risks are evaluated. 4. Review of risk register to ensure that risk of fraud is assessed as part of service and corporate risks. | 1. April to June 2017 2. Commence January 2017 and continue on regular basis 3. Commence December 2016 4. Commence December 2016 | 1. Form part of the AGS reporting. 2. Number of initiatives in place – e-learning, IT e-mails re online scams. Further work to do. 3. Risk section of reports subject to further scrutiny by CFO. 4. Risk register reviews completed in February 2019. Risk management group reviewed strategic risks for inclusion in the corporate risk register. Risks assessed for fraud impacts | Initial work completed now an embedded ongoing process. |
| Identify Risks | | | | | | | |
| B1/1 | The organisation's risk management policy includes reference to risks arising from fraud and corruption and guidance on how the risks should be assessed. | Red | Light Amber | Risk management policy to be updated to reflect this approach to risk as part of the risk register review. | March 2017 | Risk management policy /strategy updated June 2017. | Completed for 2018/19 Will now be an ongoing process |

FRAUD ACTION PLAN – ACTIONS COMPLETED
APPENDIX B

| Cipfa Criteria | | Current Score | Minimum Target Score | Action | Action Completion Date | Progress | Revised Target Date |
|--------------------------|--|---------------|----------------------|--|--|---|--|
| Identify Risks | | | | | | | |
| B1/2 | Fraud risk assessments of principal activities are undertaken. | Dark Amber | Light Amber | Review of risks on risk register will include assessment of Fraud risk for each activity. | December 2016 – February 2017 | Completed for 2018/19 now an annual process | Ongoing annual process |
| B1/3 | Fraud risk assessment is undertaken for significant new operations or changes to processes. | Red | Light Amber | Included as part of the review of the risk register and the guidance notes for service managers. | Commence December 2016 | Completed for 2018/19 now an annual process | Ongoing annual process |
| B4/1 | As part of a fraud risk assessment it is made clear where the harm caused by fraud lies. | Red | Light Amber | Risk register to be updated with fraud risk to services information. | Commence March 2017 & continually review as part of quarterly update process | Risk register audit in 2017/18 identified areas for improvement and these have been incorporated into the risk register review completed in February 2019 | Completed now an ongoing annual process |
| Provide Resources | | | | | | | |
| D2/3 | The organisation makes provision for training and development for in-house staff that undertake any role in delivering the counter fraud strategy. | Red | Light Amber | The Council has a training budget which is managed by HR. All training needs are identified as part of the Council's annual Personal Development Review process in which all staff participate. Identified training needs are funded from the HR budget. Additional funds can be made available if required. | April – June 2017 & March 2018 and ongoing | Following the appointment of a fraud officer appropriate training will be identified as part of the annual PDR process. | Completed May 2019. Now an ongoing process |

FRAUD ACTION PLAN – ACTIONS COMPLETED
APPENDIX B

| Cipfa Criteria | | Current Score | Minimum Target Score | Action | Action Completion Date | Progress | Revised Target Date |
|--------------------|--|---------------|----------------------|--|---|--|---|
| D4/1 | Where counter fraud activities are to be conducted on a collaborative basis or where there is a sharing of counter fraud resources, the organisation has agreements in place to set out the terms of the arrangement. Responsibilities are clearly identified. | Red | Light Amber | Where counter fraud activities are to be conducted on a collaborative basis or where there is a sharing of counter fraud resources, the Council will put agreements in place to set out the terms of the arrangement. Responsibilities will be clearly identified. | To be implemented prior to commencement of any arrangement | The council has arrangements with DWP under Memorandum of Understanding type arrangements. There are no other shared arrangements currently. | Kept under review and to be arranged as and when appropriate circumstances arise. |
| D4/2 | Agreements are regularly reviewed and updated and reports are made to the appropriate oversight body. | Red | Light Amber | Agreements will be regularly reviewed and updated and reports made to the appropriate oversight body. | To be implemented as part of the commencement of any arrangement. | No changes to arrangements in 2018/19. To be dealt with and reviewed when new arrangements are entered into. | Review at the appropriate time when an agreement is set up |
| Take Action | | | | | | | |
| E1/2 | The organisation has arrangements in place to ensure that all appropriate staff are aware of the policies and understand their responsibilities under the policy. | Dark Amber | Light Amber | Email to all staff when strategy & policy updated. Use of core brief. | June – September 2017 | Core brief and e-mails to relevant staff have been used. No change to policies in 2018/19. | Staff will be informed using appropriate communication channels |

FRAUD ACTION PLAN – ACTIONS COMPLETED
APPENDIX B

| Cipfa Criteria | | Current Score | Minimum Target Score | Action | Action Completion Date | Progress | Revised Target Date |
|--------------------|---|---------------|----------------------|--|------------------------|---|---------------------------|
| Take Action | | | | | | | |
| E2/6 | A programme of actions is underway to prevent fraud through the application of appropriate controls and building an anti-fraud culture in the organisation. | Dark Amber | Light Amber | To be reviewed as part of the review of the strategies & policies. Anti-money laundering training made available to all staff in April 2016. | September 2017 | Anti-Money laundering and Whistle blowing policies updated. Staff made aware of relevant policies through core brief. Relevant staff made aware of responsibilities through targeted e-mail | Completed and now ongoing |

Scoring -:

Red = Never or No

Dark Amber = Sometimes

Light Amber = Partially or Regularly

Green = Always or Yes or Always without Exception

Audit and Governance Committee – 25 June 2019



Exemptions granted under Contract Procedure Rules

Report of the Chief Finance Officer (s151 officer)

Ward(s) affected: All

1. Purpose of Report

- 1.1. To report on the exemptions granted from the Council's Contract Procedure Rules from 1 January 2019 to 14 June 2019.

2. Recommendations

- 2.1. Members are requested to note the exemptions granted.

3. Exemptions Granted

- 3.1 Under the Contract Procedure Rules it is recognised that under certain circumstances there are occasions when it's appropriate not to seek tenders or quotations provided that an alternative method of selection can demonstrate value for money. On other occasions quotations are sought but insufficient responses are received.
- 3.2 Under the contract Procedure Rules there is one current named circumstance under which a responsible officer may seek exemption from the normal procedures.
- 3.3 The responsible officer seeking an exemption must obtain the prior approval of the Solicitor to the Council & Monitoring Officer and the Chief Financial Officer. The exemptions granted must then be reported to Audit & Governance Committee.
- 3.4 In the period January 2019 to June 2019, 5 exemptions have been granted. A summary of the exemptions can be found at Appendix A and Members are recommended to note these.

4. Financial Implications

- 4.1 There are no financial implications associated with this report.

5. Legal Implications

- 5.1 None

6. Contribution to Corporate Priorities

- 6.1 Procurement contributes to Council Priority Financial Sustainability by ensuring all services and products required deliver value for money.

7. Risk Management

7.1 There are no risks arising as a direct result of this report.

8. Consultations with Others – None

9. Access to Information: Background Documents – Exemption reports

10. Author of the Report

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E-mail : ratkins@cravendc.co.uk

Summary of Exemptions granted from tendering under CPR 6.2 of Craven District Council's Contract Procedure Rules 1 Jan 2019 to 14 June 2019

| Number | Date | Date of Approval | Description | Value | Reason for Exemption |
|--------|--|------------------|---------------------|---------|---|
| 1 | 1 st April 2019 – 31 st March 2020 | 29.01.2019 | Banking Services | £12,000 | <p>The Council's current banking services contract with Lloyds Bank plc comes to an end after 5 years on March 31st 2019. The current contract was let from April 2014 for 3 years plus a 2-year extension option which was exercised in 2017. Under the contract procedure rules this service is now due to be retendered. Ideally this would have commenced just before Christmas 2018.</p> <p>The council uses the ESPO banking framework to tender for its banking services. This framework was put out to tender in the autumn last year and is not currently available for us to use as the results are still being analysed. It was expected that the framework would be in place in time for the Council to tender for its banking services provision but this has not proved to be the case.</p> <p>The Council's banking relationship manager has confirmed that Lloyds are happy to extend the contract for a year on the Council's current terms. An exemption was approved under provision 6.2(b), to extend the contract for a further year to defer procurement and to ensure that we have appropriate banking services in place.</p> |
| 2 | 1 st April 2019 – 30 th September 2019 | 13.02.2019 | Insurance Brokerage | £14,100 | <p>Brokerage services are currently provided by AON plc under the terms of a call-off contract for insurance brokerage services from a CCS framework. The contract ended on 31st March 2019. This framework agreement is no longer be supported by CCS and its partners. New frameworks are not yet in place or available to us, however our partner purchasing organisations (including YPO and ESPO) are working to make new frameworks available. YPO intend to make a new framework available during summer 2019.</p> <p>This exemption to allow CDC to continue to access insurance brokerage via a framework agreement was approved under provision 6.2(d), that the procurement of another product would result in technical difficulties, diseconomy and potentially disruption to council services, as insurance contracts are managed via the brokerage service and these contracts do not end until 31st March 2020. Without the brokerage service in place, all relationships with the council's 8 insurers would</p> |

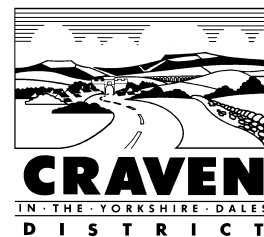
| | | | | | |
|----|---|------------|---|---|--|
| | | | | | <p>be managed directly. CDC currently has neither the expertise nor the capacity to manage these relationships directly.</p> <p>This will have the additional positive impact of better aligning the end dates of our insurance contracts with the dates of the brokerage agreement.</p> |
| 3 | 1 st April 2019 – 30 th June 2019 | 28.03.2019 | Inter-authority agreement for the provision of civil engineering services. | £20,000 | <p>In 2015, the council entered into a shared services agreement with Pendle Borough Council for the provision of engineering services. The civil engineering team have produced outline designs for development projects supported by the Growth Fund. The team are preparing specifications for structural approvals and procurement of contractors to undertake on-site construction.</p> <p>An exemption from the Contract Procedure Rules was granted under provision 6.2(e), to ensure continuity, as a suspension of the work would impede the Council's ability to complete delivery of the council's Growth Fund projects.</p> |
| 4 | 1 st May 2019 – 31 st April 2022 | 24.04.2019 | Servicing of Parkeon parking meters installed by Flowbird | c. £11,500 p.a. (c. £34,500 over 3 years) | <p>The majority of parking meters in council car parks are manufactured by Parkeon and supplied by Flowbird under the terms of ESPO Framework Agreement 509 (Parking Management Solutions).</p> <p>Parking meters with card payment facilities must be maintained by the supplier, as no other supplier would be able to service or repair the payment system. This position was confirmed by two leading independent suppliers of meter repair services, and by neighbouring authorities. An exemption was therefore granted under provision 6.2(e), that the technical characteristics of the goods are only compatible with an existing supply or installation.</p> <p>A 3-year value for money deal has been negotiated with Flowbird by the Parking Services team, providing a saving of 16% on the previous price.</p> |
| 5. | 26 July 2019 – 25 July 2020 | 10.06.2019 | Supported Lettings Scheme (Rough Sleepers and those at risk of Rough Sleeping) at | £42,000 (Rapid Rehousing Programme Grant) | <p>MHCLG have allocated a new funding stream – the Rapid Rehousing Programme to provide additional services to rough sleepers. The Council has made a successful bid in March 2019 and been allocated £42,000 to deliver a supported letting scheme.</p> <p>The funding will provide tenancy sustainment support to those moving on from the supported accommodation at Pinder House, homes that are let too rough sleepers leaving the street, and those at imminent risk of sleeping rough. This will include</p> |

