

Notice of Meeting



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Governance and Ethics Committee

Monday 19 April 2021 at 5.00pm

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 9 April 2021

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Stephen Chard on 519462

e-mail: stephen.chard@westberks.gov.uk

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Agenda - Governance and Ethics Committee to be held on Monday, 19 April 2021
(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, Carlyne Culver, Owen Jeffery, Steve Masters and Garth Simpson

Agenda

Part I		Page No.
1	Apologies To receive apologies for inability to attend the meeting (if any).	
2	Minutes To approve as a correct record the Minutes of the meeting of this Committee held on 1 February 2021.	1 - 4
3	Declarations of Interest 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' Code of Conduct .	
4	Forward Plan Purpose: To consider the Forward Plan for the next 12 months.	5 - 6
 Standards Matters		
5	Monitoring Officer's Annual Report to the Governance and Ethics Committee - 2020/21 (C3992) Purpose: To provide an update on local and national issues relating to ethical standards and to bring to the attention of Members any complaints or other problems within West Berkshire.	7 - 18



Governance Matters

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|----|---|-----------|
| 6 | Update Report - Review of the effectiveness of the Governance and Ethics Committee (GE4032)
Purpose: At the Governance and Ethics Committee on 16th November 2020, a paper was presented which set out an Action Plan to address the recommendations made in the Internal Audit report covering the review of the effectiveness of the Governance and Ethics Committee. Members requested some minor amendments and further detail for some aspects of the Action Plan, this report provides the further details and amended documents. | 19 - 46 |
| 7 | Revised Audit Findings for West Berkshire Council - Financial Year Ended 31 March 2020 (GE3934a)
Purpose: This report provides Members with the revised draft audit findings report provided by Grant Thornton in respect of their external review of the 2019/20 Financial Statements. | 47 - 82 |
| 8 | Local Code of Corporate Governance (GE3955)
Purpose: To provide a Code of Corporate Governance to the Governance & Ethics Committee to approve. The code is part of the overall system of internal control at the Council and supports the provision of the Annual Governance Statement (AGS) which is approved annually by the Governance and Ethics Committee. | 83 - 92 |
| 9 | Risk Management Strategy 2021-2024 (EX3952)
Purpose: To set out the overarching framework for managing risk at the Council, the Council's risk appetite and the risk management objectives for the next three years. | 93 - 126 |
| 10 | Internal Audit Update Report (GE3894)
Purpose: To update the Committee on the outcome of Internal Audit work carried out during quarter three of 2020/21. | 127 - 140 |
| 11 | Internal Audit Plan 2021-2024 (GE3895)
Purpose: This report sets out the proposed Internal Audit Work for the three year period from 2021/22 to 2023/24. | 141 - 182 |

Agenda - Governance and Ethics Committee to be held on Monday, 19 April 2021
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- 12 **Update on progress with Constitution Review (GE3986)** 183 - 202
Purpose: To provide the Governance and Ethics Committee with an update on progress being made with the review of the Constitution.

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, 1 FEBRUARY 2021

Councillors Present: Jeff Beck (Chairman), James Cole (Substitute) (In place of Claire Rowles), Jeremy Cottam (Vice-Chairman), Barry Dickens, Rick Jones, Jane Langford, Tony Linden, Thomas Marino, David Marsh, Geoff Mayes and Andy Moore

Also Present: Catalin Bogos (Performance Research Consultation Manager), Julie Gillhespey (Audit Manager), Joseph Holmes (Executive Director - Resources), Stephen Chard (Principal Policy Officer), Moira Fraser (Democratic and Electoral Services Manager), Councillor Owen Jeffery and Councillor Jo Stewart

Apologies for inability to attend the meeting: Councillor Claire Rowles

PART I

20 Minutes

The Minutes of the meeting held on 16 November 2020 were approved as a true and correct record and signed by the Chairman.

In relation to *Item 19 Response to the Audit Review of the Governance and Ethics Committee* Julie Gillhespey confirmed that the action plan with timescales would be brought to the April 2021 meeting in order for them to be in place for the 2021/22 Municipal Year. The training programme would also be brought to that meeting along with the revised terms of reference.

21 Declarations of Interest

Councillor Tom Marino declared that he had a personal interest in Agenda Item 8 (Risk Management – Quarter 2 of 2019/20). As his interest was personal and not another or disclosable pecuniary interest he determined to remain in the meeting and take part in the discussion.

22 Forward Plan

The Committee considered the Governance and Ethics Committee Forward Plan (Agenda Item 4). It was noted that Items 3934 and 3892 were included on this agenda and could therefore be removed from the 19 April 2021 meeting.

Councillor Rick Jones noted that there was no item that followed up on the action plan that was instituted last year and queried whether that should be on the agenda. Moira Fraser confirmed that this was an omission and that it would be added.

RESOLVED that the Governance and Ethics Committee Forward Plan be noted and that the action plan instituted last year would be added to the 19 April 2021 meeting.

23 The Audit Findings for West Berkshire Council - Financial Year Ended 31 March 2020 (GE3934)

The Committee considered a report (Agenda Item 5) which provided Members with the draft audit findings report provided by Grant Thornton in respect of their external review

GOVERNANCE AND ETHICS COMMITTEE - 1 FEBRUARY 2021 - MINUTES

of the 2019/20 Financial Statements. The purpose of the report was to consider the findings of the external auditors and any implications for the Governance and Ethics Committee in approving the financial statements.

Joseph Holmes introduced the report and noted that Item 5 and 6 were interlinked. He started with Item 6, which was the revised statements, and confirmed these were put on the Council's website in August, in line with the statutory deadlines.

There were two opinions provided within the statements, one regarded the financial statements and the other related to the value for money; both of which the auditors had indicated would receive an unqualified opinion, albeit that there was still some work to be concluded.

There were some amendments made since the draft papers were produced at the end of August, and these were recognised within the report. The most significant of these related to an adjustment of £6m in relation to assets. The S151 Officer confirmed however that this was an accounting adjustment and would not affect the outturn position. Grant Thornton had provided an action plan and officers had provided responses.

The Chairman stated that in accordance with paragraph 7.12.4 of the Constitution he proposed from the Chair that standing orders be suspended in order to allow the external auditors to address the Committee. Councillor Jeremy Cottam seconded this proposal and the Committee voted in favour to allow it.

Barrie Morris from Grant Thornton discussed Item 5 and reiterated what Joseph Holmes said. In regards to their audit opinion, he stated that the reason for the delay was due to awaiting responses to a few queries from the financial team and the outcome of the audit of the Berkshire Pension Fund. He reiterated that even after the adjustment had been made they would be issuing an unqualified opinion on both the Financial Statements and the Value for Money audits.

He also noted that they were in a better position than they were the previous year in terms of certifying the 2020 accounts, despite the onset of Covid, and were quite close to concluding their audit opinion. He wished to place, on record, his thanks the WBC finance team who worked very effectively to help them achieve this.

David Johnson from Grant Thornton picked out a couple of key points and some of the issues they encountered. They were as follows:

- Page 14, one of the significant risks related to the valuation of land and buildings included in the Property Investment Portfolio where there had been double counting in relation to one of the assets and one of the assets had been incorrectly classified. It was also felt that it was necessary to reflect the uncertainty of the market arising from the Covid pandemic.
- Page 15, received a letter of assurance in which there were some issues that needed to be followed up on.
- Page 16, it was noted that there had been some issues with extracting data from the financial system which had meant that Officers had to extract some ad hoc data and reports from the system. The Council was however aware of the issue and were in the process of addressing the issues.
- Page 17, related to key adjustments with judgements rated as yellow and red; the reason for the red highlight was because the value was over materiality limits. The reason for the yellow highlight meant that there was an issue the Council needed to address.

GOVERNANCE AND ETHICS COMMITTEE - 1 FEBRUARY 2021 - MINUTES

- Page 23, in the previous year the external auditors had raised some issues around financial sustainability in relation to demand led services. This appeared to have improved during the current financial year.
- Page 28 was the action plan and assessment of risks response.
- Page 31/32 were issues that the auditors identified as not being adequately addressed and had therefore been carried forward.
- Page 33/34 were the adjustments that Joseph Holmes mentioned earlier.

David Johnson stated further, that the task was not an insignificant one and he thanked the finance team of Shannon Coleman-Slaughter, Joseph Holmes, Andy Walker and other relevant officers for their hard work and responding to their queries in a timely matter.

Councillor James Cole asked Grant Thornton representatives if they thought the accounts that were presented to them were reasonable. Barrie Morris confirmed that they were satisfied with the accounts.

Councillor Jeff Beck thanked both Barrie Morris and David Johnson from Grant Thornton for working so well with the team in these difficult times.

Standing orders were reinstated.

RESOLVED that the report be noted.

24 Financial Statements approval - 2019-20 (GE3892)

The Committee considered a report (Agenda Item 6) which informed Members of the final external audit opinion for financial year 2019/20.

This item was discussed under Agenda Item 5.

RESOLVED that:

1. The financial statements for 2019/20 be approved following consideration of the external audit report.
2. Final sign-off of the financial statements be delegated to the Chair of the Governance and Ethics Committee in consultation with the s151 Officer following completion of the external auditors' work, final figures from the Berkshire Pension Fund which would amend the financial statements and associated completed letter of representation from the Council.

25 To consider the Independent review by Sir Tony Redmond into the effectiveness of external audit and transparency of financial reporting in local authorities (GE3897)

The Committee considered a report (Agenda Item 7) which summarised the key findings from the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting, or 'Redmond Review', undertaken by Sir Tony Redmond. The Redmond Review took place between summer 2019 and summer 2020, with the final report issued in September 2020.

Given the significant challenges to the effectiveness of both the local public audit and the presentation of Local Government financial reporting, this review was timely and the report highlighted how the Council might wish to respond to these, and specifically, for the Governance and Ethics Committee to consider if there was anything further that it might wish to undertake that had been raised as part of the review.

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Councillor Jeremy Cottam commented on Section 3 of the report and the 25% increase in fees and asked if that was definite figure. Joseph Holmes explained that there was a fee variation that was up to 25% but that future fees would be for the external auditors to propose.

Councillor Rick Jones asked if there was anything that the Council should be doing as a result of this report. Joseph Holmes responded that it was presented for information purposes and to show there would be changes to some of the roles of Councillors at meetings in the future.

Grant Thornton stated that they supported the finding of the Redmond Review and how the government would take that forward. They would continue to work with the Council to ensure the delivery of a high quality audit service. They defended the 25% cost increase against the backdrop of the savings that had occurred over the last ten years, the outcome of the quality reviews which had increased significantly and the changing nature of the standards that had created more work.

RESOLVED that the comments made by the Committee be noted and the suggested amendments to its terms of reference be implemented in light of the Redmond Review.

26 Exclusion of the Press and Public

RESOLVED that members of the press and public be excluded from the meeting for the under-mentioned item of business on the grounds that it involves the likely disclosure of exempt information as contained in Paragraphs 3, 5 and 6 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the [Local Government \(Access to Information\)\(Variation\) Order 2006](#). [Rule 8.10.4 of the Constitution also refers](#).

27 Strategic Risk Register Update Q2 2020/21 (GE3907)

(Councillor Tom Marino declared a personal interest in Agenda item 9 by virtue of the fact that he was a member of one of the organisations referred to in the document. As his interest was personal and not a disclosable pecuniary interest he determined to take part in the debate and vote on the matter).

The Committee considered an exempt report (Agenda item 9) concerning the Council's corporate risks and outlined any mitigation action that was being taken.

RESOLVED that the recommendations as set out in the exempt report be agreed.

(The meeting commenced at 5.00pm and closed at 6.08pm)

CHAIRMAN

Date of Signature

Governance and Ethics Committee Forward Plan 26 July 2021 – July 2022

26 July 2021						
1.	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
2.	GE3891	Annual Audit Letter	To present the Annual Audit Letter.	Joseph Holmes	Councillor Ross Mackinnon Finance and Economic Development	Audit
3.	GE4028	Risk Register Update Q4 2020/21	To provide an update on the Strategic Risk Register as at Q4 of 2020/21.	Catalin Bogos	Councillor Howard Woollaston Internal Governance	Audit
4.	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
5.	GE4029	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 Howard Woollaston Internal Governance	Audit

6.	GE4030	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
7.	GE4031	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 Howard Woollaston Internal Governance	Audit
8.	GE4085	Progress update on the Annual Governance Statement (2019-20)		Joseph Holmes	Councillor Ross Mackinnon Finance and Economic Development	Audit
27 September 2021						
9.						
15 November 2021						
10.						
17 January 2022						
11.	GE4023	Strategic Risk Register Update Q2 2021/22	To provide an update on the Strategic Risk Register as at Q2 of 2021/22.	Catalin Bogos	Councillor Howard Woollaston Internal Governance	Audit
25 April 2022						
12.						
July 2022 Date TBC						
13.	GE4024	Strategic Risk Register Update Q4 2021/22	To provide an update on the Strategic Risk Register as at Q4 of 2021/22.	Catalin Bogos	Councillor Howard Woollaston Internal Governance	Audit

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2020/21

Committee considering report:	Governance and Ethics Committee on 19 April 2021 Council on 4 May 2021
Portfolio Member:	Councillor Howard Woollaston
Date Portfolio Member agreed report:	8 April 2021
Report Author:	Sarah Clarke
Forward Plan Ref:	C3992

1. Purpose of the Report

- 1.1 To provide an update on local and national issues relating to ethical standards and to bring to the attention of Members any complaints or other problems within West Berkshire.
- 1.2 To present the Annual Governance and Ethics Report to Full Council.

2. Recommendations

- 2.1 Members are requested to note the content of the report.
- 2.2 The report to be circulated to all Parish/Town Councils in the District for information.

3. Implications and Impact Assessment

Implication	Commentary
Financial:	There are no financial issues arising from this report. However the costs associated with external investigations may lead to a budget pressure.
Human Resource:	There are no personnel issues associated with this report.
Legal:	There are no legal issues arising from this report. The matters covered by this report are generally requirements of the Local Government Act 2000 in so far as appropriate and the Localism Act 2011 and its supporting regulations.
Risk Management:	The benefits of this process are the maintenance of the Council's credibility and good governance by a high standard of ethical behaviour. The threats are the loss of credibility of the Council if standards fall. Adherence to the requirements of the Code of Conduct also reduce the risk of the Council's decisions being subject to legal challenge.
Property:	There are no property issues associated with this report.

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2020/21

Policy:	Revised policy and changes to processes adopted at Council in May 2012 and reviewed in December 2013 and September 2016.			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
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 or Digital Services Impact:		X		
Council Strategy Priorities or Business as Usual:		X		Business as usual.
Data Impact:		X		.
Consultation and Engagement:	Finance & Governance Group			

4. Executive Summary

- 4.1 This report is the Monitoring Officer's annual report for the Governance and Ethics Committee, which will be presented to Full Council at the Annual meeting. The report will also be circulated to all Town and Parish Councils.
- 4.2 The key findings identified in the report are:
- (a) Standards of ethical conduct across the district remain good.
 - (b) The number of gifts and hospitality declared was significantly reduced during 2020/21, but this is likely to reflect the fact that the country has spent a significant part of the previous 12 months operating with restrictions imposed in response to the Covid 19 pandemic.

5. Supporting Information

Introduction

- 5.1 The Localism Act 2011 was enacted on 15th 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.
- 5.2 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.
- 5.3 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.

Background

Governance Arrangements

- 5.4 During the Municipal Year 2020/21 the Governance and Ethics Committee was comprised of eleven members (nine District Councillors appointed on a proportional basis and two co-opted non-voting Parish/Town Councillors). The membership for 2021/22 will be agreed at the Annual Council meeting.
- 5.5 The Monitoring Officer is authorised to appoint three Independent Persons who are used on a rotational basis on the Initial Assessment Panel and Advisory Panel. The Advisory Panel comprised ten Members: two from the Conservative Party, two from the Liberal Democrat party, two from the Green Party, two parish/town councillors and two independent persons. The membership for 2021/22 will be agreed at the Annual Council meeting.
- 5.6 A revised Code of Conduct was adopted in September 2016. The Code and Governance arrangements are supported by a number of documents including:
- Terms of Reference for the Governance and Ethics Committee and Advisory Panel;
 - Gifts and Hospitality Protocol;

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2020/21

- Complaints procedures for breaches of the Code of Conduct;
- Dispensations procedure;
- Social Media Protocol.

Independent Persons

- 5.7 Under Section 28 of the Localism Act 2011 the Council has a duty to ensure that it has appointed at least one Independent Person who is consulted before it makes a decision on an allegation it has determined to investigate. It was agreed at the Full Council meeting on the 27 September 2012 that the Independent Person may be consulted directly either by the person who has made the complaint or the person the complaint has been made about. Three Independent Persons have therefore been appointed in order to ensure that a conflict situation does not arise.
- 5.8 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.
- 5.9 In addition The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 require provisions to be made relating to the potential dismissal or disciplining of the Head of Paid Service, Monitoring Officer or Section 151 Officer. A panel needs to be set up to advise on matters relating to the dismissal of these Officers. The Act requires at least two Independent Persons who have been appointed under section 28(7) of the Localism Act 2011 to be appointed to the panel. The role of the Independent Persons therefore includes the requirement of this legislation.
- 5.10 James Rees, Mike Wall and Lindsey Appleton were appointed as the Council's Independent Persons for the 2020/21 Municipal Year. All three Independent Persons have agreed to remain as Independent Persons for the 2021/22 Municipal Year.
- 5.11 The Council is asked to recognise the significant contribution of the Independent Persons and thank them for their ongoing contributions.

Governance and Ethics Committee

- 5.12 The overall purpose of the Governance and Ethics Committee is to provide effective challenge across the Council and independent assurance on the risk management and governance framework and associated internal control environment to members and the public, independently of the Executive. The Governance and Ethics Committee is also responsible for receiving the annual Audit Letter and for signing off the Council's final accounts.
- 5.13 The Committee is also charged with promoting and maintaining high standards of conduct throughout the Council. They promote, educate and support Councillors (both

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2020/21

District and Parish) in following the highest standards of conduct and ensuring that those standards are fully owned locally. The roles and functions of the Governance and Ethics Committee are set out in the Constitution (Part 2 Articles of the Constitution).

5.14 At the conclusion of 2020/21 the Governance and Ethics Committee comprised the following Members:

Conservative Group (5 Members)	Jeff Beck (Chairman), Rick Jones, Tony Linden, Tom Marino, Claire Rowles
Conservative Substitutes (2 Members)	James Cole, Garth Simpson
Liberal Democrat Group (3 Members)	Jeremy Cottam (Vice-Chairman), Geoff Mayes, Andy Moore
Liberal Democrat Substitutes (2 Members)	Adrian Abbs, Owen Jeffery
Green Party Group (1 Member)	David Marsh
Green Party Substitutes (2 Members)	Carolyn Culver, Steve Masters

5.15 The Governance and Ethics Committee has a special responsibility regarding the 56 Town and Parish Councils within the District. It is responsible for ensuring that high standards of conduct are met within the parishes and that all Parish and Town Councillors are aware of their responsibilities under their Codes of Conduct.

5.16 The District Councillors are therefore supported on the Governance and Ethics Committee by two co-opted Parish Councillors who are appointed in a non-voting capacity. Two substitute non-voting parish councillors are also appointed to this Committee. During 2020/21 the Governance and Ethics Committee included the following Parish Councillors:

- Barry Dickens (co-opted non-voting Parish Councillor)
- Jane Langford (co-opted non-voting Parish Councillor)
- Lourdes Cottam (substitute co-opted non-voting Parish Councillor)
- Roger Hunneman (substitute co-opted non-voting Parish Councillor)

5.17 The Council is asked to recognise the contribution of the Parish Councillors and thank them for their contributions.

Advisory Panel

5.18 The Advisory Panel is responsible for dealing with complaints where evidence of a breach of the Code has been investigated by an independent investigator. The Advisory Panel considers the investigators report. The views of the Advisory Panel are reported to the Governance and Ethics Committee, which makes the formal decision in respect of any allegations which have been investigated where it is considered that a breach of the relevant code of conduct has occurred.

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5.19 The District Councillors on the Advisory Panel were representatives of all three political groups within the Council and are not appointed in accordance with the proportionality rules. During 2020/21 the Advisory Panel comprised the following District Councillors:

Conservative Group (2 Members)	Dennis Benneyworth, Alan Law
Liberal Democrats (2 Members)	Phil Barnett, Lee Dillon
Green Party Group (2 Members)	Carolyne Culver, Steve Masters

5.20 During the 2020/21 Municipal Year the following Parish Councillors were appointed to the Advisory Panel:

- Tony Renouf
- Simon Pike
- Elizabeth O' Keefe
- David Southgate

5.21 The Council is asked to thank the Parish Councillors for agreeing to be members of the Panel albeit that it has not had to meet during the 2020/21 financial year.

The Monitoring Officer

5.22 The Monitoring Officer is a statutory post and in West Berkshire rests with the Service Director Strategy & Governance. The Monitoring Officer (Sarah Clarke) in 2020/21 was supported by three deputies (Leigh Hogan, Shiraz Sheikh and Moira Fraser). The Monitoring Officer has a key role in promoting and maintaining standards of conduct. The Monitoring Officer also has a statutory responsibility to establish and maintain a register of interests for members and co-opted members of the authority. The Monitoring Officer acts as legal adviser to the Governance and Ethics Committee and Advisory Panel.

5.23 The Committee for Standards in Public Life wrote, via the LGA, to local authorities requesting a progress report against the 15 best practice recommendations regarding local government Ethical Standards, which highlighted that West Berkshire Council already complies with most of the recommendations. There were some areas where the Council will need to review existing processes and procedures, which will be considered by the Constitution Review Task Group at the relevant time. The areas for review include matters such as the recommendation that Members be required to comply with formal standards investigations, and a recommendation that the Code of Conduct be reviewed on an annual basis.

The Work of the Committee 2020 – 2021

5.24 During the 2020/21 Municipal Year the work undertaken by the Committee has to date included:

- Consideration of the monitoring cycle for both internal and external audit.
- The Committee Considered Reports from Internal Audit on the work being undertaken by the Team.
- The Committee considered a report into the findings of a review of the effectiveness of the Governance and Ethics Committee and an action plan was

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2020/21

developed to meet the recommendations of the review. An updated Terms of Reference for the Committee was agreed, which will be considered by Council.

- The Constitution Review Task Group has continued to meet. This project was delayed due to Covid, but regular meetings are again taking place and progress is being made.

5.25 The Monitoring Officer, under delegated authority, granted a dispensation to all West Berkshire Councillors in 2019 to speak and vote on any items pertaining to Council Tax. This dispensation will remain in place until May 2023. No other dispensations were requested during the past year.

Register of Interests

5.26 Following the election in May 2019 all elected Members of West Berkshire Council completed and submitted their Register of Interest forms. These forms have been published on the Council's website. District Councillors are reminded to review their interests on a regular basis and to notify the Democratic Services Manager of any amendments.

5.27 Parish Councils are reminded via their Clerks to complete and return Declarations of Interest forms to the Monitoring Officer in order that compliance with the Localism Act 2011 is maintained.

Local Assessment of Complaints

5.28 Quarter 1 – 2020/21

During this period eight complaints were received and processed by the Monitoring Officer. Five of these complaints (NDC1/20, NDC2/20, NDC3/20, NDC4/20 and NDC6/20) pertained to District Councillors. Following the initial assessment it was agreed that no further action should be taken on any of the complaints. There were three complaints (NPC2/20, NPC3/20 and NPC4/20) submitted about parish councillors. The complainants had all requested that their identity remain confidential. These requests were assessed and anonymity was not granted. The complainants therefore decided that they would withdraw their complaints.

5.29 Quarter 2 – 2020/21

During this period twelve complaints were received by the Monitoring Officer. There was one complaint about a District Councillor (NDC5/20) which the Panel determined required no further action. Eleven complaints were received about parish councillors. Complaints NPC6/20 and NPC11/20 were both withdrawn by the complainant before being considered by the Panel. No further action was taken on complaints NPC5/20, NPC8/20, NPC10/20, NPC12/20, NPC13/20, NPC14/20 and NPC15/20. The Panel determined that in the cases of NPC7/20 and NPC9/20 a potential breach of the relevant Code of Conduct might have occurred and that the relevant councillors should be asked to undertake training to address the issues arising from the complaint.

5.30 Quarter 3 - 2020/21

Six complaints were received during the third quarter of 2020/21. In respect of the complaint against a district councillor (NDC7/20) the complainant decided after making the complaint that they did not wish to pursue the complaint. No further action was

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2020/21

taken on the five complaints (NPC16/20, NPC17/20, NPC18/20, NPC19/20 and NPC20/20) about parish councillors.

5.31 Quarter 4 - 2020/21

Seven complaints have been received in the final quarter of the year. Five of these complaints pertained to District Councillors and two pertained to Parish Councillors. No further action was taken in respect of complaints NDC8/20, NDC9/20 and NDC10/20. Complaints NDC11/20, NPC21/20 and NPC22/20 are due to be considered in April. The complainant in respect of NDC12/20 had requested that their identity be kept confidential. As anonymity was not granted this complaint has been withdrawn

Year on Year Comparison of Complaints

5.32 Table 1 – The Number of District and Parish Council Complaints received 2016/17 – 2020/21

Table 1	16/17	17/18	18/19	19/20	20/21
District Councillors	0	1	1	9	12
Parish Councillors	3	15	20	5	21
Co-Optees	0	0	1	0	0
Total	3	16	22	14	33

5.33 The number of complaints in 2020/21 represents a significant increase in the number of complaints, although it must be noted that 16 of these were connected to the same issues at a single Parish Council.

5.34 Table 2 - Action Taken on Complaints received 2016/17 to 2020/21.

	16/17	17/18	18/19	19/20	20/21
Withdrawn/not progressed	0	2	4	2	7
No Further Action	1	13	14	7	21
Other Action	1	0	2	2	2
Investigation	1	1	2	0	0
Outcome Awaited	0	0	0	3	3
Total	3	16	22	14	33

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2020/21

- 5.35 Table 2 shows that, in respect of the complaints received to date during 2020/21 which have been assessed, in the majority of cases the complaint was either withdrawn or no further action was taken. To date, no complaints have been referred for investigation this Municipal Year. Two cases were resolved by some other form of action or informal resolution, which is the same as the previous year.
- 5.36 There has been an increase in requests for anonymity received over the past year. The process by which the Council will consider requests for confidentiality by complainants is set out in the Procedure for the Local Determination of Allegations at Appendix E of Part 13 of the Constitution. This makes clear that anonymity will only be granted in exceptional circumstances.

Learning Points Arising from Complaints

- 5.37 There has been a significant increase in the number of complaints in the past year. However, it is of note in that context that 21 resulted in no further action, 2 resulted in 'other' action, and it is important to note that to date, none of those which have been considered have been referred for investigation.
- 5.38 The other actions related to a request for training, and that the Monitoring Officer write to the Leaders regarding Social Media Use. Those e-mails were issued on the 17th March 2021.
- 5.39 Member Development Sessions have taken place remotely during the past year, and the programme for the next year will incorporate social media training.

Gifts and Hospitality

- 5.40 The Gifts and Hospitality Protocol is incorporated into the Members Code of Conduct and is set out in Appendix H to Part 13 of the Constitution (Codes and Protocols).
- 5.41 Officers are also subject to restrictions on those Gifts and Hospitality that are deemed to be acceptable under the Officers' Code of Conduct, which is set out in Part 13 of the Constitution. Like Members, Officers are required to declare gifts or hospitality received.
- 5.42 The intention of the rules governing Gifts and Hospitality is to ensure that the Council can demonstrate that no undue influence has been applied or could be said to have been applied by any service user, supplier or anyone else dealing with the Council and its stewardship of public funds. The rules therefore set out the obligations imposed on Members and Officers to declare relevant gifts and hospitality which have been offered to or received by them.
- 5.43 It should be noted that in addition to the risk that there could be a perception of impropriety, the acceptance of a gift or hospitality could amount to an offence under the Bribery Act 2010.
- 5.44 The Bribery Act 2010 creates a number of offences where a gift or other benefit is given or offered, which may amount to an offence of bribing another person, and/or of being bribed. Therefore, if Members or Officers are offered a 'gift' or other benefit by a third party, this could amount to an offence not just by the person offering the gift, but also by the Member or Officer concerned and by the Council. It is important to note that offences under this legislation can be committed by a person offering a gift or reward, even if the gift is not accepted.

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2020/21

- 5.45 In view of the above, it is very important that both Officers and Members understand the potentially serious implications of accepting gifts when it is not appropriate to do so.
- 5.46 During 2020/21, the Council secured a number of external training sessions for senior officers, which included training on the Bribery Act.
- 5.47 There were no declarations of hospitality received by Members during the year 2020/21. This is no doubt reflective of the fact that we have been operating remotely for the majority of the past year.
- 5.48 There was also a significant reduction in the number of gifts / hospitality declared by officers with 28 declarations made during 2020/21, which is a reduction from 72 in the previous year.
- 5.49 The number of gifts or hospitality received by each directorate, and the number refused can be summarised as follows:

Directorate	Number of Declarations	Number refused
People	11	6
Place	13	4
Resources	4	2

6. Proposals

- 6.1 Members are asked to note the content of the report.
- 6.2 It is proposed that this report also be circulated to all Town and Parish Councils for information.

7. Other options considered

- 7.1 Not to produce the report. There is no legal obligation to produce this report, so not doing so would be an option. However, it is considered that an annual report provides a good overview of work being undertaken, and may assist in identifying any significant problems or developing trends. This overview is also helpful in ensuring full transparency regarding complaints. Not producing this report is therefore not recommended as an option.

8. Conclusion

- 8.1 Despite the significant rise in the number of complaints over the past year, it is considered that Members in West Berkshire continue to maintain high standards of ethical conduct, which is to be applauded. It is of note that to date, no complaints have been referred for investigation during 2020/21.
- 8.2 The number of Declarations of Gifts and Hospitality has decreased significantly, which is no doubt reflective of the restrictions imposed in response to Covid 19. The recommendation that the register of Gifts and Hospitality be published on a quarterly

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2020/21

basis will no doubt assist to highlight the need to declare such matters on a regular and consistent manner.

- 8.3 Despite the challenges of the past year, the Governance and Ethics Committee has continued to operate and support the operation of key governance functions across the Council.

9. Appendices

None

Background Papers:

None

Subject to Call-In:

Yes: No:

The item is due to be referred to Council for final approval



Wards affected: All

Officer details:

Name: Sarah Clarke
Job Title: Service Director: Strategy and Governance
Tel No: 01635 519596
E-mail Address: sarah.clarke@westberks.gov.uk

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Update Report – Review of the Effectiveness of the Governance and Ethics Committee

Committee considering report:	Governance and Ethics Committee
Date of Committee:	19 April 2021
Portfolio Member:	Councillor Howard Woollaston
Date Portfolio Member agreed report:	Not Applicable
Report Author:	Julie Gillhespey
Forward Plan Ref:	GE4032

1 Purpose of the Report

At the Governance and Ethics Committee on 16th November 2020, a paper was presented which set out an Action Plan to address the recommendations made in the Internal Audit report covering the review of the effectiveness of the Governance and Ethics Committee. Members requested some minor amendments and further detail for some aspects of the Action Plan, this report provides the further details and amended documents.

