

Notice of Meeting



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Governance and Ethics Committee

Monday, 25th April, 2022 at 6.30 pm

in the 2nd Floor Meeting Area, Council Offices,
Market Street, Newbury

Note: This meeting can be streamed live here:

<https://www.westberks.gov.uk/governanceethicscommitteelive>

Date of despatch of Agenda: Wednesday 13th April 2022

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Sadie Owen on 01635 519052

e-mail: Sadie.Owen1@westberks.gov.uk

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WestBerkshire
C O U N C I L

Agenda - Governance and Ethics Committee to be held on Monday, 25 April 2022
(continued)

To: Councillors Thomas Marino (Chairman), Jeremy Cottam (Vice-Chairman), Jeff Beck, Rick Jones, Tony Linden, David Marsh, Geoff Mayes, Andy Moore, Biyi Oloko, Bill Graham and David Southgate

Substitutes: Councillors Adrian Abbs, Carlyne Culver, Owen Jeffery, Steve Masters, Graham Pask, Claire Rowles, Anne Budd and John Downe

Agenda

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1 Apologies To receive apologies for inability to attend the meeting (if any).	1 - 2
2 Minutes To approve as a correct record the Minutes of the meeting of this Committee held on 17 January 2022.	3 - 8
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 .	9 - 10
4 Forward Plan To consider the Forward Plan for the next 12 months.	11 - 12
5 Monitoring Officer's Annual Report to the Governance and Ethics Committee 2021/22 (C4198) The report provides 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.	13 - 26
6 Governance and Ethics Annual Report (C4152)	27 - 32

Agenda - Governance and Ethics Committee to be held on Monday, 25 April 2022

(continued)

The report provides an annual summary of the activities of the Governance & Ethics Committee for 2021-22 (excluding the April 2022 Governance & Ethics Committee meeting). The report is intended for Full Council to provide a summary of key areas that the Committee has considered during the Municipal Year 2021-22 as well as some of the actions and changes that have occurred due to the Committee's activities.

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|----|--|-----------|
| 7 | Internal Audit Update Report (GE4093)
To update the Committee on the outcome of Internal Audit work carried out during quarter three of 2021/22. | 33 - 44 |
| 8 | Internal Audit Plan 2022-2025 (GE4094)
The report sets out the proposed Internal Audit Work for the three year period from 2022/23 to 2024/25. | 45 - 88 |
| 9 | 2021/22 Year End Preparation (GE4211)
The report is to inform members of the accounting policies to be applied in the production of the Council's 2021/22 Financial Statements. It is also to propose changes to accounting policies to be adopted for the 2022/23 financial year, and to highlight changes to accounting policies arising from changes in activities and in respect of accounting standards issued, not yet adopted. | 89 - 110 |
| 10 | Draft Audit Findings for West Berkshire Council - Financial Year Ended 31 March 2021
Report to follow. | |
| 11 | Review of DLUHC finance and governance reports
The Department for Levelling Up, Housing and Communities (DLUHC), has considered eight requests from Councils for emergency capitalisation funding to support their budget position. The capitalisation request allows a Council to capitalise general revenue costs to fund day to day services, something not allowed under Local Government accounting regulations, due to them having an emergency need for funds to balance their budgets. The Government then undertook a series of external reviews at each Council. | 111 - 120 |
| 12 | Constitution Review Task Group Draft Work Programme | 121 - 122 |



Agenda - Governance and Ethics Committee to be held on Monday, 25 April 2022
(continued)

Sarah Clarke
Service Director: Strategy and Governance

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Governance and Ethics Committee – 25 April 2022

Item 1 – Apologies for absence

Verbal Item

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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, 17 JANUARY 2022

Councillors Present: Jeff Beck, Adrian Abbs (as a substitute), Rick Jones, Tony Linden, Thomas Marino (Chairman), David Marsh, Andy Moore and Claire Rowles

Also Present: Bill Graham and David Southgate (Parish Council Representative)

Apologies for inability to attend the meeting: Councillor Jeremy Cottam and Councillor Geoff Mayes

PART I

23 Minutes

Cllr Tony Linden commented that section 17 should have noted 'creation of the district council rather than the unitary council'.

Subject to the above comment, the Minutes of the meeting held on 15th November were approved as a true and correct record and signed by the Chairman.

24 Declarations of Interest

There were no declarations of interest.

25 Forward Plan

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

In response to a query the Monitoring Officer promised Members an update on the work of the Constitutional Working Group at the next meeting. It was added that a code of conduct review would form part of the work of the constitution review task group.

RESOLVED: the Committee note the Forward Plan.

26 Internal Audit Update Report

The Audit Manager presented a brief overview of the report (Agenda item 5). Members' attention was drawn to section 4.5 of the report that concluded that there were no significant issues of concern identified over the relevant period.

Members thanked the team for their hard work over the past year.

In response to a query it was clarified that follow up audits were undertaken as a standard action for any previous audits which had identified 'very weak', 'weak', and some 'satisfactory' findings.

It was reported that the follow up audit work all looked reasonably healthy with progress made.

GOVERNANCE AND ETHICS COMMITTEE - 17 JANUARY 2022 - MINUTES

Agreed action:

It was clarified that gaps in the update position of the Anti-Fraud Work Plan were due to work not having commenced at the end of Quarter 2.

It was suggested and agreed for completeness that comments to this effect would be added to future reports.

RESOLVED: the Committee note the report.

27 External Audit Plan and Fee Financial Year 2020/21

Mr Iain Murray, representative of the Council's external auditor Grant Thornton presented the Audit Fee for the Financial Year 2020/21 (Agenda item 6).

Members' attention was drawn to the 'Significant risks identified' section of the report (pages 33-35), all of which were risks that auditors were required to class as significant in accordance with established underwriting standards.

It was reported that the National Audit Office had recently introduced a new code of practice which had led to a slight change in the 'Value for Money work'. Further, Mr Murray commented there were ongoing conversations with the Public Sector of Audit Appointments (PSAA) and local government in relation to establishing a sustainable level of fees to meet expectations.

On the above basis, it was reported that Grant Thornton were proposing an audit fee increase to £131,523 for 2020/21.

A Member clarified that the Council approved its budget in March 2020 and not February 2020 as detailed on page 31 of the agenda pack.

It was queried how a slight change to the Value for Money work could result in a fee increase from the previous year of £26,000, and a further sum of £17,000 for the Financial Reporting Council's requirement for more robust testing.

Mr Murray commented that the Value for Money changes were quite fundamental and that he had misspoken to suggest that they only incurred a 'slight change'. It was reported that new requirements imposed by the National Audit Office were far more specific and set out a broader baseline requirement to review arrangements in place at an authority. Reporting was more onerous requiring an audited annual report commenting on the council's arrangements and providing an assessment of all of these arrangements, in contrast to the previous approach of reporting by exception.

It was further reported that ISA 540 prompted a move away from 'professional scepticism' to 'professional suspicion', requiring far more challenge to management in terms of justifying estimations.

In response to whether there were any more forthcoming changes likely to affect the following year's fee, Mr Murray commented that to his knowledge there was nothing imminent.

The Executive Director for Resources commented that the council's audit fee for 2011/12 had been £231,000, which had then reduced to £127,000 a couple of years later. It was commented that the Redmond review had resulted in significant pressure on external auditors with an emphasis on improved quality reporting and a move away from such low fees.

It was commented that the PSAA published scale of fees appeared to bear no resemblance to the increased workload implications.

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Mr Murray commented that the PSAA scale had been published prior to the regulatory change, which had put them in a difficult position and that in all likelihood this would lead to a moving scale in the future.

RESOLVED: the Committee note the report.

28 Financial Year 2021/22 Mid-Year Treasury Report

The Executive Director for Resources introduced the report (Agenda item 7).

In response to a query it was clarified that the quoted Bank Rate of 0.1% was correct at the time and period that the report was written (as at 30th September 2021).

In relation to report point 4.5 and 5.11 a member commented that the council was founded on 1st April 1974 and merely changed its name in 1998.

RESOLVED: the Committee note the report.

29 Member request for information

The Monitoring Officer introduced the report (Agenda item 8).

Cllr Rowles responded to the information within the report by stating that as a members there was an entitlement to the information under section 13.3.6 of the constitution. It was suggested that officers were questioning the integrity of Cllr Rowles by denying access to the confidential information. Cllr Rowles further suggested that the Monitoring Officer's decision should be legitimately challenged and that bringing the matter to Governance and Ethics committee was the constitutional mechanism available to do so.

It was accepted that members did not have an unqualified right to information, however Cllr Rowles drew attention to section 13.3.6 of the constitution which stated that '[Where Officers consider that information is of a confidential nature which should not be openly available to the public or press, this information will be supplied by Officers to Members on a private and confidential basis. Any information provided to Members on this basis will be treated as such and will not be circulated outside the Council](#)'.

Cllr Rowles suggested that denying her access to such information questioned her integrity as a councillor.

Cllr Rowles referred to section 5.19 of the report which referred to her assertion of a 'need to know'. Cllr Rowles commented that access to the details of the report would allow her to see how the case had concluded, and to consequently understand the position of the resident that she represented in relation to the council. It was suggested that the case in Kintbury had almost identical facts to the Lambourn matter in that; both individuals requested CIL exemption; both cases related to missing paperwork; the Council had failed to provide help or guidance to either; agents were involved in both cases and in neither case had a review felt to be appropriate. As such, Cllr Rowles argued that the approach to enforcement in the Lambourn case would have a direct relevance to that in Kintbury.

Cllr Rowles commented that the sheer volume of 53 emails included in the Monitoring Officer's supporting evidence as a 'sample' was astounding.

It was argued that the risk of the issue setting a precedent and then opening up information in relation to social care issues was a nonsense as there was no comparison between planning and social care cases.

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Cllr Rowles quoted section 2.3.4 of the constitution which stated that councillors should 'represent their communities and bring their views into the Council's decision-making processes, thereby acting as the advocate of and for their communities'. It was suggested that Cllr Rowles was trying to fulfil her role as a councillor by challenging and holding the council to account on behalf of her ward resident.

Cllr Rowles finished by commenting that to close down her request was to close down the very fundamentals of democracy and the role that she had been elected to undertake.

Visiting member Cllr J Cole commented that as a co-ward member he had a direct interest in the case and was pleased that his colleague was pursuing the matter. He commented that as a previous Chair of Governance and Ethics he was sad that the matter had needed to escalate to the stage of committee.

Cllr Cole suggested that councillors had three main roles; to represent the interests of their residents; to put forward and agree policies to protect those interests and to act as the equivalent of a multi-level supervisory board to ensure that all is done correctly and to provide challenge to officers when necessary.

It was acknowledged that whilst councillors needed to work within the law, section 13.3.6 of the constitution made specific provision for circumstances when information should be provided on a confidential basis and that it was incumbent on councillors to request such information to ensure that all processes had been followed correctly.

It was suggested that the multiple references to adult social care and family service cases were not relevant to the report. It was argued that the specific cases involved financial implications and so were appropriate to investigate fully.

Cllr Cole commented that it appeared clear that Cllr Rowles was acting as a councillor on behalf of her resident and not in any professional capacity. He further suggested that section 5.11 of the report appeared to be imputing that Cllr Rowles could not be trusted with information, which was unacceptable.

Cllr Cole suggested that the inclusion of 53 emails as evidence indicated just how obstructive officers of the council were being to a councillor trying to do her job.

Cllr Abbs commented that he was shocked at how much member communication had been included within the report and suggested that members should start requesting that all future correspondence should remain confidential until such time that they agreed otherwise.

Under section 13.3.6 of the constitution it was argued that if a member requested information, explained the reason for the request, then by default they should expect to receive it, either in confidence or not. It was felt that the refusal to share the confidential information insinuated that the member would fail to respect that confidence.

Cllr Linden voiced concern at the implications arising from the case. He commented that he would be troubled if the information concerned had not been seen by a senior councillor.

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Cllr Rowles further added that she had received advice that morning from the Head of Legal to abstain from voting on the matter due to a conflict of interest. Cllr Rowles commented that this was wholly unacceptable and a complete nonsense.

The Monitoring Officer stated that it was clear under the statutory regime that there were limitations to what information could be disclosed and that officers had not been obstructive or tried to close down members. It was argued that there was a clear distinction between briefing members and disclosing details of a report on which there was no basis to do so.

