



East Suffolk House, Riduna Park, Station Road,  
Melton, Woodbridge, Suffolk, IP12 1RT

# Audit and Governance Committee

## Members:

Councillor Geoff Lynch (Chairman)  
Councillor Tony Cooper (Vice-Chairman)  
Councillor Judy Cloke  
Councillor Linda Coulam  
Councillor Tess Gandy  
Councillor Chris Mapey  
Councillor Mick Richardson  
Councillor Rachel Smith-Lyte  
Councillor Ed Thompson

Members are invited to a **Meeting of the Audit and Governance Committee** to be held in the Deben Conference Room, East Suffolk House, Melton on **Monday, 13 March 2023 at 6.30pm**

This meeting will be broadcast to the public via the East Suffolk YouTube Channel at [https://youtu.be/5QI\\_Bb1P3k](https://youtu.be/5QI_Bb1P3k)

An Agenda is set out below.

## Part One – Open to the Public

Pages

- 
- 1 Apologies for Absence and Substitutions**  
To receive apologies for absence and substitutions.

---

<b>2</b>	<b>Declarations of Interest</b> Members and Officers are invited to make any declarations of interests, and the nature of that interest, that they may have in relation to items on the Agenda and are also reminded to make any declarations at any stage during the Meeting if it becomes apparent that this may be required when a particular item or issue is considered.	
<b>3a</b>	<b>Minutes - 12 December 2022</b> To confirm as a correct record the minutes of the meeting held on 12 December 2022.	<b>1 - 6</b>
<b>3b</b>	<b>Minutes - 23 January 2023</b> To confirm as a correct record the minutes of the meeting held on 23 January 2023.	<b>7 - 8</b>
<b>5</b>	<b>Treasury Management 2022/23 Quarter 3 Report ES/1494</b> Report of the Cabinet Member with responsibility for Resources.	<b>9 - 18</b>
<b>6</b>	<b>Corporate Fraud Plan 2023/24 ES/1495</b> Report of the Cabinet Member with responsibility for Resources and Assistant Cabinet Member for Resources.	<b>19 - 27</b>
<b>7</b>	<b>Annual Data Protection Plan 2023/2024 ES/1496</b> Report of the Cabinet Member with responsibility for Resources and Assistant Cabinet Member for Resources.	<b>28 - 39</b>
<b>8</b>	<b>Annual Internal Audit Plan 2023/2024 ES/1497</b> Report of the Cabinet Member with responsibility for Resources and Assistant Cabinet Member for Resources	<b>40 - 59</b>
<b>9</b>	<b>Covert Investigation Policy ES/1500</b> Report of the Cabinet Member with responsibility for Resources and Assistant Cabinet Member for Resources	<b>60 - 70</b>
<b>10</b>	<b>Forward Work Programme 2023-24</b> To consider the Committee's forward work programme for 2023/24	<b>71 - 73</b>

**11 Exempt/Confidential Items**

It is recommended that under Section 100A(4) of the Local Government Act 1972 (as amended) the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A of the Act.

**Part Two – Exempt/Confidential**

**12a Exempt minutes - 12 December 2022**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**12b Exempt minutes - 23 January 2023**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**13 Update on the use of Purchase Orders**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**14 Internal Audit Status of Actions**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**15 Report on the Outcome of an Investigation of a Complaint**

- Information relating to any individual.
- Information that is likely to reveal the identity of an individual.

Close



Chris Bally, Chief Executive

## **Filming, Videoing, Photography and Audio Recording at Council Meetings**

The Council, members of the public and press may record / film / photograph or broadcast this meeting when the public and press are not lawfully excluded.

The Council cannot guarantee public seating areas will not be filmed or recorded. By entering the Conference Room and sitting in the public seating area, those present will be deemed to have consented to the possible use of filmed images and sound recordings. If you do not wish to be recorded, please speak to a member of the Democratic Services team at the earliest opportunity.

If you require this document in large print, audio or Braille or in a different language, please contact the Democratic Services Team on 01502 523521 or email:

[democraticservices@eastsoffolk.gov.uk](mailto:democraticservices@eastsoffolk.gov.uk)



**The national Charter and Charter Plus Awards for Elected Member Development**  
East Suffolk Council is committed to achieving excellence in elected member development

[www.local.gov.uk/Community-Leadership](http://www.local.gov.uk/Community-Leadership)

**Unconfirmed**



Minutes of a Meeting of the **Audit and Governance Committee** held in the Conference Room, Riverside, on **Monday, 12 December 2022 at 6:30pm**

**Members of the Committee present:**

Councillor Linda Coulam, Councillor Louise Gooch, Councillor Geoff Lynch, Councillor Mick Richardson, Councillor Ed Thompson

**Other Members present:**

Councillor Edward Back, Councillor Maurice Cook

**Officers present:** Laura Fuller (Audit Manager), Sandra Lewis (Head of Digital and Programme Management), Siobhan Martin (Head of Internal Audit Services), Brian Mew (Chief Finance Officer & Section 151 Officer), Stacey Ransby (Performance & Risk Officer), Alli Stone (Democratic Services Officer), Julian Sturman (Specialist Accountant – Capital and Treasury Management), Nicola Wotton (Deputy Democratic Services Manager)

---

**1 Apologies for Absence**

Apologies for absence were received from Councillor Cooper, Councillor Cloke and Councillor Smith-Lyte.

**2 Declarations of Interest**

There were no Declarations of Interest.

**3 Minutes**

On the proposal of Councillor Coulam, seconded by Councillor Gooch it was by a unanimous vote

**RESOLVED**

That the Minutes of the Meeting held on 12 September 2022 be agreed as a correct record and signed by the Chairman.

**4 Capital Strategy 2023/24 to 2026/27**

The Committee received report **ES/1371** of Councillor Maurice Cook, Cabinet Member with responsibility for Resources, concerning the Capital Strategy for 2023/24. Councillor Cook introduced the report which gave a high level overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of services in East Suffolk. The report also detailed how associated risks were managed and any implications for future financial sustainability.

Councillor Cook summarised the areas included in the capital strategy and drew the Committee's attention to the section concerning governance which ensured that schemes which would generate or save income were prioritised. Councillor Cook stated that treasury decisions were reviewed daily to ensure the best value, and at present the Council's cost of borrowing was less than income received on investment. Councillor Cook also highlighted that the Council had now contributed 110% to the Suffolk pensions scheme, and so payments could now be reduced, and savings made.

Councillor Coulam referred to point 2.1.3 of Appendix A concerning HRA expenditure and asked why this was so high in 2023/24 compared to the following years. Councillor Cook confirmed that this reflected known project dates, and so this increase was likely due to projects such as the Felixstowe village which would be commencing in the next year.

The Chairman commented on the considerable spend coming up in the next financial year in the District's towns, on coastal protection and the conversion of the Councils vehicles to more energy efficient fuel. The Chairman was pleased to see so much investment in the local area.

There being no further questions, on the proposal of Councillor Richardson and seconded by Councillor Coulam it was by a unanimous vote

#### **RESOLVED**

That having reviewed and commented on the Capital Strategy 2023/24 to 2026/27 the Audit and Governance Committee recommends it to Full Council for approval.

#### **5 Treasury Management Strategy Statement for 2022/23 & Treasury Management Investment Strategy for 2022/23**

The Committee received report **ES/1372** of Councillor Edward Back, Assistant Cabinet Member for Resources. Councillor Cook introduced the report which set out the Council's Treasury Management Strategy Statement for 2022/23 and Treasury Management Investment Strategy for 2022/23.

Councillor Cook summarised the Treasury Management Strategy Statement and drew the Committee's attention to the sections in the report which summarised the indicators the Council used to manage risk and the economic and interest rate forecast from the Council's treasury management advisors. Councillor Cook reported that as of November, the Council held £65.65 million of loans and £131.34 million of investments. Councillor Cook drew the Committee's attention to Appendix C which

provided details of the investment portfolio and had been included following a request by the Committee.

Councillor Gooch referred to Appendix C and asked how inter-authority lending was managed. Councillor Cook confirmed that the investments were rated and the Council only lent to authorities within a certain rating. Investments were monitored daily and if ratings changed then officers would consider any issues which might arise. All inter-authority transactions were subject to a government guarantee and when one of the authorities the Council had lent to was in financial difficulties, the Council had received all payments due. Officers confirmed that the Council was minimising loan terms due to the volatility of interest rates which was why most of the loans shown were for short periods of time.

The Chairman commented on the use of having details of who the Council lent to which allowed the Committee to keep a closer eye on the situation. The Chairman also commented on the volatility of interest rates and agreed that it made sense to keep loan terms short, especially considering the Council's own plans for investment.

There being no further questions, on the proposal of Councillor Gooch and seconded by Councillor Coulam it was by a unanimous vote

## **RESOLVED**

That having reviewed and commented upon the Treasury Management Strategy Statement and the Treasury Management Investment Strategy for 2023/24, the Audit and Governance Committee recommends it to Full Council for approval.

## **6 Corporate Risk Management Update**

The Committee received report **ES/1373** of Councillor Maurice Cook, Cabinet Member with responsibility for Resources, and Councillor Edward Back, Assistant Cabinet Member for Resources. Councillor Cook introduced the report which provided an update on Corporate Risk Management. Risk management was part of good governance and the Council had embedded mechanisms to identify and escalate risks if necessary to the Corporate Risk Register. The management team had recently held a risk management session with the Council's external advisors where they had reviewed and challenged existing risks and any that may not have been identified. The session confirmed the Council had a good approach to risk.

Councillor Cook summarised the red risks on the register which related to the cost of living crisis, inflation, risks associated with imports and the Port of Felixstowe, flood risk and coastal erosion.

The Chairman referred to the red risk concerning the finances and increases in inflation and asked whether this should be red due to the good management in this area by officers and the Committee. Councillor Cook commented that this was a very cautious approach, due to constant daily changes in this area. Officers stated this was a red risk not because it was being poorly managed, but because the parameters were changing so frequently, and the risk had a high impact and likelihood of occurring. The mitigation measures the Council had were proving to be robust, but this was a very volatile area.

Councillor Gooch referred to the green risk concerning contracts and partnerships and asked if there was a risk in this area from the energy costs that businesses were having to take on, especially in leisure. Councillor Cook confirmed that this issue was captured in the red risk on cost of living and inflation, and the green risk was more to do with how contracts were managed.

Councillor Coulam commented on the risks concerning coastal erosion which were red, as opposed to the risk concerning on oil deposits on Gunton beach which was now green, and asked if these should be the same. Councillor Cook commented that the red risk reflected the unknown severity and quantity of tidal surges and other issues along the coast. Regarding Gunton beach, this would hopefully be reducing going forward. Officers commented that there had been significant surveys and investigations on Gunton beach, which meant that there was better understanding of the risk.

The Chairman referred to the amber risk for St Peters Court which was classed as low risk whilst still being non-compliant. Officers commented that this was due to the low likelihood of issues arising, but that the issue would be very significant if it did occur. Work had taken place to identify a programme of works, a report on this was due which would provide further clarification on the level of risk. The Chairman asked that this risk be reworded to make this clearer.

There being no further questions, on the proposal of Councillor Coulam and seconded by Councillor Richardson it was by a unanimous vote

## **RESOLVED**

That having commented on the corporate strategic risks from the Council's current Corporate Risk Register, governed and monitored by Corporate Governance Group, the Audit and Governance Committee notes its contents.

## **7 Revised Internal Audit Plan 2022/23**

The Committee received report **ES/1374** of Councillor Cook, Cabinet Member with responsibility for Resources, and Councillor Back, Assistant Cabinet Member for Resources. Councillor Back introduced the report which summarised the amendments to the internal audit plan 2022/23 due to new risks and changing resources. The use of consultants or partner Council resources to cover some audit work had been considered but was not felt to be a viable option at present.

The Head of Internal Audit commented that it was normal for an internal audit plan to change through the year due to risks changing. The Head of Internal Audit drew the Committee's attention to the deferrals in the report, which would be raised with officers in January/February when the next years plan was discussed. Work in housing had been deferred to allow all the changes in this area to be concluded. The Head of Housing was supportive of audit work taking place in this area. There were also deferrals in the IT area, and there had been difficulty in recruiting a new auditor to focus on IT issue and in engaging contractors for this work. There was a risk that this area had not been covered for several years, and although there were not any anticipated issues it was key that this area be looked at as soon as possible. The Head



of Internal Audit confirmed that enough work had been done to issue an audit opinion and that she was well supported by the Cabinet and Senior Officers in examining any area necessary.

The Chairman commented that the work of internal audit was very important in keeping down external audit fees. The Chairman appreciated the issues the team had faced and asked that internal audit keep working to find support for the IT audit position. The Chairman referred to the change of Chief Executive and asked that the Head of Internal Audit keep the Committee updated on how processes were working with the new Chief Executive. The Chairman asked that the internal audit team look at how parking management was working now that this had been in place for a year, and when the LATCo had been in place for a year this should also be looked at. The Chairman thanked the audit team for their work.

Councillor Gooch asked if the key for the table on the plan could be moved to the start, and if time frames for work could be included where information was available.

There being no further questions, on the proposition of Councillor Gooch and seconded by Councillor Thompson it was by a unanimous vote

#### **RESOLVED**

That having commented upon the revisions made the Audit and Governance Committee approve the Internal Audit Plan 2022/23.

### **8 Internal Audit Reports Recently Issued**

The Committee received report **ES/1375** of Councillor Maurice Cook, Cabinet Member with responsibility for Resources, and Councillor Edward Back, Assistant Cabinet Member for Resources. Councillor Back introduced the report, which provided details of internal audit reports recently issued. An effective audit opinion had been issued.

There being no questions, on the proposition of Councillor Richardson, seconded by Councillor Thompson it was by a unanimous vote

#### **RESOLVED**

That having commented upon the attached Internal Audit reports, the Audit and Governance Committee notes their contents:

- Disabled Facilities Grant Certification 2022/23 (Relating to the 2021/22 financial year)

### **9 Audit and Governance Committee's Work Programme 2022-23**

The Committee reviewed its Forward Work Programme. The Chairman commented on the programme for the March meeting and asked Officers to see if any of this work could be moved.