2 Recommendation

That members note the contents of the audit report/revised appendices.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	None
Human Resource:	None
Legal:	None
Risk Management:	None

Property:	None			
Policy:	None			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
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		
Consultation and Engagement:	Members of the Finance and Governance Officer Group			

4 Executive Summary

At the Governance and Ethics Committee on 16th November 2020, a paper was presented which set out an Action Plan to address the recommendations made in the Internal Audit report covering the review of the effectiveness of the Governance and Ethics (G&E) Committee. Members requested some minor amendments and further detail for some aspects of the Action Plan, this report provides the further details and amended documents.

5 Supporting Information

Introduction/Background

- 5.1 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 G&E Committee.
- 5.2 A review was therefore undertaken in 2019, and a draft report of the findings was presented to the G&E Committee in April 2020, at which time there was agreement to all of the recommendations included in the report, and that the Finance and Governance Officer Group would draft an Action Plan to be presented to G&E at a later date.
- 5.3 The Action Plan was presented to Committee in November 2020, at which time there were a number of observations/queries raised by members, these are listed below together with the action taken to respond/resolve the query:-
 - (a) The Action Plan did not included timeframes for when the actions were to be completed. This has now been resolved, the document has been revised to include a progress update and timeframes for outstanding actions (Highlighted in bold on Appendix A).
 - (b) With regards to the revised Terms of Reference for the Committee (Appendix B), the content did not refer to substitutes, this has been amended (page 9 section 4). A query was raised regarding the phraseology of point 12, this has been revised, and a further review identified that point 14 was currently not applicable so it has been deleted.
 - (c) Members were concerned about the increased content of the proposed Terms of Reference and queried how much of an impact this would have on their role. The Audit Manager responded to say that the revised content was mainly to provide greater detail of the areas of current responsibility, there were only a couple of new areas of responsibility. Members asked for detail as to the frequency of each

activity for context. (See Appendix B, a column has been added to provide detail of the frequency of each activity).

- (d) A revised training programme had been compiled for committee members (only covering the audit committee functions element of the Committee’s role). This included more comprehensive coverage of each of the functions. Members queried the frequency of undertaking the expanded training programme. The recommendation is that all new members should complete the full training programme during their first year after appointment to the Committee. The courses will be run each year for new members, and for those members who may choose to attend as a refresher. The suggestion is that there is a mandatory refresh every four years, unless there are significant changes to any of the functions which require more timely updated training to be given. The revised training programme is attached as Appendix C as an aide memoire of the revised content and timeframes.

Proposals

- Members note the additional information that has been provided/revisions to the appendices in response to the queries previously raised by the Committee (as set out in section 5.3).

6 Other options considered

Not applicable, this report provides responses to queries raised by members on a report that was previously presented to Committee in November 2020.

7 Conclusion

This report provides information/context to queries raised by members when presented with the Action Plan and other supporting documents, which set out the recommended approach to meeting the recommendations made as a result of the review of the Effectiveness of the Governance and Ethics Committee.

8 Appendices

- 8.1 Appendix A – Action Plan with Timeframes
- 8.2 Appendix B – Terms of Reference including Frequency of Activity
- 8.3 Appendix C – Training Programme

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

Document Control

Document Ref:		Date Created:	
Version:		Date Modified:	
Author:			
Owning Service			

Change History

Version	Date	Description	Change ID
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Action Plan – Review of Effectiveness of the Governance and Ethics Committee

<u>No</u>	<u>Recommendation</u>	<u>FAGG Suggested Approach</u>	<u>Officer responsible</u>	<u>Progress update for G&E (April 2021)</u>
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&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	<p>Revised ToR presented to Committee in November 2020.</p> <p>Implemented</p>

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<u>No</u>	<u>Recommendation</u>	<u>FAGG Suggested Approach</u>	<u>Officer responsible</u>	<u>Progress update for G&E (April 2021)</u>
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&E member, to identify any training needs. (implemented)</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. (Work in progress)</p>	Member Services Officer	<p>JG has compiled a questionnaire using the CIPFA knowledge and skills framework document.</p> <p>Job Description/ advert compiled for an independent person – timeframe for completion – summer 2021</p>
3	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	There is already training established for members appointed to the G&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	JG drafted a more comprehensive training programme	Draft Training Schedule Prepared Implemented

APPENDIX A

<u>No</u>	<u>Recommendation</u>	<u>FAGG Suggested Approach</u>	<u>Officer responsible</u>	<u>Progress update for G&E (April 2021)</u>
	<p>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>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>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 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>	<p>covering Internal Audit.</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,</p>	<p>Discussion held around the possibility of opening up the overview training provided to new G&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</p>	MF	<p>Partially Implemented – to be in place by summer 2021</p>

APPENDIX A

<u>No</u>	<u>Recommendation</u>	<u>FAGG Suggested Approach</u>	<u>Officer responsible</u>	<u>Progress update for G&E (April 2021)</u>
	fully understand its role, purpose and importance.	<p>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 comment - This is already done as part of the induction training for new members.....we can ensure that it is on the induction training again post the next election.</p>		
Page 15 Page 28	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	Summer 2021 - Will be incorporated as part of preparing annual reports for 2020/21
6	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</p>	MF/JH	Summer 2021 - Will be incorporated as part of preparing annual reports for 2020/21

APPENDIX A

<u>No</u>	<u>Recommendation</u>	<u>FAGG Suggested Approach</u>	<u>Officer responsible</u>	<u>Progress update for G&E (April 2021)</u>
		<p>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> <p>MF comment - I am happy to support this work and prepare the report but I believe that as with other areas of the Council the Forward Planning should be done in consultation with the Chairman, Vice Chairman and JH.</p> <p>Need a decision from committee as to whether the annual report on performance is to be published.</p>		
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</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</p>	<p>(i) JG (ii) CB (iii) JG</p>	<p>Part (i) Implemented</p> <p>Part (ii) – to be actioned by summer 2021</p> <p>Part (iii) Work in progress –</p>

APPENDIX A

<u>No</u>	<u>Recommendation</u>	<u>FAGG Suggested Approach</u>	<u>Officer responsible</u>	<u>Progress update for G&E (April 2021)</u>
	<p>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 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</p>	<p>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&E members whether they would like more information as part of his risk management update reports.</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>		<p>Audit of Risk Management undertaken, currently in consultation. Completion estimated to be summer 2021</p>

APPENDIX A

<u>No</u>	<u>Recommendation</u>	<u>FAGG Suggested Approach</u>	<u>Officer responsible</u>	<u>Progress update for G&E (April 2021)</u>
	the Internal Audit Manager in respect of the counter fraud plan, including investigation work.			

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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:	November 2020
Author:	Moira Fraser (Democratic and Electoral Services Manager)

1	Background	
<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>		

Governance and Ethics Committee

Proposed Terms of Reference

2	Functions of the Governance and Ethics Committee/Statement of Purpose of the Governance and Ethics Committee	Frequency of Activity
	<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. 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.</p> <p>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</p>	

Governance and Ethics Committee

Proposed Terms of Reference

<p>Advisory Panel makes recommendations to the Governance and Ethics Committee.</p>	
<p>3</p>	<p>Terms of Reference (Items highlighted in blue text are from the current Terms of Reference)</p>
<p><i>Governance, risk and control</i></p> <ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 1. Adhoc, as and when changes are considered necessary. 2. Suggestion – Every 3 years. 3. Adhoc - If/when issues are identified by officers/members that need to be exported. 4. Annually 5. Annually - As part of the review of the Annual Accounts and the External Auditor's VFM opinion. Members could make adhoc requests for more information/reviews if there are areas of concern. 6. Annually - As part of the review of the Statement of Corporate Governance/Annual Governance Statement/Audit Manager's Annual Report. 7. Quarterly – As part of the updates provided by the Risk Manager.

Governance and Ethics Committee

Proposed Terms of Reference

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|---|--|
| <p>8. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p> <p>9. To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.</p> <p>10. To monitor the Anti-fraud Plan, actions and resources.</p> <p>11. To review the governance and assurance arrangements for significant partnerships or collaborations.</p> <p>12. To have oversight <u>of the treasury management function by undertaking Council nominates (the Governance and Ethics Committee) to be responsible for ensuring</u> effective scrutiny of the treasury management strategy and policies.</p> <p><i>Internal Audit</i></p> <p>13. To approve the Internal Audit Strategy and Plan and the Internal Audit Charter annually.</p> <p>To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
 Currently not applicable, removed as no action required.</p> <p>14. 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.</p> <p>15. To approve significant interim changes to the risk-based internal audit plan and resource requirements.</p> <p>16. To make appropriate enquiries of both management and the Audit Manager to determine if there are any inappropriate scope or resource limitations.</p> | <p>8. Quarterly – Using information in the Audit Manager's update reports.</p> <p>9. Quarterly - As part of the Audit Manager's update report/The Risk Manager's report.</p> <p>10. Quarterly - As part of the Audit Manager's update report and the Audit Manager's Annual Report.</p> <p>11. Programme will need to be compiled, sources of suggested assurance will also need to be identified.</p> <p>12. Annually – Information required will need to be determined (see specific points 33 – 36 below).</p> <p>13. Annually</p> <p>14. Annually – As part of approving the Internal Audit Plan.</p> <p>15. Adhoc – If/when the need arises will be included in the Quarterly Audit Plan Update Report.</p> <p>16. Annually/Quarterly – as part of discussions on the Audit Plan update reports and the Audit Managers Annual report.</p> |
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Governance and Ethics Committee

Proposed Terms of Reference

17. 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.

18. 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).

19. 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.

17. Annually – Checking the content of the Audit Managers Annual report, as any impairments/limitations should be stated for members to then question as appropriate.

18. Quarterly/Annually – Reviewing the content of the Audit Plan Update reports and Annual Report.

19. Annually – as part of the review of the content of the Audit Manager's Annual Report.

Governance and Ethics Committee

Proposed Terms of Reference

<p>20. To consider summaries of specific internal audit reports as requested.</p> <p>21. 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.</p> <p>22. 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.</p> <p>23. 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.</p>	<p>20. Adhoc – if requests are made by the Committee for further information on any of the audit work undertaken.</p> <p>21. Adhoc – Any such occurrences will be stated in the Audit Manager’s quarterly update reports.</p> <p>22. Annually - As part of approving the Annual Audit Plan. Also every 5 years - As part of the external assessment of Internal Audit.</p> <p>23. Not a direct Action required by Committee members.</p>
<p><i>External Audit</i></p> <p>24. 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).</p> <p>25. 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.</p> <p>26. To comment on the scope and depth of external audit work and to ensure it gives value for money.</p> <p>27. To commission work from internal and external audit.</p>	<p>24. Annually – From review of the External Auditor’s report.</p> <p>25. Annually – From review of the External Auditor’s Annual Letter/ supporting reports and any other reports brought to the Committee’s attention by the External Auditors.</p> <p>26. Annually – From review of the External Auditor’s report/review of fees.</p> <p>27. Adhoc – Where Committee consider specific pieces of work should be undertaken.</p>

Governance and Ethics Committee

Proposed Terms of Reference

<p>28. 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.</p>	<p>28. Adhoc – As and when Committee wish to query this area or have concerns.</p>
<p><i>Financial Reporting</i></p>	
<p>29. 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.</p>	<p>29. Annually – As part of approving the Annual Accounts.</p>
<p>30. To consider the external auditor’s report to those charged with governance on issues arising from the audit of the accounts.</p>	<p>30. Annually – From review of the External Auditor’s report.</p>
<p><i>Treasury Management</i></p>	
<p>31. To review the treasury management policy and procedures to be satisfied that controls are satisfactory.</p>	<p>31. When changes are required e.g. change of internal process and/or change of external good practice guidance.</p>
<p>32. 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).</p>	<p>32. Quarterly</p>
<p>33. Review the Treasury risk profile and adequacy of treasury risk management processes.</p>	<p>33. Annually</p>
<p>34. Review assurances on treasury management (for example, an internal audit report, external audit or other review).</p>	<p>34. Adhoc - Depending when assurance reviews have been undertaken.</p>

Governance and Ethics Committee

Proposed Terms of Reference

Accountability Arrangements

35. 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.

35. Annually

36. To publish an annual report on the work of the Committee.

36. Annually

Ethics Matters

37. To promote and maintain high standards of conduct by Councillors and co-opted Members.

This section has not been revised and relates to the Standards element of the Committee's work, which was not included in the review of Effectiveness as this only covered the 'Audit Committee' functions.

38. To assist the Councillors and co-opted Members to observe the Members' Code of Conduct.

39. To advise the Council on the adoption or revision of the Members' Code of Conduct.

40. To monitor the operation of the Members' Code of Conduct.

41. To advise on training arrangements for Councillors and co-opted Members on matters relating to the Members' Code of Conduct.

42. 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.

43. 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.

44. 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.

45. To receive an annual report from the Monitoring Officer on local and national issues relating to ethical standards and to bring to the

Governance and Ethics Committee

Proposed Terms of Reference

<p>attention of Members any complaints or other problems within the District.</p>	
<p>4 Membership</p>	
<p>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.</p> <p><i>Governance and Ethics Committee</i></p> <p>The Governance and Ethics Committee shall consist of nine Members* reflecting the political balance of the Council (<u>with nominated substitutes</u>) 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.</p> <p><i>Advisory Panel</i></p> <p>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.</p> <p><i>Independent Persons (Ethics)***</i></p> <p>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</p>	

Governance and Ethics Committee

Proposed Terms of Reference

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 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.

Governance and Ethics Committee

Proposed Terms of Reference

	(iii) The definition of relative includes the candidate's spouse, civil partner, grandparent, child etc.	
5	Annual Reports	
	<p>The Localism Act 2011 was enacted on 15th 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.</p> <p>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.</p>	
6	Meetings	
	<p>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, August, 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.</p>	

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.

| End of document |

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

Internal Audit	Focus of Training	Duration of Training
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
Council Financial Accounts		
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

Risk Management		
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

Revised Audit Findings for West Berkshire Council – Financial Year Ended 31 March 2020

Committee considering report:	Governance and Ethics Committee
Date of Committee:	19 April 2021
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed report:	Sent to Portfolio Member on 8 April 2021
Report Author:	Shannon Coleman-Slaughter
Forward Plan Ref:	GE3934a

1. Purpose of the Report

This report provides Members with the revised draft audit findings report provided by Grant Thornton in respect of their external review of the 2019/20 Financial Statements.

2. Recommendation

That delegated authority to sign the 2019/20 Financial Statements is delegated the Council's Executive Director for Resources (S151 Officer) and the Chair of the Governance & Ethics Committee, once the Council's appointed external auditors Grant Thornton provide a formal opinion on the 2019/20 Financial Statements and in the absence of further material changes.

3. Implications and Impact Assessment

Implication	Commentary
Financial:	Not applicable
Human Resource:	Not applicable
Legal:	Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), the external auditors are required to report whether, in their opinion, the Council's financial statements: <ul style="list-style-type: none"> • give a true and fair view of the financial position of the Council and Council's income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.
Risk Management:	Not applicable
Property:	Not applicable
Policy:	Not applicable

	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
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 or Digital Services Impact:		X		
Council Strategy Priorities or Business as Usual:		X		
Data Impact:		X		
Consultation and Engagement:	Joseph Holmes (Executive Director for Resources, S151 Officer)			

4. Executive Summary

- 4.1 This report provides members with the revised draft audit findings report provided by Grant Thornton in respect of their external review of the 2019/20 Financial Statements.
- 4.2 The Council's appointed external auditors are required under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), to report on, in their opinion, if the Council's financial statements:

- (a) Give a true and fair view of the financial position of the Council and Council's income and expenditure for the year; and
- (b) have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

4.3 The external auditors are also required to report on whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is not materially inconsistent with the financial statements or knowledge obtained in the process of the audit, or otherwise appears to be materially misstated.

4.4 The external audit of the 2019/20 Financial Statements was commenced in October 2020 and a draft report was provided to the February 2021 Governance and Ethics Committee.

4.5 The revised draft audit findings report produced by Grant Thornton is included in appendix A with amendments being made to the February report in respect of the pension audit, administered by the Royal Borough of Windsor and Maidenhead.

4.6 The draft opinion per the attached draft findings report as supplied by Grant Thornton is:

“We continue to work on our audit of your financial statements and subject to completion of this work and any outstanding queries being resolved, we anticipate issuing an unqualified audit opinion. We are awaiting the assurance letter from the pension fund auditor and will sign once this has been received and reviewed. We received the letter in mid-February and this identified a number of issues. We have requested an updated letter and will be able to issue the opinion once this work is complete. Other work outstanding is:

- receipt and review of the updated Pension Fund Auditor letter of Assurance
- going concern review
- receipt of management representation letter; and
- review of the final set of financial statements.”

4.7 The Audit Findings Report has been revised for a material adjustment of £4.4 million to the Council's financial statements in respect of the pension reserve. The material adjustment as detailed in the section titled Significant Audit Risks of the attached Audit Findings Report and is the result of findings in the Royal Berkshire Pension Fund accounts by the fund's appointed external auditors Deloitte. It should be noted that the Royal Berkshire Pension Fund accounts for 2019/20 have not been formally signed off by their external auditors and hence Grant Thornton the Council's appointed external auditors are not in a position to formally sign off an audit opinion on the Council's 2019/20 accounts.

5. Supporting Information

Supporting information is detailed in appendix A.

Proposals

No proposals are made within this report. Members are to note the report only.

6. Other options considered

None, report is required as a statutory requirement.

7. Conclusion

The revised findings report from the Council's external auditors highlights the additional material adjustment that has been made to the 2019/20 Financial Statements. The external auditors work remains ongoing due to continued work relating to the Royal Berkshire Pension Fund. On the basis that no further material adjustments to the 2019/20 Financial Statements are anticipated in section 2 of this report the recommendation has been made that delegated authority is given to the Executive Director for Resources and Chair of the Governance & Ethics Committee to formally sign off the 2019/20 Financial Statements upon receipt of a final audit opinion.

8. Appendices

Appendix A – The Revised Audit Findings for West Berkshire Council Year Ended 31 March 2020 (Issued by Grant Thornton 8.4.2021)

Subject to Call-In:

Yes: No: X

The item is due to be referred to Council for final approval	<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>
Delays in implementation could compromise the Council's position	<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months	<input type="checkbox"/>
Item is Urgent Key Decision	<input type="checkbox"/>
Report is to note only	X

Officer details:

Name: Shannon Coleman-Slaughter
Job Title: Chief Financial Accountant
Tel No: 01635 503225
E-mail Address: Shannon.colemanslaughter@westberks.gov.uk



The Audit Findings for West Berkshire Council - Updated

Year ended 31 March 2020

8 April 2021



Contents



Your key Grant Thornton
team members are:

Barrie Morris

Key Audit Partner

T: 0117 305 7708

E: barrie.morris@uk.gt.com

David Johnson

Audit Manager

T: 0117 305 7727

E: david.a.johnson@uk.gt.com

Victoria Stirling

In Charge Accountant

T: 0141 223 0872

E: victoria.j.stirling@uk.gt.com

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of West Berkshire Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2020 for those charged with governance.

Covid-19	<p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council.</p> <p>The Council have faced a number of challenges including operational capacity, remote working and delays from third parties including external confirmation. The reduction in income and uncertainty over future funding required further consideration by the Council over future cash flows.</p> <p>Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the CIPFA Code of Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financial statements to 30 November 2020.</p>	<p>We updated our audit risk assessment to consider the impact of the pandemic on our audit and updated our audit plan to reflect this on 27 April 2020. We reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach. Further detail is set out on page 6.</p> <p>Restrictions for non-essential travel has meant both the Council and audit teams have had to develop new remote access working arrangements including remote accessing financial systems, video calling and physical verification of completeness and accuracy of information produced by the entity. There have also been key challenges for the Council such access to key data from non finance staff members and changes to governance requirements.</p> <p>The additional requirements and inefficiencies of remote working, coupled with the absence of key staff during the audit and the delay in the receipt of the IAS19 assurances from the Pension Fund auditor, has meant that the planned completion of the audit by 30 November 2020 has not been possible.</p>
Financial Statements	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the Council and its income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work commenced remotely during October 2020 and is ongoing. Our findings are summarised on pages 5 to 16. We have identified one adjustment to the financial statements that has not required an adjustment to the Council's Comprehensive Income and Expenditure Statement and require a £1.7m adjustment to the balance sheet.</p> <p>Our work is ongoing and from the work completed to date there are no matters outside of those identified of which we are aware that would require modification of our audit opinion or material changes to the financial statements. Our testing and review of the following areas is not complete:</p> <ul style="list-style-type: none"> • receipt and review of the updated Pension Fund Auditor letter of Assurance; • going concern review • receipt of management representation letter; and • review of the final set of financial statements. <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation.</p> <p>Our anticipated audit report opinion will be unqualified including an Emphasis of Matter paragraph highlighting valuation material uncertainties on both the Council's and Pension Fund property assets.</p>

Headlines

Headlines

This table summarises the key findings and other matters arising from the statutory audit of West Berkshire Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2020 for those charged with governance.

Value for Money arrangements	Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VfM) conclusion').	<p>We have completed our risk based review of the Council's value for money arrangements. We have concluded that West Berkshire Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.</p> <p>We therefore anticipate issuing an unqualified value for money conclusion. Our findings on the work to date are summarised on pages 17 to 20.</p>
Statutory duties	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none"> • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • certify the closure of the audit. 	<p>We have not exercised any of our additional statutory powers or duties.</p> <p>We continue to undertake our work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.</p>

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

Audit approach

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- an evaluation of the Council's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have had to alter our audit plan, as communicated to you on 27 April 2020, to reflect our response to the Covid-19 pandemic.

Conclusion

We continue to work on our audit of your financial statements and subject to completion of this work and any outstanding queries being resolved, we anticipate issuing an unqualified audit opinion. We are awaiting the assurance letter from the pension fund auditor and will sign once this has been received and reviewed. We [received](#) the letter in mid-February [and this identified a number of issues](#). We have requested an updated letter and will be able to issue the opinion once this work is complete. Other work outstanding is;

- receipt and review of the [updated](#) Pension Fund Auditor letter of Assurance
- going concern review
- receipt of management representation letter; and
- review of the final set of financial statements.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan.

	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	5,430,000	Materiality has been based on 1.5% of the Authority's gross expenditure
Performance materiality	4,072,000	Our performance materiality has been set at 75% of our overall materiality
Trivial matters	272,000	This is set at 5% of financial statements materiality and reflects a level below which stakeholders are unlikely to be concerned by uncertainties
Materiality for Senior Officer Remuneration	20,000	The senior officer remuneration disclosure in the statement of accounts has been identified as an area requiring lower materiality due to its sensitive nature. Materiality has been set for this at £20,000

Significant audit risks

Risks identified in our Audit Plan

Covid- 19

The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;

- Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation
- Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates
- Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and
- Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement

Auditor commentary

We:

- worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 28 August 2020;
- liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Council's property valuation expert;
- evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic;
- evaluated whether sufficient audit evidence could be obtained through remote technology;
- evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations;
- evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment;
- discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence; and
- engaged the use of auditor experts for higher risk audited bodies for asset valuations.

There are no matters to bring to your attention.

Significant audit risks

Risks identified in our Audit Plan

Improper revenue recognition

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition

Auditor commentary

As per the audit plan this risk has been rebutted. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at West Berkshire Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, in summary because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of Local Government authorities, including West Berkshire Council, means that all forms of fraud are difficult to rationalise i.e. the culture and ethics mitigate against fraud being seen as acceptable.

Therefore we do not consider this to be a significant risk for West Berkshire Council.

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement

We have performed the following work in respect of this risk:

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determined the criteria for selecting high risk unusual journals
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence
- evaluated the rationale for any changes in accounting policies, estimates and significant unusual transactions
- reviewed assurances from Those Charged with Governance and management in relation to fraud, law and regulations.

Our audit work has not identified any issues in respect of management override of controls.

Significant audit risks

Risks identified in our Audit Plan

Valuation of land and buildings Including Investment Properties

The Council revalues its land and buildings on a rolling basis, with assets physically inspected at least every five years, to ensure that the carrying value is not materially different from the current value or fair value (for surplus assets) at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

Management have engaged the services of a valuer to estimate the current value as at 31 March 2020.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

Auditor commentary

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- discussed with the valuer to confirm the basis on which the valuation was carried out; and
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding.
- testing revaluations made during the year to see if they had been input correctly into the Council's asset register; and
- evaluating the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Our work has identified that the classification of investment property land within the fixed asset register and subsequently the statement of accounts had been incorrectly disclosed.

The valuation of investment properties by the valuer included both land and buildings in a single valuation which has been agreed to the value of buildings disclosed as investment properties within the fixed asset register. However, the Council has also disclosed investment property land separately in the fixed asset register and has therefore duplicated the value of land within both the fixed asset register and the statement of accounts. This has led to an over statement of approximately £6.1m in investment property values within the balance sheet. This is a material misstatement and requires the statements to be updated to reflect the correct value.

A sample test of assets identified one asset with a value of £2.5m that has been classified as an investment property within the financial statements when it should be disclosed as 'other land and building'.

We also considered that, in light of the Covid-19 pandemic, and in line with RICS guidance to Valuers, there is a material uncertainty in the valuation of assets at the balance sheet date. Both of these have been agreed with management and are considered later within this report.

Significant audit risks

Risks identified in our Audit Plan

Valuation of pension fund net liability

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements and group accounts.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£288.7 million in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

Auditor commentary

We:

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.

Our work in this area is ongoing and we have yet to complete the following work:

- obtaining **updated** assurances from the auditor of Berkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

A letter of assurance has been provided by the pension fund auditor which has highlighted a number of issues. These include:

- Write down of pension fund assets by approximately £31.5m. The Council's share of this is approximately 13% and based on the figures disclosed equates to an adjustment of £4.4m. The accounts have been adjusted for this error
- Variances in membership data numbers between those submitted to the actuary and the data held on the Altair membership data system. Work completed at the Council to confirm data provided to the pension fund has been undertaken and no issues have been identified.
- A variance of £8.5m in contributions at a pension fund level
- A variance of £16.6m in benefits payable at a pension fund level

The letter noted that work was still ongoing and that the auditors were seeking further explanation from the pension fund as to the reason for the variances. We have therefore requested that an updated letter of assurance be provided once this work has been completed which we will review upon receipt.

We have gained assurances over the Council's arrangements for providing the required data to the pension fund.


We will provide an update on this to Governance and Ethics Committee members at the meeting on 19 April 2021.

Significant findings – other issues





This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant control deficiencies identified during the year.

Issue	Commentary	Auditor view
<p>IFRS 16 implementation has been delayed by one year</p> <p>Although the implementation of IFRS 16 has been delayed to 1 April 2021, audited bodies still need to include disclosure in their 2019/2020 statements to comply with the requirement of IAS 8 para 31. As a minimum, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases</p>	<p>We have reviewed the accounting policies for the Council to gain assurance that unadopted accounting standards have been appropriately disclosed within the statement of accounts</p>	<p>We noted in the draft statement of accounts that the disclosure has been appropriately dated as per the amended timeline. We continue to review the disclosures in line with the guidance and will report any findings to management</p>
<p>Provision of supporting documentation</p> <p>As part of the audit process we require that management provide accurate reports showing the derivation of the figures within the statement of accounts that will allow us to complete our testing and, where necessary, pick a sample of transactions for further testing to ensure the accuracy and completion of the disclosures within the accounts. Issues identified with this process have a risk of creating delays and potential misstatements.</p>	<p>We have been provided with supporting documentation throughout the audit and have undertaken a range of tests to confirm the accuracy and completeness of the data that has been provided to us. Through these tests we have identified a number of issues that have required further information and have led to delays within the audit process.</p> <p>Delays and issues have been identified primarily in relation to:</p> <ul style="list-style-type: none"> • Property, plant and equipment • Expenditure records <p>Management has provided updated reports and noted that in a number of instances the required information has been provided through a bespoke report that is processed when requested rather than before the audit</p>	<p>The current iteration of the General Ledger is not configured to meet the requirements of the Council and has subsequently led to delays in the reconciliation of supporting documentation to the statement of accounts.</p> <p>These issues were identified in 2018-19 and the Council is aware of the issue. There is an exercise being undertaken by the Council to review the mapping of the general ledger and this is, in part, to address the issues outlined.</p> <p>We will continue to review supporting documentation and discuss this issue with management to minimise any future delays.</p>


Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Land and Buildings – Other - £331.899m	<p>Other land and buildings comprises £331.899m of assets, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision.</p> <p>The Authority has engaged Wilks Head and Eve LLP to complete the valuation of properties as at 31 March 2020. £160.6m of the assets were revalued during 2018/19. The valuation of properties valued by the valuer has resulted in a net increase of £50.8m. The Authority values assets on a five year rolling programme of revaluations in order to ensure that all revalued assets falling under the same class are assessed at the same time.</p>	<ul style="list-style-type: none"> We reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. We then considered the competence, expertise and objectivity the valuer in their capacity as the management experts used. We reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding and challenged key assumptions where appropriate. We communicated with the valuer to get further supporting evidence for the data used in calculating the updated asset values to ensure these were consistent with expectations. Work identified that there were a number of assets that did not have the correct Useful Economic Life assigned which had impacted on the depreciation calculation. This was below trivial and had no impact on the financial statements. We identified one asset that has been classified incorrectly as an investment property instead of being classified as other land and building requiring an adjustment of £2.4m. <p>Our work in this area is ongoing and we discuss any further findings with management and report to those charged with governance where relevant.</p>	 Yellow

Assessment

-  We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
-  We consider management's process is appropriate and key assumptions are neither optimistic or cautious


Significant findings – key judgements and estimates

	Summary of management’s policy	Audit Comments	Assessment
Level 2 investments	<p>The Council has investments in a number of investment properties that are valued on the balance sheet as at 31 March 2020 at £75.132m. The investments are not traded on an open market and the valuation of the investment is subjective. In order to determine the value, management have employed Avison Young as management experts. The valuation was based on the market approach and are classed as Level 2 which have taken the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date. The value of the investment has decreased by £818k in 2019/20 due to net losses from fair value adjustments.</p>	<ul style="list-style-type: none"> • We reviewed management’s processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. We then considered the competence, expertise and objectivity the valuer in their capacity as the management experts used. • We reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding and challenged key assumptions where appropriate. • We tested revaluations made during the year to ensure they are input correctly into the asset register and subsequently recorded in the financial statements. <p>We noted that Investment properties had been valued as single assets by the valuer which included both land and buildings. A comparison of this to the fixed asset register (FAR) identified that land and building had been split into separate entries. The value as per the FAR was agreed to the accounts and not to the valuers report. Further investigation identified that land value had been duplicated and therefore the accounts were overstated by approximately £6.1m. This is a material misstatement and the Council have adjusted to recognise the correct value.</p> <p>Our work in this area is ongoing and we discuss any further findings with management and report to those charged with governance where relevant.</p>	 Red

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment																								
Net pension liability – £288.7m	The Council's total net pension liability at 31 March 2020 is £288.7 million (PY £316.5 million) comprising the Berkshire Pension Fund Local Government and unfunded defined benefit pension scheme obligations. The Council uses Barnett Waddingham to provide actuarial valuations of the Council's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £66.2 million net actuarial gain during 2019/20.	<ul style="list-style-type: none"> We identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We also assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. This included gaining assurances over the data provided to the actuary to ensure it was robust and consistent with our understanding. No issues were identified from our review of the controls in place. We also evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuations and gained an understanding of the basis on which the valuations were carried out. This included undertaking procedures to confirm the reasonableness of the actuarial assumptions made. <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.35%</td> <td>2.35%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.70%</td> <td>2.70% - 2.90%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>2.90%</td> <td>2.85% - 2.95%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>22.9 / 21.5</td> <td>22.8 – 24.7 / 21.4 -23.3</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>25.5 / 24.1</td> <td>25.2 – 26.2 / 23.7 – 24.7</td> <td>●</td> </tr> </tbody> </table> <ul style="list-style-type: none"> We checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial reports and did not identified any inconsistencies. The Authority has considered that the impact of GMP equalisation is not material to the Statement of Accounts. Based on our review of this area we concur with this view. 	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.35%	2.35%	●	Pension increase rate	2.70%	2.70% - 2.90%	●	Salary growth	2.90%	2.85% - 2.95%	●	Life expectancy – Males currently aged 45 / 65	22.9 / 21.5	22.8 – 24.7 / 21.4 -23.3	●	Life expectancy – Females currently aged 45 / 65	25.5 / 24.1	25.2 – 26.2 / 23.7 – 24.7	●	 Green
Assumption	Actuary Value	PwC range	Assessment																								
Discount rate	2.35%	2.35%	●																								
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Life expectancy – Females currently aged 45 / 65	25.5 / 24.1	25.2 – 26.2 / 23.7 – 24.7	●																								
<p>We have still to receive the letter of assurance from the Pension Fund Auditor and will report any issues from this upon completion of the review.</p>																											

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management's assessment process

Management have undertaken a going concern assessment which has considered the following areas

- Current Financial Position
- Projected Financial Position
- The balance sheet
- Cash flow
- Governance arrangements
- The regulatory and control environment

The authority has a medium term financial plan (MTFP) that runs to 2023/24 and considers the impact on the Council's finances and requirements to close budget gaps.

