

# Notice of Meeting

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## Governance and Ethics Committee

**Monday, 16th November, 2020 at 4.00 pm**

**This meeting will be held in a virtual format in accordance with The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panels Meetings) (England and Wales) Regulations 2020**

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Date of despatch of Agenda: Friday, 06 November 2020

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Moira Fraser/Stephen Chard on (01635) /519045/519462

e-mail: [moira.fraser@westberks.gov.uk](mailto:moira.fraser@westberks.gov.uk) / [stephen.chard@westberks.gov.uk](mailto:stephen.chard@westberks.gov.uk)

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**Agenda - Governance and Ethics Committee to be held on Monday, 16 November 2020**  
(continued)

**To:** Councillors Jeff Beck (Chairman), Jeremy Cottam (Vice-Chairman), Barry Dickens, Rick Jones, Jane Langford, Tony Linden, Thomas Marino, David Marsh, Geoff Mayes, Andy Moore and Claire Rowles

**Substitutes:** Councillors Adrian Abbs, James Cole, Carolyne Culver, Owen Jeffery, Steve Masters and Garth Simpson

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## Agenda

Part I		Page No.
1	<b>Apologies</b> To receive apologies for inability to attend the meeting (if any).	
2	<b>Minutes</b> To approve as a correct record the Minutes of the meeting of this Committee held on 24 August 2020.	1 - 6
3	<b>Declarations of Interest</b> To remind Members of the need to record the existence and nature of any personal, disclosable pecuniary or other registrable interests in items on the agenda, in accordance with the Members' <a href="#">Code of Conduct</a> .	
4	<b>Forward Plan</b> <i>Purpose: To consider the Forward Plan for the next 12 months.</i>	7 - 10

## Governance Matters

5	<b>Internal Audit Update Report (GE3864)</b> <i>Purpose: To update the Committee on the outcome of internal audit work carried out during quarters one and two of 2020/21.</i>	11 - 22
6	<b>Response to the Audit Review of the Governance and Ethics Committee (GE3954)</b> <i>Purpose: To provide members of Governance and Ethics (G&amp;E) Committee with a formal set of proposals which have been drawn up to meet the recommendations made in the Internal Audit report covering the review of the Effectiveness of the G&amp;E Committee.</i>	23 - 42



**Agenda - Governance and Ethics Committee to be held on Monday, 16 November 2020**  
*(continued)*

Sarah Clarke  
Service Director: Strategy and Governance

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Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

## GOVERNANCE AND ETHICS COMMITTEE

### MINUTES OF THE MEETING HELD ON MONDAY, 24 AUGUST 2020

**Councillors Present:** Jeff Beck (Chairman), Jeremy Cottam (Vice-Chairman), Rick Jones, Jane Langford, Tony Linden, David Marsh, Geoff Mayes, Andy Moore and Claire Rowles

**Also Present:** Julie Gillhespey (Audit Manager), Joseph Holmes (Executive Director - Resources), Stephen Chard (Principal Policy Officer) and Councillor Jo Stewart

**Apologies for inability to attend the meeting:** Barry Dickens, Councillor Thomas Marino and Andy Walker

#### PART I

#### 9 Minutes

The Minutes of the meeting held on 15 June 2020 were approved as a true and correct record and signed by the Chairman, subject to the following amendment:

**Item 4 – Minutes, first paragraph, second sentence:**

He reminded Members that if the external auditors wished to address the Committee standing orders would need to be **suspended** to allow them to do so.

#### 10 Declarations of Interest

There were no declarations of interest received.

#### 11 Forward Plan

The Committee considered the Governance and Ethics Committee Forward Plan (Agenda Item 4).

**RESOLVED that** the Governance and Ethics Committee Forward Plan be noted.

#### 12 Internal Audit Annual Assurance Report 2019/20 (GE3821)

The Committee considered the Internal Audit Annual Assurance Report for 2019/20 (Agenda Item 5). It was noted that it was a requirement of the Public Sector Internal Audit Standards for the Audit Manager to make a formal annual report to those charged with governance within the Council.

The report was required to include an opinion on the Council's governance, risk management and internal control framework, which in turn supported the Annual Governance Statement.

The audit opinion was based upon the assurance work undertaken during the year; knowledge gained from previous assurance work; as well as intelligence gained from other sources of assurance, both internal and external, for example Ofsted and the Council's Finance and Governance Group.

Julie Gillhespey, Audit Manager, was able to provide reasonable assurance that the governance, risk management and control framework remained robust.

## **GOVERNANCE AND ETHICS COMMITTEE - 24 AUGUST 2020 - MINUTES**

She reported that there were two audits conducted in 2019/20 that were found to be weak and both would be subject to a follow up review. The outcome of the first follow up review (Purchase of Residential Care) was satisfactory. The second follow up review (S106 Agreements) was currently work in progress.

Four follow up reviews were completed during 2019/20 and for two of these it was concluded that unsatisfactory progress had been made. When these outcomes were reported to Committee in November 2019, it was agreed that a second stage follow up would be carried out to check on progress. This follow up work commenced in June 2020 and was work in progress. The outcome would be reported to the next Governance and Ethics Committee.

Paragraph 5.11 of the report provided a summary of the outcomes of the Internal Audit Team's assurance work during the year. This showed that the majority of audit opinions were satisfactory or above. This supported the reasonable assurance view given by the Audit Manager.

Julie Gillhespey also reported that the Internal Audit Team had achieved 94% productivity of the audit plan for 2019/20 against a target of 80%. This was a very good result for the team, the performance for 2018/19 was 81%.

An addition to the annual report was contained in paragraph 5.23. This covered the Council's requirement, under the Local Government Transparency Code 2015, to publish certain information regarding fraud.

Councillor Jeremy Cottam noted from paragraph 5.23 that the Council had no professionally accredited counter-fraud internal investigators and queried whether this impacted on the ability to conduct investigations.

Julie Gillhespey explained that this accreditation had been introduced for the investigation of housing benefit and tenancy fraud. However, Julie felt this would only be necessary if there was a large volume of such cases going to court. She assured Members that while this specific qualification was not held, investigations could still be conducted.

Councillor Cottam followed this by asking if this was a gap which needed to be filled. Julie Gillhespey advised that much experience was held within the team. She held much experience personally in undertaking fraud related work. The qualification would be useful but it was not in her view essential. This was supported by the fact that the Council had no housing stock and housing benefit investigations were conducted by the Department for Works and Pensions. There was therefore a limited number of such investigations.

Joseph Holmes, Executive Director for Resources, supported the view given by the Audit Manager. He did however add that if there became a specific need for an accredited investigator then this could be resourced externally.

Councillor Cottam was reassured by these comments, but queried if this would be kept under review. Julie Gillhespey advised that this was something she would continue to have oversight of. She added that while the specific qualification was not held, all members of the team undertook anti-fraud training regularly. Internal Auditors followed best practice in undertaking investigations.