### **10 Exempt/Confidential Items**

On the proposal of Councillor Richardson, seconded by Councillor Coulam it was by a unanimous vote

**RESOLVED**

That under Section 100A(4) of the Local Government Act 1972 (as amended) the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

**11 Exempt Minutes**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**12 Internal Audit Status of Actions**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**13 Internal Audit Reports Recently Issued (Exempt)**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The meeting concluded at 7.51pm.

.....  
Chairman

<b>Unconfirmed</b>
--------------------



Minutes of a Meeting of the **Audit and Governance Committee** held in the Deben Conference Room, East Suffolk House, on **Monday, 23 January 2023 at 6:30 PM**

**Members of the Committee present:**

Councillor Linda Coulam, Councillor Tess Gandy, Councillor Geoff Lynch, Councillor Chris Mapey, Councillor Mick Richardson, Councillor Rachel Smith-Lyte, Councillor Ed Thompson

**Other Members present:**

Councillor Edward Back, Councillor Maurice Cook, Councillor Russ Rainger

**Officers present:**

Laura Fuller (Audit Manager), Andy Jarvis (Strategic Director), Siobhan Martin (Head of Internal Audit Services), Matt Makin (Democratic Services Officer (Regulatory)), Brian Mew (Chief Finance Officer & Section 151 Officer), Alli Stone (Democratic Services Officer), Julian Sturman (Specialist Accountant – Capital and Treasury Management)

**1 Apologies for Absence and Substitutions**

Apologies for absence were received from Councillor Cooper and Councillor Cloke. Councillor Rainger attended as substitute for Councillor Cooper.

**2 Declarations of Interest**

Andy Jarvis declared a non-financial interest as a Director of East Suffolk Services Limited under item 5 of the agenda.

**3 Internal Audit Charter**

The Committee received report **ES/1422** of Councillor Maurice Cook, Cabinet Member with responsibility for Resources and Councillor Edward Back, Assistant Cabinet Member for Resources.

The Head of Internal Audit introduced the report. The Internal Audit Charter was refreshed every year and received by the Committee to ensure the Committee was up to date on the standards and regulations for Internal Audit. The Head of Internal Audit

notes that there were no substantial changes to the Charter this year, beyond some updating of language.

There were no questions from the Committee, and on the proposal of Councillor Coulam, seconded by Councillor Gandy, it was by a unanimous vote

**RESOLVED**

That having reviewed the refreshed Internal Audit Charter, it be approved by the Audit and Governance Committee.

**4 Exempt/Confidential Items**

On the proposition of Councillor Coulam, seconded by Councillor Gandy, it was by a unanimous vote

**RESOLVED**

That under Section 100A(4) of the Local Government Act 1972 (as amended) the public be excluded from the meeting for the following item of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

**5 East Suffolk Services Limited Loan Funding**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The meeting concluded at TBC

.....  
Chairman



## AUDIT & GOVERNANCE COMMITTEE

Monday, 13 March 2023

<b>Subject</b>	Treasury Management 2022/23 Quarter 3 Report
<b>Report by</b>	Councillor Maurice Cook, Cabinet Member with responsibility for Resources
<b>Supporting Officer</b>	Brian Mew Chief Finance Officer and Section 151 Officer <a href="mailto:brian.mew@eastsoffolk.gov.uk">brian.mew@eastsoffolk.gov.uk</a> 01394 444571

Is the report Open or Exempt?	OPEN
-------------------------------	------

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable
<b>Wards Affected:</b>	All Wards

## Purpose and high-level overview

### **Purpose of Report:**

The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve, as a minimum, treasury management semi-annual and annual outturn reports.

The Council's treasury management strategy for 2022/23 was approved at the Full Council meeting on 26<sup>th</sup> January 2022. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

CIPFA published its revised Treasury Management Code of Practice [the TM Code] and Prudential Code for Capital Finance in December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments. The principles within the two Codes took immediate effect although local authorities could defer introducing the revised reporting requirements within the revised Codes until the 2023/24 financial year if they wish. East Suffolk Council has adopted a soft implementation from 2022/23 with the revised reporting requirements effective from 2023/24.

Treasury risk management at the Council is conducted within the framework of the TM Code. This Code now also includes extensive additional requirements for service and commercial investments, far beyond those in the 2017 version.

### **Options:**

To comply with the CIPFA Treasury Management code the report is required to be produced and presented to members, and consequently, no other options have been considered.

### **Recommendation/s:**

That the quarter 3 report on the Council's Treasury Management activity for 2022/23 be noted.

## Corporate Impact Assessment

### **Governance:**

The report complies with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management code to provide information and scrutiny on the Council's Treasury Management function.

<b>ESC policies and strategies that directly apply to the proposal:</b> East Suffolk Council Strategic Plan.
<b>Environmental:</b> No impacts.
<b>Equalities and Diversity:</b> No impacts.
<b>Financial:</b> Management of the Council’s cash flows; banking; and capital market transactions.
<b>Human Resources:</b> No impacts.
<b>ICT:</b> No impacts.
<b>Legal:</b> No impacts.
<b>Risk:</b> Treasury Management in Local Government is governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Public Services and in this context is the “management of the Council’s cash flows, its banking and its capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.” This Council has adopted the Code and complies with its requirements.

<b>External Consultees:</b>	None
-----------------------------	------

## Strategic Plan Priorities

<b>Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal:</b> <i>(Select only one primary and as many secondary as appropriate)</i>		<b>Primary priority</b>	<b>Secondary priorities</b>
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being, and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>

<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education, and influence	<input type="checkbox"/>	<input type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>How does this proposal support the priorities selected?</b>			
The investment activity of the Treasury Management function supports the financial stability of the Council with any increase in return on investment providing additional income above budget to the general fund.			

## Background and Justification for Recommendation

<b>1 Background facts</b>	
1.1	The conflict in Ukraine continues to keep global inflation elevated and the UK and global economic outlook remains weak. Political uncertainty in the UK improved in the latter part of the period following a change in government to what financial markets perceived as being more fiscally prudent.
1.2	The economic backdrop during the April to December period continued to be characterised by high energy and commodity prices, high inflation, and the associated impact on consumers' cost of living, as well as little likelihood that the Russia-Ukraine hostilities will end any time soon. China started to lift some of its zero-Covid policy restrictions at the end of the period causing a sharp increase in infections, but also leading to questions over potential under reporting of the number of cases by the Chinese government due to how it is counting the figures.
1.3	Central Bank rhetoric and action continued to remain robust. The Bank of England, Federal Reserve and the European Central Bank all increased interest rates over the



1.4	<p>period and committed to fighting inflation, even in the face of potential recessions in those regions.</p> <p>The Bank of England increased the official Bank Rate to 3.5% over the period. From 0.75% in March, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with outsized hikes of 50bps in August and September, 75bps in November and then another 50bps in December. November's rise was voted by a majority of 7-2, with one MPC member preferring a 0.5% rise and another a 0.25% rise. The December vote was 6-3, with two members preferring to keep Bank Rate on hold at 3% while one member wanted a larger increase of 0.75%. Once again, the Committee noted that domestic inflationary pressures are expected to remain strong and continuing talk around combating inflation means further rate rises are predicted.</p>
-----	---

<b>2 Current position</b>	
2.1	<b>TREASURY MANAGEMENT QUARTER 3 2022/23</b>
2.2	<p><b>DAILY CASH MANAGEMENT</b></p> <p>The report reviews performance of the treasury management function for the third quarter of 2022/23.</p> <p><b>2022/23 Quarter 3 Summary:</b></p> <ul style="list-style-type: none"> <li>• Total investments at 31<sup>st</sup> December 2022 totalled £131.34m.</li> <li>• These investments are summarised as Short-term Investments £91m, Long-term Investments £20.34m and Liquidity Investments £20m.</li> <li>• Interest on Investments to 31<sup>st</sup> December totalled £938.5k.</li> </ul> <p>The Council's counterparty list (investment list) is continuously reviewed and updated considering published credit rating information, financial accounts, share prices, asset size, Government support and information from the Council's Treasury Advisors, Arlingclose.</p>
2.3	<b>INVESTMENT PORTFOLIO 2022/23</b>
2.4	<p>CIPFA revised TM Code defines treasury management investments as those which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business.</p>
2.5	<p>The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During this year, the Authority's investment balances ranged between £143.37m and £131.57m due to</p>

timing differences between income and expenditure. The investment position is shown in table below.

	1st April 2022 £m	1st April Interest Rate %	31st December 2022 £m	31st December Interest Rate %
Call Accounts (Liquidity Funds)	15.30	0.08% - 0.10%	10.00	2.15%
Money Market Funds	0.00	0.03%	10.00	2.82%
Term Investments: upto 12 months	87.50	0.05% - 1.0%	86.00	0.70% - 4.10%
Term Investments: over 12 months	20.00	0.20% - 0.90%	5.00	0.20%
Property Investment Fund	10.82	4.49%	10.82	4.49%
Multi Asset Fund	9.75	3.36% - 3.82%	9.52	3.36% - 3.82%
<b>Total</b>	<b>143.37</b>		<b>131.34</b>	

The Council's investment portfolio is looking healthy with both the Property Investment and Multi Asset Fund still performing well.

- 2.6 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 2.7 Bank Rate has increased from 0.75% at the beginning of the period under review to 3.5% at the end.
- 2.8 The interest on investments for the quarter totals £938.5k against a revised budget of £1.25m for the financial year.
- 2.9 **BORROWING**
- 2.10 PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.
- 2.11 As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 2.12 Over the October-December quarter the PWLB fixed short-term rates increased by 0.63% and the long-term rate rose 0.86%.

No new additional borrowing was taken out during the quarter. In line with the current loan portfolio repayment terms an £80k repayment was made during the quarter.

	31st March 2022 Principal £m	Repayments to 31st December 2022 £m	31st December 2022 Principal £m
PWLB Fixed Rate Maturity/EIP Loans	65.81	-0.16	65.65

2.13

### COMPLIANCE

The Chief Finance Officer reports that all treasury management activities undertaken during the quarter complied fully with the principles in the TM Code and the Authority's approved Treasury Management Strategy.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in the table below.

	2022/23 Operational Boundary	2022/23 Authorised Limit	Complied?  Yes/No
Borrowing	£153m	£155m	Yes

2.14

Compliance with specific investment limits is demonstrated in the table below.

	2022/23 Q3 Maximum	31.12.2022 Actual	2022/23 Limit per Counterparty	Complied Yes/No
Any single organisation, except the UK Government	£525m	£76m	£25m	Yes
Unsecured investments with building societies	£15m	£0	£15m	Yes
Money Market Funds	£20m	£10m	£20m	Yes
Strategic Pooled funds	£60m	£20.57m	£20m	Yes
Real Estate Investment Trusts	£0	£0	£10m	Yes

2.15

The Authority measures and manages its exposures to treasury management risks using the following indicators.

2.16 Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.12.2022	2022/23 Target	Complied Yes/No
Portfolio average credit score	<b>4.8</b>	<b>4</b>	<b>Yes</b>

2.17 Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	31.12.2022 £m	2022/23 Target £m	Complied Yes/No
sums subject to variable interest rates:			
Total cash available within 3 months	<b>30.88</b>	<b>30.00</b>	<b>Yes</b>

2.18 Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

	31.12.2022 £m	Impact of a +/- 1% interest rate	2022/23 Target £m	Complied Yes/No
sums subject to variable interest rates:				
Investments	10.00	0.1	0.15	Yes
Borrowing	0	0	-0.15	Yes

2.19 Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Councils exposure to the risk of incurring losses by seeking early repayment of its investments and also to limit the expose to changing longer term investment rates. E.g., a two year fixed investment is currently available at 4.50% where as a 6 month rate is around 4.40% so it is likely that the short term rate will exceed that of the longer term rate within the next few months.

Price risk indicator Q3	2022/23	2023/24	2024/25	2025/26	2026/27
Limit on principal invested beyond year end	£10.0m	£5.0m	£5.0m	£5.0m	£5.0m
Actual principal invested beyond year end	£5m	£0	£0	£0	£0
Complied	Yes	Yes	Yes	Yes	Yes

### 3 How to address current situation

- |     |   |
|-----|---|
| 3.1 | The Council continues to operate its Treasury Management function within the key principles of security, liquidity, and yield.  |
| 3.2 | The Council will explore other opportunities in Treasury Management investments in line with the Treasury Management Code and any new borrowing requirements will be evaluated against the most appropriate method of borrowing ensuring that cost of borrowing is kept to a minimum. |

### 4 Reason/s for recommendation

- |     |   |
|-----|---|
| 4.1 | The updated CIPFA Treasury Management code requires a quarterly report to be produced on the Treasury Management function and noted by Committee. |
|-----|---|

## Appendices

### Appendices:

- |            |   |
|------------|---|
| Appendix A | Summary of Existing Debt & Investment Portfolio Position as at 31 December 2022 |
|------------|---|

### Background reference papers:

Date	Type	Available From
January 2023	Arlingclose Q3 Template	Financial Services

## Summary of Existing Debt &amp; Investment Portfolio Position as at 31 December 2022

## Debt Portfolio:

Type of Loan	Start Date	Maturity	Principal	Interest Rate	GF/HRA
<b>Maturity Loans</b>					
Fixed	30/11/1995	30/09/2024	2,000,000	8.375%	GF/HRA
Fixed	10/08/2007	31/03/2055	3,000,000	4.550%	GF/HRA
Fixed	28/03/2012	28/03/2039	10,000,000	3.470%	HRA
Fixed	28/03/2012	28/03/2036	10,000,000	3.420%	HRA
Fixed	28/03/2012	28/03/2027	10,000,000	3.010%	HRA
Fixed	28/03/2012	28/03/2041	10,000,000	3.490%	HRA
Fixed	28/03/2012	28/03/2032	10,000,000	3.300%	HRA
Fixed	28/03/2012	28/03/2042	8,000,000	3.500%	HRA
<b>Equal Instalments of Principle (EIP)</b>					
Fixed	15/05/2015	15/11/2035	2,640,000	3.69%	GF
<b>Annuity</b>					
Fixed	10/09/1968	26/08/2028	5,829.12	7.62%	GF/HRA
<b>Total</b>			<b>65,645,829</b>		