The CIPFA code confirms that entities should prepare their financial statement on a going concern basis unless the services provided are to cease. There is no indication from Government that the services provided will cease within the next 12 months

Auditor commentary

Management have determined that there is no evidence of an intention to cease the provision of services, and have therefore, adopted the going concern assumption.

We have yet to complete our work in this area and will report any issues to management and those charged with governance upon completion.

Other matters for communication

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Auditor commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Governance and Ethics Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A standard letter of representation will be requested from the Council, which will be considered by the Governance and Ethics Committee.
Confirmation requests from third parties	<ul style="list-style-type: none"> <li data-bbox="553 831 2069 916">• We requested from management permission to send confirmation requests for bank and investment balances. This permission was granted and the requests were sent. We have yet to receive confirmation for three investment balances and continue to work with management to complete this process. Any issues identified from this work will be reported to members at Governance and Ethics Committee. <li data-bbox="553 932 2069 1011">• We requested from management permission to send confirmation requests to the Pension Fund auditor. This permission was granted and the requests were sent. We have not yet received the final response from the pension fund auditor and will require this prior to issuing our opinion.
Disclosures	Our review found no material omissions in the financial statements.
Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none"> <li data-bbox="553 1155 1406 1176">• All information and explanations requested from management were provided. <li data-bbox="553 1192 2047 1251">• We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our work in this area is not yet complete and to date no inconsistencies have been identified. We plan to issue an unmodified opinion in this respect upon completion of the work.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties <p>Our work in this area is not yet complete and to date we have nothing to report on these matters. Any issues identified will be reported to the Governance and Ethics Committee.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. This work is not required at West Berkshire Council as they do not exceed the threshold required for the completion of this work.</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2019/20 audit of West Berkshire Council in the audit report.</p>

Value for Money

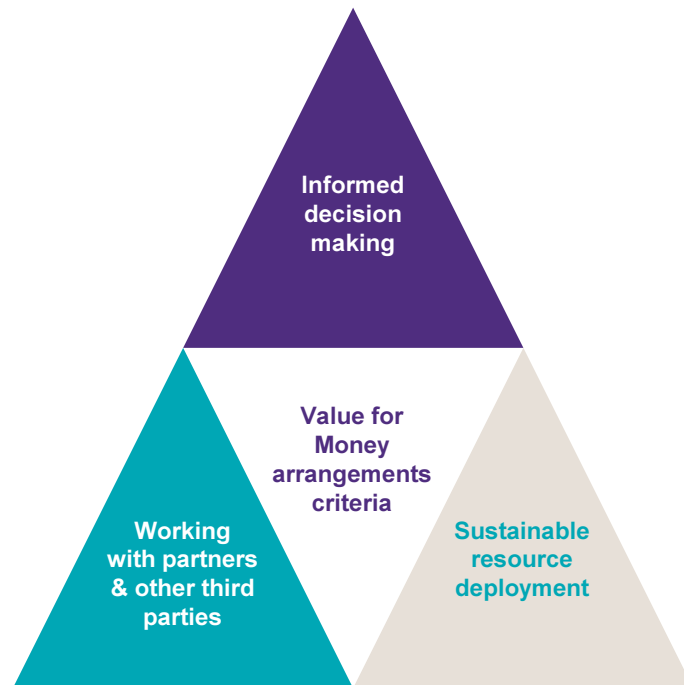
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Risk assessment

We carried out an initial risk assessment in April 2020 and identified a significant risk in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 27 April 2020

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The implication of the costs and savings within the framework of the medium term financial strategy and the ongoing savings required as result of financial pressures
- The continuing pressures from demand led services and the financial implications from the increase in demand for Adults and Children's services, and the assumptions that the Council have in place to properly forecast future growth
- The governance and decision making arrangements by the Council to ensure those charged with governance are provided with appropriate and adequate information to direct the Council's strategy

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 18 to 19

Overall conclusion

Our work in this area continues and based on the work we have performed to date to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk

Financial Sustainability

The Council set a revenue budget for 2019/20 of £131.1m which included a savings and income programme of £6.2m. At Q3 the Council was forecasting a £252k overspend of which £144k had been provided for in reserves and if used would bring the forecast overspend down to £108k.

As in prior years there continues to be pressure on demand led services and in particular Adult Social Care (ASC) specifically where there is a lack of permanent care workforce and associated agency costs.

The council have reduced the level of risk reserves to £500k. These have been set aside to assist in meeting the budget and achievement of a balanced position. This is further underpinned through the receipt of £6.2m specifically for the provision of ASC.

As noted in the Medium Term Financial Strategy (MTFS) the growth in demand led services continues and is over and above what can be funded from Council Tax or the ASC precept. As a result the Council has had to find £24m of revenue savings to balance the budget.

The Covid-19 pandemic has provided further pressures on Authority's finances across a number of areas including social care provision, council tax and business rate collection. Central Government have announced £1.6bn of additional funding to be allocated to local authorities in April 2020 and is un-ringfenced. West Berkshire have been allocated £3.2m. The impact on 2019/20 may not be significant but there is a risk that there will be a large impact on future cash flows in 2020/21 and beyond.

There is a risk that increased cost pressures from demand led services and reduced income as a result of covid-19 could lead to further pressure on the Council's finances.

Findings

As with all organisations within the Public Sector the Council is faced with the continued delivery of services whilst at the same time having reduced central funding. To meet this challenge the Council need to address a funding gap of £12m over three years from 2021/22 which assumes Council Tax increases of 1.99% and a 2% Council Tax additional precept for Adult Social Care over the three years. The outturn for 2018-19 showed that the Council had faced a potential £3.3m overspend which was mitigated through £1.7m in slowdown, £912k in use of reserves and £850k in capital flexibilities to deliver a balanced budget at year end. There continued to be large overspends in Communities predominantly around Adult Social Care and this still remains the biggest challenge to the Council going forward. The final position was an £81k underspend although this is with the above mitigations taken into accounts.

Against this the Council set a budget in 2019-20 of £131.1m, an increase from the prior year, and includes a savings programme of £6.2m of which £2.3m is from communities. There are a number of factors that have fed into the budget and that have a growth and inflation impact. These include:

- Pay and non-pay inflation which is an annual budget increase required for the Council to perform the same functions year on year. The Council provides for general inflationary pressures such as salary, NI and Pension increases;
- Contract inflation of which the largest single amount is the PFI contract. The Contract is based on the RPIx measure in January of which the current estimate was 2.5%
- Detailed modelling of expected cost pressures for demand led services. This modelling looks at demand trends and cost increases in order to estimate what the future expenditure will be.

The budget and the Medium Term Financial Strategy (MTFS) still have commercialisation as a key plank of the overall savings and budget delivery plan. The Council are committed to developing their commercial agenda which is changing to look at working with a wide variety of potential business partners to improve the understanding of leading technologies and building on existing models. This is allied to a nearly £70m investment property portfolio which continues to deliver income to the Council.

The 2019-20 outturn showed a continuation of the Council's improved financial position. The provisional outturn position was an underspend of £1.46m which is 1.2% of the Council's 19/20 approved revenue budget. The underspend is a large movement from quarter three where the forecast outturn was an overspend of £252k. This change has been driven by three areas:

- Adult Social Care increased the underspend to £1.34m
- CFS increased the underspend to £435k
- Education increased the underspend to £245k

Value for Money

Significant risk

Findings

Financial Sustainability

It is noted that of the three main areas that have underspent, two of these are demand led services. From discussions with management it is considered that when setting budgets there is a tendency to be over prudent and assume that those issues that could impact on spend will occur. There is also a culture of ensuring that underspends can be fully supported before reporting these and therefore issues that could impact spend are retained within the model late into the financial year. It is not considered that this approach is inappropriate and has helped the Council to deliver an underspend at the year end but further consideration could be given to whether this potentially impacts on the provision of other services or the implementation of improvements.

The major impact in 2020 has obviously been the Covid-19 pandemic. Whilst it had minimal impact on the 2019-20 position, given that it did not fully impact the Council until the final two weeks of the financial year, its impact will be felt more significantly in 2020-21 and has required further scrutiny and consideration of the Council's financial position.

As at Quarter 1 (Q1) of 2020-21, reporting showed that there was a significant impact on the budget, although this was offset by the receipt of £8.6m from central government funding, which is un-ringfenced, and there is an expectation of further funding to cover the loss of income. The assessment at this point is that the funding provided would be sufficient to meet the pressures of the 2020-21 budget although there is a recognition that the position can fluctuate and the Council cannot foresee any further restrictive actions that could be put in place which would have a potential further impact on the financial position.

As at Q1 of 2020-21 the estimated lost income and unmet savings was estimated to be £10.7m and £1.5m of funding had been transferred to services to meet pressures. There is a plan to continue this transfer on a quarterly basis. The assumptions in budget monitoring is that there will be enough funding to cover all losses. There is also a recognition that the longer term position will require further analysis and that announcements from Central Government on the funding position for Local Government, before the impact of 2021/22 and beyond is known.

The Council has set a net revenue budget of £130m for 2020-21 and at Q1 the forecast outturn is an underspend of £590k driven primarily by underspends in the People Directorate, which includes demand led services. Again this is mostly due to the forecast underspend of £844k in Adult Social Care which suggests that the position of assuming all issues will arise has been moved away from in the short term. This provides assurance that the modelling process is being adapted to reflect the nature of the movement in demographics. The Council has also agreed to not change the approach to setting Council Tax to reflect future pressures and a need for local councils to ensure income and reserves remain robust.

Conclusion:

The Council have posted a surplus in 2019-20 and have set a balanced budget for 2020-21. The change in position from overspend in Adult Social Care to underspends both in 2019-20 and forecast in 2020-21 has relieved a large amount of the pressure and provides the Council with an opportunity to re-enforce reserves and provide medium term assurance over the financial sustainability. The Council have appropriate processes in place to manage the challenge of Covid-19 and mitigate some of the risks arising.

On this basis, and noting further work is being undertaken, we are proposing to issue an unqualified conclusion and consider that the Council have appropriate arrangements in place for achieving value for money.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D




Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.




	Fees £	Threats identified	Safeguards
Audit related			
Certification of Teachers Pension Return	5,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,000 in comparison to the total fee for the audit of £95,023 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

Action plan

We have identified 11 recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
 High	<p>Review of the Fixed Asset Register (FAR) and agreement to the statement of accounts identified that one asset valued at £2.4m had been incorrectly classified as an investment property and £6.1m of Investment property land had been double counted. This has resulted in a material adjustment to the primary statements</p>	<p>The Council should review all supporting documentation for Property, Plant and Equipment to ensure that balances are appropriately and accurately disclosed in the statement of accounts</p> <p>Management response</p> <p>The 2019/20 Statement of Accounts has been adjusted for the £2.4m reclassification and £6.1m duplication. The Council understands the importance of completeness and accuracy within all Fixed Asset categories, and will undertake a detailed exercise to ensure that the Fixed Asset Register and supporting accounting records are fully reviewed</p>
 Medium	<p>Detailed transaction testing identified a case where supporting document could not be provided and therefore we are unable to confirm that the value has been correctly included. There is a risk that items will be incorrectly disclosed in the accounts leading to a potential overstatement. An unadjusted misstatement has been identified</p>	<p>The Council should ensure that all supporting documentation is retained and can be accessed when requested in order to provide evidence for figures disclosed within the statement of accounts..</p> <p>Management response</p> <p>Noted. The impact of Covid-19 created some challenge in providing certain third party documentation, this due primarily to the inability of Finance staff to access the Council's main office</p>
 Medium	<p>Substantive testing of transactions identified that the Council has an issue with providing a full breakdown of transactions and in reconciling populations to the balances disclosed in the statement of accounts. This has required management to run individual reports on an ad-hoc basis to provide the listing to Audit and has resulted in a number of errors being noted. There is a risk that the balances disclosed in the statement of accounts are either misstated or cannot be supported which could lead to a material adjustment within the primary statements</p>	<p>The Council should ensure that balances disclosed in the statement of accounts are fully supported by an auditable transaction listing or other supporting documentation</p> <p>Management response</p> <p>The Council appreciates the importance of a fully-mapped and reconciled accounting system and work is underway with external consultants to enhance the reporting framework allied to the production of the Statement of Accounts</p>






Controls

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice




Appendix A

Action plan

We have identified 11 recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
 Medium	A review of the draft statement of accounts identified a number of disclosures that were not included and disclosures that were not compliant with the requirements of the code including fair value hierarchy.	<p>The Council should review the Code and any changes to disclosure requirements as a result of changes in accounting standards to ensure that the draft statement of accounts are compliant before the commencement of the audit</p> <p>Management response</p> <p>The CIPFA Code will be reviewed in advance of the production of the 2020/21 Statement of Accounts to ensure that all disclosure content</p>
 Medium	Testing of PPE disposals identified that there were a number of disposals hat related to REFCUS which had been previously incorrectly classified. The disposal was to correct this classification	<p>The Council should ensure that all assets are correctly classified and that where errors are identified the appropriate accounting actions are undertaken</p> <p>Management response</p> <p>Noted</p>
 Medium	The Code requires that the Council disclose an Expenditure Funding Analysis within the statement of accounts to show a reconciliation between the figures in the statement of accounts and the outturn figures reported to members. Review of these identified that the figures did not reconcile	<p>The Council should ensure the consistency of reporting between the statement of accounts and the figures reported to members</p> <p>Management response</p> <p>For 2020/21, a working paper will be provided that bridges the year-end financial information reported to members and the associated Statement of Accounts content</p>
 Medium	REFCUS allows the Council to fund certain revenue expenditure through capital on the basis of meeting a number of criteria. Testing is required to ensure that this has been properly and accurately applied. Testing undertaken identified £600k of expenditure for which the Council could not provide a transaction listing and therefore could not be tested.	<p>The Council should ensure that all balances within the statement of accounts are fully supported and reconciled through a transaction listing within the general ledger.</p> <p>Management response</p> <p>Noted</p>
 Medium	The Audit approach requires the identification and testing of debit balances in income. Testing of these items identified that they were expenditure items and therefore incorrectly classified. There is a net nil impact on the statement of accounts	<p>The Council should ensure that all transactions are appropriately classified within the General Ledger and subsequently the statement of accounts</p> <p>Management response</p> <p>Agreed. Review work will be undertaken to ensure that the applicable debit and credit balances have been accounted for appropriately</p>




Controls

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice




Appendix A

Action plan

We have identified 11 recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
 Low	A review of the bank reconciliation identified approximately £45k in un-presented cheques from 2018 that remained in the workings.	The Council should ensure historical items are appropriately included and that no further action can or should be taken Management response Finance is in the process of enhancing the review procedures attached to the bank reconciliation. Management appreciate the importance of ensuring that historic transactions are not included as un-presented items within the bank reconciliation
 Low	The overall balance of Grants received in advance is correct and has been agreed to supporting documentation. Testing identified that the analysis of this balance was incorrect and that it should not just be disclosed as a LEP balance	The Council should ensure that where analysis over a number of headings is required for a balance that this is done appropriately and accurately Management response The accounting implications of this observation have now been reflected within the 2019/20 Statement of Accounts
 Low	One item selected for testing with a value of £4.2m was made up of numerous transactions for which the Council are unable to provide third party evidence to support their award.	The Council should ensure supporting evidence is retained for all balances within the statement of accounts to provide assurance as part of the audit process. Management response Noted

Controls

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice

Follow up of prior year recommendations

We identified the following issues in the audit of West Berkshire Council's 2018/19 financial statements, which resulted in 9 recommendations being reported in our 2018/19 Audit Findings report. We have followed up on the implementation of our recommendations and note 1 is still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	The Council have a number of Investment Properties that should be revalued every year as per the requirements of the code. The Council have two investment properties purchased in March 2018 that have not been revalued in 2018-19 and therefore are not compliant with the Code	Testing of investment properties in 2019/20 has identified that all assets classed as Investment Properties have been revalued in the year in line with the requirements of the code.
X	A review of the draft statement of accounts identified a number of disclosures that were not included and disclosures that were not compliant with the requirements of the code including fair value hierarchy and IFRS9 transition requirements	Review of the disclosures in 2019-20 again identified that there was no disclosure of the fair value hierarchy as required by the Code. There has been an improvement in the quality of disclosures from 2018-19 although key items have been omitted. This recommendation has been raised again in 2019-20
✓	The code requires that Local Authorities disclose the value of assets revalued in the year and the date at which land and building assets were last revalued. This analysis was not included within the statement of accounts and was therefore not code compliant	Value of assets revalued in the year has been disclosed in line with the requirements of the Code
✓	A review of the budget monitoring as part of the VfM conclusion identified significant overspends in Adult Social Care above those modelled as part of the budgeting process. There is a risk that a failure to properly estimate the required service cost could lead to overspends in services and the depletion of reserves as a result	A review of Adult Social Care costs in consideration of the 2019-20 VfM conclusion noted that there had been an underspend for the financial year. Whilst the cost of Adult Social Care can fluctuate dependent on demand Management have taken sufficient steps to address this issue.
✓	The Council's Performance Investment Strategy does not report to members. The minutes of the meeting are not public and it is unclear as to what is and is not reported to members. Further it is unclear as to how the performance is linked to the financial outturn monitoring and whether there is an opportunity for Members at a Council or Executive level to challenge decisions made	As per Management's response in 2018-19 the Council are complying with the agreed constitutional procedures and that reporting of the investment strategy is considered appropriate. Performance of the Investment Strategy in 2019-20 has not highlighted any areas of concern and it is noted that future investment plans are currently on hold to assess future viability in line with the current issues of Brexit and Covid19.

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations

We identified the following issues in the audit of West Berkshire Council’s 2018/19 financial statements, which resulted in 9 recommendations being reported in our 2018/19 Audit Findings report. We have followed up on the implementation of our recommendations and note 1 is still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	The analysis of when assets were last revalued includes £11.1m of assets that have not been revalued since 2012/13 or prior and 2013/14. Review of the this balance identified assets that are no longer owned by the Council, previous revaluations that had not been correctly processed and assets incorrectly classified. The Code requires that assets are revalued within an appropriate timeline and no more than five years. These assets have not been revalued within this timeline and there is a risk that the variance between the current value and carrying value may be material	Testing has identified that there are no assets that have not been valued in the five-year period recommended by the Code. Further, testing has not identified any issues that would indicate that the variance between the current value and the carrying value may be material.
X	Detailed transaction testing identified a case where supporting document could not be provided and therefore we are unable to confirm that the value has been correctly included. There is a risk that items will be incorrectly disclosed in the accounts leading to a potential overstatement. An unadjusted misstatement has been identified	Testing in 2019-20 has again identified transactions where supporting documentation could not be provided in areas such as Grants received. Whilst other audit procedures have provided assurance that the balances are fairly stated management should ensure that all relevant supporting information is retained for audit purposes. This recommendation has been raised again in 2019-20
✓	Review of PPE opening balanced identified approximately £12m of assets incorrectly included due to either duplication or failure to derecognise assets that have previously been disposed of. This has led to the overstatement of opening balances and has resulted in a Prior Period Adjustment.	Testing of opening balances in 2019-20 has not identified any issues relating to incorrectly included assets.
✓	Review of PPE opening balances identified a number of assets that the Council has failed to derecognise as a result of disposal. Recognition of these in the 2018/19 accounts has led to the identification of a material balance for disposals	Testing of opening balances in 2019-20 has not identified any issues relating to incorrectly included assets.

Assessment
 ✓ Action completed
 X Not yet addressed

Appendix C

Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Review of Investment property assets identified that one asset relating to Newbury football club had been incorrectly identified as an investment property and should have been identified as land		2,484	
Testing of Investment Property and agreement back to the Fixed Asset register identified that land valued a £6,078k had been separately identified. The valuation process included the value of land in the overall calculation and therefore land values have been double counted within the statement of accounts. Overall adjustment includes removal of Newbury Football Club as outlined above		(8,562)	
Unusable reserves have been overstated as a result of the double counting of Investment property land as outlined above		6,078	
Financing and Investment Income and Expenditure has been understated as a result of the fair value of the investment property. The movement reflects the change as a result of the double counting of land outlined above.	6,078		6,078
Per the pension fund assurance letter there has been reduction in the value of the pension fund assets. The Council's share of this is approximately 13% and the accounts have been adjusted to reflect this.	(4,397)	(4,397)	(4,397)
Overall impact	£1,681	£(4,397)	£1,681

Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Capital Commitments	There is a requirement within the Code that significant capital commitments be disclosed within the statement of accounts. The Council has not included this disclosure.	The Council should ensure that all disclosures required by the Code are included to accurately reflect the financial position of the Council.	✓
General disclosures	Other general amendments	Other amendments including spelling, grammar and syntax and other minor disclosures which have not been separately disclosed should be adjusted and included	✓
Investment Property Adjustment	<p>As a result of the double counting of land within Investment property and the misclassification of Newbury Football Club as an investment property the following disclosure notes have been impacted</p> <ul style="list-style-type: none"> • Note 7 – Expenditure and Funding Analysis • Note 8 – Adjustments between Accounting basis and Funding basis under regulation • Note 11 – Financing and Investment Income and Expenditure • Note 13 – Income and Expenditure analysed by nature • Note 14 – Property Plant and Equipment • Note 14.2 – Revaluations • Note 16.1 – Investment Properties • Note 16.2 – Fair value Hierarchy • Note 25 – Unusable reserves • Note 25.2 – Capital Adjustment Account • Note 34.2 – Grant Income Current Liabilities 	The Council should ensure that all disclosures are recorded accurately and that the relevant disclosures are in line with the primary statements	✓

Audit adjustments

Impact of unadjusted misstatements

No unadjusted misstatements have been identified in the work completed to date.

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2018/19 financial statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
The Council have capitalised an accrual in 2018/19 but cannot provide any evidence to support the valuation of the accrual	325	325	325	Not material
The Council cannot provide evidence for two items included in PPE opening balances. The extrapolated balance of this error is £581k	581	581	581	Not material
Overall impact	£906	£906	£906	

Appendix D

Fees

We confirm below our final fees charged for the audit and provision of non-audit services

Audit fees	Proposed fee	Final fee
Council Audit	£74,423	£109,273
Total audit fees (excluding VAT)	£74,423	£109,273

The fees do not reconcile to the financial statements due to the following items

- fees per financial statements £74,423
- Raising the bar £5,000
- Increased pension review £1,750
- PPE Valuations – work of experts £4,350
- Materiality £3,000
- New standards £6,500
- total fees per above £95,023
- [Post statements \(including covid-19\) additional fees \(see next page\)](#) £14,250
- [Total fees updated](#) £109,273

Non-audit fees for other services	Proposed fee	Final fee
Certification Audit	£5,000	£5,000
Total non- audit fees (excluding VAT)	£5,000	£5,000

Further audit fee variations – Detailed analysis

Final proposed audit fees

The table below shows the proposed variations to the original scale fee for 2019/20 subject to PSAA approval.

Audit area	£	Rationale for fee variation
Revised planning fee	£95,023	
Covid-19	14,250	<p>Over the past twelve months the current Covid-19 pandemic has had a significant impact on all of our lives, both at work and at home. The impact of Covid-19 on the audit of the financial statements for 2019/20 has been multifaceted. This includes:</p> <ul style="list-style-type: none"> • Revisiting planning - we have needed to revisit our planning and refresh risk assessments, materiality and testing levels. This has resulted in the identification of a significant risk at the financial statements level in respect of Covid-19 necessitating the issuing of an addendum to our original audit plan as well as additional work on areas such as going concern and disclosures in accordance with IAS1 particularly in respect to material uncertainties. • Management’s assumptions and estimates - there is increased uncertainty over many estimates including pension and other investment valuations. Many of these valuations are impacted by the reduction in economic activity and we are required to understand and challenge the assumptions applied by management. • Financial resilience assessment – we have been required to consider the financial resilience of audited bodies. Our experience to date indicates that Covid-19 has impacted on the financial resilience of all local government bodies. This has increased the amount of work that we need to undertake on the sustainable resource deployment element of the VFM criteria necessitating enhanced and more detailed reporting in our ISA260. • Remote working – the most significant impact in terms of delivery is the move to remote working. We, as other auditors, have experienced delays and inefficiencies as a result of remote working, including the delays in receiving accounts, quality of working papers, and delays in responses. These are understandable and arise from the availability of the relevant information and/or the availability of key staff (due to shielding or other additional Covid-19 related demands). In many instances the delays are caused by our inability to sit with an officer to discuss a query or working paper. Gaining an understanding via Teams or phone is more time-consuming.
Total proposed final audit fees	£109,273	

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Local Code of Corporate Governance

Committee considering report:	Governance and Ethics Committee on 19 April 2021
Portfolio Member:	Councillor Howard Woollaston
Date Portfolio Member agreed report:	1 April 2021
Report Author:	Joseph Holmes (Executive Director – Resources)
Forward Plan Ref:	GE3955

1 Purpose of the Report

- 1.1 To provide a Code of corporate governance to the Governance & Ethics Committee to approve. The code is part of the overall system of internal control at the Council and supports the provision of the Annual Governance Statement (AGS) which is approved annually by the Governance and Ethics Committee.
- 1.2 The Code of Corporate Governance details how the Council complies with the CIPFA/SOLACE (The Chartered Institute of Public Finance and Accountancy, (“CIPFA”) and the Society of Local Authority Chief Executives (“SOLACE”) framework for good governance and supports the principles of good governance contained within this.

2 Recommendation

- 2.1 That the Governance and Ethics Committee approves the Code of Corporate Governance.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	None
Human Resource:	None
Legal:	This Code forms part of the overarching framework for good governance at the Council and complies with supporting the AGS.
Risk Management:	None

Property:	None			
Policy:	Supports the CIPFA/SOLACE framework			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
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			Promotes Good Governance and underpins the delivery of business across the Council.

Data Impact:		X		
Consultation and Engagement:	Finance And Governance Group			

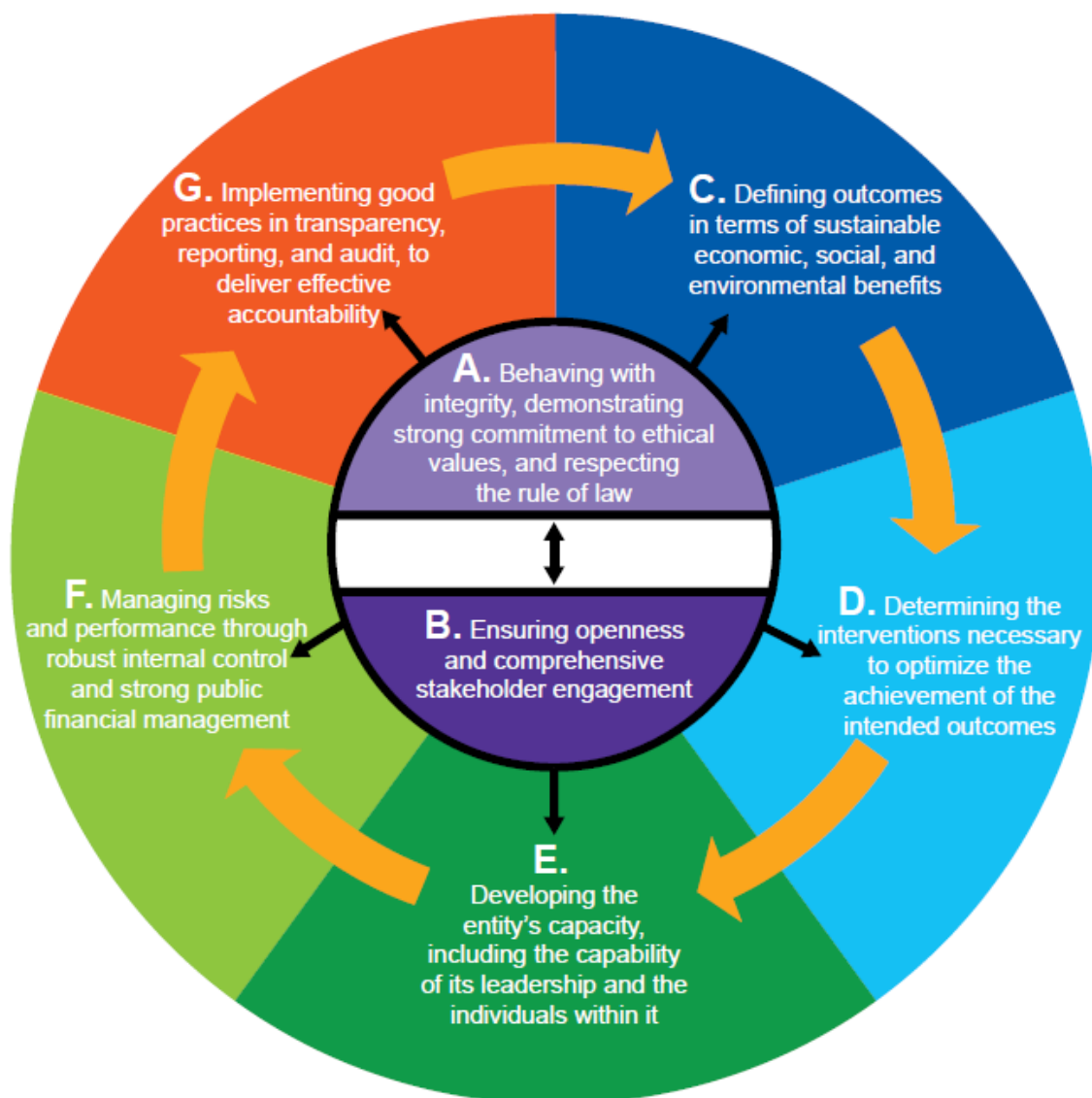
4 Executive Summary

- 4.1 Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises systems, processes, cultures and values by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community. The Leader of the Council and Chief Executive have a special relationship role as custodians of the Council’s governance arrangement, but good governance is also the responsibility of all Members and Officers.
- 4.2 The Chartered Institute of Public Finance and Accountancy, (“CIPFA”) and the Society of Local Authority Chief Executives (“SOLACE”) have published a framework document for Corporate Governance in Local Government, April 2016. The Council is committed to the principles of good corporate governance through the adoption and maintenance of a Local Code of Corporate Governance, as recommended by the CIPFA/SOLACE Framework.
- 4.3 This Local Code of Corporate Governance therefore sets out and describes the West Berkshire Council’s commitment to corporate governance and identifies arrangements that will ensure its effective implementation and application in all aspects of the Council’s work. This Local Code of Corporate Governance will be reviewed by the Statutory Officers through the Finance and Governance Group annually.