Councillor Rick Jones commended the achievement of 94% productivity. However, he noted that the level of unplanned work undertaken impacted on the planned work and he queried the impact of this on the workload for future years.

Julie Gillhespey stated that there had been an increase in unplanned work during 2019/20. However, this counted towards the productivity level. This unplanned activity

## GOVERNANCE AND ETHICS COMMITTEE - 24 AUGUST 2020 - MINUTES

had resulted in some planned work being postponed and rescheduled to 2020/21 if it aligned with the risk environment.

Julie was pleased to report that recruitment was ongoing for an additional Auditor and she was comfortable that, subject to recruitment, this would help the team keep on top of its assurance workload as well as conducting the unplanned work.

Councillor Cottam noted that the Audit Manager undertook a large proportion of the unplanned work and this accounted for 46% of her time. He queried this high percentage. Julie Gillhespey explained that much of the unplanned work related to investigations of employee disciplinary and grievance issues, and she held the necessary investigatory skills for this work. Work was prioritised based on levels of risk and unplanned work often needed to be prioritised ahead of planned activity.

Councillor Cottam followed this by asking if resource levels were adequate, especially if the increase in unplanned work was to continue. Julie informed Members that this had been the second financial year in a row with higher levels of unplanned work and this was a reason why recruitment to a further post had been approved.

Councillor Jeff Beck concluded the item by thanking Julie and the Audit Team for all their hard work and for achieving such a high proportion of the audit plan.

**RESOLVED** that the report be noted.

### 13 Annual Governance Statement (GE3823)

The Committee considered the report (Agenda Item 6) which set out the Annual Governance Statement (AGS) for the Council for 2019/20. The report outlined those issues that Corporate Board considered should be included in the 2019/20 AGS as requiring action to resolve.

The AGS set out the Council's governance arrangements and reviewed their effectiveness. The AGS needed to be reviewed and approved by the Committee on an annual basis and was published with the financial statements.

The review for 2019/20 had highlighted four key areas to include in the AGS and these were incorporated into an accompanying action plan. The four key areas of focus identified as requiring improvement were:

- Delivering effective engagement
- Capacity to deliver projects
- Improving asset management
- Commercial investment

Councillor Jeremy Cottam noted that training in the use of project management methodology was listed in the action plan and he queried the software to be used. Joseph Holmes, Executive Director for Resources, advised that training would be on the use of the PRINCE2 project management methodology. Approximately 50% of the relevant officers had been trained prior to the outbreak of the Covid-19 pandemic and the remainder would be trained via Zoom.

Joseph confirmed that it was mandatory for all projects to be managed via the project management methodology. The necessary officers would be involved in the production of business cases, all which would be presented to the Corporate Programme Board for approval.

Councillor Rick Jones queried if progress on the action to deliver effective engagement would be reported to the Governance and Ethics Committee. Joseph Holmes explained that it was his intention for the AGS to be a live working document. As part of this, a

## GOVERNANCE AND ETHICS COMMITTEE - 24 AUGUST 2020 - MINUTES

biannual report would be provided to the Committee that set out progress being made with the action plan. It was the aim to provide the first of these reports in early 2021.

Councillor Jones commended the document. The complexities of the AGS were clearly explained within the document. He pointed out a minor typographical error for correction in paragraph 5.12 of the report. This needed to state that the focus on commercial investment had been brought forward to 2020/21.

Councillor Andy Moore queried the process undertaken in reviewing the Constitution, including the involvement of the Finance and Governance Group, and how this aligned with the work of the Constitution Review Task Group. Joseph Holmes explained that the Finance and Governance Group was an officer group. A key role of the group was to prepare reports prior to submission to this Committee. It was important for the Finance and Governance Group to have the opportunity to review the Constitution on an annual basis, but he was aware that the Constitution Review Task Group was working through the Constitution in much more detail.

Councillor Cottam next queried the Council's approach to commercial investment and the extent to which this would continue. Joseph Holmes explained that a consultation exercise had been undertaken by Central Government with regard to the ability to borrow from the Public Works Loan Board (PWLB) for investment purposes. The results of this were awaited and were expected in the coming months. Councils could still invest funds, but this was restricted to, for example, use of capital receipts. Councillor Jones reported that he was aware that the Executive had been exploring other avenues in which to invest capital funding.

Councillor Cottam followed this by querying if it was within the Committee's remit to review the Council's commercial investments in light of Covid-19 and how this impacted on the viability of retail properties and offices.

Joseph Holmes advised that the Overview and Scrutiny Management Commission undertook a review of commercial investment at its meeting in January 2020. However, he acknowledged the point that the situation had changed with Covid-19. Joseph felt it would be useful for the Governance and Ethics Committee to review whether property valuations had changed in recent months and the impact of this on the financial statements. This could be discussed at a future meeting with potential input from external auditors.

Councillor Cottam considered that property investment at this time would be high risk and he agreed this should be reviewed. In terms of timing to do so, it was felt that this could take place once the property market had been able to recover on the back of Covid-19. Councillor Tony Linden had discussed the Council's existing investments with Joseph Holmes and the Portfolio Holder and had been reassured that the investments remained viable.

Standing Orders were then suspended in order to allow the external auditor (Barrie Morris of Grant Thornton) to address the Committee.

Barrie Morris agreed that property valuations should be monitored and it was the expectation that values would have decreased within this financial year. The implications of Covid-19 were ongoing and it was necessary to make considered decisions. The Grant Thornton assessment of the Council's decision making in terms of property investment would be based upon factors including business cases and performance in terms of value for money obtained.

Mr Morris added that Grant Thornton would provide comments and any recommendations once their review of the AGS had completed.



## GOVERNANCE AND ETHICS COMMITTEE - 24 AUGUST 2020 - MINUTES

Joseph Holmes agreed that effective governance arrangements needed to be in place. The outcome of the PWLB consultation would be carefully considered to review the impact of this on governance arrangements.

Standing Orders were reinstated.

**RESOLVED** to approve the AGS and the actions proposed within it to mitigate risks to the Council's governance arrangements.

### 14 **Draft Going Concern Assessment as at 31st March 2020 and Supporting Draft Executive Directors' Narrative Statement for the 2019/20 Financial Statements (GE3822)**

The Committee considered the report (Agenda Item 7) which summarised the management assessment of the Council continuing to operate as a going concern for the purposes of producing the Statement of Accounts for 2019/20. The going concern assessment took account of Covid specific financial risks.

Joseph Holmes, Executive Director for Resources, advised that the assessment contained assurances of the Council's resilience and stability. This included reserve levels and capital funding.

He then added that non ring-fenced funding of £8.6m had been provided by Central Government to support the Council in its response to Covid-19. This figure had been received in three separate tranches.

Central government was also introducing an income share scheme and this could be used to help offset income pressures as a result of Covid-19. The full detail on this had yet to be provided but it was anticipated that the Council would need to fund the first 5% of losses. All further losses would be shared between the Council (25% of all further losses) and the Government covering 75% of all further losses.