## Investment Portfolio:

Counterparty	Type of investment	Principal Balance	Duration	Start Date	Effective Maturity	Interest Rate
Bank 1 (Lloyds)	Instant Access	10,000,000	Overnight	N/A	N/A	2.15%
		<b>10,000,000</b>				
DMO (Central Government)	Fixed Term	5,000,000	5 Months (153 days)	23/09/2022	23/02/2023	2.83%
DMO (Central Government)	Fixed Term	5,000,000	4 Months (124 days)	28/09/2022	30/01/2023	3.27%
DMO (Central Government)	Fixed Term	5,000,000	3 Months (92 days)	17/10/2022	17/01/2023	2.91%
DMO (Central Government)	Fixed Term	5,000,000	2 Months (65 days)	01/11/2022	05/01/2023	2.70%
DMO (Central Government)	Fixed Term	5,000,000	6 Months (182 days)	02/12/2022	02/06/2023	3.40%
		<b>25,000,000</b>				
North Lanarkshire Council	Fixed Term	5,000,000	1 Year	21/02/2022	20/02/2023	0.70%
Blackpool Borough Council	Fixed Term	5,000,000	1 Year	16/03/2022	15/03/2023	0.75%
Fareham Borough Council	Fixed Term	5,000,000	1 Year	24/02/2022	23/02/2023	0.75%
Peterborough City Council	Fixed Term	5,000,000	1 Year	14/04/2022	13/04/2023	1.20%
London Borough of Croydon	Fixed Term	5,000,000	1 Year	29/06/2022	28/06/2023	1.35%
London Borough of Croydon	Fixed Term	5,000,000	1 Year	27/07/2022	26/07/2023	1.60%
Darlington Borough Council	Fixed Term	5,000,000	364 days	01/09/2022	31/08/2023	2.30%
Cheltenham Borough Council	Fixed Term	3,000,000	6 months	13/10/2022	13/04/2023	3.00%
Suffolk County Council	Fixed Term	5,000,000	1 year	30/09/2022	29/09/2023	3.15%
Epping Forest District Council	Fixed Term	2,000,000	6 months	03/10/2022	14/04/2023	3.55%
Epping Forest District Council	Fixed Term	4,000,000	9 months	18/10/2022	18/07/2023	4.10%
London Borough of Haringey	Fixed Term	5,000,000	6 months	14/11/2022	15/05/2023	3.40%
Wirral Borough Council	Fixed Term	2,000,000	3 months	17/11/2022	23/02/2023	3.00%
Kirklees Council	Fixed Term	5,000,000	6 months	15/12/2022	15/06/2023	3.60%
Watford Borough Council	Fixed Term	5,000,000	2 years	29/09/2021	29/09/2023	0.20%
		<b>66,000,000</b>				
Money Market Fund (MMF) - (CCLA)	Instant Access	10,000,000	Overnight	N/A	N/A	2.82%
		<b>10,000,000</b>				
Pooled Property Fund 1 (CCLA)	Notice - Long Term	10,818,950	N/A	29/11/2017	N/A	3.91%
Pooled DIF 1 (CCLA)	Notice - Long Term	4,774,348	N/A	25/11/2019	N/A	3.91%
Pooled DIF 2 (NinetyOne)	Notice - Long Term	4,749,478	N/A	17/10/2019	N/A	2.60%
		<b>20,342,776</b>				
<b>Total</b>		<b>131,342,776</b>				



**AUDIT & GOVERNANCE COMMITTEE**  
**Monday, 13 March 2023**

<b>Subject</b>	Corporate Fraud Plan 2023/24
<b>Report by</b>	Councillor Maurice Cook, Cabinet Member with responsibility for Resources  Councillor Edward Back, Assistant Cabinet Member for Resources
<b>Supporting Officer</b>	Siobhan Martin Head of Internal Audit <a href="mailto:siobhan.martin@eastsoffolk.gov.uk">siobhan.martin@eastsoffolk.gov.uk</a>  01394 444254

Is the report Open or Exempt?	OPEN
-------------------------------	------

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not Applicable.
<b>Wards Affected:</b>	All Wards

## Purpose and high-level overview

### **Purpose of Report:**

To provide a strategic overview of the planned corporate anti-fraud work to be undertaken at the Council during 2023/24 and ensure Members of the Committee discharge their duties and responsibilities in accordance with the Committee's terms of reference.

### **Options:**

No alternative options are presented in relation to this report

### **Recommendation/s:**

That having commented upon the Corporate Fraud Plan 2023/24 the Committee endorses its contents.

## Corporate Impact Assessment

### **Governance:**

This report supports the Council's governance framework by setting out how the Corporate Fraud service intends to lead and direct the Council's response to fraud risk in the coming financial year.

### **ESC policies and strategies that directly apply to the proposal:**

This report has links to the Council's:

- Anti-Fraud and Corruption Strategy
- Anti Bribery Policy and Procedure
- Anti Money Laundering Policy
- Covert Surveillance Policy
- Whistleblowing Policy
- Code of Corporate Governance

### **Environmental:**

This report does not include direct links to the Council's strategic environmental aims.

### **Equalities and Diversity:**

This report does not require the completion of an Equalities Impact Assessment.

### **Financial:**

This report has financial implications due to its purpose in reducing the risk of financial losses through fraud.

### **Human Resources:**

This report does not have any direct staffing implications.

### **ICT:**

This report does not have any direct ICT (Information Communications Technician) implications.



**Legal:**

The Corporate Fraud service relies on several statutory powers to deliver the Corporate Fraud Plan, including but not limited to primary legislation:

- Fraud Act 2006
- Prevention of Social Housing Fraud Act 2013
- Proceeds of Crime Act 2002
- Bribery Act 2010

**Risk:**

This report sets out how the Corporate Fraud Service intends to support fraud risk identification, mitigation, and response over the coming financial year.

**External Consultees:**

No external parties were consulted in the preparation of this report.

## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input checked="" type="checkbox"/>

P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p><b>How does this proposal support the priorities selected?</b></p> <p>The Council's Corporate Fraud Plan 2023/24 is the Council's response to combatting the financial, social and personal cost of fraud to the Council, economy, and local community. It is a key element in the Council's governance framework, designed to reduce the risk of fraud, corruption, and abuse in the delivery of local services.</p>			

## Background and Justification for Recommendation

1 Background facts	
1.1	The Council maintains a zero-tolerance approach towards fraud and corruption, and the existence of a professional Corporate Fraud Service demonstrates the Council's commitment to this objective.
1.2	<p>Fraud is an act of deception carried out for personal gain or to cause loss, or a loss to another party. In the Public Sector fraud can be committed internally by workers or externally by suppliers, contractors, and members of the public. Fraud covers a wide spectrum of activities and can affect all departments.</p> <p>The disruption caused by the Covid-19 Pandemic, followed by the impacts of the war in Ukraine, rising inflation and cost-of-living crisis mean that the temptations and opportunities for fraud have both risen significantly. The Corporate Fraud Service is always fluid reacting to cases involved with preventing, pursuing and/or prosecuting any fraud irregularity that involves public money.</p>
1.3	The Fighting Fraud and Corruption Locally 2020 is the current national strategy for council leaders, chief executives, finance directors, and all those charged with governance in local authorities to use in defending against fraud in local government. This strategy sits alongside the CIPFA (Chartered Institute of Public Finance and Accountancy) (Chartered Institute of Public Finance and Accountancy) Code of Practice on managing the Risk of Fraud and Corruption.
1.4	The Corporate Fraud Plan 2023-2024 is a direct response to meeting national strategy, guidance, and achieving the Council's Strategic Plan objectives. It is a key contributor to enabling the Government's austerity measures in reducing public expenditure by reducing fraud, especially as the Covid-19 Pandemic has had a devastating impact across the globe. It also defines the Council's proactive and reactive anti-fraud work, which is noted by the Council's external auditors and Central Government bodies.
1.5	At East Suffolk Council the Corporate Fraud Service is managed by the Head of Internal Audit.

## 2 Current position

2.1	A key responsibility within the Audit and Governance Committee's terms of reference is to 'Monitor Council policies on... Anti-Fraud and Corruption'. The Corporate Fraud Plan at Appendix A represents the planned corporate wide anti-fraud work for the financial year 1 April 2023 to 31 March 2024.
2.2	The Corporate Fraud Service will continue to focus its anti-fraud activities in the areas of prevention, detection, and prosecution work, directed by the Head of Internal Audit, who also leads this service area at Ipswich Borough Council. In addition to this, providing a fraud risk assessment in respect of any Government grants administered by the Council. We assist in the completion of the Department for Business, Energy, and Industrial Strategy (BEIS) returns to Government in respect of any grants paid out whether any fraud or error occurred etc.
2.3	The financial year ahead will continue to be a year of further development and enhancement in the field of corporate fraud activity. This will be based upon the ever-changing increased fraud risk assessments of various Council sections which will be completed in areas not covered before.

## 3 How to address current situation

3.1	Fraud is an ongoing threat to the effective use of local government resources. The Council has developed this Corporate Fraud Plan to prevent and detect the numerous known and anticipated types and sources of fraud, that have been identified nationwide.
-----	---

## 4 Reason/s for recommendation

4.1	To request endorsement of planned corporate anti-fraud work to be undertaken at the Council during 2023/24.
4.2	To ensure Members of the Committee discharge their duties and responsibilities in accordance with the Committee's terms of reference.

## Appendices

### Appendices:

<b>Appendix A</b>	Corporate Fraud Plan 2023/24
-------------------	------------------------------

### Background papers:

None

# Corporate Fraud Plan 2023/24

## 1. Corporate Fraud Service Priorities

Fraud is a significant threat to any organisation. It costs its victims sometimes substantial sums of money and diverts resources away from those who need them.

The Councils corporate fraud activity in the coming year is aligned with the pillars sets out in the CIPFA guidance: 'Fighting Fraud and Corruption Locally 2020 – A Strategy for the 2020's':



East Suffolk Council has a zero-tolerance approach to fraud, and the Corporate Fraud service is the lead team for advising the organisation on how to identify and manage fraud risk. The Corporate Fraud service is also responsible for investigation any potential attempts to defraud the Council.

This Corporate Fraud Plan sets out the priorities and aims of the Corporate Fraud service in 2023/24, and how the service intends to support the aims of the Anti-Fraud and Corruption Strategy.



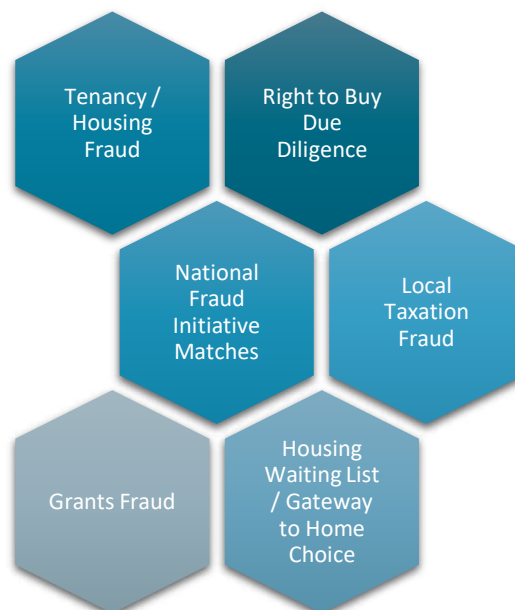
**£2,163,007**  
The financial benefit of the Corporate Fraud service in 2021/22

The Corporate Fraud service has a number of activities planned in the coming year.



The Corporate Fraud Service receives allegations via members of the public, internal staff, contractors, or partnership colleagues etc. These are considered for investigated or referred to other Law Enforcement Agencies within the lawful basis.

**Some fraud risk areas to cover under pro-active- or re-active exercises:**

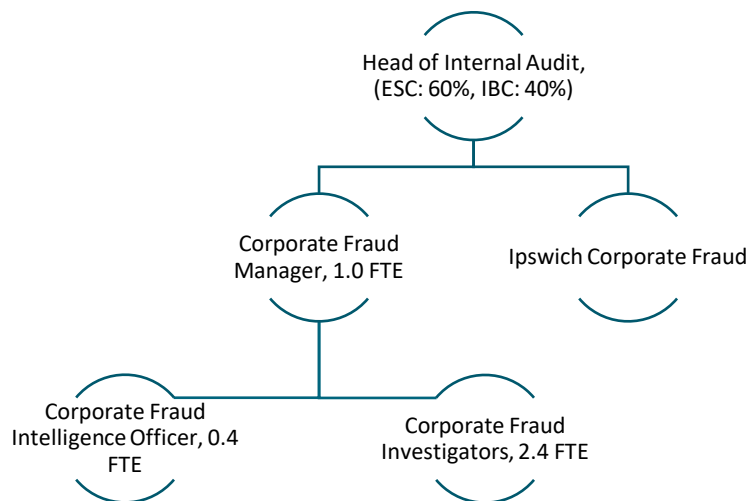


In undertaking fraud investigations, the Council’s skilled and experienced fraud investigators rely on the following legislation and related procedures (not an exhaustive list):

- Fraud Act 2006
- Prevention of Social Housing Fraud Act 2013
- Regulation of Investigatory Powers Act 2006
- Police and Criminal Evidence Act (PACE) 1984
- Criminal Procedures and Investigation Act (CPIA) 1996
- Human Rights Act 1998
- Proceeds of Crime Act 2000
- Data Protection Act 2018

## 2. Resources

The Corporate Fraud service reports to the Head of Internal Audit and forms part of the Audit Services Partnership with Ipswich Borough Council.



The Corporate Fraud service in partnership with Ipswich Borough Council have skills that can be utilised in respect of the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2017. The Head of Internal Audit is also authorised by the National Crime Agency as a Senior Authorised Officer.

Partnership arrangements provide an opportunity to share training, knowledge, and expertise, with a full time Financial Investigator available at Ipswich Borough Council.

Fighting fraud and corruption is a not a one-off cost, it requires ongoing investment which flexes with the scale of risk and threat that all Councils face.

## 3. Measuring Results

An annual report of outcomes from the previous financial year 2022/23 is presented to the Audit and Governance Committee in a separate report usually in July each year.

Outputs are monitored on a monthly basis within the service by the Corporate Fraud Manager and reported to the Head of Internal Audit.

The Council reports upon the use of covert investigation powers to the Surveillance Commissioner. During 2022/23 to date the Council has not used the Regulation of Investigatory Powers Act 2000.