The Monitoring Officer stated that whilst there were similarities between the cases, there were also significant differences.

It was argued that inclusion of the 53 emails had been as a sample of the correspondence, that there had been further communications and that they demonstrated the assistance that officers had provided, and not any level of obstruction.

The Chair commented that whilst he could see both sides of the argument he failed to accept that officers had been deliberately obstructive and failed to see that any aspersions had been cast over Cllr Rowles' level of trust. The Chair accepted that there were levels of information to which members should not be privy and was firmly in favour of the recommendation within the report.

Cllr Abbs proposed a motion to reject the recommendation set out in the report and to refer the matter to Council for consideration. Cllr Rowles seconded the motion. The Committee voted by a majority to support the proposed motion.

RESOLVED:the Committee reject the officer recommendation and approve referral of the case to full Council.

30 Exclusion of 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(s) * 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](#).

31 Member request for information

RESOLVED:the Committee reject the officer recommendation and approve referral of the case to full Council.

32 Strategic Risk Register Update Q2 2021/22

The Performance Research Consultation Manager introduced the exempt report (Agenda item 11).

RESOLVED: the Committee note the exempt report.

CHAIRMAN

Date of Signature

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Governance and Ethics Committee – 25 April 2022

Item 3 – Declarations of Interest

Verbal Item

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Governance and Ethics Committee Forward Plan 25 April 2022 – July 2022

27 June 2022						
1.	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

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Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2021/22

Committee considering report:	Governance and Ethics Committee on 25 April 2022 Council on 10 May 2022
Portfolio Member:	Councillor Howard Woollaston
Report Author:	Sarah Clarke
Forward Plan Ref:	C4198

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.
Policy:	There are no policy implications arising from this report.

	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:

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2021/22

- (a) Standards of ethical conduct across the district remain good.
- (b) The number of gifts and hospitality declared has remained relatively low during 2021/22 as it did in 2020/21. This is likely to reflect the fact that the country has continued to be subject to restrictions imposed in response to the Covid 19 pandemic.

5. Supporting Information

Introduction

- 5.1 The Localism Act 2011 made fundamental changes to the system of regulation of the standards of conduct for elected and co-opted members of Councils and Parish Councils. This report sets out details of the number and nature of complaints received, and informs Members of any other activity that was taking place around the Code of Conduct regime.
- 5.2 This report will also be presented to Full Council at the Annual meeting and will be circulated to all Town and Parish Councils.

Background

Governance Arrangements

- 5.3 During the Municipal Year 2021/22 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 2022/23 will be agreed at the Annual Council meeting.
- 5.4 Three Independent Persons are appointed by Council and 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 2022/23 will be agreed at the Annual Council meeting.
- 5.5 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;
 - Complaints procedures for breaches of the Code of Conduct;
 - Dispensations procedure;
 - Social Media Protocol.

Independent Persons

- 5.6 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. 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.

- 5.7 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.
- 5.8 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.
- 5.9 James Rees, Mike Wall MBE and Lindsey Appleton were appointed as the Council's Independent Persons for the 2021/22 Municipal Year. The Council is asked to recognise the significant contribution of the Independent Persons over the past year, and thank them for their ongoing contributions.
- 5.10 A recruitment process of the appointment of Independent Persons for the 2022/23 Municipal Year was conducted in collaboration with the Royal Berkshire Fire Authority. The appointment process was advertised and a number of applications were received. Following an interview process, it is recommended that Lindsey Appleton, Mike Wall MBE, and Alan Penrith are appointed (see short biographies at Appendix A). The Council will be asked to formally appoint Independent Persons at the Annual Meeting. In addition it is also proposed that the Council is also asked to approve a reserve list of appointable candidates consisting of James Rees, Avril Jones and Julie Byron in the event where the appointed are not able to fulfil their term.

Governance and Ethics Committee

- 5.11 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.
- 5.12 The Committee is also charged with promoting and maintaining high standards of conduct throughout the Council. 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. The roles and functions of the Governance and Ethics Committee are set out in the Constitution (Part 2 Articles of the Constitution).
- 5.13 At the conclusion of 2021/22 the Governance and Ethics Committee comprised the following Members:

Conservative Group (5 Members)	Tom Marino (Chairman), Jeff Beck, Rick Jones, Tony Linden and Biyi Oloko
Conservative Substitutes (2 Members)	Graham Pask and Claire Rowles
Liberal Democrat Group (3 Members)	Jeremy Cottam (Vice-Chairman), Geoff Mayes and Andy Moore
Liberal Democrat Substitutes (2 Members)	Adrian Abbs and Owen Jeffery
Green Party Group (1 Member)	David Marsh
Green Party Substitutes (1 Member)	Steve Masters

5.14 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.

5.15 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 2021/22 the Governance and Ethics Committee included the following Parish Councillors:

- Bill Graham (co-opted non-voting Parish Councillor)
- David Southgate (co-opted non-voting Parish Councillor)
- Anne Budd (substitute co-opted non-voting Parish Councillor)
- John Downe (substitute co-opted non-voting Parish Councillor)

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

Advisory Panel

5.17 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.

5.18 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 2021/22 the Advisory Panel comprised the following District Councillors:

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

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

- Anne Budd
- John Downe

5.20 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 2021/22 financial year.

The Monitoring Officer

5.21 The Monitoring Officer is a statutory post and in West Berkshire rests with the Service Director Strategy & Governance. The Monitoring Officer (Sarah Clarke) in 2021/22 was supported by two deputies (Leigh Hogan and Shiraz Sheikh). 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.

Register of Interests

5.22 All elected Members of West Berkshire Council have 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.

5.23 Parish Councils are reminded via their Clerks to complete and return Declarations of Interest forms to the Monitoring Officer in accordance with the provisions of the Localism Act 2011.

Local Assessment of Complaints

5.24 Quarter 1 – 2021/22

During this period ten complaints were received and processed by the Monitoring Officer. Nine of these complaints (NDC1/21, NDC2/21, NDC3/21, NDC4/21, NDC5/21, NDC6/21, NDC7/21, NDC8/21 and NDC10/21) pertained to District Councillors. Following the initial assessment it was agreed that no further action should be taken on any of the complaints. There was one complaint (NPC9/21) submitted about a parish councillor. It was agreed that no further action should be taken on the complaint.

5.25 Quarter 2 – 2021/22

During this period ten complaints were received by the Monitoring Officer. Six of these complaints (NDC15/21, NDC16/21, NDC17/21, NDC18/21, NDC19/21 and NDC20/21) pertained to District Councillors. Following the initial assessment it was agreed that no further action should be taken on any of the complaints. Four complaints (NPC11/21, NPC12/21, NPC13/21 and NPC14/21) were received about parish councillors. No further action was taken on the complaints.

5.26 Quarter 3 - 2021/22

Eight complaints were received during the third quarter of 2021/22. Three of these complaints pertained to District Councillors. It was agreed that no further action be taken on NDC26/21. It was agreed that an independent investigator would investigate complaints NDC21/21 and NDC22/21. No further action was taken on the five

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2021/22

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

5.27 Quarter 4 - 2021/22

Four complaints have been received in the final quarter of the year. Two of these complaints pertained to District Councillors (NDC2/22 and NDC4/22) and two pertained to Parish Councillors (NPC1/22 and NPC3/22). It was agreed that an informal resolution be sought for complaint NDC2/22. No further action was taken in relation to NDC1/22. Complaints NDC4/22 and NPC3/22 are due to be considered towards the end of March 2022.

Year on Year Comparison of Complaints

5.28 Table 1 – The Number of District and Parish Council Complaints received 2017/18 – 2021/22

Table 1	17/18	18/19	19/20	20/21	21/22
District Councillors	1	1	9	12	20
Parish Councillors	15	20	5	21	12
Co-Optees	0	1	0	0	0
Total	16	22	14	33	32

5.29 Table 2 - Action Taken on Complaints received 2017/18 to 2021/22.

	17/18	18/19	19/20	20/21	21/22
Withdrawn/not progressed	2	4	2	7	0
No Further Action	13	14	7	21	27
Other Action	0	2	2	2	1
Investigation	1	2	0	0	2
Outcome Awaited	0	0	3	3	2
Total	16	22	14	33	32

5.30 The total number of complaints in 2021/22 has continued at a similar level to the previous year, as shown in Table 1. This is a continuation of the increase in the number of complaints.

5.31 Table 2 shows that, in respect of the complaints received to date during 2021/22 which have been assessed, in the majority of cases no further action was taken on the complaint. To date, two complaints have been referred for investigation this Municipal Year and one case was resolved by some other form of action or informal resolution.

Learning Points Arising from Complaints

5.32 The rise in the number of complaints has continued into 2021/22. However, it should be noted that 15 of the District Councillor complaints were connected to three separate incidents.

5.33 Fourteen of the complaints related to social media activity, although these were limited only three separate incidents. None of these complaints were referred for investigation, and it is not therefore considered that there is a particular issue with social media use. The complaints do however highlight the need for Members to continue to be careful when using Social Media, and to continue to have regard to the Code of Conduct and the Social Media Protocol.

5.34 Six complaints related to councillor conduct in the planning process, none of which were referred for investigation. These complaints do however highlight the need for Members to ensure that they declare any interest fully, to ensure openness and transparency in the decision making process.

5.35 One complaint, which related to an allegation that a Member had failed to declare an interest at a planning meeting, was considered at the Initial Assessment stage and it was determined that no further action should be taken in respect of the complaint. The complainant disagreed, and commenced judicial review proceedings in the High Court. Having considered the written submissions of the parties, the court refused the application for permission to apply for judicial review, and awarded costs in favour of the Council.

5.36 However, it is of note that 27 complaints resulted in no further action. One complaint resulted in 'other' action, seeking an informal resolution. Two complaints (relating to the same incident) were referred for investigation and the outcome of that is awaited.

Gifts and Hospitality

5.37 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).

5.38 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.

5.39 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.

- 5.40 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.
- 5.41 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.
- 5.42 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.
- 5.43 There were no declarations of hospitality received by Members during the year 2021/22. This is no doubt reflective of the fact that we have been operating remotely for the majority of the past year.
- 5.44 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.
- 5.45 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

Government Response to the Committee on Standards in Public Life review of local government ethical standards

- 5.46 The Committee on Standards in Public Life published its review of local government ethical standards in January 2019. This included a number of recommendations that would have required legislative changes to be introduced by the Government.
- 5.47 The Government issued its response to the above report on the 18th March 2022. In the letter from Kemi Badenoch MP – Minister of State for Equalities and Levelling Up Communities, it was stated that the 'government is committed to working with local authorities and their representative organisations to ensure that local government is supported in reinforcing its reputation for ethical local standards.'
- 5.48 The full response is available at: <https://www.gov.uk/government/publications/local-government-ethical-standards-government-response-to-the-committee-on-standards->

[in-public-life-report/government-response-to-the-committee-on-standards-in-public-life-review-of-local-government-ethical-standards](#) .

- 5.49 Some of the notable responses include that the Government has indicated that it will engage with interested parties on the best means to ensure that candidates and councillors are not required to publically disclose their home addresses. However, the government also confirmed that it did not intend to legislate to increase the types of interests that were classified as disclosable pecuniary interests.
- 5.50 Some of the key recommendations from the Committee on Standards in Public Life report related to the need to give additional powers to sanction councillors when found to have breached the Code of Conduct. Although the Government has rejected the recommendation that it introduce powers to allow local authorities to suspend councillors, it does indicate a commitment to engage with sector representatives to seek views on strengthening sanctions.
- 5.51 The recommendation that the Transparency Code be amended to require local authorities to publish details of complaints was not accepted, although it was stated that this could be incorporated in annual reports. It is considered that this report ensures compliance with this recommendation.
- 5.52 The Government acknowledged the proposal that Independent Persons only sit for a maximum term of two years, and agreed that it was important to preserve the independence of the Independent Persons. However, the Government also recognised that it could be difficult to recruit to such positions, and suggested that this recommendation should be a matter of best practice, but subject to local needs. The Government's response in this regard is welcomed, it can be challenging to appoint suitable Independent Persons.

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, following consideration at the Annual Meeting of Council in May.