In conclusion, Joseph Holmes reported that the Council would continue as a going concern for this financial year and beyond.

#### **RESOLVED that:**

- On the basis of the S151 Officer's assessment, it be agreed that this report be provided as a working paper to the external auditor confirming the going concern assessment had been completed and the conclusion maintained the assertion that the Council was a going concern as at the Balance Sheet date of 31 March 2020.
- The draft Narrative Statement be noted.

*(The meeting commenced at 4.00pm and closed at 4.50pm)*

**CHAIRMAN** .....

**Date of Signature** .....

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## Governance and Ethics Committee Forward Plan 01 February 2021 – 17 January 2022

01 February 2021						
1.	GE3934	External Auditors Report on the Financial Statements	To receive the report from the external auditors.	Shannon Coleman-Slaughter	Councillor Ross Mackinnon Finance and Economic Development	Audit
2.	GE3689	External Audit Fee and Plan for financial year 2021/22	To present to members the Audit Fee Letter for 2021/22 from Grant Thornton. The letter sets out the fee for the audit in line with the prescribed scale fee set by the Public Sector Audit Appointments Ltd (PSAA). To provide Members with a copy of the External Audit Plan for 2021-22	Shannon Coleman-Slaughter	Councillor Jo Stewart Internal Governance	Audit
3.	EX3952	Risk Management Strategy	To set out the overarching framework for managing risk at the Council, the Council's risk appetite and latest Corporate Risk Register.	Joseph Holmes	Councillor Jo Stewart Internal Governance	Audit
4.	GE3891	Annual Audit Letter		Joseph Holmes	Councillor Ross Mackinnon Finance and Economic Development	Audit
5.	GE3892	Preparation for 2020-21 Financial Statements	To provide Members with a copy of the audited financial statements for the financial year ended 31 March 2021	Shannon Coleman-Slaughter	Councillor Ross Mackinnon Finance and Economic Development	Audit
6.	GE3907	Strategic Risk Register Update	To provide an update on the	Catalin Bogos	Councillor Jo	Audit

		Q2 2020/21	Strategic Risk Register as at Q2 of 2020/21.		Stewart Internal Governance	
7.	GE3955	Local Code of Corporate Governance	To adopt the Code.	Joseph Holmes	Councillor Jo Stewart Internal Governance	Audit
8.	GE3986	Update on Progress with Constitution Review	To provide the Governance and Ethics Committee with an update on progress being made with the review of the Constitution.	Sarah Clarke	Councillor Jo Stewart Internal Governance	Audit
9.	GE3897	Lessons Learnt from the Local Authority Financial Reporting and External Audit: Independent Review	To consider any implications for the Council arising from the Independent review by Sir Tony Redmond into the effectiveness of external audit and transparency of financial reporting in local authorities.	Joseph Holmes	Councillor Ross Mackinnon Finance and Economic Development	Audit
<b>19 April 2021</b>						
10.	GE3894	Internal Audit – Interim Report 2020-21	To update the Committee on the outcome of internal audit work	Julie Gillhespey	Councillor Jo Stewart Internal Governance	Audit
11.	GE3895	Internal Audit Plan 2021/22	To outline the proposed internal audit work programme for the next three years	Julie Gillhespey	Councillor Jo Stewart Internal Governance	Audit
<b>14 June 2021 (provisional)</b>						
12.	TBC	Risk Register Update Q4 2020/21	To provide an update on the Strategic Risk Register as at Q4 of 2020/21.	Catalin Bogos	Councillor Jo Stewart Internal Governance	Audit
<b>26 July 2021 (provisional)</b>						

13.	GE3820	Draft Financial Statements Highlight Report including Directors Narrative Statement and Going Concern Assessment 2020/21	To present the draft West Berkshire Council Financial Statements 2020/21.	Shannon Coleman-Slaughter	Councillor Ross Mackinnon Finance and Economic Development	Audit
14.	TBC	Internal Audit Annual Assurance Report 2020/21	The Public Sector Internal Audit Standards (PSIAS) require the Audit Manager to make a formal annual report to those charged with governance within the Council.	Julie Gillhespey	Councillor Jo Stewart Internal Governance	Audit
15.	TBC	Draft Financial Year 2020/21 Going Concern Assessment	This report summarises the management assessment of the Council continuing to operate as a going concern for the purposes of producing the Statement of Accounts for 2019/20.	Shannon Coleman-Slaughter	Councillor Ross Mackinnon Finance and Economic Development	Audit
16.	TBC	Draft Annual Governance Statement	To allow the committee to review the Annual Governance Statement before it is signed by the Leader and Chief Executive	Joseph Holmes	Councillor Jo Stewart Internal Governance	Audit
<b>27 September 2021 (provisional)</b>						
17.						
18.						
<b>15 November 2021 (provisional)</b>						
19.						
<b>17 January 2022 (provisional)</b>						
20.						
21.						

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# Internal Audit Update Report

<b>Committee considering report:</b>	Governance and Ethics Committee on 16 November 2020
<b>Portfolio Member:</b>	Councillor Jo Stewart
<b>Date Portfolio Member agreed report:</b>	28 October 2020
<b>Report Author:</b>	Julie Gillhespey (Audit Manager)
<b>Forward Plan Ref:</b>	GE3864

## 1 Purpose of the Report

- 1.1 To update the Committee on the outcome of Internal Audit work carried out during quarters one and two of 2020/21.
- 1.2 The Public Sector Internal Audit Standards (PSIAS), as adapted by CIPFA's "Local Government Application Note", require the Audit Manager to provide periodic updates to senior officers and members on performance against the Audit Plan. As stated in the Council's approved Internal Audit Charter quarterly updates are required to be presented to Committee. Due to the timing of the committee meetings the first update report provides an update for quarters one and two of the 2020/21 Audit Plan
- 1.3 The periodic reports aim to provide a progress update against the work in the Audit Plan together with highlighting any emerging significant issues/risks that are of concern.

## 2 Recommendation

To note the content of the report.

## 3 Implications and Impact Assessment

Implication	Commentary
<b>Financial:</b>	Not Applicable
<b>Human Resource:</b>	Not Applicable
<b>Legal:</b>	Not Applicable
<b>Risk Management:</b>	Internal Audit work helps to improve risk management processes by identifying weaknesses in systems and procedures and making recommendations to provide

	mitigation. The aim of which is to help ensure that services and functions across the Council achieve their goals and targets, and the organisation as a whole meets its plans and objectives.			
<b>Property:</b>	Not Applicable			
<b>Policy:</b>	Not Applicable			
	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equalities Impact:</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
<b>Environmental Impact:</b>		X		
<b>Health Impact:</b>		X		
<b>ICT Impact:</b>		X		
<b>Digital Services Impact:</b>		X		
<b>Council Strategy Priorities:</b>		X		



<b>Core Business:</b>		X		
<b>Data Impact:</b>		X		
<b>Consultation and Engagement:</b>	None			

## 4 Executive Summary

- 4.1 To update the Committee on the outcome of Internal Audit work completed during quarters one and two of 2020/21.
- 4.2 The Public Sector Internal Audit Standards (PSIAS), as adapted by CIPFA's "Local Government Application Note", require the Audit Manager to provide periodic updates to senior officers and members on performance against the Audit Plan. As stated in the Council's approved Internal Audit Charter quarterly updates are required to be presented to Committee.
- 4.3 The periodic reports aim to provide a progress update against the work in the Audit Plan together with highlighting any emerging significant issues/risks that are of concern.
- 4.4 There have been no significant issues of concern identified through the work carried out during the first two quarters of 2020/21.

