

# Agenda

## Audit and governance committee

Date: **Tuesday 16 March 2021**

---

Time: **10.15 am**

---

Place: **Council Chamber, Shire Hall, St. Peter's Square,  
Hereford, HR1 2HX**

---

Notes: Please note the time, date and venue of the meeting.

For any further information please contact:

**Caroline Marshall**

Tel: 01432 260249

Email: [caroline.marshall3@herefordshire.gov.uk](mailto:caroline.marshall3@herefordshire.gov.uk)

---

If you would like help to understand this document, or would like it in another format, please call Caroline Marshall on 01432 260249 or e-mail [caroline.marshall3@herefordshire.gov.uk](mailto:caroline.marshall3@herefordshire.gov.uk) in advance of the meeting.

# **Agenda for the meeting of the Audit and governance committee**

## **Membership**

**Chairperson**            **Councillor Nigel Shaw**  
**Vice-Chairperson**   **Councillor Christy Bolderson**

**Councillor Dave Boulter**  
**Councillor Peter Jinman**  
**Councillor Bob Matthews**  
**Councillor Diana Toynbee**  
**Councillor Yolande Watson**

## Agenda

	Pages
<b>THE PUBLIC RIGHTS TO INFORMATION AND ATTENDANCE AT MEETINGS</b>	
<b>THE NOLAN PRINCIPLES</b>	
<b>1. APOLOGIES FOR ABSENCE</b>	
To receive apologies for absence.	
<b>2. NAMED SUBSTITUTES (IF ANY)</b>	
To receive details any details of members nominated to attend the meeting in place of a member of the committee.	
<b>3. DECLARATIONS OF INTEREST</b>	
To receive declarations of interests in respect of Schedule 1, Schedule 2 or Other Interests from members of the committee in respect of items on the agenda.	
<b>4. MINUTES</b>	11 - 20
To approve and sign the minutes of the meeting held on 26 January 2021.	
<b>HOW TO SUBMIT QUESTIONS</b>	
<i>Deadline for receipt of questions is 5.00 pm on 10 March 2021.</i>	
<i>Questions must be submitted to <a href="mailto:councillorservices@herefordshire.gov.uk">councillorservices@herefordshire.gov.uk</a>. Questions sent to any other address may not be accepted.</i>	
<i>Accepted questions and the response to them will be published as a supplement to the agenda papers prior to the meeting. Further information and guidance is available at <a href="https://www.herefordshire.gov.uk/getinvolved">https://www.herefordshire.gov.uk/getinvolved</a></i>	
<b>5. QUESTIONS FROM MEMBERS OF THE PUBLIC</b>	
To receive questions from members of the public.	
<b>6. QUESTIONS FROM COUNCILLORS</b>	
To receive any questions from councillors.	
<b>7. CORPORATE RISK REGISTER</b>	21 - 76
To consider the status of the council's Corporate Risk Register in order to monitor the effectiveness of risk management within the Performance Management Framework.	
<b>8. PROGRESS REPORT ON 2020/21 INTERNAL AUDIT PLAN</b>	77 - 106
To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed. To enable the committee to monitor performance of the internal audit team against the approved plan.	
<b>9. INTERNAL AUDIT 1ST QUARTER PLAN 2021-22 AND INTERNAL AUDIT CHARTER</b>	107 - 126
<b>Internal Audit 1<sup>st</sup> quarter Plan 2021-22</b>	

To be assured that the level and range of activity within the proposed 1<sup>st</sup> quarter internal audit plan is sufficient to provide assurance over the council's corporate governance arrangements and provides appropriate coverage of key business objectives, associated risks, and risk management processes.

### **Internal Audit Charter**

To approve the internal audit charter for the period 1 April 2021 to 31 March 2022.

- |            |   |           |
|------------|---|-----------|
| <b>10.</b> | <b>RE-THINKING GOVERNANCE WORKING GROUP PROGRESS UPDATE</b>   | 127 - 162 |
|            | To update the committee on the progress of the re-thinking governance working group.  |           |
| <b>11.</b> | <b>LOCAL GOVERNMENT ASSOCIATION (LGA) MODEL CODE OF CONDUCT</b>   | 163 - 202 |
|            | To consider the LGA's model code of conduct and agree the next steps to review the Herefordshire's Council Code of Conduct. |           |
| <b>12.</b> | <b>COMMITTEE EFFECTIVENESS REVIEW WORKING GROUP</b>   | 203 - 238 |
|            | To consider the report of the working group on the effectiveness of the committee.  |           |
| <b>13.</b> | <b>WORK PROGRAMME UPDATE</b>  | 239 - 242 |
|            | To provide an update on the work programme for the committee.   |           |
| <b>14.</b> | <b>2021/22 MEETING DATES</b>  |           |
|            | To agree the 2021/22 committee meeting dates. All meetings will start at 10.15 am.  |           |
|            | 16 June 2021  |           |
|            | 30 July   |           |
|            | 30 September  |           |
|            | 27 October  |           |
|            | 24 November   |           |
|            | 25 January 2022   |           |
|            | 15 March  |           |
|            | 3 May   |           |

## **The public's rights to information and attendance at meetings**

### **You have a right to: -**

- Attend all council, cabinet, committee and sub-committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information. This meeting will be broadcast live on the Herefordshire Council's YouTube channel. Link: <https://www.youtube.com/HerefordshireCouncil>
- Inspect agenda and public reports at least five clear days before the date of the meeting via the website.
- Inspect minutes of the council and all committees and sub-committees and written statements of decisions taken by the cabinet or individual cabinet members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public register stating the names, addresses and wards of all councillors with details of the membership of cabinet and of all committees and sub-committees.
- Have access to a list specifying those powers on which the council have delegated decision making to their officers identifying the officers concerned by title.
- Copy any of the documents mentioned above to which you have a right of access, subject to a reasonable charge (20p per sheet subject to a maximum of £5.00 per agenda plus a nominal fee of £1.50 for postage).
- Access to this summary of your rights as members of the public to attend meetings of the council, cabinet, committees and sub-committees and to inspect and copy documents.

### **Recording of this meeting**

Please note that the council will be making an official recording of this public meeting. These recordings form part of the public record of the meeting and are made available for members of the public via the council's website.

To ensure that recording quality is maintained, could members and any attending members of the public speak as clearly as possible and keep background noise to a minimum while recording is in operation.

Please also note that other attendees are permitted to film, photograph and record our public meetings provided that it does not disrupt the business of the meeting.

If you do not wish to be filmed or photographed, please identify yourself so that anyone who intends to record the meeting can be made aware.

Please ensure that your mobile phones and other devices are turned to silent during the meeting.

The reporting of meetings is subject to the law and it is the responsibility of those doing the reporting to ensure that they comply.

---

## Guide to Audit and Governance Committee

The Audit and Governance Committee is a non executive committee of the council. The committee consists of 7 non executive councillors and may include an independent person who is not a councillor.

Councillor Nigel Shaw (Chairman)	Conservative
Councillor Christy Bolderson (Vice Chairman)	Conservative
Councillor Dave Boulter	It's Our County
Councillor Peter Jinman	Herefordshire Independents
Councillor Bob Matthews	True Independents
Councillor Diana Toynbee	Green
Councillor Yolande Watson	Herefordshire Independents

The purpose of the audit and governance committee is to provide independent assurance on the adequacy of the risk management framework together with the internal control of the financial reporting and annual governance processes. The committee do this by:

- (a) ensuring the effective and fully compliant governance of the council and in particular to ensure that all aspects of the financial affairs of the council are properly and efficiently conducted;
- (b) reviewing and approve the council's annual governance statement, annual statements of account, the contract procedure rules and financial procedure rules;
- (c) scrutinise the effectiveness of, and management compliance with, the systems identified in the annual governance statement framework;
- (d) monitor the progress made by management in implementing improvements to elements of that framework identified by external or internal audit review; and.
- (e) reviewing the constitution and recommending any necessary amendments to Council as appropriate.
- (f) reviewing the corporate risk register





**The Seven Principles of Public Life  
(Nolan Principles)**

**1. Selflessness**

Holders of public office should act solely in terms of the public interest.

**2. Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

**3. Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

**4. Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

**5. Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

**6. Honesty**

Holders of public office should be truthful.

**7. Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.





## **Minutes of the meeting of Audit and governance committee held at Online meeting only on Tuesday 26 January 2021 at 10.15 am**

**Present:** Councillors Nigel Shaw (chairperson), Christy Bolderson (vice-chairperson), Councillors: Christy Bolderson, Dave Boulter, Peter Jinman, Diana Toynbee and Yolande Watson

In attendance: Councillor Gemma Davies

Officers: Solicitor to the council, Chief finance officer, Head of corporate finance and Interim Head of Legal Services, Assistant director, all age commissioning, assistant director technical services, car parking manager, democratic services manager, head of corporate services, deputy S151 officer, counter-fraud specialist,

### **36 APOLOGIES FOR ABSENCE**

Councillor Bob Matthews gave apologies for absence.

### **37 NAMED SUBSTITUTES (IF ANY)**

There were no named substitutes.

### **38 DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **39 MINUTES**

#### **RESOLVED:**

**That the minutes of the meeting held on 17 November 2020 be confirmed as a correct record and signed by the chairperson.**

### **40 QUESTIONS FROM MEMBERS OF THE PUBLIC**

There were no questions from members of the public.

### **41 QUESTIONS FROM COUNCILLORS**

There were no questions from councillors.

### **42 EXTERNAL AUDIT PROGRESS REPORT**

Grant Thornton presented an interim external audit report. The audit had been undertaken remotely due to Covid-19 and had taken longer to conduct.

Grant Thornton were anticipating an unqualified opinion but there may be adjustments to the statement of accounts. They were waiting for the council to undertake some

work with regard to the capital programme which would inform the value for money opinion. They were satisfied and had no criticism of the council's financial sustainability and governance.

It was expected that the audit opinion work would be concluded by the committee meeting due to be held on 24 February. It was also hoped that the value for money work would be concluded as well but this was dependent on the council.

As part of the discussion of the item, the following points were made.

1. Grant Thornton were not sure whether the pending decision on the bypass (2 February 2021) would have any implications for the value for money work but it would be looked at because it was a significant item in the capital programme. Any decision would be outside of the audit year but it is a post balance sheet event and would need to be considered.
2. The McCloud position was in connection with pensions. It was reported that the council and actuary had no further work to do in relation to pensions. However, Grant Thornton did need to undertake work.
3. It was explained that journal authorisation was an important part of the external audit. It was accepted that there were controls in place but believed that it ought to be brought to the attention of the committee due to its inherent importance. It was noted that the council were considering whether the Business World system could be used or whether to continue with the controls outside of the system.
4. There were continuing discussions with government in connection with the outcome of the Redmond Review.
5. It was noted Herefordshire and Worcestershire had worked jointly to provide an explanation in connection with the valuation of the waste plant which had satisfied the auditors.

**RESOLVED that**

**The progress update attached at appendix A was reviewed.**

**43 PROGRESS REPORT ON 2020/21 INTERNAL AUDIT PLAN**

At the chairperson's discretion, this item was moved to the first substantive matter to be discussed.

South West Audit Partnership (SWAP) presented the report and highlighted:

1. The progress report was as at 16 December 2020.
2. 11 audits had been completed and 14 were in progress.
3. Two audits had priority 2 findings – Staff business car parking pass and emergency decision in connection with the purchase of Personal Protective

Equipment (PPE). Details of the priority 2 findings were set out on pages 66 to 69 of the agenda pack.

4. There was a proposal to move to a quarterly internal audit plan and it was anticipated this would allow for a more agile approach. The plan will be presented to the committee.
5. Quarter 1 of the 2021/22 internal audit plan would look at deferred audits from 2020/21 and any emerging risks.

In discussion of the item, the following points were raised:

### PPE

It was noted that there had been two purchases of PPE where invoices could not be found. There was no question that the procurement and expenditure was in line with the council's requirements at the time and decisions had been taken under the emergency powers. The assistant director, all age commissioning, confirmed that there would be an expedited request to obtain the copy invoices within the next financial month but could not confirm what the financial value was of the invoices.

### Staff Business Car Parking Passes

It was noted that the current system of recording staff business car parking passes was through Business World. The audit had highlighted that this was not the best solution to track and record permits as it did not record live permits. It was proposed that a bespoke system already in place for residents' car parking permits would enable better oversight.

### **RESOLVED that**

**the proposed revised internal audit plan 2020/21 was reviewed**

## **44 RE-THINKING GOVERNANCE WORKING GROUP - PROGRESS UPDATE**

The democratic services manager presented the report and highlighted the progress which the re-thinking governance working group had made. It was noted that there had been a number of focus group meetings and a survey in connection with planning had been undertaken. The working group would be working through the action plan attached at appendix B in order to inform the recommendations to Council in May 2021. These recommendations would fall into two categories, either a procedural or constitutional change. The working group would more be meeting fortnightly in order to ensure that the deadline of Council in May 2021 would be met.

It was further noted that there would be further member engagement and engagement with members of the public. This engagement should be largely completed by the time of the next progress update in March 2021.

Further work was required in order to make recommendations with regard to the structure of the governance arrangements and these would include standing panels, task and groups etc.

Any changes to the Constitution could be amended if they do not deliver the anticipated improvements.

Working group were thanked for their work and it was noted that there would be a further progress update at the March committee meeting.

**RESOLVED that**

**The report be noted.**

**45 ANTI FRAUD AND CORRUPTION ANNUAL REPORT**

The Counter Fraud Specialist presented the report and highlighted that:

- the council had a no tolerance approach to fraud and would take appropriate action.
- work had been prioritised to take into account the Covid-19 grants which had been introduced and there had been a noticeably national increase in fraud as Covid-19 had presented new opportunities.
- counter-fraud work would continue in 2021 and would need to be embedded within the council.
- a counter-fraud risk assessment was being developed with the internal auditors, SWAP.
- technology was being utilised more in order to detect fraud.

During the discussion of the item, the following points were raised:

- Currently fraud related work was primarily in connection with the Covid-19 grants.
- There was co-operation with other national / international agencies in order to counteract fraud.
- The recovered money was reported back to central government but that the council do the investigatory work.
- More assurance work was being undertaken and there were new schemes being implemented.
- The flowchart should be amended so that the lessons learnt had a feedback to, e.g. Management Board.
- The strategy was designed to be accessible to members of the public as well as employees.
- The action plan would be more appropriately led by an officer rather than the chairperson of audit and governance committee. It was for the committee to monitor progress and comment on the progress of the actions.
- The action plan would need to be Specific, Measureable, Achievable, Realistic and Timely (SMART)
- Clarification would be needed as to who is the most appropriate to sign the strategy, the committee, the relevant member or an officer.

- The risks would be identified, prioritised and targeted when developing the risk assessment.
- Bribery would need to be referenced within the strategy.
- On page 123 of the agenda pack, there was a statement that the council was fully compliant with legislation for this area. It was suggested that this needed to be amended to reflect that the council were attempting to achieve full compliance.

**RESOLVED that:**

- (a) The flowchart in the strategy be amended to include a lessons learnt feedback to management.**
- (b) Within the strategy where there are references to other pages, policies or documents include the relevant links to the relevant webpage or website.**
- (c) The role of the committee in connection with the strategy and the action plan be clarified.**
- (d) Quarterly updates to the committee be considered.**
- (e) Clarification to be provided as to who should be sign the strategy**
- (f) Change the statement on page 123 of the agenda pack to the council was attempting to be fully compliant with the relevant legislation.**
- (g) The strategy come back to the committee for approval when it has been amended [committee date to be confirmed].**

**46 UPDATE TO FINANCE AND CONTRACT PROCEDURE RULES**

The chief finance officer and head of corporate services presented the report.

The following points were raised as part of the discussion:

- It was noted that the financial procedure rules were a fine tuning and included clarification with regard to the treatment of under / over spends, recruitment and acceptance and spend of external grant funding.
- Clarification was provided that where there was a contract for services and there was a building which could be provided, then a lease will be agreed. This would provide a choice to any bidders about whether or not to use one of our buildings.
- More changes would be required to national legislation in respect of Brexit which may impact the contract procedure rules. It was noted that a local platform had been delivered to publicise tenders now that there was no requirement to publish in OJEU. The thresholds for contracts remained the same.
- It was confirmed that the approval of the accountable body status by the relevant cabinet member and Council was a local choice function. As this provision was in the financial procedure rules which form part of the constitution, no further amendments to the constitution were required.
- SWAP confirmed that the changes had been made in light of their recommendations in internal audit reports and they should provide better clarify.
- The reasons why the low value threshold of £25k had been deemed appropriate were outlined. The reasons included that the procurement process was difficult for

smaller organisations so this would enable local and smaller business to participate and in turn would evidence best value and provide better social value. A significant proportion of the council's contracts were above £25k so the risk had been minimised. Consideration may be given at a later stage to a greater value but there would to be a local market available.

- Mandatory training was now in place for officers at appropriate levels and included the requirement that contracts should not be disaggregated.
- The original financial procedure rules and contract procedure rules incorporated best practice standards and had evolved over a number of years.
- Where an exemption or waiver was being considered, the responsible director would need to sign if off after consultation with relevant teams within the council, e.g. procurement, legal services.
- On page 143 of the agenda pack (paragraph 4.6.15) further work was requested to provide clarity when the council needed technical assistance in developing a tender and whether or not the organisation who had assisted could or could not bid on the work being tendered.
- Increasing the number of quotes required may encourage officers to widen the scope of who can bid. If suppliers cannot be identified, then the scope can be widened out and if waiver was still needed then an officer would be able to explain the reasons why.
- The contracts register was published quarterly on the council's website.

**RESOLVED that:**

- (a) The contract procedure rules at appendix 2, financial procedure rules at appendix 4 and financial procedure rules guidance notes at appendix 6 be approved**
- (b) Further work be undertaken to provide clarity when the council needed technical assistance in developing a tender and whether or not the organisation who had assisted could or could not bid on the work being tendered.**

**47 WORK PROGRAMME UPDATE**

The committee's updated work programme was presented.

**RESOLVED That**

**the updated work programme be agreed.**

The meeting ended at 1.13 pm



Chairperson



COMPLETED ACTIONS WILL BE MOVED TO THE 'REPORTED COMPLETE' TAB ONCE THEY HAVE BEEN							
Action Number	Meeting Date	Action	Owner	Directorate	Progress Update	Due date	Reported complete
74	17 November 2020	The chief finance officer and monitoring officer consider that the Hereford city centre transport governance review undertaken by internal audit be circulated to the committee.	Solicitor to the Council	Corporate Support Centre	Matter still under consideration by solicitor to the council.		
75	17 November 2020	The head of corporate performance request that clarification is provided in connection with the internal audit for property maintenance for schools [page 64 of the agenda pack] and corporate risk register [CRR 50 on page 80 of the agenda pack] as there appears to be an inconsistency between the two sets of narratives.	Head of corporate performance	Corporate Support Centre	Briefing note circulated on 20 January 2021	N/A	Y
76	17 November 2020	That the director of adults and wellbeing be invited to the next committee meeting when the corporate risk register is due to be presented.	Democratic services	Corporate Support Centre	Director accepted invitation to March 2021 committee meeting.	N/A	
77	17 November 2020	The head of corporate performance request that a briefing note is provided in connection with EP risk 23 (ash die back) and how it sits within the overall tree strategy	Head of corporate performance	Corporate Support Centre	Briefing note circulated to committee on 2 December 2020	N/A	Y
78	17 November 2020	The head of corporate performance request that a briefing note is provided in connection with EP20, in particular more detail to be provided about the local flood management plan and how it links to the riparian rights.	Head of corporate performance	Corporate Support Centre	Briefing note circulated to committee on 3 December 2020	N/A	Y
79	17 November 2020	That an all members' briefing which is being organised by BBLP also includes riparian rights.	Head of corporate performance	Corporate Support Centre	All councillor briefing being held on 1 February 2021.	N/A	Y
80	26 January 2021	The flowchart in the strategy be amended to include a lessons learnt feedback to management.	Counter Fraud Specialist	Corporate Support Centre	Revised strategy due to be presented to committee at its June 2021 meeting	30 June 2021	
81	26 January 2021	Within the strategy where there are references to other pages, policies or documents include the relevant links to the relevant webpage or website.	Counter Fraud Specialist	Corporate Support Centre	Revised strategy due to be presented to committee at its June 2021 meeting	30 June 2021	
82	26 January 2021	The role of the committee in connection with the strategy and the action plan be clarified.	Counter Fraud Specialist	Corporate Support Centre	Revised strategy due to be presented to committee at its June 2021 meeting	30 June 2021	
83	26 January 2021	Quarterly updates to the committee be considered.	Counter Fraud Specialist	Corporate Support Centre	Updates will be provided via the internal audit progress updates.	30 June 2021	
84	26 January 2021	Clarification to be provided as to who should be sign the strategy	Counter Fraud Specialist	Corporate Support Centre	Revised strategy due to be presented to committee at its June 2021 meeting	30 June 2021	
85	26 January 2021	Change the statement on page 123 of the agenda pack to the council was attempting to be fully compliant with the relevant legislation.	Counter Fraud Specialist	Corporate Support Centre	Revised strategy due to be presented to committee at its June 2021 meeting	30 June 2021	

Action Number	Meeting Date	Action	Owner	Directorate	Progress Update	Due date	Reported complete
86	26 January 2021	The strategy come back to the committee for approval when it has been amended	Counter Fraud Specialist	Corporate Support Centre	Revised strategy due to be presented to committee at its June 2021 meeting	30 June 2021	
87	26 January 2021	Further work be undertaken to provide clarity when the council needed technical assistance in developing a tender and whether or not the organisation who had assisted could or could not bid on the work being tendered.	Head of corporate services	Corporate Support Centre	Work in progress	04 May 2021	
88	26 January 2021	The assistant director, all age commissioning, confirmed that there would be an expedited request to obtain the copy invoices within the next financial month	S151 Officer	Adults and wellbeing directorate		16 March 2021	



**Title of report:** Corporate Risk Register

**Meeting:** Audit and governance committee

**Meeting date:** Tuesday 16 March 2021

**Report by:** Head of Corporate Performance

### **Classification**

Open

### **Decision type**

This is not an executive decision

### **Wards affected**

(All Wards)

### **Purpose**

To consider the status of the council's Corporate Risk Register in order to monitor the effectiveness of risk management within the Performance Management Framework.

### **Recommendation(s)**

**That:**

**The committee determine any recommendations it wishes to make to ensure effective risk management**

### **Alternative options**

1. The committee could choose not to review the corporate risk register. This is not recommended as regular monitoring should provide assurance that risk is being managed effectively within the council.

## Key considerations

- In accordance with the recently updated Performance Management Framework (PMF) and Risk Management Plan, it is the committee's role to ensure that risk management is effectively managed and in line with the processes set out in the PMF.
- Risks within the council are identified and scored based on their likelihood and impact, using the methodology identified within the council's Risk Management Plan. Risks are reported at relevant levels based on their residual, or current state, score. The council's Corporate Risk Register holds the highest risks across the organisation; the table below confirms the level of risk based on its score. This score also identifies the level of monitoring required, as well as the action necessary.

	Green	Yellow	Amber	Red
Score	1 – 4	5 – 8	9 – 15	16 – 25
Register*	Service		Directorate	Corporate
Action	Unlikely	Might	Should	Must
Review frequency	Quarterly	Monthly	Monthly	Monthly

\* Risks that appear on the corporate and directorate risk registers must also appear on their relevant service risk registers

- It is the responsibility of risk owners to ensure that risk scores are regularly reviewed and updated where necessary.

### Current Risks

- The heat map below shows the current risks on the corporate risk register and their risk score after controls as at the end of January 2021. Risk references and full details of the risks can be found in appendix a.

**Corporate Risk Register - January 2021**

		IMPACT			
		4		5	
<b>LIKELIHOOD</b>	<b>5</b>	CRR.04 ↑ CRR.52 -		CRR.39 -	
	<b>4</b>	CRR.50 - CRR.51 ↓ CRR.57 ★ CRR.58 ★		CRR.03 -	
		<b>Directorate RR (9 - 15)</b>	<b>Service RR (5 - 8)</b>	<b>Service RR (1 - 4)</b>	<b>Closed</b>
		CRR.45 D CRR.46 D CRR.55 D	CRR.54 D		CRR.09 CRR.31 CRR.33 CRR.47 CRR.48 CRR.49 CRR.53 CRR.56
		- = No Change E = Escalated D = De-escalated	★ New in quarter ↑ = Residual Risk Increased ↓ = Residual Risk Decreased		

6. Eight risks on the corporate risk register at the end of September, have since been closed. These are:

- CRR.09 – EU Exit – The EU Exit continues to be closely monitored within the council and any specific risks will be escalated through usual service risk processes, however the existing risk ceases to be relevant.
- CRR.31 & CRR.33 – South Wye Transport Package – Risk closed following recent changes by council
- CRR.47 – Hereford Transport Package – Risk closed following recent changes by council
- CRR.48 – Hereford Transport Package – Risk closed following cabinet member decision to adjust the land budget and confirm that the balance of the transport hub and public realm would be delivered within the available budget
- CRR.49 – Hereford Transport Package – Risk closed following cabinet member decision, which revised the land budget, enabling the offer to be made for the land payments.
- CRR.53 – Market Viability – Closed and replaced by a new risk around individual provider failure
- CRR.56 – Discretionary Housing Payment – Closed upon review of the working arrangements put in place during COVID-19.

7. The table below shows the number of risks identified within the corporate risk register, split by directorate, as well as the number of risks managed at a directorate level.

	Corporate Risks	Directorate Risks*
Adults & Communities	0	9
Children & Families	5	10
Economy & Place	0	34
Corporate Support	3	25
<b>Total</b>	<b>8</b>	<b>78</b>

\*including corporate risks

8. Directorate risk registers can also be found at appendices b – e. Please note that directorate risk reference numbers have been refreshed since previous reporting periods.
9. The new Risk Management Plan was introduced in November 2020, and the approach continues to be embedded.
10. Since the last report to committee, risk leads at either Director or Assistant Director level, have been introduced in each directorate. The first meeting of this group happened in December, to provide further training (slides included at appendix G) to the identified risk leads on the new framework with the request that they lead the promotion of risk and challenge of the risk within their directorates. The intention is that this group will remain active in order to shape and steer the ongoing embedding of risk. The following officers are identified as risk leads:
- Claire Ward, Solicitor to the Council and Monitoring Officer, Acting Deputy Chief Executive – Corporate Centre
  - Stephen Vickers, Director of Adults & Communities – Adults & Communities
  - Ceri Morgan, Assistant Director Education Development and Skills – Children & Families
  - Chris Jenner, Assistant Director for Technical Services – Economy & Place
11. The Director of Adults and Communities, the directorate risk lead, has been invited to the March Audit and Governance Committee, to answer questions about the risk processes within Adult and Communities and any specific queries in relation to risks.
12. Alternative system options are also being explored; to move ongoing maintenance of risk from current manual excel processes, to a more automated system.

### **COVID-19 Risk Register**

13. A separate COVID-19 risk register has also been established to monitor risks in relation to the council's response to the global pandemic. These risks form part of regular reviews in the council's gold command meetings; this approach has been taken to allow a flexible



approach to risk management. Risks have been aggregated in to wider risk groupings (e.g. risks to our staff), which have then been scored.

Severity of Risk	Number of risks
Low risk	0
Medium risk	4
High risk	4
Extreme risk	4

14. The heat map below shows the current risk ratings of risks held on the COVID-19 risk register. Movement on this register is noted using a similar approach to the corporate risk register above. Reference numbers and details on the risks can be found at appendix F.

		Impact				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Significant
Likelihood	5 Certain					CV4 - CV11 ↑
	4 Likely					CV3 ↓ CV8 -
	3 Possible				CV12 - CV13 ★	CV9 ↓ CV10 ↓
	2 Unlikely			CV1 ↓ CV6 ↓ CV7 ↓	CV2 -	
	1 Rare					

15. As shown above, since last reported to committee, there has been the following movements in the aggregated risks;

- 6 risks with a reduced residual score
  - CV1 Risk to the vulnerable people in Herefordshire (children not in education, not in social care)
  - CV3 Risk to the council's finances
  - CV6 Risk to the Shield, BRAVE and other vulnerable groups COVID response
  - CV7 Risks to Communications and national messaging
  - CV9 Risk of non-compliance with advice/guidance by general public
  - CV10 Risk of larger outbreaks leading to wider lockdown
- 1 risk where the residual risk has increased during the quarter

CV11 Missed education for Herefordshire learners (where likelihood increased from 4 to 5)

- 1 new risk in the quarter

CV13 Risk to the council's reputation

## **Community impact**

16. In accordance with the principles of the council's adopted code of corporate governance, the council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Effective risk management is an important component of this performance management system

## **Environmental Impact**

17. This decision itself has minimal environmental impacts, however effective risk management will increase the likelihood of the council achieving its strategic objectives, one of which is the Environment.

## **Equality duty**

18. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

19. There are no equality duty implications arising from this report.

## **Resource implications**

20. There are no resource implications arising from this report, however effective risk management should increase the likelihood of the council delivering its budget.

## **Legal implications**

21. None.

## **Risk management**

22. There are no direct risks as a result of this report. By reviewing the corporate risk register and directorate risk registers, greater assurance is given that the council manages its risk effectively.

## **Consultees**

23. None.

## **Appendices**

Appendix A	Corporate Risk Register
Appendix B	Adults & Communities Risk Register Heat Map
Appendix C	Children & Families Risk Register Heat Map
Appendix D	Corporate Centre Risk Register Heat Map
Appendix E	Economy & Place Risk Register Heat Map
Appendix F	COVID-19 Risk Register
Appendix G	Risk Management Plan training slides

## **Background papers**

None identified.