APPENDIX A

| | | | | | |
|--|--|--|---|--|--|
| | | | The Hub, Pinder House, Skipton | | <p>four move-on flats being developed by Horton Housing.</p> <p>Horton Housing is the Council's current provider of services to rough sleepers and those at imminent risk of rough sleeping. They deliver all of the key requirements of the funding which is that the local authority must have a rapid rehousing approach to ending rough sleeping.</p> <p>Local authorities and their partners must be determined to support people off the street and (a) deliver a service from soon or after 1 April 2019, (b) produce a realistic and achievable delivery plan, (c) have a rough sleeping problem and a clear plan for reducing numbers, and, (d) have strong local and or cross boundary relationships.</p> <p>Because Horton Housing currently deliver all of the other elements of the Rapid Rehousing Programme on behalf of the Council, the use of another provider would result in additional referral complexities and demarcation of qualifying criteria.</p> <p>An exemption was therefore granted under provision 6.2(a), that only one provider is able to carry out the work or service or to supply goods for technical reasons or artistic reasons or because of exclusive proprietary rights.</p> <p>A condition of the grant is that the service must be up and running within 8 weeks of funding being received. Half the funding is expected on 26 July 2019. The other half of the funding is due in November 2019. The programme will run for 12 months initially.</p> |
|--|--|--|---|--|--|

25th June 2019

Internal Audit – Implementation of Recommendations



Report of the Chief Finance Officer

Ward(s) affected: All

- 1 **Purpose of Report** – To update committee members on Priority 1 internal audit recommendations outstanding, all completions in the period and provide a summary of the numbers of recommendations that have not yet been cleared.
- 2 **Recommendations** – Members are recommended to:
 - 2.1 Note the contents of Appendix A – Outstanding Priority One Internal Audit Recommendations and consider inviting responsible officers to the next meeting where appropriate.
 - 2.2 Note the contents of Appendix B – Audit Recommendations Completed in the Period and approve the contents of that Appendix. Recommendations will not be archived before this approval is received together with that of the Audit Services Manager, Shared Audit Service.
 - 2.3 Note the contents of Appendix C - Summary of Outstanding Audit Recommendations
- 3 **Implications**
 - 3.1 **Financial and Value for Money (vfm) Implications** – as highlighted for individual recommendations in Internal Audit Reports
 - 3.2 **Legal Implications** - none
 - 3.3 **Contribution to Council Priorities** – not applicable
 - 3.4 **Risk Management** – as highlighted for individual recommendations in Internal Audit Reports
 - 3.5 **Equality Analysis** – not applicable
- 4 **Consultations with Others**

Senior Managers/Action Owners
- 5 **Access to Information: Background Documents**

None
- 6 **Author of the Report**

Rebecca Steel, Performance Management Officer
Telephone: 01756 706215
e-mail: rsteel@cravendc.gov.uk

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.
- 8 **Appendices** –

Appendix A – Outstanding Priority 1 Internal Audit Recommendations
Appendix B – Audit Recommendations Completed in the Period
Appendix C – Summary of Outstanding Audit Recommendations

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Appendix A – Outstanding Priority 1 Internal Audit Recommendations

Priority 1 Recommendations relate to significant gaps in the Internal Control Framework. Recommendations are included where the original completion date was prior to April 2019.

| Source Report | Recommendation Name | Original Target Date | Service Area | Status | | Latest Update | Updated by | Date |
|--|---|----------------------|----------------------|--------|--|---|------------|----------|
| C6 08 - Physical Security of ICT Equipment and Data - Priority 1 | IA 18/19 263 The security and condition of the Engine Shed Lane archive store should be assessed in terms of its adequacy for data storage and appropriate action taken | C6 08 - Mar 2016 | ICT | Amber | | Contract in place, documents currently being transferred to provider for converting to digital format. Now expected to be completed by 31 May 2019. | DRN | 06/05/19 |
| C7 08 - National Fraud Initiative (NFI) - Priority 1 | IA 18/19 319 A report on NFI results should be presented to CLT and the Audit Committee, including progress on data match reviews | C7 08 - Oct 2017 | Financial Management | Amber | | The number of outstanding matches is included in the performance reports that are presented to the quarterly Value for Money Clinics. Update narratives are also provided for those NFI match areas with a significant number of outstanding items. A summary report has been drafted and is due to be sent to CLT in September 2019 to raise the profile of the NFI exercise and demonstrate its significance to the Council. An updated version will then be submitted to Audit & Governance Committee. Both reports will include updates narratives, the number of matches still outstanding and the costs associated with having to undertake the mandatory exercises imposed by the NFI. Reporting has been delayed whilst training has taken place. | JH | 26/04/19 |
| C7 04 - Licensing 2016/17 - Priority 1 | IA 18/19 323 Files should be reviewed and any personal and / or sensitive information removed from any historic files no longer required | C7 04 - Jul 2017 | Licensing | Amber | | Archive files held at Belle Vue Square -these are being reviewed and personal data no longer required is being removed prior to scanning in. This project should be completed by the end of July. Archive files held at Engine Shed Lane form part of the corporate scanning project. An approach to cleansing the scanned documents will be devised as soon as the corporate project is completed. At that stage we will be able to indicate a project completion date. | TC | 01/05/19 |

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| | | | | | | | | |
|---------------------------------------|--|-------------------|----------------------|-------|--|---|----|----------|
| C8 09 - Money Laundering - Priority 1 | IA 18/19 348 The MLRO should ensure that as far as practicable managers and officers within relevant Services are aware of their responsibilities in respect of due diligence checks for customers where the receipt of income is greater than €15,000. In addition officers will also be made aware of their responsibilities to report any suspicious activity greater than £1,000 for payments received by cash, debit card or credit card. | C8 09 - Sep 2018 | Financial Management | Green | | Instructions circulated to Manager's of key staff for circulation within their sections on 18 March 2019. Copy of e-mail and instructions saved within anti-money laundering file. | NC | 16/04/19 |
| C18 03 - Risk Management - Priority 1 | IA 18/19 390 Risk Management training for managers and Members of Audit & Governance must be provided at the earliest opportunity | C18 03 - Mar 2019 | Financial Management | Green | | Risk management training for Managers took place in July 2018. Training for members arranged for 10 June 2019. | NC | 16/04/19 |
| C18 03 - Risk Management - Priority 1 | IA 18/19 391 The Council's Strategic Priorities should be aligned with the Strategic Risks and reflected on the Corporate Risk Register to demonstrate that the movement towards achieving those Priorities is being closely monitored | C18 03 - Dec 2018 | Financial Management | Green | | The initial review of the Service Risk Registers has been completed and the risks reviewed by the risk management working group. Risks are aligned to the Council's strategic priorities. The projects deriving from the Council Plan Priorities will have risk registers developed as part of the project planning at the appropriate time. These will be reported separately in detail to Audit & Governance Committee. | NC | 16/04/19 |
| C18 03 - Risk Management - Priority 1 | IA 18/19 392 Health and Safety is a Corporate risk and should therefore always be included on the Corporate Risk Register, irrespective of the controls in place | C18 03 - Dec 2018 | Financial Management | Green | | Health and Safety is included within the corporate risk register. It is a standing item along with risk management on the CLT meeting agenda. | NC | 25/04/19 |
| C18 03 - Risk Management - Priority 1 | IA 18/19 393 The Risk Registers should be reviewed in their entirety on a regular basis to ensure that implementation dates remain realistic or that adequate plans are in place to prevent an increase in the risk environment should the date be difficult to achieve | C18 03 - Dec 2018 | Financial Management | Green | | Risk registers have been reviewed during January / February 2019 and the corporate risk register amended accordingly. The risk management working group is meeting regularly to ensure that the register is fit for purpose. Risks will be reviewed and move on and off the register as appropriate. The corporate risk register is linked to the Council's strategic priorities as appropriate. | NC | 25/04/19 |
| C18 03 - Risk Management - Priority 1 | IA 18/19 394 Management should ensure that all risks resulting in a fatality are appropriately scored to reflect impact and likelihood on a 5 x 5 matrix | C18 03 - Dec 2018 | Financial Management | Green | | All risks resulting in fatality have been scrutinised and the scores adjusted to reflect the 5x5 matrix. | NC | 25/04/19 |

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|--|--|-------------------|-------------------|-------|--|--|----|----------|
| C18 04 - Asset Rentals and Letting Income - Priority 1 | IA 18/19 398 There should be a thorough review of the departmental structure by management | C18 04 - Jun 2018 | Property Services | Green | | Department structure reviewed, revised structure presented to and approved by Director of Services, resources are accommodated within established posts. | DM | 02/05/19 |
| C18 04 - Asset Rentals and Letting Income - Priority 1 | IA 18/19 402 Whilst the tenancy agreement may state that it is the tenant's responsibility to ensure these checks are undertaken, it would be considered as best practice for the council to obtain all relevant copies of the respective safety certificates to evidence compliance | C18 04 - Jun 2018 | Property Services | Amber | | Change of Management has resulted in a delay in implementing these arrangements, revised date October 2019. on track for delivery by the revised date of October 2019. | DM | 02/05/19 |