## 5 Supporting Information

### Introduction/Background

- 5.1 A list of audit work completed is set out in Appendix A. The following table summarises the results of the audit work where an opinion was given.

Type	Very weak	Weak	Satisfactory	Well Controlled	Very Well Controlled
Key Financial Systems					
Other Systems					
Schools		1		3	

- 5.1 For this reporting period no central audits were finalised (i.e. final report issued). There was one primary school given a weak opinion, this was mainly due to the need to strengthen budget monitoring/reporting to governors and the auditing/reporting processes for managing the school fund. There were no follow-up reviews completed in the period.

- 5.2 Details of the audit work in progress and the stage reached is set out at Appendix B. Most of the audits relating to the previous year have nearly been completed, with the majority being at draft report stage and awaiting finalisation. Improvement has therefore been made in reducing the delays with progressing audits. This progress has been impacted however because of other new unplanned work that has arisen over the six month period, this work is a mixture of adhoc requests and COVID related work. This work is listed in the 'Other Work' section in both Appendix A and Appendix B. The level of these adhoc requests is much greater than in previous years, mainly due to COVID related work.
- 5.3 An Annual Anti-Fraud Work Plan was prepared this year, an update of progress against the planned work is at Appendix C.
- 5.4 The Audit Manager mentioned in her previous update report presented to Committee that she would provide the Committee with updates regarding any COVID related audit work which would impact on the Audit Plan. As listed in the appendices to this report the Audit Team has been involved in a range of Covid related work, mainly with the provision of advice on processes and controls for making grant payments as well as undertaking grant assurance work. To date we have spent approximately 55 days on Covid related unplanned work.
- 5.5 There are certain COVID grants where central government require an independent sign-off by Internal Audit and we have been made aware of these and are undertaking this work when required. The Audit Manager plans on undertaking a risk assessment of the other grants in order to identify those areas where there is greater risk of fraud and/or error and we will plan on undertaking some assurance work in these areas. It is envisaged that a further 50-80 days may be required for further COVID related work before the end of the financial year, but at this stage this is only an estimate.
- 5.6 The risk environment will also have changed because of the changes in working practices as a result of the majority of staff working from home. An example of potential changes in risk would be payment authorisation processes. The Audit Manager will be undertaking an exercise to try and identify/assess the higher risk changes then the team will carry out some assurance work to check the effectiveness/robustness of any changes in controls in these areas.
- 5.7 One of the Senior Auditors has been appointed to the new Principal Auditor post, we are now undertaking a recruitment exercise for the vacant Senior Auditor post.

## Proposals

Members note the outcome of audit work.

## 6 Other options considered

Not applicable, the report is for information only.

## 7 Conclusion

No significant/fundamental weaknesses were identified in the Council's internal control framework through the work completed by Internal Audit during the first two quarters of

## Internal Audit Update Report

2020/21. The Audit Team is undertaking COVID related audit work which will have an impact on completing all of the planned assurance work.

## 8 Appendices

- 8.1 Appendix A – Completed Audit Work
- 8.2 Appendix B – Current Audit Work
- 8.3 Appendix C – Anti-Fraud Work Plan Update.

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### Corporate Board's recommendation

Report to proceed to Operations Board for consideration.

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#### Subject to Call-In:

Yes:  No:

- The item is due to be referred to Council for final approval
- Delays in implementation could have serious financial implications for the Council
- Delays in implementation could compromise the Council's position
- Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months
- Item is Urgent Key Decision
- Report is to note only

#### Officer details:

Name: Julie Gillhespey  
Job Title: Audit Manager  
Tel No: 01635 519455  
E-mail: julie.gillhespey@westberks.gov.uk

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**1) COMPLETED AUDITS**

Directorate/Dept/Service	Audit Title	Date Audit finalised	Overall Opinion
<b>Corporate/Resources</b>			
<b>People</b>			
Education	Mortimer St Mary's Primary School	13/07/2020	Well Controlled
Education	Mortimer St John's Primary School	10/07/2020	Well Controlled
Education	Welford and Wickham Primary School	19/05/2020	Weak
Education	Birch Copse Primary School	22/09/2020	Well Controlled
<b>Place</b>			
Environment	Bus Subsidy/Transport Capital Grant Assurance work –	September 2020	N/A – gave assurance grants had been spent in accordance with conditions.

**NOTE**

The overall opinion is derived from the number/significance of recommendations together with using professional judgement. The Auditor's judgement takes into account the depth of coverage of the review (which could result in more issues being identified) together with the size/complexity of the system being reviewed.

**2) COMPLETED FOLLOW UPS**

None

**3) COMPLETED ADVISORY REVIEWS/OTHER WORK**

Directorate/Dept/Service	Review Title	Date Audit Work Completed
Human Resources	Grievance investigation	September 2020
The Downs School	Chargeable work covering Final Accounts and compliance with Finance Management Policy.	August 2020
Development and Planning	CIL Process Compliance Work	September 2020

Development and Planning	CIL Cheque Query	September 2020
Corporate	Covid Community Group Advice	April 2020
Finance and Property	Advice on Covid Business Grant payment processes	April/May/June 2020
Environment	COVID Bus Grants – assurance work	September 2020
Corporate	COVID fraud awareness all user advice emails	April and September 2020

**1) CURRENT AUDITS**

<b>Directorate – Corporate / Service</b>	<b>Audit Title</b>	<b>Current Position of Work</b>	<b>Audit Plan Year</b>
Corporate	Digitalisation Agenda	Draft Report Issued	2019/20
Corporate	National Fraud Initiative	Preparation for the next national exercise	2020/21
Corporate/Strategy and Governance	Risk Management	Testing	2020/21
<b>Resources</b>			
Finance and Property	Council Tax	Draft Report Issued	2019/20
Finance and Property	Council Tax Reduction Scheme	Draft Report Issued	2019/20
Finance and Property	Building Maintenance	Testing	2020/21
Strategy and Governance	Payroll	Testing	2020/21
<b>People</b>			
Adult Social Care	DoLS	Being Reviewed	2019/20
Children and Families	Social Worker Recruitment and Retention Scheme	Draft Report Issued	2019/20
Education	Early Years Grant	Draft Report Issued	2019/20
Children and Families	Turnaround Families Grant Claim work	Ongoing	2020/21
Children and Families	Foster Carer Payments	Background	2020/21
Adult Social Care	Carers Assessments/Payments	Background	2020/21
<b>Place</b>			
Public Protection and Culture	Libraries Income	Draft Report Issued	2020/21
Public Protection and Culture	Environmental Health Shared Service – Licensing	Testing	2019/20

Public Protection and Culture	Registrars Service	Background	2020/21
Environment	Highways Maintenance Contract	Ready for Review	2019/20
Development and Planning	Purchase and Utilisation of Council Properties	Testing	2019/20

**2) CURRENT ADVISORY REVIEWS/OTHER WORK**

<b>Audit/Review Title</b>	<b>Current position of work</b>
Whistleblowing Investigation	Commenced
Fraud Investigations (2 cases)	Nearly completed
COVID Business Grants –payment assurance work	Ongoing – monthly report required to be submitted to central govt.