**AUDIT & GOVERNANCE COMMITTEE**  
**Monday, 13 March 2023**

<b>Subject</b>	Annual Data Protection Plan 2023/2024
<b>Report by</b>	Councillor Maurice Cook, Cabinet Member with responsibility for Resources  Councillor Edward Back, Assistant Cabinet Member for Resources
<b>Supporting Officer</b>	Siobhan Martin Head of Internal Audit <a href="mailto:siobhan.martin@eastsoffolk.gov.uk">siobhan.martin@eastsoffolk.gov.uk</a>  01394 444254

Is the report Open or Exempt?	OPEN
-------------------------------	------

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable.
<b>Wards Affected:</b>	All Wards



## Purpose and high-level overview

### **Purpose of Report:**

To review and approve the annual data protection plan.

This report presents Members with an overview of the planned work to be undertaken from April 2023 to March 2024 by Data Protection services. The data protection services plan is based on annual core activities and project/initiatives identified as part of the 2022/23 ICO self-assessment.

The data protection services plan is carried out in line with and adhering to the legal obligations under both the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. The plan is fundamental to support the Council's foundations of corporate governance, risk, and control.

This report has been prepared in accordance with the Audit and Governance Committee's terms of reference to: *Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of non-compliance.*

### **Options:**

There are no options to be considered in relation to this report.

### **Recommendation:**

That having reviewed and commented upon the Annual Data Protection Plan 2023/24, the Audit and Governance Committee notes its contents.

## Corporate Impact Assessment

### **Governance:**

This report is being presented to the Audit & Governance Committee to inform Members of corporate governance arrangements specifically data protection, and in accordance with the Committee's terms of reference.

### **ESC policies and strategies that directly apply to the proposal:**

The entire annual Data Protection Plan and its outcomes are essential to supporting and improving the governance environment, which proactively contributes to delivering the East Suffolk Strategic Plan.

### **Environmental:**

There are no environmental implications.

### **Equalities and Diversity:**

There are no equalities and diversity implications.

### **Financial:**

The annual Data Protection plan directly links to the Council's framework of corporate governance, which encompasses the East Suffolk Strategic Plan and activities that support the Maintaining Financial Sustainability Theme, where applicable.

**Human Resources:**

The annual Data Protection plan directly links to the Council’s framework of corporate governance, which encompasses the East Suffolk Strategic Plan and activities that support Officers training and to support Human Resources with disciplinary’s should the need arise relating to data protection.

**ICT:**

The annual Data Protection plan directly links to the Council’s framework of corporate governance, which encompasses the East Suffolk Strategic Plan and activities that support the Council’s technical controls over applications, information, infrastructure, and people, where applicable.

**Legal:**

The UK GDPR and the Data Protection Act 2018 are legal frameworks which all organisations nationally must adhere to. The annual Data Protection plan evidences how the Council is meeting and adhering to its legal obligations under both pieces of legislation.

Data Protection actions completed in line with the above legislations are fundamental to support the Council’s foundations of corporate governance, risk, and control.

The Head of Internal Audit is the Council’s Data Protection Officer and Senior Information Risk Officer. The annual Data Protection Plan is an essential component for the Council’s compliance with the Data Protection Act 2018 and UK GDPR.

**Risk:**

Non-compliance with UK GDPR and the Data Protection Act 2018 could result in damage to citizens privacy, potential damage to the Council’s reputation and possible fines by the Information Commissioner’s Office (ICO).

**External Consultees:**

No external parties were consulted in the preparation of this report.

## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>How does this proposal support the priorities selected?</b>			
<p>The annual Data Protection plan is an overview of the Council's data protection activities over the financial year. The core responsibility on the Data Protection team is to help the organisation adhere to its legal obligations under UK GDPR and Data Protection Act 2018 by bringing a systematic, disciplined approach to improve the effectiveness of data protection arrangements within the Council.</p> <p>The priority data protection links to most strongly is therefore governance, although the scope of governance and therefore data protection can extend to all Council activities and all activities that support the delivery of the East Suffolk Strategic Plan.</p>			

## Background and Justification for Recommendation

1 Background facts	
1.1	<p>The Data Protection team forms part of the wider Internal Audit team but remains independent in its reviewing, advice, and reporting and therefore this is separate plan to the Internal Audit Plan.</p> <p>The Data Protection team is responsible for supporting the Council arrangements for data protection, providing advice and guidance in adhering to and complying with the Data Protection Act 2018 and UK GDPR.</p> <p>The Head of Internal Audit has the strategic responsibility of Data Protection Officer. The Data Protection team support this role to ensure the Council's compliance with data protection legislation.</p>

2 Current position	
2.1	The annual Data Protection Plan is to be considered by the Committee at its March meeting and details the work that will provide confidence to the Council in terms of ensuring that the Council is compliant with data protection legislation, and to minimise the risk of significant fines for non-compliance.
2.3	The staff resource allocation available are detailed within Appendix A

3 How to address current situation	
3.1	An annual Data Protection Plan is required in order for the Head of Internal Audit/Data Protection officer to provide confidence to the Council by ensuring that the Council is compliant with data protection legislation in the year to 31 March 2024.
3.2	The Data Protection Plan for 2023/24 will continue to identify weaknesses and/or non-compliance with UK GDPR and the Data Protection Act 2018, and to bring these to the attention of management.

4 Reason for recommendation	
4.1	To ensure the Committee fulfils its terms of reference and supports the data protection process.

## Appendices

Appendices:	
<b>Appendix A</b>	Annual Data Protection Plan 2023/24

Background reference papers:		
Date	Type	Available From
2018	UK GDPR	ICO

2018	Data Protection Act 2018	HM Government
2020	East Suffolk Strategic Plan	Head of Internal Audit
2023	ESC Risk Register	Head of Internal Audit

# Data Protection Plan 2023/24



# Data Protection Strategy and Annual Plan

## 1. Data Protection Strategy

The Data Protection Strategy is the way the Data Protection team delivers the services needed by East Suffolk Council. It sets out how data protection supports and builds a better organisation.

Data Protection supports the Council and adds organisational value in the following ways:

Data Protection Function	Purpose and Value
Data Protection Officer (DPO)	The provision of independent advice (as required by data protection law) and an expert in data protection. The monitoring of internal compliance with UK General Data Protection Regulation (UK GDPR), Data Protection Act 2018 and the Councils data protection policies with due regard to the risk associated with processing operations. Demonstrates the Councils compliance with and accountability under the UK GDPR and Data Protection Act 2018. Reports to the highest management level giving Senior Management and Councillors confidence in the Councils compliance with data protection legislation. Proactive in raising awareness, providing training and keeping up to date with changes to data protection legislation.
Advice, Support and Guidance	Provision of independent strategic and operation-level advice, support and guidance on data protection, risk and control processes. Attendance at corporate meetings.
Audit and Governance Committee	Preparation and presentation of reports to the Audit and Governance Committee. Provision of training to Members. Provision of advice and support to members of the Committee.
Internal Management	Day to day management of the internal data protection function. Ongoing quality control of data protection services.
Internal Self-Assessment	Self-assessment of data protection procedures for quality and compliance purposes. Required annually for conformance with Information Commissioner’s Office guidance.
Internal Training, Development and Awareness	Building knowledge and awareness within the Data Protection team. Provides an understanding of developments that may affect the Council, its data protection risk and compliance needs. Knowledge sharing within the organisation. Liaison with other data protection leaders to share and develop knowledge and professional best practice.
Contingency	Provision for unplanned, emergent work. Allows a flexible, responsive data protection function.

Data Protection's strategic priority is to comply with the UK GDPR and the Data Protection Act 2018 as legal frameworks, which the Council must adhere to, and in doing so provide confidence to Audit and Governance Committee of the Councils compliance with both pieces of legislation. The focus of data protection activity planned for the 2023/24 financial year is the provision of advice, support, guidance and training in accordance with UK GDPR and Data Protection Act 2018, as set out in the next section's Data Protection Plan.

## Data Protection Strategy and Annual Plan

The Data Protection plan undertakes all activities in line with and adhering to its legal obligations under both UK GDPR and the Data Protection Act 2018. Data Protection actions completed in line with both legislations are fundamental to support the Council’s foundations of corporate governance, risk and control.

Other activities will be undertaken as directed by the Head of Internal Audit/Data Protection Officer and are intended to support one or more of (1) delivery of the Data Protection Plan, (2) development of the Data Protection function, (3) compliance with UK GDPR and Data Protection Act 2018, or (4) organisational needs.

### 2. Data Protection Plan

In order to support the Committee, the Head of Internal Audit/Data Protection Officer has completed the data protection plan based on the annual core activities and project/initiatives identified as part of the 2022/23 ICO self-assessment and the confidence needs she believes the Committee has.

Since the COVID-19 pandemic in 2020, the Council and its Data Protection service has had to adapt to an unprecedented level of change. It is clear that changes will continue to affect the Council and its strategic ambitions, and the Data Protection service needs to respond accordingly.

The Council’s Data Protection plan is focused on supporting the organisation in the achievement of its objectives. It also seeks to balance the Council’s need for compliance with the demands of delivering essential Council activities by service areas. It is important to note that although Data Protection supports and seeks to accommodate the needs of service areas wherever possible, the Data Protection function must also remain unfettered and free from interference.

The plan is fluid and expected to change over the 12 months it covers. In line with the Data Protection Strategy, the following activities are considered essential to meet the compliance requirements under data protection legislation and for the confidence of the Audit and Governance Committee in 2023/24.

Area of Core Activity	Purpose of Data Protection
Strategic Advice and Guidance	Provision of guidance, advice and monitoring by the Data Protection Officer and Deputy Data Protection Officer.
Data Protection Subject Access Requests (SARs)	To comply with the legal duty to provide information to Data Subjects
Data Incidents and Breaches	Responding to <ul style="list-style-type: none"> <li>Confirmed breaches</li> <li>Non-compliance with legislation</li> </ul>
Data Protection Administration	Verifying and coordinating requests for personal data and supporting internal service areas on: <ul style="list-style-type: none"> <li>Data Protection Impact Assessments</li> <li>Data Sharing Agreements</li> <li>Provision of general Data Protection Advice</li> </ul>

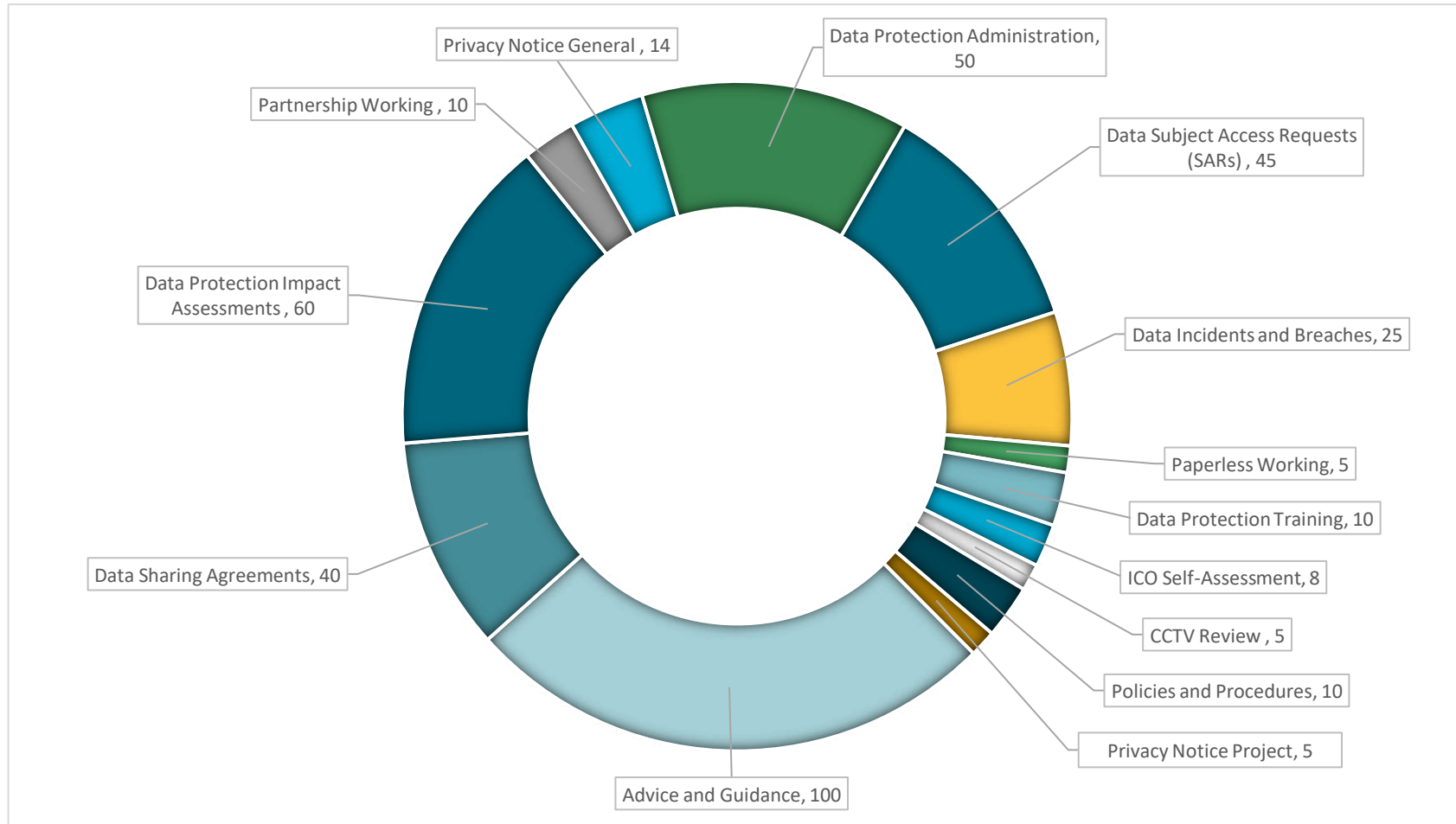


## Data Protection Strategy and Annual Plan

	<ul style="list-style-type: none"> <li>• Privacy Notices</li> <li>• Partnership working with other Suffolk Councils and external Information Governance groups.</li> </ul>
Data Protection Training	<p>Training to service areas on:</p> <ul style="list-style-type: none"> <li>• Data Protection Impact Assessments</li> <li>• Project teams/Project Managers</li> <li>• New Starter Inductions</li> <li>• Bespoke training for individual service areas (e.g. Port Health)</li> <li>• Bite sized training to be undertaken after a breach has occurred</li> <li>• Refresh to the E-Learning Data Protection training</li> <li>• Data Protection Champions training</li> <li>• SharePoint updates and communications</li> </ul>
ICO Self-Assessment	Review of internal procedures against ICO recommended practice
CCTV Review	Review of internal procedures against Surveillance Commissioner and ICO recommended practice
Policies and Procedures	<p>Review, Refresh and Drafting of existing and new policies:</p> <ul style="list-style-type: none"> <li>• Information Classification Policy</li> <li>• Records Management Policy</li> <li>• Information Asset Registers and Records of Processing Activities</li> <li>• Data Quality and Management Policy</li> <li>• Roles and responsibilities for Data Protection Champions</li> <li>• Information Risk Policy</li> <li>• Clear Desk Policy</li> <li>• Marketing Policy</li> </ul>
Privacy Notices	<p>Review of current privacy notices published on ESC website.</p> <p>Drafting and finalising of privacy notices for all service areas within ESC.</p>
Paperless Working	Development of eForms for internal Data Protection reporting and activity

# Data Protection Strategy and Annual Plan

At the time of drafting, the Data Protection team anticipate their time to be allocated as follows:



\*Value is equivalent to days spent 2023/24

## How the Data Protection Plan will be Delivered

### 3. Resources

The Data Protection team consists of an Information Governance Officer and an Information Governance Administrator the equivalent of 2 FTE. The Data Protection team successfully recruited the Information Governance Administrator mid 2022/2023.