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Appendix B – Audit Recommendations Completed in the Period

| Source Report | Recommendation Name | Original Target Date | Service Area | Status | | Latest Update | Updated by | Date |
|--|--|----------------------|----------------------|--------|--|--|------------|----------|
| C7 08 - National Fraud Initiative (NFI) - Priority 2 | IA 18/19 314 Additional support and training should be given to the Key Contact including review of the NFI online training videos | C7 08 - Dec 2017 | Financial Management | Green | | Changes to the finance structure may result in the Key Contact role being transferred once all post holders are in place. All Training videos applicable to Craven have now been reviewed and transcribed. This information will now be condensed into user guides and issued to all relevant staff in February in preparation for the next release of data. As a result of the 18/19 exercise being completed the matches have been released. The Key contact has issued notice of the matches availability and also distributed the transcribed training videos to increase understanding of what is required by the updater, when reviewing and dealing with matches. | JH | 10/04/19 |
| C8 09 - Money Laundering - Priority 1 | IA 18/19 348 The MLRO should ensure that as far as practicable managers and officers within relevant Services are aware of their responsibilities in respect of due diligence checks for customers where the receipt of income is greater than €15,000. In addition officers will also be made aware of their responsibilities to report any suspicious activity greater than £1,000 for payments received by cash, debit card or credit card. | C8 09 - Sep 2018 | Financial Management | Green | | Instructions circulated to Manager's of key staff for circulation within their sections on 18 March 2019. Copy of e-mail and instructions saved within anti-money laundering file. | NC | 16/04/19 |
| C18 03 - Risk Management - Priority 1 | IA 18/19 390 Risk Management training for managers and Members of Audit & Governance must be provided at the earliest opportunity | C18 03 - Mar 2019 | Financial Management | Green | | Risk management training for Managers took place in July 2018. Training for members arranged for 10 June 2019. | NC | 16/04/19 |

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| | | | | | | | | |
|--|---|-------------------|----------------------|-------|--|---|----|----------|
| C18 03 - Risk Management - Priority 1 | IA 18/19 391 The Council's Strategic Priorities should be aligned with the Strategic Risks and reflected on the Corporate Risk Register to demonstrate that the movement towards achieving those Priorities is being closely monitored | C18 03 - Dec 2018 | Financial Management | Green | | The initial review of the Service Risk Registers has been completed and the risks reviewed by the risk management working group. Risks are aligned to the Council's strategic priorities. The projects deriving from the Council Plan Priorities will have risk registers developed as part of the project planning at the appropriate time. These will be reported separately in detail to Audit & Governance Committee. | NC | 16/04/19 |
| C18 03 - Risk Management - Priority 1 | IA 18/19 392 Health and Safety is a Corporate risk and should therefore always be included on the Corporate Risk Register, irrespective of the controls in place | C18 03 - Dec 2018 | Financial Management | Green | | Health and Safety is included within the corporate risk register. It is a standing item along with risk management on the CLT meeting agenda. | NC | 25/04/19 |
| C18 03 - Risk Management - Priority 1 | IA 18/19 393 The Risk Registers should be reviewed in their entirety on a regular basis to ensure that implementation dates remain realistic or that adequate plans are in place to prevent an increase in the risk environment should the date be difficult to achieve | C18 03 - Dec 2018 | Financial Management | Green | | Risk registers have been reviewed during January / February 2019 and the corporate risk register amended accordingly. The risk management working group is meeting regularly to ensure that the register is fit for purpose. Risks will be reviewed and move on and off the register as appropriate. The corporate risk register is linked to the Council's strategic priorities as appropriate. | NC | 25/04/19 |
| C18 03 - Risk Management - Priority 1 | IA 18/19 394 Management should ensure that all risks resulting in a fatality are appropriately scored to reflect impact and likelihood on a 5 x 5 matrix | C18 03 - Dec 2018 | Financial Management | Green | | All risks resulting in fatality have been scrutinised and the scores adjusted to reflect the 5x5 matrix. | NC | 25/04/19 |
| C18 03 - Risk Management - Priority 2 | IA 18/19 396 Target scores should be introduced | C18 03 - Dec 2018 | Financial Management | Green | | Target scores have been identified for all risks on the corporate risk register. | NC | 25/04/19 |
| C18 04 - Asset Rentals and Letting Income - Priority 1 | IA 18/19 398 There should be a thorough review of the departmental structure by management | C18 04 - Jun 2018 | Property Services | Green | | Department structure reviewed, revised structure presented to and approved by Director of Services, resources are accommodated within established posts. | DM | 02/05/19 |

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| | | | | | | | | |
|--|---|-------------------------|----------------------|-------|--|--|----|----------|
| C18 05 - Software Asset Management - Priority 2 | IA 18/19 408 Going forward, software vendor licence and maintenance invoices should be matched to licence details and contract terms | C18 05 - January 2019 | ICT | Green | | Process implemented to ensure software licensing / maintenance invoices are matched to the master contract register, this validates the invoice and ensures the master contract register is maintained. | DM | 02/05/19 |
| C18 05 - Software Asset Management - Priority 2 | IA 18/19 409 Recorded details of redundant software should be expanded | C18 05 - January 2019 | ICT | Green | | Master contract register now contains fields giving 'Reason for Expiry' and 'Responsible Officer' to capture the required information. | DM | 02/05/19 |
| C18 07 - Housing Benefit - Priority 3 | IA 18/19 413 The Housing benefits procedures documents be brought up to date and be periodically updated going forwards | C18 07 - Mar 2019 | Revenues & Benefits | Green | | This recommendation specifically concerns the appeal process. There is a statutory process to follow but a review of our documents and website highlights that the process is not clearly explained (to claimants in particular). The procedure has been re-written. In addition a rolling review of procedures has been introduced in order to keep all documents up to date. | DD | 29/04/19 |
| C18 09 - Creditors - Priority 2 | IA 18/19 415 Promote the use of purchase orders to service area to increase the number of orders used | C18 09 - September 2019 | Financial Management | Green | | All budget holders have now received new guidance on completing purchase orders. An article was placed in Core Brief. The use of Purchase Orders is now covered in the induction for new starters who are budget holders. | RA | 07/05/19 |
| C18 12 - Health and Safety Arrangements - Priority 2 | IA 18/19 431 Absent expiry dates of all first aid certificates should be included on records | C18 12 - September 2019 | Human Resources | Green | | Training records are now held within Safety Cloud and all include end dates. | JH | 15/04/19 |
| C18 12 - Health and Safety Arrangements - Priority 2 | IA 18/19 434 First aiders should be listed on the intranet | C18 12 - September 2019 | Property Services | Green | | The information is now available under Training & Guidance, Health & Safety on the intranet | DM | 03/05/19 |
| C18 12 - Health and Safety Arrangements - Priority 3 | IA 18/19 436 The Safety Cloud system should be reviewed to determine the possibility of automatic incident update emails being directed to appropriate Managers according to severity | C18 12 - September 2019 | Human Resources | Green | | The system notifies the reporting manager and a shared health and safety inbox which is monitored by the admin team for subsequent referral | JH | 15/04/19 |

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|--|---|-------------------------|--|-------|--|--|----|----------|
| C18 12 - Health and Safety Arrangements - Priority 3 | IA 18/19 437 The Safety Cloud system should be examined to determine the possibility of amending processes to establish direct links to Insurance within the Finance team so as to inform of potential claims | C18 12 - September 2019 | Human Resources | Green | | Unable to perform this function automatically. The system notifies the reporting manager and a shared health and safety inbox which is monitored by the admin team for subsequent referral | JH | 15/04/19 |
| C18 12 - Health and Safety Arrangements - Priority 2 | IA 18/19 438 The Safety Cloud system should be examined to determine how risk assessment scoring can be displayed. | C18 12 - September 2019 | Human Resources | Green | | There is no legal obligation to have a traditional risk assessment scoring matrix. Safety Cloud does not have this facility. The system allows you to prioritise the hazards in numerical order and this is being used. | JH | 15/04/19 |
| C18 14 - Use of Social Media - Priority 2 | IA 18/19 441 There should be appropriate awareness raising of the PR Protocol containing the Social Media Policy | C18 14 - September 2019 | Communications, Customer Services & Partnerships | Green | | Article included in Core Brief about Social Media Protocol and Service Managers asked to raise with staff about the protocol. Protocol now on Intranet and link to the policy from Core Brief. Council's policy on Social Media to be included in Digital Comms sessions planned for Members in May 2019 | SH | 25/04/19 |

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Appendix C – Summary of Outstanding Audit Recommendations

| | Priority 1 | Priority 2 | Priority 3 | Total |
|---|---------------|---------------|---------------|-------|
| B/F 1/4/19 | 13 | 13 | 7 | 33 |
| <u>Add</u> Reports at 2 April 2019 A & G Committee | | | | |
| Property Valuations | 0 | 0 | 0 | 0 |
| Housing Benefit | 0 | 0 | 1 | 1 |
| Creditors | 0 | 2 | 0 | 2 |
| Debtors | 1 | 2 | 3 | 6 |
| Council Tax and Non Domestic Rates | 0 | 1 | 0 | 1 |
| Health and Safety Arrangements | 0 | 16 | 2 | 18 |
| Peer Review of Recommendations | 0 | 0 | 0 | 0 |
| Use of Social Media | 0 | 1 | 0 | 1 |
| | 14 | 35 | 13 | 62 |
| <u>Less</u> Archiving approved at 2 April A & G Committee | 2 | 3 | 0 | 5 |
| | 12 | 32 | 13 | 57 |
| <u>Less</u> Not yet due | 1 | 17 | 6 | 24 |
| Outstanding Recommendations | 11 | 15 | 7 | 33 |
| <u>Less</u> completions in this period (see Annex B) | 7 | 9 | 3 | 19 |
| | 4 | 6 | 4 | 14 |
| <u>By Service Area</u> | | | | |
| Financial Management | 1 | 1 | 3 | 5 |
| ICT | 1 | 1 | 0 | 2 |
| Licensing | 1 | 2 | 0 | 3 |
| Parking Services | 0 | 1 | 0 | 1 |
| Planning & Building Control | 0 | 1 | 0 | 1 |
| Property Services | 1 | 0 | 0 | 1 |
| Revenues and Benefits | 0 | 0 | 1 | 1 |
| | 4 | 6 | 4 | 14 |

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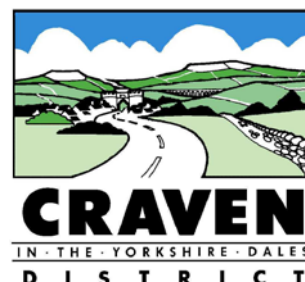
By year originally due to be implemented

| | | | | |
|---------|---|---|---|----|
| 2014/15 | 0 | 0 | 1 | 1 |
| 2015/16 | 1 | 0 | 0 | 1 |
| 2016/17 | 0 | 1 | 0 | 1 |
| 2017/18 | 2 | 3 | 2 | 7 |
| 2018/19 | 1 | 2 | 1 | 4 |
| | 4 | 6 | 4 | 14 |

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Audit and Governance Committee 25th June 2019

ANNUAL INTERNAL AUDIT REPORT 2018/19



Report of the Audit Services Manager – Shared Internal Audit Service

Ward(s) affected: All

1. Purpose of Report

- 1.1 To consider the key findings and conclusions from audit work undertaken in 2018/19 and to give an opinion on the overall adequacy and effectiveness of the Council's arrangements for risk management and governance and on its internal controls.