**3) CURRENT FOLLOW-UPS**

<b>Directorate/Service</b>	<b>Audit title</b>
<b>Resources</b>	
Finance and Property	Asset Management Strategy/Plan
Finance and Property	Property database Implementation
<b>People</b>	
None	
<b>Place</b>	
None	



**Anti-Fraud Work Plan****(Drawn together from entries in the Audit Plan for 2020/21**

<u>Audit Name</u>	<u>Work Focus</u>	<u>Update Position (30/09/2020)</u>
Income Collection Spot Checks	Library site visits.	Draft report issued, some recommendations to improve controls, no significant control fraud risk identified.
NFI Investigation Work	Review of data matches to assess whether fraudulent	New exercise commences October when are required to submit Council data. Data matches returned in approximately February for us to then review/investigate.
On-line Grant Applications	Use of on-line grant facilities to generate grants for the Council - ensure they are set up correctly (i.e. bank account details).	
The People's Lottery	Payments received and prizes are appropriately accounted for.	
Members Expenses	Claims re valid/fraudulent payments not being made.	
Land Charges	Income is appropriately accounted for.	
ASC Carers Assessments/Payments	Payments are valid, accurate and fully accounted for.	Terms of Reference Being Drafted.
Shared Lives – Placements and Payments	Payments are valid, accurate and fully accounted for.	Service has just commenced using CareDirector system for recording /making payments. Agreed to undertake the audit in January after the processes have had time to bed down/there is more data for us to test.

## APPENDIX C

Payment of Carers – Foster Carers	Payments are valid, accurate and fully accounted for.	Terms of Reference Being Drafted.
Registrars Service	Income is appropriately accounted for.	Audit has commenced.
Concessionary Fares/Bus Passes	Passes are only issued to valid applicants, passes no longer required are promptly cancelled.	
Common Housing Register	Allocation of accommodation - ensure it is in line with agreed prioritisation.	
*Council Tax Reduction Scheme	Reductions granted are valid, regularly reviewed, and investigated where applicable.	Liaising with external provider on scoping/timing of the review.

\*A piece of work to be commissioned from an external fraud work provider.

## Response to the Audit Review of the Governance and Ethics Committee

<b>Committee considering report:</b>	Governance and Ethics Committee on 16 November 2020
<b>Portfolio Member:</b>	Councillor Jo Stewart
<b>Date Portfolio Member agreed report:</b>	28 October 2020
<b>Report Author:</b>	Julie Gillhespey (Audit Manager)
<b>Forward Plan Ref:</b>	GE3954

### 1 Purpose of the Report

To provide members of Governance and Ethics (G&E) Committee with a formal set of proposals which have been drawn up to meet the recommendations made in the Internal Audit report covering the review of the Effectiveness of the G&E Committee.

### 2 Recommendations

- 2.1 That the G&E Committee agrees to the proposals stated in the attached Action Plan.
- 2.2 If the Committee agrees with the revised content of the revised Terms of Reference (Appendix B), a recommendation needs to be made for this document to be approved by Full Council.

### 3 Implications and Impact Assessment

Implication	Commentary
<b>Financial:</b>	Not Applicable
<b>Human Resource:</b>	Not Applicable
<b>Legal:</b>	Not Applicable
<b>Risk Management:</b>	Not Applicable
<b>Property:</b>	Not Applicable

Response to the Audit Review of the Governance and Ethics Committee

Policy:	Not Applicable			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		
Health Impact:		X		
ICT Impact:		X		
Digital Services Impact:		X		
Council Strategy Priorities:		X		
Core Business:		X		
Data Impact:		X		

<b>Consultation and Engagement:</b>	Members of the officer group - Finance and Governance Group (FAGG)
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## 4 Executive Summary

- 4.1 A review of the effectiveness of the G&E committee was undertaken in 2019 after it had been suggested in the report covering the external assessment of Internal Audit.
- 4.2 The report covering the findings of the review was presented to G&E in April 2020, where there was agreement to implement the recommendations. It was agreed at the committee meeting that further work was required to draw up some proposed actions to meet the requirements of the recommendations. This work was allocated to the officer group, Finance and Governance Group (FAGG).
- 4.3 This report provides the draft Action Plan and supporting documents that have been prepared/agreed by FAGG.

## 5 Supporting Information

### Introduction

This report is to provide members of G&E Committee with formal proposals for actions to meet the recommendations made in the report by Internal Audit's covering the review of the Effectiveness of the committee.

### Background

- (a) During 2018 an external assessment was carried out of the effectiveness of the Council's Internal Audit Service, the resulting report included a suggestion that Internal Audit should consider undertaking a review of the remit and effectiveness of the Council's Governance and Ethics (G&E) Committee. The suggestion to carry out the review was agreed by G&E in November 2018.
- (b) The review was undertaken in 2019, using the checklist from the CIPFA "Audit Committees Practical Guidance for Local Authorities and Police" (2018).
- (c) When the resulting report was presented at Corporate Board, there was discussion around ownership of the report and that although this sat with the G&E Committee, the recommendations and how to progress them should be discussed at the Finance and Governance Group (FAGG).
- (d) A draft report of the findings was presented to G&E in April 2020, at which time there was agreement to all of the recommendations included in the report, and that FAGG would draft an Action Plan to be presented to G&E at a later date.
- (e) The Action Plan (Appendix A) lists each of the report recommendations, proposals to meet the recommendation, officer responsible and progress to date. The other appendices to this report are supporting documents linked to specific recommendations in the Action Plan.

## Proposals

- That the Governance and Ethics Committee agrees to the proposals stated in the Action Plan (Appendix A).
- If the Committee agrees with the revised content of the Terms of Reference (Appendix B), a recommendation needs to be made for this document to be approved by Full Council.

## 6 Other options considered

Not Applicable.

## 7 Conclusion

Agreement of the proposed Action Plan is required in order for progress the implementation of the recommendations made in the report covering the Review of the Effectiveness of the G&E Committee.