5 Supporting Information

Background

- 5.1 The Council should have an overarching code of corporate governance, and for West Berkshire this is based on the CIPFA/SOLACE framework. The framework “Delivering Good Governance in Local Government” sets out seven core principles of good governance, these are:



The Governance Framework

5.1 There are a number of key elements to the systems and processes that comprise the Council’s governance arrangements. These elements form our local code of Governance and these are underpinned by the CIPFA / SOLACE framework above and core principles of good governance which are:-

- Focusing on the purpose of the authority and on outcomes for the local community and creating and implementing a vision for the local area.
- Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Local Code of Corporate Governance

- Taking informed and transparent decisions which are subject to effective scrutiny and managed risk.
 - Developing the capacity and capability of Members and officers to be effective.
 - Engaging with local people and other stakeholders to ensure robust public accountability
- 5.2 The Council's Constitution explains existing policy making and delegation procedures and the matters which must be dealt with by the full Council. It documents the role and responsibilities of the Executive, portfolio holders, each committee and Members and officers. The Council has approved a protocol governing relationships between Members and Officers as part of its Constitution and has adopted codes of conduct for both Officers and Members which facilitate the promotion, communication and embedding of proper standards of behaviour. Officers have job descriptions and there are clearly defined schemes of delegation, all of which are reviewed from time to time.
- 5.3 The Council's Constitution incorporates clear guidelines to ensure that business is dealt with in an open manner except in circumstances when issues should be kept confidential. Meetings are open to the public except where personal or confidential matters are being discussed. All Executive /committee agendas, minutes and portfolio holder decisions are published promptly on the Council's website. In addition, senior officers of the Council can make decisions under delegated authority. The over-arching policy of the Council is decided by the full Council.
- 5.4 The Overview and Scrutiny Management Committee and Governance and Ethics Committee hold Portfolio Holders to account for delivery of the Council's policy framework within the agreed budget, and protocols are in place for any departure from this to be properly examined.
- 5.5 The Council engages with its communities through a number of channels, including consultation events, surveys and campaigns relating to specific initiatives.
- 5.6 The Council Strategy is supplemented by more detailed information on the key projects and programmes of work that the authority will be delivering during the year – with actions to achieve priority outcomes set out in service plans. More detailed service plans are drawn up by teams across the Council, with objectives set for individual members of staff through the annual appraisal process. This process also looks at the development and training needs of staff, with a programme of training then put in place to meet these needs.
- 5.7 Progress against the Council Strategy outcomes and budgets is monitored regularly by the Executive Leadership Board and Portfolio Holders. The Overview and Scrutiny Commission receives regular reports focusing on delivery of key projects and programmes of work and drawing attention to other areas where progress is exceeding, or falling short of targets. Portfolio Holders also monitor progress of delivery, especially through the Corporate Programme Board.
- 5.8 The Council has an officer Strategic Leadership Team (Corporate Board) to monitor financial performance, service performance, the progress of key corporate projects

and risk management and to oversee the implementation of recommendations from Internal Audit reports.

- 5.9 The Council publishes an Annual Financial Report (the Statement of Accounts) annually within the statutory timescales. The Annual Financial Report incorporates the full requirements of best practice guidance in relation to corporate governance, risk management and internal control.
- 5.10 The Council is subject to independent audit by Grant Thornton and receives an Annual Audit Letter reporting on findings. The Council supplements this work with its own internal audit function and ad hoc external peer reviews. The Governance & Ethics Committee undertakes the core functions as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*.
- 5.11 The Council has arrangements for managing risk in its Risk Management Policy.

6. **Review of effectiveness**

- 6.1 The authority has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Service Directors/Heads of Service who have responsibility for the development and maintenance of a sound governance environment.
- 6.2 Staff awareness training has been undertaken to ensure that the Council complies adequately with the provisions of the General Data Protection Regulation (GDPR) and Freedom of Information Acts, and Equality requirements.
- 6.3 The Council has appointed the Executive Director (Resources) as the Section 151 officer with the statutory responsibility for the proper administration of the Council's financial affairs. CIPFA/SOLACE advises that the S151 officer should report directly to the Chief Executive and be a member of the 'Leadership Team', of equal status to other members. The Executive Director (Resources) is a member of the Executive Leadership Team.
- 6.4 The Council has appointed the Service Director (Strategy & Governance) as the statutory "Monitoring Officer" and has procedures to ensure that the Monitoring Officer is aware of any issues which may have legal implications.
- 6.5 All Executive reports are reviewed by the S151 and Monitoring Officer. All reports to Executive are required to demonstrate how the subject matter links to the Council Strategy and highlight resource implications. Officers are also asked to draw out risk, equality, environmental, management and legal issues as appropriate. Similar procedures are in place for the other Council Committees.
- 6.6 The Council has whistle-blowing and anti-fraud and corruption policies. It has a formal complaints procedure and seeks to address and learn from complaints. The Council's Governance & Ethics Committee deals with complaints relating to the conduct of Members.

Local Code of Corporate Governance

6.7 Members' induction training is undertaken after each election. Members also receive regular updates and training on developments in local government.

6.8 Key roles in maintaining and reviewing the effectiveness is undertaken by:

The Council is collectively responsible for the governance of the Council and the full Council is responsible for agreeing the Constitution, policy framework and budget. Manages risk in making operational and governance decisions together with proposing and implementing the policy framework, budget and key strategies.

The Executive receives regular monitoring reports on revenue and capital expenditure and on key performance measures.

Governance and Ethics Committee approves the annual audit plan, monitors the internal control environment through receipt of audit reports and the AGS, and keeps an overview of arrangements for risk management. It also approves this Statement and the Statement of Accounts.

External Audit external audit is provided by Grant Thornton. Whilst the external auditors are not required to form an opinion on the effectiveness of the Council's risk and control procedures, their work does give a degree of assurance following the annual audit of the Council's financial accounts.

Internal Audit The internal audit team provide the Council with an internal audit service which includes the Council's entire control environment. The Internal Audit Manager takes account of the Council's assurance and monitoring mechanisms, including risk management arrangements, for achieving the Council's objectives.

The Internal Audit Plan is based on the Risk Register and identifies Internal Audit's contribution to the review of the effectiveness of the control environment. The process includes reports to the Governance & Ethics committee on progress of audits. Regular summaries are also produced of the outcome of each audit, together with reviews of whether agreed recommendations have been implemented. Internal Audit provides an annual opinion on the internal control environment and issues that should be included in the AGS

There is a requirement for internal audit to undertake an annual self-assessment and independent external assessment every five year. Any areas of non-conformance must be reported as part of their annual report and opinion. In the light of feedback we have concluded that internal audit is an effective part of the Council's governance arrangements.

Proposals

6.9 To achieve and maintain good governance, the Council will seek to apply each of the six core principles above, along with their supporting principles, in the following way:

Principle	Evidence
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	<ul style="list-style-type: none"> • Members code of conduct • WBC values • Role of monitoring officer • Council policies e.g. anti-fraud
Ensuring openness and comprehensive stakeholder engagement	<ul style="list-style-type: none"> • New Consultation and Engagement strategy • Providing clear decision making process • Review of the Constitution • Consultation process with key stakeholders • Openness of Council meetings and retaining this post May 2021 • Access to information
Defining outcomes in terms of sustainable economic, social, and environmental benefits	<ul style="list-style-type: none"> • Health & Wellbeing Strategy • Council Strategy • Support strategies and delivery plans e.g. Environment Strategy, Economic Development Strategy
Determining the interventions necessary to optimise the achievement of the intended outcomes	<ul style="list-style-type: none"> • Regularly quarterly reporting on key strategies e.g. performance reporting • Corporate Programme Board and regularly monitoring and management of overall list of projects • Ensuring strong link between Council Strategy and the Medium Term Financial Strategy (MTFS)
Developing the entity's capacity, including the capability of its leadership and the individuals within it	<ul style="list-style-type: none"> • Recent Senior Management Review • Performance management system • Leadership and Management development through the Workforce Strategy

<p>Managing risks and performance through robust internal control and strong public financial management</p>	<ul style="list-style-type: none"> • Robust quarterly monitoring of performance, finance and strategic risk register • Public scrutiny of the above at Executive, Overview & Scrutiny Management Commission and the Governance & Ethics Committee • Annual review and approval of financial statements and progress reporting on action plans • Role of internal and external audit
<p>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	<ul style="list-style-type: none"> • Review of constitution • Internal audit reporting to Governance & Ethics on a regular basis and an annual report • Implementing the outcome of the Redmond Review (to G&E Committee in Feb. 2021) • Committee reports containing clear sections on consultation / risk management

6 Other options considered

- 6.1 The Council should have a code; previously this has been included in the Annual Governance Statement, but it has been decided to show this separately to make the AGS a clearer document to read and it is focussed more on action taken/to be taken.

7 Conclusion

- 7.1 For the Committee to consider this report and the various levels of governance, and the strong focus and approach to good governance.

8 Appendices

None

Background Papers:

Annual Governance Statement for West Berkshire Council – August 2020.

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

Wards affected: all

Officer details:

Name: Joseph Holmes
 Job Title: Executive Director Resources
 Tel No: 01635 503540 Ext: 3540
 E-mail: joseph.holmes1@westberks.gov.uk

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Version	Date	Description	Change ID
1			
2			

Risk Management Strategy 2021-2024

Committee considering report:	Governance and Ethics Committee on 19 April 2021 Executive on 29 April 2021
Portfolio Member:	Councillor Howard Woollaston
Date Portfolio Member agreed report:	8 April 2021
Report Author:	Joseph Holmes / Catalin Bogos
Forward Plan Ref:	EX3952

1 Purpose of the Report

It is very important for the Council to ensure that it manages risk effectively and that it is risk aware, so it knows when to accept a greater or lesser amount of risk in its activities. The attached Risk Management Strategy sets out the overarching framework for managing risk at the Council, the Council’s risk appetite and the risk management objectives for the next three years.

2 Recommendations

- 2.1 That the Governance and Ethic Committee endorses the Risk Management Strategy and the associated risk appetite.
- 2.2 To note that the Executive will be asked to approve this Risk Management Strategy at their meeting on the 29th April 2021. This includes a recommendation that Governance Boards approve the risk appetite on new projects within their remit and Corporate Programme Board have oversight of this.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	None directly from this report, though the risk appetite highlights the level of risk that the Council will tolerate.
Human Resource:	None directly
Legal:	None directly from this report, though the risk appetite highlights the level of risk that the Council will tolerate.

Risk Management:	This strategy provides the details for ensuring a sound risk management approach and sets objectives for further improvements where relevant. The detailing of the risk appetite and risk tolerance provides clarity to decision makers in terms of the risks that they are expected to take in delivering services and contributes to a stronger risk aware culture.			
Property:	None			
Policy:	None directly			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
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			The risk management framework should support improved outcomes through effective risk management.
Core Business:	X			The risk management framework should support improved outcomes through effective risk management.
Data Impact:		X		
Consultation and Engagement:	Portfolio holder			

4 Executive Summary

- 4.1 The risk management strategy is an integral part of the Council’s overall governance, and forms part of the supporting evidence for the Annual Governance Statement. This risk management strategy includes, alongside how we manage risk at the Council, a risk appetite. The risk appetite sets out the tolerance of risk across some key areas and will help to guide officers in their approach to delivering services and key projects.
- 4.2 The core of the risk management strategy is:
- A Risk Assessment
 - Details of how risk management supports corporate planning and operational management
 - Risk appetite statement
- 4.3 The risk management strategy is based on a three year period from 2021-24 and the risk appetite will be kept under regular review to reflect the Executive’s appetite to risk and how this might change due to a variety of internal and external factors.
- 4.4 A significant development included in the strategy is to slightly increase the risk appetite by amending the thresholds for different levels of impact rating (see para 7.3 and 8.8 of the strategy) and including the risks rating 8 in the Amber (medium risks) instead of Red (high risk) category, especially for transformation type activities rather than business as usual ones.
- 4.5 In order to further support a risk aware culture within the Council, details are included to define the risk appetite and also risk tolerance thresholds in terms of financial, legal, reputation and innovation related risks.
- 4.6 The strategy includes a number of objectives planned for delivery over the three years lifespan of the strategy.

5 Supporting Information

Introduction

- 5.1 The risk management strategy is seeking to define the Council's approach to risk management as well as the risk appetite under which officers are guided to work and approach key projects.

Background

- 5.2 The strategy is being brought to Executive for approval so that there is clarity on the Council's approach to risk management and its appetite for risk. This is important as it provides a key part of the formulation of the Annual Governance Statement (AGS). The AGS is approved annually by the Chief Executive and Leader for the Governance and Ethics committee, and is concerned with how the Council is governed and how appropriate the governance framework is.
- 5.3 Having an approved risk management strategy is a key part of this AGS framework, as it sets out clear parameters under which the Council approaches risk, and to what level it is prepared to be risk aware. It is important to ensure that, as part of the AGS, there is a consistency in the Council's approach to projects and the delivery of core business and the risk management approach that has been set by members of the Executive.

Proposals

- 5.4 The report proposes the approach to risk management in the strategy itself as well as a risk appetite.
- 5.5 This strategy is important for the Council to consider its risk management approach. All new projects should undertake a review of the risk appetite and state where it is assessed for the project and ask the respective Governance Board to approve it.

6 Other options considered

The Council could operate without a defined risk management strategy or appetite, though this could lead to a less strategic approach to how the Council manages risk.

7 Conclusion

This report seeks the endorsement of the new Risk Management Strategy ahead of its approval at the meeting of the Executive on the 29th of April. This strategy will form a key part of the Governance and Ethics committee work; the remit of the committee is to consider strategic risks to the delivery of the Council's objectives and whether the management of those risks is effective.

8 Appendices

Appendix A – Risk Management Strategy

Background Papers:

None

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

Wards affected: All

Officer details:

Name: Joseph Holmes
 Job Title: Executive Director (Resources)
 Tel No: 01635 503540
 E-mail: joseph.holmes1@westberks.gov.uk

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1	29.7.20	Original version for CB	
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Appendix A – Risk Management Strategy 2021-24

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Appendix 1 Definitions of key terminology that is part of West Berkshire Council's risk management framework

Appendix 2 The Risk Register template

Risk Management Strategy

2021-2024

1. Introduction

- 1.1 This Risk Management Strategy is part of the Council's risk management framework and provides the details in which the risk management activities are aligned with other activities in the Council and the value that they are expected to bring.
- 1.2 **Mandate and commitment** - This Risk Management Strategy was produced following consultation with Corporate Board, Portfolio Holder for Strategy and Governance, Councillors and approved by the Executive. It was also submitted to the Governance and Ethics Committee for endorsement.
- 1.3 The management of the Council and the Executive are committed to ensure that the risk management is an intrinsic part of the governance arrangements and that the risk management process adds value by informing decision making processes to ensure the delivery of the Council's objectives.
- 1.4 **Applicability** - This policy applies to the whole of West Berkshire Council core functions, covering both business as usual and improvement/transformation.

- 1.5 The risk management strategy for the Council is set out in the following risk management policy statement:

Risk Management Policy Statement for West Berkshire Council

As part of West Berkshire Council's arrangements to ensure good governance, the purpose of effective risk management is to provide assurance that the Council is 'risk aware'. This entails being able to identify risks associated with the Council's objectives, evaluate their potential consequences and determine the most effective methods of controlling or responding to them.

The Council believes that risk needs to be managed rather than avoided and that consideration of risk should not stifle innovation and creativity but encourage and support them.

This Policy outlines the approach the Council takes with regard to its responsibility to manage risks and opportunities using a structured, focused and proportional methodology. Risk management is integral to all policy planning and operational management throughout the Council. It integrates with our corporate governance and performance management process and supports the Annual Governance Statement.

This approach to risk management actively supports the achievement of the agreed actions, projects and programmes as set out in the Council Strategy, including the delivery of the core business and priorities for improvement, but also the objectives set out in service plans.

Objectives:

Based on the information detailed in this document, the objectives of this risk management strategy are to:

- Implement the new risk matrix reflecting an increased risk appetite and the tolerances set in this risk strategy.
- Continue a systematic process of risk identification, analysis, assessment, treatment and reporting, based on a quarterly cycle.
- Further integrate risk management and performance management processes with particular focus on project management integration and identification of Key Risk Indicators (KRI) and Key Control Indicators (KCI).
- Maintain a risk aware culture through a common language, training and engagement, with a particular focus on the involvement of Councillors through more in depth training.
- Increase communication regarding risk exposure and the actions being taken to mitigate risks.
- Further develop actions to ensure that the cumulative risk exposure is appropriately identified and managed.
- Re-assess risks, giving particular regard to any adjustments required to previously considered, traditional controls, in light of the significant changes in working practices (e.g. remote working) in response to Covid-19.
- Support the introduction of a controls assurance process.

2. Definitions

- 2.1 There are numerous definitions for risk, all of them including reference to event, probability and impact on objectives. The Council adopts the definition of risk used by the ISO 31000 Guide 73:

Risk is the effect (a positive or negative deviation from the expected) of uncertainty on objectives. Risk is often expressed as a combination of the consequences of an event and the associated likelihood.

- 2.2 Risk management is defined as the rigorous and coordinated process of identifying significant risks relevant to the achievement of the Council's strategic and operational objectives, evaluating their individual and combined likelihood and potential consequences, and implementing the most effective way of managing and monitoring them.
- 2.3 The definitions for the other key risk management terminology used in this document are listed as part of Appendix 1.

3. Context

- 3.1 The internal and external context within which the Council delivers its objectives must be considered in order to ensure that the management of risk is effective.

- **Internal context**

- 3.2 The significant points relating to the internal organisational context of risk management are the continuation of ***the three line of defence arrangements: the streamlined internal governance arrangements, the implementation of the organisational restructure*** Senior Management Review 2019 and a **relative reduction of the financial pressures** experienced before 2019/2020.

a. The three lines of defence

- 3.3 The risk management function is an integral part of the Council's governance arrangements. The three lines of defence concept is widely known among the insurance, audit and banking sectors as a risk governance framework. The concept can be used as the primary means to demonstrate and structure roles, responsibilities and accountabilities for decision making, risk and control to achieve effective risk management, governance and assurance.
- 3.4 The following diagram is an example of the three lines of defence concept:

The three lines of defence:

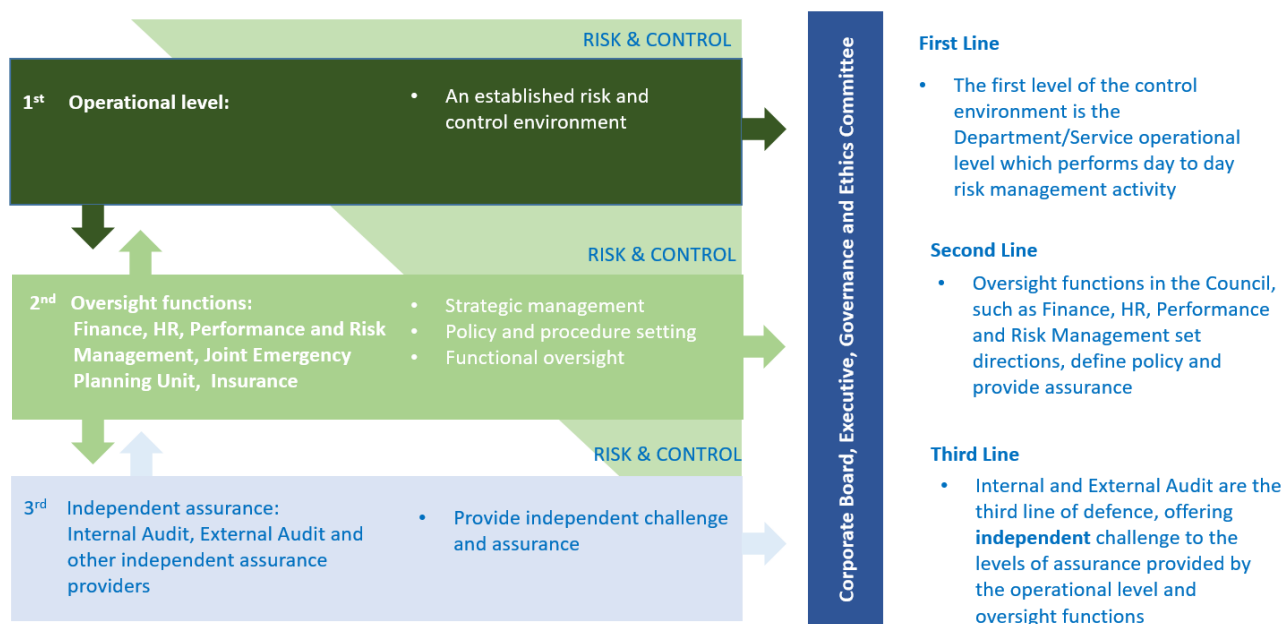


Chart 1. Three lines of defence

- 3.5 **First line of defence** - As the first line of defence, Service Directors / Heads of Service own and manage risks within their service area with the assistance of their Service Leads and Service Managers. They are also responsible for implementing appropriate corrective actions to address, process and control weaknesses. Service Directors / Heads of Service are also responsible for **maintaining effective internal controls** and managing risk on a day to day basis. They identify, assess and manage risks ensuring that their services are delivered in accordance with the Council's policies in order to achieve the agreed aims and objectives.
- 3.6 **Second line of defence** - The second line of defence relates to the strategic direction, policies and procedures provided by the Council's oversight functions (e.g. Finance, Legal Services, Performance and Risk Management, HR, Joint Emergency Planning and Insurance). These teams are responsible for designing policies, setting direction, ensuring compliance and providing assurance, including with regard to the existing controls put in place to mitigate risks. Included within the Anti-Fraud and Corruption Policy is the Council's Whistleblowing Policy which encourages staff to report concerns which may expose the Council to risk.
- 3.7 **Third line of defence** - Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the organisations' operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 3.8 The aim of internal audit's work programme is to provide assurance to management, in relation to the business activities, systems or processes under review, that the framework of internal control, risk management and governance is appropriate and operating effectively; and risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

- 3.9 Such risks are identified through senior management liaison and internal audits own assessment of risk. External audit, inspectors and regulators also provide assurance on the management of risk and delivery of objectives.

b. The streamlined internal governance arrangements

- 3.10 During 2019, the organisation re-assessed and streamlined the internal governance arrangements to ensure clarity of decision making, coordination and oversight of business as usual but also transformational activities. This ensures a positive impact on the decision making process across the organisation, including regarding risk management activities.

c. Implementation of the organisational restructure – Senior Management Review 2019

- 3.11 The restructure of the organisation following the Senior Management Review 2019 is progressing. As Executive Directors and Service Directors are being appointed, some of the previous Service Risk Registers are amalgamated into Department Risk Registers. Whilst the areas of responsibility for the Department Risk Registers' owners is expanding, positive benefits are expected in terms of further identifying and managing the cumulative effect of risks.

d. Relative reduction of the financial pressure on the Council

- 3.12 The financial challenges experienced by the Council during the lifetime of the previous Council Strategy (the Medium Term Financial Strategy MTFS 2017/18 showed a funding gap of £23.3m over 3 years) have significantly reduced (MTFS 2020/21 reported a funding gap £12m over 3 years). The MTFS highlights that the Council has a track record of strong financial management and ability to manage within significant challenge, which are vital to successfully deliver the Council Strategy. This is an important factor considered in defining the Council's risk management approach, including the risk appetite.

• **External context**

- 3.13 The external context for the organisation is dominated by the materialisation of one of the highest risks on the National Risk Register – an influenza type pandemic. The long term nature of the international crisis means that the response period is overlapping with the recovery stage. The response activities translated into immediate changes in working practices (e.g. significant levels of remote working). As more information emerges about the impact, it will inform the risk identification and assessment activities. In particular, special attention will be given to requirements to re-consider the existing/traditional controls and make any relevant re-adjustments.
- 3.14 Council Strategy 2019 – 2023, highlights the strong social, economic and environmental features of the District. The focus of the Strategy is to build on these strengths and achieve further improvements. This is another important factor considered in defining the Council's risk management approach, including the risk appetite.

3.13 It is expected that any amendments to the Council's Strategy, associated strategies and delivery plans to be robustly reflected in the risk management process.

4. Our corporate approach to risk management

4.1 Risk management is about providing assurance by being 'risk aware'. Risk is ever present in everything that we do and some risk taking is inevitable if the Council is to achieve its objectives. Risk management is about making the most of opportunities when they arise and achieving objectives once those decisions are made. By being 'risk aware' the Council is better placed to avoid threats and take advantage of opportunities. Proper project management and service planning processes and principles will identify potential risks early in the process and set out how these can be avoided or mitigated. Staff training in project management principles is essential to embed these good practices.

4.2 By embedding a culture of risk management into the Council, Members and officers are able to make effective decisions about services and the use of financial resources to ensure that the Council's objectives are met.

4.3 The assessment that the culture of the organisation is 'risk aware' is based on the following:

- **Leadership** – there is strong leadership within the organisation in relation to strategy, policy and operations as evidenced by the drive to ensure a strong approach regarding the Council Strategy, additional supporting strategies and associated delivery plans, all backed up by a strong service planning approach.
- **Involvement** – all stakeholders are involved in all stages of the risk management process. This is evidenced by the continuous activity at service/department level, directorate level, Corporate Board, Operations Board and the Governance and Ethics Committee. In addition, the involvement of all three lines of defence in risk management is also evident.
- **Learning** – training on risk management and learning from events are covered through formal training sessions for Councillors and specific advice, support and 'critical friend' challenge to risk owners and strategic decision makers.
- **Accountability** – the approach of the Council is not an automatic blame culture but is based on encouragement to identify and address issues, report likely underperformance at the earliest stages and agree corrective actions, on a background of clear accountability for objectives and actions.
- **Communication** – the approach to accountability is supplemented by an openness on all risk management issues, reporting of causes of underperformance and actions implemented to address them (up to the public arena at the Executive and scrutinised by the Overview and Scrutiny Management Commission – see performance framework). Risk information is also reported to Corporate Management Team, Directorate Management Meetings, Corporate Board and Operations Board. In terms of public meetings, risk is reported as a Part II (confidential information) report to the Governance and Ethics Committee.

4.3 An effective corporate approach to risk management will:

- Make it more likely that the Council's objectives will be achieved,
- Safeguard the organisation and provide assurance to Members and officers,
- Become part of every manager's competency framework, job description and performance appraisal,
- Provide support to the overall governance of the organisation,
- Improve decision making,
- Identify issues early on,
- Provide a greater risk awareness and reduce surprises or unexpected events,
- Develop a framework for structured thinking,
- Ensure better use of finances as risks are managed and exposure to risk is reduced,
- Facilitate achievement of long-term objectives and
- Ensure a consistent understanding of and approach to risks.

The principles

4.4 It is important to maintain a sense of proportionality with day to day risk and the following principles will be applied:

- Managers have a good understanding of their services and service developments, and are able to adequately identify the risks involved.
- Managers understand the limits that the organisation places on the action that can be taken by any individual officer. There is a general awareness of what management action is appropriate and where further consultation and approval are required with colleagues and more senior managers. The organisation therefore recognises its risk appetite in relation to the decisions it takes.
- There is a good level of understanding, of what risk it is acceptable to take, during the normal course of work and the organisation recognises its risk appetite in relation to its ongoing activities.
- Unnecessary bureaucracy should be avoided, in particular by preparing documentation solely to demonstrate (rather than support or enhance) effective management. The cost (in terms of the time involved) relative to the benefit gained by defining every possible risk in detail and assigning impact and likelihood scores to each risk associated with every planned or current activity is deemed too great to be generally worthwhile. However, where there are known concentrations of risk, such as in new service developments or relating to our programme of projects, managers understand that they should document, monitor and manage these risks using the Council's scoring framework. Similarly, the corporate management team (or specific services that deliver specific corporate functions) should seek to identify, assess and manage those risks that seem likely to cause problems or bring benefits at a corporate level.

- The internal audit team works with the Executive Director (Resources) and Service Director (Strategy & Governance) and Corporate Board to consider the Council’s assurance needs, and makes its own assessment of the internal audit work required to provide this assurance. This is presented to the Governance & Ethics committee annually.
- Managers are encouraged and supported to consider the potential threats and opportunities, involved in any new service developments and improvements, and to monitor ongoing performance. Documentation of risks, related controls and mitigating action plans should be considered where this is helpful and appropriate and, where this is the case, risk registers should be prepared. This is likely to be appropriate for specific service development projects, when project risk registers should be monitored closely by the lead project manager and sponsor. Individual teams should also consider risk, specifically when updating annual service plans.
- Partnership risks are managed and owned by the Council’s service that has entered into such a partnership with the aim to achieve specific service objectives. Risks are identified in relation to these objectives in the service risk register.