Ref	Risk Description	Opened	Risk score before controls (LxC)
CRR.03	<p><b>Budget and Savings Plans - Children &amp; Families</b></p> <p><b>IF/AS:</b> The demand for placements for looked after children and care leavers exceeds that planned for when the budget was set <b>THEN:</b> the spend will be greater than the budget within children and families directorate will be able to cover</p>	Apr-17	<p><b>25</b> (5x5)</p>
CRR.04	<p><b>Human Rights claims</b></p> <p><b>IF:</b> a result of high court decisions regarding children's social care cases in respect of historical practice <b>THEN:</b> Herefordshire council may face Human Rights claims.</p>	Dec-16	<p><b>20</b> (5x4)</p>
CRR.39	<p><b>COVID 19</b></p> <p><b>AS:</b> the global COVID 19 pandemic reaches Herefordshire <b>Then:</b> This will have a significant impact on council activities and the strategic priorities of the county. Staff will be redeployed and might be unable to work resulting in impact on front line services, delivery of care to vulnerable people will be compromised, non-urgent member decisions may be postponed, local businesses will be effected in turn impacting Business Rates &amp; Council Tax. The impact on the health system will also cause additional strain on social care teams to respond.</p>	Mar-20	<p><b>25</b> (5x5)</p>

CRR.50	<p><b>School Assets</b></p> <p><b>IF/AS:</b> deteriorating condition of school estate with Insufficient budget to maintain school assets proactively</p> <p><b>THEN:</b> There may be an increase in costs due to unplanned significant spend</p>	Apr-17	25 (5x5)
CRR.51	<p><b>Foster Carers</b></p> <p><b>IF/AS:</b> The council is unable to recruit and retain sufficient foster carers <b>THEN:</b> the council will rely increasingly on agency foster carers and also potentially use more residential placements. This may lead to children being placed far away outside of Herefordshire and at increased cost</p>		20 (5x4)
CRR.52	<p><b>Court cases</b></p> <p><b>IF/AS:</b> The high profile child care case before the courts is found against the council. <b>THEN:</b> This will lead to a reputational risk and a potential fine from the courts</p>	Aug-20	20 (5x4)
CRR.57	<p><b>Covid impact on other Public Health work</b></p> <p>If Covid Health Protection response continues or increases, <b>then</b> this may impact on other PH work as there is a limit to how much can be run in parallel (BAU),</p>	Jan-21	16 (4x4)
CRR.58	<p><b>Covid impact on population health</b></p> <p>If due to Covid, people's health got worse, <b>then</b> we will increase inequalities and have a negative effect on the health and social care system.</p>	Sep-20	20 (5x4)

**Risks Reduced**

CRR.45	<p><b>Covid 19 funding issues</b></p> <p><b>IF:</b> Government does not fully fund the financial implications of responding to the Covid 19 pandemic <b>THEN:</b> we will overspend our revenue budget, placing pressure on revenue reserves and ultimately the financial failure of the council</p>	Jun 20	25 (5x5)
CRR.46	<p><b>Parking Income</b></p> <p><b>IF:</b> the government continue to place national restrictions to prevent the spread of covid 19 <b>THEN:</b> this reduces car park use and therefore impacts income.</p> <p>*Currently forecast as a £2.4 million pressure. If further restrictions are placed or extended then this pressure is increased.</p>	Jul-20	20 (4*5)
CRR.54	<p><b>Nursing Capacity</b></p> <p><b>IF:</b> the current trends of difficulty in placing in nursing beds due to increased complexity and potentially the impact of Covid continue <b>THEN</b> there will be a further increase in the spend and reduction in capacity of beds available.</p>	Mar-18	20 (4x5)
CRR.55	<p><b>Access to Health funding (CHC and joint funding)</b></p> <p>Herefordshire remains in the bottom quartile of cases fully funded meeting CHC eligibility. <b>IF</b> CCG continue to not accept that there are any process or decision making irregularities influencing this trend <b>THEN</b> it remains the fact that ASC are funding above other Local Authorities per 1000 population. Meaning ultimately Herefordshire citizens and the Local Authority potentially are funding Healthcare which should be free to the individual at the point of delivery. Currently the CCG is disputing the Local Authority peer challenge feedback.</p>	Aug-19	25 (5x5)

## Risks Closed

CRR.09	<b>EU exit</b> IF: following the EU exit there is uncertainty or policy decisions that impact the council <b>THEN:</b> there may be an impact on the economic and social programmes of the Council and its partners, including: interest rates and exchange rates impacting on the Affordability of the council's capital programme; and restriction on the free movement of people which could lead to skills gaps and adverse impact on the workforce.	Aug-18
CRR.31	<b>South Wye Transport Package</b> IF: scheme costs increase as a result of changes to programme <b>THEN:</b> they will exceed current approved budget and it will significantly affect ability to drawdown grant funding within funding window.	Jun-19
CRR.33	<b>South Wye Transport Package</b> IF: The Marches LEP require existing growth funding to be repaid based on any change in approach to the SWTP <b>THEN:</b> Funding will need to be allocated for repayment of the growth funding, impacting on other budgets.	Nov-19
CRR.47	<b>Hereford Transport Package</b> IF: decision taken to pause or review this transport project <b>THEN:</b> there will be a cost implication and current funding opportunities could be lost	Jun-19
CRR.48	<b>Hereford City Centre Transport Package</b> IF: There is a significant change in scope of the transport hub and public realm project <b>THEN:</b> Programme will be impacted and costs could increase and exceed available budget.	Jun-19
CRR.49	<b>Hereford City Centre Transport Package</b> IF: Statutory land payments associated with the CLR element of the HCCTP are not approved for payment until the budget and forecast review is completed <b>THEN:</b> There is a risk that the matter will be taken to the Upper Land Tribunal and additional costs would be incurred.	Oct-20
CRR.53	<b>Market viability</b> IF: Provider services fail, <b>THEN:</b> we will need to manage the transfer of a number of service users in very short timescales, in an already difficult market, with limited capacity.	Sep-17
CRR.56	<b>Discretionary Housing Payment</b> If the council continues to underspend Discretionary Housing Payment (DHP) by more than 30% annually, <b>then;</b> housing solutions for the most vulnerable people (homeless, care leavers etc.) will continue to be limited, pressure on council budgets will increase whilst government grant reduces and scrutiny will increase on the council's homelessness performance and use of resources.	Nov-19



Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite
<p>Budget is reviewed monthly DLT/SMT/Management Board and then informing Cabinet. Alternatives to care panel in place on a weekly basis to review cases that may be considered to be moving towards becoming looked after, chaired by the AD safeguarding and family support. ECHO Service staffed and launched May 2020. Early Help Hub was launched in Sept 2020 to provide information, advice and guidance and direct work with families, coordinating the early help approach with partners and families</p>	<b>20</b> (4x5)	Further mitigation required
<p>Case review work has been undertaken by children's social care and by legal services and submitted to court. Legal services have reviewed current cases to assess for potential human rights claims.</p> <p>Communications briefed on response from council, including training, audit of any cases with similar presenting features and action to address any recommendations from the judgement; communications to cabinet, children's scrutiny and all members; communication to chair of HSCB and also to regional lead for safeguarding with Ofsted.</p> <p>In light of court judgements, cases are reassessed. Practice improvements are identified through this work and steps taken to embed changes in day to day work.</p>	<b>20</b> (5x4)	Further mitigation required
<p>Tracking advice from PHE. Tactical Group and Corporate Groups planning appropriate responses. Planning by services to establish critical services and help maintain service provision. Talk Community response in place supporting and connecting potentially vulnerable people in communities. Staff redeployed to support the response.</p>	<b>25</b> (5x5)	Further mitigation required

<p>Education assets condition surveys have been completed and the school capital investment strategy and the 2 year maintenance programme has been approved by cabinet; a contingency budget has been set aside for any unplanned spend and should this be exceeded programme reprioritisation will take place.</p> <p>The planned programme has a minor risk which is that there may be early slippage due to delays in procurement - this is being resolved at Capital Board level.</p>	<b>16</b> (4x4)	Further mitigation required
<p>Sufficiency strategy in place that includes action to improve the recruitment of foster carers and also a HIPSS service to support HIPSS placements. A recent review of the sufficiency strategy and the annual fostering report indicates we have not been successful in meeting recruitment targets. A working group was established to consider a different approach to recruiting fosterer carers through commissioning external marketing company as per Devon and Warwickshire model. Changes have been made to the payment of existing council foster carers who will support children that move from residential placements</p>	<b>16</b> (4x4)	Further mitigation required
<p>An action plan has been developed to address the learning issues from this case and improvements in practice and performance</p>	<b>20</b> (5x4)	Further mitigation required
<p>Outbreak control continues with covid focused staff employed on short term contracts</p>	<b>16</b> (4x4)	Further Mitigation Required
<p>Reduce the impact of Covid directly (eg stop smoking capacity)</p>	<b>16</b> (4x4)	Further Mitigation Required

<p>Government have issued £11m of grant to date for Covid 19 issues.</p> <p>Prudent levels of reserves in place.</p> <p>Regular engagement with MHCLG - delta returns, CCN and LGA.</p> <p>Government have awarded a number of additional grants to Local Government to fund the additional costs of the dealing with the Covid 19 pandemic in 2020/21 and 2022/23.</p>	<p style="text-align: center;"><b>9</b> (3x3)</p>	<p>Further mitigation required</p>
<p>Govt. have announced that income loss from car parking is to only be covered by 75% if this is 5% of total planned income.</p>	<p style="text-align: center;"><b>12</b> (3*4)</p>	<p>Further mitigation required</p>
<p>Due to Covid 19 the market has a unprecedented increase in capacity across the nursing sector. We will keep close oversight of this changing situation.</p>	<p style="text-align: center;"><b>6</b> (2*3)</p>	<p>Accept</p>
<p>Issue called to scrutiny and feedback where CCG and ASC were asked to account for the status quo. The peer review explored the CHC component within their last peer review on DTOC in February 2019. Ops initiated a joint review last year. Recruited a CHC lead who started 2019 and has reviewed internal processes and is taking forward an action plan in respect of processes, training of social care staff and improved joined working and practices with CHC team. Identified social workers who have a particular understanding for CHC or ad where the can be trained to a high standard so we have CHC champions in each team. Head of services co-chairing quality assurance panel with CCG and we are beginning to see a small shift towards new cases being found eligible for CHC or for joint funding. CCG has merged with Worcestershire CCG with new CCG arrangements. Covid has resulted in a significant amount of retrospective work to be undertaken. There remains no clear evidence that CCG is adjusting the way it conducts assessments or decision making. So therefore the risk remains. Strategic conversations are ongoing to improve the delivery of this service and achieve fair funding pathways.</p>	<p style="text-align: center;"><b>10</b> (2*5)</p>	<p>Further Mitigation Required</p>



Further actions required	Risk Owner
<p>Monitor ongoing effectiveness of ECHo work; so far indicates success in reunification for children and also providing support to prevent the need for children to come into care. However, the spend is still forecast to exceed the budget for this financial year</p>	<p>Director Children &amp; Families</p>
<p>Children's services and legal services continue to reassess cases in light of court judgements. Practice improvements are identified through this work and steps taken to embed changes in day to day work.</p>	<p>Director Children &amp; Families</p>
<p>Continue to re-assess the required response and ascertain how the COVID response transfers into business as usual .</p>	<p>Chief Executive</p>

<p>This risk is in relation to the condition of premises and the team are progressing the maintenance programme with minimal impact by COVID.</p>	<p>AD Education Development and Skills</p>
<p>Monthly meetings have been established to review cases of those children identified to step down from residential to foster care. We are going out to tender for a company to support us with foster care recruitment for 2021/22</p>	<p>AD Safeguarding and Family Support</p>
<p>Actions are being delivered on the action plan including the development of policies and procedures to improve practice with the full involvement of legal services.</p>	<p>Assistant Director Quality and Improvement</p>
<p>Strategic planning for 2021/2022 including cross Council approach.</p>	<p>Director of Public Health</p>
<p>In progress to look at increase funding to address the need for additional services/activity. Understand if this can be done with current resources.</p>	<p>Director of Public Health</p>

Further support is expected to be revealed in the budget on the 3rd of March.	Chief Finance Officer
Monitoring and review of government guidance and the impact on car park use.	James Hughes (Parking Strategy and Processing Manager)
	Head of Care Commissioning
We have now commissioned specialist company to support with our work with the CHC. We also have a team of social workers who have been individually selective to take on the majority of the CHC work. Additionally our CHC lead is making significant progress in developing processes, quality of practice and decision making which is beginning to see a difference within outcomes for those requiring health funding.	Assistant Director – Adult Social Care Operations





## Adults & Communities Risk Register

January 2021

		Impact				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Significant
Likelihood	5 Certain					
	4 Likely					
	3 Possible			AC.06, AC.07, AC.08, AC.09	AC.01, AC.02, AC.03	
	2 Unlikely					AC.04, AC.05
	1 Rare					

Ref	Risk Description	Corporate Risk
AC.01	<b>Conclusion of NHS funding for discharge to assess.</b> <b>WHEN</b> The current NHS funding of discharge to assess model to manage hospital discharges during the Covid 19 outbreak concludes on the 31 March 2021. <b>THEN</b> without sufficient capacity and appropriate funding of pathway resources for example, bedded care that can be accessed in a timely way; responsive and safe discharge outcomes for patients may not be achieved.	
AC.02	<b>Talk Community</b> <b>IF</b> the facilitation and coordination of the voluntary and community sector isn't developed <b>THEN</b> the growth in the sector will be desperate and gaps in support will increase.	
AC.03	<b>Talk Community</b> <b>IF</b> Talk Community is not adopted by internal and external partners to address the population health, inequalities and well-being agenda <b>THEN</b> the support to the residents of Herefordshire could be less effective and impactful and the Talk Community strategy will not be implemented.	
AC.04	<b>Continuing budget pressures and future of ASC funding</b> <b>IF:</b> There continues to be uncertainty around the future and sustainability of adult social care funding, <b>THEN</b> the risk of not meeting statutory functions increases as does the risk of failure within the reliant social care economy in the county, such as care homes. In addition, the opportunity to re-model the way we provide services is limited	

AC.05	<p><b>Access to Health funding (CHC and joint funding)</b>  Herefordshire remains in the bottom quartile of cases fully funded meeting CHC eligibility. <b>IF</b> CCG continue to not accept that there are any process or decision making irregularities influencing this trend <b>THEN</b> it remains the fact that ASC are funding above other Local Authorities per 1000 population. Meaning ultimately Herefordshire citizens and the Local Authority potentially are funding Healthcare which should be free to the individual at the point of delivery. Currently the CCG is disputing the Local Authority peer challenge feedback.</p>	
AC.06	<p><b>Covid 19 Resourcing and Funding:</b>  Resources and commissioning arrangements that were established in response to Covid 19 may need to be embedded in BAU and will no longer be funded from 1 April 2021</p>	
AC.07	<p><b>Talk Community</b>  <b>IF</b> the development and growth of the volunteer base across the county doesn't increase within all demographics <b>THEN</b> the opportunity to develop support through volunteers will reduce and impact on areas of future delivery.</p>	
AC.08	<p><b>Demographic &amp; Financial Pressures</b>  <b>IF:</b> financial and demographic pressures continue to rise and are not managed <b>THEN:</b> the council would be unable to meet it's statutory obligations in meeting needs, safeguarding and maximising independence for residents</p>	
AC.09	<p><b>Housing under "everyone In" arrangements:</b>  As part of the Central Government response to the coronavirus the Minister for Local Government and Homelessness required on 26 March that rough sleepers and other vulnerable homeless people were supported into appropriate accommodation with immediate effect. A similar approach was required in Winter 2020-21 under the Government's 'Protect Plus' Programme. Herefordshire Council have housed around 100 people under these arrangements and over 50 remain accommodated in late January. Much of the cost of this accommodation can and will be recouped by Housing Benefit claims, but current analysis suggest that a shortfall of around £15,000 per week remains where housing benefit cannot be recouped</p>	

## Children & Families Risk Register

January 2021

		Impact				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Significant
Likelihood	5 Certain				CF.02, CF.05	
	4 Likely				CF.03, CF.04	CF.01
	3 Possible			CF.08, CF.09, CF.10	CF.06, CF.07	
	2 Unlikely					
	1 Rare					

Ref	Risk Description	Corporate Risk
CF.01	<b>Budget and Savings Plans - Children &amp; Families</b> <b>IF/AS:</b> The demand for placements for looked after children and care leavers exceeds that planned for when the budget was set <b>THEN:</b> the spend will be greater than the budget within children and families directorate will be able to cover	CRR.03
CF.02	<b>Human Rights claims</b> <b>IF:</b> a result of high court decisions regarding children's social care cases in respect of historical practice <b>THEN:</b> Herefordshire council may face Human Rights claims.	CRR.04
CF.03	<b>School Assets</b> <b>IF/AS:</b> deteriorating condition of school estate with Insufficient budget to maintain school assets proactively <b>THEN:</b> There may be an increase in costs due to unplanned significant spend	CRR.50
CF.04	<b>Foster Carers</b> <b>IF/AS:</b> The council is unable to recruit and retain sufficient foster carers <b>THEN:</b> the council will rely increasingly on agency foster carers and also potentially use more residential placements. This may lead to children being placed far away outside of Herefordshire and at increased cost	CRR.51
CF.05	<b>Court Cases</b> <b>IF/AS:</b> The high profile child care case before the courts is found against the council. <b>THEN:</b> This will lead to a reputational risk and a potential fine from the courts	CRR.52

CF.06	<p><b>Ofsted Outcomes</b>  <b>IF/AS:</b> We are unable to assure the Ofsted Inspectors of sustained improvements of childrens operational safeguarding  <b>Then:</b> This may result in a re-alignment of council activity in order to ensure effective delivery of services and have a significant financial and reputational impact on the authority.</p>	
CF.07	<p><b>ICT Systems</b>  <b>IF/AS:</b> The technology ICT systems/ platforms are not appropriate or used to their full effect  <b>THEN:</b> We fail to manage our services effectively and this can lead to poor practice and inefficient use of staff time</p>	
CF.08	<p><b>Ofsted Readiness</b>  <b>IF/AS:</b> Preparations are not made for Ofsted focused visit or Joint Targeted Area Inspection  <b>THEN:</b> Service areas and leadership may be judged poorly and positive outcomes for children not reflected in Ofsted judgements. This could lead to reputational damage, requirements for improvements including significant budget implications for the council and partners</p>	
CF.09	<p><b>Mosaic Functionality</b>  <b>IF/AS:</b> We are unable to work with providers to resolve the MOSAIC group function; <b>THEN:</b> The MOSAIC system will continue to be unwieldy for recording information across sibling / household groups and this will impact upon the quality of our data and reported performance</p>	
CF.10	<p><b>Childrens Operational Staffing / Workforce</b>  <b>IF/AS:</b> We are unable to recruit and maintain a stable, experienced social care workforce  <b>THEN:</b> Caseloads for social workers will be higher than wanted and may affect the quality of casework for children</p>	

## Corporate Centre Risk Register

January 2021

		Impact				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Significant
Likelihood	5 Certain		CS.15			CS.01
	4 Likely			CS.08, CS.11	CS.02, CS.03	
	3 Possible			CS.18, CS.19, CS.20, CS.21, CS.22, CS.24, CS.25	CS.05, CS.06, CS.07, CS.09, CS.10, CS.12, CS.13, CS.14, CS.23	CS.04
	2 Unlikely					CS.16, CS.17
	1 Rare					

Ref	Risk Description	Corporate Risk
CS.01	<p><b>COVID 19</b>  <b>AS:</b> the global COVID 19 pandemic reaches Herefordshire  <b>Then:</b> This will have a significant impact on council activities and the strategic priorities of the county. Staff will be redeployed and might be unable to work resulting in impact on front line services, delivery of care to vulnerable people will be compromised, non-urgent member decisions may be postponed, local businesses will be effected in turn impacting Business Rates &amp; Council Tax. The impact on the health system will also cause additional strain on social care teams to respond.</p>	CRR.39
CS.02	<p><b>Covid impact on other Public Health work</b>  <b>If</b> Covid Health Protection response continues or increases, <b>then</b> this may impact on other PH work as there is a limit to how much can be run in parallel (BAU)</p>	CRR.57
CS.03	<p><b>Covid impact on population health</b>  <b>If</b> due to Covid, people's health got worse, <b>then</b> we will increase inequalities and have a negative effect on the whole system.</p>	CRR.58
CS.04	<p><b>Hoople Ltd</b>  <b>IF:</b> non-compliance with GDPR <b>THEN</b> Risk of challenge from ICO and financial risk for Council</p>	
CS.05	<p><b>Council Redesign/Resources</b>  <b>IF:</b> Reducing resources in the form of grant, uncertainty and the requirement to deliver transformation at speed combine <b>THEN:</b> there will be an risk of failure to meet statutory and/or legal duties and powers.</p>	

CS.06	<p><b>Recruitment Strategy</b></p> <p><b>IF:</b> the council is unable to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic <b>THEN:</b> there will be insufficient staff to meet service demands; an inability to progress service development; and a financial implication of using agency staff/contractors.</p>	
CS.07	<p><b>Failure of council employees to adhere to standing orders and policy</b></p> <p><b>IF:</b> officers fail to adhere to standing orders (e.g. contract and finance procedure rules) and policies <b>THEN:</b> the number of internal disciplinary and/or exposure to legal challenge will increase, along with the likelihood of financial and reputational risk, resulting in claims being made and won against the Council with costs and reputational harm incurred.</p>	
CS.08	<p><b>Emergency events</b></p> <p><b>IF:</b> significant events happen (e.g. severe weather, major flooding, terrorism and/or influenza pandemic risks) <b>THEN:</b> there could be a significant cost implication to the Council and it may be necessitate staff redeployment to backfill and maintain critical services. Failing to respond effectively to major emergencies/incidents could result in in a loss of public confidence through adverse publicity, loss of life to public or council employees, loss of service, economic damage or environmental impacts. Lack of trained staff (deployed or other) means we may not respond as quickly/effectively as we should.</p>	
CS.09	<p><b>Health &amp; Safety</b></p> <p><b>IF:</b> Herefordshire Council doesn't comply with Health and Safety legislation <b>THEN:</b> there is an increased risk of: employees injured through work activity; council prosecuted by HSE for breeches of legislation; increased insurance claims and insurance premiums; member of public, contractor or employee killed at work, possible corporate manslaughter, loss of reputation and financial costs to the council; sickness rates increase because of lack of compliance with good health, safety and wellbeing practice; increased employer/employee litigation through inconsistent approach to managing health and safety in the workplace; unable to defend H&amp;S claims or disputes; and, fire damage and financial and reputational costs to the council through fire at a council owned building.</p>	
CS.10	<p><b>NHS Health checks stopped due to pandemic</b></p> <p><b>If</b> health checks are not restored following the pandemic <b>then</b> there is the potential of high risk individuals not accessing prevention and support at an early stage to reduce or resolve potential long term health issues.</p>	
CS.11	<p><b>Loss of internet connection</b></p> <p><b>IF</b> there is a loss of the internet connection through a fault in the wider area network, due to third party or withdraw the network due to cyber attack <b>THEN</b> there could be interruptions in the delivery of council services.</p>	
CS.12	<p><b>Cyber attack</b></p> <p><b>IF:</b> we do not protect against a potential cyber attack <b>THEN:</b> we could be at risk of losing data in breach of principle 7 of the Data Protection Act which would lead to potential fines from the Information Commissioner Office and reputational damage</p>	

CS.13	<b>Healthy Lifestyle Trainer Service Restructure</b> If the restructure results in the reduction in health trainer capacity, <b>then</b> there is a risk in delivering key PH programs	
CS.14	<b>Public Health staff capacity</b> If PH staff capacity is not sufficient <b>then</b> Public Health teams won't be able to deliver our objectives.	
CS.15	<b>Dental Survey</b> If Covid restrictions stay in place <b>then</b> the Biennial dental survey of 5 yr old children can not take place.	
CS.16	<b>Delay in PCC election</b> <b>IF:</b> the PCC election is postponed if the local authority area is in the highest tier and told by guidance from Cabinet Office that all elections in the Highest Tier will be postponed until a suitable time <b>THEN</b> there is a risk that the election will have to take place later and the other local authority areas in the West Mercia Region may have to delay their count process so as to not influence the voting in our local authority area	
CS.17	<b>Substance Use Recovery Service recommissioning</b> If safe mobilisation is not complete <b>then</b> there is a risk of harm to service users (planned for Jan - March 2021.)	
CS.18	<b>Good decision-making</b> <b>IF:</b> officers and members do not uphold the principles of good decision-making <b>THEN:</b> the Council may make poor decisions which either result in lost opportunities or increased costs.	
CS.19	<b>IT skills and culture</b> <b>IF</b> the workforce do not have the IT skills or the willingness to make the most of technologies <b>THEN</b> the council is not making the most of the tools available to create efficient services or progress service delivery	
CS.20	<b>IT development</b> <b>IF</b> the council does not invest in digital solutions working across the organisation <b>THEN</b> opportunities for better customer engagement, communications and efficient services delivery will be effected and the council will fall behind on what residents and businesses want and what other council can provide. To always be based on should business cases and value for money with return on investment.	
CS.21	<b>Covid 19 funding issues</b> <b>IF:</b> Government does not fully fund the financial implications of responding to the Covid 19 pandemic <b>THEN:</b> we will overspend our revenue budget, placing pressure on revenue reserves and ultimately the financial failure of the council	
CS.22	<b>Fastershire delivery</b> <b>IF</b> coverage and take up falls short of plans with the revised broadband strategy <b>THEN</b> premises will not be able to take up a service or make the most of investment in the fibre network effecting economic performance and community vitality.	
CS.23	<b>Risk of Challenge</b> <b>If</b> staff do not comply with the Contract Procedure Rules and Public Contract Regulations (2015) <b>Then</b> there could be a challenge to the contract award	

	process which could result in a failure to uphold the law, reputational damage and impact	
CS.24	<b>Contract Management:</b> If staff do not manage contracts effectively <b>Then</b> suppliers might not deliver outcomes effectively or efficiently, which could result in relationship breakdown and risk to rigour on best value obligations (reputational risk on service delivery).	
CS.25	<b>Value for Money</b> If insufficient capacity in procurement team to support due to increasing demand and staff changes, <b>then</b> tender strategies and approaches may fall short of best practice and policy requirements.	



**Economy & Place Risk Register**  
January 2021

		Impact				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Significant
Likelihood	5 Certain		EP.09	EP.03, EP.11		
	4 Likely			EP.04, EP.08		
	3 Possible			EP.14, EP.15, EP.16, EP.18, EP.19, EP.20, EP.21, EP.22, EP.23, EP.26, EP.27, EP.28, EP.31, EP.32	EP.01, EP.02, EP.05, EP.06, EP.07, EP.12, EP.13, EP.29, EP.30	EP.17, EP.24, EP.25
	2 Unlikely					
	1 Rare					

Ref	Risk Description	Corporate Risk
EP.01	<b>Parking Income</b> <b>IF:</b> the government continue to place national restrictions to prevent the spread of covid 19 <b>THEN:</b> this reduces car park use and therefore impacts income. *Currently forecast as a £2.4 million pressure. If further restrictions are placed or extended then this pressure is increased.	
EP.02	<b>Economic Resilience - Covid 19</b> <b>IF:</b> Covid 19 has and will continue to have a very significant impact on the local economy <b>THEN:</b> businesses will close, and unemployment will rise.	
EP.03	<b>Cost increase in providing special transport</b> <b>IF:</b> there is increasing demand for special transport (SEN/LAC/PRU) <b>THEN:</b> there will be significant budget pressures to the transport service.	
EP.04	<b>BBBLP Annual Plan Delivery Covid 19 cost</b> <b>IF:</b> additional cost continues to be identified due to the current covid situation (the costs are captured in the AP EW's and RR meetings) <b>THEN:</b> there will be delivery/financial implications for the Annual Plan *Additional funding from government is expected but the extent is not known.	