## 8 Appendices

- 8.1 Appendix A – Action Plan Covering Recommendations made in G&E Effectiveness Report.
- 8.2 Appendix B – Recommendation 1 G&E Committee Terms of Reference.
- 8.3 Appendix C – Recommendation 2 G&E Committee Members Skills Matrix.
- 8.4 Appendix D – Recommendation 3 Draft Training Schedule for G&E Members.

**Action Plan – Review of Effectiveness of the Governance and Ethics Committee**

<b><u>No</u></b>	<b><u>Recommendation</u></b>	<b><u>FAGG Suggested Approach</u></b>	<b><u>Officer responsible</u></b>	<b><u>Progress update for G&amp;E (November 2020)</u></b>
1	Review and consider adoption of the suggested Terms of Reference, including clear reporting lines and an explanation of the accountability of the Committee. Terms of Reference should be shared with new members upon appointment.	<p>MF will review the current ToR of the Committee compared to the best practice example (Appendix C of the original report). Revised ToR then to be included on the Forward Plan for Committee approval.</p> <p>FAGG recommends that the scope of the Committee’s work should encompass other areas suggested in the CIPFA guidance – Partnership governance oversight and Treasury Management. If these changes are agreed by G&amp;E, there would need to be a discussion between the Chair of the Committee and the Chief Executive.</p> <p>MF will ensure any new members of the Committee appointed in future years will be provided with a copy of the ToR at time of appointment.</p> <p>The Revised Terms of Reference (once adopted) will be included on the first agenda of the new Municipal Year to ensure that they continue to be fit for purpose.</p>	MF	Revised ToR has been drafted for discussion/ approval at G&E committee.

## APPENDIX A

<b>No</b>	<b><u>Recommendation</u></b>	<b><u>FAGG Suggested Approach</u></b>	<b><u>Officer responsible</u></b>	<b><u>Progress update for G&amp;E (November 2020)</u></b>
2	<p>Undertake an evaluation of the skills and competencies of all members of the Committee using the suggested framework from the guidance (which is provided at Appendix C of the guidance document).</p> <p>Consider the most effective size for the Committee, if knowledge and interest are in short supply then a larger committee may not be effective. Consider co-opting an independent member with relevant skills / experience.</p>	<p>Knowledge and Skills Framework Questionnaire has been compiled, to be issued annually to each G&amp;E member, to identify any training needs.</p> <p>FAGG agreed to put forward a recommendation that there should be an independent member on the committee. The Democratic and Electoral Services Manager has asked South East Employers if they could issue a mini survey to local authorities they support asking if they have appointed independent person(s) to the audit committee and if so do they get paid, how much do they get paid, do they have a job description that they use to recruit the person (could this be shared) and how do they go about recruiting them.</p>	<p>Member Services Officer</p> <p>MF to report back</p>	<p>JG has compiled a questionnaire using the CIPFA knowledge and skills framework document.</p>
3	<p>Use the outcomes of the evaluation of skills to inform a mandatory programme of training and development of members, commencing with general induction training for all members on the content of the guidance and the key roles and responsibilities of members, and then developing into regular training to assist members in understanding their role and developing skills over time.</p>	<p>There is already training established for members appointed to the G&amp;E covering corporate induction and standards Committee training. Also sessions have been undertaken covering Internal Audit, Financial statements and Risk Management. The review identified that more detailed training on these more specialist areas is required to give members the knowledge and understanding of the processes to more effectively challenge and question the information presented, and decide if they require more information.</p>	<p>JG drafted a more comprehensive training programme covering Internal Audit.</p>	<p>Draft Training Schedule Prepared</p>



## APPENDIX A

<u>No</u>	<u>Recommendation</u>	<u>FAGG Suggested Approach</u>	<u>Officer responsible</u>	<u>Progress update for G&amp;E (November 2020)</u>
	<p>This may include coverage of: sources of assurance, and assurance processes; external audit cycle and threats to an effective external audit / understanding the nature and risk of the key judgements made by external auditors; risk management processes and risk appetite.</p>	<p>JG has set up an outline training programme covering more detailed/focussed training for Internal Audit, which has been shared with other managers so they can add more comprehensive training covering the Council's Financial Statements/External Audit and Risk Management.</p> <p>This schedule of training will be further refined if required once the skills assessment has been undertaken and this identifies other training requirements.</p> <p>Opportunities for external training also to be considered e.g. CIPFA provide Audit Committee member training.</p>		
4	<p>Consider supporting awareness sessions to reflect the role and responsibilities of the Committee as suggested by the guidance, and ensuring that all Council members, even those who do not serve on the Committee, fully understand its role, purpose and importance.</p>	<p>Discussion held around the possibility of opening up the overview training provided to new G&amp;E members so that all members have the opportunity to attend.</p> <p>Discussion around member communication/training generally, and the option to issue something for all members about the various committees and an overview of their roles, which will raise the profile of the committee – to be discussed/agreed by the Member Development Group.</p>	<p>MF</p> <p>Member Services Officer</p>	<p>This can be included in future induction training</p>

**APPENDIX A**

<u>No</u>	<u>Recommendation</u>	<u>FAGG Suggested Approach</u>	<u>Officer responsible</u>	<u>Progress update for G&amp;E (November 2020)</u>
5	Undertake annual and ongoing self-review by the Committee of its own effectiveness, using a tool such as the recent questionnaire completed by Internal Audit as part of this review. Report the results to the Committee and develop appropriate actions to address areas for development.	<p>a) A Committee Annual self-assessment is incorporated into the Forward Plan;</p> <p>b) The report prepared for recommendation 6 below, together with new member surveys are used as a basis of assessing performance over the previous year.</p>	Once a decision has been made who will have ownership of this MF/JH	
9	Produce an annual report summarising the work undertaken by the Committee and reflecting on its own performance and development activities. Consider making the report available to the public.	<p>There is a report that goes to Full Council covering some of the work undertaken by the Committee - this is incorporated into the Monitoring Officer's Annual report so only looks at the standards element.</p> <p>Current MHCLG review into local authority financial reporting and external audit may result in requirements for external audit results to be reported to Full Council, not just the Governance and Ethics committee. Therefore FAGG suggests a brief report (1 page) of work undertaken by the Governance and Ethics Committee is prepared and the external auditor's audit letter attached, and presented to Full Council.</p> <p>Forward Plan is only drawn up from scheduled officer reports, there isn't a pro-active work programme developed.</p>	MF/JH	