For the period 1 April 2023 to 31 March 2024 total resources available for Data Protection team activities is 387 working days. This excludes time taken by the Data Protection Officer and Deputy Data Protection Officer.



**AUDIT & GOVERNANCE COMMITTEE**  
**Monday, 13 March 2023**

<b>Subject</b>	Annual Internal Audit Plan 2023/2024
<b>Report by</b>	Councillor Maurice Cook, Cabinet Member with responsibility for Resources  Councillor Edward Back, Assistant Cabinet Member for Resources
<b>Supporting Officer</b>	Siobhan Martin Head of Internal Audit <a href="mailto:siobhan.martin@eastsoffolk.gov.uk">siobhan.martin@eastsoffolk.gov.uk</a>  01394 444254

Is the report Open or Exempt?	OPEN
-------------------------------	------

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable.
<b>Wards Affected:</b>	All Wards

## Purpose and high-level overview

### **Purpose of Report:**

To review and approve the annual internal audit plan, as required by this Committee's Terms of Reference and the Council's constitution.

Internal Audit Services acts in accordance with the Accounts and Audit Regulations (2015) and aims to follow the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (2019). This report has been prepared in accordance with our Audit Charter. The Council is required under the Accounts and Audit Regulations to maintain an adequate and effective Internal Audit Service.

This report presents the strategic risk based Internal Audit Plan for 2023/24, as consulted with the Chief Executive and Corporate Management Team.

### **Options:**

There are no options to be considered in relation to this report.

### **Recommendation:**

That having reviewed its contents, the Audit and Governance Committee approves Annual Internal Audit Plan 2023/24.

## Corporate Impact Assessment

### **Governance:**

This report is being presented to the Audit & Governance Committee in accordance with the Committee's terms of reference [2.5 (c)(ii)]:

*"To review and approve the annual internal audit plan and any major changes to it."*

### **ESC policies and strategies that directly apply to the proposal:**

The entire annual Internal Audit Plan and its outcomes are essential to supporting and improving the governance environment, which proactively contributes to delivering the East Suffolk Strategic Plan.

### **Environmental:**

Internal Audit assurance is fundamental to support the Council's foundations of corporate governance, risk, and control. This report supports the Council's environmental aims by considering environmental and sustainability risks as part of the development of the annual Internal Audit Plan.

### **Equalities and Diversity:**

Internal Audit assurance is fundamental to support the Council's foundations of corporate governance, risk, and control. This report supports the Council's approach to ethics, equality, and diversity by considering risks in these areas as part of the development of the annual Internal Audit Plan.

### **Financial:**

Internal Audit assurance is fundamental to support the Council’s foundations of corporate governance, risk, and control. This report supports the Council’s efficiency, effectiveness, and economy by considering financial risk as part of the development of the annual Internal Audit Plan. Delivering the annual Internal Audit Plan is an essential element in mitigating the risk of losses arising from error, irregularity, and fraud.

**Human Resources:**

Internal Audit assurance is fundamental to support the Council’s foundations of corporate governance, risk, and control. This report supports the Council’s approach to staffing, training, or other human resources issues by considering risks in these areas as part of the development of the annual Internal Audit Plan.

**ICT:**

Internal Audit assurance is fundamental to support the Council’s foundations of corporate governance, risk, and control. This report supports the Council’s approach to technical governance and ICT by considering risks in these areas as part of the development of the annual Internal Audit Plan.

**Legal:**

Internal Audit assurance is fundamental to support the Council’s foundations of corporate governance, risk, and control. This report supports the Council’s approach to legal and regulatory compliance and governance impacts by considering risks in these areas as part of the development of the annual Internal Audit Plan.

The Local Government Act 1972 and the Accounts and Audit Regulations 2015 require a relevant authority to ‘...undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, considering public sector internal auditing standards or guidance.’

The Head of Internal Audit is the Council’s Data Protection Officer and Senior Information Risk Officer. In addition to the annual Internal Audit Plan, this report includes the annual Data Protection Plan, an essential component for the Council’s compliance with the Data Protection Act 2018 and UK GDPR.

**Risk:**

The fundamental purpose, nature and scope of internal auditing is to bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Audit is considered the “third line of defence” in risk management in line with the Institute of Internal Auditors (IIA) “3 Lines Model”, providing independent assurance on its effectiveness in every area included in the annual Internal Audit Plan. All audits presented as part of the annual Internal Audit Plan in this report are to support the effective management of risk and assist the Council in achieving its corporate objectives.

<b>External Consultees:</b>	No external parties were consulted in the preparation of this report.
-----------------------------	---

## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>How does this proposal support the priorities selected?</b>			
<ol style="list-style-type: none"> <li>Internal Audit assurance and any associated recommendations for improvement support a robust corporate governance framework. The work of Internal Audit Services represents a fundamental function in delivering the Council's Corporate Governance responsibilities.</li> <li>The work of Internal Audit is cross-cutting and affects all service areas by improving controls and processes, which contribute towards efficient and effective management of services.</li> </ol>			

## Background and Justification for Recommendation

1 Background facts	
1.1	The work of the Internal Audit Service is to provide independent assurance and report upon the effective and efficient application of internal controls, governance arrangements and value for money at the Council.

2 Current position	
2.1	<p>The risk-based annual Internal Audit Plan is usually considered by the Committee at its March meeting each year and details the work that will provide assurance to the Council in terms of the adequacy and effectiveness of financial and management controls in the proposed audit areas included within the Plan.</p> <p>The work covered by the Internal Audit Team during 2023/24 will contribute towards the Head of Internal Audit's annual opinion, alongside the other sources of assurance set out in the report.</p>
2.3	The staff resource allocation available to deliver the annual plan is detailed within Appendix A.

3 How to address current situation	
3.1	A risk-based annual Internal Audit Plan is required in order for the Head of Internal Audit to provide an opinion upon the adequacy and effectiveness of the Council's systems of governance, risk management and internal control in the year to 31 March 2024.
3.2	The Internal Audit Plan for 2023/24 will continue to identify system weaknesses and/or non-compliance with expected controls, and to bring these to the attention of management and include appropriate recommendations and agreed action plans.

4 Reason for recommendation	
4.1	To ensure the Committee fulfils its terms of reference and supports the Internal Audit process, enabling good governance over public funds.

## Appendices

Appendices:	
<b>Appendix A</b>	Annual Internal Audit Plan 2023/24

Background reference papers:		
Date	Type	Available From
2017	Public Sector Internal Audit Standards	CIPFA
2020	East Suffolk Strategic Plan	Head of Internal Audit



# Internal Audit Plan 2023/24

# Internal Audit Strategy and Annual Plan

## 1. Internal Audit Strategy

The Internal Audit Strategy is the way the Internal Audit team delivers the services needed by East Suffolk Council. It sets out how internal audit supports and builds a better organisation and supports the Strategic Plan.

**Internal Audit’s strategic priority is to meet the assurance needs of the Audit and Governance Committee via the Head of Internal Audit’s Annual Opinion.** The focus of internal audit activity planned for the 2023/24 financial year is the provision of assurance and consultancy reviews, delivered via the Internal Audit Plan.

Other activities will be undertaken as directed by the Head of Internal Audit for the purposes of

- (1) delivery of the Internal Audit Plan,
- (2) development of the Internal Audit function,
- (3) compliance with Public Sector Internal Audit Standards and East Suffolk Council’s Internal Audit Charter, or
- (4) organisational needs.

Internal Audit undertakes a wide variety of functions to support the Council and add organisational value in line with its strategic priorities:

Audit Function	Purpose and Value
Assurance Reviews	The primary role of internal audit. Independent, evidence-based reviews of governance, risk management and control processes.
Consultancy Reviews	Advisory services to support improvement in governance, risk management or control processes. Includes formal due diligence exercises
Due Diligence / Observation	Verifies Management have followed correct governance, risk management or control processes. Used for ongoing corporate activities or smaller ad hoc projects where a formal audit opinion or report is not required.
Governance Support	Provision of strategic advice and guidance on governance, risk, and internal control. Attendance at corporate meetings.
Advice and Guidance	Provision of operation-level advice and guidance on governance, risk, and internal control where a formal consultancy review is not required
Audit and Governance Committee	Preparation and presentation of reports to the Audit and Governance Committee. Provision of training to Members. Provision of advice and support to members of the Committee.
Internal Management	Day to day management of the internal audit function. Ongoing quality control of audit services.

## Internal Audit Strategy and Annual Plan

Internal Quality Assessment	Self-assessment of internal audit services for quality assurance purposes. Required periodically for conformance with Public Sector Internal Audit Standards.
Internal Training, Development and Awareness	Building knowledge and awareness within the Internal Audit team. Provides an understanding of developments that may affect the Council, its risk profile and assurance needs. Knowledge sharing within the organisation. Liaison with other Internal Audit leaders to share and develop knowledge and professional best practice.
External Audit liaison	Meetings and liaison with the Council's External Auditor. Efficient and effective communication for the provision of organisational assurance.
National Fraud Initiative (NFI)	The Cabinet Office is the national lead for the NFI, a national data matching exercise. Internal Audit and Corporate Fraud work jointly and lead on the Council's NFI activity
Counter Fraud Support	Joint working with the Corporate Fraud team. Provision of data analysis, insight into previously audited internal processes, and ad hoc support to investigations.
Follow up of Agreed Actions	Independent, evidence-based assurance that agreed management actions to improve governance, risk management or control processes have been effectively implemented.

## 2. Internal Audit Plan

The Audit and Governance Committee is responsible under the Council's Constitution for an "independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards". Internal Audit is responsible for the delivery of assurance within the Council and to the Audit and Governance Committee. It adheres to national and international standards of best practice within the field of professional internal auditing in order to plan its work and provide an annual assurance opinion to the Committee.

The Public Sector Internal Audit Standards and accompanying Local Government Application Note set out in detail how a plan should be developed. East Suffolk Council's Internal Audit service also places great weight on best practice guidance provided by the national and global Institute of Internal Auditors. It must be recognised that in developing a plan the standards and guidance reflect two competing priorities: **Defined Expectations** and **Flexibility**.

In order to deliver the strategic priority of assurance to the Audit and Governance Committee, Internal Audit has historically requested that the Committee approve an annual internal audit plan that breaks down planned assurance work into its individual components. This supports the requirements of the Standards in setting out what the Internal Audit service intends to deliver.

## Internal Audit Strategy and Annual Plan

However, since the COVID-19 pandemic in 2020, the Council and its Internal Audit service has had to adapt to an unprecedented level of change. This presents numerous challenges since the detailed audit plan approved in March only reflects the risks and assurances identified at that point in time. Internal Audit has to date attempted to adapt to corporate needs by presenting Committee with an updated audit plan in December; but the service must develop greater flexibility to ensure an even more responsive system.

In order to address this, the Internal Audit service needs to shift the balance towards an increase in flexibility. This will, by definition, scale back the level of defined expectations that the Committee has previously been accustomed to. However, this is essential to ensure the Committee receives a fair and accurate understanding of the annual plan for the year and how it will be managed to deliver the assurance necessary for the Council's good governance.

To maintain efficient service delivery and flexibility for both Internal Audit and the wider organisation, Internal Audit requests the Audit and Governance Committee to approve a new system of internal audit delivery for 2023/24. The refreshed approach maintains the underlying principles of risk-based auditing and transparency to the Committee, allows the Head of Internal Audit to complete a comprehensive, risk-based plan of sufficient depth and breadth to deliver an annual opinion, but moves the service to an adaptive approach by removing the restrictions associated with a formal, defined annual plan.

Instead of a single annual audit plan approved before the financial year begins, the new approach will result in list of potential audits that is actively maintained throughout the year. Where Internal Audit knows an audit must be completed it is presented as an “**Essential**” assurance need. All other auditable risks in the Council are incorporated into the list and assigned a level of “Assurance Need” ranging from Low to High. The list will be updated on an ongoing basis with formal refreshes completed each quarter and audits will be selected based on the need for assurance using the factors set out in “How the Audits will be delivered”.