2. Recommendations

- 2.1 Members are recommended to note the contents of the report and note the opinion given based on the audit work undertaken during 2018/19.

3. Background Information

- 3.1 2018/19 was the first year of a new 3 year Shared Internal Audit Service collaboration arrangement with Harrogate Borough Council, shared arrangements having been in place under previous agreements since April 2010.

The service was hosted by Harrogate and provided 180 days per annum of audit time plus an additional 20 days per annum to be used at the discretion of Craven District Council's Chief Finance Officer (s151 Officer).

In line with the previous collaboration arrangement, the Shared Service was managed by a Partnership Board, which consisted of the Chief Finance Officers of the two authorities.

- 3.2 The work of internal audit is governed by the Accounts and Audit (England) Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the Standards and the Council's Internal Audit Charter the Chief Audit Executive or equivalent is required to submit an annual report which should include an overall opinion on the adequacy and effectiveness of the organisation's Risk Management and Governance arrangements and on its internal controls.

In addition, the report should:

- Include a summary of audit work actually undertaken to support the opinion
- Provide details of any qualification to the opinion, together with the reasons for the qualification (including any impairment to independence or objectivity)
- Comment on the performance of Internal Audit and its Quality Assurance and Improvement Programme.
- Comment on compliance with the PSIAS.

3.3 The Council is responsible for ensuring it complies with the law and proper standards to carry out its business. As such the Council is responsible for ensuring that effective Risk Management and Governance Arrangements and Internal Controls are in place in order to deliver value for money in the use of its resources and to achieve its corporate and service objectives.

3.4 Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of Risk Management, Control and Governance processes (PSIAS)

3.5 Internal Audit can provide reasonable assurance on the arrangements and controls examined. This does not imply infallibility. Internal Auditors cannot be expected to identify each weakness or irregularity. Also, Internal Audit is not an extension or substitute for management. It is for management to accept Internal Audit findings and implement recommendations or to accept the risks of not taking action.

4. Audit Approach

4.1 At the conclusion of all audit work undertaken, meetings have taken place between relevant service managers and chief officers to discuss and agree audit findings within our audit report. Representatives from Audit Services have attended all meetings of the Audit & Governance Committee during 2018/19 to present each audit report for scrutiny and challenge. Progress reports against the approved Audit Plan have also been submitted and discussed.

4.2 On reporting lines, the Audit Services have held regular meetings with the Strategic Manager – Financial Services (s151 Officer) and has also been given unrestricted access to both the Chief Executive and the Chair of this Committee. Meetings with the Chair of Audit & Governance have occurred in advance of every Audit & Governance Committee meeting.

4.3 On individual assignments, Internal Audit liaised with relevant Managers to agree the programme of work, kept them informed of progress during the course of the audit in question and subsequently discussed findings and agreed recommendations.

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- 4.4 The level and mix of staff for each audit assignment has been determined by the knowledge and experience of the Auditors in the team, relative to the complexity of each audit. For example, the team's specialist auditor on ICT matters was allocated audit work in this service area.
- 4.5 During the year, the Audit Services Manager liaised with the Authority's external auditors, Mazars LLP. The objective was to maximise the benefit to the Authority from all audit work to avoid duplication of coverage and to learn from each other's findings to provide maximum assurance.
- 4.6 The achievement of the Annual Audit Plan depends upon the contribution of the Council's staff. Audit Services would like to record their appreciation for the involvement and commitment of staff and for their critical appraisal of the conclusions drawn and recommendations made.

5. **Summary of Audit Findings**

- 5.1 The Appendix attached to this report sets out details of all audits undertaken between 1st April 2018 and 31st March 2019. It includes details of planned audit days compared to actual days for each audit as well as the assurance level given and the number of recommendations made.
- 5.2 The Appendix shows 85% of audit work was completed by 31st March 2019 (2017/18: 89%) Any outstanding audit work from 2018/19 has been brought forward into the 2019/20 Audit Plan and will be undertaken by 31st March 2020.
- 5.3 In summary:
- 2 audits brought forward from 2017/18 were completed during 2018/19.
 - 10 planned audits from the approved 2018/19 audit plan were completed in the year (2017/18: 9).
 - Follow up audits / 6 month reviews were completed within the year. These confirmed that good progress had been made by Management with the implementation of audit recommendations.
 - The remaining 2 audits (2017/18: 3) are in progress at the year end and will be brought to this committee as soon as possible.
- 5.4 The following assurance levels were awarded during the year:

| | Audit work undertaken | Assurance Level awarded |
|---|--------------------------------|--------------------------------|
| 1 | Software Asset Management | Good |
| 2 | Council Tax and NNDR | Significant |
| 3 | Succession Planning | Good |
| 4 | Peer Review of Recommendations | Significant |
| 5 | Debtors | Good |
| 6 | Creditors | Significant |
| 7 | Housing Benefits | Significant |

AGENDA ITEM 9 (b)

| | | |
|----|--|-------------|
| 8 | Property Valuations | Significant |
| 9 | Use of Agency staff and contract employees | Partial |
| 10 | Social Media | Significant |
| 11 | Health & Safety Arrangements | Partial |
| 12 | Transparency Agenda | Partial |

The above results confirm that 75% (9 out of 12) of the audit work undertaken resulted in the auditor awarding either significant or good assurance score on the control environment in place. This represents a slight decline from the position reported in 2017/18 (83%) and 2016/17 (82%) although still higher than that in 2015/16 (67%) and 2014/15 (71%). The decline this year could represent a move to auditing riskier areas and areas that have not been audited regularly previously. The main system audits have retained good or significant assurance ratings

6.0 Quality Assurance and Improvement (QAIP)

6.1 Under the PSIAS, the chief audit executive must develop a quality assurance and improvement programme (QUAIP). The objectives are to assess the efficiency and effectiveness of internal audit activity, identify opportunities for improvement and to evaluate whether or not the Standards are being met.

6.2 The QUAIP consists of:-

- Ongoing monitoring of the performance of internal audit
- Periodic self-assessments
- Maintenance of an internal audit manual
- An external assessment which must be undertaken at least once in every 5 years by a qualified independent assessor or assessment team from outside of the Authority. This was completed during April 2014 with an overall conclusion that internal audit was substantially compliant with the PSIAS. An arrangement has been agreed with Mazars (external auditors) for this assessment to be undertaken again in 2019, the outcome of which shall be reported accordingly.

6.3 Ongoing Monitoring

There are management and supervision arrangements within Audit Services in order to ensure that each audit assignment meets the required quality standards. These involve discussions between Audit Management and the individual Auditor concerned during the planning of the audit to ensure that the key risks are covered, during fieldwork and at draft and final report stages. The purpose is to ensure that the engagement, evidence and reporting requirements set out in the PSIAS are met, together with the Code of Ethics (Integrity, Objectivity, Confidentiality, Competency).

6.4 Following each applicable audit, Audit Services send out a post audit questionnaire (PAQ) to the relevant Client Manager for feedback on the quality of the audit from the client perspective and on whether any

AGENDA ITEM 9 (b)

improvements could be made. The PAQ asks 9 questions and provides for responses ranging from “very satisfied” to “very dissatisfied”. In 2018/19 100% of responses received were either satisfied or very satisfied with the work of the internal audit team.

- 6.5 Internal Audit also has various performance indicators which are monitored during the year. These include:-

Delivery of Audit Plan – Measured in terms of actual chargeable audit days compared to planned chargeable audit days. As at 31st March 2019 85% of the agreed Audit Plan had been delivered.

Sickness Monitoring - The total number of days recorded sick for the audit team was 0 days - well below average.

7.0 **Audit Opinion**

- 7.1 The Public Sector Internal Audit Standards (Performance Standard 2450) states that:

“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.”

This must be based on an objective assessment of the framework of governance, risk management and control within the Council’s governance, operations and information systems.

- 7.2 **The overall opinion is that, based on the audit work undertaken during 2018/19, the council’s framework of governance, risk management and internal control is satisfactory and operating effectively in practice.**

8. **Implications**

8.1 **Financial and Value for Money Implications**

The contribution paid by Craven District Council towards the cost of the Shared Service for 2018/19 was £51,300.

8.2 **Legal implications**

This report is submitted to comply with the requirements of the Public Sector Internal Audit Standards.

8.3 **Contribution to Council Priorities**

Council Transformation

8.4 **Risk Management**

The internal Audit function is an integral part of internal control. The major risks to the provision of the service to Craven include:-

- Insufficient resources and capacity – for example due to long-term sickness or vacant posts. If this situation arises it will be addressed by the Internal Audit Shared Service Partnership Board, reporting to the respective audit committees of the two Councils if necessary.
- The need for a major investigation which will mean that some planned work will have to be deferred or an increase in the days provided at an additional cost to Craven.

8.5 **Equality Impact Assessment**

The Council's Equality Impact Assessment Procedure has been followed. An Equality Impact Assessment has not been completed on the proposals as completion of Stage 1- Initial Screening of the Procedure identified that the proposed policy, strategy, procedure or function does not have the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

9. **Consultations with Others**

Strategic Manager – Finance Services (S151 Officer)

10. **Access to Information : Background Documents**

None

11. **Author of the Report**

Alison Johnson, Interim Audit Services Manager, Craven District Council and Harrogate Borough Council Shared Internal Audit Service.