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**APPENDIX A**

<u>No</u>	<u>Recommendation</u>	<u>FAGG Suggested Approach</u>	<u>Officer responsible</u>	<u>Progress update for G&amp;E (November 2020)</u>
		Need a decision from committee as to whether the annual report on performance is to be published.		
7	<p>Review specific areas highlighted by the internal audit response to the questionnaire (appendix A of original report):</p> <p>(i) Consider the means by which feedback is obtained from senior officers in respect of Internal Audit, to support the IA QAIP. This may be done by conducting/sponsoring an annual survey of Heads of Service; also by engaging with more senior officers and holding senior officers to account more robustly over their internal control arrangements and timely progress against recommendations, as this would promote discussion and awareness of the internal audit process and relevance;</p> <p>(ii) Consider how the Committee will assess and challenge the effectiveness of the Council's risk management framework and arrangements. This may be done by reviewing changes in the risk profile (top risks) since the previous meeting, challenging timeliness in</p>	<p>JG compiled the following suggestions:-</p> <p>(i) A satisfaction survey is sent out after each audit is completed. This has been the process for many years, and there has been a low response rate from corporate service for a long time, there is a higher proportion from schools. Audit Manager believes the main reason for the surveys not being returned is because the same Heads of Service have been in post for quite a few years, and there are usually at least a couple of audits per service each year, so most HoS will have submitted responses previously.</p> <p>Suggest only annual surveys are sent out to corporate services, but individual ones retained for schools. Internal Audit to report on responses received annually as part of the Annual Assurance Report.</p> <p>(ii) CB to discuss with G&amp;E members whether they would like more information as part of his risk management update reports.</p>	<p>(i) JG (ii) CB (iii) JG</p>	

**APPENDIX A**

<u>No</u>	<u>Recommendation</u>	<u>FAGG Suggested Approach</u>	<u>Officer responsible</u>	<u>Progress update for G&amp;E (November 2020)</u>
	<p>setting and completing risk mitigation actions, and also in challenging risk appetite by engaging with relevant senior officers.</p> <p>(iii) Consider how the Committee will assess and challenge anti-fraud arrangements (possibly as part of the review of risk management), and how they wish to be advised of actual, suspected or alleged fraudulent activity. This may be done by receiving and reviewing formal progress reports from the Internal Audit Manager in respect of the counter fraud plan, including investigation work.</p>	<p>(iii) Risk Management arrangements covering fraud will be reviewed as part of the Risk Management audit which is currently underway. Depending on the findings/recommendations in this area there may need to be changes in how fraud risk is identified/recorded in order to provide the committee with assurance on how this area is managed.</p> <p>The Audit Manager will provide half-yearly updates on the progress made against the Counter Fraud Work Plan.</p>		

## Governance and Ethics Committee Proposed Terms of Reference

Purpose:	To consider the revised terms of reference of the Governance and Ethics Committee which take into account the CIPFA Best Practice Guidance and recommend to full Council that they be adopted.
Release Date:	<b>November 2020</b>
Author:	Moira Fraser (Democratic and Electoral Services Manager)

<b>1</b>	<b>Background</b>
<p>During 2018 an external assessment was carried out of the effectiveness of West Berkshire Council's Internal Audit service, and the extent to which it conformed to Public Sector Internal Audit Standards. The resulting report included a suggestion that Internal Audit should consider undertaking a review of the remit and effectiveness of the Council's Governance and Ethics Committee, using the checklist from the CIPFA Audit Committees Practical Guidance for Local Authorities (2018). The internal audit plan for 2019/20 included a review of the effectiveness of the Audit Committee. The proposed changes set out in this document are designed to address the recommendations of the internal audit review in respect of refreshing its terms of reference.</p>	
<b>2</b>	<b>Functions of the Governance and Ethics Committee/Statement of Purpose of the Governance and Ethics Committee</b>
<p>The Governance and Ethics Committee is a key component of West Berkshire Council's corporate governance structure. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.</p> <p>The purpose of our audit committee is to provide independent assurance to Members on the adequacy of the risk management framework and the internal control environment. It provides independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.</p> <p>In addition the Committee considers proposed changes to the Council's Constitution and makes recommendations to the Council in respect of any changes proposed.</p> <p>The Committee also promotes and maintains high standards of conduct throughout the Council and determines whether breaches of the relevant Code of Conduct have occurred.</p>	

# Governance and Ethics Committee

## Proposed Terms of Reference

They promote, educate and support Councillors (both District and Parish) in following the highest standards of conduct and ensuring that those standards are fully owned locally.

An Advisory Panel has been established to deal with any complaints received in respect of District or Parish Councillors' behaviour where a potential breach of the Code of Conduct has been identified. The Advisory Panel makes recommendations to the Governance and Ethics Committee.

<b>3</b>	<b>Terms of Reference (Items highlighted in blue text are from the current Terms of Reference)</b>
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*Governance, risk and control*

1. To consider and make recommendations to the Council on proposed changes to the Constitution.
2. To review the Council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
3. To consider any governance issues emanating from Central Government and determine their effect on the Council's business and governance processes.
4. To review and approve the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
5. To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
6. To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
7. To monitor the effective development and operation of risk management in the Council.
8. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
9. To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
10. To monitor the Anti-fraud Plan, actions and resources.
11. To review the governance and assurance arrangements for significant partnerships or collaborations.
12. The Council nominates (the Governance and Ethics Committee) to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

*Internal Audit*

13. To approve the Internal Audit Strategy and Plan and the Internal Audit Charter annually.
14. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

# Governance and Ethics Committee

## Proposed Terms of Reference

15. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
16. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
17. To make appropriate enquiries of both management and the Audit Manager to determine if there are any inappropriate scope or resource limitations.
18. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Audit Manager. To approve and periodically review safeguards to limit such impairments.
19. To consider reports from the Audit Manager on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
  - (a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work;
  - (b) regular reports on the results of the Quality, Assurance and Improvement Programme (QAIP);
  - (c) reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Advisory Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement (AGS).
20. To consider the Audit Manager's annual report:
  - (a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit;
  - (b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.
21. To consider summaries of specific internal audit reports as requested.
22. To receive reports outlining the action taken where the Audit Manager has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
23. To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
24. To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations.
25. To provide free and unfettered access by the Audit Manager to the Chairman and Vice Chairman of the Governance and Ethics Committee including the opportunity for a private meeting with the Committee.

*External Audit*

# Governance and Ethics Committee

## Proposed Terms of Reference

26. To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments (PSAA).
27. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance and to consider specific reports as agreed with the external auditor.
28. To comment on the scope and depth of external audit work and to ensure it gives value for money.
29. To commission work from internal and external audit.
30. To advise and recommend on the effectiveness of relationships between external and internal audit and other agencies, where appropriate, to ensure that these relationships are effective.

### *Financial Reporting*

31. To approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
32. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### *Treasury Management*

33. To review the treasury management policy and procedures to be satisfied that controls are satisfactory.
34. Receive regular reports on activities, issues and trends to support the committee's understanding of treasury management activities. (Note that the committee is not responsible for the regular monitoring of activity under clause 3 of the Treasury Management Code).
35. Review the Treasury risk profile and adequacy of treasury risk management processes.
36. Review assurances on treasury management (for example, an internal audit report, external audit or other review).