### Annual Plan requirement:

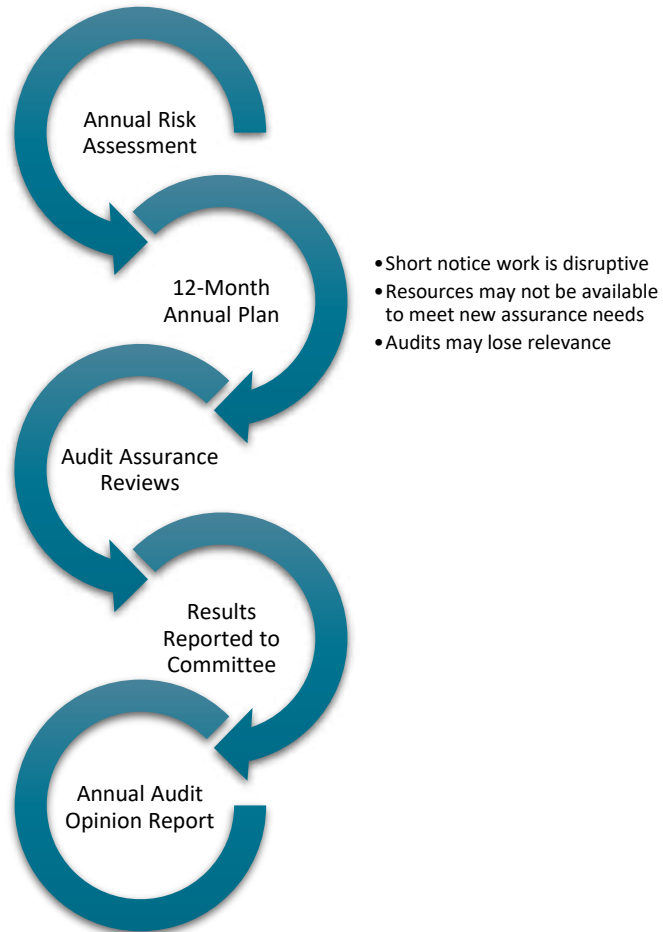
*The PSIAS require the CAE [Chief Audit Executive] to develop a risk-based plan ... It should outline the assignments to be carried out, their respective priorities and the estimated resources needed.*

*The risk-based plan should be fixed for a period of no longer than one year and should be sufficiently flexible to reflect the changing risks and priorities of the organisation. Internal auditors should keep risks under regular review and consider how their audit plans should respond to changing risks. This may result in more frequent reviews of the plan or for plans to cover periods of less than one year.*

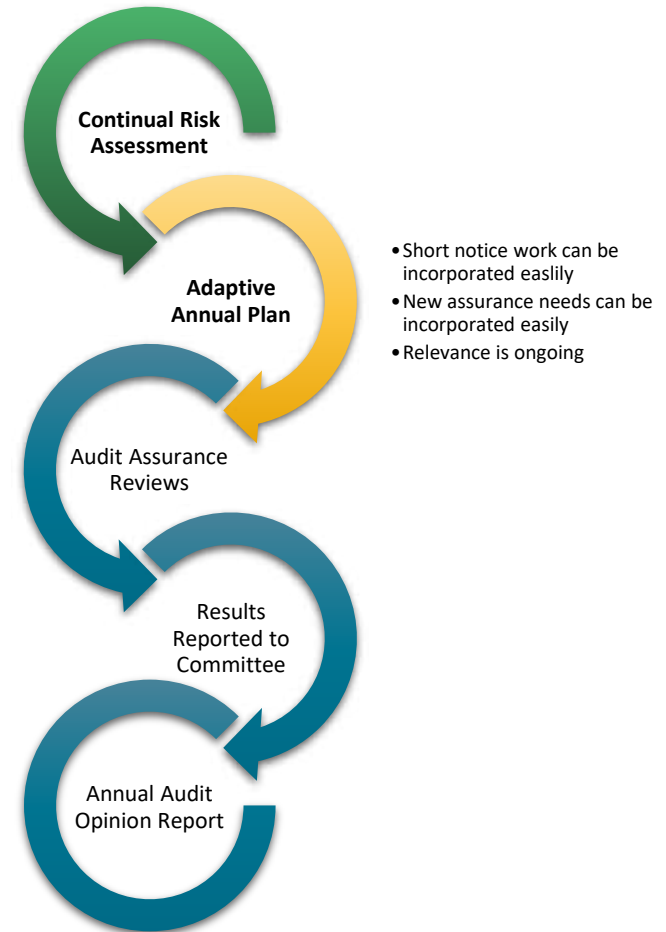
- This is a selected extract from the Local Government Application Note 2019

# Internal Audit Strategy and Annual Plan

## CURRENT AUDIT PROCESS



## REFRESHED AUDIT PROCESS FROM 2023/24



## Internal Audit Strategy and Annual Plan

### 2.1 Audit Plan: Essential Annual Assurance Needs

The risk assessment undertaken in February 2023 identified several areas where an audit can be considered mandatory in upcoming year. This comprises work that:

- Is required as part of grant funding conditions
- Is required due to formally agreed commitments, such as service level agreements, project terms of reference, or Cabinet resolutions
- Is considered by the Head of Internal Audit to be mission critical due to associated risks and impact
- Relates to previously agreed actions that are corporately significant and are due to be completed in the upcoming financial year

Audits relating to essential assurance needs would only be deferred in exceptional circumstances and therefore the Audit and Governance Committee can expect audits providing assurance as listed below to be completed during 2023/24:

Service Area	Audit Title	Purpose of Audit
Corporate	LATCO Governance	Assurance over the Council's governance arrangements for East Suffolk Services Ltd, which is due to take over delivery of several key services in July 2023
	Payroll Key Controls	Assurance that key controls are in place and effective following the transfer to a new Payroll software in 2021/22
Economic Regeneration and Development	Changing Places Fund Certification	The Head of Internal Audit is required to certify grant expenditure as a condition of funding
	Towns Fund Projects	Internal Audit assurance has been agreed as part of the Project Business Cases approved by Cabinet
Environmental Services and Port Health	Neoma Project due diligence	Internal Audit due diligence is required as part of the project's terms of reference
Finance	FMS Upgrade - Main Accounting Controls	Assurance that key controls are in place and effective following a major upgrade to the Council's Financial Management System due in 2023
	FMS Upgrade - Accounts Payable	
	FMS Upgrade - Accounts Receivable	
	Business Rates (NDR)	Assurance over the key financial controls in place for business rates. Internal Audit is committed to this audit as part of reciprocal arrangements for assurance agreed with five Partner Authorities of the Anglia Revenues Partnership
	Capital Accounting Follow up	Assurance that previously agreed improvements due to be completed in 2023/24 and of significant importance to the Council have been effectively implemented

## Internal Audit Strategy and Annual Plan

Housing	Disabled Facilities Grant Certification	The Head of Internal Audit is asked to certify grant expenditure as a condition of funding
	HRA Housing Rents Follow up	Assurance that previously agreed improvements due to be completed in 2023/24 and of significant importance to the Council have been effectively implemented
Planning and Coastal Management	Planning Enforcement Follow up	Assurance that previously agreed improvements due to be completed in 2023/24 and of significant importance to the Council have been effectively implemented

### 2.2 Audit Plan: High, Medium and Low Assurance Needs

In addition to its auditable areas with essential assurance needs, the Council has a significant number of other assurance needs across the organisation.

During 2023/24 audits will be selected for formal assurance review using professional criteria to categorise and prioritise each individual need in line with the factors given on the right with high, medium, and low assurance needs.

Discretion is applied to ensure the audits selected cover the majority of Council service areas, deliver against expected assurance needs, and are also timed to avoid peak workloads for service delivery within the teams being audited or “assurance fatigue”.

Audits are agreed with the relevant service area prior to commencement in order to confirm that the objectives and risks identified by the internal audit risk assessment remain correct and relevant at the point of the audit.

The approach will ensure the Head of Internal Audit has sufficient depth and breadth of assurance to provide the Annual Audit Opinion at the end of the year.



## Internal Audit Strategy and Annual Plan

The assurance needs of the organisation are prioritised and collated into a plan of intended work. If nothing were to change the audits that are asterisked and in bold below would be the audits prioritised by Internal Audit for delivery within the year. The remainder are examples of other audits where the assurance assessment within the service area indicates a potential need for assurance, based on the factors given on page 12. This list is subject to change and will be adjusted throughout the year to balance the needs of service areas, the Committee's need for assurance, and the resources necessary to deliver each individual audit. It gives the Committee and service areas an understanding of where the Internal Audit service may focus its resources during 2023/24.

CMT / Chief Executive / Corporate	<b>Freeport East*</b>	<b>Contract Management*</b>	Grant Funding Processes	Pensions and Pension Auto-Enrolment	Subsidy Control
Communities	<b>Ease the Squeeze Programme*</b>	<b>Holiday Activities and Food Programme*</b>	Lone working	Supporting vulnerable residents	Domestic Homicide Reviews
Customer Services	Customer Compliments and Complaints	Customer Services Software Implementation Project	Customer Standards and Satisfaction	Digital Customer Access Programme	Internal Training Programme
Digital & Programme Management	Assurance needs in the Digital and Programme Management service are pending review by a specialist technical Auditor				
Economic Regeneration & Development	<b>East Suffolk Towns Initiative (ESTI) Fund*</b>	<b>UK Shared Prosperity Fund (Assurance)*</b>	Heritage Action Zone Projects	Ness Point Regeneration Project	Business Rate Receipts - Enterprise Zones and Freeports
Environmental Services	<b>Port Health Cyber Essentials*</b>	Environmental Permitting	Fly-tipping Grant	Public Health Burials	Southwold Harbourmaster Enforcement



## Internal Audit Strategy and Annual Plan



Finance	Asset Survey	Procurement Waivers and Extensions	Discretionary Housing Payments	Treasury Management	Use of Consultants
Housing	<b>Homelessness Grant*</b>	<b>HRA Housing Repayments to Tenants*</b>	HRA Fire Risk Management	HRA Data Quality and Integrity	HRA Housing Repairs
Legal and Democratic Services	Licensing and Regulation - Alcohol	Licensing and Regulation - Gambling	Member Professional Development	Members Allowances	Officer Code of Conduct
Operations	<b>Procurement*</b>	Asset Management	Green Waste	Health and Safety on Council Property	Recycling
Planning and Coastal Management	<b>Community Infrastructure Levy*</b>	Lowestoft Flood Risk Management Project	Coastal Management Partnership Governance	Building Control Delivery	S106 Agreements

## Internal Audit Strategy and Annual Plan



### 2.3 Audit Plan: Collaboration and Assurance from Third Party Assurance Providers

The Head of Internal Audit is accountable for any assurance used to support the annual audit opinion, including assurance from internal audit service providers external to East Suffolk Council. Coordinating audit activities and relying on the work of other service providers allows greater efficiency but is only possible where the Head of Internal Audit is satisfied that the assurance meets audit quality standards. The following assurance from third party internal audit service providers has been agreed for 2023/24:

Service Area	Audit Title	Purpose of Audit	Internal Audit Service Provider
Finance	Council Tax Billing and Housing Benefits	Assurance over the key financial controls in place for council tax and housing benefits.	West Suffolk Council
	Council Tax and Recovery of Benefits Overpayments	Assurance over the key financial controls in place for council tax and housing benefits.	
	Bailiff Services	Assurance over the key financial controls in place for ARP Enforcement Agents.	Fenland District Council

## How the Internal Audit Strategy and Plan were Developed

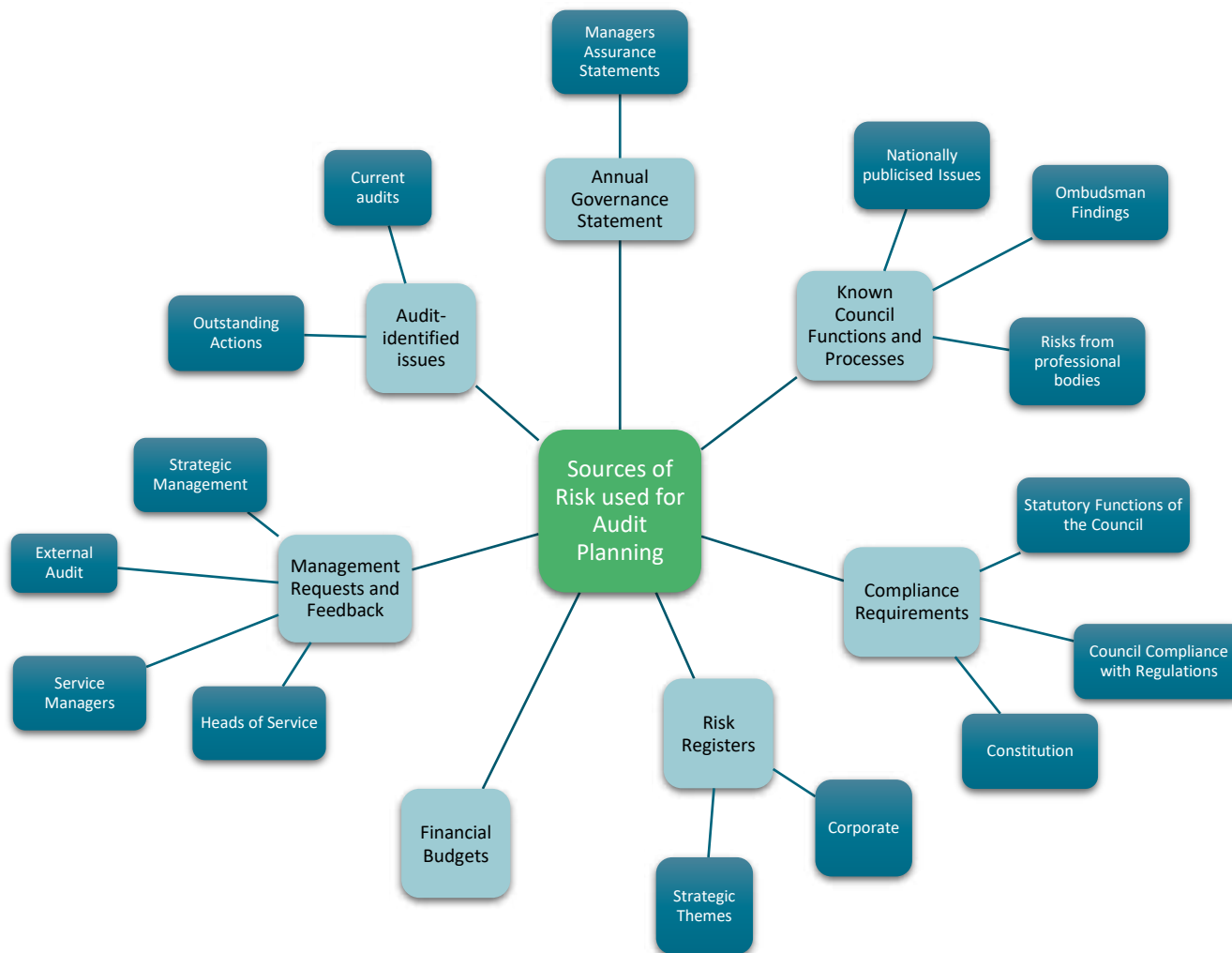
### 3. Risk Review and Maturity Assessment

Prior to developing an overall audit strategy, the Internal Audit service must assess the risk capabilities and maturity of the organisation to identify what degree of reliance can be placed on Management’s own risk management functions. This is a process to assist Internal Audit in developing an internal audit strategy. It is not a formal assurance assessment nor used to inform the annual audit opinion.