EP.05	<p><b>Drainage Investment</b>  <b>IF:</b> Underlying drainage issues, that have and will lead to accelerated deterioration in the highway asset, are not addressed through the investment period <b>THEN:</b> this will lead to the benefits realised as a result of the investment not being sustained.  *Drainage impact from Oct 19 and Feb 2020 significant, resources required for corrective measures including revenue.</p>	
EP.06	<p><b>Service Delivery</b>  <b>IF:</b> The delivery of the associated programme of works is not aligned with the asset management strategy through the investment period and throughout the asset lifecycle <b>THEN:</b> the overall condition of the asset may be significantly less than that which should be achieved over time and may result in the need for a further major investment before the 'original' £20M investment has been paid for. As such the further investment will be unaffordable.</p>	
EP.07	<p><b>Severe Weather and other Emergencies</b>  <b>IF:</b> Severe weather, or other major emergencies events occur (for example severe and prolonged winter periods) the need will exceed programmed operational resources <b>THEN:</b> The service will need to call on corporate revenue reserves if it is to continue to meet the Council's duties as a highway authority.</p>	
EP.08	<p><b>Ash Dieback (Chalara)</b>  <b>IF:</b> An action plan is not adopted to deal with the onset of Ash Die Back within the County boundaries <b>THEN:</b> the authority faces significant unplanned financial burden linked to removal of a significant percentage of tree stock and an increased liability linked to personal injury and third party damage claims.</p>	
EP.09	<p><b>Highway Condition</b>  <b>IF:</b> The maintenance of the highway network continues at the current level <b>THEN:</b> the condition of the network will continue to deteriorate and the cost of rectifying this deterioration will increase with adverse reputational impact.</p>	
EP.10	<p><b>Local flood risk management strategy</b>  <b>IF:</b> The implementation of the LFRMS is not fully embedded <b>THEN:</b> HC will not be able to manage local flood risk in a more co-ordinated way and won't be able to help individuals, communities, businesses and authorities understand and manage flood risk within the county.</p>	
EP.11	<p><b>Covid results in significant financial and operational pressures for passenger transport services</b>  <b>IF:</b> the response to covid emergency results in need for emergency planning of transport operations <b>THEN:</b> new considerations required in relation to safety (social distancing) which will result in a massive drop in revenues affecting council budget and commercial operators viability.</p>	
EP.12	<p><b>Transport Infrastructure</b>  <b>IF:</b> we fail to deliver the necessary infrastructure to deliver core strategy growth <b>THEN:</b> there will be an impact on the delivery of planned homes and jobs.</p>	

EP.13	<p><b>Infrastructure Projects</b>  <b>IF:</b> Projects are to be let through open procurement outside the public realm contract <b>THEN:</b> There may be delays to scheme progression or significant pressure on resources to meet the scheme delivery and management requirements.</p>	
EP.14	<p><b>Completion of legal documents</b>  <b>IF:</b> Unable to complete legal agreements/documents/ transactions as Legal Services do not have capacity <b>THEN:</b> the council may be exposed to liabilities (cost &amp; legal) and suffer reputational damage</p>	
EP.15	<p><b>Staff Retention in Property Services</b>  <b>IF:</b> Staff leave/retire <b>THEN:</b> Key knowledge, programme delivery and statutory compliance will be compromised</p>	
EP.16	<p><b>Infrastructure projects land acquisition</b>  <b>IF:</b> we are unable to acquire land to enable major infrastructure <b>THEN:</b> there is a risk to delivery of major infrastructure (e.g. roads/highways)</p>	
EP.17	<p><b>Offering unproven advice</b>  <b>IF:</b> incorrect advice is/was given which leads to LABC approval <b>THEN:</b> unsafe/ineffective materials/practices may be adopted which could leave the council open to recompense and cause reputational damage.</p>	
EP.18	<p><b>Food Hygiene Inspection Program</b>  <b>IF:</b> there is non-compliance with the Food Standards Agency (FSA) Code of Practice with regards to the interventions at D &amp; E rated food businesses  <b>THEN:</b> possible FSA intervention and increased public health risk</p>	
EP.19	<p><b>Planning Applications Validated and Registered in Time:</b>  <b>IF:</b> an unacceptable number of applications are not validated/registered within an acceptable time <b>THEN:</b> Herefordshire Council will suffer reputationally, formal complaints will be received, the local economy will suffer and there is a real risk that some fees may have to be returned.</p>	
EP.20	<p><b>Planning Applications Determined in Time:</b>  <b>IF:</b> an unacceptable number of major, minor or 'other' applications are not determined within their statutory determination times <b>THEN:</b> Herefordshire Council will suffer reputationally, formal complaints will be received, the local economy will suffer and there is a real risk that some fees may have to be returned.</p>	
EP.21	<p><b>Planning Enforcement Cases Responded to in Time:</b>  <b>IF:</b> an unacceptable number of planning enforcement service requests are not responded to within a reasonable time <b>THEN:</b> Herefordshire Council will suffer reputationally, formal complaints will be received, the local economy will suffer and the council may ultimately lose the ability to take enforcement.</p>	
EP.22	<p><b>Planning Appeals Lost:</b>  <b>IF:</b> an unacceptable number of planning appeals are lost <b>THEN:</b> Herefordshire Council will suffer reputationally, costs awarded against the council will be unacceptably high, formal complaints will be received and ultimately the local economy will suffer.</p>	

EP.23	<p><b>Planning Applications at Committee Against Officer Recommendation</b>  <b>IF:</b> an unacceptable number of planning applications go against officer recommendation at committee <b>THEN:</b> Herefordshire Council will suffer reputationally as costs awarded against the council will be unacceptably high, the five year housing land supply will be under pressure and ultimately the local economy will suffer.</p>	
EP.24	<p><b>Phosphate Pollution in Lugg Catchment</b>  <b>IF:</b> A way forward cannot be found in relation to the moratorium on housing development in the River Lugg catchment arising from elevated phosphate levels <b>THEN:</b> the 5 Year Housing Land Supply figure will fall further which will have a severe impact upon the weight of Neighbourhood Development Plans and the outcome of planning appeals, leading to a 'plan led' rather than a 'policy led' county.</p>	
EP.25	<p><b>Waste management services contract</b>  <b>IF:</b> we fail to make best decision in regard to WMSC extension <b>THEN:</b> value for money to the council will not be delivered.</p>	
EP.26	<p><b>Herefordshire fuel poverty level</b>  <b>IF:</b> Fuel poverty levels in the county rise (the latest sub-regional statistic (2018) is above the national average) <b>THEN:</b> There is a public health and reputational risk that we are not addressing fuel poverty levels and moving forward incidences of excess winter deaths and costs to health, social care will rise.</p>	
EP.27	<p><b>Destination Hereford - extension to deliver with no additional funding</b>  <b>IF:</b> the numerous projects on hold due to Covid-19 for which the DfT have given authorities an additional year to deliver outputs aren't delivered <b>THEN:</b> there will be revenue pressures where the salaries budget is currently unbudgeted for.</p>	
EP.28	<p><b>Destination Hereford - last year of secured DfT funding</b>  <b>IF:</b> There is no follow up funding opportunity to apply to OR if we are unsuccessful in this if there is a next funding round <b>THEN:</b> the vast majority of the Destination Hereford project will finish in April 2022 and there will be a revenue pressure on salary costs in 2022/23  *We are now into the last year of the current Destination Hereford (phase 3) which receives £500k pa of revenue funding from the DfT's Access Fund .</p>	
EP.29	<p><b>Marches Renewable Energy (MarRE) project</b>  <b>IF:</b> Current project spend and outputs in transition areas are below profile and the financial model used for the project relies on grant monies defrayed in these areas to fund the running of the project <b>THEN:</b> Herefordshire Council, as lead authority and accountable body, will be responsible for the financial short fall.</p>	
EP.30	<p><b>Development Regeneration Partnership - Keepmoat</b>  <b>IF:</b> there is not an adequate pipeline of suitable residential development projects <b>THEN:</b> we will not be able to deliver the benefits through the contract</p>	

EP.31	<p><b>Sitting Tenant</b></p> <p><b>IF:</b> An agreement cannot be reached with the tenant <b>THEN:</b> there may be a potential for a long delay before commencement of projects; a downturn in sales once properties are ready; pressure on the business case viability due to exposure to an increase in the cost of development; additional monies may be required should the land be contaminated.</p>	
EP.32	<p><b>5 year Housing Land Supply/Housing delivery test</b></p> <p><b>IF:</b> We do not actively address the current lack of five year land supply and the under delivery of housing (according to the national Housing Delivery Test</p> <p><b>THEN:</b> it will continue to be difficult to resist applications for planning permission for housing on sites not currently identified in the Local Plan which would undermine the plan led approach, lead to development of sites which are locally considered inappropriate and potentially affect the deliverability of identified strategic sites and associated infrastructure.</p>	



Ref	Overarching risks	Specific Risks	Corporate Ambition			Opened	Likelihood	Dec-20 Impact	Score	6 Month Trend
			Environ-ment	Comm-unity	Economy					
CV1	Risk to the vulnerable people in Herefordshire (children not in education, not in social care)	Ability to carry out business as usual to support vulnerable people in the community	x			Apr-20	2	3	6	
		National focus is largely on protecting the NHS, which might result in poor practices generating increased (long term) pressures on social care				Apr-20				
		Residents impacted by the recent flooding are unlikely to be able to repair properties and will remain in temporary accommodation		x		Apr-20				
		Assurance that Care Home are effectively managing the COVID risks and contamination control within their settings		x		Apr-20				
		Adequacy of Infection Protection control Testing availability		x		May-20 Sep-20				
		Increase in infection rate				Sep-20				
CV2	Risk to our staff	Patchy test and trace communication and service		x		Oct-20	2	4	8	
		Availability of PPE				Apr-20				
		Staffing levels will make BAU, and COVID responses under pressure				Apr-20				
		Risk of infection/death to frontline staff working in the community				Apr-20				
		Working from home H&S and well being				Apr-20				
		Risk to BAME workforce				May-20				
		Covid secure workplaces				May-20				
Testing availability				Aug-20						
		Risk to social work practice as supervision continues to be remote				Oct-20				
		Risk of up to 20% of social care staff being unwell following covid-19 vaccine.				Nov-20				
CV3	Risk to the council's finances	Long term implications of Covid and return to BAU				Feb-21	4	5	20	
		A reduction in council tax income	x			Apr-20				
		A reduction in business rate income		x		Apr-20				
		A reduction in income for other sources, such as car parking				Apr-20				
		Additional unbudgeted spend including PPE @ significant cost				Apr-20				
		Uncertainty over central government support and unavoidable costs				May-20				
		Timing deadline for central government support				Jun-20				
CV4	Risk to the local economy	Local economy will suffer as a result of the COVID measures		x		Apr-20	5	5	25	
		Increased likelihood of businesses failing				Apr-20				
		Delays in progressing some of the key council developments which will increase the capacity to				Apr-20				
		Market failures for LA services				Jun-20				
		Impact for market towns not covered by specific grants				Jun-20				
		Increased unemployment				Jun-20				
		Ability for transport services to provide Covid secure service and still be viable				Jun-20				
		Difficulty in recruiting in some areas i.e. agriculture				Jun-20				
		Uncertainty of pandemic on top of flooding this year				Jun-20				
		Local lockdowns in other areas				Sep-20				
				Potential new peak Covid, end Dec into early Jan, overlapping with Brexit deal/no deal and convergent impact						
CV6	Risk to the Shield, BRAVE and other vulnerable groups COVID response	Due to numerous lists being issued from health, there is a risk that some people are missed and not contacted		x		Apr-20	2	3	6	
		Fragile processes have been developed to support immediate resolution, which rely too heavily on individuals and single points of failure.				Apr-20				
		Sufficiency of foster care places				Jun-20				
		Availability of volunteers and shield buddies as normal duties resume				Jun-20				
		impact of public realm changes for the visually impaired				Jun-20				
		Increase in infection rates				Sep-20				
		Testing ability				Sep-20				
Tetchy test and trace communications and service				Oct-20						
CV7	Risks to Communications and national messaging	Herefordshire council might not agree with the national messaging		x		Apr-20	2	3	6	
		The requirement to respond to the national governments decisions quickly poses a risk to the council				Apr-20				
		Messages not understood due to unclear messaging and different counties/welsh border.				May-20				
		Inaccessible communications not reaching audience				May-20				
CV8	Risk to delivery of Strategic Objectives	Non compliance by members of public	x			Apr-20	4	5	20	
		Transformational projects stalling due to inability to build/develop/transform services		x		Apr-20				
		HE ability/pressures				May-20				
		Lockdowns and further restrictions				Jun-20 Sep-20				
CV9	Risk of non compliance with advice/guidance by general public	Pressure on council enforcement resources		x		Jun-20	3	5	15	
		Not securing court orders				Jun-20				
		Increase in infection rates				Aug-20 Sep-20				
CV10	Risk of larger outbreaks leading to wider lockdown	LA not have powers for wider lockdown		x		Jun-20	3	5	15	
		Community tensions rising				Jun-20				
		Local authority and local system capacity being overwhelmed if multiple large outbreaks occur simultaneously				Jun-20				
		Increase in infection rate				Jul-20				
		School reopening				Sep-20				
						Sep-20				
CV11	Missed education for Herefordshire learners	Impact of lack of learning /virtual learning capability		x		Jun-20	5	5	25	
		Parental and school tensions				Jun-20				
		Non-attendance for September return				Aug-20				

		Environ-ment	Comm-unity	Economy		Likelihood	Impact	Score	Trend
					Schools returned and preparing for virtual learning Ability to catch up on missed education	Sep-20 Sep-20			
CV12	Lack of digital inclusion /IT			x	Superfast broadband not accessible to all Digital inclusion - feeling more excluded Cyber security risk increasing given increase of matter online IT still within the council having an impact on delivery	Jun-20 Jun-20 Jun-20 Nov-20	3	4	12
CV13	Risk to the Council's reputation		x	x	Introduction of local rapid testing at scale places expectations on council to make this an effective, well-run service for an estimated 6-12 months.  Development of contact tracing and compliance services at a local level will be necessary to control and mitigate infection spread. This has been of poor quality nationally, and damaging to national government.  There is already an expectation that the local authority will support the effective roll-out of vaccinations to health and care staff: likely that this will extend to the wider population in the new year.	Nov-20	3	4	12



## Embedding the Risk Management Plan

57

# Today's Session

- Introduction
- The Template
- Risk Identification
- Risk Scoring
- Risk Escalation
- 58 • Risk Monitoring
- Expectations & Risk Appetite
- Roles & Responsibilities
- Project Risk
- Current Position
- The Ask
- Future Work

# Introduction

- Risk is an uncertain event, or set of events, that will have an effect on performance and therefore the ability to achieve the council's objectives.
- Embedding risk management throughout the Council is not just about legal requirements, effective risk management will lead to:
  - experiencing fewer shocks and unwelcome surprises allowing greater focus on planned activity;
  - more efficient use of our resources;
  - improved business planning due to awareness of uncertain events and integrated planning of risk mitigation
  - better, more informed decision-making
- Risk Management Plan, part of the Performance Management Framework, details how it is done, agreed by Cabinet in September

# Why is risk important in Herefordshire?

- Not about covering individuals' backs, but about making our planning as effective as possible
  - Awareness of potential hurdles
  - Making conscious decisions (potentially to maximise opportunities)
- Not about tripping people up, but driving an accountable culture within the organisation

# The Template

Risk Reference	Risk Description	Opened	Risk score before controls (LxC)	Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite	Further actions required	Residual Risk trend (6 months)	Risk Owner
CS.01	<b>EU exit</b> IF: following the EU exit there is uncertainty or policy decisions that impact the council <b>THEN:</b> there may be an impact on the economic and social programmes of the Council and its partners, including: interest rates and exchange rates impacting on the Affordability of the council's capital programme; and restriction on the free movement of people which could lead to skills gaps and adverse impact on the workforce.	Aug-18	16 (4x4)	Inclusion of an assessment of the risks associated with EU exit in our MTFS and Treasury Management Strategy, and our debt profile is monitored and managed to avoid exposure to interest rate fluctuations. The Capital Programme will include a risk assessment of the cost of borrowing, and it will be reviewed constantly to ensure its continued affordability.	16 (4x4)	Accept	The council is not able to influence the ongoing negotiations dealing with the EU exit and subsequent policy decisions. Due to the ongoing Pandemic there is a risk of that the normal scrutiny processes around the negotiations and policy changes are not followed.		Chief Finance Officer

61

These sections will rarely change!

Risk Reference	Risk Description	Opened	Risk score before controls (LxC)
CS.01	<b>EU exit</b> IF: following the EU exit there is uncertainty or policy decisions that impact the council <b>THEN:</b> there may be an impact on the economic and social programmes of the Council and its partners, including: interest rates and exchange rates impacting on the Affordability of the council's capital programme; and restriction on the free movement of people which could lead to skills gaps and adverse impact on the workforce.	Aug-18	16 (4x4)

Residual Risk trend (6 months)	Risk Owner
	Chief Finance Officer

# The Template cont.

Risk Reference	Risk Description	Opened	Risk score before controls (LxC)	Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite	Further actions required	Residual Risk trend (6 months)	Risk Owner
CS.01	<b>EU exit</b> IF: following the EU exit there is uncertainty or policy decisions that impact the council <b>THEN:</b> there may be an impact on the economic and social programmes of the Council and its partners, including: interest rates and exchange rates impacting on the Affordability of the council's capital programme; and restriction on the free movement of people which could lead to skills gaps and adverse impact on the workforce.	Aug-18	16 (4x4)	Inclusion of an assessment of the risks associated with EU exit in our MTFs and Treasury Management Strategy, and our debt profile is monitored and managed to avoid exposure to interest rate fluctuations. The Capital Programme will include a risk assessment of the cost of borrowing, and it will be reviewed constantly to ensure its continued affordability.	16 (4x4)	Accept	The council is not able to influence the ongoing negotiations dealing with the EU exit and subsequent policy decisions. Due to the ongoing Pandemic there is a risk of that the normal scrutiny processes around the negotiations and policy changes are not followed.		Chief Finance Officer

62 These 4 columns *should* change regularly

Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite	Further actions required
Inclusion of an assessment of the risks associated with EU exit in our MTFs and Treasury Management Strategy, and our debt profile is monitored and managed to avoid exposure to interest rate fluctuations. The Capital Programme will include a risk assessment of the cost of borrowing, and it will be reviewed constantly to ensure its continued affordability.	16 (4x4)	Accept	The council is not able to influence the ongoing negotiations dealing with the EU exit and subsequent policy decisions. Due to the ongoing Pandemic there is a risk of that the normal scrutiny processes around the negotiations and policy changes are not followed.

# Risk Identification

- Identifying the risk

- Risks will be identified as part of day to day operations, or potentially as part of a self-assessment of a service
- Fall in to 1 of 3 types of risk
  - Preventable Risks
  - Strategic Risks
  - External Risks

- Recording the risk

- Should be recorded on the relevant service risk register
- Master register
- Title and description important to accurately reflect the risk

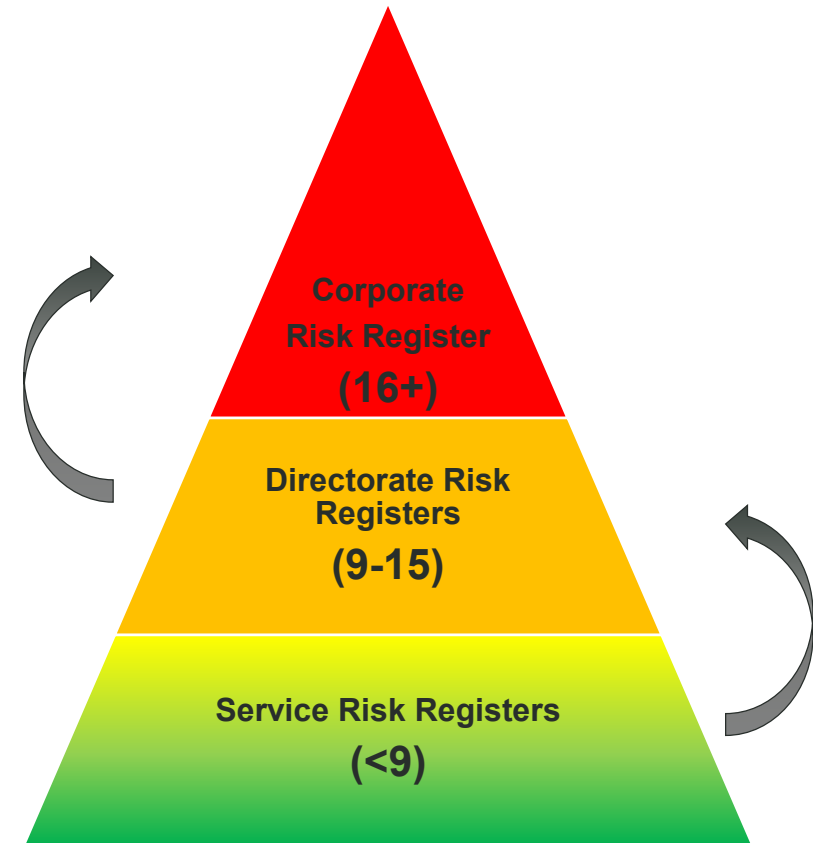
# Risk Scoring

- Risk scored initially as part of the identification
- **Likelihood** scored from 1 – 5
  - 1 = Rare (it is unlikely that the event might occur; to
  - 5 = Certain (the event has occurred or will definitely occur)
- **Impact** scored from 1 – 5
  - scores dictated by the type of risk
  - detail in RMP appendices
- Multiplied to give a risk score of 1 – 25
- Risk scored again to reflect the current controls (residual score)



# Risk Escalation

- All risks start at service risk registers
- Risks will escalate if the residual score is above thresholds
- Performance Leads will support with escalation by replicating risks on the appropriate register



# Risk Monitoring

- Regular monitoring of risks is crucial – in most instances monthly
- The main requirement is to review
  - the existing controls in place
  - current residual score
  - further mitigation required, and what these actions are
  - last review date
- It would be anticipated that we would regularly see changes to risk scores...we don't currently
- If risks materialise, the likelihood score should be raised to 5 to ensure visibility (and escalated according to thresholds).

# Expectations & Risk Appetite

- Risk appetite, whether we chose to reduce or accept the risk, is driven by risk score

67

<b>Reduce</b>	<b>Red 16+</b>	<b>MUST</b> have mitigating activities
<b>Reduce</b>	<b>Amber 9 - 15</b>	<b>SHOULD</b> have mitigating activities, except where cost (financial/time) might prohibit this
<b>Accept</b>	<b>Yellow 5 - 8</b>	<b>MIGHT</b> have mitigating activities, except where cost (financial/time) might prohibit this
<b>Accept</b>	<b>Green &gt;5</b>	Unlikely to need further mitigation, unless basic policy/procedure is lacking

# Closing a risk

- As a risk is reduced, or the potential event passes, risks should be closed
- At this stage, these can be moved on to a second tab and recorded as closed, detailing
  - Brief description of why risk has closed
  - Date closed
- As risks which have occurred and scored at 5, are managed, these should be closed. In some instances these might be replaced by other risks

# Roles & Responsibilities

## Officer/Risk Owners

Identification of risk

Regular monitoring and updating of scores/controls



Delivery of identified mitigating activities

Where action is having little impact, to consider additional actions required

## Risk Leads (ADs)

Challenge within directorates to strengthen and embed approach

Senior leadership on risk within DLTs etc

## Performance Leads

Checks & Challenge within directorate

Identification of service risks for escalation

Collation of directorate risk register and those for corporate risk register

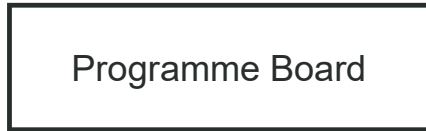
Assistance with processes, e.g. scoring, closing risks etc

NOT ADMIN SUPPORT

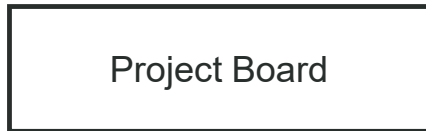
# Project Risk

- Project risks are monitored in relevant project and programme boards.
- Any significant risks identified at programme may be “escalated” to the relevant service risk register, and from here according to standard escalation processes (i.e. to directorate/corporate risk registers)

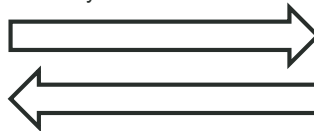
Programme Board to consider specific project risks and collective impact of programme



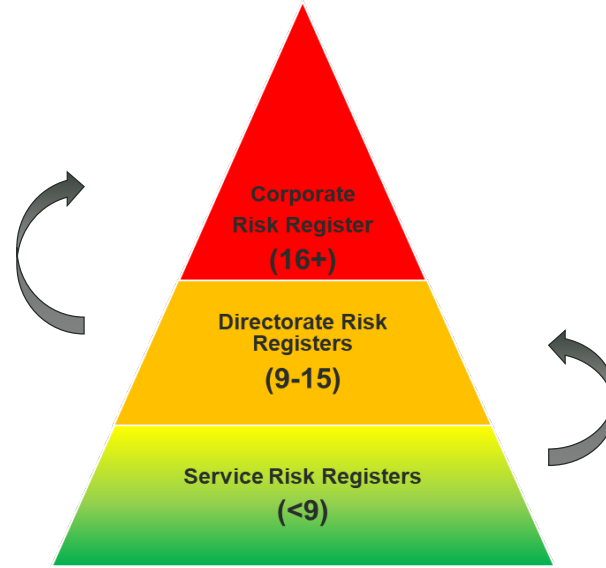
Project risks ≥16 escalated to Programme Board



Programme Sponsor responsibility to take any risks back to relevant SRR (and convert scoring). Checks to be done by Performance staff



Programme Sponsor to provide feedback on risks, any mitigation taken place outside of Programme Board and changes to risk score.



Risks "imported" from Programme Board to be escalated as appropriate

Risks from CRR viewed at Cabinet & AGC.  
Risks on DRR viewed at AGC

# Current Position

- Risk Management Plan agreed by Cabinet in September
- Q2 risk register produced using new methodology
  - 72 • Whilst new scores were used to escalate as per f/w the risks recorded often did not meet expectations based on the known risks to the organisation
    - This raises queries over the scores being recorded against risks
  - Many of the risks have seen little/no change in a number of years, despite there being “mitigating action” being identified – regularly challenged by AGC
  - New plan needs to be implemented



# Standard flow

- Each month risks in Service Risk Registers updated
- Updated Directorate Risk Registers should be scrutinised at DLTs/DMTs
- 79 • Directorate and Corporate Risks Registers available for Corporate Centre Team Meeting
- Quarterly Directorate and Corporate Risk Registers shared with Cabinet & Audit & Governance Committee

# The ask

- **Please review your service risk registers by c.o.p. January 15<sup>th</sup>, paying particular attention to the risks identified**
  - These will feed in to Directorate and Corporate Risk Registers. Registers are to be reviewed
    - Corporate Centre Team Meeting (week beginning 25/01)
    - Q3 budget & Performance report to cabinet (Feb 2021)
    - Audit & Governance Committee (Mar 2021)
- Raise the profile of risk within directorates, reminding of the benefits and importance
- Check that risks are regularly reviewed within the directorate (and not as the last items given 5 minutes attention), at both DMT and SMTs
- Challenge risk recording and practices within directorates
- Act as part of the corporate group to embed and evolve risk management

# Future work/options

- Embedding the framework over coming months
- Annual review of the framework in 2021 to allow changes to Risk Management Plan
- System developments – testing Sharepoint, or standalone systems (but be careful what you wish for!)





## **Title of report: Progress report on 2020/21 internal audit plan**

**Meeting: Audit and governance committee**

**Meeting date: Tuesday 16 March 2021**

**Report by: Chief finance officer / head of internal audit**

### **Classification**

Open

### **Decision type**

This is not an executive decision

### **Wards affected**

(All Wards);

### **Purpose**

To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed. To enable the committee to monitor performance of the internal audit team against the approved plan.

To assure the committee that action is being taken on risk related issues identified by internal audit. This is monitored by acceptance by management of audit recommendations and progress updates in implementing the agreed action plans. In addition, audit recommendations not accepted by management are reviewed and progress to an appropriate recommendation to cabinet if it is considered that the course of action proposed by management presents a risk in terms of the effectiveness of or compliance with the council's control environment.

### **Recommendation(s)**

That:

- a) **performance against the approved plan be reviewed and any areas for improvement identified; and**
- b) **consider the assurances provided and the recommendations which the report makes, commenting on its content as necessary.**

## **Alternative options**

1. There are no alternative recommendations; it is a function of the committee to consider these matters in fulfilling its assurance role.

## **Key considerations**

2. The internal audit progress report is attached at appendix A. In the period covered by the report, five priority 2 recommendations have been made for the 2020-21 audit plan.
3. The internal audit progress report provides an update to members on the impact to the plan of additional audits. Since the last report to the Committee in January 2021 has been a request for one additional Grant Determination as a result of additional funding from Government during the COVID -19 pandemic.
4. The annual plan summary and a glossary of terms is also provided in the report. The Corporate Risks are aligned to the Risk Register presented to the July 2020 Audit and Governance Meeting.

## **Community impact**

5. The council's code of corporate governance commits the council to managing risks and performance through robust internal control and strong public financial management and to implementing good practices in transparency, reporting, and audit to deliver effective accountability. By ensuring robust management responses to identified risks, the council will be better able to meet its corporate plan priority to secure better services, quality of life and value for money.

## **Environmental Impact**

6. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
7. Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the Council's Environmental Policy.

## **Equality duty**

8. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
9. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a progress report, we do not believe that it will have an impact on our equality duty.

## **Resource implications**

10. None arising from the recommendations; any additional recommendations made by the committee will be considered by the relevant manager or cabinet member and the financial implications of accepting those recommendations will be considered then.

## **Legal implications**

16. None.

## **Risk management**

11. There is a risk that the level of work required to give an opinion on the council's systems of internal control is not achieved. This is mitigated by the regular active management and monitoring of progress against the agreed internal audit plan.
12. Risks identified by internal audit are mitigated by actions proposed by management in response. Progress on implementation of agreed actions is reported to this committee every six months.

## **Consultees**

13. None.

## **Appendices**

Appendix A – SWAP Internal Audit plan progress report 2020-21

## **Background papers**

None identified.



In partnership with



## Appendix A

# Herefordshire Council

## Report of Internal Audit Activity

### Plan Progress 2020/21 – at 18 February 2021

81

## Contents

### The contacts at SWAP in connection with this report are:

#### Dave Hill

Chief Executive

Tel: 01935 848540

[david.hill@swapaudit.co.uk](mailto:david.hill@swapaudit.co.uk)

#### Jacqui Gooding

Assistant Director

Tel: 07872500675

[jacqui.gooding@swapaudit.co.uk](mailto:jacqui.gooding@swapaudit.co.uk)

#### Amy Probert

Principal Auditor

Tel: 07840019584

[amy.probert@swapaudit.co.uk](mailto:amy.probert@swapaudit.co.uk)

➔	Role of Internal Audit	Page 1
➔	Internal Audit Work Programme – Significant Corporate Risks	Page 2 - 3
➔	Summary of Limited Assurances	Page 4 - 9
➔	Follow Up Audits and Added Value	Page 10 - 11
➔	Summary of Control Assurance and Summary of Recommendations	Page 12 - 14
➔	Approved Changes to the Audit Plan	Page 15
➔	Conclusion	Page 16
➔	Appendices:	
	Appendix B – Internal Audit Definitions	Page 17 - 18
	Appendix C – Internal Audit Work Plan	Page 19 - 23
	Appendix D – Update on audits not started or started and delayed	Page 24

## Our audit activity is split between:

- **Operational Audit**
- **School Themes**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**



## Role of Internal Audit

The Internal Audit service for Herefordshire Council is provided by SWAP Internal Audit Services (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Chartered Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and the CIPFA Local Government Application Note. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting on 05 May 2020.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Review

## Outturn to Date



## Internal Audit Work Programme

The schedule provided at Appendix C contains a list of all audits as agreed in the Revised Annual Audit Plan 2020/21 presented to this Committee at its meeting on 14<sup>th</sup> October 2020. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed in Appendix B of this document.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service findings (priority 1 or 2), a summary of the key audit findings is given as part of this report. In circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised.