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions. (Telephone 01423 500600. Email Alison.Johnson@harrogate.gov.uk)

12. **Appendices**

Appendix 1 – Internal Audit Plan 2018/19

APPENDIX 1

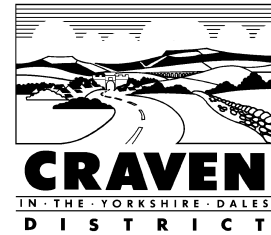
INTERNAL AUDIT PLAN 2018/19

| Audit Work | Planned Days | Actual Days | Assurance Level | Number of Recommendations |
|--|--------------|-------------|-----------------|---------------------------|
| 6 Month Review/Follow up work: | | | | |
| Follow up of recommendations | 2 | 1.3 | N/A | N/A |
| 2017/18 audits b/fwd. | | | | |
| Software Asset Management | 15 | 15.5 | Good | 2 |
| Council Tax and NNDR | 30 | 27.75 | Significant | 1 |
| 2018/19 Audits | | | | |
| Succession Planning | 15 | 15 | Good | 2 |
| Peer Review of Recommendations | 12 | 4.6 | Significant | 0 |
| Debtors | 12 | 13 | Good | 6 |
| Creditors | 12 | 12 | Significant | 2 |
| Housing Benefits | 15 | 15 | Significant | 1 |
| Duplicate payments | 1 | 1 | N/A | N/A |
| Property Valuations | 10 | 10 | Significant | 0 |
| Use of Agency staff and contract employees | 15 | 15 | Partial | 4 |
| Social Media | 15 | 16 | Significant | 1 |
| Health & Safety Arrangements | 12 | 18.2 | Partial | 16 |
| Transparency Agenda | 15 | 15 | Partial | 3 |
| | | | | |

| | | | | |
|--|------------|------------------------|------------------|-----|
| Audits c/fwd. into 2018/19 | | | | |
| Fraud – Flexi time and overtime arrangements | 15 | 15 | To be determined | N/A |
| Trade Waste | 15 | 5 (10.75 to c/fwd.) | To be determined | N/A |
| Contingency (CDC discretion) – Not paid for unless days are required | 20 | 0 | N/A | N/A |
| CDC Auditing Reporting / Committee Papers / Audit Reviews / | 15 | 15.9 | N/A | N/A |
| | | | | |
| Totals | 226 | 226 | | |

1. This includes the 45 days b/fwd. from 2017/18

Audit and Governance Committee – 25th June 2019



REGULATION OF INVESTIGATORY POWERS ACT 2000

Report of the Solicitor to the Council and Monitoring Officer

1. **Purpose of Report** – To advise the Committee on the Council’s use of covert surveillance under the Regulation of Investigatory Powers Act 2000 since October 2018 and to seek approval of the Council’s updated RIPA Policy Statement.
2. **Recommendations** – Members are recommended to:
 - 2.1 Note the content of the report; and
 - 2.2 Approve the Council’s revised RIPA Policy Statement
3. **Report**
 - 3.1 The Council has a number of statutory functions which involve officers investigating the conduct of others with a view to bringing legal action against them. The majority of investigations are carried out openly but some may require the use of covert surveillance techniques or involve the acquisition of communications data.
 - 3.2 The Regulation of Investigatory Powers Act 2000 (RIPA) regulates the authorisation and monitoring of these investigations to safeguard the public from unwarranted intrusion of privacy and since November 2012, the Protection of Freedoms Act 2012 has required local authorities to obtain the prior approval of a magistrate for the use of covert surveillance.
 - 3.3 The Act provides for the appointment of an Investigatory Powers Commissioner to oversee the manner in which public authorities carry out covert surveillance. In August 2018, an Inspector appointed by the Commissioner, conducted a desktop based documentary inspection of the Council’s management of covert activities. The Inspector’s findings were reported to this Committee on the 30th October 2018.
 - 3.4 In the Autumn of 2018, the Home Office revised its Codes of Practice for Covert Surveillance and Property Interference and Covert Human Intelligence Sources.
 - 3.5 The Council’s RIPA Policy Statement has been amended to address the Inspector’s recommendations and also the revised Codes of Practice. A copy of the revised Policy Statement is attached to this report as Appendix A.
 - 3.6 The key changes to the Policy Statement are:

Private information – the revised Codes of Practice include updated guidance on what constitutes private and non-private information and this has been reflected in the revised Policy Statement (paragraph 2.7);

Social media and the internet – substantial guidance has been added to the Codes of Practice on this growing information source and this has been reflected (paragraph 2.11);

Drones – a new section has been added to the Codes of Practice providing guidance on the use of aerial surveillance devices. This has also been included in the Policy Statement (paragraph 2.12);

Senior Responsible Officer (SRO) – the section of the Code detailing the role of the SRO has been altered substantially and includes amendments to the roles and responsibilities. This has been reflected in the Policy Statement (paragraph 2.17)

Error reporting – a new requirement has been placed on the Council to review errors and also to report relevant errors. The Policy Statement has been amended to include this (paragraph 7)

- 3.7 At its meeting on the 9th November 2015, this Committee resolved that the Solicitor to the Council would provide the Committee with details of the Council's use of covert surveillance. Since October 2018, no covert surveillance has been authorised.

4. **Implications**

- 4.1 **Financial and Value for Money (vfm) Implications** – There are no financial implications arising from this report.
- 4.2 **Legal Implications** – These are set out in the body of the report.
- 4.3 **Contribution to Council Priorities** – Not applicable.
- 4.4 **Risk Management** – The Council must ensure that it is fully compliant with the legal requirements set out in RIPA otherwise its use of RIPA may be in breach of the European Convention on Human Rights and the Human Rights Act 1998 and therefore at risk of challenge. This may lead to both financial and reputational risk.
- 4.5 **Equality Analysis** – The Council's Equality Impact Assessment procedure does not apply to this report as there are no changes to any policy.

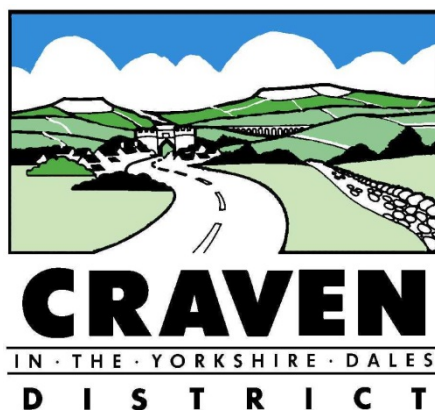
5. **Consultations with Others** – None

6. **Access to Information : Background Documents** – The Council's Regulation of Investigatory Powers Act 2000 Policy Statement and Procedures document

7. **Author of the Report** – Annette Moppett, Solicitor to the Council and Monitoring Officer; telephone: 01756 706325; e-mail: amoppett@cravendc.gov.uk

Note : Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

8. **Appendices** –
Appendix A – Draft revised RIPA Policy Statement



REGULATION OF INVESTIGATORY POWERS ACT 2000

POLICY STATEMENT AND PROCEDURES

| Version Control | | | | |
|-----------------|------------|---------|---------|------------|
| Document owner | Published | Version | Changed | Amended by |
| A Moppett | 13/05/2015 | V.1 | | |
| A Moppett | 01/11/2018 | V.2 | | AJM |
| | | | | |
| | | | | |

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1. Introduction

Regulation of Investigatory Powers Act 2000 (as amended by the Protection of Freedoms Act 2012)

- 1.1 The Regulation of Investigatory Powers Act 2000 (RIPA) was enacted to provide a clear statutory framework for the operation of certain intrusive investigative techniques, to ensure compliance with the Human Rights Acts 1998. The main purpose of the Act is to ensure that individuals' rights are protected whilst allowing law enforcement and security agencies to do their jobs effectively and act proportionately.
- 1.2 RIPA covers the interception, acquisition and disclosure of communications data (Part I of RIPA); the carrying out of surveillance and use of covert human intelligence sources (Part II); and the investigation of electronic data protected by encryption (Part III).
- 1.3 Craven District Council is included within this framework with regard to Directed Surveillance and Covert Human Intelligence Sources (Sections 28 and 29 of the Act).
- 1.4 Craven District Council is **not** permitted to carry out Intrusive Surveillance involving entry on or interference with property or with wireless telegraphy as regulated by the Regulation of Investigatory Powers Act 2000.
- 1.5 This Policy will focus on the provisions of Part II of RIPA (as amended by the Protection of Freedoms Act 2012 (POFA) that cover the use and authorisation of directed surveillance and the steps that must be taken by Council Officers to comply with the Act.
- 1.6 Surveillance is used to target criminals but is also a means of protecting the public from harm and preventing crime.
- 1.7 The provisions of RIPA do not cover authorisation for the use of overt CCTV surveillance systems. Members of the public are aware that such systems are in use, for their own protection, and to prevent crime.
- 1.8 RIPA also provides for the appointment of independent Investigatory Powers Commissioners who will oversee the exercise by public authorities of their powers and duties under the Act (Part IV of RIPA).
- 1.9 This Policy must be read in conjunction with the Home Office Code of Practice for Covert Surveillance and Property Interference and the Covert Human Intelligence Sources Code of Practice (2018 Editions).

2. Definitions

2.1 What is Surveillance?

Surveillance is:

- Monitoring, observing or listening to persons, their movements, their conversations or their activities or communications;
- Recording anything monitored, observed or listened to in the course of surveillance; and/or
- Surveillance by or with the assistance of appropriate surveillance device(s).

Surveillance can be **overt** or **covert**.

2.2 Overt Surveillance

Most of the surveillance carried out by the Council will be done overtly: there will be nothing secretive, clandestine or hidden about it. For example, sign-posted CCTV cameras or a parking attendant patrolling a Council car park. This will not fall within the scope of RIPA.

Similarly, surveillance will be overt if the subject has been told it will happen (e.g. where a noisemaker is warned (preferably in writing) that noise will be recorded if the noise continues, or where an entertainment licence is issued subject to conditions, and the licensee is told that Officers may visit without notice or identifying themselves to the owner/proprietor to check that the conditions are being met).

2.3 Covert Surveillance

Covert Surveillance as defined in Section 26 RIPA:

“Surveillance is covert if, and only if, it is carried out in a manner that is calculated to ensure that persons who are subject to the surveillance are unaware that it is or may be taking place”.

General observation forms part of the duties of many enforcement officers. It forms part of the everyday functions of law enforcement or other public bodies. This low level activity will not usually be regulated under the provisions of RIPA.

The installation of CCTV cameras for the purpose of generally observing activity in a particular area is not surveillance which requires authorisation.

Members of the public are aware that such systems are in use, for their own protection and to prevent crime.

Authorisation may be required if a CCTV camera is being used for a specific type of surveillance.

2.4 Directed Surveillance (Section 26(2) RIPA)

Directed surveillance is surveillance which is covert and is conducted for the purpose of a specific investigation or operation in a manner likely to obtain **private information**. However, it does not include covert surveillance carried out by way of an immediate response to events or circumstances which, by their very nature, could not have been foreseen.

Below are some examples where directed surveillance is conducted by the Council:

- Monitoring of noise complaints
- Monitoring of benefit claimants who have not declared that they are working/living with a partner etc.