Leading into the 2023/24 year Internal Audit concluded that East Suffolk Council has the expected aspects of a risk management framework but has observed some instances where risks have emerged that were previously believed to have been mitigated.

Internal Audit will therefore rely on a combination of the Council’s internal risk management systems to identify potential assurance needs but will also undertake its own analysis to ensure coverage is sufficient for assurance purposes.

The sources of risk used for audit planning purposes, comprising both those used by management and those from the Internal Audit service’s own risk matrix, are provided via the diagram on the right.



## How the Internal Audit Strategy and Plan were Developed

### 4. Categorisation and Prioritisation of Assurance Needs



Internal Audit best practice sets out that once sources of risk have been reviewed to identify assurance needs, those assurance needs are categorised and prioritised. At East Suffolk Council the adopted approach is:

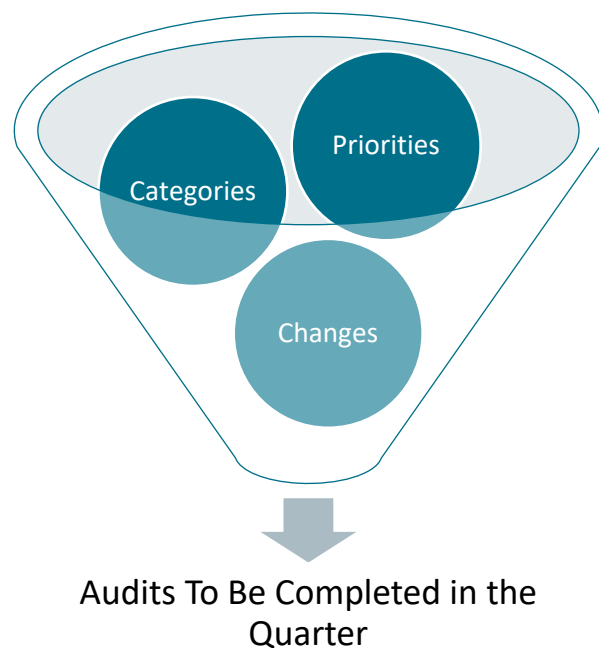
- **Categorise:** Each assurance need is categorised by service area.
- **Prioritise:** Each assurance need is prioritised by the following factors:
  - **Financial Impact**
  - **Inherent Corporate Significance**
  - **Need for Regulatory Compliance**
  - **Newness / Degree of Confidence in Existing Processes**

The prioritisation process results in outcomes of



Internal Audit will combine the results of both categorisation and prioritisation to determine, direct and control the assurance and consultancy activities of the team in a cost-effective and efficient manner, as set out below in the section “How the Audit Plan will be Delivered”.

## How the Internal Audit Plan will be Delivered



Internal Audit will monitor the Council’s potential audits and assurance needs throughout the year. Formal reviews to review any changes and select audits will take place each quarter. Strategic Management and Heads of Service will also be invited to provide formal feedback mid-year.

Internal Audit aims to complete at least one audit in most service areas throughout the year. However, this is balanced by the need to address corporate assurance needs in priority areas and it is possible that some service areas may not be audited where there is low corporate need for assurance in that area.

Internal Audit expects that throughout the year assurance audits will be comprised of:

- **Essential** assurance needs. All essential assurance needs are expected to be met via an assurance audit, unless due to changing circumstances the level of assurance need reduces.
- **High** assurance needs. These are areas where there is a significant impact and/or recognition that risks are present. During the annual audit year the majority of Internal Audit’s work after completing Essential assurance needs will be in response to High assurance needs.
- **Medium** assurance needs. These are typically areas that are established and considered to be managed well but have a high impact if controls are found not to be effective. Some audits are expected to address Medium assurance needs during the year due to the principle “In Local Government there is no substitute for doing boring really well. Only when you have a solid foundation can you innovate.”<sup>1</sup>

Internal Audit does not expect to address Low assurance needs as part of this year’s audit plan.

<sup>1</sup> Northamptonshire County Council Best Value Inspection 2018

## How the Internal Audit Plan will be Delivered

### 5. Approach to Individual Audits

All Internal Audit work will comply with the Internal Audit Charter approved by the Audit and Governance Committee.

Prior to each audit assignment, a Lead Auditor will be allocated. The Lead Auditor is at the grade of Senior Auditor or above to ensure each audit is overseen by an officer with appropriate professional skills, qualifications, knowledge, and experience. The Lead Auditor will review the assurance needs identified at the quarterly selection stage and verify that the individual audit assignment addresses organisational objectives and links to the Strategic Plan, current risks, and their mitigation. These are formally documented in a “Pre-Audit Risk Assessment” and are fundamental to the scoping of the audit work. Resources necessary to deliver each audit will be reviewed and allocated upon approval of the Audit Manager.

Each audit will be scoped with the involvement of the relevant service areas where possible and appropriate. Audits will be undertaken against documented terms of reference that are prepared by the Lead Auditor and approved by the Head of Internal Audit. Terms of reference are shared with the relevant Service Manager and Head of Service prior to each audit so that key stakeholders are able to comment on the expected nature, timing, and reporting of the work before it starts.

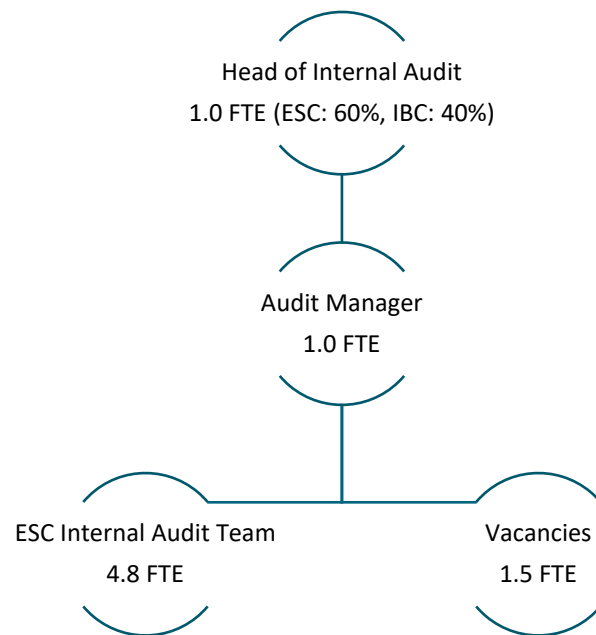
This approach places greater emphasis on the individual audit risk assessments and encourages greater tailoring of assurance needs than the previous process of annual strategic-level review. Internal Audit’s aim is to build upon and enhance the responsiveness and quality of assurance given to Audit and Governance Committee and the organisation as a whole.

Internal Audit expects that all audits will be developed through this process, although it is important to note that although Internal Audit supports and seeks to accommodate the needs of service areas wherever possible the Internal Audit service must also remain unfettered and free from interference.

Where assurance is considered important to support the Audit and Governance Committee’s purpose but an agreement to complete assurance work cannot be obtained from the relevant service area, the Head of Internal Audit will first seek resolution via Strategic Management and if this cannot be obtained will refer the matter to the Chair of the Audit and Governance Committee.

## How the Internal Audit Plan will be Delivered

### 6. Internal Audit Resources and Staffing



**Total Productive Audit Days Available: 933**

The risk based Internal Audit Plan is influenced by the resources made available by the Council for Internal Audit work. It is a requirement of PSIAS that “internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan”. A careful balance must be achieved in terms of keeping audit costs at a realistic level, whilst recognising that there is a minimum level of coverage that must be undertaken.

At its core, the East Suffolk Council Internal Audit service comprises a team led day-to-day by the Council’s Audit Manager. The team includes staff qualified in Internal Audit, Accountancy and Counter Fraud, providing a wide range of skills and knowledge to support and deliver the annual plan.

Since 1 June 2004 the Internal Audit Service has worked in partnership with Ipswich Borough Council (IBC), providing a framework for staff to work across both organisations. The partnership has enabled greater operational efficiency and effectiveness in the delivery of Internal Audit Services and provides the opportunity for each partner to call upon a wider skills base, which can be used to achieve greater flexibility, resilience, and effectiveness in all areas of audit operations.

The service currently has vacancies for the roles of:

- 1 FTE Senior Auditor
- 0.5 FTE Principal ICT Auditor. Technical assurance needs are temporarily being considered by a specialist external consultant.

Although the service has current vacancies, the Head of Internal Audit will review recruitment needs during 2023/24 to ensure that sufficient resources will be available to provide the annual audit opinion.

The Head of Internal Audit will coordinate assurance and may use assurances from other parties if she is satisfied that an external service provider can meet the competency, objectivity and due professional care standards required of professional internal audit. A written understanding of the scope, objectives and results of any work performed will be agreed prior to commissioning any assurance work from a service provider external to East Suffolk Council.



**AUDIT & GOVERNANCE COMMITTEE**  
**Monday, 13 March 2023**

<b>Subject</b>	Covert Investigation Policy
<b>Report by</b>	Councillor Maurice Cook, Cabinet Member with responsibility for Resources Councillor Edward Back, Assistant Cabinet Member for Resources
<b>Supporting Officer</b>	Siobhan Martin Head of Internal Audit <a href="mailto:siobhan.martin@eastsoffolk.gov.uk">siobhan.martin@eastsoffolk.gov.uk</a> 07785 355337

Is the report Open or Exempt?	OPEN
-------------------------------	------

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable
<b>Wards Affected:</b>	None



## Purpose and high-level overview

### **Purpose of Report:**

The Council has used the Regulation of Investigatory Powers Act 2000 (RIPA) for many years as a tool to combat fraud and corruption. Additional powers were granted to Local Authorities in 2016 with the introduction of the Investigatory Powers Act 2016. These Acts enable covert surveillance by public bodies under strict conditions.

The Council's current Policy was last reviewed in June 2021. It is expected practice to review the Policy regularly, and the Policy and associated procedures have been refreshed to ensure clarity for all parties.

### **Options:**

There are no options to be considered in relation to this report.

### **Recommendation:**

That the Audit and Governance Committee approve the refreshed Covert Investigation Policy.

## Corporate Impact Assessment

### **Governance:**

Non-adherence to this Policy may facilitate serious corporate governance weaknesses. It is a mandatory requirement that the Council adheres to legislation.

### **ESC policies and strategies that directly apply to the proposal:**

ESC Covert Investigation Policy

ESC Anti-Money Laundering Policy

ESC Whistleblowing Policy

### **Environmental:**

There are no known direct or indirect environmental impacts arising from this report.

### **Equalities and Diversity:**

Equality and Diversity implications arising from this report and its associated Policy and procedures would be enacted in accordance with the Human Rights Act 1998 and Equality Act 2010.

### **Financial:**

Non-adherence to this Policy may facilitate serious financial weaknesses.

### **Human Resources:**

There are no human resources impacts arising from this report, except that experienced and qualified staff are required to mitigate the risks associated with non-adherence to the relevant legislation associated with the use of investigatory powers.

### **ICT:**

There are no ICT impacts arising from this report.

**Legal:**

It is a mandatory requirement that the Council adheres to the Regulation of Investigatory Powers Act 2000, the Investigatory Powers Act 2016, the Data Protection Act 2018, and associated Codes of Practice. Failure to comply with legislation could lead to reputational damage and the removal of investigatory tools by the Investigatory Powers Commissioners Office (IPCO). Prosecution cases may fail if the law has not been applied correctly and the Human Rights Act must be applied.

**Risk:**

Mitigations to the risks outlined in the Legal section above, and others not listed, involve having experienced and qualified staff in this field with regular returns and inspections to the governing body, ie the IPCO, along with appropriate training for all relevant officers.

<b>External Consultees:</b>	An external professional training company delivered specific training to all relevant Officers described in the Policy in late 2022 and early 2023.
-----------------------------	---

## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>

P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>How does this proposal support the priorities selected?</b>			
Non-adherence to the Covert Investigation Policy may facilitate serious corporate governance weaknesses. The Policy is a valuable tool in combating fraud and corruption.			

## Background and Justification for Recommendation

<b>1 Background facts</b>	
1.1	The Council can use covert surveillance tools to combat fraud and corruption. The legislation linked with such powers includes The Regulation of Investigatory Powers Act 2000 (RIPA) and Investigatory Powers Act 2016, along with Codes of Practice.
1.2	The Investigatory Powers Commissioner's Office (IPCO) provides independent oversight and authorisation of the use of investigatory powers by intelligence agencies, police forces and other public authorities. The IPCO's purpose is to oversee how these powers are used, taking account of the public interest, and ensuring that investigations are conducted in accordance with the law.

<b>2 Current position</b>	
2.1	The last IPCO inspection at East Suffolk Council occurred in 2020 and the Council was found to be compliant with the law but acknowledged its existing Policy should be refreshed more frequently as is good practice, and that up-to-date training should be provided to all relevant officers listed in the Policy and Procedures.
2.2	In accordance with the Policy the RIPA Monitoring Officer (RMO) can confirm that they received zero Regulation of Investigatory Powers Act applications/requests for the period 28 June 2021 to current date. These zero returns have been provided to the IPCO which is a formal annual requirement.
2.3	In accordance with the Policy the RMO can confirm that they received zero Covert Human Intelligence Source applications/requests for the period 28 June 2021 to current date. These zero returns have been provided to the IPCO which is a formal annual requirement.
2.4	In accordance with the Policy the RMO can confirm that they received zero 'None' Regulation of Investigatory Powers Act applications/requests for the period 28 June 2021 to current date.
2.5	In accordance with the Policy the RMO can confirm that they received zero requests to apply for Communications Data for the period 28 June 2021 to current

	date. These zero returns have been provided to the IPCO which is a formal annual requirement.
--	---

### 3 How to address current situation

3.1	Promotion of the updated Policy will commence in March 2023.
3.2	Appropriate training has been provided to all relevant officers in late 2022 and early 2023.