This is the progress report as at 18 February 2021. Since my last update eight audits have been completed, three audits are at report and there are twenty four audits in progress (note eight of these are the key financial controls).

The audits completed since my last update have the following assurance:

Audit	Assurance
MTFS	Reasonable
Significant Partnerships	Limited
Brexit Preparedness	Reasonable

# Internal Audit Plan Progress 2020/21

## Outturn to Date



### Internal Audit Work Programme

Audit	Assurance
Commercial Properties	Reasonable
West Midlands Peer Review	Substantial
Troubled Families – Q3	Reasonable – Grant Certification
Transport Contracts	Reasonable – Grant Certification
HALO Financial Review 2	Covid 19 Advisory Work

85

## Summary of significant High corporate risks



### Significant Corporate Risks

We provide a definition of the 3 Risk Levels for Corporate risk applied within audit reports. For those audits which have reached report stage through the year, I will report risks we have assessed as 'High'.

In this update there are no final reports included with 'High' corporate risks.

### SWAP Performance - Summary of Limited Opinions

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit and Governance Committee.



### Summary of Limited Assurances and Significant Service Findings (Priority 1 and 2)

Of the eight audits completed this quarter one had a limited assurance (Significant Partnerships) with three priority 2 findings and two had a reasonable assurance with one priority 2 recommendation in each review (Brexit Preparedness and Commercial Rents):

#### **Audit: Significant Partnerships – Limited Assurance** – three priority 2 findings

Objective: The purpose of the audit was to consider the requirements under the Constitution and the Cabinet decision in October 2016 and to assess its effectiveness in embedding a robust governance structure for partnerships.

#### Findings:

##### **Partnership Governance Framework (PGF)**

The Partnership Governance Framework (PGF) document was identified as requiring improvement. The document lacked good document management with no header page, table of contents, document owner, review date or version control. The Solicitor to the Council advised prior to the audit that the PGF is to be reviewed and this is recorded in the annual governance statement, as an area that requires significant refresh and improvement.

Knowledge of the Partnership Governance Framework (PGF) by link officers of the partnership demonstrated:

- only 20% of the link officers of significant partnerships were aware of and able to navigate to the PGF.
- only one officer received training and could navigate to the PGF.
- Nineteen of the 26 Significant Partnership (2019/20) checklists were part or fully completed and seven omitted to complete the annual checklist. This suggests that the PGF regarding significant partnerships is not embedded across the Council.

The audit identified the need to re-visit the definition of a significant partnership to clarify the true meaning of the arrangement so that the appropriate governance structure is in place to mitigate the risk.

### SWAP Performance - Summary of Limited Opinions

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit and Governance Committee.



### Summary of Limited Assurances and Significant Service Findings (Priority 1 and 2)

#### Agreed Action:

- Clarify the definition of a significant partnership and evaluate the refresh required to the Partnership Governance Framework to meet the current and future needs of the Council,
- Consideration should be given to the presentation of a revised documentation to improve the readability for the intended audience and ensure that good governance management is incorporated into the guidance including a header page, table of contents, document owner, review date and version control,
- Effective PGF communication so all link officers of significant partnerships and the management board are aware of the Partnership Governance Framework document, so an improved response to the annual assurance process is achieved,
- Training / guidance on the completion of the annual checklist for significant partners should be completed prior to the 2020-21 annual assurance activity.

Solicitor to the Council - 28 February 2021

#### **Risk Assessment and Completion of Checklist**

To finalise the annual checklist a risk assessment is completed. The Partnership Governance Framework (PGF) refers to the risk assessment and provides the definitions of Low, Medium and High risk and what represents good governance. However, there is no indication on the level of good governance practice expected to be achieved within each criteria to determine a low, medium or high risk. The PGF refers to potential risks such as financial and inadequate governance. However, economic, regulatory, reputational, and environmental damage risks may be relevant and are not mentioned. Furthermore, there is no criteria given to assess the likelihood and impact of any risks in the achievement of objectives through significant partnerships.

It is difficult to see with such limited guidance on the risk assessment how an accurate evaluation can be made, and a true level of assurance determined.

### SWAP Performance - Summary of Limited Opinions

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit and Governance Committee.



### Summary of Limited Assurances and Significant Service Findings (Priority 1 and 2)

Of the 26 significant partnerships reviewed:

- Only three checklists were fully completed and approved by a director
- Fourteen were part completed and approved by a director
- Two were part completed and not approved by the director
- Seven checklists were not completed

Agreed Action:

- To reset the criteria for assessing risk of partnerships to be made easier to complete, including information produced on “trust” but spot checked annually through audit,
- Summary report to provide to Audit and Governance, and for responsible link officer and relevant directors to attend Audit and Governance committed to outline work of partnership and Herefordshire Council’s involvement. The verbal briefing at Audit and Governance should include summarising the achievements, purpose and risk of a partnership they are responsible for.
- For line management through to directors to ensure completion of the register.

Assistant Director Corporate Support - 31 March 2021

#### Significant Partnership Register

The Strategic Partnership register published on the Herefordshire Council website is out of date and non-compliant with the requirements of both the Partnership Governance Framework (PGF) and the approved Cabinet decision dated October 2016.

Issues identified included:

- Out of date review dates or no review date at all,
- Need to update names of partnerships.
- Partnerships not published at all
- Out of date historic partnerships still present



### SWAP Performance - Summary of Limited Opinions

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit and Governance Committee.



### Summary of Limited Assurances and Significant Service Findings (Priority 1 and 2)

Issues identified included:

- Out of date review dates or no review date at all,
- Need to update names of partnerships.
- Partnerships not published at all
- Out of date historic partnerships still present

Agreed action:

- For the summary of partnerships to be published as part of papers to Audit and Governance Committee,
- For a simplified significant partnership register to be published but include links to relevant websites,
- Evidence of Terms of Reference review and updated when necessary (subject to audit).

Assistant Director Corporate Support – 31 January 2022

#### **Brexit Preparedness – Reasonable Assurance** – one priority 2 finding

Objective: To provide assurance on the progress made on the EU Exit Preparedness.

Finding: The Council's EU Exit risk register is currently at draft stage. All risks for consideration have been included, but some details are brief and not all the fields in the register are completed. It is planned that the EU Exit working group will review and approve the risk register at its next meeting now that the Brexit deal has been agreed. As part of this full descriptions; risk ratings; and clear mitigating actions which include a named responsible officer for each risk should be included.

Agreed Action: The approval of the EU Exit risk register is already planned for the next EU Exit working group meeting on 19 January. Following this, the risk register will be updated to include full descriptions; risk ratings; and clear mitigating actions which include a named responsible officer.

Solicitor to the Council - 31 January 2021

### SWAP Performance - Summary of Limited Opinions

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit and Governance Committee.



### Summary of Limited Assurances and Significant Service Findings (Priority 1 and 2)

#### Commercial Properties/Rents – Reasonable Assurance – one priority 2 finding

Objective: The objective of the audit is to ensure that arrangements for the setting of rents and monitoring of Commercial Property leases are sufficiently well controlled in order to maximise Council income and minimise the number of empty properties/units.

#### Findings:

##### **Difficulty in identifying invoices/reminders:**

Testing in respect of action taken on Commercial Rents arrears by the Revenues Team could not be fully completed; this was due to the difficulty in identifying invoices on Business World which the arrears related, to as the invoice number or date is not detailed on the arrears report. It was further identified that the arrears amount may not be the invoice amount, as part of the invoice may have been paid. Therefore, with no invoice number, date or amount it was difficult to identify and test the correct invoice to test the debt recovery action in Business World.

We identified that the reminders recorded in Business World in respect of arrears are difficult to link to an invoice. The list of reminders in the document store on Business World details all reminders as revision number 1 but does not detail the updated date, therefore it is difficult to identify which reminders relate to which invoice without opening each reminder. Reminders were identified as being a possible match for invoices on the arrears report, but with no invoice number or date we cannot be certain. This process is not helpful to the client service team.

##### **Aged Debt Reports:**

Aged Debt Reports (September 2020) were identified as having errors with the formulae in the report relating to the aged debt totals as at 31st March 2020, which meant that the total level of debt as at 31st March 2020 was overstated by £35,889.85 on these reports. These errors were also present in the August 2020 reports. The errors that we identified highlighted significant concerns regarding the accuracy of aged debt reports that are issued to the Estates Team by the Revenues Team.

### SWAP Performance - Summary of Limited Opinions

**These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit and Governance Committee.**



### Summary of Limited Assurances and Significant Service Findings (Priority 1 and 2)

As part of the audit the findings were discussed with the Head of Revenues Services, she had not been aware of this problem prior to SWAP Internal Audit highlighting the issue during the course of the review but welcomed a review of arrears reporting by SWAP Internal Audit. We will carry out a detailed review of this area as part of the forthcoming Accounts Receivable audit, to ascertain whether any other teams have received arrears reports, either in this format or an alternative one, that contain similar errors.

Agreed Action: It has been recognised that the formulae added to the end of year figure was incorrect therefore has distorted the figures shown, however the figure is quoted as being "Position at 31.03.2020" therefore should not have been taken into account for any reporting purposes by Property Services throughout this financial year. However, this does not detract from the error that has been made. However, I can confirm the following will now occur:

- The stat sheets are produced by the Revenues Team Leader and issued each month to Property Services, however I will now receive the completed reports prior to issue to Property Services to review.
- Ensure that all end of year balances do not have a formula added as this figure is solely for the end of year figure comparison and not a cumulative figure throughout the current year.
- Discuss with the Revenues Team Leader ways in which the report can be improved to include the invoice number and amounts paid throughout the month and implement this as soon as possible.

Revenues Manager - 31 March 2021

**Follow Up audits are completed where the auditor could only provide limited assurance.**



## Follow Up Audits

Follow Up audits are completed where the auditor could only provide limited (previously partial) assurance. The follow-up audit is to provide assurance to the Director, Senior Management and the Audit and Governance Committee that the key risks have been mitigated to an acceptable level of risk. Evidence is obtained to demonstrate implementation and progress made in relation to all 2019/20 priority 1 and 2 recommendations. For the priority 3 recommendations progress reported is based on self-assessment by relevant officers. Where a key control audit received Reasonable assurance, the key control is included in the plan to follow up on all recommendations to provide assurance that action has been taken to address the recommendations. For key control follow up audit evidence is obtained to demonstrate implementation and progress for all recommendations.

No follow up audit has been completed this quarter.

### Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.



### Added Value

Primarily, Internal Audit is an assurance function and will remain as such. However, as we complete our audit reviews and through our governance audit programmes across SWAP, we seek to bring information and best practice to managers to help support their systems of risk management and control. The SWAP definition of “added value” is “it refers to extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something “more” while adding little or nothing to its cost”.

The following cross comparison reports have been shared across the Partnership:

#### Significant Partnerships

As part of the audit SWAP Internal Audit Partners were asked if they had a partnership governance framework in place and would they be willing to share this. All responses were shared immediately with the Solicitor to the Council.

#### Commercial Properties

- The Cross Partner Comparison Review was a fact-finding advisory evaluation to capture responses to eight questions of interest.
- This was an opportunity to identify ways that other Councils’ Estates teams manage their commercial property portfolio, including the types of agreements that they support, addressing vacancies, and processes around setting rents and allowing discounts/deferments.
- Areas of similarity between the Councils are as follows:
  - Current occupancy rates were found to be high, with all five at 80% or above;
  - The Councils surveyed take different approaches to offering rent discounts and deferments, although responses indicate that Covid-19 trading conditions are driving the current/future approach to this in some cases.
  - Councils were found to favour agents to market their properties, with agents used by four of the five Councils.

## SWAP Performance - Summary of Audit Opinions

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- Substantial
- Reasonable
- Limited
- No

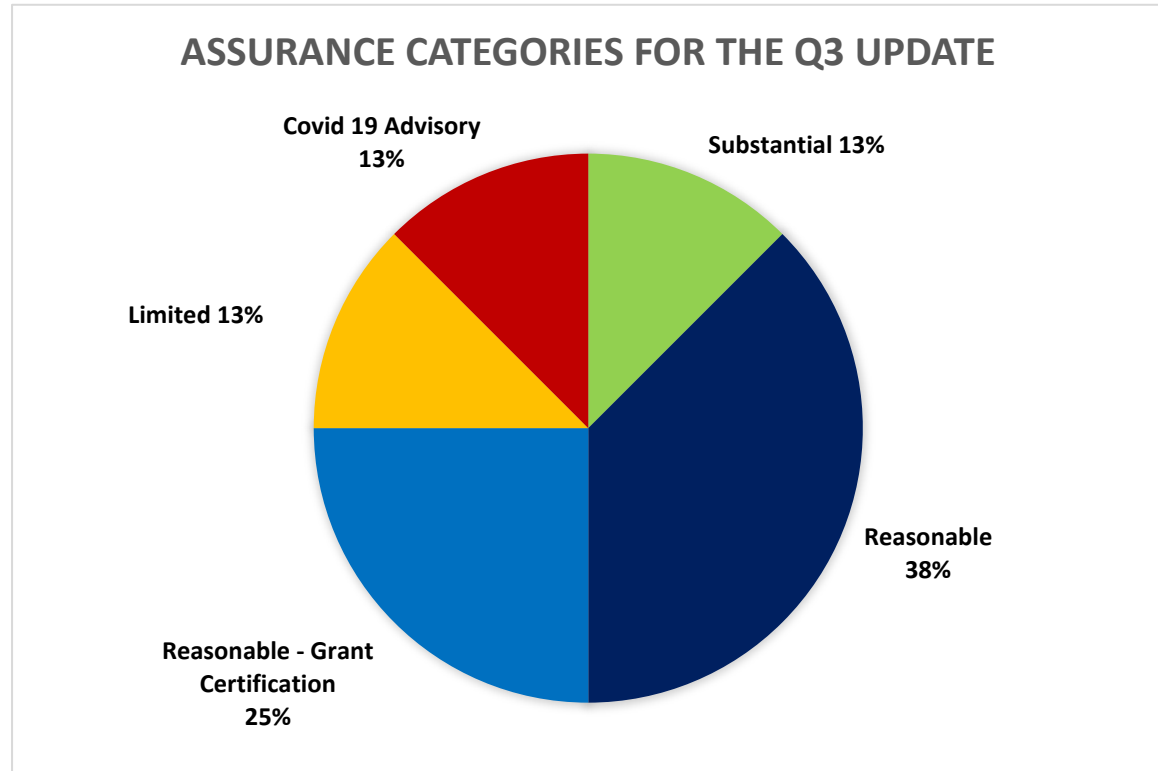
We also undertake Advisory / Non-Opinion work on a consultancy basis where we have been asked to look at a specific area of potential concern.

Where we follow up on a previous adverse audit opinion the opinion is stated as follow up.



## Summary of Audit Opinion

Of the eight reviews reported at final report in this quarter the opinions offered are summarised below.



# Internal Audit Plan Progress 2020/2021

## SWAP Performance - Summary of Audit Opinions



## Summary of Audit Opinion

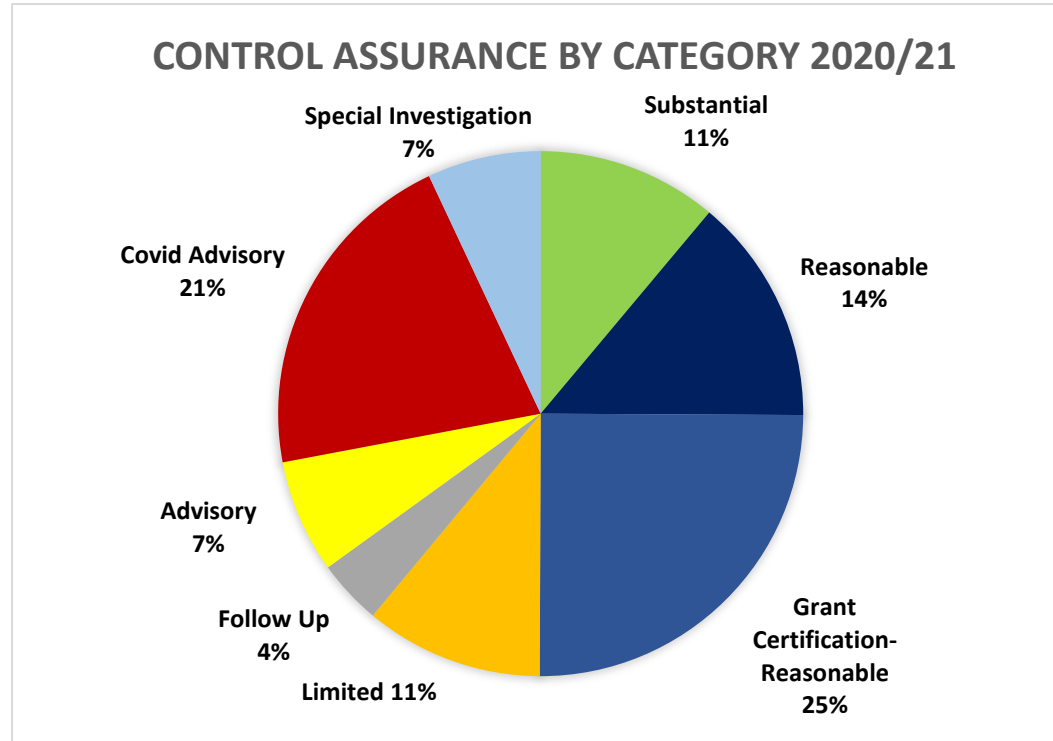
At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- Substantial
- Reasonable
- Limited
- No

We also undertake Advisory / Non-Opinion work on a consultancy basis where we have been asked to look at a specific area of potential concern.

Where we follow up on a previous adverse audit opinion the opinion is stated as follow up.

Of the reviews that have a final report for 2020/21, the opinions offered are summarised below.



56

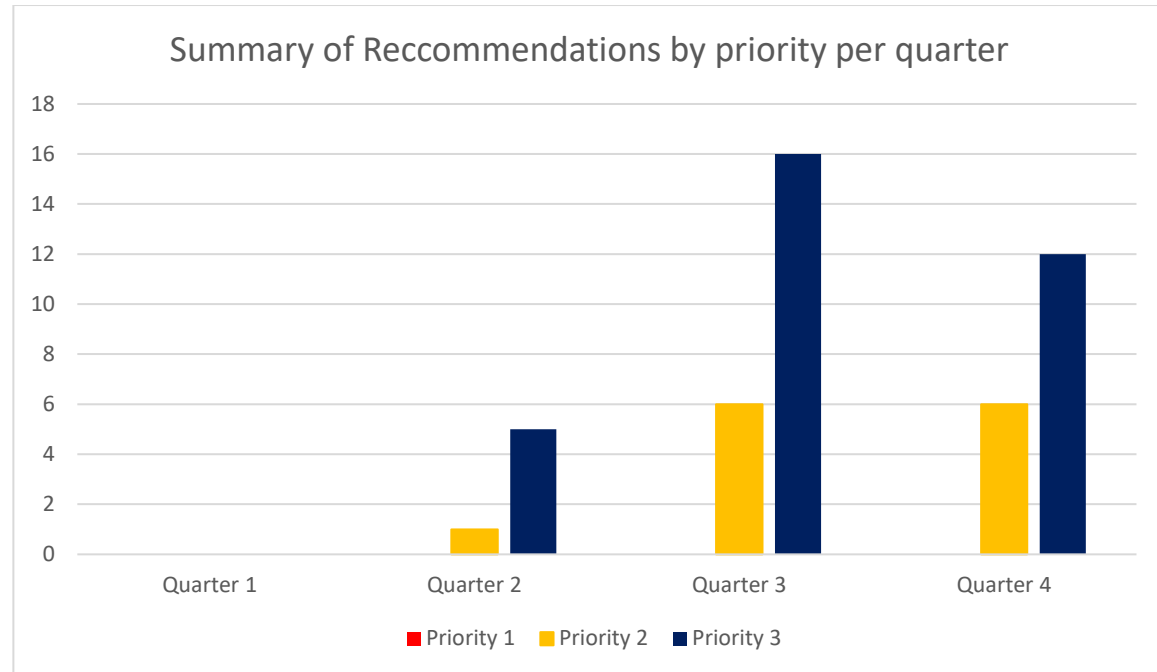
# Internal Audit Plan Progress 2020/2021

## Summary of Audit Recommendations by Priority

We rank our recommendations on a scale of 1 to 3, with 3 being medium or administrative concerns to 1 being areas of fundamental concern requiring immediate corrective action.



## Summary of Recommendations by priority per quarter





We keep our audit plans under regular review to ensure that we are auditing the right things at the right time.



### Approved Changes to the Audit Plan

Unplanned work, special reviews or projects carried out on a responsive basis are requested through the Chief Finance Officer (Section 151 Officer). As new and emerging risks are identified, any changes to the plan will be subject to the agreement of the Chief Finance Officer (Section 151 Officer) and reported to this Committee.

Since the last Internal Audit Progress report which was presented to the Committee on 17<sup>th</sup> January 2020 there have been requests for the following audits or Grant Determinations all as a result of additional funding during the COVID -19 pandemic or due to the impact of COVID-19:

- Revenue grant determination (Ringfenced) Local Authority COVID-19 Test and Trace Service Support Grant Determination 2020/21 Revenue Grant funding Additional grant funding (31/5309)

Due to the COVID Pandemic some audits are not able to be completed this is due to the additional resource pressures placed upon service areas these include:

- Emergency Planning
- Client Finances

To replace these the following pieces of work are to be completed:

- Baseline assessment for maturity of fraud
- Fraud Risk Assessment

There are also some other minor changes to the plan including:

- Local Transport Authority Covid-19 Bus Service Support Restart (Revenue) Grant (CBSSG) – Tranche 3 is to be replaced with tranches 2 – 5 and will be completed as part of the same audit.
- Acquisition of the Southern Campus of the Royal National College for the Blind (RNCB) Site – Follow Up removed from plan as was not a limited assurance therefore no requirement to follow up.

## Internal Audit Plan Progress 2020/2021

### Conclusion



### Conclusion

Since my last update eight audits have been completed for the 2020/21 audit plan bringing the total audits completed to twenty-nine (including work completed outside of the plan). There are three audits at report stage and twenty-four audits in progress.

For the eight audits completed one audit returned a limited assurance, three were reasonable assurance, one was substantial assurance, two are Grant Certifications, and one is a Covid-19 Advisory audits.

There were three significant findings identified in the Limited assurance audit which have been agreed by management with target dates for completion of 28 February 2021, 31 March 2021 and 30 January 2022. A further two significant findings in the two of the reasonable assurance audits were also agreed by management and have target dates of 31 January 2021 (Brexit Preparedness) and 31 March 2021 (Commercial Rents/Properties)

At the close of each audit review a Customer Satisfaction Questionnaire is sent out to the Service Manager or nominated officer. The aim of the questionnaires is to gauge satisfaction against timeliness, quality and professionalism. A score of 95% would reflect the fact that the client agreed that the review was delivered to a good standard of quality i.e., agreed with the statement in the questionnaire and satisfied with the audit process and report. For 2020/21 the feedback score is 100%.

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- Substantial
- Reasonable
- Limited
- No
- Advisory



Audit Framework Definitions

Control Assurance Definitions

<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

**Advisory Report** – In addition, to our opinion-based work we will provide consultancy services. The advice offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

66

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.



Audit Framework Definitions

Risk	Reporting Implications
	In addition to the corporate risk assessment, it is important that management know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. Each recommendation has been given a priority rating at service level with the following definitions:
<b>Priority 1</b>	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	Finding that requires attention.

Definitions of Risk

Risk	Reporting Implications
	Reporting Implications
<b>High</b>	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
<b>Medium</b>	Issues which should be addressed by management in their areas of responsibility.
<b>Low</b>	Issues of a minor nature or best practice where some improvement can be made.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Audit Area	Corporate Risk (July 2020 Register)	Planned Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium Recommendation		
						1	2	3
						<b>Corporate Centre (including ICT)</b>		
Accounts Payable	CRR10, CRR23	3	In Progress					
Main Accounting Follow Up	CRR10, CRR23	3	In Progress					
Payroll	CRR10, CRR23	3	In Progress					
Accounts Receivable	CRR10, CRR23	3	In Progress					
Council Tax	CRR10, CRR23	3	In Progress					
NNDR – Business rates avoidance	CRR10, CRR23	3	In Progress					
Treasury Management Follow Up	CRR10, CRR23	3	In Progress					
Housing and Council Tax Benefits	CRR10, CRR23	3	In Progress					
<i>NMITE Project (University)</i>	<i>Accountable Body Requirement</i>	1	Completed	Advisory Report	-	-	-	-
MTFS	CRR.24	4	Completed	Reasonable	0	0	0	0
Commercial Investments	CRR.21	2	In progress					
Balfour Beatty Contract 1 year (minor to major repairs)	CRR.23	4	In Progress					
Staff Car Parking – Business passes	CRR.10, CRR.23	1	Completed	Limited	6	0	1	5
Strategic/Significant Partnerships	CRR.26	2	Completed	Limited	5	0	3	2
Brexit Preparedness	CRR.09	4	Completed	Reasonable	4	0	1	3

101

Cyber Security Framework	CRR.13 CRR.25	3	In Progress					
ICT Governance Risk Review	CRR.13 CRR.25	2	Not Started					
<b>Economy and Place</b>								
Local Transport Block Funding	Financial Governance	2	Complete	Reasonable – Grant Certification	-	-	-	-
Bus Subsidy Grant	Financial Governance	2	Complete	Reasonable – Grant Certification	-	-	-	-
Property Flood Resilience Support Scheme (Bellwin /Resilience Management)	Financial Governance	2	In Progress					
Commercial Properties/Rents	-	1	Completed	Reasonable	6	0	1	5
S106 Agreements	CRR.10 CRR. 18 CRR.20	2	Draft Report					
Emergency Planning replaced with Baseline Assessment for Maturity of Fraud	CRR.11	4	Deferred					
Capital Programme/Capital Projects	CRR.18	4	In Progress					
<b>Adults and Communities</b>								
Client Finances	CRR.10, CRR.23	2	Not Started					
West Midlands Peer Review	-	3	Complete	Substantial	0	0	0	0
Workforce Development	CRR.23, CRR.17, CRR.10	2	Complete	Substantial	0	0	0	0
The Quality Development Framework	CRR.23, CRR.17, CRR.10	3	In Progress					
Supervision Practices	CRR.23, CRR.17, CRR.10	3	In Progress					
<b>Children's and Families</b>								

Troubled Families – monthly review – quarterly report quarter 1	Financial Governance	1	Completed	Reasonable – Grant Certification	-	-	-	-
Troubled Families – monthly review – quarterly report quarter 2	Financial Governance	2	Completed	Reasonable – Grant Certification	1	0	0	1
Troubled Families – monthly review – quarterly report quarter 3	Financial Governance	3	Completed	Reasonable – Grant Certification	1	0	1	0
Troubled Families – monthly review – quarterly report quarter 4	Financial Governance	4	In Progress					
EHCP (Education, Health and Care Plans) Annual Reviews ( <i>replaced DP Pre Paid Cards</i> )	-	3	Draft Report					
Support for young people not in education, employment or training (NEET)	-	3	In Progress					
EHCP (Education, Health and Care Plans) – Process review	-	1	In Progress					
<b>Follow Up Audits</b>								
Members Expenses Follow Up	-	3	Completed	Follow Up	-	-	-	-
SWTP Phase 1 – Follow Up	-	4	Not Started					
SWTP Phase 2 – Follow Up	-	4	Not Started					
Acquisition of the Southern Campus of the Royal National College for the Blind (RNCB) Site – Follow Up	-	4	Removed as not required.					
Homepoint – Follow Up	-	4	In Progress					
<b>Additional Audits added to the plan for COVID-19</b>								
Grant Funding Schemes – Small Business Grant Fund / Retail, Hospitality and Leisure Grant Fund	CRR.23, CRR.39	1	Completed	Covid 19 - Advisory	-	-	-	-

Transport Contracts	CRR.23, CRR.39	1	Completed	Reasonable – Grant Certification	2	0	0	2
Procurement cards	CRR.23, CRR.39	1	Completed	Limited	6	0	1	5
HALO Leisure Centre – Financial review	CRR.23, CRR.39	1	Completed	COVID 19 Advisory	-	-	-	-
Emergency Decisions	CRR.39	1	Completed	Reasonable	4	0	1	3
Local Transport Authority Covid-19 Bus Service Support Restart (Revenue) Grant (CBSSG) – Tranche 1	CRR.23, CRR.39	2	Draft Report					
<b>Additional requests since revised audit plan approved October 2020</b>								
Local Transport Authority Covid-19 Bus Service Support Restart (Revenue) Grant (CBSSG) – Tranche 2-5	CRR.23, CRR.39	3	In Progress					
Local Transport Authority Covid-19 Bus Service Support Restart (Revenue) Grant (CBSSG) – Tranche 3 – Now included in the above audit tranches 2-5	CRR.23, CRR.39	4	Included in tranches 2-5					
Emergency Active Travel Measures Tranche 1	CRR.23, CRR.39	3	Completed	Substantial	1	0	0	1
Emergency Active Travel Measures Tranche 2	CRR.23, CRR.39	4	In Progress					
Additional Dedicated Home to School and College Transport Grant	CRR.23, CRR.39	3	Completed	Reasonable – Grant Certification	1	0	0	1
Test and Trace Support Payments	CRR.23, CRR.39	3	Complete	COVID 19 Advisory	-	-	-	-
Test and Trace Discretionary Payments	CRR.23, CRR.39	3	Complete	COVID 19 Advisory	-	-	-	-
Local Restrictions Support Grant	CRR.23, CRR.39	3	Complete	COVID 19 Advisory	-	-	-	-



Revenue grant determination (Ringfenced) Local Authority COVID-19 Test and Trace Service Support Grant Determination 2020/21: No 31/5075	CRR.23, CRR.39	4	Not started					
Revenue grant determination (Ringfenced) Local Authority COVID-19 Test and Trace Service Support Grant Determination 2020/21 Revenue Grant funding Additional grant funding (31/5309)	CRR.23, CRR.39	4	Not started					
HALO Leisure Centre Financial Review 2	CRR.23, CRR.39	3	Complete	COVID 19 Advisory	-	-	-	-
Additional Dedicated Home to School and College Transport – Autumn Term	CRR.23, CRR.39	4	In Progress					
Additional Dedicated Home to School and College Transport – Spring Term	CRR.23, CRR.39	4	Not started					
Revenue Grant Determination (Ring-Fenced COVID-19 Local Authority Compliance And Enforcement Grant For Lower Tier And Unitary Authorities Determination 2020: No 31/5216.	CRR.23, CRR.39	4	In Progress					
<b>Additional Audits approved by the Chief Finance Officer</b>								
Gypsy and Traveller Sites – Special Investigation	CRR.10	1	Completed	Advisory Report	7	0	2	5
Hereford City centre Transport Package – Governance Review	CRR.10	1	Final Report	Advisory Report	-	-	-	-
Contract Management – BBLP	CRR.38	1	In Progress					
Loss of Monies – Children’s - Special Investigation	CRR.23	2	Final Report	Special Investigation	2	-	2	-
<b>Audit work requested in addition to the 2020-21 audit plan by the Chief Finance Officer</b>								
Commissioning and Value for Money (BBLP)		1	Completed	Limited	5	0	2	3

## Audits not yet started as planned or not yet completed as planned

Where audits have not yet started or have delayed completion an explanation is provided below. Please note this will only apply to audits that were due to commence in quarter 1 and 2 and 3 as quarter 4 audits are not yet due.