5. Our risk management process

5.1 The Process arrangements that support risk management at the Council include the following components:

- Risk Assessment:
 - Risk identification and the Council’s strategic and operational planning processes (see Section 6)
 - Risk analysis and Risk evaluation (see Section 7)
- Risk response/treatment, including the Risk Appetite (see Section 8 and Section 9)
- Risk recording and reporting (see Section 10)

5.2 The diagram below shows the Risk Management process and the systematic approach to the identification, evaluation, prioritisation and control of risks and opportunities facing the Council.



Graph 2 Risk Management process

Objective resulting from the section above:

Continue a systematic process of risk identification, analysis, assessment, treatment and reporting, based on a quarterly cycle.

6. How do we assess risks?

- **Risk Assessment - Risk identification and the Council's strategic and operational planning processes**

- 6.1 A Council Strategy is produced every four years and refreshed every two years and is accompanied by a Strategy Delivery Plan which is reviewed annually. Additional supporting strategies are developed with supplementary delivery plans. Annual Service/Department Plans are produced to detail the delivery of the Council's objectives by its services/departments.
- 6.2 The report templates for the approval of strategies, delivery plans and the associated specific decisions with actions from the service plans, require authors to consider and comment on risks. This translates into a risk identification process, with significant risks being reflected in the Service/Department Risk Registers and in Project Risk Registers.
- 6.3 A significant aspect of the Council's performance management framework, with implications for this risk management strategy, is that the strategic goals of the organisation are grouped in two main categories:
- Core business – reflecting the 'business as usual', highly visible functions of the Council for residents and stakeholders. These include typically objectives for maintaining/continuing the delivery of high performing activities.
 - Priorities for improvement – more transformational type objectives, which are aiming to improve outcomes, either where they are judged below expected levels or where they are already strong (compared with similar local authorities) but, given the importance at local level, the decision is to improve even more.
- 6.4 The efforts made by the performance management function to ensure the planning approach is non-silo working, together with centralised governance arrangements for approval of strategies and plans (including risk implications) are factors that contribute to creating an overall picture of risk exposure.
- 6.5 The Council is using a sophisticated approach to performance management, monitoring contextual intelligence (measures of volume), performance measures (targeted KPIs) and measures of corporate health. Many of these measures are also Key Risk Indicators that inform the risk assessment process.
- 6.5 Similarly, the developments relating to the Corporate Programme Office enhance the governance arrangements and ensure that the corporate project management approach is followed by all projects. As part of the corporate approach all projects are required to ensure they identify, assess, manage and report risk and performance.

Objective resulting from the section above:

Further integrate risk management and performance management processes with particular focus on project management integration and identification of Key Risk Indicators (KRI) and Key Control Indicators (KCI).

6.6 When identifying risks, it can be helpful to use the following sources of risk as prompts to ensure that all areas of risk are considered:

Sources of Risk	Risk Examples
Infrastructure	Functioning of transport, communications and utilities infrastructure. The impact of storms, floods and pollution.
Politics & Law	Effects of change of government policy, UK or movement from EU legislation, national or local political or control, meeting the administration’s manifesto commitments. Issues of timing. Following the organisation’s stated/agreed policy. Legality of operations. Includes regulatory issues, Ofsted or Care Quality Commission’s inspection outcomes, and Ombudsmen’s decisions.
Social Factors	Effects of changes in demographic, residential and social trends on ability to deliver objectives.
Technology	Capacity to deal with obsolescence and innovation, product reliability, development and adaptability or ability to use technology to address changing demands.
Competition & Markets	Affecting the competitiveness (cost and quality) of the service and/or ability to deliver value for money and general market effectiveness.
Customer & Stakeholder – related	Satisfaction of: citizens, users, central and regional government and other stakeholders. Managing expectations – consulting & communication on difficult issues
Sustainability / Environmental	Environmental consequences arising from option (e.g. in terms of energy efficiency, pollution, recycling emissions etc.)
Finance	Costs, long term financial sustainability/ reliance on finite or vulnerable funding streams. Financial control, fraud and corruption.

Contracts & Partnerships	Dependency on, or failure of, contractors to deliver services or products to the agreed cost and specification. Procurement contract and relationship management. Overall partnership arrangements, e.g. for pooled budgets or community safety. PFI, LSVT and regeneration.
Tangible Assets	Security of land and buildings, safety of plant and equipment, control of IT hardware.
Reputation	Affecting the public standing of the Council, partnerships, or individuals in it (affecting you). Management of issues that may be contentious with the public or the media.
Professional Judgement & Activities	Risks inherent in professional work such as assessing clients' welfare or planning or response to the Human Rights Act.
People Management Human resources	Managing changes to services that may affect staff and/or ways of working. Resourcing the implementation of the option. Employment Issues (TUPE etc.). Maintaining effective health & safety of staff and users.

7. How do we evaluate risks?

- **Risk analysis and Risk evaluation**

7.1 Risks are evaluated each time at the following levels:

- **Gross level** – likelihood and impact without additional, specific mitigation action.
- **Actual level** - this is the current likelihood and impact, based on mitigation action already put in place but excluding further mitigation action planned.
- **Expected level** – this is a future level of likelihood and impact based on any additional mitigation action (if any) planned to further address the triggers and the consequences of risks. The additional actions and the associated deadlines are listed on the risk register.

7.2 The Council evaluates its identified risks on a four-point scale on the likelihood or probability of the risk occurring and the impact caused should the risk occur, being rated between low and significant.

Impact Rating

7.3 The following table provides the definitions which should be used when determining whether a risk would have a Low (1), Moderate (2), Major (3), or Significant impact (4):

Impact Rating	Financial loss to Council	Personal / Staff or Customers	Assets / Physical / Information	Reputation	Legal (litigation, regulatory, contract)
4	£1m +	Death	Loss of main building / Loss of main ICT system – e.g. Email / Payroll / network	Adverse publicity nationally HSE / Fire Authority prosecution	Losing regulatory related legal challenge
3	£500k - £1m (was £250k - £1m)	Major injury / hospitalisation	Partial loss off main building or total loss of minor building. Temporary loss of major ICT system – up to one week, total loss of minor ICT system	External agency criticism – EG Auditor, Ofsted etc. HSE / Fire Authority enforcement action	Being challenged and unable to defend it robustly; Losing
2	£100k - £500k (was £50k - £250k)	Major financial loss £1,000+ Illness e.g. stress / minor accident / RIDDOR	Partial loss of minor building. Temporary loss of minor ICT system – up to one week. Loss of Major system – up to one day	Ombudsman complaint upheld	Being challenged but with certainty that the Council will win it.
1	Less than £100k (was Less than £50k)	Minor Financial loss up to £1,000 / complaint / Grievance	Loss of minor ICT system - up to one day	Adverse publicity locally	No risk of legal challenge

Note: Text on grey background relates to the levels used before the approval of this strategy.

Likelihood Rating

7.4 It is unlikely that in many cases the probability of a risk occurring can be calculated in a statistically robust fashion, as we do not have the data to do so. However, as an indicator, the likelihood is defined by the following probability of a risk occurring:

Likelihood Rating	Incidents	Probability
4	Very Likely – This risk is presently affecting the Council	81% - 100%
3	Likely – This risk is very likely to affect the Council	51 - 80%
2	Possible – This risk is will possibly affect the Council	21% - 50%

1	Unlikely – This risk is unlikely to affect the Council	0 - 20%
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7.5 Over the short and medium term, due to the ongoing international crisis as a result of the coronavirus pandemic, risk management and in particular risk assessment, need to consider this external context factor.

Objective resulting from the section above:

Re-assess risks giving particular regard to any adjustments required to previously considered traditional controls in light of the significant changes in working practices (e.g. remote working) in response to Covid-19

8. How we respond to risks – risk appetite / risk criteria

- Risk response/treatment

8.1 The response to the identified risks is guided by the risk appetite and risk criteria.

Risk Appetite

8.2 The HM Treasury and the Government Finance Function define risk appetite as “*The level of risk with which an organisation aims to operate*” (Source: [Government Finance Function – Risk Appetite Guidance note V1.0, October 2020](#)). A clearly understood and articulated risk appetite statement assists with the risk awareness for the Council and supports decision making in pursuit of its priority outcomes and objectives.

8.3 The Council’s Risk Appetite Statement is an integral part of the Council’s Risk Management Policy and ensures that the opportunities the Council is willing to take to achieve its strategic outcomes and objectives are measured, consistent and compatible with the Council’s capacity to accept and manage risk and do not expose the Council to unknown, unmanaged or unacceptable risks.

8.4 This statement will be reviewed during the period of the strategy. The Council may decide to move the line up or down based on a number of influencing factors including financial and capacity, and the Council may have a higher ‘aspirational’ risk appetite once sufficient assurance is gained and processes put in place to manage the higher levels of risk.

The Council’s Risk Appetite 2021/23 – 2023/24

8.5 The Council, during the course of a year, will take fair, measured and targeted levels of risk to achieve the priority objectives included in the Council Strategy. There will be opportunities for the Council to be innovative or work differently and any identified risks will need to be considered against the anticipated cost and efficiency benefits.

8.6 The Risk Appetite Statement supports Members and officers in decision making, by setting out where the Council is comfortable taking different levels of risk, and which

levels of risk are unacceptable. The Council’s Risk Appetite should be considered in conjunction with the risk section of all committee reports when decisions are made.

8.7 Risks that fall above the risk appetite ‘line’ may still happen and should still be managed effectively and transparently.

8.8 The potential range of the Council’s appetite for its significant risks included in the Corporate Risk Register is shown in the diagram below:

Risk levels	Minimal	Cautious	Open	Seek
Risk description				
Financial – amount of financial loss prepared to put at risk through lost investment / financial loss	Up to £100k	£100k -£500k	£500k - £1m (Possible)	£1m+
Exposure to legal challenge Avoid risk of challenge to open to challenge	Play safe and avoid anything which could be challenged, even unsuccessfully	Limited appetite but sure would win challenge (Likely)	Challenge is problematic but gain would outweigh any negative outcome	Likely to be challenged but benefits worth any risk
Reputation No reputational risk through to experimental schemes	No chance of any repercussions / negative comments	Little chance of significant repercussions and mitigation in place beforehand	Exposure of greater scrutiny and public interest. Management through listening and active engagement. Risk of reputational damage.	Experimental project – risk of significant reputational damage or enhancement
Innovation to deliver Council Strategy	Essential development of core business only	Maintain status quo; new schemes are tried and tested only by others	Encourage innovation through new schemes offered to the Council	Proactive pursuit of innovation and crafting solutions that have not been attempted before

Note: Shaded areas illustrate the risk appetite levels and are described in the paragraphs below.

8.9 An additional concept, important in defining and understanding the Council's risk framework, is the risk tolerance. The HM Treasury and the Government Finance Function define risk tolerance as "*The level of risk with which an organisation is willing to operate*" (Source: [Government Finance Function – Risk Appetite Guidance note V1.0, October 2020](#))

8.10 This Strategy reflects the Executive's risk appetite and provides clarity about risk tolerance levels as follows:

Financial Risk appetite – Open £500k - £1m

- The Council aims to operate with a financial risk between £500k – £1m. This relates primarily to the transformation activities rather than the core business areas in order to stimulate the initiatives to digitise service delivery or to achieve better, faster and cheaper service delivery more effectively delivered in partnership.

Financial Risk tolerance – up to £3m

- The Council is not willing to operate with risks that expose the organisation to an estimated current/actual financial Loss or cost of above £3m for any individual risk.

Legal Risk appetite – Cautious

- The Council aims to operate with a legal risk that is limited and, when the risk materialises, there is certainty that it would win the challenge. This relates primarily to the core business activities rather than the transformation type activities.

Legal Risk tolerance

- The financial and reputational risk tolerances provide the details that define the Legal risk tolerance.

Reputation Risk appetite – Cautious / Open

- The Council's reputation is one of the most important assets which employees and Councillors aim to protect to ensure there is little chance of significant repercussions. This relates primarily to the core business areas. As custodians of the public's trust and public's funds, even the transformational activities are delivered with sound governance arrangements in place and follow a strong and consistent corporate project management methodology. However, in the process of seeking the benefits of new ways of achieving or improving outcomes for the residents the Council is seeking an Open reputational risk, proactively involving greater scrutiny but also public

interest and engagement which should mitigate reputational damage. This aims to prevent situations of working to protect the reputation to the detriment of the needs of the residents.

Reputation Risk tolerance

- Primarily for core business, but also relating to transformation initiatives, the Council is not willing to operate with risks that expose the organisation to external agency criticism (e.g. Auditor, Ofsted, Care Quality Commission etc.) or to Health and Safety Executive/ Fire Authority enforcement action.

Innovation to deliver the Council Strategy Risk appetite – Open

- The Council aims to operate with an appetite for innovation and for crafting service delivery models and initiatives that redefine the ways in which residents and stakeholders are enabled to achieve their outcomes.

Innovation to deliver the Council Strategy Risk tolerance

- The Council is not willing to operate with risks that expose the organisation to lack of innovation. To deliver its corporate priorities, the Council recognises that there will be risks that **will be deemed intolerable**. These include those that negatively affect the safety of employees or its customers/clients and those that endanger the future operation of the Council.

Risk criteria and response

8.11 The Council has chosen to divide the rating into bands as shown on the example risk matrix below, defining the criteria used to manage the risk exposure and reflecting the risk appetite and risk tolerance levels described above.

Objective resulting from the section above:

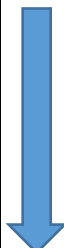

Implement the new risk matrix reflecting an increased risk appetite and the tolerances set in this risk strategy

		IMPACT			
		Low (1)	Moderate (2)	Major (3)	Significant (4)
LIKELIHOOD	Very Likely (4)	4	8	12	16
	Likely (3)	3	6	9	12
	Possible (2)	2	4	6	8
	Unlikely (1)	1	2	3	4

- 8.12 The risk score, as illustrated by the risk matrix, triggers a particular type of response for risks relating to the council's objectives.
- 8.13 Once a risk has been identified, the Council needs to decide and agree what it is going to do about it as described in the following table:

Risk Level (RAG)	Current Score	Escalation	Response
High (Red)	9 -16	Add to Corporate Risk Register and mitigation action.	Allocate to Executive Director to oversee and Service Director / Head of Service implement agreed actions.
Medium (Amber)	4-8	Seek assurance that identified controls are effective	Allocate to Service Director / Head of Service to put in place Controls Assurance.
Low (Green)	1-3	None	Consider at next annual review

- 8.14 Positive and Negative amendments are made regularly to risks in light of the above to respond to the risk and continually update risk registers.

<p>The general impression of risks is that it is a negative event; however it is also possible that positive events and opportunities can arise and the risk score then becomes the reverse of the rating for a negative risk, e.g. an opportunity with a high rating could deliver a good return for little effort.</p>	<p>In managing a negative risk (Threat), we are aiming to see the risk rating decrease so that the likelihood and consequence of the risk decreases should it materialise.</p>		<p>A positive event or opportunity is measured in a similar way to a negative risk but the desired direction of travel is reversed.</p>	
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- 8.15 The recognised approaches to controlling risks are described as the five key elements or 5 T's; tolerate, treat, transfer, terminate and take the opportunity. These are described in more detail below. It is generally accepted that where a risk can be

reduced through some form of treatment or mitigation in a cost effective fashion then it is good to do so.

8.16 As a general principle once a risk has been identified, consideration needs to be given to the five T's and that the chosen approach is seen as being cost-effective so that the control of the risk is not disproportionate to the expected benefits.

8.17 The five T's are:

Treatment By far the greatest number of risks will be addressed in this way by using appropriate control countermeasures to constrain the risk or reduce the impact or likelihood to acceptable levels.

Transfer For some risks the best response may be to transfer them and might be done by transferring the risk to another party to bear or share the risk; e.g. through insurance or partnership. Reputation risk can never be transferred.

Tolerate Where it is not possible to transfer or treat the risk, consideration needs to be given to how the consequences are managed should they occur. This may require having contingency plans in place, for example, Business Continuity Plan which creates capacity to tolerate risk to a certain degree.

Terminate Some risks will only be treatable, or containable to acceptable levels by terminating the activity that created them. It should be noted that the option of termination of activities may be severely limited in government when compared to the private sector; a number of activities are conducted in the government sector because the associated risks are so great that there is no other way in which the output or outcome, which is required for the public benefit, can be achieved. This option can be particularly important in project management if it becomes clear that the projected cost / benefit relationship is in jeopardy.

Take the opportunity

This option is not an alternative to those above; rather it is an option which should be considered whenever tolerating, transferring or treating a risk. There are two aspects to this. The first is whether or not at the same time as mitigating threats; an opportunity arises to exploit positive impact. For example, if a large sum of capital funding is to be put at risk in a major project, are the relevant controls judged to be good enough to justify increasing the sum of money at stake to gain even greater advantages? The second is whether or not circumstances arise which, whilst not generating threats, offer positive opportunities. For example, a drop in the cost of goods or services frees up resources which can be re-deployed.

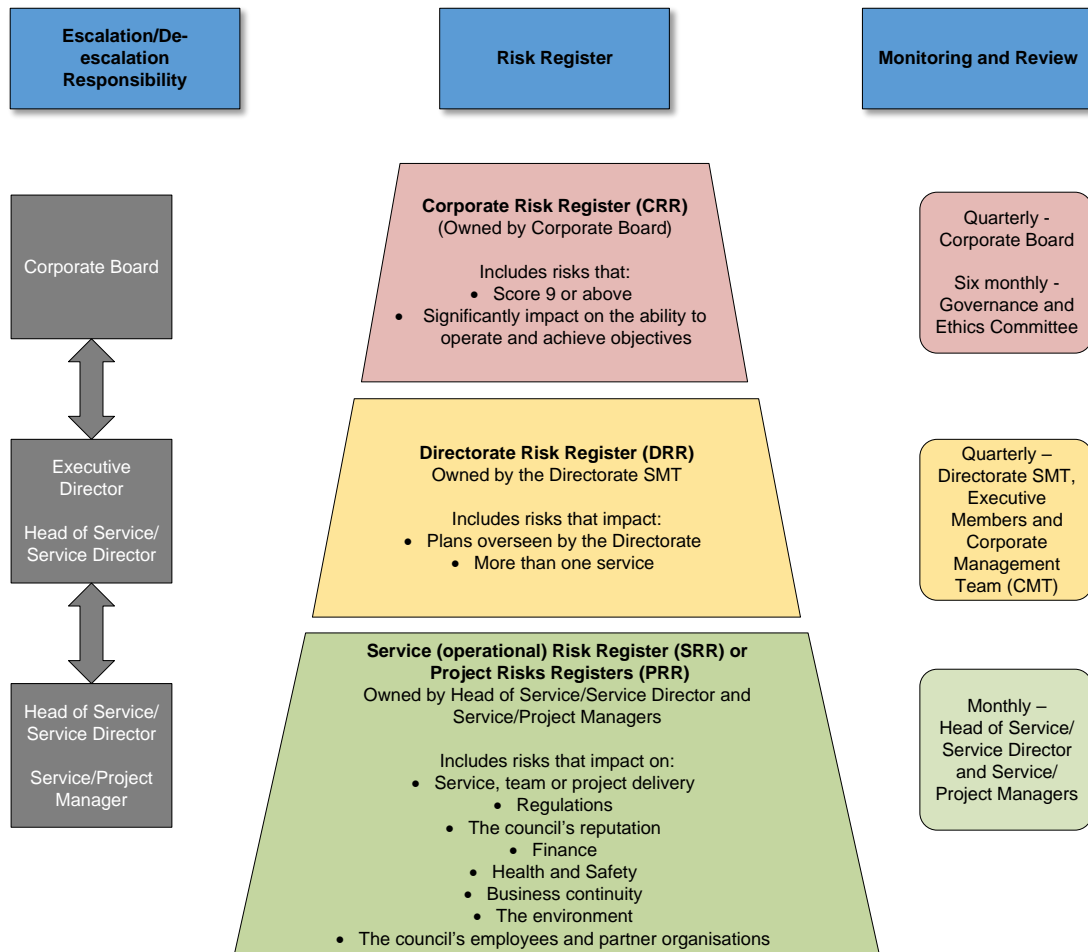
8.18 The delivery of controls to mitigate risks' likelihood and/or impact is the responsibility of the Heads of Service/Service Directors.

Objective resulting from the section above:

Support the introduction of a controls assurance process

9. Risk recording and reporting

- 9.1 It is the responsibility of all staff to assess risks associated with their work and projects and to escalate any potential risks which they feel cannot be managed within sensible parameters to their Directorate Management Team. These risks may then be escalated further as part of the quarterly review of the Corporate Risk Register at Corporate Board.
- 9.2 The Council’s risk management framework is built on the basis of risks being escalated from a service/department level through to a corporate level. As part of risk being managed the framework requires consideration of the mitigation measures being suggested and whether the tolerance level is appropriate.
- 9.3 Where risk levels are considered to be high (Red) on the risk matrix, the appropriate Head of Service / Service Director must escalate the risk to the Executive Director for a discussion at Directorate level so that consideration can be given as to whether the risk should be moved to the Directorate Risk Register or the Corporate Risk Register. Risk escalation to the Corporate Risk Register is the responsibility of the Head of Service / Service Director and Executive Director.



Objective resulting from the section above:

Increase communication regarding risk exposure and the actions being taken to mitigate risks

9.4 Effective Risk Management requires that there is clarity of the responsibilities for risk and ownership of those risks identified. This policy identifies where the responsibility lies for identifying, considering and controlling risk and opportunities.

Members	Responsibilities
Operations Board	<ul style="list-style-type: none"> • Determine overall risk appetite and tolerance for the Council and for each corporate risk. • Ensure consideration of risk in decision making. • Quarterly review the Corporate Risk Register.
Executive Member	<ul style="list-style-type: none"> • Oversee risks relating to their portfolio, including projects in the corporate programme.
Governance and Ethics Committee	<p>Provide independent assurance to the Council on the effectiveness of risk management and internal control by:</p> <ul style="list-style-type: none"> • Review the Corporate Risk Register to ensure it is reflective of the strategic risks to the delivery of the Council's objectives and management of risks is effective. • Scrutinise the Annual Governance Statement to ensure that it is a correct reflection of internal control, risk management and governance. • Receive reports from Internal Audit, External Audit and other inspection bodies indicating strengths and weakness in internal control, risk management or governance. • Participate in training and development sessions.
Officers	Responsibilities
Head of Paid Service	<p>Overall responsibility to:</p> <ul style="list-style-type: none"> • Ensure the Annual Governance Statement is an accurate reflection of internal control risk management and governance. • Oversee corporate and cross cutting risks, and resolve conflicts and competing demands for resources.

	<ul style="list-style-type: none"> • Lead the quarterly review of corporate risks with Corporate Board. • Arrange the review of the Risk Management Policy.
Executive Directors	<ul style="list-style-type: none"> • Ensure that there is effective risk management in their Directorates in line with this policy. • Maintain the Directorate Risk Register, ensure that it is reviewed at least quarterly by the DMT and that risks are escalated or de-escalated to/from the Corporate Risk Register where appropriate. • Approve action plans with residually high risk (i.e. those outside of the Council’s risk tolerance).
Service Directors / Heads of Service/Service Managers	<p>Ensure that risks to services are properly managed and that:</p> <ul style="list-style-type: none"> • Service Team Risk registers are maintained and regularly reviewed. • Any significant new risk identified to be fed up to the Head of Service/Service Director and/or Directorate SMT. If required the risk could then be escalated to Corporate Board. • The Risk Management Framework is embedded in their service areas and that staff are aware of the underlying risk management principles. • Ensure that the controls put in place to mitigate risks are adequately deployed and maintained when necessary. • Ensure awareness of risk impacting other areas than the one they manage (e.g. through the CMT meetings) and highlight cumulative effect of risks. • Support the identification of strategic risks, including strategic governance risks relevant for the Annual Governance Statement (AGS) (R3)
Second Line of Defence Officers	<ul style="list-style-type: none"> • The Risk Manager - develops and updates the risk management policy/strategy, facilitates a risk aware culture, establishes internal risk management processes and procedures, provides advice, guidance and support in relation to risk management, coordinates the risk management activities, compiles risk management information and prepares reports. • Other officers in Finance, Legal Services, Performance and Risk Management, HR, Joint Emergency Planning and Insurance – see paragraph 3.6.
Internal Audit	<ul style="list-style-type: none"> • Plan audit work to take into account key risks and how effectively they are managed providing assurances for the Annual Governance Statement, the Corporate Risk Register and Governance and Ethics Committee.

	<ul style="list-style-type: none"> • Undertake periodic reviews of the effectiveness of risk. • Prepare, on behalf of the Head of Paid Service, the Annual Governance Statement.
All Staff	<ul style="list-style-type: none"> • Be familiar with the Risk Management Policy. • Maintain an awareness of risks, and feed into the formal process, alerting management to: <ul style="list-style-type: none"> ○ Risks which are effectively managed, or the level of current risk is unacceptably high (red). ○ Issues that arise or near misses.

Objectives resulting from the section above:

Maintain a risk aware culture through a common language, training and engagement, with a particular focus on the involvement of Councillors through more in depth training

Further develop actions to ensure that the cumulative risk exposure is appropriately identified and managed

10. Risk Registers

10.1 The risk registers are reference documents that summarise the different risks that might occur and impact the Council. Just because a risk is included on a risk register, does not mean that the Council thinks it will happen, but it does mean that the Council thinks it is worth seeking to manage. The risk score is, therefore, based on a ‘reasonable worst case scenario’. The methodology for the scoring of risks is included in section 7 above.

10.2 The Council maintains several risk registers and these are:

- **Corporate Risk Register** – this register records the most significant risks for the Council or those risks which may prevent the Council from achieving its strategic objectives as set out in the Council Strategy. This is considered by the Corporate Management Team, Corporate Board, Operations Boards and the Governance and Ethics committee.
The Council’s Risk Register template is included at Appendix 2.
- **Directorate Risk Registers** – include the risks from the Corporate Risk Register but also risks that might affect the delivery of individual directorates, but would not in isolation threaten the Council’s overall objectives.
- **Service Risk Registers** – include the risks from the Corporate Risk Register and the Directorate Risk Registers but also risks that might affect the delivery of individual services, but would not in isolation threaten the Council’s overall objectives. Operational risks are managed by Heads of Service/Service Directors or service managers.
- **Project Risk Registers** – provide a register of the risks that, if occur, will have a positive or negative effect on the achievement of the project’s objectives. Significant

risks from project risk registers are escalated by the Service Director/Head of Service to their Service Risk Registers and follow the normal procedure for further escalation if necessary.

11. Project Risk Management

- 11.1 The Council’s approach to risk management from a project and programme perspective has improved through increased training on the Project Management Methodology (PMM) based on PRINCE 2 principles.
- 11.2 At the inception of each new project, the project board should review and approve the risk appetite or, where they are not the Governance Board, present to their overarching Governance Board for approval.
- 11.3 All projects should have a risk register which is regularly reviewed at project board meetings and adjusted accordingly once mitigating action is taken. The stakeholders should be regularly briefed on any changes in risk. The chart below shows the scale of risk used to assess the risk impact. A risk, in terms of project delivery, is defined as anything which could be potentially harmful to the delivery of the project detrimentally affecting budget, delivery timescales or the project outcome.

4x4 Risk Matrix Assessments

Impact ↑	Extreme Impact - Rarely 4	Extreme Impact - Moderate 8	Extreme Impact - Likely 12	Extreme Impact - Almost certain 16
	High Impact - Rarely 3	High Impact - Moderate 6	High Impact - Likely 9	High Impact - Almost certain 12
	Medium Impact - Rarely 2	Medium Impact - Moderate 4	Medium Impact - Likely 6	Medium Impact - Almost certain 8
	Low Impact - Rarely 1	Low Impact - Moderate 2	Low Impact - Likely 3	Low Impact - Almost certain 4
	Likelihood →			

Appendix 1 Definitions of key terminology that is part of West Berkshire Council's risk management framework

Risk - is the effect (a positive or negative deviation from the expected) of uncertainty on objectives. Risk is often expressed as a combination of the consequences of an event and the associated likelihood.

Risk management - is defined as the rigorous and coordinated process of identifying significant risks relevant to the achievement of the Council's strategic and operational objectives, evaluating their individual and combined likelihood and potential consequences, and implementing the most effective way of managing and monitoring them.

Risk aware – term relating to the risk culture within the organisation and denoting a higher maturity level of the risk management processes.

Risk response - once a risk has been identified, assessed and analysed actions are put in place to respond/manage the risk. British Standard 31100 and ISO 31000 use the term 'Risk treatment' as 'the process of developing, selecting and implementing controls' or 'the process to modify risk' respectively.

Gross risk rating - likelihood and impact without additional, specific mitigation action. Size of the event when a risk materialises and representing the inherent level of risk.

Current risk rating - this is the likelihood and impact at the time of assessment and each re-assessment, based on mitigation action already put in place but excluding further mitigation action planned.

Expected Net risk rating - this is a future level of likelihood and impact based on any additional mitigation action (if any) planned to further address the triggers and the consequences of risks

Risk appetite - the level of risk with which an organisation aims to operate (Source: [Government Finance Function – Risk Appetite Guidance note V1.0, October 2020](#)), similar definitions are:

The amount of risk that an organisation is willing to seek or accept in the pursuit of long-term objectives. (IRM 2011)

The amount and the type of risk that an organisation is willing to pursue or retain (ISO Guide 73 (2009))

Risk tolerance - The level of risk with which an organisation is willing to operate (HM Treasury and the Government Finance Function) (Source: [Government Finance Function – Risk Appetite Guidance note V1.0, October 2020](#))

Risk Control / Mitigation – Actions to reduce the likelihood and/or the magnitude of a risk, being owned by a Head of Service/Service Director.

Impact – the effect on the finances, infrastructure, reputation and marketplace when a risk materialises at a particular likelihood level.

Likelihood – evaluation or judgement regarding the chances of a risk materialising, sometimes established as a ‘probability’ or ‘frequency’.

Risk Owner - The individual officer stated to be responsible for "day-to-day" management of a risk, in effect the person accountable for this risk. The risks are owned by Heads of Service / Service Directors and, for risks on the project risk registers, by Project Managers. Even cross-cutting risks are allocated each to a specific Head of Service/Service Director to own.

Cross-cutting risks - West Berkshire Council defines cross-cut risks as those that affect more than one Service/Department.

Key Risk Indicators (KRI) - A key risk indicator (KRI) is a metric for measuring the likelihood that the combined probability of an event and its consequence will exceed the organization's risk appetite and have a profoundly negative impact on an organization's ability to be successful. West Berkshire Council is using an extensive number of performance indicators, many of them acting as the organisation's KRIs.

Key Control Indicators (KCI) - A Key Control Indicator (KCI) is a metric that provides information on the extent to which a given control is meeting its intended objectives in terms of loss prevention, reduction, etc. In so doing KCIs can be used to measure the effectiveness of particular operational risk controls at a particular point in time.