### 4 Reasons for recommendation

4.1	It is good practice to review the Covert Investigation Policy at least on a biennial basis.
4.2	This report is being presented to the Audit & Governance Committee in accordance with the Committee's terms of reference which stipulate, (amongst other functions), that the Committee shall 'Monitor the counter-fraud strategy, activity and resources'.

## Appendices

Appendices:	
<b>Appendix A</b>	Covert Investigation Policy – 13.03.23

Background reference papers:		
Date	Type	Available From
2000	Regulation of Investigatory Powers Act 2000	Head of Internal Audit
2016	Investigatory Powers Act 2016	Head of Internal Audit
2021	ESC Covert Surveillance Policy	Head of Internal Audit



## **Covert Investigation Policy**

---

ON THE ACQUISITION OF COMMUNICATIONS DATA  
AND USE OF COVERT SURVEILLANCE  
AND COVERT HUMAN INTELLIGENCE SOURCES  
*(REGULATION OF INVESTIGATORY POWERS ACT 2000 &  
INVESTIGATORY POWERS ACT 2016)*

---

**Approved by the Council's Audit and Governance Committee on 13 March 2023**

**Policy in force as of 13 March 2023**

## **Statement**

Officers and employees of (and contractors working on behalf of) East Suffolk Council may, during their investigatory, regulatory and enforcement duties, need to make observations of persons in a covert manner, to use a Covert Human Intelligence Source or to acquire Communications Data. These techniques may be needed whether the subject of the investigation is a member of the public, the owner of a business or a Council employee.

By its very nature, this sort of action is potentially intrusive and so it is extremely important that there is a strict control on what is appropriate and that, where such action is needed, it is properly regulated to comply with legislation and to protect the individual's rights of privacy.

Privacy is a right, but in any democratic society, it is not an absolute right. The right to a private and family life, as set out in the European Convention on Human Rights, must be balanced with the right of other citizens to live safely and freely, which is the most basic function that every citizen looks to the state to perform.

Drawing on the principles set out in the Regulation of Investigatory Powers Act 2000, the Investigatory Powers Act 2016 and the Data Protection Act 2018, this policy sets out the Council's approach to Covert Surveillance, the use of Covert Human Intelligence Sources and the acquisition of Communications Data.

The policy also sets out Members' oversight of this area, adopts a set of procedures and appoints appropriate officers to ensure that these areas are properly controlled and regulated.

## EAST SUFFOLK COUNCIL

### Policy on the Acquisition of Communications Data, and the use of Covert Surveillance and Covert Human Intelligence Sources

---

#### Policy

- 1.1 It is the policy of East Suffolk Council (the Council) that all Covert Surveillance, the use of Covert Human Intelligence Sources (informants) and the acquisition of Communications Data by those working for or on behalf of this Council (investigators) will be conducted in accordance with this policy and the associated procedure (the Covert Surveillance Procedure). Any Member, officer or employee who deliberately or recklessly breaches this policy will normally be considered to have committed an act of gross misconduct and will be dealt with accordingly.
- 1.2 The Regulation of Investigatory Powers Act allows, Covert Surveillance and the use of Covert Human Intelligence Sources (informants) will always be subject to the RIPA application process. (This does NOT affect monitoring activities where the actions undertaken does not amount to covert surveillance.) Where officers wish to undertake covert surveillance or use informants but where RIPA is not available, a similar process of considering the proportionality and necessity of any such activities must be carried out before the activities are undertaken and approval gained from a RIPA Authorising Officer. Officers are instructed to consider when online investigations, where actions go beyond the scope of open-source enquiries, would meet the criteria for covert investigations and to obtain relevant authorisations in those cases e.g. frequent opensource Internet checks could be classed as Covert Surveillance.
- 1.3 When acquiring Communications Data, officers are instructed to use the process set out in the Investigatory Powers Act (IPA) and the associated Communications Data Code of Practice, unless they are doing so with the consent of the data subject. Data Protection Act requests and other powers may NOT be used to seek the disclosure of Communications Data. Communications data may only be obtained using IPA powers for the applicable crime purpose. (Note that the guidance in the statutory code of practice takes precedence over any contrary content of a public authority's internal advice or guidance.)

#### Appointments

- 1.4 The Council appoints the Chief Executive of East Suffolk Council as the *Senior Authorising Officer (SAO)* for RIPA purposes.
- 1.5 The Council appoints the Head of Internal Audit as the RIPA Monitoring Officer (RMO) to monitor the use of covert techniques within this Council (whether using the RIPA or non-RIPA processes) and report to Members on the activities the policy covers. They are also appointed as Senior Responsible Officer (SRO) for all purposes under RIPA and IPA and directed to ensure that appropriate training is made available to RIPA Authorising Officers (AOs) and applicants when it is required.
- 1.6 The Council directs that only those appointed by this policy as the SAO or AO may authorise covert surveillance, the use of informants or the acquisition of communications data.
- 1.7 The Council appoints the following Senior Officers:
  - Chief Executive (SAO)
  - Strategic Director with responsibility for Environmental Services (amongst other services) (AO)

## EAST SUFFOLK COUNCIL

### Policy on the Acquisition of Communications Data, and the use of Covert Surveillance and Covert Human Intelligence Sources

---

- Head of Environmental Services and Port Health (AO)
- Head of Legal and Democratic Services (AO)
- Head of Planning and Coastal Management (AO)

All AO must meet the training requirements to function as AO. The Council instructs the RMO to maintain a list of all those currently authorised as part of the RIPA / IPA Procedures.

- 1.8 The Council directs the SAO to appoint such persons as they may from time to time see fit to be *Single Points of Contact* (SPOC) (or to make such other arrangements as they deem appropriate) for the purposes of acquiring communications data using RIPA.
- 1.9 In order for the Council's RIPA authorisations to take effect, a Magistrate must approve them. The Head of Legal & Democratic Services is instructed to authorise all those who may need to apply to a Magistrate to appear for that purpose for the Council. The RMO is directed to maintain a list, as part of the RIPA Procedures, of all those so authorised.
- 1.10 The Council instructs the RMO to maintain a list of all those currently authorised as part of the RIPA / IPA Procedures and training records.

#### Oversight and Reporting

- 1.11 The RMO shall report to elected Members on the use of RIPA regulated activity by officers of the Council every year. Such a report shall be presented to the Members of the Audit and Governance Committee (or to such a sub-committee as the Full Council shall deem appropriate to constitute for oversight purposes) by the RMO and the SRO. The report **must not** contain any information that identifies specific persons or operations but must be clear about the nature of the operations conducted and the product obtained.
- 1.12 Alongside this report, the RMO and SRO will report statistical details of 'Non-RIPA' surveillance undertaken, or informants used in precisely the same fashion.
- 1.13 Elected Members shall have oversight of the Council's policy and shall review that policy annually, or as practicable, should it be deemed by the RMO that significant changes have been made. At that review Members shall make such amendments as they deem necessary to the Council's policy and may give such directions as they deem necessary to the RMO and SRO to ensure the Council's policy is followed.
- 1.14 Elected Members shall not interfere in individual authorisations. Their function is to, with reference to the reports, satisfy themselves that the Council's policy is robust and that it is being followed by all officers involved in this area. **Although it is Members who are accountable to the public for Council actions, it is essential that there should be no possibility of political interference in law enforcement operations.**
- 1.15 Each year the RMO must report various facts to the Investigatory Powers Commissioner's Office on covert surveillance matters.

#### RIPA / IPA Procedures

- 1.16 The RMO is instructed to create a set of procedures that provide instruction and guidance for the use of surveillance and informants, and the acquisition of communications data. They are



## EAST SUFFOLK COUNCIL

### Policy on the Acquisition of Communications Data, and the use of Covert Surveillance and Covert Human Intelligence Sources

---

further instructed to maintain and update the RIPA / IPA Procedures, ensuring that they continue to be both lawful and examples of best practice.

- 1.17 The reference to 'maintain and update' in this section includes the duty to remove AOs from the list if they cease to be employed in a relevant role or if they no longer satisfy the requirements to be an AO, and the right to add names to that list so long as (a) they satisfy the policy and regulatory requirements.
- 1.18 If a change is required, in the opinion of the RMO, to comply with this part, they are authorised to make that change without prior approval from any person.
- 1.19 The RMO must report any changes made under this section to Members when they undertake their annual oversight of the Policy, as set out above.
- 1.20 All managers are required to ensure that their staff understand that covert investigation techniques may only be used in accordance with this policy and the associated procedures. Breaches will have serious consequences for the Council.

#### Training

- 1.21 In accordance with this Code of Practice, SAO and AOs **must** receive full training in the use of their powers. They must be assessed at the end of the training, to ensure competence, and must undertake refresher training at least every two years. Training will be arranged by the RMO. Designated officers who do not meet the required standard, or who exceed the training intervals, are prohibited from authorising applications until they have met the requirements of this paragraph. AOs must have an awareness of appropriate investigative techniques, Data Protection and Human Rights Legislation.
- 1.22 Those officers who conduct surveillance work must be adequately trained prior to any surveillance being undertaken. A corporate training programme has been developed to ensure that AOs and staff undertaking relevant investigations are fully aware of the legislative framework, and the Council undertakes to continue with this programme.
- 1.23 The *Corporate Management Team* members who have no direct involvement with covert investigation will receive a briefing at least every two years, to ensure that they have a good understanding of the activities that might fall into the definition of covert investigation techniques.

#### Exceptions, Notes and Complaints

- 1.24 CCTV cameras operated by this Council are NOT covered by this policy, unless they are used in a way that constitutes covert surveillance; only under those circumstances must the provisions of this policy and the RIPA Procedures be followed.
- 1.25 Interception of communications, if it is done as part of normal business practice, does NOT fall into the definition of acquisition of communications data. (This includes, but is not limited to, opening of post for distribution, logging of telephone calls for the purpose of cost allocation, reimbursement, benchmarking etc. and logging emails and internet access for the purpose of private reimbursement.)

- 1.26 Any person wishing to make a complaint about anything to which this policy applies is invited to use the Council's Complaints Procedure. Any complaint received will be treated as serious and investigated in line with this Council's policy on complaints. **Regardless of this, the detail of an operation, or indeed its existence, must never be admitted to as part of a complaint. This does not mean it will not be investigated, just that the result of any investigation would be entirely confidential and not disclosed to the complainant.**

### **Adoption and Amendment of the Policy**

- 1.27 This version of the Policy was approved by the Council's Audit and Governance Committee on behalf of the Council on 13 March 2023 and came into effect on that date. It replaces all previous policies on these subjects dated 28 June 2021.

### **Duty to Comply**

- 1.28 All those mentioned in this policy are reminded that deliberately or recklessly failing to comply with this policy (or to follow the procedures and processes created in accordance with this policy) will normally amount to misconduct, which can have serious disciplinary consequences, including summary dismissal.

**Note: The procedures issued under paragraph 1.16 are confidential and must not be shared outside the Council. They are located on the intranet.**

# AUDIT AND GOVERNANCE COMMITTEE

## WORK PROGRAMME 2023/24

### 10 July 2023

#### Open:

Minutes (AS)  
Annual Audit Report 2020/21 (EY)  
2020/21 Audited Statement of Accounts (LR)  
2020/21 Final Annual Governance Statement (LR/SM)  
External Audit Plan 2021/22 (EY)  
Draft Statement of Accounts 2022/23 (LR)  
Draft Annual Governance Statement 2022/23 (LR)  
Treasury Management 2023/24 Quarter 1 Report (LR)  
Review of Changes of Constitution (CB)  
Whistleblowing Policy – Refresh (SM)  
Fraud and Corruption Strategy – refresh (SM)  
Annual Internal Audit Report 2022/23(SM)  
Corporate Fraud Annual Report 2022/23 (SM)  
Internal Audit Reports Recently Issued (Open) (SM)  
Committee Work Programme – Update (AS)

#### Confidential:

Minutes (Exempt) (AS)  
Housing Regulation (CB)  
Provision of Loan Finance to East Suffolk Property Investments Limited (ESPIL) – Local Authority Housing Fund (LAHF) (LR)  
Internal Audit: Status of Actions (SM)  
Internal Audit Reports Recently Issued (Exempt) (SM)

### 11 September 2023

#### Open:

Minutes (AS)  
Annual Audit Report 2021/22 (EY)  
2021/22 Audited Statement of Accounts (LR)  
2021/22 Final Annual Governance Statement (LR/SM)  
External Audit Plan 2022/23 (EY)  
Treasury Management Outturn 2022/23 and Mid-Year Report 2023/24 (LR)  
Code of Corporate Governance (SM)  
Annual Senior Information Risk Owner (SIRO) Report (SM)  
Internal Audit Reports Recently Issued (Open) (SM)  
Committee Work Programme – Update (AS)

**Confidential:**

Minutes (Exempt) (AS)  
Internal Audit: Status of Actions (SM)  
Internal Audit Reports Recently Issued (Exempt) (SM)

**11 December 2023****Open:**

Minutes (AS)  
Annual Audit Report 2022/23 (EY)  
2022/23 Audited Statement of Accounts (LR)  
2022/23 Final Annual Governance Statement (LR/SM)  
Capital Strategy (LR)  
Treasury Management Strategy Statement for 2022/23 & Treasury Management Investment Strategy for 2022/23 (LR)  
Corporate Risk Management (LR)  
Revised Internal Audit Plan 2023-24 (SM)  
Internal Audit Reports Recently Issued (Open) (SM)  
Committee Work Programme – Update (AS)

**Confidential:**

Minutes (Exempt) (AS)  
Internal Audit: Status of Actions (SM)  
Internal Audit Reports Recently Issued (Exempt) (SM)

**11 March 2024****Open:**

Minutes (AS)  
External Audit Plan 2023/24 (EY)  
Anti-Money Laundering Policy – refresh (SM)  
Treasury Management 2022/23 Quarter 3 Report (LR)  
Internal Audit Plan 2024-25 (SM)  
Corporate Anti-Fraud Plan 2024-25 (SM)  
Internal Audit Charter – Refresh (SM)  
Internal Audit Reports Recently Issued (Open) (SM)  
Committee's Draft Work Programme 2024/25 (LR/SM/AS)

**Confidential:**

Minutes (Exempt) (AS)  
Covert Investigation Policy (SM)  
Internal Audit: Status of Actions (SM)  
Internal Audit Reports Recently Issued (Exempt) (SM)

---

**Reports to come before the Committee on a date to be confirmed:**

Fair Tax Mark (Procurement Team)