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 The number of complaints over the past year remains elevated at similar levels to those seen in 2020/21. It is of note that to date, of the 32 complaints received in the past year, only 2 have been referred for investigation. This suggests that Members in West Berkshire continue to maintain high standards of ethical conduct, which is to be applauded.

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. As Covid restrictions are now being relaxed or removed completely, it is recommended that the Monitoring Officer write to both Officers and Members with a reminder of the rules on gifts and Hospitality.

9. Appendices

Appendix A - Independent Person short biographies

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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Independent Persons - biographies

Mike Wall MBE

I was born and raised in Tilehurst joining the Cunard Line as a Marine Engineer in the early 60s. Later I pursued a career in Retail which included Marketing, Staff Training and Security. Having children of school age I took a wide interest in Education which led to appointments from Berkshire County Council. In 2018 I was awarded an MBE for Services to Education.

Other appointments include. Board Member Reading Prison (Home Office), Magistrate (Lord Chancellors Office). Independent Member Police Misconduct Panel (Thames Valley Police). More recently Independent Person West Berkshire Council.

Lindsey Appleton

I left University after graduating with a Degree in Politics.

I worked at AWE, initially in the HR Department gaining a Post Graduate Diploma in Personnel and Development.

At AWE, I had a variety of roles including HR, Welfare and before retiring, became Head of Ethics. This involved investigating cases of alleged bullying, harassment and developing training in ethical behaviour.

Since 2000, I have been a serving Magistrate in Berkshire and for the past 15 years, a Presiding Justice. I have been an Independent Person for WBC for the past 6 years.

Alan Penrith

Alan Penrith served as a member of HM Diplomatic Service for 38 years. He held several appointments in London and served overseas in a variety of roles in Africa, North America, the Caribbean and the Middle East where he promoted UK interests and good governance. Latterly Alan specialised in national security issues, countering terrorism and serious organised crime.

Alan moved to regional policing in 2017 where he held a senior command position in the South East Regional Organised Crime Unit, working closely with police services and partners across the country. Alan lives in Berkshire and is now an independent consultant.

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Annual Report – Governance and Ethics Committee

Committee considering report:	Council
Date of Committee:	10 May 2022
Portfolio Member:	Councillor Howard Woollaston
Report Author:	Joseph Holmes
Forward Plan Ref:	C4152

1 Purpose of the Report

- 1.1 This report is annual summary of the activities of the Governance & Ethics Committee for 2021-22 (excluding the April 2022 Governance & Ethics Committee meeting). The report is intended for Full Council to provide a summary of key areas that the Committee has considered during the Municipal Year 2021-22 as well as some of the actions and changes that have occurred due to the Committee's activities.

2 Recommendations

- 2.1 For Governance & Committee to comment on, amend and approve the report for Full Council
- 2.2 For Full Council to note the report

3 Implications and Impact Assessment

Implication	Commentary
Financial:	None
Human Resource:	None
Legal:	None
Risk Management:	Included within the activity of the Governance & Ethics Committee

Property:	None			
Policy:	This report supports the overall CIPFA/SOLACE governance 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		None required – this is a summary report of other reports which will have had EIAs considered as part of their reports to the Committee.
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		See above
Environmental Impact:		X		None
Health Impact:		X		None
ICT Impact:		X		None
Digital Services Impact:		X		None
Council Strategy Priorities:		X		None

Core Business:	X			New report highlighting the work of the committee and its contribution to good governance.
Data Impact:		x		
Consultation and Engagement:	Officers of the Finance And Governance Group Corporate Board			

4 Executive Summary

- 4.1 This report is annual summary of the activities of the Governance & Ethics Committee for 2021-22 (excluding the April 2022 Governance & Ethics Committee meeting). The report is intended for Full Council to provide a summary of key areas that the Committee has considered during the Municipal Year 2021-22 as well as some of the actions and changes that have occurred due to the Committee’s activities.
- 4.2 As well as the summary included in the supporting information below, the Committee also has oversight of Standards issues and this report needs to be read in conjunction with the Monitoring Officer’s report for 2021-22.
- 4.3 The Committee also approved that an independent person becomes a member of the committee (with no voting rights) to support and advise the committee as a non-Council member. Recruitment has commenced at the time of writing this report (March 2022).
- 4.4 Members also had training on key areas of the remit of the Committee during the Municipal Year.

5 Supporting Information

Introduction

- 5.1 The summary below highlights the key items that have come to the Committee over the previous year and what action was taken as a result of these. The summary is of the themes and individual reports highlighted alongside commentary on the action taken.

Summary table

Theme	Summary of reports	Actions
-------	--------------------	---------

Internal Audit	Regular update reports provided for the committee to highlight progress during the 2021-22 financial year. Progress overall has highlighted relatively high numbers of positive reports	The committee commented upon and noted the reports.
Financial statements	Draft financial statements highlight report, going concern and Annual Governance Statement all presented for approval in line with statutory deadlines.	Approved for external audit review.
External Audit	<p>Appointment process for External Audit to be undertaken via the PSAA (Public Sector Audit Appointments)</p> <p>Audit Plan for 2020-21 provided after the commencement of the 2020-21 external audit, the external audit report for 2020-21 remains outstanding. WBC provided financial statements for audit within statutory timeframes.</p>	<p>Approved and recommended to Full Council (where decision was approved)</p> <p>Audit plan approved</p>
Treasury Management	Mid-year report taken to Jan. 22 meeting; first item on this area since the inclusion of Treasury Management within the G&E committee remit.	Report noted
Constitution Review	<p>Updates to the budget discussion and a separate March Full Council meeting</p> <p>Delegations to the licensing Committee</p>	<p>Approved and recommended to Full Council (where decision was approved)</p> <p>Approved to move to the licensing committee</p>
Risk Management	Q2 Risk management report considered (in part II) by the committee	Report noted by the committee.

	Risk Management Strategy 2021 - 2024 (including Risk Appetite and risk management objectives) considered by the committee	The Governance and Ethic Committee endorsed the Risk Management Strategy and the associated risk appetite
Member access request	Specific request for information – report highlighted request for information and this comes to the G&E committee as part of the Council's constitution	Referred to Full Council (17.3.22)

6 Other options considered

There is the option to have no annual report of the work of the Governance and Ethics Committee though this has been rejected on the basis that it is important there is a summary of the Committee's work during the year.

7 Conclusion

The Committee have considered a variety of reports as well as approving reports for Full Council to consider.

8 Appendices

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

Document Control

DocumentRef:		Date Created:	
Version:		Date Modified:	
Author:			
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Change History

Version	Date	Description	Change ID
1			
2			

Internal Audit Update Report

Committee considering report:	Governance and Ethics Committee
Date of Committee:	25 April 2022
Portfolio Member:	Councillor Howard Woollaston
Report Author:	Julie Gillhespey (Audit Manager)
Forward Plan Ref:	GE4093

1 Purpose of the Report

- 1.1 To update the Committee on the outcome of Internal Audit work carried out during quarter three of 2021/22.
- 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 2021/22.
- 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 completed during the quarter identified one audit where a weak opinion was given, 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					
Other Systems		1			
Schools			3	1	1

5.2 For this reporting period there was one central audit finalised which was given a weak opinion, see next section.

5.3 Key Findings for the Weak Opinion – Carers Payments (Adult Social Care)

- a) To put this opinion into context, we found the framework of carer support guidance to be comprehensive, and for the majority of our sample checks there was a carer assessment to evidence the financial support that was being paid. Also the value of the budget for this area is not significant being approx. £82k.
- b) The key areas of weakness were in relation to the operation and management of the one-off preventative payment procedure. One-off payments can be made up to a threshold of £500, receipts are required from the client to support any payment over £200. We noted that the majority of payments made are either £200 exactly (i.e. maximum value before receipts are required), or the maximum value allowed by the scheme. Although we can see the rationale for this approach, it does not fit in with the scheme requirement of making payments to cover an identified need and specified outcome, as this is more likely to lead to ranges of values being paid for specific needs rather than just at the two threshold values. The process being followed seems to be more of a contribution/grant payment than a specified amount to cover the identified need.
- c) We also found that receipts are usually not being provided for payments over £200, and they are not being chased as per the three reminder process set out in the scheme details.

5.4 Details of the audit work in progress and the stage reached is set out at Appendix B. Progress made against the Anti-Fraud Work Plan is set out at Appendix C.

5.5 The Audit Manager has mentioned in previous update reports 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 had spent 81 days on Covid related grant assurance work, this work will continue for the remainder of the year.

Proposals

Members note the outcome of audit work.

6 Other options considered

Not applicable, the report is for information only.

7 Conclusion

There was only one audit given a less than satisfactory opinion in this reporting period. The Audit Team continues to undertake Covid grant assurance work which impacts on the level of planned work that can be achieved, although the impact has reduced since the second quarter.

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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Version:	01	Date Modified:	
Author:	Julie Gillhespey (Audit Manager)		
Owning Service	Strategy and Governance		

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1			
2			

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1) COMPLETED AUDITS

Directorate/Dept/Service	Audit Title	Overall Opinion
Corporate		
Resources		
People		
Education	Basildon School	Satisfactory
Education	Hampstead Norreys and the Ilsleys Schools Federation	Satisfactory
Education	Hungerford School	Satisfactory
Education	Shaw Cum Donnington School	Very Well Controlled
Education	St Joseph's School	Well Controlled
Adult Social Care	Carers Payments	Weak
Place		

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>
Corporate/Strategy and Governance	Digitalisation Agenda	Weak	Satisfactory
Education Service	Early Years Grant	Weak	Satisfactory
Education Service	Curridge Primary School	Weak	Satisfactory

3) COMPLETED ADVISORY REVIEWS/OTHER WORK

Directorate/Dept/ Service	Review Title
Finance & Property	Fixed Asset Register

1) CURRENT AUDITS

Corporate/Directorate/Service	Audit Title	Current Position of Work	Audit Plan Year
Corporate	National Fraud Initiative	Data matches being reviewed	2021/22
Resources			
Finance and Property	Budgetary Control	Testing	2021/22
Finance and Property	Accounts Payable	Testing	2021/22
Strategy and Governance	Electoral Services – Financial Processes	Background	2021/22
Strategy and Governance	Disclosure and Barring Service	Draft Report Issued	2021/22
Strategy and Governance	Service Planning/Performance Management	Draft Report Issued	2021/22
I.T.	Security of Systems	Testing	2021/22
Finance and Property	Building Maintenance	Being Reviewed	2020/21
Strategy & Governance	Members Expenses	Draft Report Issued	2020/21
People			
Adult Social Care	Shared Lives Placements	Testing	2020/21
Children and Families	Adoption Service Provision	Background	2021/22
Children and Families	Turnaround Families Grant Claim work	Ongoing	2021/22
Children and Families	Foster Carer Payments	Testing	2020/21
Education	Special Educational Needs and Disabilities (SEND) Assessments	Background	2021/22
Place			
Development and Regulation	Common Housing Register	Background	2021/22

Corporate/Directorate/ Service	Audit Title	Current Position of Work	Audit Plan Year
Environment	Waste Management Contract	Draft Report Issued	2020/21
Environment	Parking	Testing	2021/22
Development and Planning	Purchase and Utilisation of Council Properties	Draft Report Issued	2019/20

2) CURRENT ADVISORY REVIEWS/OTHER WORK

Audit/Review Title	Current position of work
General Grants sign off work	Majority completed
Covid Grants – payments assurance work	Ongoing
COVID Business Grants – payment assurance work	Ongoing

3) CURRENT FOLLOW-UPS

Directorate/Service	Audit title
Resources	
Finance & Property	Council Tax
People	
Adult Social Care	Deprivation of Liberty Safeguards (DoLS)
Place	
Environment	Grounds Maintenance Contract

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

<u>Audit Name</u>	<u>Work Focus</u>	<u>Update Position 31/12/2021</u>
NFI Investigation Work	Review of data matches to assess whether fraudulent.	Ongoing
Covid Grant Assurance Work (Non-business)	Review of appropriateness/accuracy of grant payments made to third parties/use of grants the Council has received.	Completed Compliance and Enforcement Grant Assurance. Completed testing of Test and Trace Support Grant and Infection Control Grant.
Covid Business Grants Assurance	Review of payments to assess whether inaccurate or fraudulent.	Ongoing.
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.	Postponed at request of Service, rescheduled for next year.
Personal Budgets (Direct Payments/Use of payment cards) (Education Service)	Personal Budgets may be used inappropriately/fraudulent documentation could be provided for expenditure incurred.	Rescheduled for next year.
Street Works/Traffic Regulation Orders/Section 38 Charges	Income collection – to ensure that the relevant charges are requested/received.	Background.
Parking	Income collection – income is maximised/reduced risk of theft.	Testing Stage.
*Council Tax Reduction Scheme	Reductions granted are valid, regularly reviewed, and investigated where applicable.	Completed.