### *Accountability Arrangements*

37. To report annually to Full Council on the Committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
38. To publish an annual report on the work of the Committee.

### *Ethics Matters*

39. To promote and maintain high standards of conduct by Councillors and co-opted Members.
40. To assist the Councillors and co-opted Members to observe the Members' Code of Conduct.



# Governance and Ethics Committee

## Proposed Terms of Reference

41. To advise the Council on the adoption or revision of the Members' Code of Conduct.
42. To monitor the operation of the Members' Code of Conduct.
43. To advise on training arrangements for Councillors and co-opted Members on matters relating to the Members' Code of Conduct.
44. To Grant dispensations, subject to other delegations, to Councillors and co-opted Members on requirements relating to interests set out in the Members' Code of Conduct.
45. To ensure arrangements are in place under which allegations of misconduct in respect of the Members' Code of Conduct can be investigated and to review such arrangements where appropriate.
46. To exercise (38 to (44) above in relation to the Parish / Town Councils wholly or mainly in its area and the Members of those Parish / Town Councils.
47. To receive an annual report from the Monitoring Officer on local and national issues relating to ethical standards and to bring to the attention of Members any complaints or other problems within the District.

### 4 Membership

At the Annual Meeting of Council, or as soon as possible thereafter, the Council will appoint a Governance and Ethics Committee. Any changes to the membership of the Committee will need to be agreed by Full Council.

#### *Governance and Ethics Committee*

The Governance and Ethics Committee shall consist of nine Members\* reflecting the political balance of the Council and will be supported by two non-voting co-opted Parish Councillors and up to two substitute non-voting co-opted Parish Councillors. The Governance and Ethics Committee will be chaired by a District Councillor who will be elected at the first meeting of the Municipal Year.

#### *Advisory Panel*

The Governance and Ethics Committee shall be supported by an Advisory Panel comprising ten members (two members of the administration, two members from each of the opposition groups, two parish council representatives and two Independent Persons). The Advisory Panel shall be chaired by an Independent Person.

#### *Independent Persons (Ethics)\*\*\**

An Independent Person(s) shall be appointed by the Council and shall be consulted by it before any decision is made to investigate an allegation against any member of the Council. The Independent Person may be consulted by any member or Parish Council member against whom an allegation is made. The Independent Person(s) shall not chair the Governance and Ethics or be entitled to vote on matters before it.

In addition The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 include provisions requiring a panel to be set up to advise on matters relating to the dismissal of the Council's Proper Officers (Head of Paid Service, S151 Officer and Monitoring Officer). The Act requires at least two Independent Persons who have been

# Governance and Ethics Committee

## Proposed Terms of Reference

appointed under section 28(7) of the Localism Act 2011 to be appointed to the panel. The Authority has elected to appoint three Independent Persons.

### *Independent Person(s) (Audit)*

The Review of the Effectiveness of the Audit Committee suggested that it might be useful to Consider co-opting an independent member with relevant skills/experience. \*\*

\* the median size of a local authority audit committee was found to have increased to nine, the large number promotes political balance but was also thought to make it more difficult to appoint members with the right knowledge and interest – in the private sector audit committees are typically 3-4 members

\*\* 39% of local authority committees included at least one co-opted independent member to increase levels of knowledge and demonstrate openness and challenge.

\*\*\* A person is not considered to be "independent" if:-

- (i) They are or have been, within the last five years, an elected or co-opted Member or officer of the Council or of any Parish Councils within this area. This also applies to committees or sub-committees of the various Councils.
- (ii) They are a relative or close friend of a current elected, or co-opted, Member or officer of the Council or any Parish Council within its area, or any elected or co-opted member of any committee or sub-committee.
- (iii) The definition of relative includes the candidate's spouse, civil partner, grandparent, child etc.

<b>5</b>	<b>Annual Reports</b>
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The Localism Act 2011 was enacted on 15<sup>th</sup> November 2011 and it made fundamental changes to the system of regulation of the standards of conduct for elected and co-opted members of Councils and Parish Councils. In order to ensure that the process was working effectively locally it was agreed that the Monitoring Officer would produce an annual report which would be presented to the Governance and Ethics Committee. The report would set out the number and nature of complaints received and inform Members of any other activity that was taking place around the Code of Conduct regime. It would also provide a means of updating the Committee on the progress of investigations. It was also agreed that the report would be presented to Full Council at the Annual meeting and that it would be circulated to all Town and Parish Councils.

It is proposed that this annual report be expanded on to include assessment of the governance and audit activities and the performance of the Committee throughout the previous Financial Year.

<b>6</b>	<b>Meetings</b>
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A timetable of all public meetings for the forthcoming Municipal Year will be agreed at Full Council. The timetable would usually include six meetings of the Governance and Ethics in February, April, June, July/August, September/October and November. These meetings are arranged to meet deadlines for Council meetings and to facilitate the signing off of the Council's financial accounts. The meetings usually take place on a Monday afternoon at 4pm.

## **Governance and Ethics Committee Proposed Terms of Reference**

The Chairman in consultation with the Vice-Chairman and the Service Director for Strategy and Governance (or their nominated representative) may make an adjustment to the date, time and place of meetings considered necessary or desirable.

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**DRAFT TRAINING SCHEDULE FOR G&E MEMBERS (SEPTEMBER 2020)**

<b>Internal Audit</b>	<b>Focus of Training</b>	<b>Duration of Training</b>
Overview	The role of Internal Audit, the statutory background, and regulatory framework.	1 hour
Audit Plan update reports and annual report.	How to interpret these and query the information provided.	1 hour
Preparation of the Audit Plan	How the Council's operations are risk assessed and a programme of audit work compiled.	45 minutes
Undertaking an audit	Using an example of an audit, going through the key stages, what is involved, how the information is recorded, assessed and reported.	45 minutes
Fraud and Corruption	Overview of where this may occur in the Council, and how Internal Audit work checks the mitigation put in place.	1 hour
<b>Council Financial Accounts</b>		
Overview	What are the financial statements, the statutory background, and regulatory framework.	1 hour
Review of Balance Sheet	Review Content of Balance Sheet, explain where the figures come from/what they mean.	45 minutes

### Recommendation 3

<b>Risk Management</b>		
Risk and Risk Management definitions and types of risks	Familiarise with the terminology used by the Council. Understand the different types of risks	90 minutes
Risk Management Process: Risk Management and Strategic & Operational Planning	Understand the risk identification process and the links with the strategic and operational planning	45 minutes
Risk Management Process: Risk analysis and Evaluation Risk treatment  Gross Current and Expected Rating	To familiarise with the approach for analysing risks and action planned to mitigate them	90 minutes
Risk reporting	To detail the processes taking place to collate and report risk and risk mitigation information	45 minutes
Risk Strategy Risk Appetite The role of G&E Committee relating to risk management	Familiarise with the Council's risk management strategy, risk appetite Revisit in detail the expectation from the G&E Committee members in relation to Risk Management	45 minutes