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Internal Audit Update Report

Committee considering report:	Governance and Ethics Committee
Date of Committee:	19 April 2021
Portfolio Member:	Councillor Howard Woollaston
Date Portfolio Member agreed report:	4 March 2021
Report Author:	Julie Gillhespey (Audit Manager)
Forward Plan Ref:	GE3894

1 Purpose of the Report

- 1.1 To update the Committee on the outcome of Internal Audit work carried out during quarter three 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 the Committee.
- 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
Financial:	None
Human Resource:	None
Legal:	None

Risk Management:	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.			
Property:	None			
Policy:	None			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
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		
Consultation and Engagement:	None			

4 Executive Summary

- 4.1 To update the Committee on the outcome of Internal Audit work completed during quarter three 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 Work during the quarter identified three audits where we have given a weak opinion. There were two second stage Follow-up reviews where we have concluded again that unsatisfactory progress has been made. Details are set out in the main body of the report.
- 4.5 There are no significant issues of concern identified through audit work during the period that need to be highlighted to senior officers/members.

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.

Audit Type	Very weak	Weak	Satisfactory	Well Controlled	Very Well Controlled
Key Financial Systems			1		
Other Systems		3	2	1	
Schools					

5.2 For this reporting period there were three central audits finalised which were given a weak opinion. The Audit Manager does not consider that the number of audits given a weak opinion is an indicator of a reduction in the control environment/processes generally. One of the reviews had been requested as there were known issues, and over the year to date, there is still a higher proportion of reviews that have been given a satisfactory opinion or above.

5.3 Key Findings for the Weak Opinions:-

(a) Early Years Grant

- Areas that require improvement were found in the processes for budget setting, forecasting and reporting of the Early Years grant position.
- We found that there was a large overspend position for the grant which was partially caused by errors made in the budget setting process, also inaccurate budget information resulted in a decision to increase the provider rates, i.e. because a surplus had been forecasted when the position was in deficit. The increase in rates exacerbated the overspend position.

(b) Deprivation of Liberty Safeguards

- Expenditure tracking and budget monitoring had been delayed due to resource issues, which had an impact on the number of external assessors commissioned, resulting in fewer applications being authorised than could have been achieved.
- There had been no set performance management targets in respect of how many applications should be processed. No detailed records are kept and analysed to demonstrate the effectiveness of the service, or to identify root causes of delays or increasing backlogs.
- Quarterly safeguarding reports to Corporate Board include information in respect of volumes of applications completed and outstanding. However, the reports don't provide sufficient detail in order to clearly indicate whether the current strategy is effective, or to monitor risks in respect of handling of complaints, to assess if there are any issues which might have led to unnecessary escalation to legal challenge.

(c) Digitalisation Agenda

- Many of the underpinning ICT principles in the Digital Strategy are not specifically linked to the Council Strategy or Delivery Plan. We also noted that these elements of the strategy did not have plans as to how they were to be achieved or performance measures.
- Success measures required further development in terms of baselines and targets. No owners with accountability are identified. The measures also had no clear link to the service plans.
- We noted that project oversight involves a number of governance groups, both to review the detail as well as an overview of progress. This robust framework could however lead to project overruns, depending on the scheduling of the meetings of the various groups. When consulting on our draft findings we noted work was already underway to further improve project governance.
- There isn't a robust analysis of the cost and impact of prioritising work at the expense of other / ongoing work, including the impact on BAU activities where non-project specialists (including non-ICT/Digital officers) are required to commit their time.

5.4 At the Committee meeting in November 2019, members requested a second stage Follow-Up to be carried out on the audits covering the Implementation of the Property Database and the Asset Management Strategy/ Plan. Unfortunately, in both cases the second stage Follow-up concluded that progress to implement the agreed recommendations was still unsatisfactory. The key points identified are as follows:-

a) Property Database

- From the total of 10 agreed recommendations, two are no longer relevant and are redundant, two have been implemented, four are work in progress, and the remaining two are still outstanding. Recommendation 1 relates to a corporate issue and progress is outside the control of the Head of Finance and Property and Property Service Manager.
- There has been significant progress in updating the data, circa 80%, but there were complications with new sites being identified which are not identified within any operational service team and still needed to be addressed. The progress of the recommendations then came to a halt again as the System Administrator left the Council unexpectedly in January 2020.
- A new System Administrator was in post from August 2020. However, one aspect which impacts on their ability to progress immediately with all the actions is that the new person requires system training which can take six months to conclude all stages.
- The database needs to be fully updated with all asset data before most of the other recommendations can be implemented.

b) Asset Strategy/Plan

- From the Eight agreed recommendations, one has been implemented, three partially implemented, with the remaining four being outstanding.
- The Service Manager informed us that the lack of progress is mainly due to under-resource in the Assets team, which was compounded by the departure of the Asset Officer (end of March 2020), this then left himself and the Strategic Asset Team Leader, and the team has struggled to keep up with the 'business as usual' workload.
- A new Assets Officer was appointed on 1st August 2020. A further temporary post has recently been approved, which has been created to directly assist with the audit actions.
- The Property Service Manager is confident that the injection of new resource will provide the additional capacity the team needs in order to progress the outstanding recommendations.

5.5 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. An Annual Anti-Fraud Work Plan was prepared this year, an update of progress against the planned work is at Appendix C.

5.6 The Audit Manager mentioned in her previous update report that she would provide the Committee with updates regarding any COVID related audit work which would impact on the Audit Plan. As at the end of December the team has spent 60 days on Covid related assurance or advisory work, this is not as high as had been envisaged in this quarter, however there is more work planned in the final quarter, and because of the second lock down and further grants being paid/received, there will be further work required on Covid grant assurance in the next financial year.

5.7 There were two fraud related investigations that concluded during the period. One case related to a cheque fraud, the police were involved in the investigation but it did not result in a prosecution. The second case related to theft of cash, lack of evidence as to whether this was an internal or external issue meant this could not be progressed to a prosecution. In both cases the controls have been improved to prevent the situations from re-occurring.

5.8 The vacant senior auditor post has been recruited to and the team of five staff is now up to full complement.

Proposals

Members note the outcome of audit work.

6 Other options considered

Not applicable, the report is for information only.

7 Conclusion

There were three central audits given a weak opinion in this reporting period. Two second stage Follow-up reviews were completed, with both given an unsatisfactory rating. It is not considered that the number of reviews given a weak opinion is an indicator of a wider issue of concern with the Council’s internal control framework, as such opinions are still in the minority. The Audit Team is undertaking COVID related audit work which is having an impact on completing 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

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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Author:	Julie Gillhespey (Audit Manager)		
Owning Service	Finance and Property		

Change History

Version	Date	Description	Change ID
1			
2			

1) COMPLETED AUDITS

Directorate/Dept/Service	Audit Title	Overall Opinion
Corporate		
	Digitalisation Agenda	Weak
Resources		
Finance and Property	Council Tax/Council Tax Reduction Scheme	Satisfactory
Place		
Environment	Highways Maintenance Contract	Satisfactory
Public Protection and Culture	Libraries Income	Well Controlled
People		
Adult Social Care	Deprivation of Liberty Safeguards	Weak
Education	Early Years Grant	Weak
Children and Families	Social Worker Recruitment and Retention Scheme	Satisfactory

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

<u>Directorate/Service</u>	<u>Audit Title</u>	<u>Overall Opinion - Report</u>	<u>Opinion - Implementation progress</u>
Resources			
Finance and Property	Asset Strategy/Plans	Weak	Unsatisfactory
Finance and Property	Property Database	Weak	Unsatisfactory

3) COMPLETED ADVISORY REVIEWS/OTHER WORK

Directorate/Dept/Service	Review Title
Resources	
	Fraud investigation – cheque fraud
Place	
	Fraud Investigation – missing income

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1) CURRENT AUDITS

Corporate/Directorate/ Service	Audit Title	Current Position of Work	Audit Plan Year
Corporate	National Fraud Initiative	Data submitted for the next national exercise	2020/21
Corporate/Strategy and Governance	Risk Management	Draft Report Issued	2020/21
Resources			
Finance and Property	Building Maintenance	Testing	2020/21
Strategy and Governance	Payroll	Draft Report Issued	2020/21
People			
Education	i-College	Report Being Drafted	2020/21
Adult Social Care	Shared Lives Placements	Background	2020/21
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	Testing	2020/21
Place			
Environment	Concessionary Fares	Testing	2020/21
Environment	Grounds Maintenance Contract	Report Being Drafted	2020/21
Environment	Waste Management Contract	Testing	2020/21
Public Protection and Culture	Environmental Health Shared Service – Licensing	Ready for Review	2019/20
Public Protection and Culture	Registrars Service	Testing	2020/21
Development and Planning	Purchase and Utilisation of Council Properties	Testing	2019/20

2) CURRENT ADVISORY REVIEWS/OTHER WORK

Audit/Review Title	Current position of work
Whistleblowing Investigation	Commenced
Covid Leisure Contract Payments	Ongoing
COVID Business Grants –payment assurance work	Ongoing

3) CURRENT FOLLOW-UPS

Directorate/Service	Audit title
Resources	
None	
People	
None	
Place	
Development and Planning	S106 Agreements

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 (31/12/2020)</u>
Libraries income	Library site visits/income control processes	Final 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 commenced October when we were required to submit Council data. Data matches now returned for us to 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.	Testing commenced.
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. Terms of Reference Being Drafted.

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.	Testing almost complete.
Concessionary Fares/Bus Passes	Passes are only issued to valid applicants, passes no longer required are promptly cancelled.	Testing
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.	External Provider to commence in January.

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

Internal Audit Plan 2021-2024

Committee considering report:	Governance and Ethics Committee on 19 April 2021
Portfolio Member:	Councillor Howard Woollaston
Date Portfolio Member agreed report:	4 March 2021
Report Author:	Julie Gillhespey (Audit Manager)
Forward Plan Ref:	GE3895

1 Purpose of the Report

This report sets out the proposed Internal Audit Work for the three year period from 2021/22 to 2023/24.

2 Recommendation

That the Governance and Ethics Committee discuss and approve the Proposed Audit Plan, the amended Internal Audit Charter and Internal Audit Reporting Protocol.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	None
Human Resource:	None
Legal:	None
Risk Management:	Internal Audit work helps to improve risk management processes by identifying weaknesses in systems and controls and making recommendations to provide mitigation and improve service delivery processes.
Property:	None
Policy:	None

	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
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		
Consultation and Engagement:	Directorate management teams and Corporate Board.			

4 Executive Summary

- 4.1 The Public Sector Internal Audit Standards (PSIAS) require the Council's Audit Plan and Internal Audit Charter to be approved by the Governance and Ethics Committee. The purpose of this report is to set out a risk based plan of work for Internal Audit (IA) that will provide assurance to the Governance and Ethics Committee on the operation of the Council's internal control framework and support the Committee's review of the Annual Governance Statement.
- 4.2 The objectives for IA are set out in West Berkshire Council's Internal Audit Charter. This document is reviewed and refreshed each year where appropriate. The amendments made this year were to reflect the change in reporting line for Internal Audit from next financial year, when the Audit Manager will report to the Service Director, Strategy and Governance. The revised Charter is attached at Appendix A.
- 4.3 The Internal Audit Reporting Protocol sets out how the team will communicate with its clients. There have some minor changes made to reflect the change of reporting line for the Internal Audit function. The amended IA Reporting Protocol is at Appendix B.
- 4.4 The work programme for IA for the period 2021-2022 is attached at Appendix C. The plan analyses the different areas of the Council's activity that IA have assessed as needing to be audited.
- 4.5 The plan over the three year period shows the level of resource is sufficient to meet the planned programme of work.
- 4.6 Good practice as stated in CIPFA's Fighting Fraud and Corruption Locally requires an Annual Anti-Fraud Work Plan to be prepared which links to the Audit Plan, a draft plan is attached as Appendix D.
- 4.7 This report sets out the proposed work for IA over the next three years. In order for an informed decision to be made regarding the proposed work programme, the detailed report sets out the role of IA together with supporting information as to how the plan is compiled.

5 Supporting Information

Introduction

- 5.1 The purpose of this report is to set out a risk based plan of work for Internal Audit (IA) that will provide assurance to the Governance and Ethics Committee on the operation of the Council's internal control framework and support the Committee's review of the Annual Governance Statement.
- 5.2 To present the Revised Audit Charter and Audit Reporting Protocols for review and approval.

Background

- 5.3 The work of IA is regulated by the Public Sector Internal Audit Standards (PSIAS) which set out the following:-

- (1) Definition of Internal Auditing;
- (2) Code of Ethics;
- (3) International Standards for the professional practice of internal auditing.

5.4 The objectives for IA are set out in West Berkshire Council's Internal Audit Charter. This document is reviewed and refreshed each year where appropriate. The document has been amended to reflect the change in reporting line for Internal Audit from next financial year, when the Audit Manager will report to the Service Director, Strategy and Governance. The revised Charter is attached at Appendix A.

5.5 The main outcomes from the work of IA are:

- (1) Audit reports produced at the conclusion of each audit, for the relevant Head of Service/Service Director and Executive Director.
- (2) Monitoring reports on progress with implementation of agreed audit recommendations.
- (3) An annual assurance report and interim update reports for Corporate Board and the Governance and Ethics Committee on the outcomes of IA work.

5.6 The work programme for IA for the period 2021-2024 is attached at Appendix C. The plan analyses the different areas of the Council's activity that IA have assessed as needing to be audited. The Plan is broken down by Corporate Audits, then by Head of Service/Service Director. The information for each audit covers:-

- (1) The key risks involved in that area;
- (2) The level of risk associated with the subject, as assessed by IA;
- (3) The type of audit;
- (4) Date last reviewed;
- (5) An initial estimate of the number of days that will be required to complete the audit, and the year in which the audit is planned.

5.7 The process of putting the plan together is extensive in terms of the documents and people who are consulted. The following identifies the key drivers:-

- (1) The views of stakeholders i.e. Executive Directors, Heads of Service/Service Directors, Corporate Board, Operations Board, are key to identifying priorities for the team;
- (2) The Council Strategy is reviewed to ensure that audit resources are used to support the delivery of Council objectives;
- (3) The Council's risk registers. These are used to highlight areas where assurance is required for controls that are in place to significantly reduce levels of risk to the Council;
- (4) Results of previous audit, inspection and scrutiny work, by internal teams and external agencies, is considered;

5.8 The work programme is based on levels of risk. The risk registers are used to inform the level of risk where appropriate and this is supplemented by an audit view of risk. This takes account of:-

- (1) Results of risk self-assessments;
- (2) Complexity/scale of system and processes / volume and value of transactions;
- (3) Fraud and corruption – e.g. the risk of fraud or corruption occurring;
- (4) Inherent risk – e.g. degree of change/instability/confidentiality of information;
- (5) IA knowledge of the control environment based on previous audit work.

5.9 The work of IA forms the basis of the opinion given by the Audit Manager on the Council's internal control framework. The work of IA is regulated by the PSIAS; these set out the standards and methods that should be applied in carrying out audit work. At an operational level there is an Audit Manual which sets out in detail how work is to be undertaken, recorded and managed.

5.10 In addition, an Audit Reporting Protocol is published setting out the communication process for each audit. There have been some minor amendments to reflect the changes in reporting line of the Audit Manager, who will report to the Service Director Strategy and Governance from next financial year. The Reporting Protocol is attached at Appendix B.

5.11 There are a number of key elements to the communication process that ensure the output from audit is fit for purpose:-

- (1) Consultation takes place at various stages of each audit with the service under review (terms of reference, rough and formal draft and final reports and action plans are all discussed and agreed with the service under review);
- (2) Audits are followed up, where appropriate, to ensure that agreed actions are implemented (method and approach to follow up work varies depending on the nature of the issues identified in the original audit);
- (3) All audit work is supervised/reviewed at key stages of the process, this is to ensure the scoping is appropriate and to check the accuracy, completeness and quality of the work undertaken (as per the Audit Manual standards);
- (4) An external review of the IA team is required every five years to ensure the team complies with the professional practices of Internal Audit as stated in the PSIAS.

5.12 The work produced by IA is designed to identify and provide remedial action for weaknesses in the internal control framework. Weaknesses that are identified are categorised according to their severity (fundamental, significant, moderate and minor).

5.13 Taken together, the above provides a sound basis for the Audit Manager to provide an annual opinion of the internal control framework of the Council.

5.14 The Audit Team consists of five staff; the Audit Manager, a principal auditor and three senior auditors.

- 5.15 Appendix C sets out the proposed work plan for Internal Audit. The plan over the three year period shows the level of resource is sufficient to meet the planned programme of work.
- 5.16 Good practice as stated in CIPFA's Fighting Fraud and Corruption Locally requires an Annual Anti-Fraud Work Plan to be prepared which links to the Audit Plan. A draft Fraud Plan is attached at Appendix D.
- 5.17 The PSIAS require IA to have a Quality Assurance and Improvement Programme. As the team only completed the action plan resulting from the external assessment last year, a full self- assessment against the PSIAS was not deemed necessary this year. Instead, the Audit Manager has identified areas for improvement from reviewing and monitoring audit assignments during 2020/21. Areas that the team will focus on improving are as follows:-
- (1) project planning techniques in order to reduce timeframes for completion of audit assignments;
 - (2) Increase the use of IDEA (data analytics software) as part of obtaining assurance during an audit;
 - (3) Include coverage of basic I.T. controls in the scoping of audits where databases/systems are being used, in order to provide wider coverage of these controls as there are many systems in use within the Council.

Proposals

- (a) That the Governance and Ethics Committee approve the planned work programme for IA, together with the content of the revised Internal Audit Charter and Reporting Protocol.

6 Other options considered

None, the Public Sector Internal Audit Standards (PSIAS) require the Council's Audit Plan and Internal Audit Charter to be approved by the Governance and Ethics Committee.

7 Conclusion

This report sets out the proposed work for IA over the next three years. In order for an informed decision to be made regarding the work programme, this report sets out the role of IA together with supporting information as to how the plan is compiled.

8 Appendices

- 8.1 Appendix A – Internal Audit Charter;
- 8.2 Appendix B – Internal Audit Reporting Protocol;
- 8.3 Appendix C – Internal Audit Plan;
- 8.4 Appendix D - Anti-Fraud Work Plan.

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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Owning Service	Internal Audit		

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AUDIT CHARTER

1 Definition and Purpose of Internal Audit

- 1.1 The Public Sector Internal Audit Standards (PSIAS) provide the following definition of Internal Audit.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

- 1.2 The PSIAS is mandatory for Internal Audit in local government, and Internal Audit is a statutory function as outlined in the Accounts and Audit Regulations 2015 which require each local authority to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices.
- 1.3 The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

2 Scope of Internal Audit Work

- 2.1 The scope of Internal Audit activities encompasses, but is not limited to, objective examination of evidence for the purpose of providing independent assessments to the Governance and Ethics Committee and management on the adequacy and effectiveness of governance, risk management and control processes for the Council. Internal Audit assessments cover the following:-

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- The level of compliance with procedures, policies, regulations and legislation.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes have been established to enable compliance with policies, procedures, laws and regulations.
- A review of the value for money processes, systems and units within the Authority.
- Information and the means used to identify, measure, analyse and classify and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and appropriately protected.

- 2.2 Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.
- 2.3 The existence of an Internal Audit function does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in an efficient, secure and well ordered manner within the Authority.

3 Other Types of Audit Work

- 3.1 As required under the Council's Ant-Fraud and Corruption Policy, Financial Rules of Procedure and HR Disciplinary Procedures, Internal Audit should be notified of any suspected cases of fraud/corruption. Internal Audit will be responsible for carrying out any investigations into such cases as deemed appropriate after consultation with the Council's S151 Officer (Executive Director - Resources) and Monitoring Officer (Service Director - Strategic Support).
- 3.2 Internal Audit may carry out work of an advisory nature (consultancy work), where their expertise in control and risk mitigation has been requested by a service/client. The nature and scope of such work is intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility for the overall design and implementation. Examples include counsel, advice, facilitation and training.

4 Core Principles and Professional Practices of Internal Auditing

- 4.1 The Core Principles, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Principles should be present and operating effectively:-
- Demonstrates integrity.
 - Demonstrates competence and due professional care.
 - Is objective and free from undue influence (independent).
 - Aligns with the strategies, objectives, and risks of the organisation.
 - Is appropriately positioned and adequately resourced.
 - Demonstrates quality and continuous improvement.
 - Communicates effectively.
 - Provides risk-based assurance.
 - Is insightful, proactive, and future-focused.

- Promotes organisational improvement.
- 4.2 Internal auditors in UK public sector organisations must conform to the Code of Ethics set out in the PSIAS. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.
- 4.3 Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's *Seven Principles of Public Life*.
- 4.4 The Internal Audit team will govern itself by ensuring adherence to the requirements of the PSIAS. The Audit team will regularly confirm compliance with the standards in reports to senior management and the Governance and Ethics Committee, and include a statement to this effect in each audit engagement report issued.

5 Authority

- 5.1 Internal Audit reports to the Service Director, Strategy and Governance. However, Internal Audit is also accountable to the Governance and Ethics Committee (the "Board" in PSIAS terms) for the delivery of assurance in relation to the Council's system of internal control.
- 5.2 The Audit Manager is the designated Chief Audit Executive in PSIAS terms. The Audit Manager reports functionally to the Governance and Ethics Committee and has a direct reporting line to the Service Director, Strategy and Governance who is the Council's Monitoring Officer and is a full member of the Council's senior management team, Corporate Board.
- 5.3 To establish, maintain, and assure that the Council's Internal Audit Team has sufficient authority to fulfil its duties the Governance and Ethics Committee will:-
- a) Approve the Internal Audit Charter;
 - b) Approve the risk-based internal audit plan and level of resources;
 - c) Receive communications from the Audit Manager on the Internal Audit team's performance compared to the plan and any other related matters;
 - d) Make appropriate inquiries of management and the Audit Manager to determine whether there is inappropriate scope or resource limitations relating to audit work.
- 5.4 The Audit Manager will have direct access to the Governance and Ethics Committee Chairman and the Chief Executive.
- 5.5 The Governance and Ethics Committee authorises the Internal Audit team to:-

- a) Have full, free and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any audit, subject to accountability for confidentiality and safeguarding of records and information.
- b) Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- c) Obtain assistance from the necessary personnel of the Council, as well as other specialised services from within or outside of the Council in order to complete the audit engagement.

6 Independence and Objectivity

- 6.1 Internal Audit as a function will remain independent of the Authority's operational activities, and its auditors will undertake no operational duties. Accordingly internal auditors will not implement internal controls, develop procedures, initiate or approve transactions external to Internal Audit, or engage in any other activity that may impair their judgement. This will allow auditors to perform duties in a manner which facilitates impartial and effective professional judgements and avoids conflict of interest.
- 6.2 The scope of Internal Audit allows for unrestricted coverage of the Authority's activities and access to all staff, records and assets deemed necessary in the course of the audit.
- 6.3 Accountability for the response to advice and recommendations made by Internal Audit lies with the management of the Authority. Management can accept and implement advice and recommendations provided or formally reject them. Internal Audit is not responsible for the implementation of recommendations or advice provided.
- 6.4 The Audit Manager will ensure that the Internal Audit team remains free from all conditions that threaten the ability of the internal auditors to carry out their responsibilities in an unbiased manner. The Audit Manager will confirm to the Governance and Ethics Committee at least annually the organisational independence of the Internal Audit team.
- 6.5 The Audit Manager will disclose to the Governance and Ethics Committee any interference and related implications in determining the scope of internal audit work, carrying out the audit or reporting the results.

7 Reporting

- 7.1 All audit assignments will be the subject of a formal report written by the appropriate auditor. The majority of reports will include an 'opinion' on the adequacy of controls in the area that has been audited (exceptions being Compliance Checks and Advisory reviews).
- 7.2 A follow-up review will be undertaken where the overall opinion of a report is 'Weak' or 'Very Weak'. Where a 'Satisfactory' opinion is given then a follow up may be carried out if felt necessary, by either management or internal audit. The follow up will ascertain whether actions stated by management in response to the audit report have been implemented in order to provide assurance that the control framework is now effective, or flag up concerns where it is considered this is not the case.
- 7.3 Internal Audit will prepare quarterly reports for senior management and the Governance and Ethics Committee regarding:-
- a) The Internal Audit team's purpose, authority and responsibility;
 - b) The Internal Audit team's plan and performance relative to the plan;
 - c) The Internal Audit team's conformance with the PSIAS;
 - d) Significant risk exposures and control issues, including fraud risks, governance issues and other issues requiring attention;
 - e) Results of audit work;
 - f) Resource requirements;
 - g) Any response from management which is considered unacceptable compared with the associated risk.

8 Quality Assurance and Improvement of the Internal Audit Service

- 8.1 The Internal Audit team will maintain a quality assurance and improvement programme that covers all aspects of Internal Audit work. The program will include an evaluation of the Internal Audit Team's conformance with the PSIAS. The program will also assess the efficiency and effectiveness of the Internal Audit Team and identify opportunities for improvement.
- 8.2 The Audit Manager will communicate to senior management and the Governance and Ethics Committee on the quality assurance and improvement programme. This will include the results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent Assessor from outside the Council.

9 Resourcing of the Internal Audit Team

- 9.1 The Audit Manager is responsible for ensuring that the audit team is adequately resourced in order to be able to provide an informed annual opinion on the council's Internal Control framework.
- 9.2 Where the Audit Manager has concerns over the level of audit resource this is formally flagged up with senior officers and members as part of submission of the draft Audit Plan for approval and progress monitoring reports.

Internal Audit Reporting Protocol (Reviewed February 2021)

1 Purpose and Scope

- 1.1 This document outlines the way internal audit will initiate, and report on work for the Council. This protocol relates only to Council Services, a separate protocol exists for Schools.
- 1.2 In terms of this protocol there are two types of audit work that will involve different approaches to reporting. These are:
 - Routine planned audits to provide assurance
 - Advisory work carried out at the request of the client
- 1.3 Two tables are attached which summarise the key elements of this protocol for each of the above.
- 1.4 The lead auditor is responsible to the Audit Manager for managing the audit in compliance with the “Public Sector Internal Audit Standards”. Responsibility for the content of the resulting audit report will remain with the relevant lead auditor and the Audit Manager.

2 Initiating work

- 2.1 The following highlights the key stages for commencing Internal Audits.
- 2.2 Terms of reference will be issued for planned audit reviews that will set out the scope of the work to be carried out and confirm the reporting arrangements.

3 Reporting the results of Internal Audit work

- 3.1 The reporting process planned work has three key stages:-
Rough Draft Report;
Draft Report;
Final Report.
- 3.2 The rough draft will be issued to the relevant service manager to check the factual accuracy, and to obtain their initial observations.
- 3.3 The formal draft will be issued once the service manager is satisfied with the accuracy of the report. The circulation of the formal draft report will ensure that all relevant people have had an opportunity to comment on the content of the report, prior to it being finalised.
- 3.4 We request comments/observations from all recipients, however, we treat the relevant Head of Service/Unit Manager as the main client, and as such we require a response as to whether the recommendations are agreed or otherwise before the report is finalised. Where a recommendation is not agreed, we require the client’s reasoning for this, and this detail is included in the Action Plan (attached at the back of the report) for future reference.

Internal Audit Reporting Protocol (Reviewed February 2021)

- 3.5 Where, during an audit, a serious problem is discovered which requires immediate attention, it may be necessary to issue an interim report. The Audit Manager will contact the Head of Service to discuss any such issues prior to an interim report being issued. At a minimum any issues of concern will be raised at the point of identification. Some audit sections carry out a 'closure meeting/discussion at the end of the 'testing' stage of each audit to highlight the areas of weakness identified that will be included in the report. We do not do this, we use the 'rough draft report' as the basis of the initial discussion with managers, as this has been created after a thorough review process it ensures that the feedback is comprehensive and points are not missed.
- 3.6 The Terms of Reference for the audit give an indication of the timescales for issuing the rough draft report. This is for guidance only as there are numerous factors that can impact on us being able to meet these targets.

4 Follow Up of Audit Recommendations

- 4.1 A follow up process is required in order to be able to give management/members assurance that the agreed action plans have been implemented. All audits with weak or very weak opinions will be followed up. Audits with a satisfactory opinion may be followed up if, in the opinion of internal audit or management, the weaknesses identified by the audit warrant a follow up.
- 4.2 A follow-up review is instigated approximately six months after the audit report was finalised.

5 Reporting to the Governance and Ethics Committee

- 5.1 On a quarterly basis the Audit Manager will provide the Committee with a report that summarises the results of audits and follow up audits completed during the period.
- 5.2 Where a follow up is categorised as unsatisfactory a written comment from Internal Audit will be provided. In addition, the Head of Service will normally be asked to attend the Governance and Ethics Committee to outline the reasons for the failure to implement the agreed action plan and to provide plans on how they intend to improve the situation. Members of the Governance and Ethics Committee may request Internal Audit to carry out a second stage Follow-up where they are concerned about lack of progress.

6. Role of Portfolio Holders in the audit process

- 6.1 Portfolio Holders are copied in on the proposed Terms of Reference for each engagement together with being copied in on the final version of the report.
- 6.2 The role of the Portfolio Holder in the audit process is to:

Internal Audit Reporting Protocol (Reviewed February 2021)

- Feed in any issues of concern at the start of the audit so that these can be considered by the auditor in scoping the review.
- Support the relevant Head of Service/Service Director in considering weaknesses identified in the audit report together with the recommended actions.
- Support the Head of Service/Service Director in implementing agreed action plans.

1) Audit Assurance Reviews

Client	Terms of reference	Rough Draft Report	Formal Draft Report	Final Report	Follow-up details
S151 Officer (Executive Director - Resources)	All cases		Other services - where there are fundamental weaknesses identified	All cases	All cases
Service Director for Strategy and Governance (Line Management for Internal Audit)	All cases		All cases for the SD's service areas Other services - where there are fundamental weaknesses identified	All cases	All cases
Service / Unit Manager	All cases	All cases	All cases	All cases	All cases
Head of Service/Service Director	All cases	Only where serious issues relating to the service, i.e. fundamental weaknesses or issues of concern relating to the service manager. Such issues would normally be raised before the report is written	All cases	All cases	All cases
Executive Director	All cases		Where there are fundamental weaknesses in the service	All cases	All cases
Chief Executive	Only where the C/Ex has requested the work		Only where the C/Ex has requested the work or if there are significant issues that need to be highlighted - The Audit Manager will decide on the necessity to issue a report at this level.	Cases where there are significant issues that need to be highlighted.	Cases where there are significant issues that need to be highlighted.
Service Portfolio Holder	All cases			All cases	All cases
Portfolio Holder for Internal Audit	All cases			Depending on the preference of the portfolio holder	Depending on the preference of the portfolio holder

2) Advisory/VFM Reviews

(The approach will be agreed with the client prior to commencing a review, and to be noted in the terms of reference to provide clarity of how the findings are to be reported). Advisory reviews may arise from the need for advice on key controls in systems where the Service concerned is already aware that improvement is needed or where the systems are being changed by the service area, (eg a new ICT system is being implemented).