Link to Corporate Ambition/ Corporate Risk Register	Areas of Coverage	Planned Quarter	Status and reasons for delays.
<b>Corporate Centre (including ICT)</b>			
CRR10, CRR23	Key Financial Controls	3	Delay due to progressing and completing other work. Recognised Revenues and Benefits team are extremely busy with the processing of grants during recent lockdown periods.
Environment, Community, Economy CRR.13, CRR.25	ICT Governance Risk Review	2	Agreed to focus on Cyber Security Framework before commencing ICT Governance Risk Review.
<b>Economy and Place</b>			
Environment, Community, Economy CRR.14, CRR.27, CRR.20, CRR.10, CRR.11, CRR.18	Property Flood Resilience Support Scheme (Bellwin /Resilience Management)	2	Initial advice provided on application forms and expression of interest for the scheme. Review of applications will take place later in the year.
<b>Additional requests since revised audit plan approved October 2020</b>			
CRR.23, CRR.39	Local Transport Authority Covid-19 Bus Service Support Restart (Revenue) Grant (CBSSG) – Tranche 1	3	Not progressed from Draft Report as all funding will be signed off at the same time.

106



## Title of report: Internal Audit 1st quarter Plan 2021-22 and Internal Audit Charter

**Meeting: Audit and governance committee**

**Meeting date: Tuesday 16 March 2021**

**Report by: Chief finance officer / internal audit**

### Classification

Open

### Decision type

This is not an executive decision

#### Wards affected

(All Wards);

#### Purpose

##### Internal Audit 1<sup>st</sup> quarter Plan 2021-22

To be assured that the level and range of activity within the proposed 1<sup>st</sup> quarter internal audit plan is sufficient to provide assurance over the council's corporate governance arrangements and provides appropriate coverage of key business objectives, associated risks, and risk management processes.

To ensure the council complies with recommended best practice as set out in the PSIAS.

##### Internal Audit Charter

To approve the internal audit charter for the period 1 April 2021 to 31 March 2022.

To ensure compliance with good practice as set out in the International Professional Practices Framework of the Institute of Internal Auditors and the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Further information on the subject of this report is available from Andrew Lovegrove, , email: [Andrew.Lovegrove@herefordshire.gov.uk](mailto:Andrew.Lovegrove@herefordshire.gov.uk)

## **Agile Auditing**

To note the approach to agile auditing.

## **Coronavirus – COVID-19 Impact**

To note the update of the potential impact of the COVID-19 pandemic on the 2021-22 internal audit programme of work.

## **Recommendation(s)**

**That:**

- (a) the proposed 1<sup>st</sup> quarter internal audit plan 2021-22 be reviewed and the committee determine any recommendations it wishes to make regarding the level and range of activity proposed in order that the work carried out may give a satisfactory level of assurance over the council's corporate governance arrangements; and**
- (b) the internal audit charter be approved.**

## **Alternative options**

1. There is no alternative option to an internal audit plan as it is a requirement of the public sector internal audit standards (PSIAS).
2. The content of the plan may be amended; however, in doing so regard should be had to the overall prioritisation of resources, level of risk and/or evidence of control weakness.
3. The alternative option is to not approve the internal audit charter. As this is a requirement of the arrangements between Herefordshire Council and the South West Audit Partnership (SWAP) it would put us in breach of our agreement.

## **Key considerations**

4. The plan sets out the some of the work required for internal audit to give an opinion on the adequacy and effectiveness of the council's risk management, governance and internal control arrangements. The plan has been developed in conjunction with senior management and consideration has been given to audits deferred from 2020-21 as well as areas suggested by the audit and governance committee.
5. The internal audit charter sets out the nature, role, responsibility, status and authority of internal auditing within Herefordshire Council, and to outline the scope of internal audit work.

6. Following the outbreak of COVID-19 the Council has had to and will continue to adapt to dealing with the impact of COVID-19. The Internal Audit function has an important role to play to continue to provide critical assurance, help advise management on the shifting risk and controls landscape and help anticipate emerging risks. There may continue to be disruption to the Internal Audit Plan 2021-22 and to audits currently in progress for 2020-21.
7. To monitor this regular meetings are being held with the Chief Finance Officer. An update will be provided to each Audit and Governance Committee meeting so that the Committee is kept informed of the status of the Internal Audit plan and the impact of COVID-19 on progress.

## **Community impact**

8. The council's code of corporate governance commits the council to managing risks and performance through robust internal control and strong public financial management and to implementing good practices in transparency, reporting, and audit to deliver effective accountability. By ensuring robust management responses to identified risks, the council will be better able to meet its corporate plan priority to secure better services, quality of life and value for money.
9. The Internal Audit charter sets out the reporting arrangements to the Audit and Governance Committee demonstrating the council's openness and transparency in providing reports that are published in the public domain.

## **Environmental Impact**

10. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
11. Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the Council's Environmental Policy

## Equality duty

12. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

## Resource implications

14. The council is a SWAP partner and the Section 151 Officer (Chief Finance Officer) is the council's nominated director on the Board of South West Audit Partners Ltd. It is a Partnership arrangement and resources are equalised across the Partnership. The legal agreement sets out the delivery which as a minimum should be 90% of the plan. SWAP has delivered 100% of the plan since the council became a partner in 2014.
15. The council's revenue budget includes appropriate budget to fund the equivalent of 900 audit days from SWAP. There is no planned reduction in the number of audit days from previous years.

## Legal implications

16. In accordance with section 5 of the Accounts and Audit (England) Regulations 2015, the council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance.
17. The council is under a duty to make adequate arrangements for its internal audit functions and has chosen to appoint an external partner to assist with the discharge of this function.

18. The charter forms part of the legal agreement which the Council has entered into with SWAP. Both parties have committed to refreshing the charter on an annual basis to establish a clear expectation of the annual priorities and processes by which the audit service will be provided.

## **Risk management**

19. There is a risk that the level of work required to give an opinion on the council's systems of internal control is not achieved. This is mitigated by the regular active management and monitoring of progress against the agreed internal audit plan.
20. Risks identified by internal audit are mitigated by actions proposed by management in response. Progress on implementation of agreed actions is reported to this committee every six months.
21. Without an approved charter there is a risk that the SWAP will not have:
  - the support of management and the council
  - direct access and freedom to support to senior management including the chief executive and the audit and governance committee
  - access to any records, personnel or physical property of the council for audit work

## **Consultees**

22. The views of the directors, chief finance officer and other key officers have informed development of the proposed internal audit plan.
23. The chief finance officer was consulted in the drafting of the internal audit charter.

## **Appendices**

Appendix 1 – 1<sup>st</sup> quarter internal audit plan report 2021-22 and Internal Audit Charter

## **Background papers**

None identified.





# Herefordshire Council

## Proposed Quarter 1 Internal Audit Plan 2021-22 and Internal Audit Charter

# The Internal Audit Plan: Summary

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2021/22 financial year.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage, will enable us to provide a well-informed and comprehensive year-end annual internal audit opinion.



## Introduction and Objective of the Internal Audit Plan

Internal audit provides an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness.

The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed.



To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, in order to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes.

## Approach to Internal Audit Planning 2021/22

A revised approach to Annual Planning was presented to this Committee in January 2021 to move to quarterly planning implementing a more flexible and agile approach to audit planning which is also recognised as best practice by the internal audit profession.

A quarterly planning process will provide the same assurances as an annual plan but should better reflect the changing risk landscape.

It was agreed audit planning meetings will be held with relevant officers and the plan for each quarter will be agreed with the Chief Finance Officer prior to presenting to this Committee. The Committee were also informed that the focus of the quarter 1 plan will be to revisit the auditable activities removed from the 2020-21 plan as well as considering any key risk areas discussed with management.

The quarter 1 audit plan was presented to and discussed with Management Board on 9<sup>th</sup> March 2021.

# The Internal Audit Plan: Approach

To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, in order to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes.



## Approach to Internal Audit Planning 2021/22

For the remaining three quarters of the plan meetings will be held with management to discuss the audit plan. The first of the meetings will take place in April 2021. It is likely that the meetings will lead to a 12 month 'rolling wave plan' place-marking key areas of coverage to support the annual opinion. This is then underpinned by quarterly risk-based work plans which draw from meetings with management and the 'rolling wave plan' throughout the financial year to ensure we are auditing the right areas, with the correct scope, at the right time - and reported through our quarterly progress updates.

It should be noted that internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three lines of defence' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Authority's AGS.

It is the responsibility of the Authority's Management Board and the Audit and Governance Committee, to determine that the audit coverage contained within the proposed audit plan is sufficient and appropriate in providing independent assurance against the key risks faced by the organisation.

When reviewing the proposed Quarter 1 audit plan (as set out in Appendix 1), key questions to consider include:

- Are the areas selected for coverage appropriate?
- Does the internal audit plan cover the organisation's key risks as they are recognised by the Management Board and Audit and Governance Committee?
- Is sufficient assurance being received within the plan to monitor the organisation's risk profile effectively?

*Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.*

# The Internal Audit Plan: Approach

To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, in order to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes.



## Approach to Internal Audit Planning 2021/22

The following factors will be considered when putting together the plan for each quarter for 2021/22:



Due to the pace of change within Local Authorities, quarterly planning should enable the audit work to more accurately predict longer-term key organisational risks. The precise scope of each audit will be determined at the start of the review, in line with local risk factors at that time.

# The Internal Audit Plan: Risk Assessment

A documented risk assessment prior to developing an internal audit plan, ensures that sufficient and appropriate areas are identified for consideration.

As above, it is the responsibility of the Authority's Management Board and the Audit and Governance Committee to ensure that, following our risk assessment, the proposed plan contains sufficient and appropriate coverage.



## Internal Audit Annual Risk Assessment

Our 2021/22 internal audit programme of work is based on a risk assessment, which SWAP will re-visit regularly, but at least annually. The input of senior management as well as review of the Authority's risk register will be considered in this process.

Below we have set out a summary of risks:



117

# The Internal Audit Plan: SWAP

SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves. The SWAP Partnership now includes 24 public sector partners, crossing eight Counties, but also providing services throughout the UK.

As a company, SWAP has adopted the following values, which we ask our clients to assess us against following every piece of work that we do:

- Candid
- Relevant
- Inclusive
- Innovative
- Dedicated



## Your Internal Audit Service

### Audit Resources

The current internal audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work. The key contacts in respect of your internal audit service for Herefordshire Council are:

Jacqui Gooding, Assistant Director – [Jacqui.gooding@swapaudit.co.uk](mailto:Jacqui.gooding@swapaudit.co.uk), Tel: 0787250675

Amy Probert, Principal Auditor – [amy.probert@swapaudit.co.uk](mailto:amy.probert@swapaudit.co.uk), Tel: 01432 260492

### Conformance with Public Sector Internal Audit Standards

SWAP's framework and methods comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. Every five years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in February 2020 which confirmed general conformance with the Public Sector Internal Audit Standards. An annual self-assessment process confirms ongoing compliance.

### Conflicts of Interest

We are not aware of any conflicts of interest within Herefordshire Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

### Consultancy Engagements

As part of our internal audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value and improve the organisation's operations. Consultancy work that is accepted, will contribute to our annual opinion and will be included in our plan of work.

### Internal Audit Charter

The nature, role, responsibility, status and authority of internal auditing within Herefordshire Council and an outline of the scope of internal audit work is provided in the Charter at Appendix 2.

# The Internal Audit Plan: Approach

Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- Benchmarking and sharing of best-practice between our public-sector Partners
- Regular newsletters and bulletins containing emerging issues and significant risks identified across the SWAP partnership
- Communication of fraud alerts received both regionally and nationally
- Annual Member training sessions



## Your Internal Audit Service

### Approach to Fraud

Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption and have included some focused proactive fraud work in the plan. We have dedicated counter fraud resource available to undertake specific investigations and proactive fraud work if required. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

### Our Reporting

A summary of internal audit activity will be reported quarterly to senior management and the Audit and Governance Committee. This reporting will include any significant risk and control issues (including fraud risks), governance issues and other matters that require the attention of senior management and/or the Audit and Governance Committee. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the organisation.

### Internal Audit Performance:

As part of our regular reporting to senior management and the Audit and Governance Committee, we will report on internal audit performance. The following performance targets will be used to measure the performance of our audit activity:

Performance Measure	Performance Target
<b><u>Delivery of Annual Internal Audit Plan</u></b> Completed at year end	>90%
<b><u>Quality of Audit Work</u></b> Overall Client Satisfaction: <i>did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation</i>	>95%
<b><u>Outcomes from Audit Work</u></b> Value to the Organisation: <i>client view of whether our audit work met or exceeded expectations, in terms of value to their area</i>	>95%

# The Internal Audit Plan: Approach

120



## Herefordshire Council Proposed Quarter 1 Internal Audit Plan 2021/22

*It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review.*

Link to Risk Register	Areas of Coverage	Brief Description	Requested/Agreed by or Rationale for audit
<b>Corporate Centre (including ICT)</b>			
CS.09	Voting restrictions for Members	Review of process and how this is monitored.	At the request of the Monitoring Officer.
Linked to all Risks - An effective Risk management process will help and support decision making at both strategic and operational levels.	Risk Management	Last reviewed in 2014. Is the Risk Management Framework in place effective and appropriate for managing and monitoring risk?	At the request of the Monitoring Officer.
<b>Economy and Place</b>			
EP.12	Development Regeneration Programme	Scope to be agreed.	Agreed with Chief Finance Officer.
EP.15	Climate Change	Herefordshire Council has been working to reduce greenhouse gas emissions by 40% between 2008/09 and 2021, with a new aspirational target for achieving carbon neutrality by 2030. Review of the obligations and processes around carbon management.	Agreed at Economy & Place Directorate Management Team meeting.
Grant Certification	Bus Service Support Grant Restart Scheme Tranches 6 and 7 -funding to May 2021	Review of additional DfT grant 31/5189 (6th and 7th tranche funding to May 2021 received. DfT has stated that sign off is required at the end of the scheme. This is the current position and is subject to further change.	Requirement of grant funding.
Grant Certification	Additional Dedicated Home to School and College Transport Grant	Grant Certification	Requirement of grant funding.
<b>Adults and Communities</b>			
Request from Cllr Gandy and Director of Adults and Communities	Oral Health Needs Assessment Plan	Councillor Gandy requested a review of progress. The Oral Health Needs Assessment. plan was completed at the end of 2019 and runs from 2020 – 2023. Deferred to qrt 1 2021-22	Agreed with Director of Adults and Communities

121

# Herefordshire Council Proposed Internal Audit Plan 2020/21

Children's and Families			
Grant Certification	Troubled Families Quarter 1	Grant Certification review of claims monthly.	Requirement of grant funding
To provide assurance of basic standards for good financial health	Schools thematic audit	Scope to include elements of SFVS and Prevention of Fraud	Agreed by Children's and Families Directorate Management Team meeting.

122

# The Internal Audit Charter

## **Purpose**

The purpose of this Charter is to set out the nature, role, responsibility, status and authority of internal auditing within Herefordshire Council, and to outline the scope of internal audit work.

## **Approval**

This Charter was approved by the Audit and Governance Committee on 5 May 2020 and is presented to the Committee today 16<sup>th</sup> March 2021 to ensure it remains accurate and up to date.

## **Provision of Internal Audit Services**

The internal audit service is provided by the SWAP Internal Audit Services (SWAP). This charter should be read in conjunction with the Service Agreement, which forms part of the legal agreement between the SWAP partners.

The budget for the provision of the internal audit service is determined by Herefordshire Council, in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the organisation, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the organisation's level of contribution to SWAP. This is reviewed each year by the S151 Officer in consultation with the Chief Executive of SWAP.

## **Role of Internal Audit**

The Accounts and Audit (England) Regulations 2015, state that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance."*

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

## **Responsibilities of Management, Audit and Governance Committee and Internal Audit**

### ***Management***<sup>1</sup>

Management is responsible for ensuring SWAP has:

- the support of management and the organisation; and
- direct access and freedom to report to senior management, including the Chief Executive and the Audit and Governance Committee
- notification of suspected or detected fraud, corruption or impropriety.

Management is responsible for maintaining internal controls, including proper accounting records and other management information suitable for running the Organisation. Management is also responsible for the appropriate and effective management of risk.

### **Audit and Governance Committee**

The Audit and Governance Committee is responsible for approving the scope of internal audit work, receiving communications from the SWAP Assistant Director on the progress of work undertaken, reviewing the independence, objectivity, performance, professionalism and effectiveness of the Internal Audit function, and obtaining reassurance from the SWAP Assistant Director as to whether there are any limitations on scope or resources.

---

<sup>1</sup> In this instance Management refers to the Management Board and Statutory Officers.

### **Internal Audit**

The SWAP Assistant Director, as Head of Internal Audit, is responsible for determining the scope, except where specified by statute, of internal audit work and for recommending the action to be taken on the outcome of, or findings from, their work.

Internal audit is responsible for operating under the policies established by management in line with best practice.

Internal audit is responsible for conducting its work in accordance with the mandatory elements of the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. SWAP has been independently assessed and found to be in Conformance with the Standards.

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. SWAP staff who have previously worked for the organisation will not be asked to review any aspects of their previous department's work until one year has passed since they left that area.

### **Relationship with the External Auditors/Other Regulatory Bodies**

Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

### **Status of Internal Audit in the Organisation**

The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

The Chief Executive for SWAP, the Executive Director and Assistant Director also report to the Section 151 Officer and reports to the Audit and Governance Committee as set out below.

The Assistant Director will be the first and primary point of contact for the organisation for all matters relating to the Audit and Governance Committee, including the provision of periodic reports, as per company policy. The Assistant Director is also responsible for the design, development and delivery of audit plans, subject to the agreement of Herefordshire Council.

### **Scope and authority of Internal Audit work**

There are no restrictions placed upon the scope of internal audit's work. SWAP staff engaged on internal audit work are entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, internal audit may have access to any records, personnel or physical property of the organisation.

Internal audit work will normally include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information used for operational and strategic decision making, and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management and communication of risks;
- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;

- assist management and Members to identify risks and controls with regard to the objectives of the organisation and its services;
- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the organisation is in compliance;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned, with performance and accountabilities established.
- reviewing the operations of the organisation in support of their anti-fraud and corruption policy, ethical expectations and corporate values, investigating where necessary.
- at the specific request of management, internal audit may provide consultancy services (including fraud investigation services) provided:
  - the internal auditor's independence is not compromised
  - the internal audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay
  - the scope of the consultancy assignment is clearly defined, and management have made proper provision for resources the work.
  - management understand that the work being undertaken is not internal audit work.

### **Planning and Reporting**

SWAP will submit to the Audit and Governance Committee for approval, an annual internal audit plan, setting out the recommended scope of their work in the period.

The annual plan will be developed with reference to the risks the organisation will be facing in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a cyclical basis. The plan will be reviewed on a quarterly basis to ensure it remains adequately resourced, current and addresses new and emerging risks.

SWAP will carry out the work as agreed, report the outcome and findings, and will make recommendations on the action to be taken as a result to the appropriate manager and Director. SWAP will report at least two times a year to the Audit and Governance Committee or as agreed. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Audit and Governance Committee on a regular basis.

Internal audit reports will normally be by means of a brief presentation to the relevant manager accompanied by a detailed report in writing. The detailed report will be copied to the relevant line management, who will already have been made fully aware of the detail and whose co-operation in preparing the summary report will have been sought. The detailed report will also be copied to the Section 151 Officer and to other relevant line management.

The Assistant Director will submit an annual report to the Audit and Governance Committee providing an overall opinion of the status of risk and internal control within Herefordshire Council based on the internal audit work conducted during the previous year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and SWAP Directors and Assistant Directors have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit and Governance Committee, the organisation's Chief Executive Officer or the External Audit Manager.



## **Title of report: Re-thinking governance working group progress update**

**Meeting: Audit and governance committee**

**Meeting date: Tuesday 16 March 2021**

**Report by: Democratic Services Manager**

### **Classification**

Open

### **Decision type**

This is not an executive decision

### **Wards affected**

(All Wards);

### **Purpose**

To update the committee on the progress of the re-thinking governance working group.

### **Recommendation(s)**

**That:**

- a) **The committee comment on the progress to date of the working group.**

### **Alternative options**

1. The committee could not receive a progress update at this time. This is not recommended as the committee is due to make recommendations on changes to the Constitution to implement a hybrid Cabinet model to Council at its meeting on 21 May 2021.

### **Key considerations**

2. On 11 October 2019, the council resolved to review its governance arrangements to investigate and explore options for the future. The following guiding principles were set by the council.

---

Further information on the subject of this report is available from  
John Coleman, Tel: 01432 260382, email: John.Coleman@herefordshire.gov.uk

- To maximise member engagement and participation in decision-making.
- To ensure decision-making is informed, transparent and efficient.
- To welcome public engagement.
- To enable member and officers to perform effectively in clearly defined functions and roles.
- To assess any resource implications for any proposed changes.

3. The review was undertaken by a cross-party working group, the current membership of which is:

<b>Member</b>	<b>Substitute member</b>	<b>Political Group</b>	<b>Function</b>
Councillor Bolderson		Conservatives	Audit and Governance
Councillor Bartlett	Councillor Toynbee	Green	Scrutiny
Councillor Watson	Councillor Hardwick	Herefordshire Independents	Planning and Regulatory
Councillor Seldon	Councillor Harvey	It's Our County (Herefordshire)	Cabinet
Councillor James	Councillor Andrews	Liberal Democrats	Employment Panel
Councillor Matthews	Councillor Mike Jones	True Independents	Scrutiny

4. On 9 October 2020, the Council resolved upon recommendation from this committee:

“having regard to the work undertaken by the Re thinking Governance working group and the recommendation of audit and governance committee, a hybrid cabinet model of governance is approved with implementation from annual council in May 2021.”

5. Since 12 October 2020, the re-thinking governance working group have continued to meet to agree lines of enquiry and to develop a timeline of activity to be undertaken between October 2020 and April 2021 in order to make recommendations to audit and governance committee on 5 May 2021 and for audit and governance committee to make a final recommendation to Council on 21 May 2021. A copy of this timeline is attached as appendix A

6. The working group have held focus group meetings as follows:

- |  |                  |
|--|------------------|
| a. Scrutiny Committees                 | 8 December 2020  |
| b. Planning and regulatory committee   | 22 December 2020 |
| c. Group Leaders                       | 7 January 2021   |
| d. Cabinet and cabinet support members | 14 January 2021  |
| e. Planning officers                   | 15 February 2021 |



7. Following the scrutiny committee focus group the chair and vice chairpersons of the three scrutiny committee have undertaken a 'Good Practice' self- assessment questionnaire. A short report of responses is being collated and will be considered at a working group meeting.
8. Following the planning and regulatory committee focus group, an all members survey was sent out to obtain the views of all councillors on the planning functions which ran until 10 January 2021. 34 number of responses were received. The results of the planning survey will be circulated to all members
9. Similarly, following the scrutiny focus group, a scrutiny effectiveness questionnaire was circulated to the three scrutiny committee chairs and vice-chairs for completion. The results from that survey are currently being collated. The preliminary results indicate a number of operational changes can add value to scrutiny procedures at the council. For example, strengthening the working arrangements of the executive/scrutiny protocol group; better communication around the role of scrutiny within the council will ensure greater understanding of its value and function to all members and reporting, on an annual basis, to council, will help identify scrutiny effectiveness and accountability.
10. On Monday 22 February, two member seminars were conducted. At this meeting the emerging recommendations were shared. A copy of the presentation pack is provided in Appendix C. A general welcome was offered around proposals to move to a new key decision consultation process, plans to revise and update planning elements to the constitution and a preference was indicated for a revised scrutiny structure. Work continues on these areas.
11. The issues and / or questions raised through the focus groups or directly by councillors or officers are set out in a tracking document (Appendix B). This document sets out what the issue or question was, the recommendation of the working group and whether or not a Constitutional or process change is required.
12. The working group are now meeting fortnightly in order to ensure that they can meet the deadline of presenting their recommendations to the audit and governance committee on 4 May 2021 followed by Council on 21 May 2021.

## **Community impact**

13. Corporate governance is the term used to describe the systems, processes, culture and values Herefordshire Council has established to ensure we provide the right services, to the right people in a timely, open, and accountable way. Good corporate governance encourages better informed longer-term decision making using resources efficiently, and being open to scrutiny with a view to improving performance and managing risk. Periodic reviews of the models of governance adopted by the council

and the established processes and culture are valuable ways in which we can demonstrate how we uphold the code of corporate governance.

14. This work forms part of a formal corporate delivery plan, 2020 to 2022, commitment to: Complete the review of governance arrangements and implement new arrangements and constitution. This report brings the audit and governance committee up to date with progress toward that objective.
15. The council is responsible, as a corporate parent, for providing the best possible care and safeguarding for children who are looked after by the council, and as part of this must consider the impact of decision making on looked after children and care leavers. Any review of models of governance and mechanisms for stakeholder engagement in decision-making must consider how this responsibility may best be discharged.

## **Environmental Impact**

16. The development of a revised governance model will seek to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance

## **Equality duty**

17. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
18. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Any review of governance models and decision making processes must ensure this duty is demonstrably upheld and promoted.

## **Legal implications**

19. The council is required to have a constitution. The proposed 'hybrid' model will provide the basis for changes to the current constitution to be adopted and implemented at the next annual council meeting.

## **Resource implications**

20. The review is being undertaken using existing resources.

## **Risk management**

21. The working group will be responsible for ensuring that timescales are met and will provide updates to the audit and governance committee as part of their work programme. There is currently sufficient time to review the constitution, consult and make the necessary proposed changes.
22. There is also a risk that all members are not engaged in the process and their views are not made known to the working group. The establishment of a cross party working group was aimed to address this but given mixed attendance additional steps may be necessary to ensure all members are aware of the work being undertaken in the group.

## **Consultees**

23. All political groups are represented in the working group. The non aligned member declined to participate in the working group
24. All members were invited to a briefing outline the emerging recommendations of the working group on 22 February 2021 and the feedback will be considered by the working group.

## **Appendices**

Appendix A: High level timeline

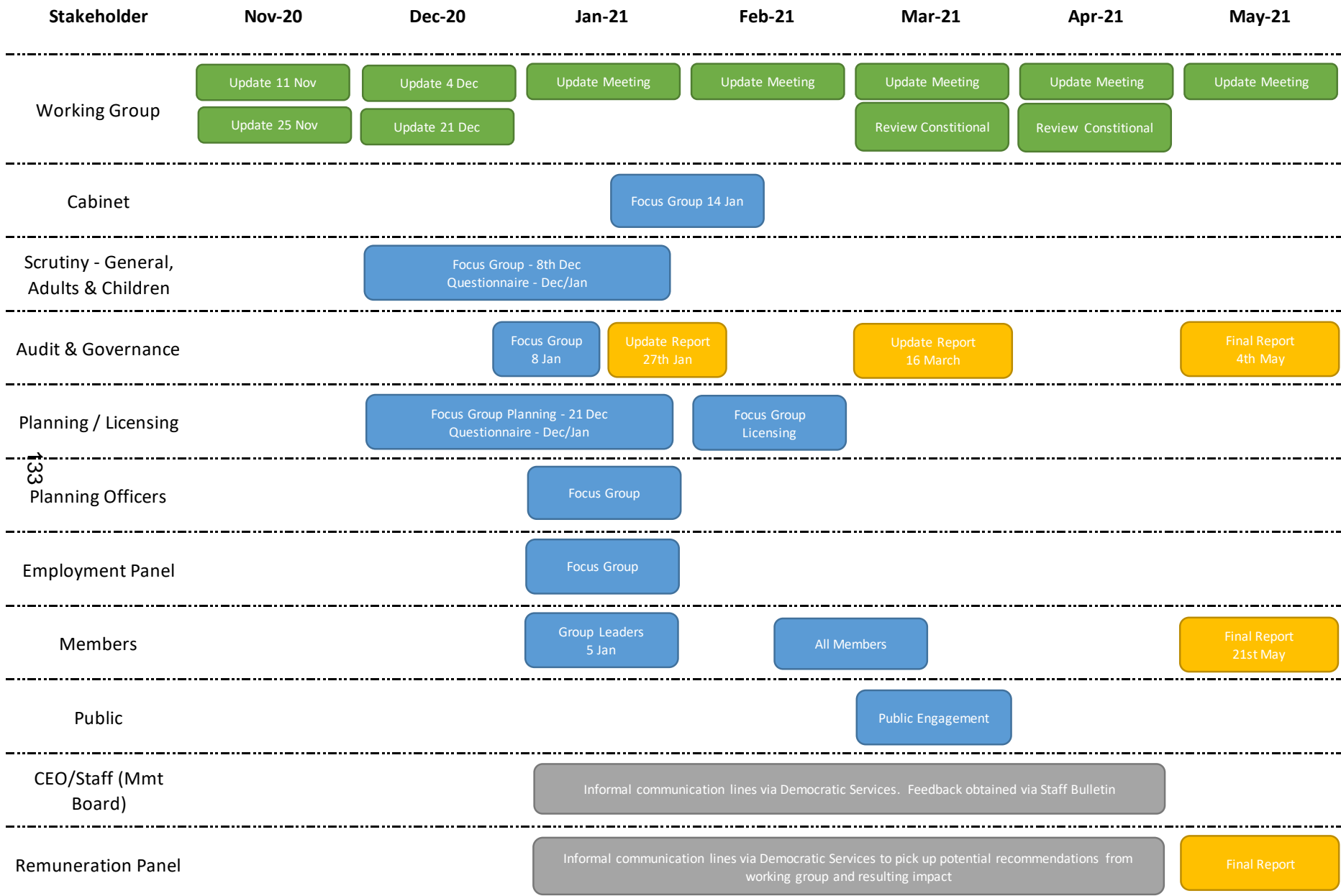
Appendix B: Tracking document

Appendix C: Members Seminar – Slide Deck

## **Background papers**

None identified.