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

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Internal Audit Plan 2022-2025

Committee considering report:	Governance and Ethics Committee
Date of Committee:	25 April 2022
Portfolio Member:	Councillor Howard Woollaston
Report Author:	Julie Gillhespey (Audit Manager)
Forward Plan Ref:	GE4094

1 Purpose of the Report

This report sets out the proposed Internal Audit Work for the three year period from 2022/23 to 2024/25.

2 Recommendation

That the Governance and Ethics Committee discuss and approve the Proposed Audit Plan.

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 (Appendix A). This document is reviewed and refreshed each year where appropriate. There were no amendments needed to be made this year.
- 4.3 The Internal Audit Reporting Protocol (Appendix B) sets out how the team will communicate with its clients. There were no amendments needed to be made this year.
- 4.4 The proposed work programme for IA for the period 2022-2025 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 The PSIAS require the Audit Manager to identify areas for improvement each year, these are set out in Appendix E.
- 4.8 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 (Appendix A). This document is reviewed and refreshed each year where appropriate. No changes were required to the document this year.

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.

These reporting requirements are formally set out in the Internal Audit Reporting Protocol (Appendix B)

5.6 The work programme for IA for the period 2022-2025 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 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.
- 5.11 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).
- 5.12 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.
- 5.13 The Audit Team consists of five staff; the Audit Manager, a principal auditor and three senior auditors.
- 5.14 Appendix C sets out the proposed work plan for Internal Audit. The plan over the three year period shows the level of resource is in line with the number of days in the planned programme of work.

5.15 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.

5.16 The PSIAS require IA to have a Quality Assurance and Improvement Programme. There are two areas for improvement identified for next year,

(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;

Both of these were areas for improvement last year, there has been some improvement with point (1) but still room for further improvement. Regarding point (2) this did not materialise, as for quite a few months of the year there was an ongoing I.T. issue where the software could not be fully utilised, we also had a new member of staff that needed training on the software. Proposed improvements and how they will be actioned are set out in Appendix E.

Proposals

(a) That the Governance and Ethics Committee approve the planned work programme for IA.

6 Other options considered

None, the Public Sector Internal Audit Standards (PSIAS) require the Council's Audit Plan 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 2022 – 2025;

8.4 Appendix D - Anti-Fraud Work Plan;

8.5 Appendix E - Improvement Plan 2022/23.

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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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.

(Reviewed February 2022)

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

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 set out the recipients for the above audit work.
- 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 Service Director/Head of Service/Unit Manager as the main client, and as such we require a response form them 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

- 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 Service Director/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.
- 3.6 Some audit sections carry out a 'closure meeting/discussion at the end of the 'testing' stage of each audit to give initial feedback and 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.
- 3.7 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 usually 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 Service Director/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

Internal Audit Reporting Protocol

- 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:
- 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 Service Director/Head of Service in considering weaknesses identified in the audit report together with the recommended actions.
 - Support the Service Director/Head of Service in implementing agreed action plans.

(Reviewed February 2022)

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	Depending on the preference of the portfolio holder			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 will 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
Service Director/Head of Service	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 Directorate Cases where there are significant issues that need to be highlighted.	All cases
Service Director – Strategy and Governance	All cases		All cases for her Dept. Cases where there are significant issues that need to be highlighted.	All cases

Further escalation of the advisory / VFM reviews to include 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 2022/23 to 2024/25

Key risks to be covered

Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
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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	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
Corporate Audits											
Audit No.											
1	Mileage Claims - Compliance with Council procedures	a) Inaccurate/inappropriate claims resulting in theft/fraud	Medium		AFW	2013-14				10	10
2	Income collection - spot checks	a) Theft/Fraud	low		AFW	2014-15					0
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	FR	20			20
5	Customer Engagement	a) The Council has not set out how it intends to improve engagement with its customers (external and internal) b) Plans to achieve the improvement in engagement are not clearly defined, measured and/or reported. c) Customer satisfaction are not adequately taken into account/services do not meet customer needs or expectations.	Medium		SR	NEW			20		20
6	IR35	a) Non compliance with legislation b) Inaccurate calculations could result in financial penalties and interest being incurred	Medium		SR	2019-20	SR	10			10
7	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			20
8	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					0
9	NFI Investigation work	a) fraud by employees/residents	High		AFW	2019-20	N/A	25	25	25	75
10	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	Medium	CRR	SR	2018-19				15	15
11	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
12	Procurement cards	Ineffective monitoring of card usage resulting in inappropriate expenditure being incurred	High		AFW/SR	2018-19				15	15
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	Archiving Council Records	a) Ineffective service provision b) Storage requirements not reviewed c) Unnecessary costs incurred	Low		OR	2014-15				10	10
15	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					0

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
16	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
17	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					0
18	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			10		10
19	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	2021-22					0
20	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		AFW	2021-22	N/A	10			10
	total							85	90	100	275

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
Resources Directorate											
Head of Finance and Property											
1	Compliance with CIPFA's Financial Management Code	a) Poor/inaccurate financial planning resulting in S14 notice, b) Government Intervention c) Qualified Accounts	Medium		SR	New	SR	10			10
2	General Ledger	a) Inaccurate information for management decisions b) Budgets exceeded c) Qualified accounts	Medium		KFS	2017-18	FR	15			15
3	Fixed Asset Register	a) Non compliance with accounting standards b) Qualified Accounts	High		ADV	2020-21					0
4	IFRS 16 (Accounting for Leases)	a) Non-compliance with accounting standards b) Qualified Accounts	Medium		OR	NEW			12		12
5	Budget Monitoring	a) Inaccurate Information b) poor decision making	High		SR	2021-22					0
6	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	FR	20			20
7	Treasury Management	a) Inappropriate cashflow decisions - income not maximised b) Legislation/Internal policies not complied with	Medium		KFS	2021-22					0
8	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
9	VAT	a) Non compliance with Revenues & Customs requirements - financial penalties	Medium		OR	2013-14			12		12
10	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
11	Building Maintenance	a) Ineffective maintenance programme, b) Non compliance with legislation (internal, H&S, EU tendering policies)	Medium		OR	2021-22					0
12	Asset Management Strategy/Plans	a) Non compliance with legislation, b) Ineffective management of asset portfolio	High		SR	2016-17			15		15
13	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
14	Commercial Rents (excluding property investment portfolio)	a) Non compliance with legislation, b) Loss of income/increased void periods, c) Misappropriation of leases	Medium		OR	2013-14	FR	15			15
15	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	Partial coverage 2021-22			12		12
16	Health and Safety	a) Non compliance with H&S Legislation - legal action/penalties	Low		SR	2012-13				10	10
17	Accounts Payable	a) Inappropriate/fraudulent payments b) budgets exceeded	High		KFS	2021-22				15	15
18	Accounts Receivable	a) Council's cash flow affected b) Income not maximised c) Ineffective debt management	High		KFS	2016-17	FR	15			15

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
19	Car Loans & Car Leasing	a) Inaccurate payroll deductions b) Non compliance with Inland Revenue requirements	Low		OR	2013-14				10	10
20	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
21	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
22	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
23	Council Tax Reduction Scheme	a) Non compliance with legislation/local schemes for reductions b) Income generation/collection not maximised	Medium		AFW	2019-20				15	15
24	Council Tax Hardship Fund	a) Non compliance with Hardship Fund Grant rules/local scheme rules b) Grants inappropriately awarded c) Grant utilisation not fully accounted for	Medium		AFW	New	SR	12			
25	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	15			15
26	Housing Benefits	a) Non compliance with legislation b) Inaccurate/inappropriate payments made c) Accounts qualified	Medium		OR	2014-15	SR	12			12
	Total							129	96	80	305

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
Service Director - Strategy and Governance											0
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	SR	12			12
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	Medium		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.	Low		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	2021-22					0
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			12		12
9	Service Planning/targets and performance management	Service Delivery / intervention / legal obligations / performance indicators / linkages to Timelord	Medium		SR	2021-22					0
10	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
11	Members expenses	a) Inappropriate payments, b) Over payments on budgets, c) Non compliance with legislation/policies	Medium		OR/AFW	2020-21					0
12	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	SR	12			12
13	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				12	12
14	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
15	Electoral Services	a) Non compliance with legislation, b) Inappropriate entries on register, b) Incorrect payments/expenditure/charges	Medium		OR	2021-22					0

	Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
16	Land Charges a) Non compliance with legislation b) Income collection processes are not effective	Low		OR/AFW	2007-08					0
17	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	2021-22					0
18	Post Implementation Reviews Oversight a) Systems do not meet business/user needs b) Escalation of costs/time to implement	High		SR	2013-14	SR	12			12
	total						48	52	52	152

	Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
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	SR	10		10
2	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
3	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	2021-22			15	15
4	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	Partial 2011-12	FR	15		15
5	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	Medium	CRR	SR	2011-12	FR	15		15
6	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
7	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			10	10
8	Manage problems and incidents (help desk)	a) Interruptions to service delivery b) Staff performance adversely affected	Medium		OR	2012-13			15	15
9	Printing Service	a) Inefficient operations b) Delivery targets not met	Low		OR	2014-15			15	15
Total							40	45	40	125

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
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		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				20	20
5	Implementation of Social Value Policy	a) ineffective roll out of the policy so contracts are awarded without taking into account social value benefits b) Non compliance with Public Services (Social Value) Act 2012 and Council Policy.			SR	New			15		15
	Total							20	35	40	95

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
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				20	20
2	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	FR	15			15
3	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
4	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	2021-22					0

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
5	Resource Centres (3)	Establishment reviews - key risks - budgetary control/appropriateness of expenditure	Low		EST	2013-14		8		8	16
6	Residential Homes - Elderly (4)	Establishment review - key risks - budgetary control/appropriateness of expenditure	Medium		EST	2021-22			8		8
7	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
8	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
9	Shared Lives - Placements and Payments	a) Scheme not effectively managed b) Incorrect/inappropriate payments, c) Overspends on budget	Medium		OR/AFW	2021-22					0
10	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
11	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	2021-22					0
12	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
13	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	FR	15			15
14	Liberty Protection Safeguards	a) Legislation not adhered to b) Assessments inaccurate c) Supervision / review of contractors performing assessments inadequate	High	CRR	OR	2020-21					0
total								53	53	43	149

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
Head of Education											
1	Secondary Schools (3)	Review of key risks - budgetary control, income collection, control of assets, school governance			EST	Annual Programme		10	10	10	30
2	Primary Schools (60)	Review of key risks - budgetary control, income collection, control of assets, school governance			EST	Annual Programme		70	70	70	210
3	Nursery Schools (2)	Review key risks: Compliance with legislation, accurate completion of grant claims			EST	2016-17		7	7		14
4	Special Schools (2)	Review key risks: Compliance with legislation, budgetary control, control of assets,			EST	2018-19		8		8	16
5	i-College	Review key risks: Budgetary control, appropriateness of expenditure			EST	2020-21					0
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	FR	15			15
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				12	12
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				15	15
13	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	2021-22					0
14	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					0
15	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)				12	12
16	Castlegate	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	Low		OR	2018-19			8		8
17	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
18	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
19	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

	Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
20	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						155	135	157	447

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
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	SR	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	2021-22					0
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	2021-22					0
5	S17 - Payment of Support Costs/Allowances	a) Non compliance with legislation, b) Incorrect/inappropriate payments, c) Overspends on budget	Medium		OR	2015-16			15		15
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	Low		OR	2004-05	FR	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				15	15
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							37	27	57	121
Service Director - Communities and Wellbeing											
1	Public Health 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
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	SR	10			10

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
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	SR	12			12
8	Libraries Income	a) Loss of stock is not reimbursed, resulting in additional expenditure b) Income collection not maximised	Medium		OR/AFW	2020-21				15	15
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			12		12
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					0
	total							42	47	38	127

	Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
Place Directorate										
Service Director Development and Regulation										
Public Protection Partnership (From April 2022 - Bracknell and West Berkshire)										
1	Contract Management/Governance	a) Ineffective governance - Non compliance with terms of the joint arrangement b) ineffective monitoring of quality of service provision and costs	Medium	OR	2018-19			15		15
2	Health and Safety	a) Not meeting statutory obligations b) Poor service delivery/customer dissatisfaction	Low	OR	2002-03			5		5
3	Licensing	a) Not meeting statutory obligations b) Poor service delivery/customer dissatisfaction	Medium	OR	2020-21					0
4	Purchase & Disposal of samples/service requests for intervention/Food Safety	a) Not meeting statutory obligations b) Poor service delivery/customer dissatisfaction	Low	OR	2013-14			5		5
5	Civil Contingencies Joint Arrangement	a) Non compliance with Civil Contingencies Legislation b) Ineffective Governance of the Joint Arrangement		SR	2011-12	SR	12			12
6	Building Control	a) Non compliance with Regulations b) ineffective monitoring of quality of service provision and costs	Medium	OR	2019-20				15	15
7	Enforcement	a) Planning Legislation is not adhered to b) Management information is not up-to-date/accurate	Low	OR	2010-11				10	10
8	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
9	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				15	15
10	Common Housing Register	a) Legislation is not adhered to b) Housing not offered to those in greatest need c) Register not effectively administered	Medium	OR/AFW	2021-22					0
11	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
12	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					0
13	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
14	Economic Development	a) Lack of strategic direction b) Plans/targets not clearly set out to meet objectives c) Poor communication across the district d) Grants not effectively managed	Medium	SR	New			15		15
Total							27	70	40	137

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
Service Director - Environment											
1	Environment Strategy/Delivery Plan	a) The Council may not achieve its environment/green aims and objectives if it has not set out a strategy and associated plan on how to achieve them b) Governance arrangements have not been clearly defined/established to manage achievement of stated aims and objectives c) Performance measures are not SMART and/or not set for all objectives to help ensure the objectives are achieved	High	SRR	SR	New	FR	15			15
2	Structural Maintenance / Engineering	a) Non compliance with legislation, b) Ineffective maintenance programme	Low		OR	2012-13				12	12
3	Major Road Repairs (Projects)	a) Projects/schemes targets not met, b) Non compliance with internal policies, plans	Low		OR	Not audited	FR	15			15
4	Traffic Management	a) Projects/schemes targets not met, b) Non compliance with internal policies, plans	Low		OR	2013-14				12	12
5	Highway Term Contract (excluding major road projects/including Street lighting)	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
6	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
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	2021-22					0
8	Concessionary Fares / Bus Passes	a) Fraud/theft, b) Non compliance with regulations	Medium		OR/AFW	2020-21					0
9	Parking	a) Non compliance with legislation, b) Loss of income c) Fraud/theft	High		OR/AFW	2021-22					0
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	SR	12			12
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	2021-22					0
13	Grounds Maintenance/Tree Maintenance contract	a) Contract specification is not met b) Inappropriate/inaccurate payments could be made	High		OR	2020-21				15	15
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)					0

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
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 claims relating to public rights of way.	Low		OR	New				10	10
	total							57	45	49	151

Key risks to be covered

		Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2022-23	2023-24	2024-25	TOTAL Est Days 2022-2025
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						3	3	3	9
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						10	10	10	30
9	SFVS Monitoring						5	5	5	15
10	External Professional Liaison						5	5	5	15
11	Fraud and related training courses						5	5	5	15
	Total						99	99	99	297
	Contingencies						45	45	45	135
	Total						45	45	50	140
	Planned Audit Days						837	839	843	2519
	Actual Staff Days Available						839	839	839	2517

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Anti-Fraud Work Plan

(Drawn together from entries in the Audit Plan for 2022/23)

<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.
Council Tax Hardship Fund	Check that grants have been awarded accurately/appropriately.
Residents Property (Appointeeship/Deputyship)	Check that client financial records are kept up to date/are accurate. Check that expenditure incurred is appropriate and has full supporting documentation. Check that any physical assets are adequately safeguarded.

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Internal Audit Improvement Plan (2022/23)

<u>Area for Improvement</u>	<u>Action Taken/Required</u>	<u>Measure/Timeframe</u>
<p>1) To reduce the timeframe from commencing an audit to the issuing of a draft report.</p>	<p>Delays will never be eradicated where there is a small audit team, as we have to react to emerging changes in risk/suspected fraud in year, therefore this reprioritisation of work often results in delays in the audit work that has already commenced.</p> <p>Also, where services do not provide required information in a timely manner, this results in delays and the need to commence new audits whilst waiting for information to be provided, this then has a knock on effect of meeting the estimated timeframe for issuing a draft report.</p> <p>We can however, work smarter by improving the following:-</p> <ul style="list-style-type: none"> a) Pre-planning of audits and what records/evidence they will require and giving plenty of notice as to when they will need the information. b) Where there is likely to be large delays due to other work priorities (e.g. an investigation), notifying the relevant Service Director/Head of Service/Service Manager, and if it is considered there will be a significant delay, formally postpone the audit. c) Auditors being more pro-active in chasing information required for an audit/escalating where this is not received. d) Refresher time management/project management training undertaken where required. 	<p>Reduction in number of audits where there is a large delay in us progressing the work.</p>
<p>2) Increase the use of IDEA (data analytics software) to add value/widen the</p>	<p>The team has undertaken training/refresher training in 2021/22.</p> <p>A team session has recently taken place to identify and assess the potential scope for using IDEA in</p>	

APPENDIX E

scope of audit testing coverage.	the proposed audits for next year, so we have an outline plan to refer to when commencing any work.	
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2021/22 Year end Preparation

Committee considering report:	Governance and Ethics Committee
Date of Committee:	25 April 2022
Portfolio Member:	Councillor Ross Mackinnon
Date Head of Service agreed report: <i>(for Corporate Board)</i>	30 March 2022
Date Portfolio Member agreed / sent:	12 April 2022
Report Author:	Shannon Coleman-Slaughter
Forward Plan Ref:	GE4211

1 Purpose of the Report

This report is to inform members of the accounting policies to be applied in the production of the Council's 2021/22 Financial Statements. It is also to propose changes to accounting policies to be adopted for the 2022/23 financial year, and to highlight changes to accounting policies arising from changes in activities and in respect of accounting standards issued, not yet adopted.

2 Recommendation

2.1 Members are asked to consider and approve the following recommendations:

- (a) To approve a change to the Council's 2021/22 accounting policy in respect of cash and cash equivalents. The Council has to specify an accounting policy in respect of both cash and 'cash equivalent' financial assets. The classification is made with reference to the liquidity of holdings, for which the proposed accounting policy would define both as repayable within not more than 24 hours. (See Section 6.2).
- (b) To approve the accounting policies which will be applied in the production of the Council's 2021/22 Financial Statements (Appendix A).

2.2 Members are requested to note the following:

- (a) Forthcoming accounting requirements, issued but not yet adopted, in respect of the accounting standard IFRS 16 *Leases*, which has been deferred for a further two financial years.
- (b) Potential implications for accounting arrangements from 2022/23 for interests in companies and other entities.

- (c) The timetable under which the draft 2021/22 Financial Statements are to be produced (Appendix B)

2.3 Members are asked to recommend to Executive:

- (a) With effect from 1 April 2022, a de minimis limit of £10,000 for expenditure to be categorised as capital expenditure.

3 Implications and Impact Assessment

Implication	Commentary			
Financial:	Whereby a Council is deemed to have not produced financial statements in accordance with relevant accounting requirements, this can result in additional testing by external auditors and increased external audit fees.			
Human Resource:	Not applicable			
Legal:	The Council is required to ensure the annual financial statements are properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting (the CIPFA Code) and prepared in accordance with the Local Audit and Accountability Act 2014.			
Risk Management:	Where external auditors deem that the Council's annual financial statements are not deemed in accordance with the CIPFA Code of Practice on Local Authority Accounting and the Local Audit and Accountability Act 2014, and do not provide a true and fair view of the Council's financial position and performance, this may result in a qualified audit opinion.			
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 Impact:		X		
Digital Services Impact:		X		
Council Strategy Priorities:		X		
Core Business:		X		
Data Impact:		X		
Consultation and Engagement:	Joseph Holmes, Executive Director for Resources, s151 Officer			

4 Executive Summary

4.1 At the date of drafting this report the Council's external auditors, Grant Thornton, are concluding their audit of the Council's 2020/21 Financial Statements. Nationally, there has been a delay across the sector in respect of external audit opinions being finalised. 91% of local government bodies in England missed the statutory deadline of 30 September 2021 for publication of their audited financial statements.

- 4.2 In order to address the delays in issuing audit opinions by external auditors, CIPFA completed a consultation on the code of accounting practice, consulting on a number of temporary proposals to reduce audit scope. The Financial Reporting Advisory Board (FRAB), has subsequently approved a deferral of the IFRS 16 leases implementation. Under IFRS 16, with the exception of leases of low value items and short term leases, where the Council is lessee to a contract it will need to recognise on the Balance Sheet a right of use asset, and corresponding lease liability. This will increase the Council's Capital Financing Requirement and the Council will be required to make a Minimum Revenue Provision. The deferment approved by FRAB will result in IFRS 16 leases not becoming mandatory for Local Authorities for a further two financial years. Councils are however required to note the impact of accounting standards issued, not yet adopted,
- 4.3 As part of the annual accounts close down process, the Council is required to review its accounting policies to ensure compliance with the CIPFA Code of Practice on Local Authority Accounting. To ensure compliance with the 2021/22 CIPFA Code of Practice, the following two amendments to existing policies are proposed:
- (a) **Cash and cash equivalents:** The Council has to specify an accounting policy in respect of both cash and 'cash equivalent' financial assets. The classification is made with reference to the liquidity of holdings, for which the proposed accounting policy would define both as repayable within not more than 24 hours. (See Section 6.2). Previously, the Council had reported 'cash equivalents' to include items repayable within up to three days, and which therefore was less representative of the true liquidity of holdings.
 - (b) **Capitalisation de minimis:** Due to cost inflation, it is proposed to increase the Council's current capitalisation threshold of £5k to £10K with effect from 1 April 2022. (See Section 6.3). This Adoption of this higher limit is consistent with the statutory threshold for recognition of capital receipts arising on asset disposals.
- 4.4 It should also be noted that in 2021/22 the Council did not hold any interest in companies or other entities. The Council is currently in the process of entering into a Joint Venture with Sovereign Housing Association for the purpose of increasing the local housing supply. Depending on the scale of its involvement with the Joint Venture, (i.e. should any material transactions be processed, based upon the level of materiality set by the external auditors), the Council may be required to prepare consolidated Group Accounts from 2022/23.

5 Supporting Information

- 5.1 Under International Standards of Audit (ISAs) and the National Office Code of Audit Practice, the Council's external auditors are required to report whether, in their opinion, 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 prepared in accordance with the CIPFA Code and prepared in accordance with the Local Audit and Accountability Act 2014.

- 5.2 Whilst the Council met the deadline for publication of draft financial statements (31st July 2021), for financial year 2020/21, commencement of the external audit was subject to delays for reasons beyond the control of the Council, including the continuing impact of the Covid-19 pandemic. As a result West Berkshire was one of the 91% of local bodies in England that missed the statutory deadline of 30 September 2021 for publication of their audited accounts. The external audit of the Council's 2020/21 financial statements commenced in November 2021, currently, the external audit is still underway.

6 Proposals

- 6.1 As part of the annual accounts close down process, the Council is required to review its accounting policies to ensure compliance with the CIPFA Code of Practice on Local Authority Accounting. To ensure compliance with the 2021/22 CIPFA Code of Practice, the following amendments to existing policies are proposed:
- 6.2 **Cash and cash equivalents:** The Council has to specify the accounting policy it will apply to classify financial investments held as cash and cash equivalent assets.

Previously, the Council has defined 'cash equivalent' financial assets to be highly liquid investments that mature in no more than three days. It is proposed that this definition be revised so that it is consistent with that which applies for cash holdings. The updated policy which members are asked to approve is as follows:

"Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours without material penalty. Cash equivalents are highly liquid investments that also are repayable on notice of not more than 24 hours and that are readily convertible to known amounts of cash with low risk of change in value."