2.5 Intrusive Surveillance (Section 26(3) RIPA)

The Council cannot conduct intrusive surveillance involving entry on or interference with property or with wireless telegraphy as regulated by the Regulation of Investigatory Powers Act 2000.

Surveillance is intrusive if it is covert surveillance that is carried out in relation to anything taking place on residential premises or in any private vehicle where an individual is present. This kind of surveillance may take place by means either of a person or device located inside residential premises or a private vehicle of the person who is subject to the surveillance or by means of a device placed outside which consistently provides a product of equivalent quality and detail as a product which would be obtained from a device located inside.

The covert recording of suspected noise nuisance where the intention is only to record excessive noise levels from adjoining premises and the recording device is calibrated to record only excessive noise levels constitutes neither directed nor intrusive surveillance.

2.6 Covert Human Intelligence Source (CHIS) (Section 26(8) RIPA)

A person is a covert human intelligence source (CHIS) if:

- he establishes or maintains a personal or other relationship with a person for the *covert purpose* of facilitating one or both of the following;
- he covertly uses such a relationship to obtain information or to provide access to any information to another person; or

- he covertly discloses information obtained by the use of such a relationship, or as a consequence of the existence of such a relationship.

In establishing or maintaining a relationship, a *covert purpose* exists where the relationship is conducted in such a manner that it is calculated to ensure that one of the parties to the relationship is unaware of its purpose.

2.7 Private Information

“Private information”, in relation to a person, includes any information relating to his private or family life and aspects of business or professional life.

Information which is non-private may include publicly available information such as books, newspapers, journals, TV and radio broadcasts, newswires, web sites, mapping imagery, academic articles, conference proceedings and business reports. Such information may also include commercially available data where a fee may be charged and any data which is available on request or made available at a meeting to a member of the public.

Private life considerations are particularly likely to arise if several records are to be analysed together in order to establish, for example, a pattern of behaviour, or if one or more pieces of information (whether or not available in the public domain) are covertly (or in some cases overtly) obtained for the purpose of making a permanent record about a person or for subsequent data processing to generate further information. In such circumstances, the totality of the information may constitute covert surveillance and a directed surveillance authorisation may be considered.

Private information may include personal data, such as names, telephone numbers and address details. Where such information is acquired by means of covert surveillance of a person having a reasonable expectation of privacy, a directed authorisation is appropriate.

2.8 Private Vehicle

“Private Vehicle” means any vehicle that is used primarily for the private purpose of the person who owns it or of a person otherwise having the right to use it. This does not include a person whose right to use the vehicle derives only from his having paid, or undertaken to pay, for the use of the vehicle and its driver for a particular journey.

2.9 Confidential Material

This consists of:

- **Matters subject to legal privilege** - for example oral and written communications between a professional legal adviser and his client or any person representing his client, made in connection with the giving of legal advice to the client or in contemplation of legal proceedings and for the purposes of such proceedings, as well as items enclosed with or referred to

in such communications.

- **Confidential personal information** - which is information held in confidence concerning an individual (living or dead) who can be identified from it, and relating to a) his physical or mental health or b) to spiritual counselling or other assistance given or to be given, and which a person has acquired or created in the course of any trade, business, profession or other occupation, or for the purposes of any paid or unpaid office.
- **Confidential journalistic material** - which includes material acquired or created for the purposes of journalism and held subject to an undertaking to hold it in confidence.
- **Communications between a Member of Parliament and another person on constituency matters.**

2.10 Residential Premises

“Residential premises” means any premises occupied or used, however temporarily, for residential purposes or otherwise as living accommodation.

2.11 Online Covert Activity

The growth of the internet and the extent of information which is now available online has presented new opportunities for the Council to view or gather information which may assist it in preventing or detecting crime.

Much of this information can be accessed without the need for RIPA authorisation; use of the internet prior to an investigation should not normally engage privacy considerations. However, it should be noted that if the study of an individual’s online presence becomes persistent, or where material obtained from any check is to be extracted and recorded any may engage privacy considerations, RIPA authorisation may need to be considered.

In deciding whether online surveillance should be regarded as covert, consideration should be given to the likelihood of the subject(s) knowing that the surveillance is or may be taking place. Use of the internet itself may be considered as adopting a surveillance technique calculated to ensure that the subject is unaware of it, even if no further steps are taken to conceal the activity. Conversely, if reasonable steps have been taken to inform the public or particular individuals that the surveillance is, or may be, taking place, the activity may be regarded as overt and a directed surveillance authorisation will not normally be required.

Depending on the online platform, there may be a reduced expectation of privacy where information relating to a person or group of people is made openly available to the public at large however, in some circumstances privacy implications still apply. This is because the intention when making such information available was not for it to be used for a covert purpose such as investigative activity. This is regardless of whether a user of a website or social media platform has sought to protect such information by restricting access for example by activating privacy settings.

Where information about an individual is placed on a publicly accessible database which is commonly known to be available to all, Companies House for example, they are unlikely to have any reasonable expectation of privacy over the monitoring of that information by authorities. Individuals who post information on social media networks and other websites whose purpose is to communicate messages to a wide audience are less likely to hold a reasonable expectation of privacy in relation to that information.

Paragraph 3.16 of the Code of Practice sets out useful guidance on the factors to consider when determining whether authorisation should be sought for accessing information on a website as part of a covert investigation or operation. These include:

- Whether the investigation or research is directed towards an individual or organisation;
- Whether it is likely to result in obtaining private information about a person or group of people;
- Whether it is likely to involve visiting internet sites to build up an intelligence picture or profile;
- Whether the information obtained will be recorded and retained;
- Whether the information is likely to provide an observer with a pattern of lifestyle;
- Whether the information is being combined with other sources of information or intelligence, which amounts to information relating to a person's private life;
- Whether the investigation or research is part of an on-going piece of work involving repeated viewing of the subject(s);
- Whether it is likely to involve identifying and recording information about third parties, such as friends and family members of the subject of interest, or information posted by third parties, which may include private information and therefore collateral intrusion into the privacy of these third parties.

2.12 Aerial Covert Surveillance

Where surveillance using airborne crafts or devices (drones) is planned, the same considerations outlined in sections 2 and 4 of this Policy Statement should be made to determine whether a surveillance authorisation is appropriate. When considering whether such surveillance is covert, consideration should be given to the reduced visibility of a craft or device at altitude.

2.13 Right to Privacy

Great care is required as the right to privacy (Article 8 Human Rights Act 1998) can also extend to business premises or residential premises used for business purposes.

2.14 Collateral Intrusion

This is interference with the privacy of a person other than the surveillance subject.

Before authorising applications for directed surveillance, the authorising officer should also take into account the risk of obtaining private information about persons who are not subjects of the surveillance activity.

Measures should be taken, wherever practicable, to avoid or minimise the unnecessary intrusion into the privacy of those who are not the intended subjects of the surveillance activity. Where such collateral intrusion is unavoidable, the activities may still be authorised, provided the intrusion is considered proportionate to what is sought to be achieved. The same proportionality tests apply to the likelihood of collateral intrusion as to intrusion into the privacy of the intended subject of the surveillance.

2.15 Authorising Officer

This is a person within the Council designated, for the purpose of the Act, to grant authorisation for directed surveillance. The Council's Authorising Officers are listed in Appendix A.

2.16 RIPA Monitoring Officer

This is an internal role performed by the Solicitor to the Council. The role involves maintaining policies and procedures, providing training and keeping a central record of all applications and liaising with the Investigatory Powers Commissioner's Office.

2.17 Senior Responsible Officer

The Council's Chief Executive is the RIPA Senior Responsible Officer and as such is responsible for:

- The integrity of the process in place within the Council to authorise directed surveillance and CHIS;
- Compliance with Part II of the Act and with the Codes;
- Oversight of the reporting of errors to the Investigatory Powers Commissioner and the identification of both the cause(s) of errors and the implementation of processes to minimise repetition of errors;
- Engagement with the Investigatory Powers Commissioner and Inspectors who support the Commissioner when they conduct their inspections;
- Where necessary, overseeing the implementation of any post inspection action plans recommended or approved by a Judicial Commissioner; and
- Ensuring that all authorising officers are of an appropriate standard, addressing any recommendations or concerns in the inspection reports prepared by the Investigatory Powers Commissioner.

2.18 Office of Surveillance Commissioners

The Investigatory Powers Commissioner's Office is responsible for reviewing our activities carried out under RIPA 2000. All authorities are subject to review and inspection. Inspection will cover policy and procedures as well as individual investigations.

2.19 Codes of Practice

The Home Office has issued two RIPA Codes of Practice which provide guidance on provisions in Part II of RIPA 2000. The Covert Surveillance and Property Interference Code of Practice and the Covert Human Intelligence Sources Code of Practice are available at www.gov.uk/guidance/.

- 2.20** All applications/authorisations, reviews, renewals and cancellations must be on the current Home Office approved forms which are available from the RIPA Monitoring Officer or at www.gov.uk/guidance/

3. Councillor's Role

- 3.1 Members of the Council's Audit and Governance Committee will agree the RIPA Policy Statement and will receive yearly reports on the Council's use of RIPA to ensure that it is being used in accordance with the Policy.

4. Authorisation of Directed Surveillance

4.1 Authorisation of Surveillance

Since 1st November 2012, when the Protection of Freedoms Act 2012 amended RIPA 2000, the framework governing how local authorities use RIPA has changed. Authorisation of the use of certain covert powers, including the use of directed surveillance, will only have effect once an order approving the authorisation has been granted by a Justice of the Peace. This new judicial approval mechanism is in addition to the existing authorisation process. The current processes of assessing necessity and proportionality, completing the RIPA authorisation/application forms and seeking approval from an Authorising Officer remain the same.

Therefore, there is a two-stage process. First, an authorisation must be obtained from an Authorising Officer. Secondly, approval of the authorisation must be obtained from a Justice of the Peace. This involves applying to a Magistrates Court. Further detail about the judicial approval process is set out in this Policy Statement.

Authorising Officers will be appointed by the Chief Executive if he is satisfied that they have had appropriate training to undertake the role. The Solicitor to the Council will maintain a record of Authorising Officers.

Written authorisations **must** be completed whenever an investigation involves the use of Directed Surveillance. This provides lawful authority to carry out covert surveillance. Authorisation **must** be sought before surveillance is undertaken.