Client	Terms of Reference	Rough Draft Report	Formal Draft Report	Final Report
Line Manager	All cases	All cases	All cases	All cases
Head of Service/Service Director	All cases		All cases	All cases
Executive Director	All cases		Cases where there are significant issues that need to be highlighted.	All cases
S151 Officer	All cases		All cases for his services Cases where there are significant issues that need to be highlighted.	All cases
Head of Finance and Property	All cases		All cases for his service Cases where there are significant issues that need to be highlighted.	All cases

Further escalation of the advisory / VFM reviews reporting to the Chief Executive and the relevant portfolio Member will depend upon the significance of issues / number of weaknesses identified and will be determined by the relevant auditor in consultation with the Audit Manager.

Due to the nature of the work an overall opinion will not be given for an advisory/VFM review. However, some of these reviews may warrant a follow-up audit, depending on the significance of the findings, where this is the case a progress categorisation will be given.

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INTERNAL AUDIT PLAN OF WORK 2021/22 to 2023/24

Key risks to be covered

Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
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AUDIT PLAN RATIONALE

- 1) Frequency of review is based on the overall risk rating and when the previous review was carried out.
- 2) Level of audit resource is dependent on complexity of the area to be reviewed and the level of assurance required for the risks identified.
- 3) Risk assessment factors taken into account when determining the risk category:- degree of instability/complexity of system/sensitivity of information/likelihood of fraud or corruption/previous audit control opinion.

AUDIT TYPE - KEY

- SR Strategic Risk
- AFW Anti Fraud Work
- KFS Key Financial System
- ACW Anti Corruption Work
- VFM Value for Money
- OR Operational Risk
- ADV Advisory
- EST Establishment Audit (Audit Programme of work for specific type of establishments e.g. schools, residential care homes)
- CRR - Used where the item appears on the Corporate Risk Register

METHOD OF REVIEW - KEY

- FR Full Risk Based Audit
- SR Short Focussed Review
- DA Data Analytics Review

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
Corporate Audits											
Audit No.											
1	Mileage Claims - Compliance with Council procedures	a) Inaccurate/inappropriate claims resulting in theft/fraud	High		AFW	2013-14			20		20
2	Income collection - spot checks	a) Theft/Fraud	Medium		AFW	2014-15				10	10
3	Commercialisation Projects	a) Legality of operations not fully explored or validated b) Governance arrangements have not been clearly defined/established to monitor achievement of stated aims and objectives	High		SR	2019-20				20	20
4	Compilation and Monitoring of the Capital Programme	a) Ineffective project management - budgets exceeded/deadlines exceeded/outcome does not meet client needs b) Implementation and usage of PMM	Medium		SR	2012-13			15		15
5	IR35	a) Non compliance with legislation b) Inaccurate calculations could result in financial penalties and interest being incurred	Medium		SR	2019-20				10	
6	Council Strategy Themes - Delivery of Projects	a) Council Strategy Projects are not delivered b) Projects are not delivered in a timely and cost effective manner	High		SR	New	FR	20		15	35
7	Governance / Risk Management	a) Non compliance with Legal requirements b) Ineffective framework for AGS reporting c) Ineffective framework for overseeing the Council's governance rules i.e. the Constitution	Medium		SR	2020-21					
8	NFI Investigation work	a) fraud by employees/residents	High		AFW	2019-20	N/A	30	25	25	80
9	GDPR	a) Non compliance with Data Protection Act b) Information not stored securely c) Personal information issued/sent to incorrect parties b) data could be amended/destroyed/sensitive data made public	High	CRR	SR	2018-19			15		15
10	Telecommunications	a) Inappropriate use of equipment/ineffective monitoring of personal calls resulting in unnecessary expenditure being incurred possibility of Fraud/abuse b) There isn't a consistent approach when determining who can be allocated telecoms equipment, therefore assessing the need for Telecoms equipment	Medium		AFW	2017-18			15		15
11	Procurement cards	Ineffective monitoring of card usage resulting in inappropriate expenditure being incurred	High		AFW/SR	2018-19			10		10
12	Online Grant Applications	a) Fraudulent applications made b) Grant conditions not met resulting in repayment and/or criticism	Low		AFW	NEW			10		
13	Grant Allocation/monitoring	a) Grants not awarded appropriately b) Grant allocations are not accurately recorded/effectively monitored.	Low		SR	2006-07				15	15
14	Corporate Fraud Review	a) Council's approach to dealing with fraud does not meet the revised CIPFA guidance b) The Council is not being a pro-active as it could in deterring/highlighting fraud	Medium		AFW	2013-14			15		15
15	Archiving Council Records	a) Ineffective service provision b) Storage requirements not reviewed c) Unnecessary costs incurred	Low		OR	2014-15				10	10
16	Digitalisation Agenda	a) Self service options are not being fully considered/progressed b) Opportunities for efficiency savings/customer experience improvement are not being maximised c) Data security is not fully considered/tested as part of implementation.	High		SR/OR	2019-20					

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
17	The People's Lottery	a) the scheme is not popular/not achieving the anticipated benefits b) Reputational risk if the scheme is not effectively and appropriately managed.	Medium		AFW/OR	New			10		10
18	Effectiveness of the Governance and Ethics Committee	a) The Committee does not operate in accordance with good practice (CIPFA Guidance) b) The Committee does not have adequate scope and responsibility to effectively oversee the Council's governance framework. c) The Committee is not provided with sufficient and timely information to be able to make informed decisions.	Medium		SR	2019-20					
19	Use of Social Media	a) The Council is unaware of its social presence and is unreactive/provides ad-hoc and inconsistent responses. b) Reputational Damage, unfavourable or confidential information released. C) Poor corporate image portrayed by employees/members.	High		SR	New				15	15
20	Business Continuity	a) Council has not clearly defined its approach to dealing with an emergency b) Service delivery impacted c) Recovery timeframes increased d) Residents may suffer financial hardship e) Council may not meet its duty regarding safeguarding of adults/children	High	CRR	SR	2007-08	FR	20			20
21	COVID Grant Assurance (non business grants)	a) Non compliance with grant terms and conditions b) Inaccurate or fraudulent payments c) Risk of having to return funding for grants paid in error	High		SR	New	N/A	30			30
	total							100	135	120	335

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
Resources Directorate											
Head of Finance and Property											
1	General Ledger	a) Inaccurate information for management decisions b) Budgets exceeded c) Qualified accounts	High		KFS	2017-18	FR	15			15
2	Fixed Asset Register	a) Non compliance with accounting standards b) Qualified Accounts	Medium		ADV	2020-21					
3	Budget Monitoring	a) Inaccurate Information b) poor decision making	High		SR	2015-16	FR	20			20
4	MTFS (to incorporate Business Rates estimating and profiling)	a) Council's financial targets are not realised b) Budget pressures c) Increases in Council Tax	Medium		SR	2013-14			20		20
5	Treasury Management	a) Inappropriate cashflow decisions - income not maximised b) Legislation/Internal policies not complied with	Medium		KFS	2018-19	FR	15			15
6	Bank Reconciliation (cover Chaps payments)	a) Inappropriate transactions processed through the bank b) Inaccurate year end accounts c) Qualified opinion from External Auditors	Medium		OR	2017-18			15		15
7	VAT	a) Non compliance with Revenues & Customs requirements - financial penalties	Medium		OR	2013-14			15		15
8	Insurance (claims management)	a) Inappropriate assessment of uninsured losses b) Inaccurate claims record for management information c) Poor management information/Ineffective claims management	Medium		SR	2015-16				15	15
9	Building Maintenance	a) Ineffective maintenance programme, b) Non compliance with legislation (internal, H&S, EU tendering policies)	Medium		OR	2020-21					
10	Asset Management Strategy	a) Non compliance with legislation, b) Ineffective management of asset portfolio	High		SR	2016-17			15		15
11	Property Database - Assessment of implementation of phase 1	a) System does not meet the defined outcomes for phase 1 b) Data is not up-to-date/inaccurate which could lead to incomplete/inaccurate system reports and inappropriate management decisions.	Medium		SR	2015-16					
12	Asset Project Management	a) Failure to deliver major projects on budget, timely manner, to meet need of clients, b) Non compliance with legislation	Medium		SR	2015-16				15	15
13	Commercial Rents	a) Non compliance with legislation, b) Loss of income/increased void periods, c) Misappropriation of leases	Medium		OR	2013-14			15		15
14	Facilities Management	a) Ineffective contract management which could result in lack of compliance with regulations b) Poor response to requests for service, resulting in staff Health and Safety issues.	Medium		OR	2011-12	SR	12			12
15	Health and Safety	a) Non compliance with H&S Legislation - legal action/penalties	Low		SR	2012-13				10	10
16	Accounts Payable	a) Inappropriate/fraudulent payments b) budgets exceeded	High		KFS	2017-18	FR	15			15
17	Accounts Receivable	a) Council's cash flow affected b) Income not maximised	High		KFS	2020-21					
18	Car Loans & Car Leasing	a) Inaccurate payroll deductions b) Non compliance with Inland Revenue requirements	Low		OR	2013-14				10	10
19	Income Collection/Recording Processes	a) Inaccurate processing of income - affecting cash flow decisions b) Fraud/theft c) Accounts could be qualified	Medium		AFW	2016-17				15	15

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
20	National Non-domestic Rates	a) Non compliance with legislation/local schemes for exemptions b) Income generation/collection not maximised c) Qualified accounts	High		KFS	2018-19	FR	15			15
21	Council Tax	a) Non compliance with legislation/local schemes for reductions b) Income generation/collection not maximised c) Accounts qualified	High		KFS	2019-20			15		15
22	Council Tax Reduction Scheme	a) Non compliance with legislation/local schemes for reductions b) Income generation/collection not maximised	Medium		AFW	2019-20					
23	COVID Business Grants Assurance	a) Non compliance with BEIS requirements b) Inaccurate or fraudulent payments c) Risk of having to return funding to BEIS for grants paid in error	High		SR/AFW	New	N/A	30			30
Total								122	95	65	282

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
Service Director - Strategy and Governance											
1	Recruitment (process)	a) Delays in appointing staff - disruption to service delivery b) Non compliance with employment legislation c) DBS failure	Medium		AFW/SR	2012-13			15		15
2	Absence Management	a) Council's sickness policy not being adhered to b) Inaccurate information for performance management	Low		SR	2011-12				10	10
3	Workforce Strategy	a) Long term vision not clearly defined b) Outcomes not defined/measurable c) Strategy is not achieved and therefore impact on the Council achieving its workforce aims and objectives	High		SR	New	FR	15			15
4	Staff Training and Development (Corporate and Professional Training - across whole Council)	a) Failure to develop staff in accordance with good practice b) Failure to inform new employees of legislation, key corporate policies and procedures they need to be aware of adhere to c) VFM/cost effectiveness not taken into account within services when making spending decisions	Low		SR	2014-15				15	15
5	Payroll	a) Ghost employees set up b) Inaccurate payments made c) Inaccurate deductions made	High		KFS	2020-21			15		15
6	Apprenticeship Levy/Use of the Apprenticeship Service	a) Non compliance with legislation b) Budgets do not reflect the increase in costs c) Payment calculations are not correct d) Apprenticeship levy paid is not used therefore funds are lost.	Medium		SR	2017-18				15	15
7	Disclosure and Barring Service	a) Vulnerable adults/children could be put at risk due to the Council Scheme not meeting the requirements of the national guidance and/or local processes have not been established to ensure that backgrounds check are undertaken/recorded and updated.	Medium		SR	2020-21					
8	Legal Services	a) Framework of systems and procedures not effective to manage deliver/quality of service provision b) Use of external expertise is not effectively managed/increased cost c) Quality standards not adhered to	Low		OR	2010-11				15	15
9	Service Planning/targets and performance management	Service Delivery / intervention / legal obligations / performance indicators / linkages to Timelord	Medium		SR	2013-14	FR	20			20
10	Review of new governance arrangements	a) The changes are not working as effectively as intended b) Governance requirements are not being adhered to	Medium		SR	2020-21					
11	Equality Impact Assessments	a) Non compliance with national guidance b) Unaware of impact of changes in policy/decisions on local community c) lack of transparency/accountability d) Judicial review overturns decisions	Low		SR	2013-14				10	10
12	Members expenses	a) Inappropriate payments, b) Over payments on budgets, c) Non compliance with legislation/policies	Medium		OR/AFW	2020-21					
13	Complaints / Code of Conduct	a) Ineffective policies and processes in place, b) Non compliance with policies/processes c) Customer dissatisfaction with Council Services d) Reputational damage	Low		SR	2012-13			15		15
14	Freedom of Information	a) Non compliance with legislation b) No Standard approach for dealing with requests c) Adequate records not maintained of requests/responses	Low		SR	2014-15				15	15
15	Management of the Internet/Intranet	a) Ineffective processes and procedures, b) Inappropriate information published - version control c) Poor search engine resulting in ineffective searches for information	Medium		SR	2011-12	SR	12			12

	Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
16	Electoral Services a) Non compliance with legislation, b) Inappropriate entries on register, b) Incorrect payments/expenditure/charges	Medium		OR	2017-18	FR	15			15
17	Land Charges a) Non compliance with legislation b) Income collection processes are not effective	Low		OR/AFW	2007-08			12		12
18	Project Management Oversight - Role of Programme Group/Board (ICT investment) a) Systems do not meet business/user needs b) Escalation of costs/time to implement c) Poor customer service experience	High		ADV	New	FR	20			20
19	Post Implementation Reviews Oversight a) Systems do not meet business/user needs b) Escalation of costs/time to implement	High		SR	2013-14			15		15
	total						82	72	80	234

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
Head of I.C.T.											
1	I.T. Strategy	a) Does not meet changing needs of the organisation b) Progress not measured/monitored - objectives not achieved	Medium		SR	2007-08			10		10
2	Software licences	a) Non compliance with legislation (software licences)	Low		OR	2003-04					
3	Change Control Management	a) Inappropriate changes b) Changes do not meet the needs of users c) Changes not operationally effective	Medium		OR	2016-17				15	15
4	System Security - Corporate Systems access	a) Non compliance with Data Protection Act b) Unauthorised access to data b) data could be amended/destroyed/sensitive data made public	High		SR	2011-12	FR	20			20
5	System Security - firewalls/traffic management/anti-virus software	a) Systems and data could be inappropriately accessed - data destroyed or manipulated b) Ransomware attack - no access to systems/data	High	CRR	SR	2007-08	FR	15		15	30
6	ICT Asset Security	a) More staff working from home - increased risk of loss of assets b) Asset records may not accurately record all assets/assets may not be accounted for c) Assets may not be stored	High	CRR	SR	2011-12	SR	12			12
7	Ensure continuous service (Disaster Recovery for I.T. Service)	a) Contingency plan not in place/not effective - service delivery affected	High		SR	2011-12			15		15
8	PSN Compliance Certificate	a) Non compliance with Government I.T. Security requirements b) Not able to access government data/share data with other government bodies	Low		SR	2010-11					
9	Manage problems and incidents (help desk)	a) Interruptions to service delivery b) Staff performance adversely affected	High		OR	2012-13			15		15
10	EDI (BACs)	a) Inaccurate/inappropriate electronic transactions	Low		OR	Not audited					
11	Printing Service	a) Inefficient operations b) Delivery targets not met	Low		OR	2014-15				15	15
12	Superfast Broadband Project	a) Ineffective Contract Management b) Key deliverables not being achieved/achieved as per contract c) External Funding may be withdrawn	Medium	CRR	OR	2014-15					
Total								47	40	45	132

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
Head of Commissioning											
1	Brokerage/Care Commissioning Placement Processes	a) Value for money not obtained when choosing external providers b) Care provision not formalised/not monitored - escalation of costs/ care standards not met	High		OR	2017/18			20		20
2	Contract Letting/Monitoring - Care Packages	a) Value for money not obtained when choosing external providers b) Care provision not formalised/not monitored - escalation of costs/ care standards not met b) Non compliance with EU legislation	High		OR	partial coverage in 2017-18				20	20
3	Contract letting - Other than Care Packages	a) Non-compliance with Contract rules of Procedure b) Non compliance with EU legislation (Remedies Directive) c) Value for money not obtained	Medium		ACW/VFM	2014-15	FR	20			20
4	Contract monitoring - Other than Care Packages	a) Non-compliance with Contract rules of Procedure b) Contract spec not met c) Contract costs exceeded	Medium		SR	2019-20					
Total								20	20	20	60

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
People Directorate											
Service Director Adult Social Care											
1	Better Care Fund	a) Ineffective governance/communication between parties b) Effectiveness of arrangement not monitored - objectives not achieved/budgets exceeded.	Medium		SR	2019-20					
2	New Way of Working (the three key offers)	a) Care Act not adhered to b) Aims of the initiative are not met c) Processes are not sufficiently robust to achieve the stated aims	Medium		SR	New					
3	Assessment of Needs/Purchase of Care - (MH/LD)	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium		OR	2008-9		15			15
4	Assessment of need /Purchase of Care - Respite	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium		OR	2012-13				15	15
5	Carers' Assessments/payments	a) Care Act is not adhered to b) Assessments not undertaken timely/ care plans not put in place c) Carers initial needs not met which could result in increased demand on services/budgets.	Medium		OR/AFW	2020-21					

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
6	Resource Centres (3)	Establishment reviews - key risks - budgetary control/appropriateness of expenditure	Low		EST	2013-14			6		6
7	Residential Homes - Elderly (4)	Establishment review - key risks - budgetary control/appropriateness of expenditure	Medium		EST	2010-11		10		6	16
8	Assessment of needs/Purchase of care - Home Care	a) Legislation is not adhered to b) Inappropriate care packages c) Ineffective contract management/budgets could be overspent	Medium		OR	2006-07	FR	15			15
9	Assessment/Purchase of Care - Residential/Nursing	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium		OR	2017-18				15	15
10	Shared Lives - Placements and Payments	a) Scheme not effectively managed b) Incorrect/inappropriate payments, c) Overspends on budget	Medium		OR/AFW	2020-21					
11	O/T - Equipment - pooled budget	a) Ineffective governance/communication between parties b) Effectiveness of arrangement not monitored - objectives not achieved/budgets exceeded	Low		OR	2011-12				15	15
12	Personal Budgets (Direct Payments/Use of payment cards)	a) Legislation/internal procedures not adhered to b) Inappropriate care packages c) Budgets could be overspent	High		OR/AFW	2017-18	FR	20			20
13	Client Financial Assessments	a) Non compliance with legislation/Council's policy b) Inaccurate charges calculated c) Ineffective income collection/recovery procedures	Medium		OR	2017-18				15	15
14	Residents Property (Appointeeship/Deputyship)	a) Misappropriation of client property b) Inaccurate records of level/type of property held c) Non compliance with legislation	Medium		OR/AFW	2013-14				15	15
15	Deprivation of Liberty Safeguards	a) Legislation not adhered to b) Assessments inaccurate c) Supervision / review of contractors performing assessments inadequate	High	CRR	OR	2020-21					
total								45	51	51	147

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
Head of Education											
1	Secondary Schools (3)	Review of key risks - budgetary control, income collection, control of assets, school governance			EST	Annual Programme			14	10	24
2	Primary Schools (60)	Review of key risks - budgetary control, income collection, control of assets, school governance			EST	Annual Programme		90	66	66	222
3	Nursery Schools (2)	Review key risks: Compliance with legislation, accurate completion of grant claims			EST	2016-17				6	6
4	Special Schools (2)	Review key risks: Compliance with legislation, budgetary control, control of assets,			EST	2018-19			6		6
5	i-College	Review key risks: Budgetary control, appropriateness of expenditure			EST	2020-21				8	8
6	Family Hubs	a) Centres have not been set up in accordance with government guidelines b) governance arrangements between the Centre and key stakeholders have not been established c)	Medium		OR	New	SR	12			12
7	Formula funding / DSG	a) Non compliance with legislation, b) Ineffective budget builds	Medium		OR	2009-10			15		15
8	School Census	a) Submission of incorrect returns, b) Inaccurate funding	low		OR	2012-13					
9	Family Support Packages for Disabled Children (to include short breaks)	a) Non compliance with legislation, b) Inappropriate packages, c) Overspends on budgets	Medium		OR	2015-16				15	15
10	School Admissions Policy	a) Non compliance with legislation, b) Unsuitable school offers, c) Invalid admissions data	Low		OR	2009-10			15		15
11	Home to School Transport Entitlement	a) Employment of inappropriate individuals, b) Misallocation of free transport,	Low		OR	2008-09				15	15
12	Nursery Provision - early years grant	Review key risks: Compliance with legislation, accurate completion of grant claims	High		OR	2020-21					
13	After Schools Clubs	a) Non compliance with government targets/legislation, b) Misuse of grant funds, c) Activities are not effectively monitored	Low		OR	2007-08				15	15
14	Special Education Needs and Disability (SEND)	a) Not meeting requirements of the new legislation/guidance b) Expenditure may not be effectively monitored	Medium	CRR	OR	2019-20	FR	15			15
15	School Library and Museum Services (Joint arrangement)	a) Contract not effectively monitored b) Service not meeting client needs c) Value for money not obtained	Low		OR	2015-16					
16	Adult Education	a) Non compliance with legislation, b) Non achievement of targets and standards, c) Overspends on budgets	Low		OR	Partially covered in 2018-19 (contract Man. audit)					
17	Castlegate	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	Low		OR	2018-19				8	8
18	Assessment of Need/Purchase of care - Residential	a) Non compliance with legislation, b) Inappropriate packages, c) Overspends on budgets	Medium		OR	2008-09	FR	15			15
19	Assessment of needs/Purchasing Care - Respite	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium		OR	2015/16				15	15

	Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
20	Personal Budgets/Direct Payments a) Legislation/internal procedures not adhered to b) Inappropriate care packages c) Budgets could be overspent	High		OR	2019-20	FR	15			15
21	Offsite Activities - review of external provision of service a) Non compliance with legislation, b) Poor risk assessment c) Inappropriate activities undertaken	Low		OR	2005-06			10		10
	total						147	126	158	431

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
Head of Children and Family Services											
1	Assessment & collection of client contributions	a) Non compliance with legislation, b) Incorrect assessments, c) Contributions not being requested	Low		OR	2011-12				10	10
2	Adoption - Recruitment, Placement and Allowances (Shared Service Arrangement)	a) Non compliance with legislation, b) Ineffective procedures to monitor the shared arrangement	Medium		OR	New	FR	15			15
3	Guardianship/Residence Orders	a) Non compliance with legislation, b) Incorrect/inappropriate payments, c) Overspends on budget	Medium		OR	2017/18				15	15
4	Payment of Carers (foster carers)	a) Non compliance with legislation, b) Incorrect/inappropriate payments, c) Overspends on budget	Medium		OR/AFW	2020-21					
5	S17 - Payment of Support Costs/Allowances	a) Non compliance with legislation, b) Incorrect/inappropriate payments, c) Overspends on budget	Medium		OR	2015-16					0
6	Child Care Lawyers (joint arrangement with Berkshire Authorities)	a) Incorrect submission of charges to WB, b) Ineffective communication with Children's services, c) Cases wrongly undertaken by WB, d) Costs incorrectly calculated	Medium		OR	2004-05			15		15
7	Unaccompanied Children - Asylum Seekers	a) Non compliance with legislation, b) Asylum seekers/care leavers are not adequately supported, c) Inadequate financial controls re payment of allowances/fraud.	Medium		OR	2018-19				15	15
8	Social Worker Recruitment and Retention Package	a) The effectiveness of the package is not being reviewed to ensure that benefits are being realised as intended. b) The package is not cost effective.	Low		OR	2019-20					
9	Turnaround Families Programme	a) Non compliance with requirements of the scheme b) Ineffective procedures to monitor and track outcomes c) Lack of evidence to validate grant payments claimed	Medium		OR	2020-21	N/A	12	12	12	36
	total							27	27	52	106
Service Director - Communities and Wellbeing											
1	Joint Agreement Governance	a) Non compliance with legislation b) Ineffective joint working arrangements resulting in poor budgetary control and/or service provision.	Medium		OR	2015-16			15		15
2	Joint Needs Assessment/Health and Wellbeing Strategy	a) Non compliance with legislation b) Failure to deliver a programme of work to address the stated aims and goals.	Medium		SR	2015/16				15	15
3	Commissioning/contract management	a) contracts are poorly managed, leading to poor performance and overspending against budgets. b) Lack of compliance with the Council's Contract Rules of Procedure and/or contracts fail to achieve value for money, leading to overspending and poor performance.	Medium		SR	2015/16	FR	20			20
4	Leisure Centre Management	a) Non compliance with legislation, b) Ineffective contract monitoring and management c) Health and Safety risk for service users	Medium		OR	2017-18			20		20
5	Museums (1)	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	Low		OR/AFW	2016-17				8	8

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
6	Berkshire Archive Service	a) Non compliance with terms of the joint arrangement b) ineffective monitoring of quality of service provision and costs	Low		OR	2008-09				10	10
7	Libraries Purchasing/stock control	a) Budgets overspent b) Inaccurate financial information for management decisions c) Stock may be misappropriated d) Purchasing arrangements are not cost effective	Medium		OR	2014-15		15			15
8	Libraries Income	a) Loss of stock is not reimbursed, resulting in additional expenditure b) Income collection not maximised	Medium		OR/AFW	2020-21					
9	Shaw House	a) Facilities' use/income opportunities are not being maximised b) The facilities do not offer value for money c) Costs are not being effectively controlled	Low		OR/AFW	2016-17				10	10
10	Registrars Service	a) Ineffective budgetary control, b) Insufficient control of income, c) Insufficient control of assets, d) Inappropriate expenditure	Low		OR/AFW	2020-21					
	total							20	50	43	113

	Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
Place Directorate										
Head of Public Protection and Culture										
	Environmental Health/Trading Standards Joint Arrangement covering:-	a) Non compliance with terms of the joint arrangement b) ineffective monitoring of quality of service provision and costs	Medium		2018-19					
1	Contract Management/Governance			OR	2018-19			15		15
2	Health and Safety			OR	2002-03				5	5
3	Licensing			OR	2020-21					
4	Purchase/Disposal of samples			OR	2013-14				5	5
5	Service requests for intervention			OR	2013-14				5	5
6	Civil Contingencies			SR	2011-12	SR	10			10
7	Food Safety and Standards				2013-14				5	5
8	Building Control	a) Non compliance with Regulations b) ineffective monitoring of quality of service provision and costs	Medium	OR	2019-20			15		15
	Total						10	30	20	60

Key risks to be covered			Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
Service Director - Environment											
1	Structural Maintenance / Engineering	a) Non compliance with legislation, b) Ineffective maintenance programme	Low		OR	2012-13					
2	Major Road Repairs (Projects)	a) Projects/schemes targets not met, b) Non compliance with internal policies, plans	Medium		OR	Not audited			20		20
3	Traffic Management	a) Projects/schemes targets not met, b) Non compliance with internal policies, plans	Low		OR	2013-14					
4	Highway Term Contract (excluding major road projects)	a) Non compliance with H&S legislation, b) Poor performance is not identified/rectified c) Costs are not monitored/VFM is not achieved	High		OR	2019-20				20	20
5	Home to School Transport / CRB checks	a) Ineffective contract management resulting in poor quality of service/vfm not achieved/health and safety issues due to inappropriate drivers or vehicles being used b) Ineffective utilisation of transport capacity/route planning	Medium		OR	2016-17	FR	15			15
6	Electrical (including Street Lighting)	a) Projects/schemes targets not met, b) Non compliance with internal policies, plans	Medium		OR	2019-20					
7	Street Works/Traffic Regulation Orders/Section 38 Charges	a) Legislation not adhered to b) Income not maximised c) Misappropriation of funds	Low		OR/AFW/ACW	NEW	FR	15			15
8	Concessionary Fares / Bus Passes	a) Fraud/theft, b) Non compliance with regulations	Medium		OR/AFW	2020-21					
9	Parking	a) Non compliance with legislation, b) Loss of income c) Fraud/theft	High		OR/AFW	2017-18	FR	20			20
10	Fleet Management	a) inefficient or inappropriate use of vehicles b) Ineffective contract management c) health and safety issues re roadworthiness of vehicles	Medium		OR	2016-17			15		15
11	Public Transport	a) Ineffective contract management resulting in poor quality of service/vfm not achieved/health and safety issues due to inappropriate drivers or vehicles being used) Income collection procedures are not robust resulting in fraud/loss of income.	Medium		OR/AFW	2017-18				15	15
12	Waste Management and disposal PFI	a) Ineffective contract management resulting in increased costs/service quality issues b) Recycling initiatives not being met	High		SR	2020-21					
13	Grounds Maintenance/Tree Maintenance contract	a) Contract specification is not met b) Inappropriate/inaccurate payments could be made	High		OR	2020-21					
14	Management of Parks and Commons Partnership Arrangement	a) Non compliance with terms of the joint arrangement/ineffective monitoring of service provision	Low		OR	New				10	10
15	Sports Pitch Hire	a) Income levels not maximised b) Income records inadequate c) Income is lost/stolen	Low		AFW	2020-21(risk assessment only)					
16	Public Rights of Way	a) Non compliance with legislation regarding plans for improvement and maintenance of rights of way b) Not having a robust challenge for insurance claim relating to public rights of way.	Low		OR	New			10		10
total								50	45	45	140

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
Head of Development and Planning											
1	Enforcement	a) Planning Legislation is not adhered to b) Management information is not up-to-date/accurate	Low		OR	2010-11				10	10
2	Community Infrastructure Levy (CIL)	a) Planning Legislation/local schemes are not adhered to b) Policy targets are not met c) Corruption d) Income is not maximised	High		OR	2019-20			15		15
3	S106 Obligations	a) Planning Legislation is not adhered to b) Council's Planning Policy is not followed c) Ineffective monitoring of planning obligations	Medium		OR	2019-20				10	10
4	Common Housing Register / Advice	a) Legislation is not adhered to b) Register not appropriately administered	Medium		OR/AFW	2009-10	FR	15			15
5	Homelessness Prevention/Management	a) Legislation not adhered to b) Accommodation is not obtained promptly/cost effectively c) Housing debts not appropriately managed	High		OR	2011-12	FR	15			15
6	Purchase and utilisation of Council Properties	a) Purchase and use of Council's own properties for Housing needs is not monitored/reviewed to ensure business case objectives have been met b) Value for money is not being achieved	Medium		SR	2020-21					
7	Renovation Grants/Disabled Facility Grants	a) Grants not awarded in accordance with legislation/Council procedures b) Inappropriate payments made c) Records not up-to-date/accurate	Medium		OR	2015-16				15	15
	total							30	30	20	80

Key risks to be covered

		Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2021-22	2022-23	2023-24	TOTAL Est Days 2021-2024
Other audit work (non service specific)										
1	Preparation of the audit plan/school visit programme						10	10	10	30
2	Monitoring the audit plan/school visit programme						10	10	10	30
3	Assurance Mapping						10	3	3	16
4	Liaison with Portfolio Members						4	4	4	12
5	FAGG/Governance and Ethics Committee						12	12	12	36
6	Audit Follow-ups						20	20	20	60
7	Audit Advice						15	15	15	45
8	School advice						5	5	5	15
9	SFVS Monitoring						5	5	5	15
10	External Professional Liaison						5	5	5	15
11	Fraud and related training courses						10	10	10	30
	Total						106	99	99	304
	Contingencies						50	50	50	150
	Total						50	50	50	150
	Planned Audit Days						856	870	868	2594
	Actual Staff Days Available						860	860	860	2580

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Anti-Fraud Work Plan**(Drawn together from entries in the Audit Plan for 2021/22)**

<u>Audit Name</u>	<u>Work Focus</u>
NFI Investigation Work	Review of data matches to assess whether fraudulent.
Covid Grant Assurance Work (Non-business)	Review of appropriateness/accuracy of grant payments made to third parties/use of grants the Council has received.
Covid Business Grants Assurance	Review of payments to assess whether Inaccurate or fraudulent.
Contract letting - Other than Care Packages	Check for compliance with Contract Rules of Procedure/legislation. Check for risk of contracts being awarded inappropriately/potential for conflict of interest/personal gain.
Personal Budgets (Direct Payments/Use of payment cards) (Education Service)	Personal Budgets may be used inappropriately/fraudulent documentation could be provided for expenditure incurred.
Street Works/Traffic Regulation Orders/Section 38 Charges	Income collection – to ensure that the relevant charges are requested/received.
Parking	Income collection – income is maximised/reduced risk of theft.
*Council Tax Reduction Scheme	Reductions granted are valid, regularly reviewed, and investigated where applicable.