The purpose of making this change will be to increase the relevance of disclosures to the users of the Financial Statements – i.e. to only include within such a grouping items which are highly liquid and available at nominal notice to meet the Council's day to day liquidity needs.

- 6.3 **Capitalisation de minimis:** Expenditure on the acquisition, creation or enhancement of tangible or intangible assets is capitalised on an accruals basis, provided it is probable that future economic benefit or service potential associated will flow to the Council and the cost of the item can be measured reliably.

Under the CIPFA Code's general provisions relating to materiality, authorities are able to determine their own accounting policy to set a de minimis for the classification of expenditure as capital expenditure. Expenditure under the de minimis level is accounted for as revenue spend. The Council's existing de minimis for capital expenditure is £5K. Due to cost inflation this limit is now, in practice, very low. The limit is proposed to increase to £10k with effect from 1 April 2022. This would then be consistent with the de minimis for recognition of capital receipts, as defined under regulation.

The revised limit will be applied in relation to total expenditure per specific capital project, as opposed to per transaction. In essence, aggregate project expenditure of

£10K or greater will be capitalised in accordance with normal practices, even where individual items of spend might be below that level, e.g. bulk purchase of laptops. As such, the impact on the revenue account of applying a higher limit is anticipated to be minimal.

- 6.4 **IFRS 16:** - FRAB have approved a deferral of the implementation of IFRS 16 *Leases*. The primary impact of this accounting requirement will be on lessee arrangements, i.e. whereby the Council leases an asset from another entity. Prior to the adoption of IFRS 16 the CIPFA Code maintains a distinction between 'operating' and 'finance' leases. Under an operating lease, amounts payable are charged as a revenue expense to the Comprehensive Income and Expenditure Statement (CIES) as amounts fall payable. Under a finance lease, amounts payable under the lease are apportioned into an interest element (charged as revenue expenditure in the CIES) and an element repaying the principal element (capital expenditure).

With the exception of leases of low value items and short term leases, where an authority has entered into a contract as a lessee, under IFRS16, it will be required to assess the arrangement and to recognise both a right of use asset and corresponding lease liability on the Balance Sheet over the lease term. The impact is there will be an increase in the Council's Capital Financing Requirement and trigger a requirement for the Council to make a Minimum Revenue Provision. IFRS 16 leases will become mandatory in two financial years, i.e. 1st April 2024.

- 6.5 **Group accounts:** In 2021/22 the council did not hold any interest in companies or other entities. The Council is currently in the process of entering into a Joint Venture with Sovereign Housing Association for the purpose of increasing the local housing supply. The Council's present interest in the Joint Venture is not material. Depending on the scale of investment it will ultimately apply into the Joint Venture, the Council may be required to prepare consolidated Group Accounts from 2022/23.

The requirement to prepare group accounts will be judged against a materiality threshold as determined by the Council's external auditors. It is not possible to quantify what such a threshold might be as this will depend on circumstances prevailing at the time of the 2022/23 audit, but based on the 2020/21 position, is likely to be in the region of £5m, or above.

7 Other options considered

Not applicable.

8 Conclusion

- 8.1 The Section 151 Officer is satisfied that the proposed changes within this report will enhance compliance with the CIPFA Accounting Code of Practice and ensure the Council minimises the risk of material non-compliance within the Financial Statements.

9 Appendices

Appendix A – 2021/22 Accounting Policies

Appendix B – 2021/22 Production of Accounts Timetable

Subject to Call-In:

Yes: No: X

- 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 X

Officer details:

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

Document Control

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Author:			
Owning Service			

Change History

Version	Date	Description	Change ID
1			
2			

2021/22 Draft Accounting Policies

General Principles

The Accounts and Audit Regulations 2015 (SI 2015 No 234) require the Council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2021/22, these proper accounting practices principally comprise:

- The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code);
- The Service Reporting Code of Practice 2021/22 (SeRCoP);
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No 3146, as amended).

The Statement of Accounts has been prepared using the going concern and accruals bases. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Going Concern Concept

The Local Authority's financial statements shall be prepared on a going concern basis; that is, the accounts are prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place rather than when cash payments are made or received. In particular:

- Revenue from the sale of goods or services is recognised in accordance with the terms and conditions of the contract;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, these amounts are carried as inventory in the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Accruals are recognised where the value exceeds £5k;
- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation. Other income amounts received by the Council include government grants and contributions, Council Tax and Business Rates and these sums fall outside the scope of this assessment.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours without material penalty. Cash equivalents are highly liquid investments that also are repayable on notice of not more than 24 hours and that are readily convertible to known amounts of cash with low risk of change in value.

Prior period adjustments, changes in accounting policies, estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes are accounted for retrospectively. The Council has not adopted any new accounting standards or amendments with a significant impact upon the Council's overall financial position.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding capital assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible capital assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to a prudent amount determined by the Authority in accordance with statutory guidance. See Accounting Policy XX Minimum Revenue Provision (MRP).

Depreciation, revaluation and impairment losses and amortisation (not charged through the Revaluation Reserve) are adjusted by way of a transaction in the Capital Adjustment Account via the Movement in Reserves Statement.

Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when this Statement of Accounts has been authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect or impact, disclosure is made in the Notes of the nature of these events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Interests in companies and other entities

Where the Council has material interests in subsidiary and associate companies, these will be consolidated into Group Accounts on a line-by-line basis for subsidiaries, and the equity method for associates, once accounting policies have been aligned with the Council where appropriate, and any intra-group transactions have been eliminated. For 2021/22, the Council holds no such interests, and therefore no Group Accounts have been prepared.

Investment Properties

2021/22 Year end Preparation

Investment properties are properties that are held solely to earn rental income and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated, with gains and losses on revaluation being posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The line is also credited/debited with gains/losses on the disposal of properties, measured as the difference between the carrying amount and sale proceeds. Accounting regulations do not permit unrealised gains and losses to impact the General Fund. Therefore, such gains and losses are reversed out of the General Fund (via the Movement in Reserves Statement) and posted to the Capital Adjustment Account.

Overheads

The costs of overheads and support services are managed separately, and therefore these service segments are reported separately and in accordance with the Council's arrangements for accountability and financial performance.

Revenue Expenditure funded by Capital under Statute

Legislation requires defined items of revenue expenditure charged to services within the Comprehensive Income and Expenditure Statement to be treated as capital expenditure. All such expenditure is transferred from the General Fund Total via the Movement in Reserves Statement to the Capital Adjustment Account and is included in the Capital Expenditure Financing disclosure within Note XX.

Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with any conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until the Council has satisfied any conditions attached to the grant or contribution that would require repayment if not met.

The grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds with appropriate planning consent. The Authority charges for and collects the levy, and this is a planning charge. The levy income will be used to fund a number of infrastructure projects to support the commencement date of the development of the area. The receipt of CIL is limited by regulations. It is therefore recognised at the commencement date of development in the Comprehensive Income and Expenditure Statement in accordance with the core accounting policy for Grants and Contributions detailed above.

Business Improvement Districts (BID)

A Business Improvement District (BID) scheme applies to a defined area in Newbury Town Centre. The BID is managed and operated by Newbury Business Improvement District Community Interest Company. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as principal under the scheme and accounts for income and expenditure, including contributions to the BID project, within the relevant service lines in the Comprehensive Income and Expenditure Statement.

Reserves

2021/22 Year end Preparation

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Earmarked reserves are identified within the General Fund Total in the Movement in Reserves Statement. Where expenditure has been incurred which is to be financed from an earmarked reserve, the expenditure is charged to the relevant service area within the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. An amount is then transferred from the earmarked reserve to the General Fund Total via an entry in the Movement in Reserves Statement.

Schools

Local authority-maintained schools are considered to be under the control of the Council. Consequently, the income, expenditure, assets and liabilities of maintained schools are accounted for within the Statement of Accounts. These are Community Schools, Voluntary Aided and Voluntary Controlled Schools, Community Special and Foundation Secondary Schools as well as a Pupil Referral Unit. Other types of school are outside of the Council's control, and are therefore not included in this Statement of Accounts.

Value Added Tax

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs (HMRC) and all VAT paid is recoverable.

Joint Operations

Jointly-controlled operations are where the parties involved have joint control of an arrangement and have rights to the asset and obligations relating to the activities undertaken in conjunction with other operators. These activities often involve the utilisation of the assets and resources of the operators rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs, and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure incurred and the share of income earned from the activity of the operation.

Jointly-controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other joint operators, with the assets being used to obtain benefit for the joint operators. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

Provisions, Contingent Assets and Liabilities

Provisions

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement where an event has taken place that gives the Council a legal or constructive obligation that in all likelihood requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but are disclosed in a Note to the Accounts where it is probable that there will be an inflow of economic benefit or service potential.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a Note to the Accounts.

2021/22 Year end Preparation Revenue Recognition

The Council's various income streams have been assessed and classified in accordance with the Code and revenue has been recognised accordingly. Specific consideration has been given to:

- Implied or stated contractual terms for exchange transactions;
- Obligating events and/or conditions attached to non-exchange transactions, where a party receives something of value without directly giving value in exchange;
- Significance of the income stream to the Council.

Property, Plant and Equipment

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefit or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (such as repairs and maintenance) is charged as an expense when it is incurred.

Property, plant and equipment is recognised where the initial cost or value exceeds £10K.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the cost of dismantling and removing the item and restoring the site on which it is located.

Infrastructure, community assets, assets under construction and vehicles, plant and equipment are then carried in the Balance Sheet at depreciated historical cost. Other categories of Property, Plant and Equipment are subsequently re-measured at existing use or fair value. Assets are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. The Council engages external valuation specialists to determine updated asset valuations.

Revaluation

The Council undertakes a rolling programme which ensures that all assets requiring revaluation are revalued, as a minimum, once every five years. Additional revaluations are undertaken in addition to this cycle, as appropriate – for example upon completion of a major project of works on an asset. Investment Property assets held by the Council are revalued on an annual basis.

Increases in valuations for non-Investment Property assets are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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Assets are assessed at each year-end to determine whether there is an indication of impairment. Where indications exist and possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, these are accounted for in the same way as revaluation losses.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land and certain community assets) and assets that are not yet available for use, such as assets under construction.

Depreciation is calculated on the following bases:

- Buildings – reducing balance over the useful life of the property as estimated by a qualified valuer;
- Vehicles, plant, furniture and equipment – reducing balance over the life of the asset, usually 10 years;
- Infrastructure – reducing balance over the life of the asset, usually 10 to 40 years;
- IT assets – straight-line allocation over the useful life of the asset, usually five years.

Where an asset is material and has major components whose cost is significant to the total cost of the asset and have markedly different useful lives, such components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset is de-recognised in the Balance Sheet. This amount, net of any receipts from disposal, is accounted for as a gain or loss on disposal and taken to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Any revaluation gains previously accounted for in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Any disposal receipts in excess of £10K are categorised as capital receipts and must be credited to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax but is subject to separate arrangements for capital financing. Amounts reflected in the Comprehensive Income and Expenditure Statement are appropriated to the Capital Adjustment Account via the Movement in Reserves Statement.

Asset Reclassification

The Council adheres to CIPFA and RICS guidance on the classification of properties. Where a property has had a change of use, the Council will reflect this in the Accounts. Movements between asset classes are usually between Property, Plant and Equipment and Investment Properties. Upon reclassification, assets are subsequently valued in line with the relevant class of asset. In certain cases a property may be used for a combination of investment and operational purposes. In these instances, the Council will split the valuation of the property between Property, Plant and Equipment and Investment Properties, and reflect this in the Accounts.

Minimum Revenue Provision (MRP)

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue

2021/22 Year end Preparation

towards a provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with the established MRP policy.

Componentisation

The Code requires that each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Within the Council's asset portfolio there are a number of asset classes where componentisation will not be considered, including:

- Equipment – as this is considered immaterial; and
- Asset classes which are not depreciated – such as land, investment properties, heritage assets, community assets, surplus assets and assets held for sale.

The remaining assets, which are housed within the operational portfolio, are often of a specialised nature such as schools and leisure centres. The Council requests that the valuer provides component information for each individual asset. This is subsequently reviewed to determine whether or not the inclusion of a component value will have a material impact upon depreciation. For 2021/22, a componentisation de minimis of £3 million will be implemented.