All applications for authorisation of directed surveillance must be made on the appropriate Home Office approved application form (available on the Council's Intranet). The Investigating Officer will discuss with his/her Line Manager the action(s) to be authorised and decide, on a case by case basis, whether a risk assessment is required. A template surveillance risk assessment is available on the intranet. The Investigating Officer should obtain a unique reference number (URN) from the Solicitor to the Council. The application must include:

- the grounds on which authorisation is sought: the power to authorise surveillance exists only for the prevention and detection of crime and disorder and no other purpose;
- Since November 2012, an authorisation for directed surveillance can only be granted where the Council is investigating specific categories of criminal offences. These categories are: criminal offences punishable by a maximum term of at least six months' imprisonment or criminal offences relating to the underage sale of alcohol or tobacco contrary to Sections 146, 147 and 147A of the Licensing Act 2003 and Section 7 of the Children and Young Persons Act 1933. consideration of why the Directed Surveillance is proportionate to what it seeks to achieve;
- that other options for the gathering of information have been considered, or have been implemented unsuccessfully and that Directed Surveillance is necessary;

- the identity or identities, where known, of those to be the subject of Directed Surveillance;
- the action to be authorised and level of authority required;
- an account of the investigation or operation;
- an explanation of the information which it is desired to obtain as a result of the authorisation;
- any potential for collateral intrusion; and
- the likelihood of acquiring any confidential material.

The Directed Surveillance Crime Threshold was introduced by The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012 which came into force on 1st November 2012. The introduction of this new threshold means that the Council may continue to authorise the use of Directed Surveillance in more serious cases provided the other tests are met (i.e. that it is necessary and proportionate and that prior approval from a Justice of the Peace has been obtained). However, it also means that the Council may not authorise the use of Directed Surveillance to investigate disorder that does not involve criminal offences, or to investigate low level offences, which may include, for example, littering, dog control and fly-posting.

Those carrying out the covert surveillance should inform the Authorising Officer if the operation/investigation unexpectedly interferes with the privacy of individuals who are not the original subjects of the investigation or covered by the authorisation in some other way. The original authorisation may not be sufficient and consideration should be given to whether a separate authorisation is required.

The Authorising Officer should first satisfy him/herself that the authorisation is **necessary** on particular grounds and that the surveillance is **proportionate** to what it seeks to achieve. It is important that sufficient weight is attached to considering whether the surveillance required is proportionate. These concepts of “necessity” and “proportionality” occur regularly throughout human rights law and RIPA and they must be considered afresh in the case of each authorisation of surveillance. Therefore, this will involve balancing the intrusiveness of the surveillance on the target and others who might be affected by it against the need for the surveillance in operational terms. The surveillance will not be proportionate if it is excessive in the circumstances of the case or if the information which is sought could reasonably be obtained by other less intrusive means. All surveillance should be carefully managed to meet the objective in question and must not be arbitrary or unfair.

When proportionality is being assessed, the following elements should be considered:

- balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;
- explaining how and why the methods adopted will cause the least possible intrusion on the subject and others;
- considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of

- obtaining the necessary result; and
- evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented.

The Authorising Officer must be able to produce evidence that the relevant issues have been considered for monitoring purposes, for example a note of the documents and information available to the officer at the time the authorisation is given, together with a note of the date and time authorisation was given. It is essential that the Authorising Officer considers each request for an authorisation on its merits and a rubber stamping approach must never be used.

The fullest consideration should be given in cases where the subject of the surveillance might reasonably expect a higher degree of privacy, for instance in his/her home, or where there are special sensitivities, such as where the surveillance may give access to confidential material or communications between a minister of any religion or faith and another individual relating to that individual relating to that individual's spiritual welfare.

Particular consideration should be given to collateral intrusion on, or interference with, the privacy of persons other than the subject(s) of surveillance. Such collateral intrusion or interference would be a matter of greater concern in cases where there are special sensitivities, for example in cases of premises used for any form of medical or professional counselling or therapy.

An authorisation request should include assessment of any collateral intrusion or interference. This will be taken into account, by the Authorising Officer, particularly when considering the proportionality of the surveillance.

Directed surveillance undertaken by the Council requires the written approval of a post holder identified in the table below.

Authorising Officers should not be responsible for authorising their own activities, i.e. those directly involved in undertaking surveillance.

The following table identifies appropriate authorisation levels in the Council's staffing structure.

| Type of Request | Authorising Officer |
|--|--|
| Written authorisation to conduct investigations using Directed Surveillance: | Officers specifically designated by the Chief Executive as Authorising Officers and named in the attached Appendix |
| Written authorisation to conduct investigations using Directed Surveillance likely to obtain confidential information: | Head of Paid Service (Chief Executive) or in his absence, the acting Head of Paid Service |

4.2 Judicial Approval

Where an Authorising Officer has granted an authorisation for directed surveillance, the authorisation is not to take effect until a Justice of the Peace has made an order approving the grant of the authorisation.

A Justice of the Peace will only give approval to the granting of an authorisation for directed surveillance if they are satisfied that:

- a. at the time the Authorising Officer granted the authorisation:
 - there were reasonable grounds for believing that the authorisation was necessary and that the surveillance being authorised was proportionate;
 - that the Authorising Officer was a designated person for the purposes of section 28 of RIPA,
 - that the grant of the authorisation was not in breach of any restrictions imposed by virtue of section 30(3) of RIPA,
 - that any other conditions provided for by any Order were satisfied; and
- b. that there remain reasonable grounds for believing that the necessary and proportionate tests are satisfied.

If a Magistrates' Court refuses to approve the grant of the authorisation, then it may make an order to quash that authorisation.

No activity permitted by the authorisation granted by the Authorising Officer may be undertaken until the approval of the Magistrates Court of that authorisation has been obtained.

Authorising Officers must, when granting authorisations, be aware that each authorisation (or renewal of an authorisation) will be subject to judicial approval. The Council is required to make an application without notice to the Magistrates Court to seek judicial approval.

Therefore, any Authorising Officer who proposes to approve an application for the use of directed surveillance must immediately inform the Solicitor to the Council who will then make arrangements for an application to be made by appropriate officer to the Magistrates' Court for an order to approve the authorisation to be made.

There is no need for a Justice of the Peace to consider either cancellations or internal reviews.

The Council will provide the Justice of the Peace with a copy of the original RIPA authorisation form and the supporting documents setting out the case. This forms the basis of the application to the Justice of the Peace and should contain all information that is relied upon. In addition, the Council will need provide the Justice of the Peace with a partially completed judicial application/order form. A draft application for judicial approval and draft order are available on the Council's

intranet.

4.3 Duration of authorisations

A written authorisation for directed surveillance will cease to have effect at the end of a period of three months beginning with the day on which it took effect, which is the date on which Magistrates' approval is obtained.

All authorisations continue to exist even if no longer effective until cancelled. All authorisations must be cancelled when no longer required.

4.4 Renewals

If at any time before an authorisation would cease to have effect, the Authorising Officer considers it necessary for the authorisation to continue for the purpose for which it was given, he/she may approve a renewal in writing for a further period of three months, beginning with the day when the authorisation would have expired but for the renewal.

Authorisations may be renewed more than once, provided they continue to meet the criteria for authorisation.

All requests for the renewal of an authorisation for directed surveillance must be made on the Home Office approved renewal form (available on the intranet) and must record:

- whether this is the first renewal or every occasion on which the authorisation has been renewed previously;
- the information required in the original request for an authorisation, as listed in above together with:
 - a. any significant changes to the information in the previous authorisation;
 - b. why it is necessary to continue with the surveillance;
 - c. the content and value to the investigation or operation of the information so far obtained by the surveillance;
 - d. an estimate of the length of time the surveillance will continue to be necessary; and
 - e. why it remains proportionate to renew or continue.

Renewals of authorisations will also be subject to approval by the Magistrates Court. The Authorising Officer must therefore advise the Solicitor to the Council immediately when they are minded to grant a renewal.

Applications for renewals should not be made until shortly before the original authorisation period is due to expire but officers must take account of factors which may delay the renewal process (eg. intervening weekends or the availability of the Authorising Officer and a Justice of the Peace to consider the application).

4.5 Cancellations

The Authorising Officer must cancel an authorisation if he/she is satisfied that the Directed Surveillance no longer meets the criteria for authorisation. When cancelling an authorisation, an Authorising Officer must ensure that proper arrangements have been made for the activity's discontinuance, including the removal of technical equipment, and directions for the management of the product.

The Home Office approved cancellation form must be completed (available on the intranet) and a copy sent to the Solicitor to the Council.

4.6 Reviews

Authorising Officers will review all "Directed Surveillance" applications and authorisations that they have granted regularly. The results of a review should be recorded on the Home Office approved review form (available on the intranet), and kept in the central record of authorisations. The Authorising Officer should determine how often the review should take place. This should be done as frequently as is considered necessary and practicable, but not later than once a month following the date of authorisation; sooner where the surveillance provides access to confidential material or involves collateral intrusion.

Reviews of an authorisation for Directed Surveillance must record:

- Any significant changes to the information in the previous authorisation;
- why it is necessary to continue with the surveillance;
- the content and value to the investigation or operation of the information so far obtained by the surveillance;
- an estimate of the length of time the surveillance will continue to be necessary; and
- why the authorisation remains proportionate.

4.7 Records and Documentation

All documentation regarding Directed Surveillance should be treated as confidential and should be kept accordingly.

Records should be maintained for a period of at least five years from the ending of the authorisation. Where it is believed that the records could be relevant to pending or future criminal proceedings, they should be retained for a suitable period, commensurate to any subsequent review.

If there is any reason to believe that the results obtained during the course of investigation might be relevant to that investigation or to another investigation or to pending or future civil or criminal proceedings, then it should not be destroyed but retained in accordance with established disclosure requirements. Particular attention is drawn to the requirements of the Code of Practice issued under the Criminal Procedure and Investigations Act 1996, which requires that material should be retained if it forms part of the unused prosecution material gained in the course of an investigation, or which may be relevant to an

organisation.

Authorising Officers are reminded of the importance of safeguarding confidential and sensitive information. They must also ensure compliance with the appropriate data protection requirements and any relevant codes of practice produced by individual authorities in the handling and storage of material. Where material is obtained by surveillance, which is wholly unrelated to a criminal or other investigation or to any person who is subject of the investigation, and there is no reason to believe it will be relevant to future civil or criminal proceedings, it should be destroyed immediately. Consideration of whether or not unrelated material should be destroyed is the responsibility of the Authorising Officer.

Each Service undertaking directed surveillance must ensure that adequate arrangements are in place for the secure handling, storage and destruction of material obtained through the use of covert surveillance.