*A piece of work which has been commissioned from an external fraud work provider.

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Update on progress with Constitution Review

Committee considering report:	Governance and Ethics Committee on 19 April 2021
Portfolio Member:	Councillor Howard Woollaston
Date Portfolio Member agreed report:	8 April 2021
Report Author:	Sarah Clarke
Forward Plan Ref:	GE3986

1 Purpose of the Report

To provide the Governance and Ethics Committee with an update on progress being made with the review of the Constitution.

2 Recommendations

- 2.1 That the Governance and Ethics Committee note the work of the Constitution Review Task Group and endorse the contents of this update report.
- 2.2 Members are also asked to consider the draft documents provided and to approve in principle the format of these for the updated Constitution.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	None at present.
Human Resource:	None at present
Legal:	The Council is under a duty to prepare and keep up to date its constitution under s.9P Local Government Act 2000 as amended. The Constitution must contain: the standing orders/procedure rules; the members' code of conduct; such information as the Secretary of State may direct; and such other information (if any) as the authority considers appropriate.

Risk Management:	None at present			
Property:	None at present			
Policy:				
	Positive	Neutral	Negative	Commentary
Equalities Impact:		X		
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
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:				
Data Impact:		X		
Consultation and Engagement:	The Constitutional Task Group Members as listed in 4.1 below. Sharon Armour, Stephen Chard, Sarah Clarke, Shiraz Sheikh.			

4 Executive Summary

4.1 At its meeting on 29 July 2019, the Governance and Ethics Committee considered proposals for a comprehensive review of the entire Constitution. The Committee appointed a cross party Constitution Review Task Group to conduct the review supported by relevant officers. The Task Group Members are as follows:

- Councillor Graham Bridgman (Chairman)
- Councillor Jeff Beck
- Councillor James Cole
- Councillor David Marsh
- Councillor Geoff Mayes
- Councillor Andy Moore
- Councillor Howard Woollaston

4.2 The Governance and Ethics Committee set an ambitious timescale for the completion of this work, whilst acknowledging that it would be a substantial undertaking. The original timetable anticipated that the work would be completed by December 2020.

4.3 The Task Group has met on a number of occasions since it was formed and the progress it has made to date is outlined in this report. There have been a number of factors that have resulted in delays to the ambitious timeframe.

5 Supporting Information

Background

5.1 The original proposal presented to the Governance and Ethics Committee contained a timetable detailing an ambitious timetable of reviewing sections of the Constitution on a monthly basis, which would have enabled the final sections to be approved by Council in December 2020.

5.2 The Task Group has since its creation met on 11 occasions, and has reviewed five Parts of the Constitution. The work of the Group was temporarily interrupted by the snap General Election in late 2019, and the work of the Group was also paused for a period during the initial response phase to Covid 19, as officers supporting the project were diverted to other matters.

5.3 The Task Group commenced by working through the different parts of the Constitution in line with the timetable:

Update on progress with Constitution Review

- Part 2 – Articles of the Constitution
- Part 4 – Council Rules of Procedure
- Part 5 – Executive Rules of Procedure
- Part 6 – Overview and Scrutiny Rules of Procedure
- Part 7 – Regulatory and Other Committees

- 5.4 In doing so the Task Group quickly identified a number of general themes and standard changes to be made. The existing Constitution is a comprehensive document, but there is duplication in different Parts relating to matters such as meeting procedures, and some of those rules had become inconsistent over time as different Parts of the Constitution were updated on a rolling programme. The Task Group therefore agreed that areas of overlap and duplication needed to be avoided where possible in the separate parts of the Constitution, in order to ensure greater consistency.
- 5.5 As a result, the focus of the review transferred to the production of a more streamlined and consistent document, intended to minimise duplication and consequently, the risk of future inconsistency. The current focus has been on the creation of a clear set of operating rules, which will act as a foundation and framework for the revised Constitution.
- 5.6 The current drafts are appended to this report:
- Table of meetings
 - Meeting Rules of Procedure
 - Council Committees Guide
- 5.7 These new documents will enable the reader, at a relatively short glance, to establish how each Council body is constituted, the business that can be considered at each type of meeting (annual, budget, ordinary, extraordinary and sub-committee) and procedure motions that may be moved with or without notice.
- 5.4 Flowing from these three documents will be appendices that provide detail that is specific to each meeting and/or committees. That work has begun and builds upon the work described in paragraph 5.1.
- 5.5 The Budget meeting of Council is individually specified within the generic Constitution documents. The Task Group consider that this meeting of Council should concentrate solely on debate and decision making on the reports that form the Council's budgets on an annual basis. It has been recognised that by taking this step it may be necessary to introduce an additional meeting of Council to the timetable of meetings to ensure non-budgetary business is not delayed.
- 5.6 A Glossary of terms is also being populated and will form part of the Constitution documents. This is designed to avoid the need to repeat definitions of different terms throughout the Constitution.
- 5.7 At the time of the original proposal, it was anticipated that the work of the Task Group could be completed in a manner that would enable the Council to approve updated sections (or Parts) of the Constitution. However, as the document will now be subject to a more fundamental change, it will not be possible to update this in Parts.

Update on progress with Constitution Review

- 5.8 There are some changes that would benefit from an earlier review, such as the process for allowing questions at meetings. These will therefore be brought forward with a view to proposed changes being considered at the July meeting of Council.

Proposals

- 5.9 Members are invited to note the extensive work, and the progress of the Task Group to date.
- 5.10 It is also proposed that the Monitoring Officer be invited to bring forward a report with proposals which would benefit from early consideration. .

6 Other options considered

- 6.1 As detailed above, ad hoc amendments and updates were considered but it did not achieve consistency and the desired objective to overhaul and produce a modern Constitution.
- 6.2 Doing nothing is not an option as the Council must review and maintain an up to date Constitution.

7 Conclusion

The Task Group is making good progress on a significant undertaking.

8 Appendices

- 8.1 Appendix A – Table of meetings
- 8.2 Appendix B – Draft meeting Rules of Procedure
- 8.3 Appendix C – Draft Council Committees Guide

Background Papers:

None

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: Sarah Clarke
Job Title: Service Director, Strategy & Governance
Tel No: 01635 519596 Ext: 2596
E-mail: sarah.clarke@westberks.gov.uk

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Author:			
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Version	Date	Description	Change ID
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2			

H The members for a Licensing Sub-Committee are identified by Officers based on availability following consultation with the Chairman of the Licensing Committee.

I The Chairman (or Vice Chairman if the Chairman is absent) of the Licensing Committee will chair a Licensing Sub Committee meeting if present.

J The Governance Committee membership is comprised of eight Councillors plus two Parish Council representatives

K The Advisory Panel membership comprises two Councillors from the Administration, two from the main opposition party, two Parish or Town Councillors and two (out of three) Independent Persons.

L There are no substitutes for Councillor members of the Advisory Panel, but there are two Parish Council member substitutes (and three Independent Persons, with two sitting on a Panel).

M Members for an Appeals Panel are identified by Officers based on availability.

N The Appeals Panel as a body does not have a Chairman - the Chairman for each Appeals Panel Meeting will be elected at the Meeting.

O The Joint Public Protection Committee comprises six members, two from each local authority (for WBC, the relevant Executive Member and the Chairman of the Licensing Committee, plus an Executive Member substitute) with the Chairmanship and Vice-Chairmanship rotating between the Executive membership.

Part [] – Meeting Rules of Procedure

1 Introduction

- 1.1 Council Meetings will be conducted in accordance with all relevant legislation including the LGA 1972, the Local Government and Housing Act 1989, the Local Government Act 2000, the Localism Act 2011 and The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014.
- 1.2 Where they apply (see below), these Rules of Procedure are required to be followed in relation to public Meetings of Bodies (the Council, the Executive, Council Committees (including Boards and Commissions), and Sub-Committees). They are not required to be followed in relation to private meetings of Bodies (including Task Groups) but the Chairman of the meeting may choose to follow some or all of them as desirable in the circumstances.
- 1.3 These Rules of Procedure may be:
 - 1.3.1 common to all Bodies; or
 - 1.3.2 specific to a particular Body or Meeting.
- 1.4 These Rules of Procedure set out:
 - 1.4.1 Items of Business that must be taken first and in a particular order;
 - 1.4.2 Items of Business that may be taken after those in the category above, but where the order may be varied:
 - 1.4.2.1 by the Chairman; or
 - 1.4.2.2 upon a successful Motion to do so;
 - 1.4.3 Procedural Motions that may be Moved without Notice;
 - 1.4.4 Proposals (Motions, Recommendations and Amendments) that may be Moved on Notice.

2 Business at a Meeting – the Table

- 2.1 The Appendix to this Part is a Table setting out the:
 - standard Items of Business for particular Meetings;
 - order in which those Items of Business will be taken;
 - Procedural Motions that may be Moved without Notice at a particular Meeting; and
 - Motions and Recommendations that may be Moved on Notice at a particular Meeting.
- 2.2 If there is any conflict between the wording of the Constitution (excluding the Table) and the contents of the Table, the Constitution will prevail.

3 Types of Public Meeting

- 3.1 Annual Meetings:
 - 3.1.1 the First Annual Meeting of Council following an election - the Leader of Council is elected for the duration of the Council (four years);
 - 3.1.2 an Annual Meeting of Council (including the First Annual Meeting of Council following an election) - the Chairman and Vice-Chairman of Council are elected, the Leader announces the composition of the Executive, and the size, terms of reference and membership of Committees is decided;

- 3.1.3 an Annual Meeting of a Committee - generally these take place in turn during an adjournment of the Annual Meeting of Council to elect the Committee Chairman and Vice-Chairman only.
- 3.2 Ordinary Meetings:
 - 3.2.1 the [Budget Meeting of Council](#) – this generally takes place in March each year and sets the Council’s budget for the following financial year (and the business of the Meeting is largely restricted to the budget);
 - 3.2.2 an [Ordinary Meeting](#) – the Body in question transacts general business, as described further below.
- 3.3 [Extraordinary Meetings](#) – the Body in question transacts only the specific business for which the Meeting has been called, as described further below.

4 Calling Meetings

- 4.1 The dates and times for Annual and Ordinary Meetings are set out in the [Timetable of Meetings](#) agreed from time to time by Council.
- 4.2 In any event:
 - 4.2.1 the First Annual Meeting of Council following an election will take place within twenty one days of the retirement of the outgoing Councillors;
 - 4.2.2 in any other year, the Annual Meeting of Council will usually take place in May.
- 4.3 In the event that any adjustment to the date of a Meeting is found to be necessary the appropriate Officer should discuss matters with the Chairman and/or Vice-Chairman of the Body (and, as necessary and appropriate in the circumstances, the [Group Leaders](#) and/or [Deputy Group Leaders](#)), with the Chairman of the Body having the final say as to how to proceed.
- 4.4 An Extraordinary Meeting of a Body may be convened:
 - 4.4.1 by the Chairman of the Body; or
 - 4.4.2 by the [Service Director \(Strategy and Governance\)](#); or
 - 4.4.3 by [Members](#) of the Body presenting a requisition to the Service Director (Strategy and Governance) signed by at least:
 - 4.4.3.1 25% of the Councillors for an Extraordinary Meeting of Council; or
 - 4.4.3.2 three Members of any other Body for an Extraordinary Meeting of that Body; in which event
 - 4.4.3.3 the Extraordinary Meeting shall be called by the Service Director (Strategy and Governance) as soon as is practicably possible, but not later than 15 working days from the date that the requisition is presented to them.

5 Quorum

- 5.1 The quorum for a Meeting:
 - 5.1.1 of Council is one quarter of the whole number of Councillors;
 - 5.1.2 of the Executive is four [Executive Members](#);
 - 5.1.3 of a Committee is one third of the Committee membership or four Committee Members, whichever is the greater;
 - 5.1.4 of a [Licensing Sub-Committee](#) or [Appeals Panel](#) is three Members;

- 5.1.5 of a Task Group or other Sub-Committee is one third of the Task Group or Sub-Committee membership or three Task Group or Sub-Committee Members, whichever is the greater.
- 5.2 During any Meeting if the Chairman counts the number of Members present and declares there is not a quorum present:
 - 5.2.1 the Meeting will adjourn immediately; and
 - 5.2.2 the remaining business will be considered at a time and date fixed by the Chairman (or, if the Chairman does not fix a date, at the next Ordinary Meeting).

6 Standard Business to be taken in order (where applicable – see Table)

- 6.1 To elect a Member to preside if the Chairman/Vice-Chairman of the Body is not present - any power or duty assigned to the Chairman of the Body in relation to the conduct of the Meeting may be exercised by the person presiding at the Meeting.
- 6.2 To receive apologies for an inability to attend the Meeting.
- 6.3 Any Chairman's remarks to the Meeting.
- 6.4 To elect the Chairman of the Body (only at the Annual Meeting, unless there is a vacancy).
- 6.5 To elect the Vice-Chairman of the Body (only at the Annual Meeting, unless vacancy).
- 6.6 To approve the **Minutes** of the previous Meeting(s).
- 6.7 To receive **Declarations of Interest**.
- 6.8 To elect the Leader for a four year term (only at the First Annual Meeting of Council following an election, unless there is a vacancy).
- 6.9 To receive the Leader's notification of the number and membership of the Executive.
- 6.10 To receive announcements from the Chairman/**Head of Paid Service**/Leader/Executive.

7 Terms of office of the Chairman of Council and Leader of Council

- 7.1 In accordance with s3, LGA 1972, the Chairman of Council shall, unless they resign or become disqualified, continue in office until their successor becomes entitled to act as Chairman of Council.
- 7.2 During their term of office, the Chairman of Council shall not be elected as Chairman of any Committee.
- 7.3 The Leader shall, unless they resign or become disqualified, continue in office until their successor becomes entitled to act as Leader.

8 Standard Business where order can be varied by the Chairman or on Motion (where applicable – see Table)

- 8.1 To receive **Petitions** submitted in accordance with Part [].
- 8.2 To respond to public written **Questions** submitted in accordance with Part [].
- 8.3 To decide on Committees including:
 - 8.3.1 the size and terms of reference;
 - 8.3.2 the allocation of seats to political groups in accordance with the political balance rules.
- 8.4 To appoint **Councillors** to Committees.
- 8.5 To appoint Councillors to **Outside Bodies** (where the power to appoint has not been delegated, eg to the Leader).

- 8.6 To agree amendments to the Constitution.
- 8.7 To respond to Petitions previously received.
- 8.8 To receive and consider Reports and Recommendations from the Executive/[the Scrutiny Commission](#)/Officers.
- 8.9 To deal with matters referred from the Council/[the Scrutiny Commission](#).
- 8.10 To receive [Reports](#) on joint arrangements/external organisations and receive questions/provide answers on such.
- 8.11 To consider Motions submitted by Councillors.
- 8.12 To respond to Members' written Questions submitted in accordance with Part [].
- 8.13 To consider a [Called In](#) item.
- 8.14 To consider a [Call for Action](#).
- 8.15 To consider the business/any other business specified in the [Agenda](#).

9 Procedural Motions (Motions that may be Moved without Notice)

- 9.1 To appoint a Chairman for the Meeting if both the Chairman and Vice-Chairman are absent.
- 9.2 To agree the accuracy of the Minutes/any amendments.
- 9.3 To refer any matter to the Council, the Executive, a Committee or an [Officer](#).
- 9.4 To establish a Committee and appoint members if such if arises from an Agenda item.
- 9.5 To establish a Task Group and appoint members if such if arises from an Agenda item.
- 9.6 To establish a Sub-Committee and appoint members if such if arises from an Agenda item.
- 9.7 To amend or withdraw a Proposal (a Motion, Recommendation or Amendment) as permitted.
- 9.8 To amend the time limit for speeches (if any).
- 9.9 To allow a member of the public to speak in accordance with these Rules of Procedure.
- 9.10 To allow the continuation of the Meeting past 22:00 (to conclude by 22:30).
- 9.11 To suspend a Rule of Procedure where permitted.
- 9.12 To exclude the press and public in accordance with statute.
- 9.13 That a Member [Named for Disorderly Conduct](#) not to be further heard or leave the Meeting.
- 9.14 A [Closure Motion](#) (see [Rules of Debate](#) – Closure Motions below).

10 Motions other than Procedural Motions - submission

- 10.1 A Motion must:
 - 10.1.1 relate to matters of concern to the [District](#);
 - 10.1.2 be submitted in the name of a Member or Members of the Body to which it is addressed;
 - 10.1.3 identify at which Meeting it is to be considered;
 - 10.1.4 be submitted in writing to the Service Director (Strategy and Governance).
- 10.2 A Motion:
 - 10.2.1 may be submitted to any Meeting of the Executive;

- 10.2.2 may not be submitted to an Annual Meeting or an Extraordinary Meeting (other than of the Executive);
- 10.2.3 may only be submitted to a Budget Meeting of Council if (in the sole opinion of the [S151 Officer](#)) it relates to expenditure or revenue;
- 10.2.4 may be submitted to an Ordinary Meeting.
- 10.3 A Motion:
 - 10.3.1 may be submitted for any Meeting of the Executive without Notice;
 - 10.3.2 must be submitted for any other Meeting on Notice:
 - 10.3.2.1 by 10:00 at least seven clear working days before the Meeting to which it is to be submitted; or
 - 10.3.2.2 by 10:00 on the day of the Meeting if it is an [Urgent Motion](#) and has the written consent of the Chairman of the Body to which it relates.
- 10.4 Motions will be included in the [Summons](#) for the next Meeting of the Body in the order in which they are received unless they are:
 - 10.4.1 Motions to the Executive submitted too late to be included; or
 - 10.4.2 Urgent Motions.
- 10.5 Motions may be:
 - 10.5.1 amended by the Service Director (Strategy and Governance) for the purpose of clarification, in consultation with the Member(s) who submitted it; or
 - 10.5.2 amended or withdrawn by the Chairman of the Body, after informing the Member who submitted it, if it appears the wording is not in order or is framed in improper or unbecoming language.
- 10.6 Motions shall be dated, numbered and entered onto a database in the order in which they are received and the database may be inspected by Members and be open to inspection by the public.

11 Motions other than Procedural Motions – procedure at Meeting

- 11.1 The Member who submitted the Motion, or another Member nominated by them, must Move the Motion and another Member must [Second](#) the Motion for it to be considered.
- 11.2 If the Mover of a Motion ceases to be a Member after the Motion has been formally Moved and Seconded, the Seconder or any other Member may progress the Motion.
- 11.3 If a Motion specified in the Summons is not Moved it shall, unless postponed by consent of the Meeting, be treated as abandoned and shall not be Moved without fresh Notice.
- 11.4 Once Moved and Seconded, the Chairman of the Meeting will indicate that the Motion will be dealt with in one of the following ways:
 - 11.4.1 be referred without debate to a relevant Body for decision because the subject matter falls within their remit for such (for the avoidance of doubt, except in respect of the Budget Meeting of Council, any Motion that would materially increase expenditure, involve capital expenditure, materially reduce the revenue of the Council, or involve the disposal of a significant asset, falls within the remit of the Executive);
 - 11.4.2 stand adjourned and be referred without debate to a relevant Body for initial consideration and report back because the subject matter falls within their remit for such;

- 11.4.3 be debated at the Meeting in accordance with the [Rules of Debate](#).
- 11.5 If the Motion is not to be considered at the Meeting:
 - 11.5.1 the Mover of the Motion will be permitted to speak on the Motion for a maximum of three minutes; and
 - 11.5.2 the Motion shall be referred to the next practical/appropriate Meeting of the relevant Body; and
 - 11.5.3 the Mover of the Motion shall receive a copy of the Agenda for that Meeting and shall be entitled to attend that Meeting to explain the Motion; and
 - 11.5.4 if the Motion has been referred to the relevant Body for decision, a Report as to the outcome will be included in the Agenda of the next practical/appropriate Meeting of the referring Body; or
 - 11.5.5 if the Motion has been stood adjourned and referred to the relevant Body for initial consideration, a Report as to the outcome will be included in the Agenda of the next practical/appropriate Meeting of the referring Body and the Motion shall be debated at that Meeting in accordance with the Rules of Debate.

12 Reports and Recommendations

- 12.1 A Report may be presented to a Meeting:
 - 12.1.1 to be noted; or
 - 12.1.2 with a proposal to adopt a Recommendation.
- 12.2 The [Presenter](#) of a Report shall generally be:
 - 12.2.1 for a Report from the Executive, the Leader or relevant Executive Member;
 - 12.2.2 for a report from any other Body, the Chairman or other Member of the Body.
- 12.3 Where a Report is presented for information, a Member may ask the Presenter a question or may make a statement lasting no longer than three minutes. The Presenter shall be entitled to reply.
- 12.4 Where a Report is presented with a proposal to adopt a Recommendation and that proposal is Moved and Seconded, the Report and Recommendation will be debated in accordance with the Rules of Debate.

13 Amendments to Motions or Recommendations

- 13.1 Provided that it could be Moved as an Amendment, the Proposer of a Motion or Recommendation may make a minor alteration to the Motion or Recommendation with the consent of the Secunder and the agreement of the Chairman of the Body.
- 13.2 A proposed Amendment, other than a minor alteration, to a Motion or Recommendation must be relevant to the Motion or Recommendation and seek:
 - 13.2.1 to refer the matter to the Executive, an Executive Member, another Body or an Officer for consideration or reconsideration unless the Chairman rules otherwise in the interests of expediency; or
 - 13.2.2 provided that the effect is not to negate the Motion or Recommendation or to introduce new subject matter, to:
 - 13.2.2.1 leave out words; and/or
 - 13.2.2.2 insert or add words.

- 13.3 The Member who submitted the Amendment, or another Member nominated by them, must Move the Amendment and another Member must Second the Amendment for it to be considered.
- 13.4 Only one Amendment may be Moved and discussed at any one time. No further Amendment may be Moved until the Amendment under discussion has been disposed of in accordance with the Rules of Debate.
- 13.5 If an Amendment is carried, the Motion, as amended, takes the place of the original Motion and becomes the Substantive Motion to which any further Amendments are Moved.
- 13.6 Once all Amendments have been disposed of, the Chairman will put the Substantive Motion to the vote.
- 13.7 Any Amendment considered to be substantial by the S151 Officer in relation to a Motion or Recommendation that has a financial implication shall be the subject of discussion with and must receive the approval of the S151 Officer in advance of the Meeting to ensure that the Amendment does not compromise the Council's financial position.
- 13.8 In relation to the Budget Meeting of Council, any substantive Amendment proposed to the budget shall be submitted to the Council's S151 Officer at least three clear working days before the Meeting. The S151 Officer will then add an opinion on the proposed Amendment and will distribute to all Councillors the following working day.

14 Withdrawal of Proposal

- 14.1 A Proposal may be withdrawn by the Proposer if the Secunder and the Chairman consent.
- 14.2 If consent to withdraw is granted no Member may then speak on the Proposal.

15 Rules of Debate - Speaking

- 15.1 If the Chairman stands or speaks during a Meeting, the Meeting shall be silent and any Member then standing shall resume their seat.
- 15.2 The Chairman may request an appropriate Officer to speak by way of explanation of, or to draw the attention of the Meeting to, any legal, technical or administrative matter.
- 15.3 With the exception of the Chairman, anyone attending a Meeting of Council in person must, if able, stand when speaking. Anyone attending a Meeting of Council remotely, or attending any other Meeting, may remain seated when speaking.
- 15.4 All speakers shall address the Chairman when speaking.
- 15.5 The Chairman shall decide the order of speakers if more than one speaker wishes to speak.
- 15.6 Members shall direct speeches to the matter under discussion, a [Point of Order](#) or a [Point of Explanation](#).
- 15.7 Speeches shall not exceed five minutes, unless the Meeting consents or another time limit is specified in these Rules of Procedure.

16 Rules of Debate – Proposals

- 16.1 In a Meeting of Council a Proposal shall not be debated until it has been formally Moved and Seconded. The Secunder may reserve their speech until a later period in the debate.
- 16.2 In any other Meeting, with the consent of the Chairman, there may be discussion and debate prior any Proposal being formally Moved.
- 16.3 The Chairman may require a Proposal to be put into writing before it is debated or voted upon.

- 16.4 A Member shall speak only once on any Proposal except to Move a relevant Procedural Motion or to raise a Point of Order or a Point of Explanation, and when a Proposal is under debate no other Proposal shall be Moved except a relevant Procedural Motion.

17 Rules of Debate - Points of Order/Explanation

- 17.1 A Member shall be heard:
- 17.1.1 immediately on a Point of Order relating to an alleged breach of a Rule of Procedure or statutory provision identified by the Member;
 - 17.1.2 when the Chairman decides it is relevant on a Point of Explanation concerning some material point in the present debate which appears to have been misunderstood.
- 17.2 The ruling of the Chairman on the validity of, and any action to be taken in respect of, Points of Order or Explanation shall be final.

18 Rules of Debate - Closure Motions

- 18.1 At the conclusion of a speech of another Member, a Member may Move without comment that:
- 18.1.1 the debate be adjourned;
 - 18.1.2 the Meeting be adjourned;
 - 18.1.3 the Meeting proceed to the next business;
 - 18.1.4 the Meeting proceed immediately to Close of Debate; or
 - 18.1.5 the question be put.
- 18.2 Should the Closure Motion be Seconded and the Chairman consider that the question before the Meeting has been sufficiently discussed:
- 18.2.1 if the Closure Motion is to adjourn the debate or the Meeting, or to proceed to the next business:
 - 18.2.1.1 the Chairman shall invite the Proposer to reply;
 - 18.2.1.2 the Closure Motion shall be put to the vote and if carried:
 - 18.2.1.3 the debate or Meeting shall stand adjourned, or the Meeting shall proceed to the next business, as the case may be;
 - 18.2.2 if the Closure Motion is to proceed immediately to Close of Debate it shall be put to the vote and if carried the Meeting shall proceed immediately to Close of Debate;
 - 18.2.3 if the Closure Motion is that the question be put it shall be put to the vote and if carried the question shall be disposed of accordingly.

19 Rules of Debate - Close of Debate

- 19.1 At the close of the debate on a Proposal, the following shall have the right of speech or reply in this order, but shall not introduce any new matter.:
- 19.1.1 on a Motion or Recommendation:
 - 19.1.1.1 the Secunder, if they have not already spoken;
 - 19.1.1.2 the relevant Executive Member or Chairman of the relevant Body if they have not already spoken;
 - 19.1.1.3 the Mover.

- 19.1.2 on an Amendment:
 - 19.1.2.1 the Seconder, if they have not already spoken;
 - 19.1.2.2 the relevant Executive Member or Chairman of the relevant Body if they have not already spoken;
 - 19.1.2.3 the Mover;
 - 19.1.2.4 the Mover of the original Motion or Recommendation who shall not otherwise speak on the Amendment.

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Part [] – Council Committees

1 Committees - Introduction

- 1.1 The Council has established various standing Committees (the term includes Boards and Commissions – see Glossary) - these may only be added to or removed by the Council.
- 1.2 Each Committee will have a number of aspects, many of which will be common (to a greater or lesser extent) to other Committees and to the Council or Executive. Each Committee will have:
 - A specified Composition;
 - Terms of Reference;
 - Rules of Procedure;and may have:
 - Delegated or Statutory Powers.
- 1.3 The Committees of the Council are:
 - The Scrutiny Commission;
 - The District Planning Committee;
 - The Eastern Area Planning Committee and the Western Area Planning Committee;
 - The Licensing Committee;
 - The Governance Committee;
 - The Personnel Committee;
 - The Appeals Committee.
- 1.4 There are also joint/hybrid/statutory Committees with aspects similar to Council Committees:
 - The Health and Wellbeing Board;
 - The Joint Public Protection Committee;
 - The Building Control Committee.
- 1.5 Committees may form Sub-Committees, Panels and Task Groups, and in particular:
 - The Licensing Committee forms Sub-Committees from time to time;
 - The Governance Committee has an Advisory Panel for certain purposes;
 - The Appeals Committee forms Panels from time to time.

2 Committees – Composition

- 2.1 At each Annual Meeting (or at any other meeting as necessary) Council will establish its Committees and decide upon the composition of each and appoint the membership.
- 2.2 Committee and Sub-Committee membership may be required by statute to reflect the Political Balance of the Council.
- 2.3 Committees and Sub-Committees may or may not have Substitute Members able to substitute for a Committee or Sub-Committee Member unable to attend a particular meeting.
- 2.4 Committees and Sub-Committees may or may not have external members.

- 2.5 The specific composition of all Committees and Sub-Committees, including the number of members and political affiliations (where the Committee is politically balanced), substitutes, etc, is set out in the Committees List published in respect of each Council Annual Meeting and re-published in the event of any changes, and available on the Website.
- 2.6 The basis for the composition of any Sub-Committee, Panel or Task Group is set out in the relevant Appendix to this Part.

3 Committees – Terms of Reference and Delegated Powers

- 3.1 The terms of reference for each Committee are set out in the relevant Appendix to this Part.
- 3.2 The powers delegated to each Committee are set out in Part [] (Scheme of Delegation).

4 Committees – Rules of Procedure

- 4.1 The Rules of Procedure for each Committee are set out in Part [] (Meeting Rules)
- 4.2