Where individual assets fall below the de minimis threshold, but are collectively above this level, these assets should be assessed for componentisation where generally treated together elsewhere.

Heritage Assets

These assets have historical, artistic or scientific importance and are held primarily for their contribution to art and culture. Heritage assets are deemed to have infinite lives and are not subject to depreciation, but the carrying amounts are reviewed where there is evidence of impairment such as physical damage. Any impairment is recognised and measured in accordance with the Council's general accounting policy on impairment.

Heritage assets are not presently subject to revaluation within an annual revaluation programme as, based on the insured value of the collection, this is not deemed material in the context of the Council's Statement of Accounts.

Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the Council as a result of past events, and future economic benefit or service potential must be expected to flow from the intangible asset to the Council. The most common class of intangible asset in local authorities is computer software. If an item does not meet the definition of an intangible asset (identifiability, control and future economic benefits), expenditure to acquire it or generate it internally is recognised as an expense when incurred.

Upon recognition, an intangible asset is measured at cost. Expenditure incurred on an intangible asset after it has been recognised will normally be charged to the surplus or deficit on the provision of services as incurred. Only rarely will subsequent expenditure meet the recognition criteria in the Code. Where this occurs, the expenditure is recognised in the carrying amount of the intangible asset.

The Council applies amortisation to intangible assets with finite useful lives on a reducing balance basis over the useful life of the asset, and from the point at which the asset is available for use.

Assets with indefinite useful lives are not amortised but are tested for impairment annually, and whenever there is an indication that the asset may be impaired. The useful life of the asset shall be reviewed annually thereafter.

Leases

2021/22 Year end Preparation

Rentals paid by the Council under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased asset. Charges are accounted for on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

Where the Council grants an operating lease over a property or a Property, Plant and Equipment asset, the item is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments made.

1. Private Finance Initiatives (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services, passes to the PFI contractor. As the Authority is deemed to control the services that are provided under such PFI schemes, and as ownership of the Property, Plant and Equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on the Balance Sheet within Property, Plant and Equipment. The original recognition of these assets at fair value (based upon the cost to purchase the Property, Plant and Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The Authority has one PFI contract, and this is with Veolia ES West Berkshire Limited.

Non-current assets recognised in the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment assets owned by the Authority.

The annual amounts payable to PFI scheme operators are analysed into five elements:

- **fair value of the services received during the year** – debited to the relevant service line in the Comprehensive Income and Expenditure Statement;
- **finance cost** – an interest charge of X.X% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- **contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- **payment towards liability** – applied to write down the Balance Sheet liability owed to the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease);
- **lifecycle replacement costs** – a proportion of the amount payable is posted to the Balance Sheet as a prepayment and subsequently recognised as an addition within Property, Plant and Equipment when the relevant works are eventually undertaken. This accounting is in accordance with the Code's adaption of IFRIC 12 Service Concession Arrangements.

Financial Instruments

Financial instruments are recognised within the Balance Sheet when the Council becomes a party to their contractual provisions. These instruments are initially measured at fair value.

Financial Liabilities

Financial liabilities are subsequently measured at amortised cost. This means that the amount presented in the Balance Sheet is the outstanding principal sum repayable plus accrued interest. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based upon the carrying amount of the liability multiplied by the effective rate of interest for the instrument.

Financial Assets

2021/22 Year end Preparation

Financial assets are subsequently measured in one of two ways:

- Amortised cost – assets whose contractual terms are basic lending arrangements in that these assets give rise on specified dates to cash flows that are solely payments of principal or interest on the principal amount outstanding which the Council holds under a business model whose objective is to collect those cash flows;
- Fair value – all other financial assets.

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable plus accrued interest. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based upon the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Any gains or losses in fair value that might arise are not accounted for until the instrument matures or is sold.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line as they arise.

Employee Benefits

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure in the relevant service line within the Comprehensive Income and Expenditure Statement.

Post-Employment Benefits: Pensions

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to fund the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- The Local Government Pension Scheme, administered by the Royal Borough of Windsor and Maidenhead;
- The NHS Pension Scheme, administered by NHS Pensions.

The Local Government Pension Scheme provides defined benefits to members, specifically retirement lump sums and pensions, earned as employees working for the Council, or for related parties. Under IAS 19 and CIPFA Code requirements, the Council recognises the cost of post-employment benefits in the reported cost of services when these amounts are earned by employees rather than when the benefits are eventually paid as pensions.

The Teachers' scheme and NHS scheme are both accounted for as defined contribution schemes. However, the arrangements for these schemes mean that the future defined benefit liabilities cannot be identified to the Council, and therefore no liabilities for future payment of benefits are recognised in the Balance Sheet. Services are charged with employer contributions to the Teachers and NHS schemes in the Comprehensive Income and Expenditure Statement within the appropriate financial year. The Council's 2022/23 Employer contribution level is at XX.XX% in respect of the Teachers' scheme. (Note XX.XX% to be completed upon production of the financial statements).

Defined Benefit Pension Schemes

Local Government Pension Scheme

The liabilities of the Royal Berkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis. The basis of calculation is the projected unit method - specifically an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, including assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees. This future liability is then discounted back to present value using a discount rate determined by reference to market yields at the Balance Sheet date of high quality corporate bonds.

The assets of the Royal Berkshire Pension Fund attributable to the Council are held in the Balance Sheet at fair value.

The change in the net pension liability is analysed into the following components:

1. Service cost. This comprises current service cost – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked. Past service cost – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure;
2. Net interest on the net defined benefit liability – charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
3. Re-measurements, these comprising the return on plan assets (excluding amounts included in net interest on the net defined benefit liability/(asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure. Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
4. Contributions paid to the pension fund are charged to the General Fund via an accounting entry in the Movement in Reserves Statement to replace the service cost items above discretionary benefits.

Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements of employees. Any resulting liabilities are accrued in the year of the award and are accounted for using the same policies applied for liabilities relating to the Royal Berkshire Pension Fund.

Curtailments

The cost of curtailments arising as a result of the payment of unreduced pensions on early retirement have been calculated by the Actuary. The amounts calculated are the curtailment costs which affect the Council's Local Government Pension Scheme liabilities.

Collection Fund

The Collection Fund shows the transactions of the billing authority in relation to the collection of Council Tax and Non-Domestic Rates from local taxpayers, and its subsequent distribution to local authorities and the Government. There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting Non-Domestic Rates and Council Tax belong to the bodies concerned, including major preceptors, the billing authority and Central Government. The Council's share of Council Tax and Business Rates income is reflected in the Comprehensive Income and Expenditure Statement on an accruals basis in line with the Code. Income due from Council Tax and ratepayers is recognised in full at 1 April, this date being the start of the financial year.

The Council's share of Council Tax and Business Rates income is reflected in the Comprehensive Income and Expenditure Statement on an agency basis, consistent with the requirements of the Code. However, the amount to be reflected in the General Fund is determined by regulation. Therefore, there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and the Collection Fund Adjustment Account.

2021/22 Year end Preparation

The Council, as a billing authority, is statutorily required under Section 89 of the Local Government Finance Act 1988 to maintain a separate Collection Fund account as agent into which all transactions relating to collection of Business Rates and Council Tax income from taxpayers and distribution to local government bodies and Central Government are made. The Collection Fund account is accounted for separately from the General Fund.

Surpluses or deficits on the council tax income and distributions are apportioned to the relevant precepting body in the following financial year in proportion to each body's Band D Council Tax amount.

Council Tax

Council tax is charged on residential properties based upon valuation bandings established when the system was introduced in 1993. The number of properties in each band and calculation of the tax base (adjusted to reflect relevant discounts and exemptions) is approved by Full Council annually as part of the budget-setting process.

National Non-Domestic Rates

The Council collects Business Rates for its area based on rateable values (as determined by the Valuation Office Agency) and multiplier indices as determined by Central Government. The total income estimated to be received in the year is notified to related bodies in the immediately preceding January in accordance with statutory regulations.

Termination Benefits

Termination benefits are charged on an accruals basis to the appropriate service or to the specified segment in the appropriate line in the Comprehensive Income and Expenditure Statement (where these sums relate to pensions enhancements) at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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Final Accounts Timetable 2021/22

Category	Task Description	2021/22 Preparation Date	2021/22 Review Date
Budget Managers	KEY DATE - year-end timetable, closing guidance and accruals instructions/templates issued to Budget Managers	24/02/22	25/02/22
Imprest	KEY DATE - Budget Managers - final claim for reimbursement of non-schools imprest accounts to be submitted to service accountants	21/03/22	21/03/22
Schools	KEY DATE - Schools' final imprest claims to be submitted to Schools Finance Team	22/03/22	23/03/22
Accounts Receivable	KEY DATE - Process final transactional entries within Bank Income and Clearing Account	23/03/22	23/03/22
Accruals and prepayments	KEY DATE - Budget Managers - Orders to be GRN'd in Agresso by 12pm	31/03/22	31/03/22
Bank/Cash	KEY DATE - Final Debtors/Accounts Receivable year-end invoices to be raised by 12pm	31/03/22	31/03/22
Accounts Payable	KEY DATE - No further 2021/22 invoice registrations to be processed after 12pm cut-off	31/03/22	31/03/22
Accruals and prepayments	KEY DATE : Process GRN Accrual by 5pm	31/03/22	31/03/22
Revenue/Capital	KEY DATE - Final date for Revenue postings to Capital codes. Accounting entries processed after this date must be pre-authorized by Chief Financial Accountant	31/03/22	31/03/22
Schools	KEY DATE - Month 12 Agresso Report issued to schools/central services	01/04/22	01/04/22
Capital/Fixed Assets	KEY DATE : Application of funding to Capital cost centres	06/04/22	07/04/22
Capital/Fixed Assets	KEY DATE - Capital Accruals deadline	08/04/22	08/04/22
Revenue	KEY DATE - Review of year-end GRN Accrual completed (latest point by which individual accountants can confirm any necessary reversals)	08/04/22	08/04/22
Revenue	KEY DATE - Action year-end GRN accrual	08/04/22	11/04/22
Revenue	KEY DATE - Cut-off for all material accruals to be reflected within year-end position/vouch correct cut-off treatment for April 2022 expense items to this point	11/04/22	12/04/22
Capital/Fixed Assets	KEY DATE : Transfer of actuals from cost centres	13/04/22	14/04/22
Revenue/Capital	KEY DATE - Closure of General Ledger	14/04/22	14/04/22
Schools	KEY DATE : Final date for closedown of Schools' cost centres and associated upload to Agresso	20/04/22	21/04/22
Capital/Fixed Assets	KEY DATE : Agree final Capital Outturn position and confirm reprofiling	20/04/22	21/04/22
Schools	KEY DATE : Review schools' account codes / prepare year-end working paper documenting reconciliation of Delegations to B Codes, B Codes to Z Codes and consolidation of schools' trial balance	25/04/22	26/04/22
Schools	KEY DATE : Consolidation of schools' trial balance within year-end Statement of Accounts	26/04/22	27/04/22

Category	Task Description	2021/22 Preparation Date	2021/22 Review Date
Capital/Fixed Assets	Key Date: Capital Strategy Group - review Capital Outturn position and reprofiling	27/04/22	28/04/22
Revenue	KEY DATE - Closedown of all Revenue cost centres	03/05/22	03/05/22
Revenue/Capital	KEY DATE - Revenue and Capital Directorate outturn reports to Chief Accountants	04/05/22	05/05/22
Statement of Accounts	KEY DATE - Annual Governance Statement, Going Concern Report and Statement of Responsibilities to Corporate Board and Operations Board. Papers to include Draft Status Report on Statement of Accounts	04/05/22	06/05/22
Revenue	KEY DATE - Outturn report/supporting papers to Corporate Board. Papers due date - Wednesday 11 May 2022 (TBC)	11/05/22	17/05/22
Statement of Accounts	KEY DATE - Deadline for submissions to Operations Board. Papers due date - Thursday 19 May 2022 (TBC)	19/05/22	26/05/22
Statement of Accounts	KEY DATE - finalisation of Draft Statement of Accounts and Inspection Notice for review by S151 Officer and Chief Financial Accountant	20/05/22	25/05/22
Statement of Accounts	KEY DATE - publication of Draft Statement of Accounts and Inspection Notice	30/05/22	31/05/22
Schools	KEY DATE - DSG outturn report and schools' balances to HFG. Papers due date - Wednesday 1 June 2022 (TBC)	01/06/22	08/06/22
Schools	KEY DATE - DSG outturn report and schools' balances to Schools' Forum. Papers due date - Tuesday 14 June 2022 (TBC)	14/06/22	20/06/22
Statement of Accounts	KEY DATE - Draft Statement of Accounts and Going Concern Report to Governance and Ethics Committee	TBC	TBC
Statement of Accounts	KEY DATE - Governance and Ethics Committee	TBC	TBC

Review of DLUHC finance and governance reports

Committee considering report:	Governance and Ethics Committee
Date of Committee:	25 April 2022
Portfolio Member:	Councillor Howard Woollaston
Date Head of Service agreed report: (for Corporate Board)	5 January 2022
Date Portfolio Member agreed report:	2 February 2022
Report Author:	Joseph Holmes (Executive Director – Resources)

1 Purpose of the Report

- 1.1 The DLUHC (Department for Levelling Up, Housing and Communities) has considered eight requests from Councils for emergency capitalisation funding to support their budget position. The capitalisation request allows a Council to capitalise general revenue costs to fund day to day services, something not allowed under Local Government accounting regulations, due to them having an emergency need for funds to balance their budgets. The Government then undertook a series of external reviews at each Council.
- 1.2 The purpose of this report is to review the key conclusions from the DLUHC reviews and see what impact this could have for West Berkshire.