The original of all authorisations and other RIPA documents must be sent to the Solicitor to the Council, so that there is a central record maintained, and so that in her role as the RIPA Monitoring Officer she can ensure the Act is being complied with.

4.8 Monitoring of Authorisations

Information must be supplied to the Monitoring Officer using the forms attached to this guidance. The Monitoring Officer will maintain a Central Register of all forms completed by the Authorising Officer. Authorising Officers are responsible for sending **the original authorisation** in the appropriate form for each authorisation, cancellation and renewal granted, to the Monitoring Officer for inclusion in the Central Register and keeping a **copy** for their own records in the individual departments.

A review will be carried out regularly to ensure all forms have been sent for inclusion in this Central Register. The Monitoring Officer is required by law to ensure that the Council does not act unlawfully.

Authorising Officers are required to ensure that:

- Authorisations have been properly cancelled at the end of the period of surveillance
- Surveillance does not continue beyond the authorised period
- Current authorisations are regularly reviewed
- At the anniversary of each authorisation, the destruction of the results of surveillance operations has been considered
- At the fifth anniversary of each authorisation the destruction of the forms of authorisation, renewal or cancellation has been considered.

The Monitoring Officer will:

- Monitor the authorisations to ensure correct procedure has been followed
- Receive and investigate complaints by members of the public who reasonably believe they have been adversely affected by surveillance activities carried

out by the Council.

The Investigatory Powers Commissioner's Office has a duty to keep under review the exercise and performance of the Council of its surveillance powers. The Investigatory Powers Commissioner's Office will regularly inspect the Council and may carry out spot checks unannounced.

4.9 Refusals

All refusals to grant authority to undertake directed surveillance must be recorded and retained for inspection.

4.10 Breach of RIPA

Evidence gathered where RIPA has not been complied with may not be admissible in Court and could lead to a challenge under Article 8 of the Human Rights Act.

Any perceived breach of this policy or the RIPA procedures should be reported to the Monitoring Officer.

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5 The use of a Covert Human Intelligence Source (CHIS)

The Council does not generally use a CHIS and any request to do so should be referred to the Solicitor of the Council in the first instance for guidance and advice. Further guidance is contained in the relevant Code of Practice.

There is no use of CHIS merely because a person offers information to the local authority that may be material to the investigation of an offence, but there would be if the authority asks the person to obtain further information.

5.1 The use of Covert Human Intelligence Sources

The same requirements of necessity and proportionality exist for the granting of authorisations for the conduct and use of a CHIS but the directed surveillance crime threshold does not apply. The Investigating Officer must obtain a unique reference number (URN) from the Solicitor to the Council and complete the Home Office approved application form (available on the Council's Intranet).

5.2 Authorising a CHIS

The authorisation must be *necessary* on the same ground as for directed surveillance, for the purpose of preventing or detecting crime or preventing disorder. Secondly, the authorised conduct or use of the source must be proportionate to the goal sought. In this connection, and on the question of proportionality, it may be considered that the chances of collateral intrusion are particularly significant in the case of the use or conduct of CHIS. The Home Office Code of Practice recommends that the application includes a risk assessment for collateral intrusion.

From 1st November 2012 the authorisation process for use of a CHIS has been subject to judicial approval meaning that any authorisation granted will require the approval of a Justice of the Peace, which necessitates making an application to the Magistrates Court.

The Authorising Officer must be satisfied that arrangements exist for the proper oversight and management of the source that satisfy the requirements of section 29(5) of the Act and such other requirements as may be imposed by order made by the Secretary of State.

5.3 Covert Human Intelligence Sources may only be authorised if the following arrangements are in place:

Section 29(5) requires:

- that there will at all times be an officer within the local authority who will have day to day responsibility for dealing with the source on behalf of the authority, and for the source's security and welfare (section 29(5)(a));
- that there will at all times be another officer within the local authority who will have general oversight of the use made of the source (section 29(5)(b));

- that there will at all times be an officer within the local authority who has responsibility for maintaining a record of the use made of the source (section 29(5)(c));
- that a risk assessment must be undertaken before authorisation;
- that the records relating to the source maintained by the local authority will always contain particulars of all matters specified by the Secretary of State in Regulations. The current regulations are The Regulation of Investigatory Powers (Source Records) Regulations 2000).

These particulars are:

- a. the identity of the source;
- b. the identity, where known, used by the source;
- c. any relevant investigating authority other than the authority maintaining the records;
- d. the means by which the source is referred to within each relevant investigating authority; any other significant information connected with the security and welfare of the source;
- e. any confirmation made by a person granting or renewing an authorisation for the conduct or use of a source that the information in paragraph (d) has been considered and that any identified risks to the security and welfare of the source have where appropriate been properly explained to and understood by the source;
- f. the date when, and the circumstances in which, the source was recruited;
- g. the identities of the persons who, in relation to the source, are discharging or have discharged the functions mentioned in section 29(5)(a) to (c) of the Act (see bullet points above) or in any order made by the Secretary of State under section 29(2)(c);
- h. the periods during which those persons have discharged those responsibilities;
- i. the tasks given to the source and the demands made of him in relation to his activities as a source;
- j. all contacts or communications between the source and a person acting on behalf of any relevant investigating authority;
- k. the information obtained by each relevant investigating authority by the conduct or use of the source;
- l. any dissemination by that authority of information obtained in that way;
- m. in the case of a source who is not an undercover operative, every payment, benefit or reward and every offer of a payment, benefit or reward that is made or provided by or on behalf of any relevant investigating authority in respect of the source's activities for the benefit of that or any other relevant investigating authority; and
- n. that records maintained by the local authority that disclose the identity of the source will not be available to persons except to the extent that there is a need for access to them to be made available to those persons.

It is important to realise that it may well be a member of staff who becomes the source, depending on the manner of working used. It is not only persons outside the employ of the local authority who may be used as a source. If it is intended to make use of CHIS, then appropriate and specific training should be arranged for the officers responsible for the functions under section 29(5) (a) to (c) of the Act

and also for any officer of the Council who is to be the CHIS.

5.3 Juveniles and vulnerable persons as CHIS.

This is governed by the Regulation of Investigatory Powers (Juveniles) Order 2000. Authorisation of juvenile or vulnerable CHIS may only be undertaken by the Head of Paid Service or his deputy in his absence.

5.4 Judicial Approval of CHIS authorisations

The Protection of Freedoms Act 2012 amended RIPA 2000 to make local authority authorisation of a CHIS subject to judicial approval. The change means that local authorities need to obtain an order from a Justice of the Peace, approving the grant or renewal of an authorisation, before it can take effect. If the Justice of the Peace is satisfied that the statutory tests have been met and that the use of the technique is necessary and proportionate he/she will issue an order approving the grant or renewal for the use of the technique as described in the application.

This new judicial approval mechanism is in addition to the existing authorisation process. The requirements to internally assess necessity and proportionality, complete the RIPA authorisation/application forms and seek approval from an Authorising Officer remain. Therefore, there is a two-stage process. First, an authorisation must be obtained from an Authorising Officer. Secondly, approval of the authorisation must be obtained from a Justice of the Peace. This involves applying to a Magistrates Court.

A Justice of the Peace will only give approval to the granting of an authorisation for use of a CHIS if they are satisfied that:

- at the time the Authorising Officer granted the authorisation, there were reasonable grounds for believing that the authorisation was necessary and that the activity being authorised was proportionate;
- that arrangements existed that satisfied section 29(5);
- that the Authorising Officer was a designated person for the purposes of section 29 of RIPA;
- that the grant of the authorisation was not in breach of any restrictions imposed by virtue of section 29(7)(a) or 30(3) of RIPA;
- that any other conditions provided for by any Order were satisfied; and
- that there remain reasonable grounds for believing that the necessary and proportionate tests are satisfied and that any other requirements provided for by Order are satisfied.

5.6 CHIS Record Keeping

Records should be kept as prescribed by the Code of Practice (please see paragraph on Records and Documentation above). Where a source wearing or carrying a surveillance device is invited into residential premises or a private vehicle and records activity taking place inside those premises or vehicle, authorisation for use of that covert source should be obtained in the usual way.

The source should not use an invitation into residential premises or private vehicle as a means of installing equipment. If equipment is to be used other than in the presence of the covert source, an intrusive surveillance authorisation is necessary which **cannot** be granted by the local authority.

Home Office approved forms for the Review of a CHIS Authorisation; Renewal of a CHIS Authorisation and Cancellation of an Authorisation for the Use or Conduct of a CHIS are available on the Council's intranet.

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6 Working with Other Agencies

When another agency has been instructed on behalf of the Council to undertake any action under RIPA, this Policy and the Home Office approved application forms must be used and the agency advised of the Council's requirements. The agency must be advised, in writing, of what they are authorised to do.

When another agency including the Police (for example the Department for Work and Pensions or Trading Standards) wishes to use the Council's resources (for example officers or CCTV systems), that agency must use its own RIPA procedures and, **before** any officer agrees to allow the Council's resources to be used for the agency's purposes, the officer must obtain a copy of that agency's RIPA authorisation for the Council's central register.

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7 Errors

The Council's Senior Responsible Officer will undertake a regular review of errors and a written record will be made of this review. In the event that a relevant error occurs, the Senior Responsible Officer will notify the Investigatory Powers Commissioner as soon as practicable and no later than 10 working days after it has been established that the error occurred and will have regard to Section 8 of the Code in doing so.

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8 Complaints

Procedure

The Council will maintain the standards set out in this Policy and the current Codes of Practice. The Investigatory Powers Commissioner has responsibility for monitoring and reviewing the way the Council exercises the powers and duties conferred by the Act.

Contravention of the RIPA and/or Data Protection Act 1998 may be reported to the Investigatory Powers Commissioner at the Investigatory Powers Commissioner's Office:

PO Box 29105
LONDON
SW1V 1ZU

Tel: 020 7035 0074
Fax: 020 7035 3114

However before making such a reference, any person who reasonably believes they have been adversely affected by surveillance activity by or on behalf of the Council may complain to the RIPA Monitoring Officer who will investigate the complaint.

A complaint concerning a breach of this Policy and Guidance document should be made using the Council's own internal complaints procedure. To request a complaints form, please contact the Solicitor to the Council:

Craven District Council
Council Offices
1 Belle Vue Square
Broughton Road
SKIPTON
BD23 1FJ

Tel: 01756 706325

This Policy together with the Codes of Practice published by the Secretary of State, are available at Craven District Council for consultation and reference. Copies of this Policy can be obtained from the Solicitor to the Council (address above). It is also available on the Council website.