### Re-thinking Governance Work Group

The table below summarises the key changes made to the content of the constitution or an underpinning process and the link to the relevant design principle agreed by Council. The design principles are:

- a) To maximise member engagement and participation in decision-making
- b) To ensure decision-making is informed, transparent and efficient
- c) To welcome public engagement
- d) To enable member and officers to perform effectively in clearly defined functions and roles
- e) To assess any resource implications for any proposed changes

Re-thinking governance themes:

Theme 1: Enhanced Policy / decision making

Theme 2: Improved and strengthened scrutiny

Theme 3: **Improved Communication and Culture**

	Issue/Question	Action arising	Constitutional Reference	Change made	Design Principle and Theme
<b>Scrutiny</b> <b>[Focus group meeting: 8 December 2020]</b>					
S01	Identification of member capacity, skills and life experiences so that associated skills / expertise can be called upon for task and finish groups.  Also raised at Cabinet Focus Meeting on 14 January 2021.	A process to understand and collate member capacity, skills and life experiences will be considered with a view that a 'pool' of members and their associated skills/expertise could be called upon for task and finish group activity.  Process development, maintenance and review of members skills/experiences database	N/A	Operational – member development survey to be developed in conjunction with Group Leaders.	(a)  Theme 1
S02	Lack of remuneration for members sitting on task and finish groups.	Re-thinking governance working group to explore the scope for the Independent Remuneration Panel (IRP) to consider changes to the basic and/or special responsibility allowances to ensure members are properly remunerated for their input in to task and finish groups. This should also feed into points 3 and 10.  Refer to independent remuneration panel for consideration	<b>6.1.1 to 6.1.3 (Councillors' allowance scheme)</b>	N/A – IRP to make recommendation to full Council and Council to decide in May 2021	(a)  Theme 3
S03	Scrutiny structure to be considered	The RTG group review the recommended course of action and work up firmer proposals for possible scrutiny restructuring. This should feed into actions 2, 7 and 10.  Consideration of new lines of accountability for the Health and Wellbeing Board may be required:	<b>Sections 2.6.2; 2.6.4; 3.4.5; and 4.2.2</b> <b>Sections 3.4.5</b>		(b)  Theme 2

	Issue/Question	Action arising	Constitutional Reference	Change made	Design Principle and Theme
S04	Awareness of scrutiny effectiveness	Consider re-instating the annual review of scrutiny effectiveness with reporting into the Annual Governance Statement and/or full Council	<b>TBC (may need amendment to Council functions if report to full Council)</b>		<b>(a) and (b)</b> <b>Theme 2</b>
S05	Lack of transparency of the forward plan	Ensure review of the forward plan as a standing item of the scrutiny protocol meetings and that, in addition to the leader and deputy leader, appropriate cabinet member(s) are in attendance. This should also feed into action 9.	<b>N/A</b>	Operational and can be actioned immediately	<b>(a) and (b)</b> <b>Theme 3</b>
S06	Lack of transparency of the forward plan	Following consultation with the RTG on 21 December – Democratic Services to produce the most up to date list of forthcoming executive decisions in table format and make this available as part of scrutiny committee papers – specifically to aid the work programming standing item.	<b>Possible constitution changes:</b> if any changes to the 'type' of information published is required. E.g. publishing Key decisions only; or changing thresholds of RoOD trigger points. <b>Sections: 5.8.50 and 5.8.54</b>	<b>Operational:</b> this can be actioned once consultation has been undertaken.	<b>(a) and (b)</b> <b>Theme 3</b>
S07	Overview and co-ordination of scrutiny work programmes	The quarterly scrutiny executive protocol is updated to take on an 'overview and coordination' role over the scrutiny work programmes to ensure items are brought to scrutiny at the right time and for the right type of scrutiny. This should feed into action 3.	<b>Possible constitution change:</b> if the protocol group have powers to alter scrutiny committee work programmes: <b>Section 4.5.28</b>		<b>(a)</b> <b>Theme 2</b>
S08	Forward plan display is not user friendly	Democratic services review more user friendly options for presenting information on the forward plan to ensure items arrive on the plan as early as possible, contain enough information to ensure committees can judge what items come to scrutiny.	<b>N/A</b>	<b>Operational:</b> this can be actioned once consultation has been undertaken.	<b>(a) and (b)</b> <b>Theme 2</b>
S09	Forward plan not "forward looking" enough	Democratic Services to ensure that the forward plan is populated with all of the corporate delivery plan commitments with indicative dates for delivery to ensure that scrutiny committees can plan work programmes appropriately. This should also feed into action 5.	<b>N/A</b>	<b>Operational:</b> this can be actioned once consultation has been undertaken.  Coordinated activity between DS and directorates to ensure officers populate the FP	<b>(a) and (b)</b> <b>Theme 2</b>
S10	Should there be standing panels and more use of task and finish groups.	in conjunction with point 2 and point 3 above, RTG group members to give	<b>Constitutional change</b> required	Constitution currently silent on such panels. New section	<b>(a)</b>



	Issue/Question	Action arising	Constitutional Reference	Change made	Design Principle and Theme
		further thought to 'standing panels' / more use of T+F groups and consult further on this proposal.	if standing panels are to be given a formally recognised policy influencing role?	required to scrutiny procedure rules?  Possible wording:  <b>Standing panels:</b>  <i>Through agreement by the Scrutiny/Executive protocol arrangements, standing panels of scrutiny members will, from time to time, be put in place to provide oversight for an ongoing council process. They will be used when scrutiny is shadowing a time-limited piece of work carried out by someone else – for example, a cabinet member or the cabinet's preparation of the budget or a major NHS reconfiguration</i>	<b>Theme 1</b>
<b>S11</b>	The political group consultation is not working as well as it could  [Also raised in Cabinet Focus Group Meeting: 14 January 2021	Political Group Consultation to be reviewed in terms of its operational effectiveness, timeliness and distribution  RTG working group members and officers to consider how the PGC process may be improved in terms of member engagement practices. For example, following up the suggestion for Cabinet member zoom briefings with members.	<b>N/A</b>	Operational	<b>(a)</b>  <b>Theme 1</b>
<b>S12</b>	Work of scrutiny is not visible on the council's website	Chairs to review draft web pages and feedback to democratic services. Consideration be given to including effectiveness evaluation reports on each committee.	<b>N/A</b>	New web-pages have been developed – these web-pages will allow for a greater scrutiny profile to be developed; to communicate the work of scrutiny and how members of the public, potential co-optees and expert witnesses can get involved with the work of scrutiny in the council. See draft Scrutiny pages <a href="#">here</a> .	<b>(c)</b>  <b>Theme 2</b>
<b>Planning and regulatory committee</b> <b>(Focus group: 22 December 2020 and survey from 22 December 2020 to 10 January 2020)</b>					
<b>P1</b>	Should the planning code and rules be combined into one document?				<b>(a)</b> <b>Theme 1</b>
<b>P2</b>	The Planning and Regulatory Meeting is held in working hours. Should Committee meetings be held out of hours?				<b>(c)</b> <b>Theme 1</b>

	Issue/Question	Action arising	Constitutional Reference	Change made	Design Principle and Theme
P3	Should material and non-material considerations be put on the Council website?				(b) Theme 1
P4	Is the size of the committee correct? [currently 15 members]		2.8.2		(a)
P5	Does the following sentence clearly outline the role of the committee: The committee determines applications for planning and listed building consents which are not decided by an officer		2.8.4		(b) Theme 1
P6	Should the S106 process be made clearer, e.g. to include what the member can do to seek S106		(4.8.5b+c)		(b) Theme 1
P7	Should the Ward Member's time to speak to the Committee be capped at 15-20 minutes maximum before and 15- 20 minutes after the debate)?		4.8.9		(a) Theme 1
P8	Are the rules on elected members speaking to the Committee clear and effective?		4.8.34		(b) Theme 1
P9	Should all major applications allow more speakers?		4.8.35 (i)		(c) Theme 1
P10	Should all major applications allow an increase in time to 4 minutes?		4.8.35 (i)		(c) Theme 1
P11	At present, the Committee and other stakeholder receive <b>one week's</b> notice of the application coming to the Committee, should this be extended to <b>two weeks</b> ?		4.8		(b) Theme 1
P12	Currently, all members are informed by e-mail of planning applications in their ward (4.8.3). Would elected members like to be kept informed by Case Officers ONLY if/when there are comments made or concerns are raised (4.8.5a)?		4.8.3 and 4.8.5a		(b) Theme 1
P13	The rules outline a Councillor's involvement in planning applications however, should this section be made clearer and include the: • role of the Substitute? • role and definition of what constitutes being an Adjoining Member?		4.8		(a) Theme 1
P14	Should the redirection process be made clearer and include a timeline?		4.8.12 – 4.8.25		(b) Theme 1
P15	Does the role of the Legal Officer need to be stated?		4.8.12 – 4.8.25		(b)

	Issue/Question	Action arising	Constitutional Reference	Change made	Design Principle and Theme
					Theme 1
P16	Is there a need to state that ward member is allowed to speak at the Redirection Committee?		4.8.30		(b) Theme 1
P17	Should the 'notification period for a redirection' be extended beyond the three weeks period?		4.8.12 - 4.8.25		(b) Theme 1
P18	Should the ' <b>who makes the decision at redirection</b> ' be made clearer?		4.8.25		(b) Theme 1
P19	Is it necessary to define: <ul style="list-style-type: none"> <li>• what is the meaning of unusually or sensitive (4.8.18)?</li> <li>• who determines a 'high level of public interest'?</li> <li>• how many letters or emails determines a 'high level of interest'?</li> <li>• what is a significant change in planning policy, eg. does this refer to the Core Strategy once adopted, NPPF or Guidance documents?</li> <li>• whether land use is seriously affected i.e employment, open space, intensive farming/ diversification, nursing homes, supermarkets, housing developments over 100?</li> </ul>		4.8.12 – 4.8.25		(b) and (c) Theme 1
P20	Part 5, Section 6 outlines the role of Councillors who are members of the Committee. However, should it include: <ul style="list-style-type: none"> <li>• the Ward Councillor presenting the planning application does not get a vote?</li> <li>• the Role of the substitute?</li> <li>• what happens when the Substitute is also member of the Committee?</li> </ul>		5.6		(b) Theme 1
P21	Does the section on Lobbying make your responsibilities clear (5.6.10)?		5.6.10		(b) Theme 1
P22	Does the Site Inspections section require any clarifications?		(5.7.12-21		(b) Theme 1
P23	Under the Site Inspections General Matters (5.6.20): <ul style="list-style-type: none"> <li>• should it state there is no debate on site because Officers outline material planning issues only</li> </ul>		5.6.20		(b) Theme 1

	Issue/Question	Action arising	Constitutional Reference	Change made	Design Principle and Theme
	<ul style="list-style-type: none"> <li>should it state members can bring questions to the Committee meeting or email officer after site meeting?</li> </ul>				
<b>P24</b>	<p>The Council would like to encourage better and more informed public participation in planning matters such as</p> <p>a) commenting on applications, b) engaging in Committee meetings or c) understanding the appeals process.</p> <p>Should there be a:</p> <p>a) flow diagram in the Constitution for members and the public to follow the planning process</p> <p>b) flow diagram on the Council website under Planning?</p> <p>c) simple video on the Council website to walk people through the planning process?</p>				<p><b>(b) and (c)</b></p> <p><b>Theme 1</b></p>
<b>P25</b>	Is the guidance on pre-determination clear?				<p><b>(b)</b></p> <p><b>Theme 1</b></p>
<b>P26</b>	<p>Should a reserved list of substitutes be appointed by:</p> <p>a) Full Council; or</p> <p>b) Committee members?</p>				<p><b>(a) and (b)</b></p> <p><b>Theme 1</b></p>
<b>P27</b>	The length of Case Officer reports to Committee are becoming increasingly lengthy – should a limit be set by the Committee?				<p><b>(b)</b></p> <p><b>Theme 1</b></p>
<b>P28</b>	<p>The timing of speakers is not consistent. Should the responsibility of timing be carried out by:</p> <p>(a) the Chair? or</p> <p>(b) a Planning Officer? or</p> <p>(c) Democratic Services?</p>				<p><b>(d)</b></p> <p><b>Theme 1</b></p>
<b>P29</b>	Should political proportionately be suspended for planning committee? [Proportionately already suspended for licensing sub committee]	Democratic services to research whether councils have suspended political proportionately for planning committees			<p><b>(a)</b></p> <p><b>Theme 1</b></p>
<b>Group Leaders</b>					
<b>Focus group meeting: 5 January 2021</b>					
<b>G1</b>	Is the “role descriptor” set out in Part 5, Section 9 clearly defined	<p>Needs to be written in more positive terms.</p> <p>Additional points to be included are:</p>	<b>5.9</b>		<p><b>(b)</b></p> <p><b>Theme 1</b></p>

	Issue/Question	Action arising	Constitutional Reference	Change made	Design Principle and Theme
		<ul style="list-style-type: none"> <li>Support to group members to carry out their role (e.g. induction, regular meetings, supervision, identification of training needs and support)</li> <li>Regular communication within their groups</li> <li>Identification of membership and substitutes at committees</li> <li>Represent their group at the group leaders meetings</li> </ul>			
<b>G2</b>	Request for consideration of an officer appointed to be a political group officer. [Also raised at Cabinet focus meeting on 14 January 2021.	Democratic services to research what other councils have in place.			(e) Theme 1
<b>G3</b>	Role of Group Leader's meetings to be more clearly defined / understood				(a) and (b) Theme 1
<b>Cabinet</b>					
<b>Focus group meeting: 14 January 2021</b>					
<b>2<sup>nd</sup> Focus Group meeting: to be confirmed</b>					
<b>C1</b>	Would there be an opportunity for all members to comment on the functions / operation of the committees?				(a) Theme 3
<b>C2</b>	Proposed scrutiny structure would need further work. The current scrutiny structure could work if it was strengthened.	Further work to be undertaken by working group with regard to possible scrutiny models			(a) Theme 2
<b>C3</b>	Consideration be given to updating the constitution to make provisions for joint scrutiny committee working.	Linked to consideration of possible scrutiny models.			(a) and (b) Theme 2
<b>C4</b>	Could consideration to be given about guidance being developed rather than be prescriptive in the Constitution				(b) Theme 2
<b>C5</b>	The workload of cabinet is large and there was a need to be balance that with other commitments.				(a) Theme 2
<b>C6</b>	Should cabinet members have delegated decision making (i.e. make individual decisions)?	Cabinet work collaboratively at the moment and some decisions do go Cabinet depending on its nature. If no delegated decision making, then there would be a resource issue as there would need to be additional cabinet meetings.			(a) and (b) Theme 1
<b>C7</b>	The political group consultation should be improved.	Consider the possibility of whether an all members' meeting could be set up to discuss forthcoming key decisions?			(b) Theme 1
<b>C8</b>	To explore options around current levels of delegation; sub-committees and how this might work in practice. For example, following up the suggestion that there could be sub-committees of cabinet that follow the three strategic objectives of the county and corporate delivery plans.				(a) and (b) Theme 3

	Issue/Question	Action arising	Constitutional Reference	Change made	Design Principle and Theme
<b>C9</b>	The public question process to be considered as it is not working quite as anticipated	Consider: <ul style="list-style-type: none"> <li>• Whether the questions are considered as part of the debate.</li> <li>• Questions should relate to items on the agenda.</li> <li>• Public Cabinet Q&amp;A session which would be “unscripted” on, say a monthly basis</li> <li>• What is the purpose of public questions.</li> </ul>			<b>(c)</b> <b>Theme 3</b>
<b>C10</b>	Should the publication of reports be altered from 5 working days to e.g. 7 or 10 days.	<ul style="list-style-type: none"> <li>• Quality of reports needs to be improved.</li> <li>• Reports in the system come through late at the various stage.</li> </ul>			<b>(b)</b> <b>Theme 3</b>
<b>C11</b>	Review the outcomes of the task and finish work eg. environment & waste currently going to scrutiny. Issues to be considered as part of review: <ul style="list-style-type: none"> <li>• Members on the T&amp;F group are also on scrutiny – is this a segregation of duties issue?</li> <li>• If up pre-decision T&amp;F work is strengthened to influence policy decisions, should scrutiny be essentially marking their own homework? How do we achieve the best outcomes?</li> <li>• What sort of recommendations are made? Eg. <ul style="list-style-type: none"> <li>○ Have they had adequate legal/expert guidance</li> <li>○ How effective are the recommendations</li> <li>○ Will they influence how the cabinet member will shape the decision</li> <li>○ Could the same result be achieved via policy panels to cabinet / other form of policy panel</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>			

Issues raised between reviews (and not yet part of a focus group query)					
<b>I1</b>	Timings in the council procedure rules to make sure there are clear as possible as potentially open to misinterpretation				<b>(a) and (b)</b> <b>Theme 3</b>
<b>I2</b>	Inconsistencies in treatment of questions esp. allowing councillor questions at an extraordinary meeting provided they relate to an item on the agenda				<b>(b)</b> <b>Theme 3</b>
<b>I3</b>	Other items of business such as the Leader's report and any notices of motion which are 'on hand' could be considered as items of business at extraordinary meetings of Council.				<b>(b)</b> <b>Theme 3</b>
<b>I4</b>	Call-in arrangements The pre-decision call in process needs expanding on e.g. additional clarity on who can initiate pre-decision call-in and how this is done  Should details or a summary of the call-in procedure be included in the constitution?				<b>(b)</b> <b>Theme 2</b>
<b>I5</b>	strengthen and clarify the pre call-in part of the constitution – in particular I think we need to link it to the process set out under 4.5.54 – Members and Officers giving account. The timescales also require clarification. Suggested change to call-in provision:  Where the scrutiny committee has called-in a key decision from the forward plan before its due date, the decision cannot be called-in again after the final decision has been taken, <i>unless there have been material changes to the decision that were not recommended by the scrutiny committee.</i>  [Also raised at Cabinet Focus Meeting: 14 January 2021				<b>(b)</b> <b>Theme 2</b>
<b>I6</b>	Enlarging employment panel so have an appeal committee for action short of dismissal.				<b>(b)</b> <b>Theme 1</b>
<b>I7</b>	How reports are treated in council – they are the same as a motion				<b>(b)</b> <b>Theme 3</b>
<b>I8</b>	Political proportionality disadvantages unaligned members. Should this be suspended				<b>(a)</b> <b>Theme 1</b>
<b>I9</b>	Review of the member and officer indemnity		Chief Executive's scheme of delegation		<b>(d)</b> <b>Theme 3</b>

<b>I10</b>	<p>I would like to change the budget process to require amendments to be put through the scrutiny process rather than tabled up to the morning of the budget setting council meeting.</p> <p>The process we have presently has the capacity to knock the budget off course and allows amendments to be proposed/approved which have been subject to no proper consideration whatsoever.</p> <p>That is bad for the council and bad for residents.</p> <p>I'd like this change to be made for the 2022-23 process.</p>				
<b>I11</b>	<p>Need an option c if council reject a budget at 4.3.15</p> <p>Reports need to decide if need seconding, and clear no right of reply</p>				
	<p>new Joint Programme Board that needs to be implemented as part of the new PMO Process. The idea is that this is an annual board between S151, Directors and Members meeting in September . It will be an information session to provide transparency to Members about the capital programme, capital projects and review of the PMO process.</p> <p>[Query: Task and finish group?]</p>				



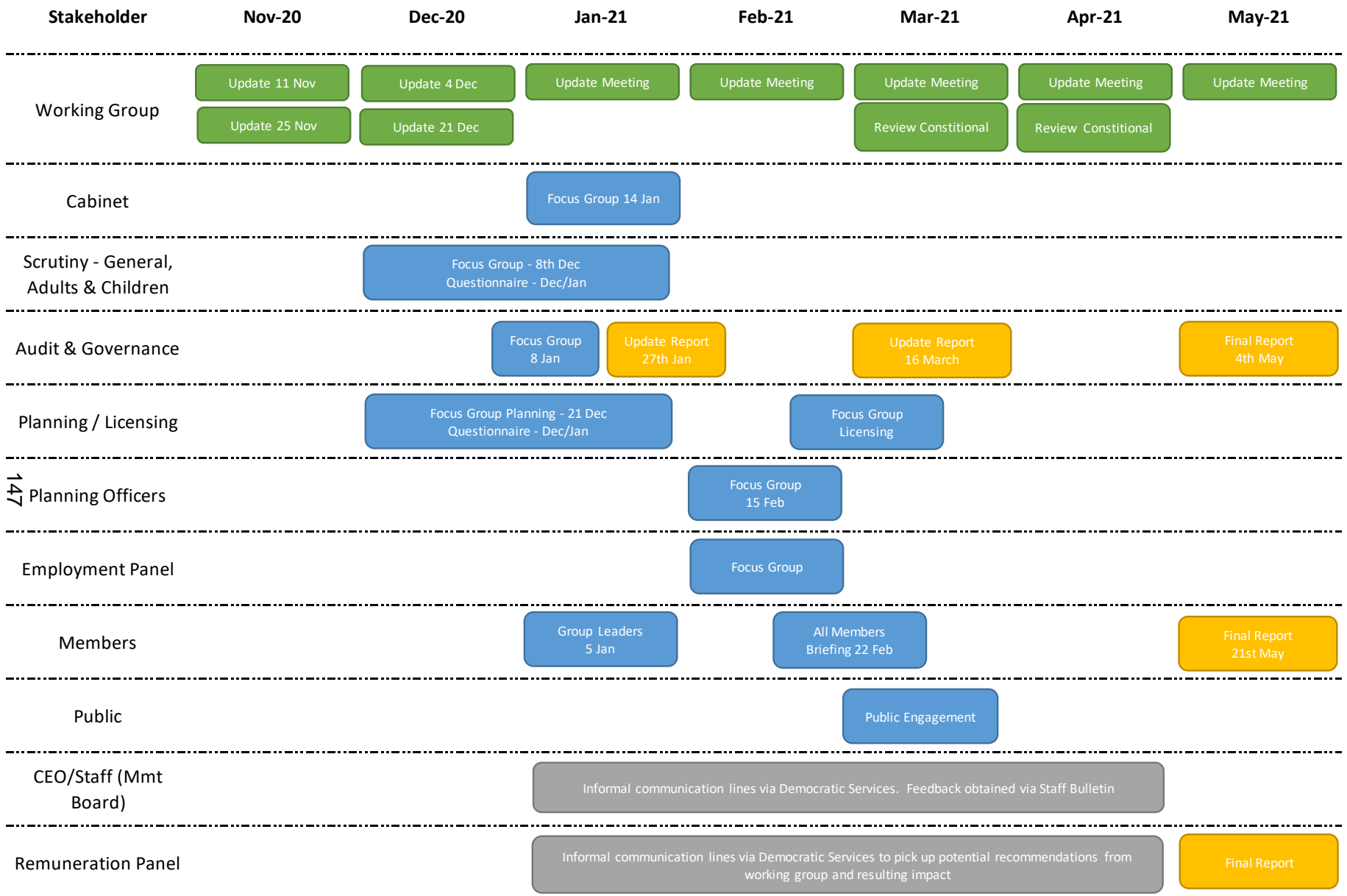
Rethinking  
Governance at  
Herefordshire Council  
22 February 2021

# Rethinking Governance Working Group

On 11 October 2019, the council resolved to review its governance arrangements to investigate and explore options for the future.

On 9 October 2020, the council approved a hybrid cabinet model of governance. The following guiding principles were set by the council:

- To maximise member engagement and participation in decision-making.
- To ensure decision-making is informed, transparent and efficient.
- To welcome public engagement.
- To enable member and officers to perform effectively in clearly defined functions and roles.
- To assess any resource implications for any proposed changes.



# Key themes addressed in today's briefing

Based on the guiding principles, three key themes were identified to be addressed by the working group

148

## Enhanced Policy / Decision Making

- ✓ Review delegated decision process in line with Hybrid Cabinet Model decision - Cabinet, Cabinet Members, Delegated Officers
- ✓ Identify opportunities, regardless of proportionality, for councillors to be directly involved in influencing policy and decision, particularly on high profile/contentious matters
- ✓ Consider any changes in structure/process needed to encourage councillors to be engaged in the decision making process or improve cross party collaboration: sub-committees of cabinet, policy development panel/committees; forward plan improvements; political group consultation
- ✓ Improve forthcoming decision process and content to be more informative including the use of political group consultations
- ✓ Improve ability for the public to influence and to get involved

## Improved & Strengthened Scrutiny

- ✓ Consider if more emphasis should be placed on policy influencing and development, performance and risk management, as well as holding Cabinet to account
- ✓ Political proportionality does not always make the best use of members skills & experience - Consider more co-option, use of expert witnesses, more task and finish groups
- ✓ Consider how the skills of unaligned members' can be best used given restrictions imposed due to political proportionality
- ✓ Strengthened use of evidence from a wider variety of sources
- ✓ Improve ability for the public to influence and to get involved

# Key themes addressed in today's briefing

Based on the guiding principles, three key themes were identified to be addressed by the working group

## **The following elements will be addressed by today's discussions**

- ✓ Increase the awareness of activities relating to oversight, decision-making and policy development.
- ✓ Improve provision of information to councillors, through the Forward Plan and forthcoming decision process and through a better approach to member briefing
- ✓ More regular and systematic member briefings so members can be more informed
- ✓ Consider options to encourage a more collaborative culture amongst members, officers and the public
- ✓ Improve understanding on how and where delegated decisions are made and overseen

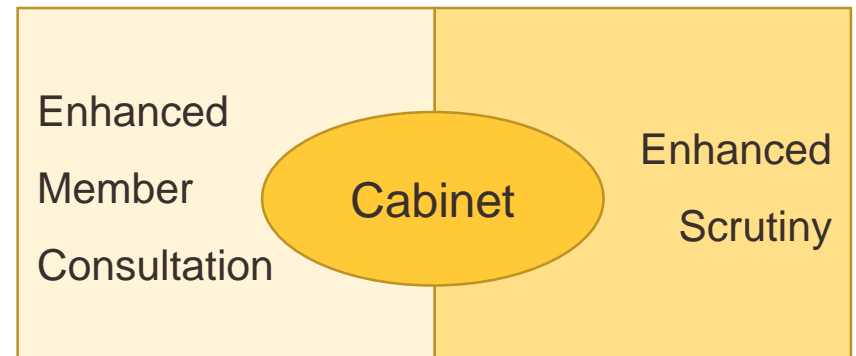
## **The following operational elements will be addressed over the upcoming weeks**

- Improve communication with the public, engagement and promotion of current issues
- Improve layout, accessibility and understanding of the constitution and the processes and systems in it to support good decision-making
- Refresh member and officer training and development to reflect the cultural change required for working in a political environment