2 Recommendation

For the Governance and Ethics Committee to note the report.

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		n/a – to note only and not directly impacting on West Berkshire
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		None
Health Impact:		X		None
ICT Impact:		X		None
Digital Services Impact:		x		None

Council Strategy Priorities:		x		none
Core Business:	x			Improved reporting and strategy development
Data Impact:		x		
Consultation and Engagement:	Finance And Governance Group			

4 Executive Summary

- 4.1 This paper sets out the conclusions following eight Government commissioned financial (and governance in the case of three Councils) reviews of separate Councils who requested exceptional capitalisation funding to support their budgets.
- 4.2 The reviews have been considered and some of the conclusions summarised in the tables contained within the report. On review of the different reviews there were two key themes that have a stronger level of applicability to West Berkshire:
- (a) Clarity in documentation to members over what is being requested in reports and what is being approved
 - (b) The need for an understood overall plan for priorities across the Council.
- 4.3 These two areas are well developed in many areas of the Council; reports are generally well presented and the Council Strategy is understood at a Strategic level. However, there have been recent reports to Corporate Board that have required significant amendment and this should be an area that we focus on improving. In respect of the Council Strategy, a new one is due to be produced for 2023-27, and this is an opportunity to shape this to provide greater clarity. In the recent Employee Attitude Survey (EAS) in 2021, the lowest scoring individual question compared to other similar organisations was “I am aware of the Council's long term goals” with a 17% lower score than comparators.

5 Supporting Information

- 5.1 The purposes of the report is to summarise the key items raised through these respective reviews and for the Operations Board to reflect upon these and potentially raise anything further through to the Governance and Ethics committee, and to consider these issues might impact West Berkshire Council in light of any external audit led work as part of their Value For Money review.
- 5.2 In recent weeks the DLUHC (Department for Levelling Up, Housing and Communities) have published a variety of governance reports from those Councils who have requested capitalisation funding. As part of the setting budgets for the 2021-22 financial

year, eight Councils applied for a capitalisation direction (the ability to fund revenue costs by using capital funds) from the MHCLG (now DLUHC) and as part of granting any direction, DLUHC have undertaken a financial and a governance review of the respective Council, generally led by an ex Chief Executive from a Local Council.

6 Background

- 6.1 As highlighted above, the DLUHC have undertaken reviews of Councils who requested a capitalisation direction. All have been completed, and for three exceptional cases there is also a governance review; these are for Slough BC, Peterborough City Council and the Wirral Metropolitan Borough Council.
- 6.2 The five further reports on finance only were for Copeland BC, Eastbourne BC, Luton BC, LB of Bexley and Redcar & Cleveland BC.
- 6.3 Given that budgets have been set expecting a capitalisation directive for 2021-22, and these reports are only just being finalised, it shows how much risk those Councils, who are in a financial position that they require a directive, hold i.e. that 8 months into the financial year, they do not have confirmation of their underlying funding position. Recent reports have highlighted two of the eight Councils requesting not to use the capitalisation amounts originally requested as their financial position has improved.
- 6.4 Each of the Councils have received separate reports; one for governance (led by an ex-Local Government Chief Executive) and one for finance (Led by CIPFA). In the tables below, a summary has been provided of the types of issues that have been raised by both types of review. There is overlap between the two sets of the reviews and this has been reflected in the tables below.

Governance reviews

Theme	Issue	Commentary	Applicability to WBC
Corporate capacity	Lack of clear plan, nor being clear on the scale of the financial challenge	<p>Recently moved to the committee system and clear issues between policy committee and others</p> <p>Lack of report writing skills and ability to put clear messages across on what members are being asked to approve</p> <p>Lack of member focus on the financial challenge</p>	<p>n/a</p> <p>An area to review and ensure effective gateways are in place Rec 1</p> <p>Significant focus on finance and challenge (formally and informally)</p>

Review of DLUHC finance and governance reports

		<p>Officers spending time on non-core activities e.g. Community Bank</p> <p>Report writing not articulating key issues quickly enough e.g. s151 assumptions report was appendix 10.</p> <p>All reports not including risks, especially financial implications</p>	<p>Strategy Boards support areas of focus</p> <p>Risk section of reports are up front – s151 statement is an appendix to the budget paper</p> <p>See above</p>
Financial governance	Sufficient business cases / consideration of scheme	Late in the budget process, £2m of savings were rejected by members but replacement savings were not robust	Late amendments generally do not take place (beyond the LG finance settlement amendments) – having Executive system assists in this
	Incomplete corporate risk register	Lack of review of the audit committee	Recent internal audit paper on review of the audit committee taken to G&E. Risk register taken to G&E at least twice a year.
	Overall governance	<p>Lack of risk register reflecting the qualified VfM conclusion by external auditors, and this not being reported to the policy committee</p> <p>Need to move to a 4 year election cycle</p>	<p>n/a VfM opinion unqualified</p> <p>n/a</p>
Prioritisation	Need to consolidate the priorities	Need to have project/programme management in place to give assurance on projects,	PMO increasing its activity and provide greater assurance over the past 24

Review of DLUHC finance and governance reports

		especially transformation projects Need a single plan for priorities	months; investment into the service Council Strategy and Corporate Programme Board – Rec 2 to be reviewed for next Council Strategy
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Finance review

Theme	Issue	Commentary	Applicability to WBC
Financial Resilience	Low level of General Fund reserves ¹	Repeat finding in the reviews	GF reserve has grown in recent years and is above the minimum level, though is budgeted to decline in 2021-22
	Failure to deliver savings ²	Raised in various reviews that there was lack of review of system in place for monitoring these	RAG system in place quarterly and reported to Executive
	Lack of clarity on savings	Savings not understood or supported by members and instead 'service reviews' are undertaken with no clear savings plan. A Council made savings through increased income when that was available.	All savings have a clear summary that is approved by members with supporting information and is routinely monitored quarterly.
	No medium term planning	Savings are tactical and short term focussed on only the year ahead	OBB process has identified savings for the 4 years ahead at @70-80% of requirement

¹ Wirral BC GF reserve dropped from 8% of net revenue expenditure in 2018 to 3% in 2022

² Wirral BC has failed to deliver over 25% of its savings in the past 2 years

Review of DLUHC finance and governance reports

	MTFS is overly optimistic	Not clear of the future savings requirement, nor different impact/scenarios	Different scenario planning included in the MTFS with upside and downside risks
	Over-reliance on one area e.g. income from car parking/tourism	Some Councils have high income targets due to being in a tourist location / historic area / commercial property acquisitions.	WBC has quite a balanced income budget – this is both a strength (e.g. during c-19) and weakness (has lower income in areas than others)
Capital planning	Large focus on regeneration and associated costs	Strategy not long term enough so costs not clear Lack of long term costs for capital maintenance / disposals	Strategy moving to 5 years to highlight longer term costs
	Complex company structures	Figures in a number of review – some material and large numbers involved and risks highlighted by reviews that they are too complicated	One JV at present at WBC
	Short timescales	Some Councils have only a 3 year horizon for capital planning	Moving to a 5 year then 10 year planning horizon
Corporate capacity	Having sufficient capacity within finance	Recommended to have s151 focus solely on finance and remove other schemes e.g. community bank, CMI, companies. Most of the reviews focus on lack of finance team capacity and s151 officer having to juggle many different priorities.	Though finance capacity has remaining consistent in the past three years, there is a need for workforce planning that the service has taken on with the LGA and HR

	Lack of governance	<p>Need for training of members and senior managers on the financial position</p> <p>Develop peer mechanisms for finance and companies oversight</p> <p>Need for effective risk management of key schemes</p>	<p>Highlights need for more effective member training on finance and governance in what is becoming an increasingly complex area</p>
	Financial statements	<p>Number of the authorities have not had recent (2019-20) financial statements signed off by external audit</p>	<p>19-20 signed off and making progress for 20-21. Chief Accountant has implemented improvements for 20-21 with further proposals going forward to CFPG for enhancing Agresso.</p>

7 Other options considered

7.1 None

8 Conclusion

8.1 There are two areas from the various reviews that need further consideration. Firstly, the report writing skills of officers and the ability to be clear on recommendations and risks within committee reports. Secondly, the need to continually ensure prioritisation of projects within resources across the Council; the upcoming Council Strategy 2023-27 provides an opportunity to redefine priorities utilising the results of the residents' survey.

9 Appendices

None

Background Papers:

Summary of exceptional capitalisation requests
<https://www.gov.uk/government/collections/external-assurance-reviews-for-local-authorities>

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

Document Control

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**Constitution Review Task Group
Draft Work Programme**

Updated Version	Status	Date to complete	Date Draft Due	Date Agenda Issued	Date Task Group	G&E/ Council dates
Meeting Rules of Procedure	Drafted	Meeting 1	<i>2 weeks before Task Group</i>	<i>1 week before Task Group</i>	tbc May 22	G&E: 27/6/22 C: 19/7/22
Council Committees Rules of Procedure	Drafted	Meeting 1			tbc May 22	G&E: 27/6/22 C: 19/7/22
Council Committees Appendix: Scrutiny Commission	Drafted	Meeting 1			tbc May 22	G&E: 27/6/22 C: 19/7/22
Council Committees Appendix: Governance Committee	Drafted	Meeting 1			tbc May 22	G&E: 27/6/22 C: 19/7/22
Council Committees Appendix: Health and Wellbeing Board	Drafted	Meeting 1			tbc May 22	G&E: 27/6/22 C: 19/7/22
Council Committees Appendix: Licensing and Planning Committees	Not Started	Meeting 2			tbc July 22	G&E: 26/9/22 C: 6/10/22
Council Committees Appendix: Personnel Committee and Personnel Rules	Not Started	Meeting 3			tbc Sept 22	G&E: 21/11/22 C: 1/12/22
Executive Rules of Procedure	Not started	Meeting 3			tbc Sept 22	G&E: 21/11/22 C: 1/12/22
Budget & Policy Framework	Not started	Meeting 4			tbc Nov 22	G&E: 16/01/23 C: 16/03/23

Updated Version	Status	Date to complete	Date Draft Due	Date Agenda Issued	Date Task Group	G&E/ Council dates
Financial Rules	Not started	Meeting 5			tbc Jan/Feb 23	G&E: 20/03/23 C: 25/05/23
Contract Rules	Not started	Meeting 6	All dates tbc			
Scheme of Delegation	Not started	Meeting 7	All dates tbc			
Officer Code of Conduct Member Code of Conduct Member protocol for: <ul style="list-style-type: none"> • Gifts & hospitality • ICT • social media • representation on outside bodies Cllr call for action Individual Member Decision Procedure for dealing with representations / petitions	Not started	Meeting 8 Meeting 9 Meeting 10 ?? Meeting 11 Meeting 12	All dates tbc			
Glossary	Ongoing	Final Meeting	All dates tbc			