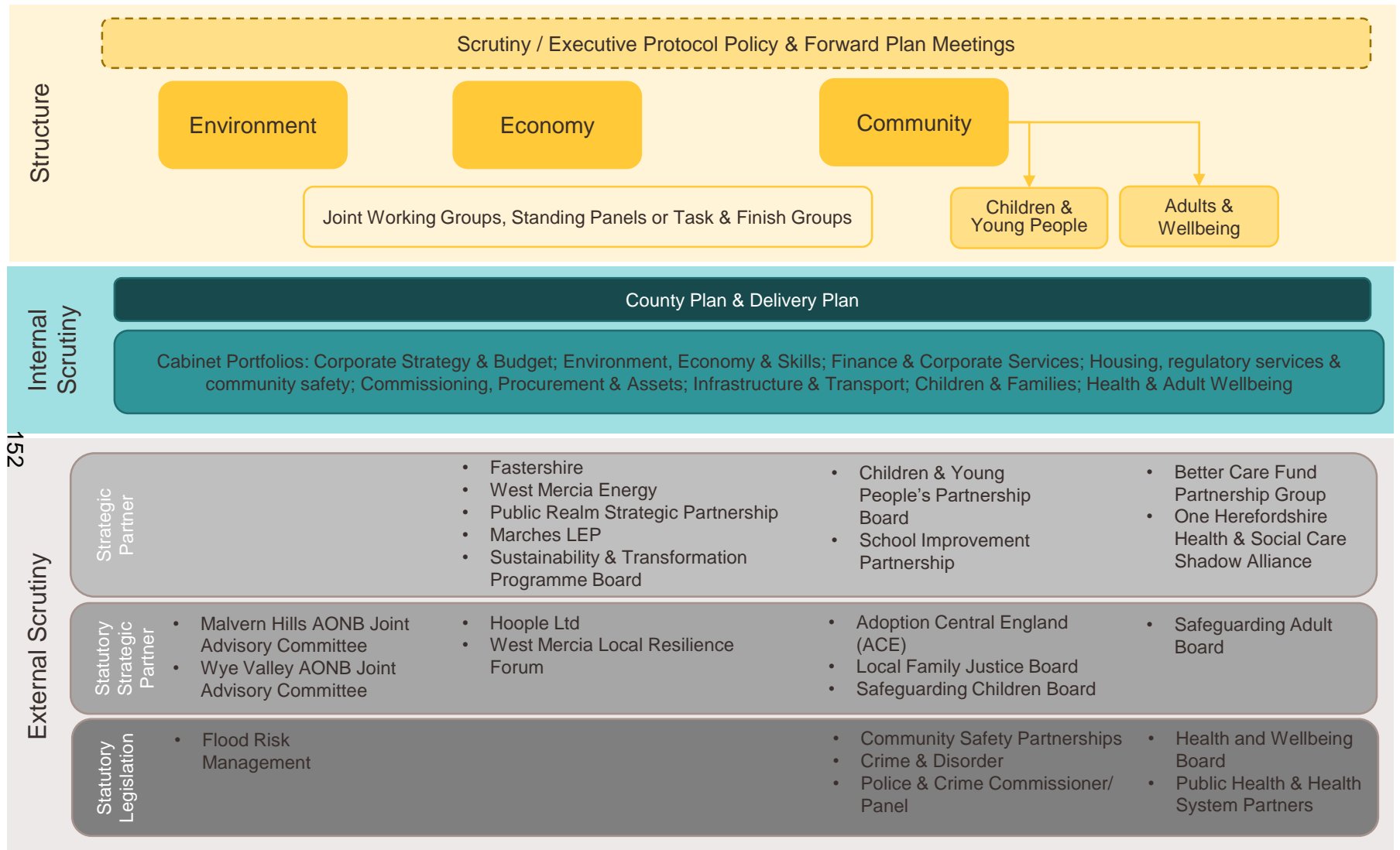
# Recommended Structure

# Maintain current structure, with enhanced scrutiny & member consultation

- **Enhanced Key Decisions Consultation Process:** Using an improved forward plan process, key decisions will be identified for appropriate member wide consultation – briefings, focus groups, surveys etc
- **Removal of Political Group Consultation process:** Group Leaders will still be able to collate and express political views at cabinet and full council;
- 151 • **Aligned Scrutiny Structure:** Scrutiny committees are aligned to corporate objectives with an enhanced executive protocol policy & forward plan process.
  - Clear mapping to both internal and external scrutiny obligations
  - Improved coordination of scrutiny work programs, and identification of joint scrutiny opportunities
  - Improved opportunities for pre-decision scrutiny

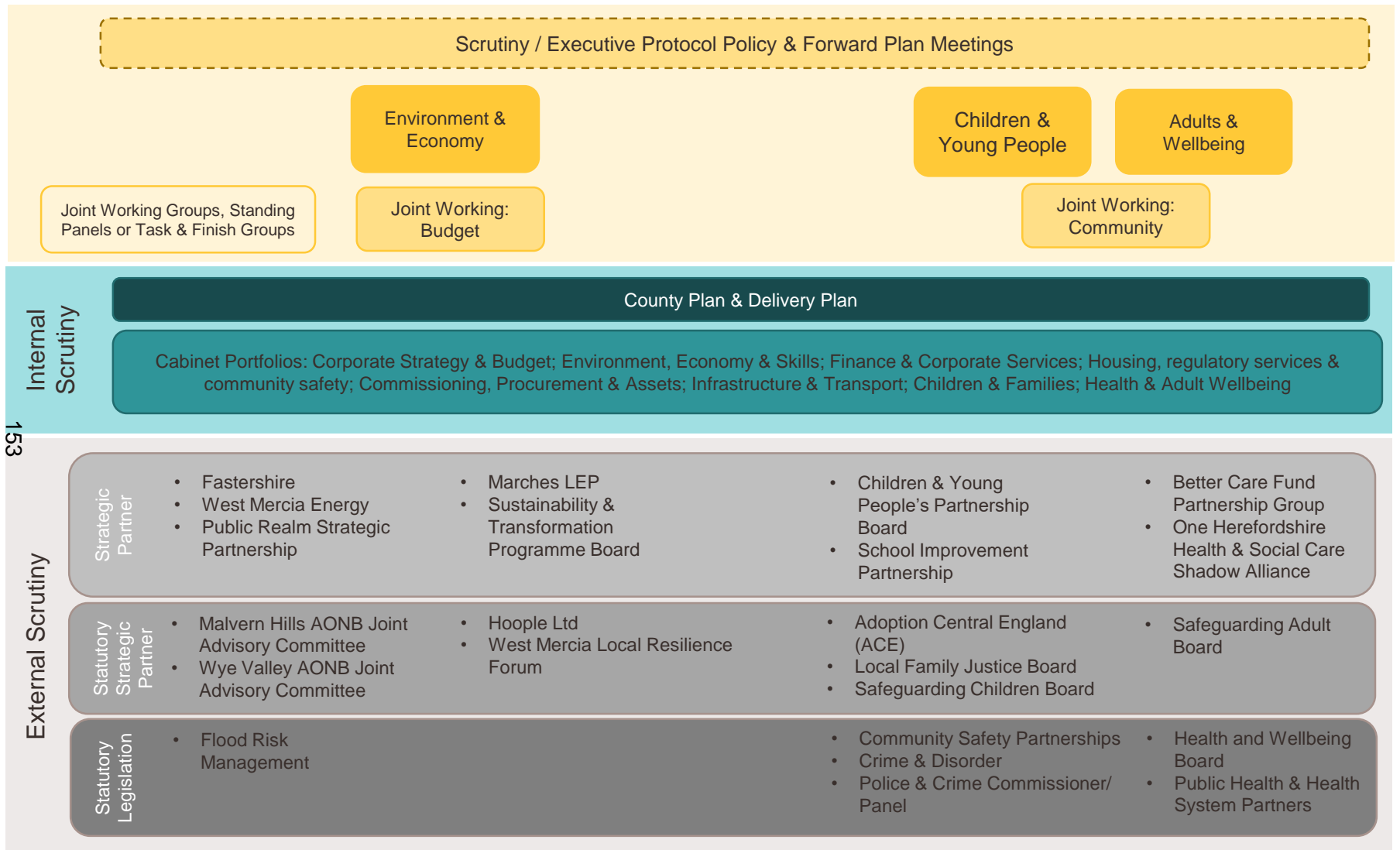


# Recommended Scrutiny Structure 1





# Recommended Scrutiny Structure 2



153

# Recommended Scrutiny Structure

## Executive Protocol Policy & Forward Plan Meetings

### Quarterly Executive Protocol Group (EPG)

- Chair:** Chair nominated each year by meeting membership  
**Membership:** Leader, Deputy Leader, Committee Chairs, Committee Vice-Chairs  
**In attendance:** Executive, Head of Paid Services, Monitoring Officer, s.151 officer, Audit & Governance Chair / Vice Chair  
**Key Responsibilities:**
- Consider items for scrutiny and types of scrutiny to apply
  - Co-ordination of committee work programs
  - Ensuring consistent timetabling with other council activities eg. performance challenge meetings
  - Consideration of joint working opportunities, standing panels or task and finish groups

154

### Monthly Forward Plan Meetings

- Chair:** Leader  
**Membership:** Leader, Deputy Leader, Committee Chairs, Committee Vice-Chairs, Group Leaders  
**In attendance:** Executive, Head of Paid Services, Monitoring Officer, s.151 officer  
**Key Responsibilities:**
- Consider items for scrutiny and types of scrutiny to apply
  - Consider items for key decision member consultation

# Member Breakout Sessions:

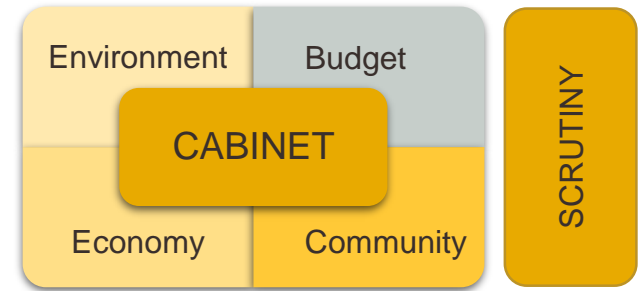
- Based on the balance of evidence, do you support the emerging recommendations?
  - What do you like?
  - What do you dislike?
- Other comments & questions?

155

# Evidence to support key findings

156

# Sub Committees of Cabinet

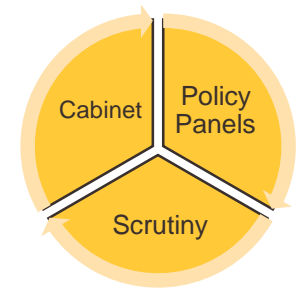


Balance of Evidence: **Not recommended**

Evidence For	Evidence Against
<ul style="list-style-type: none"> <li>• Less decisions undertaken at Cabinet level</li> <li>• Limited constitutional changes required</li> <li>• Sub-committees can be formed as and when required</li> </ul>	<ul style="list-style-type: none"> <li>• Cabinet members expressed wish to retain delegated authority</li> <li>• Clear delegated decision levels to be established – portfolio holder / sub committee / cabinet</li> <li>• Membership limited to Cabinet / Support Members</li> <li>• May increase level of bureaucracy and slow down decision making process</li> <li>• Not necessarily meeting guiding principals of increased member / public participation</li> </ul>

# Consultative Panels

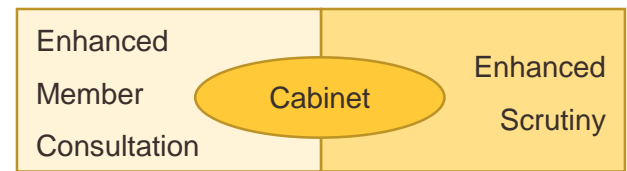
**Balance of Evidence:** **Not recommended**



Evidence For	Evidence Against
<ul style="list-style-type: none"> <li>• Ad hoc groups can be responsive to needs as they arise</li> <li>• As informal panels there is no constitutional impact</li> <li>• Potentially open to all interested members</li> <li>• Could have members of the public or experts</li> <li>• Could be public / private</li> <li>• Separates policy development from scrutiny function</li> </ul>	<ul style="list-style-type: none"> <li>• Membership would need to be determined                             <ul style="list-style-type: none"> <li>• If not selective, potentially large turn-outs could make meetings less effective</li> <li>• If selective perceptions of bias or partial representation need to be addressed</li> <li>• Optimal size of panel to be determined</li> </ul> </li> <li>• What is reviewed by Panel – could increase level of bureaucracy and slow down decision making process</li> <li>• No constitutional requirement for cabinet to respond to recommendations</li> <li>• Public meetings must comply with access to information rules</li> <li>• Private meetings may be perceived as not open and transparent</li> <li>• Resource considerations need to be considered</li> <li>• Limited members showed interest in policy development in initial survey by working group</li> </ul>

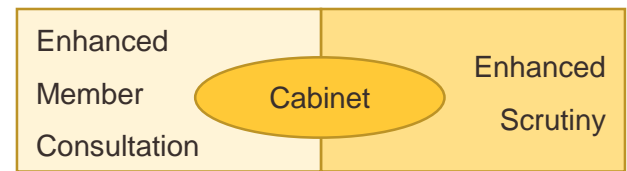
# Key Decision Consultation

Balance of Evidence: **Recommended**



Evidence For	Evidence Against
<ul style="list-style-type: none"> <li>• Using an improved forward plan process, key decisions could be identified for member wide consultation – briefings, focus groups, surveys etc</li> <li>• Enables all members to participate</li> <li>• Reduces burden on political group leaders</li> <li>• Members can self select for focus groups</li> <li>• No constitutional impact</li> <li>• Separates policy influence from scrutiny</li> </ul>	<ul style="list-style-type: none"> <li>• How are interests declared and managed</li> <li>• May duplicate other processes eg. political group consultation, scrutiny</li> <li>• Form of consultation may influence who chooses to get involved</li> <li>• Decision maker will have a greater number of responses to address</li> <li>• Budget considerations</li> </ul>

# Political Group Consultation



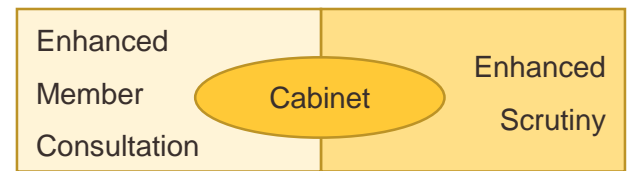
**Balance of Evidence:** **Not recommended**

Evidence For	Evidence Against
<ul style="list-style-type: none"> <li>• Enables all members to participate</li> <li>• No constitutional impact</li> <li>• Separates policy influence from scrutiny</li> <li>• Open and transparent as submitted views are included in decision report</li> <li>• Encourages consensus of views</li> </ul>	<ul style="list-style-type: none"> <li>• Currently bureaucratic process</li> <li>• Group leaders (GL) must collate views</li> <li>• In coming to a consensus GL may not communicate all views expressed by members</li> <li>• Can be viewed as irrelevant to members of political groups forming part of the administration</li> <li>• Reliant on appropriate level of information being provided</li> <li>• May be sensitivities around wide circulation of information</li> <li>• May increase decision making timeline</li> </ul>



# Pre-Decision Scrutiny

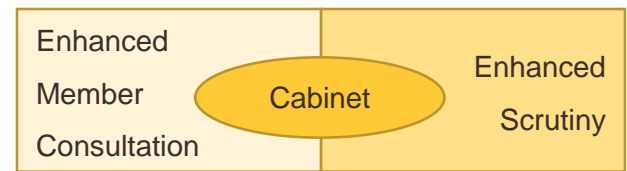
Balance of Evidence: **Recommended**



Evidence For	Evidence Against
<ul style="list-style-type: none"> <li>• Pre-decision scrutiny of decisions some time in the future enables all members to be involved in policy development</li> <li>• Members of public and subject experts can be involved</li> <li>• Maintains openness and transparency</li> <li>• Established process for managing declarations of interest</li> <li>• Can carry out wider engagement activity including calls for evidence and visits to other councils</li> <li>• Has established structure &amp; officer support</li> </ul>	<ul style="list-style-type: none"> <li>• Segregation of duties between policy development and scrutiny need to be considered</li> <li>• Members may need encouragement to take part</li> <li>• All meetings are not held in public</li> </ul>

# Aligned Scrutiny Structure

Balance of Evidence: **Recommended**



Evidence For	Evidence Against
<ul style="list-style-type: none"> <li>Executive Protocol Group (EPG) allows for coordination of scrutiny work programs, joint scrutiny and reduces duplication of work</li> <li>Splitting of General Scrutiny allows for greater focus on key issues</li> <li>Structure aligns to corporate objectives</li> <li>All scrutiny committees balance both strategic and operational roles within their remits</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the number of sub committees could exacerbate difficulty around staff and member resourcing</li> </ul>



## **Title of report: Local Government Association (LGA) model code of conduct**

**Meeting: Audit and governance committee**

**Meeting date: Tuesday 16 March 2021**

**Report by: monitoring officer**

### **Classification**

Open

### **Decision type**

This is not an executive decision

### **Wards affected**

(All Wards);

### **Purpose**

To consider the LGA's model code of conduct and agree the next steps to review the Herefordshire's Council Code of Conduct.

### **Recommendation(s)**

That:

- a) **The committee reviews the LGA model code of conduct;**
- b) **Agrees in principal the propped changes to the Herefordshire Council Code;**
- c) **Agrees to consult with all members of this council, together with all parish and town councils about the proposed changes.**

### **Alternative options**

1. Do nothing. This is not recommended as it is good practice to review the council's code of conduct on a regular basis.

## Key considerations

2. Under the Localism Act 2011, Section 27 (2), the council is required to adopt a code of conduct which is applicable to all Herefordshire council members and co-optees. Up until December 2020 there was no proposed national model code for councils to adopt or amend.
3. Parish councils may choose to adopt their principal authority's code of conduct. Herefordshire Council is a principal authority and the majority of parish councils within Herefordshire have adopted the most current version of the code dated 25 May 2018.
4. The council's current code of conduct was last reviewed in 2018 and as part of good practice should be reviewed on a regular basis.
5. On 30 January 2019, the Committee on Standards in Public Life (CSPL) published its review on Local Government Ethnical Standards. Recommendation 1 was that the "The Local Government Association should create an updated model code of conduct, in consultation with representative bodies of councillors and officers of all tiers of local government."
6. Between 8 June and 17 August 2020, the LGA launched a national survey on a draft model code of conduct. Following the resolution of Audit and Governance Committee on 30 July 2020, a response to the survey was submitted on behalf of the committee by the monitoring officer.
7. In December 2020, the LGA issued a model code of conduct based on the feedback received as a result of the consultation. The code is not mandatory, it will be updated annually by the LGA to ensure it is still fit for purpose. This committee will have to considers its contents and determine whether it is appropriate to recommend to council the adoption in full, part or not at all.
8. There is no confirmed data as to whether or not all English councils are adopting the model code. However, anecdotally a proportion of councils are not adopting the model code in its entirety but are either choosing to not review their code or are adopting parts of the model code. One of the reasons for this appear to be that the CSPL did make recommendations which would require a change to statutory legislation which have not yet been considered by government.
9. The monitoring officer and deputy monitoring officer in January 2021 assessed the model code against the council's code of conduct. The monitoring officer is proposing that a hybrid code is considered and potentially adopted by Council at its meeting on 21 May 2021. It is being proposed that the majority of the national model code is adapted to act as guidance to councillors.
10. The proposed changes to the current code are attached as tracked changes in appendix B and new guidance being proposed at appendix C.

11. It is anticipated that the LGA will be issuing its own guidance to the model code of conduct in March 2021.
12. The independent persons for standards were consulted on the model code of conduct and the proposals by the monitoring officer at a meeting held on 8 February 2021. The views and comments have been incorporated in the draft revision of the code of conduct and draft guidance.
13. The monitoring officer is recommending that the committee comment on the model code of conduct and the proposals to revise the current code and adopt new guidance.
14. If the committee agree that the current code should be reviewed in line with the monitoring officer's suggestion, then it is recommended that the committee agree a consultation be undertaken with all members of Herefordshire Council and parish councils on the draft Code of Conduct and guidance.
15. The feedback from this consultation can then be taken into account and a revised code of conduct, guidance and arrangements for dealing with code of conduct complaints can be presented to the committee at its meeting on 4 May 2021.

### **Community impact**

16. The code of conduct sets out the standards for councillors when undertaking their duties as a councillor. Having a clear and unambiguous code will enable residents of Herefordshire to understand the conduct which they should expect to receive from councillors.

### **Environmental Impact**

17. Any review of the code of conduct will seek to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance.

### **Equality duty**

18. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
19. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

### **Resource implications**

20. There are no resource implications as a result of this report as it is a proposed to review of the current code of conduct.

### **Legal implications**

21. The legal implications are detailed in the key considerations above.

### **Risk management**

22. There are no risks as a result of this report. If a review of the council's code of conduct is undertaken, then risks may be identified as part of that process.

### **Consultees**

23. Independent persons for standards.

### **Appendices**

Appendix A LGA Model Code of Conduct

Appendix B Proposed changes to the Herefordshire Council Code of Conduct

Appendix C Proposed Guidance to the Herefordshire Council Code of Conduct

### **Background papers**

None identified.

## **Local Government Association**

### **Model Councillor Code of Conduct 2020**

#### **Joint statement**

The role of councillor across all tiers of local government is a vital part of our country's system of democracy. It is important that as councillors we can be held accountable and all adopt the behaviors and responsibilities associated with the role. Our conduct as an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to. We also want individuals from a range of backgrounds and circumstances to be putting themselves forward to become councillors.

As councillors, we represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent our local area; taking decisions fairly, openly, and transparently. We have both an individual and collective responsibility to meet these expectations by maintaining high standards and demonstrating good conduct, and by challenging behaviour which falls below expectations.

Importantly, we should be able to undertake our role as a councillor without being intimidated, abused, bullied or threatened by anyone, including the general public.

This Code has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.

## **Introduction**

The Local Government Association (LGA) has developed this Model Councillor Code of Conduct, in association with key partners and after extensive consultation with the sector, as part of its work on supporting all tiers of local government to continue to aspire to high standards of leadership and performance. It is a template for councils to adopt in whole and/or with local amendments.

All councils are required to have a local Councillor Code of Conduct.

The LGA will undertake an annual review of this Code to ensure it continues to be fit-for-purpose, incorporating advances in technology, social media and changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code and the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

## **Definitions**

For the purposes of this Code of Conduct, a “councillor” means a member or co-opted member of a local authority or a directly elected mayor. A “co-opted member” is defined in the Localism Act 2011 Section 27(4) as “a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;
- b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority;

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

For the purposes of this Code of Conduct, “local authority” includes county councils, district councils, London borough councils, parish councils, town councils, fire and rescue authorities, police authorities, joint authorities, economic prosperity boards, combined authorities and National Park authorities.

## **Purpose of the Code of Conduct**

The purpose of this Code of Conduct is to assist you, as a councillor, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow councillors, local authority officers and the reputation of local government. It sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct. The LGA encourages the use of support, training and mediation prior to action being taken using the Code. The fundamental aim of the Code is to create and maintain public confidence in the role of councillor and local government.



## **General principles of councillor conduct**

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers; should uphold the [Seven Principles of Public Life](#), also known as the Nolan Principles.

Building on these principles, the following general principles have been developed specifically for the role of councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of councillor.

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.

## **Application of the Code of Conduct**

This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.

This Code of Conduct applies to you when you are acting in your capacity as a councillor which may include when:

- you misuse your position as a councillor
- Your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor;

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times when acting as a councillor.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct. Town and parish councillors are encouraged to seek advice from their Clerk, who may refer matters to the Monitoring Officer.

## **Standards of councillor conduct**

This section sets out your obligations, which are the minimum standards of conduct required of you as a councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

Guidance is included to help explain the reasons for the obligations and how they should be followed.

### **General Conduct**

#### **1. Respect**

##### **As a councillor:**

**1.1 I treat other councillors and members of the public with respect.**

**1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.**

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the local authority's councillor-officer protocol.

## **2. Bullying, harassment and discrimination**

### **As a councillor:**

#### **2.1 I do not bully any person.**

#### **2.2 I do not harass any person.**

#### **2.3 I promote equalities and do not discriminate unlawfully against any person.**

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

### **3. Impartiality of officers of the council**

**As a councillor:**

#### **3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.**

Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

### **4. Confidentiality and access to information**

**As a councillor:**

#### **4.1 I do not disclose information:**

- a. given to me in confidence by anyone**
- b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless**
  - i. I have received the consent of a person authorised to give it;**
  - ii. I am required by law to do so;**
  - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or**
  - iv. the disclosure is:**
    - 1. reasonable and in the public interest; and**
    - 2. made in good faith and in compliance with the reasonable requirements of the local authority; and**
    - 3. I have consulted the Monitoring Officer prior to its release.**

#### **4.2 I do not improperly use knowledge gained solely as a result of my role as a councillor for the advancement of myself, my friends, my family members, my employer or my business interests.**

#### **4.3 I do not prevent anyone from getting information that they are entitled to by law.**

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

## **5. Disrepute**

**As a councillor:**

### **5.1 I do not bring my role or local authority into disrepute.**

As a Councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or your local authority and may lower the public's confidence in your or your local authority's ability to discharge your/it's functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute.

You are able to hold the local authority and fellow councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the council whilst continuing to adhere to other aspects of this Code of Conduct.

## **6. Use of position**

**As a councillor:**

### **6.1 I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.**

Your position as a member of the local authority provides you with certain opportunities, responsibilities and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

## **7. Use of local authority resources and facilities**

**As a councillor:**

### **7.1 I do not misuse council resources.**

### **7.2 I will, when using the resources of the local or authorising their use by others:**

- a. act in accordance with the local authority's requirements; and**
- b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.**

You may be provided with resources and facilities by the local authority to assist you in carrying out your duties as a councillor.

Examples include:

- office support
- stationery
- equipment such as phones, and computers
- transport
- access and use of local authority buildings and rooms.

These are given to you to help you carry out your role as a councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the local authority's own policies regarding their use.

## **8. Complying with the Code of Conduct**

### **As a Councillor:**

**8.1 I undertake Code of Conduct training provided by my local authority.**

**8.2 I cooperate with any Code of Conduct investigation and/or determination.**

**8.3 I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.**

**8.4 I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.**

It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer.

### **Protecting your reputation and the reputation of the local authority**

## **9. Interests**

### **As a councillor:**

**9.1 I register and disclose my interests.**

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the authority .

You need to register your interests so that the public, local authority employees and fellow councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other councillors when making or taking part in decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or disclose a disclosable pecuniary interest as set out in Table 1, is a criminal offence under the Localism Act 2011.

Appendix B sets out the detailed provisions on registering and disclosing interests. If in doubt, you should always seek advice from your Monitoring Officer.

## **10. Gifts and hospitality**

**As a councillor:**

- 10.1 I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.**
- 10.2 I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.**
- 10.3 I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.**

In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a councillor. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a councillor, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a councillor. If you are unsure, do contact your Monitoring Officer for guidance.

## **Appendices**

### **Appendix A – The Seven Principles of Public Life**

The principles are:

#### **Selflessness**

Holders of public office should act solely in terms of the public interest.

#### **Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

#### **Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

#### **Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

#### **Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

#### **Honesty**

Holders of public office should be truthful.

#### **Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.



## Appendix B Registering

### interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

**"Disclosable pecuniary interest"** means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

**"Partner"** means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

### Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.
5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it

### Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to one of your Other Registerable Interests (as set out in Table 2), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it

is a 'sensitive interest', you do not have to disclose the nature of the interest.

## Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

8. Where a matter arises at a meeting which **affects** –

- a. your own financial interest or well-being;
- b. a financial interest or well-being of a friend, relative, close associate; or
- c. a body included in those you need to disclose under Disclosable Pecuniary Interests as set out in **Table 1**

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter **affects** your financial interest or well-being:

- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

10. Where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must make sure that any written statement of that decision records the existence and nature of your interest.

**Table 1: Disclosable Pecuniary Interests**

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

<b>Subject</b>	<b>Description</b>
<b>Employment, office, trade, profession or vocation</b>	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
<b>Sponsorship</b>	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
<b>Contracts</b>	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the

	<p>councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
<b>Land and Property</b>	<p>Any beneficial interest in land which is within the area of the council.</p> <p>'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.</p>
<b>Licenses</b>	<p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p>
<b>Corporate tenancies</b>	<p>Any tenancy where (to the councillor's knowledge)—</p> <p>(a) the landlord is the council; and</p> <p>(b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.</p>
<b>Securities</b>	<p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were</p>

	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
--	---

\* 'director' includes a member of the committee of management of an industrial and provident society.

\* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

**Table 2: Other Registerable Interests**

<p>You have a personal interest in any business of your authority where it relates to or is likely to affect:</p> <ul style="list-style-type: none"><li>a) any body of which you are in general control or management and to which you are nominated or appointed by your authority</li><li>b) any body<ul style="list-style-type: none"><li>(i) exercising functions of a public nature</li><li>(ii) any body directed to charitable purposes or</li><li>(iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)</li></ul></li></ul>
---

## Appendix C – the Committee on Standards in Public Life

The LGA has undertaken this review whilst the Government continues to consider the recommendations made by the Committee on Standards in Public Life in their report on [Local Government Ethical Standards](#). If the Government chooses to implement any of the recommendations, this could require a change to this Code.

The recommendations cover:

- Recommendations for changes to the Localism Act 2011 to clarify in law when the Code of Conduct applies
- The introduction of sanctions
- An appeals process through the Local Government Ombudsman
- Changes to the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
- Updates to the Local Government Transparency Code
- Changes to the role and responsibilities of the Independent Person
- That the criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished

The Local Government Ethical Standards report also includes Best Practice recommendations. These are:

**Best practice 1:** Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

**Best practice 2:** Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation and prohibiting trivial or malicious allegations by councillors.

**Best practice 3:** Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

**Best practice 4:** An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

**Best practice 5:** Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

**Best practice 6:** Councils should publish a clear and straightforward public interest test against which allegations are filtered.

**Best practice 7:** Local authorities should have access to at least two Independent Persons.

**Best practice 8:** An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to

review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

**Best practice 9:** Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

**Best practice 10:** A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

**Best practice 11:** Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council, rather than the clerk in all but exceptional circumstances.

**Best practice 12:** Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

**Best practice 13:** A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

**Best practice 14:** Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.

**Best practice 15:** Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

***The LGA has committed to reviewing the Code on an annual basis to ensure it is still fit for purpose.***





---

## Section 2 – Councillor Code of Conduct

### **5.2.1 Introduction**

5.2.2 This code has been adopted by the council as required by section 27 of the Localism Act 2011. The Council has a statutory duty to promote and maintain high standards of conduct by members and co opted members of the council. The code sets out the standards that the council expects members to observe.

### **5.2.3 Purpose of the Code**

The purpose of this Code of Conduct is to assist you as a councillor in modelling the behaviour that is expected of you, to prove a personal check and balance and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow councillors, local authority officers and the reputation of the council. Its set out general principles of conduct expected of all councillors and your special publications in relation to standards of conduct. The fundamental aim of the Code is to create and maintain public confidence in the role of a councillor.

### **Who does the code apply to?**

5.2.4 The code applies to all members of the council and to all co opted members of any committee, sub committee or joint committee.

### **General principles of councillor conduct**

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers; should uphold the Seven Principles of Public Life, also known as the Nolan Principles.

Building on these principles, the following general principles have been developed specifically for the role of councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of councillor .

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence; and

- [I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.](#)

### ~~5.2.3 Who does the code apply to?~~

~~5.2.4 The code applies to all members of the council and to all co-opted members of any committee, sub-committee or joint committee.~~

### **5.2.5 When does the code apply?**

5.2.6 The code applies whenever a member is acting in their capacity as a member, a representative of the council or when they claim to act or give the impression to a reasonable member of the public of acting as a member or representative of the council.

The code applies to all forms of communication and interaction including, but not limited to:

- At face to face meetings
- At online or telephone meetings
- In written communication
- In verbal communication
- In nonverbal communication
- In use of social media including posts, statements and comments.

There may be occasions when using your own personal social media account, the reasonable person is of the view, with knowledge of all the facts, you are acting as a councillor.

It does not seek to regulate what members do in their purely private and personal lives, unless such conduct brings the council into disrepute.

### **5.2.7 What standards of conduct are members required to observe?**

5.2.8 When carrying out their role members should always act in accordance with the seven principles of public life, the council's PEOPLE values and the following standards;

	<b>The seven principles of public life</b>	<b>Standards of conduct</b>
A	Selflessness Holders of public office should act solely in terms of the public interest.	A.1 Serve the public A.2 Only take decisions in the public interest A.3 Treat everyone that they deal with equally and with respect and courtesy
B	Integrity Holders of public office must avoid placing themselves under any obligation to people or organisations	B.1 Should declare and resolve their interests in accordance with the law and with the provisions of this code of conduct.

	<b>The seven principles of public life</b>	<b>Standards of conduct</b>
	that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.	<p>B.2 Should not place themselves in a position where they either are, or give the appearance that they are, under any financial or other obligation to anyone that might seek to influence them in the performance of their duties as a member</p> <p>B.3 Should not act or take decisions <a href="#">or opportunities</a> in order to (or attempt to) confer or secure an advantage, disadvantage, financial gain or other material benefits for themselves, their family or close associations</p> <p><a href="#">B.4 Should not act in a manner which could bring the role or the council into dispute</a></p> <p>B.4 Should declare gifts and hospitality that they are offered whether accepted or not where the value exceeds £20</p> <p>B.5 Maintain confidentiality and not disclose information given to them in confidence.</p>
C	<b>Objectivity</b> Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias	C.1 Act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias
D	<b>Accountability</b> Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.	<p>D.1 Be accountable to the public for their decisions and actions</p> <p>D.2 Co-operate fully with any scrutiny appropriate to their particular role or office</p> <p>D.3 Act in accordance with the member and officer relations code</p> <p>D.4 Act in accordance with the constitution procedural rules and codes</p> <p>D.5 Do not prevent another person from gaining access to information to which that person is entitled to by law</p>
E	<b>Openness</b> Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.	<p>E.1 Be as open as possible about their decisions and actions and should give reason for their decisions and actions</p> <p>E.2 Complete and maintain an up to date register of interests</p> <p>E.3 Do draw attention to any code of conduct interest when performing their duties as a member</p> <p>E.4 Do not bully, harass, intimidate or attempt to intimidate any person</p>
F	<b>Honesty</b>	F.1 Be truthful

	<b>The seven principles of public life</b>	<b>Standards of conduct</b>
	Holders of public office should be truthful.	<p>F.2 Declare any private interests that relate to their duties as a member and resolve any such conflict in a way that protects the public interest</p> <p>F.3 <del>Ensure that resources of the council are used</del> Only use the resources of the council in accordance with the reasonable requirements set out for their use from time to time</p> <p>F.4 <del>Ensure that resources of the council are not used and not for political purposes.</del></p>
G	<p><b>Leadership</b> Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.</p>	<p>G.1 Actively promote and robustly support leadership principles</p> <p>G.2 Be willing to challenge poor behaviour wherever it occurs</p> <p>G.3 Never undertake any action which would bring the council, members or officers into disrepute</p> <p>G.4 Never make vexatious, malicious or frivolous complaints against other members or anyone who works for, or on behalf of, you</p>

## 5.2.9 Code of conduct interests

### 5.2.10 Registerable Interests

5.2.11 The monitoring officer will maintain a register of interests which can be inspected at Herefordshire Council, Governance and Democratic Services, ~~33-35 Union Street~~ [Shire Hall](#), St Peters Square, Hereford, HR1 2HX and found at [Members' Register of Interests](#).

5.2.12 The register of interests contains two schedules. Schedule 1 are interests defined by regulations made under section 30(3) of the Localism Act 2011("the Act"), Schedule 2 are interests that Herefordshire Council considers are appropriate to register and disclose.

5.2.13 **Schedule 1 Interests** (defined as disclosable pecuniary interests under the Act) may be amended from time to time by regulation but at ~~25 May 2018~~ [XXXXX](#) were<sup>1</sup>:-

<b>Employment, office, trade or profession</b>	Any employment, office, trade, profession or vocation carried out for profit or gain
--	--

<sup>1</sup> For further explanation and guidance please see the register of interests form

<b>Sponsorship</b>	Any payment or provision of any other financial benefit (other than from the relevant council) made or provided within the relevant period in respect of any expenses incurred by a person in carrying out duties as a member, or towards the election expenses of that person
<b>Contracts</b>	Any contract which is made between the relevant person (or body in which the relevant person has a beneficial interest) and the relevant council- <ol style="list-style-type: none"> <li>1. Under which goods or services are to be provided or works are to be executed; and</li> <li>2. Which has not been fully discharged</li> </ol>
<b>Land</b>	Any beneficial interest in land which is within the area of the relevant council
<b>Licenses</b>	Any licence (alone or jointly with others) to occupy land in the area of the relevant council for a month or longer
<b>Corporate tenancies</b>	Any tenancy where (to the persons knowledge): <ol style="list-style-type: none"> <li>1. The landlord is the relevant council; and</li> <li>2. The tenant is a body in which the relevant person has a beneficial interest</li> </ol>
<b>Securities</b>	Any beneficial interest in securities of a body where: <ol style="list-style-type: none"> <li>1. That body (to the persons knowledge) has a place of business or land in the area of the relevant council; and</li> <li>2. Either:- <ol style="list-style-type: none"> <li>2.1 The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</li> <li>2.2 If the share capital of that body is of more than one class, the total nominal value of the shares in any one class in which the relevant person has a beneficial interest that exceeds one hundredth of the total issued share capital of that class</li> </ol> </li> </ol>

#### 5.2.14 Schedule 2 interests are:

Membership of any body:

- a) exercising functions of a public nature; or
- b) directed to charitable purposes; or
- c) whose principal purposes include the influencing public opinion or policy (including any political party); or

d) is not open to the public without formal membership.

e) Which areas an unpaid directorships

d)f) Membership of any body to which the member is appointed or nominated by the council

This does not include subscriptions, ~~or membership of any body to which the member is appointed or nominated by the council.~~

---

Any gifts or hospitality which the member has been offered by virtue of their office (whether accepted or refused) where in excess of £20.
--

Trade Union membership.
-------------------------

### **5.2.15 Other declarable interests**

- 5.2.16 If a matter to be considered affects the welfare or financial position (positively or negatively) of the member, a member of their family, and or a close personal associate to a greater extent than others in the member's ward: then there is a requirement to declare such an interest.

5.2.17 Where a member has a registrable or other interest as detailed above the following applies:

What is the interest?		Do I have to complete the form and register?	Do I have to declare this interest?	When do I disclose the interest?	Can I participate?	Can I vote?	Do I have to leave the room?
Schedule 1		✓ Yes  Within 28 days of: <ul style="list-style-type: none"> <li>• election</li> <li>• re-election</li> <li>• disclosing in a meeting a previously undisclosed interest</li> <li>• becoming aware of any change or new interests</li> </ul>	✓ Yes verbally At a meeting  ✓ Yes Where making a decision either as an individual member or collectively  ✓ Yes When acting in the capacity of a member  <b><u>If the interest is in the matter being considered</u></b>	As soon as you are aware that you have an interest <sup>2</sup>	X No <sup>3</sup>	X No	✓ Yes
Schedule 2		✓ Yes As for schedule 1 interests above	✓ Yes As for schedule 1 interests above	As soon as you are aware that you have an interest	X No	X No	✓ Yes
Other declarable interests	Welfare	X no	✓ Yes As for schedule 1 interests above	As soon as you are aware that you have an interest	✓ Yes	✓ Yes	X no
	Financial	X no			x No	X no	X no

<sup>2</sup> Unless the monitoring officer has determined that the interest is a sensitive one

<sup>3</sup> Unless a dispensation has been granted by the monitoring officer or at an audit and governance committee meeting as appropriate





## **Code of Conduct Guidance for Councillors**

This guidance should be read in conjunction with the Code of Conduct adopted by Herefordshire Council on XXXX.

### **Application of the Code of Conduct**

The Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.

This Code of Conduct applies to you when you are acting in your capacity as a councillor which may include when:

- a) you misuse your position as a councillor
- b) Your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor;

The Code applies to all forms of communication and interaction, including:

- a) at face-to-face meetings
- b) at online or telephone meetings
- c) in written communication
- d) in verbal communication
- e) in non-verbal communication
- f) in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times when acting as a councillor.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct. Town and parish councillors are encouraged to seek advice from their Clerk, who may refer matters to the Monitoring Officer.

### **Standards of councillor conduct**

This section sets out your obligations, which are the minimum standards of conduct required of you as a councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

#### **General Conduct**

##### **1. Respect**

###### **As a councillor:**

~~1.1 I treat everyone other councillors and members of the public with respect.~~

~~1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect~~

and respect the role they play.

**1.21.3 I will have regard to the advice of the Chief Executive and the Chief Finance Officer and the Monitoring Officer and respect the role they play.**

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

**You should follow the advice of the Chief Executive, or Chief Finance Officer or Monitoring Officer and should not cause the council to be in breach of its statutory and/or financial responsibilities.**

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the local authority's councillor- officer protocol.

## **2. Bullying, harassment and discrimination**

**As a councillor:**

**2.1 I do not bully any person.**

**2.2 I do not harass any person.**

**2.3 I promote equalities and do not discriminate unlawfully against any person.**

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's

identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

### 3. Impartiality of officers of the council

As a councillor:

- 3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.**

Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

### 4. Confidentiality and access to information

As a councillor:

- 4.1 I do not disclose information:**

- a. given to me in confidence by anyone
- b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless
  - i. I have received the consent of a person authorised to give it;
  - ii. I am required by law to do so;
  - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or
  - iv. the disclosure is:
    1. reasonable and in the public interest; and
    2. made in good faith and in compliance with the reasonable requirements of the local authority; and
    3. I have consulted the Monitoring Officer prior to its release.

- 4.2 I do not improperly use knowledge gained solely as a result of my role as a councillor for the advancement of myself, ~~my friends, my family —members, my employer or my business interests~~ or any other person, corporate or individual.**

- 4.3 I do not prevent anyone from getting information that they are entitled to by law.**

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

## **5. Disrepute**

**e As a**

**councillor:**

### **5.1 I do not bring my role or local authority into disrepute.**

As a Councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or your local authority and may lower the public's confidence in you or your local authority's ability to discharge your/its functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute.

You are able to hold the local authority and fellow councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the council whilst continuing to adhere to other aspects of this Code of Conduct.

## **6. Use of position**

**As a councillor:**

### **6.1 I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.**

Your position as a member of the local authority provides you with certain opportunities, responsibilities and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

## **7. Use of local authority resources and facilities**

**As a councillor:**

### **7.1 I do not misuse council resources.**

### **7.2 I will, when using the resources of the local or authorising their use by others:**

- a. act in accordance with the local authority's requirements; and**
- b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.**

You may be provided with resources and facilities by the local authority to assist you in carrying out your duties as a councillor.

Examples include:

- office support
- stationery
- equipment such as phones, and computers
- transport
- access and use of local authority buildings and rooms.

These are given to you to help you carry out your role as a councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the local authority's own policies regarding their use.

## **8. Complying with the Code of Conduct**

**As a Councillor:**

**8.1 I undertake Code of Conduct training provided by my local authority.**

**8.2 I cooperate with any Code of Conduct investigation and/or determination.**

**8.3 I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.**

It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer.

## **Protecting your reputation and the reputation of the local authority**

### **9. Interests**

**As a councillor:**

**9.1 I register and disclose my interests.**

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the authority.

You need to register your interests so that the public, local authority employees and fellow councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other councillors when making or taking part in decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is

maintained.

You should note that failure to register or disclose a disclosable pecuniary interest as set out in Schedule 1 of the code of conduct, is a criminal offence under the Localism Act 2011.

Appendix A sets out the detailed provisions on registering and disclosing interests. If in doubt, you should always seek advice from your Monitoring Officer [or town or parish clerk].

## 10. Gifts and hospitality As a councillor:

**10.1 I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.**

**10.2 I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £5025 within 28 days of its receipt.**

**10.3 I register with the Monitoring Officer any ~~significant~~ gift or hospitality with an estimated value of at least £5025 that I have been offered ~~but have refused to accept~~.**

In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a councillor. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a councillor, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a councillor. If you are unsure, do contact your Monitoring Officer for guidance.

## Appendix B Registering interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Schedule 1 (Disclosable Pecuniary Interests)** which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in **Schedule 2** of the Code of Conduct (**Other Registerable Interests**).

"**Disclosable pecuniary interest**" means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Schedule 1 of the Code of Conduct.

"**Partner**" means a spouse or civil partner, or a person with whom you are living as

husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

#### **Non participation in case of disclosable pecuniary interest**

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Schedule 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.
5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it

#### **Disclosure of Other Registerable Interests**

6. Where a matter arises at a meeting which **directly relates** to one of your Other Registerable Interests (as set out in Schedule 2), you must disclose the interest. Please refer to the table attached to the Code of Conduct as to the action you should take in connection with an Other Registerable Interest.

#### **Disclosure of Non-Registerable Interests**

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.



8. Where a matter arises at a meeting which **affects**:
- your own financial interest or well-being;
  - a financial interest or well-being of a friend, relative, close associate; or
  - a body included in those you need to disclose under Disclosable Pecuniary Interests as set out in **Schedule 1**
- you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest you should refer to the table included in the Code of Conduct.
9. Where a matter **affects** your financial interest or well-being:
- to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
  - a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest
- If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
10. Where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must make sure that any written statement of that decision records the existence and nature of your interest.

### Bias and Predetermination

Members are reminded that if a councillor has a closed mind on a matter before voting on an issue, that councillor will be said to be 'predetermined' and the validity of the decision of the council could be challenged.

In addition, actual or apparent bias on the part of a decision maker renders the decision of the council unlawful.

So by way of examples:

a) If you have previously done anything that directly or indirectly indicated what view the decision maker might take in relation to the Transport Strategy then you must have an open mind when making your decision on the council item. For example if you have previously discussed and agreed recommendations relevant to the Transport Strategy, at an earlier Cabinet or scrutiny meeting you should ensure you participate in the debate and vote on this council item with an open mind.

b) You may have campaigned and been elected on your views of the county's roads which may or may not differ to the recommendations to be considered at a meeting of the Council.

Just because you have made views as part of your election campaign does not mean you could not take part in the meeting or the debate or use your vote.

To take part in the debate and use your vote, you must evidence that you come to the debate with an open mind and be clear that your decision will be firmly based on the debate heard at that council meeting

The more extreme and firm views expressed before the debate, then it is more difficult to show that you still have an open mind, in which case you should not take part in the meeting, or the debate or use your vote.

- c) If you have previously made or make statements about your own approach to an item of council business, you will be able to participate in the debate and to vote on that item of council business, providing that you retain an open mind at all times. You must ensure you indicate that you will take into account all relevant considerations and that your decision will be firmly based on the debate heard at that council meeting.



## **Title of report: Committee effectiveness review working group**

**Meeting: Audit and governance committee**

**Meeting date: Tuesday 16 March 2021**

**Report by: Democratic services officer**

### **Classification**

Open

### **Decision type**

Non-key

### **Wards affected**

(All Wards);

### **Purpose**

To consider the report of the working group on the effectiveness of the committee.

### **Recommendation(s)**

**That:**

- a) **The committee comments on the effectiveness review carried out by the working group; and**
- b) **The re-thinking governance considers the outcome of the effectiveness review as part of their work in connection with the enhanced hybrid cabinet model.**

### **Alternative options**

1. There are no alternative options as the committee resolved on 16 June 2020 to form a working group to enable an effectiveness review. The appendix to this report contains the outcome of this review.

## Key considerations

2. On 16 June 2020 the audit and governance committee resolved to form an effectiveness review working group. The membership of the working group was agreed as Councillor Christy Bolderson (chairperson), Councillor Nigel Shaw and Councillor Yolande Watson. Due to prior commitments, Councillor Diana Toynbee replaced Councillor Watson in September 2020.
3. The purpose of the working group was to:  
  
**“The purpose of the working group would be to review the core functions of the committee, membership and effectiveness of the committee and review work programme items not currently scheduled. The review will be structured using the CIPFA practical guide for Local Authorities & Police Audit Committees and report back to the committee.”**
4. The working group met on 3 occasions, 24 November, 30 November and 21 December to go through the Chartered Institute of Public Finance and Accountancy (CIPFA) documentation in order to carry out an effectiveness review on the work of the committee. The outcome of this review is attached at appendix A.
5. The monitoring officer was invited a working group meeting on 30 November and the S151 officer on 21 December. The comments from both officers were incorporated in appendix A.
6. Committee members were consulted on the effectiveness on 8 January 2021 and their comments have also been incorporated into appendix A.
7. A number of areas for improvement have identified by the working group, together with a proposed action plan. These areas for improvement can be found on page 2 to 5 of appendix A.
8. As the effectiveness review has identified areas for improvements and possible changes to the functions of the audit and governance committee as set out in the Constitution, it is suggested that the outcome of the review is sent to the re-thinking governance working group for their consideration as part of their review of the Constitution. The re-thinking governance working group are due to make recommendations to audit and governance committee on changes to the Constitution and underpinning process on 4 May 2021 which will then be forwarded to full Council on 21 May 2021 for the final decision. This would mean that all changes to the Constitution are presented in one report to audit and governance and Council.

## Community impact

9. The council’s code of corporate governance commits the council to implementing good practices in transparency, reporting, and audit to deliver effective accountability. By carrying out an effectiveness review, the committee can provide assurance that they are carrying out their functions in line with good practice.

10. The Corporate Delivery Plan, 2020 to 2022 notes that ‘increased involvement in the democratic process is important to us. To realise this, we shall complete the promised governance review for the council so as to increase the opportunity for the involvement of all elected representatives in decision-making.

## **Environmental Impact**

11. This report is based on an effectiveness review of the committee, as such there are minimal environmental impacts.

## **Equality duty**

12. Under section 149 of the Equality Act 2010, the ‘general duty’ on public authorities is set out as follows

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
16. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying ‘due regard’ in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

## **Resource implications**

17. There are no resource implications as result of this report as it is a review of the effectiveness of the committee.

## **Legal implications**

18. There are no legal implications as result of this report as it is a review of the effectiveness of the committee in accordance with the Chartered Institute of Public Finance and Accounting (CIPFA) published guidance in 2018.

## **Risk management**

19. By carrying out this effectiveness review, any risks have been identified within appendix A, together with actions to mitigate the risk.

## **Consultees**

20. The audit and committee members were consulted on 8 January 2021 and their comments have been incorporated.

## **Appendices**

Appendix A Effectiveness review of the audit and governance committee.

## **Background papers**

None identified.

# Audit & Governance Committee Self-Assessment on Performance & Effectiveness

The Chartered Institute of Public Finance and Accounting (CIPFA) published guidance in 2018 on the function and operation of audit committees in local authorities [Audit Committees - Practical Guidance for Local Authorities and Police 2018](#). It is considered best practice for audit committees in local authorities throughout the UK.

The below has been extracted from this best practice material to aid the audit committee in performing a self-assessment on their performance and effectiveness. The results of this review can then be used to determine areas of improvement and any resulting constitutional changes required.

## Contents

Executive Summary.....	2
Audit Committee Purpose and governance.....	6
Good Practice Self-Assessment Questions .....	7
Functions of an audit committee.....	9
Good Governance & the Annual Governance Statement (AGS).....	9
Assurance Framework & Partnership Governance.....	10
Internal Audit .....	11
External Audit .....	12
Financial Reporting .....	12
Risk Management .....	13
Value for Money (VfM) and Best Value .....	13
Countering Fraud and Corruption.....	14
Ethical Values.....	14
Other Possible Functions of an Audit Committee .....	14
Consider matters at the request of statutory officers or other committees .....	14
Ethics & Standard Committee Role.....	15
Treasury Management.....	15
Good Practice Self-Assessment Questions .....	16
Committee Structure & Effectiveness .....	22
Independence and accountability.....	22
Membership & Effectiveness.....	24
Good Practice Self-Assessment Questions .....	26
Effectiveness Evaluation .....	30

## Executive Summary

The self-assessment on performance and effectiveness was centred around three key areas: audit committee purpose and governance; core functions & other possible functions; and structure and effectiveness.

There were 25 good practice self-assessment questions and the majority of these were found to be met or partly met by the Audit and Governance Committee (AGC) with only 4 questions not being formally addressed. The areas not formally addressed were in relation to assessing the committee's core knowledge and skills sets and evaluating and reporting on performance and whether the AGC is adding value to Herefordshire Council. Below is a summary of the strengths and areas for improvement together with a summary of action plans resulting from the review.

	Strengths	Areas for improvement
Audit Committee purpose and governance	<ul style="list-style-type: none"> <li>• There is a dedicated audit committee</li> <li>• The terms of reference clearly set out the AGC purpose</li> </ul>	<ul style="list-style-type: none"> <li>• The arrangements to hold the committee to account for its performance are not clear</li> <li>• There is no annual report to full council</li> </ul>
Functions	<ul style="list-style-type: none"> <li>• The constitution references or at least partly references all the best practice core areas</li> <li>• The AGC has considered wider areas of responsibility such as the waste loan contract and ethical values</li> <li>• AGC has maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose</li> </ul>	<ul style="list-style-type: none"> <li>• Arrangements addressing partnership and collaboration arrangements, value for money or best value and counter fraud and corruption could be improved</li> <li>• The constitution could be more aligned to best practice in areas such as Internal Audit</li> <li>• An annual evaluation of effectiveness could be undertaken</li> </ul>
Structure & Effectiveness	<ul style="list-style-type: none"> <li>• The AGC is separated from the executive</li> <li>• The size of the AGC is consistent with other councils</li> <li>• Arrangements are in place to support the AGC with briefings, training and administrative support</li> <li>• The AGC engages with a wide range of leaders and managers</li> </ul>	<ul style="list-style-type: none"> <li>• Annual skills analysis of members could be undertaken to inform future training and the consideration to appoint an independent person</li> <li>• The AGC does not seek feedback on its performance</li> </ul>

### Summary of Action Items



Proposed Action		Self-Assessment Reference	
1.	<p>Currently the AGC reports to full council on an ad hoc basis, however, there is no formal report which allows Members to comment and challenge the committees work.</p> <p>AGC to undertake an annual effectiveness review in line with Proposed Action 10.</p> <p>After a period of no longer than two years, consideration be given to reintroducing an annual assurance report to full council which could act as the mechanism to allow the AGC to report upon its annual effectiveness and to allow full council to hold AGC to account.</p>	2	Does the audit committee report directly to full council?
		5	Does the audit committee provide support to the authority in meeting the requirements of good governance?
		6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?
		23	Has the committee evaluated whether and how it is adding value to the organisation?
		25	Does the committee publish an annual report to account for its performance and explain its work?
2.	Member training be undertaken highlighting the differing roles between AGC and Scrutiny.	4	Is the role and purpose of the audit committee understood and accepted across the authority?
3.	<p><b>Value for Money:</b> Consider the role of AGC in overseeing the value for money objectives and strategies within the Council and assessment on the effectiveness of these arrangements.</p>	7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?
		5	Does the audit committee provide support to the authority in meeting the requirements of good governance?
4.	<p><b>Good Governance:</b> It is recommended that the following is removed from the Constitution: Part 3 – Functions Section 3.5.12 section i) Adopt an audit and governance code.</p>	7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?
		8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?

Proposed Action		Self-Assessment Reference	
5.	<b>Assurance Framework &amp; Partnership Governance:</b> Ensuring the adequacy of governance and risk management over partnerships and collaboration agreements can be complicated. The role of AGC in relation to these arrangements should be clearly defined.	7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?
6.	<b>Internal Audit:</b> AGC oversees IA activity that is not referred to within the constitution. Review the CIPFA suggested terms of reference for Audit Committees within Local Authorities and consider updating the constitution where appropriate		
7.	<b>External Audit:</b> Remove 'once a year' in Part 3 – Functions Section 3.5.11 section C		
8.	<b>Counter Fraud &amp; Corruption:</b> Consideration be given to updating the function scheme so that more detail is provided in connection with the anti-fraud, bribery and corruption strategy.		
9.	<b>Ethical Values:</b> The monitoring officer has delegated authority in relation to granting dispensations under s33 (2) Localism Act 2011. Any granted dispensations should be reported to the next available AGC meeting to aid openness and transparency.		
10.	It is recommended that an effectiveness review including a review of committee member skills and training requirements is undertaken annually.	8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?
11.	Given the specialist nature of treasury management, AGC to consider if current arrangements for the oversight and scrutiny of Treasury Management is adequate. This should also include whether the waste contract requirements can be reported on an exception basis or be included in general treasury management reporting.	9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?

Proposed Action		Self-Assessment Reference	
12.	<p><b>Appropriate mix of knowledge and skills</b> Undertake skills analysis of committee members to determine training requirements and potential need for an independent person. The skills matrix should address both core areas and specialist areas that may be beneficial to the effective operation of the committee.</p> <p>Good working relations with key people and organisations, including external audit, internal audit and the CFO to be further explored as part of core skill of organisational knowledge.</p>	12	Has an effective audit committee structure and composition of the committee been selected?
		16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?
		17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?
		20	Are meetings effective with a good level of discussion and engagement from all the members?
13.	AGC to discuss how feedback could be obtained upon its performance eg via annual report to full Council, annual survey monkey questionnaire.	19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?

## Audit Committee Purpose and governance

### ***Extract from position Statement***

1. Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
2. The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

As a key component of an organisation's governance arrangements, the audit committee has the potential to be a valuable resource to the whole authority. Where it operates effectively, an audit committee adds value to its authority by supporting improvement across a range of objectives. To achieve wide-ranging influence, an audit committee will need commitment and energy from the membership together with support and openness from the authority.

The principal areas where the committee can influence and add value are:

- promoting the principles of good governance and their application to decision making;
- raising awareness of the need for sound internal control and contributing to the development of an effective control environment;
- supporting arrangements for the governance of risk and for effective arrangements to manage risks;
- advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively;
- reinforcing the objectivity, importance and independence of internal audit and external audit and therefore the effectiveness of the audit functions;
- aiding the achievement of the authority's goals and objectives through helping ensure appropriate governance, risk, control and assurance arrangements;
- supporting the development of robust arrangements for ensuring value for money;
- helping the authority to implement the values of ethical governance, including effective arrangements for countering risks of fraud and corruption; and
- promoting measures to improve transparency and accountability and effective public reporting to the authority's stakeholders and the local community.

Good Practice Self-Assessment Questions

	Question	Yes/No/ Partly	Evidence
1	Does the authority have a dedicated audit committee?	Yes	<ul style="list-style-type: none"> <li>• Constitution: <a href="#">Section 5 other functions, Article 7</a> (Role &amp; Composition)</li> <li>• <a href="#">Actual meetings</a></li> </ul>
2	Does the audit committee report directly to full council?	Partly	<p>AG does ad hoc reporting to Full Council. For example, <a href="#">Re-Thinking Governance Report</a> item 16 Friday 9 October 2020.</p> <p>There is currently no annual report.</p> <p>AGC to undertake an annual effectiveness review in line with Action 10.</p> <p><b>Action 1: After a period of no longer than two years, consideration be given to reintroducing an annual assurance report to full council which could act as the mechanism to allow the AGC to report upon its annual effectiveness and to allow full council to hold AGC to account.</b></p>
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Yes	Constitution 3.5.9 The purpose of an audit committee is to provide independent assurance on the adequacy of the risk management framework together with the internal control of the financial reporting and annual governance processes
4	Is the role and purpose of the audit committee understood and accepted across the authority?	Partly	<p>The role and purpose of the audit committee is clearly articulated within the Constitution per references in question 1 above. However, based on the work performed by the Re-thinking Governance working group to date, the differing roles and responsibilities of AGC and scrutiny could be further improved with member development training.</p> <p><b>Action 2: Recommend member training be undertaken highlighting the differing roles between AGC and Scrutiny.</b></p>

Question	Yes/No/ Partly	Evidence
<p>5 Does the audit committee provide support to the authority in meeting the requirements of good governance?</p>	<p>Partly</p>	<ul style="list-style-type: none"> <li>• Constitution 3.5.12 addresses AGC Governance activities</li> <li>• Work program addresses governance activities</li> <li>• Governance areas identified for improvement are outlined in the AGS and are monitored by AGC</li> <li>• Working groups are established when required eg. biennial review of constitution this year has seen the development of the re-thinking governance working group.</li> </ul> <p>Action 1: After a period of no longer than two years, consideration be given to reintroducing an annual assurance report to full council which could act as the mechanism to allow the AGC to report upon its annual effectiveness and to allow full council to hold AGC to account.</p> <p>Action 3: Consider the role of AGC in overseeing the value for money objectives and strategies within the Council and assessment on the effectiveness of these arrangements.</p>
<p>6 Are the arrangements to hold the committee to account for its performance operating satisfactorily?</p>	<p>Partly</p>	<ul style="list-style-type: none"> <li>• Members or Public are able to <a href="#">ask a question</a> at each committee meeting.</li> <li>• Fully embedded <a href="#">complaints process</a> is in place</li> </ul> <p>Although no complaints have been received from Full Council, there is no formal report which allows Members to comment and challenge the committees work.</p> <p>Action 1: After a period of no longer than two years, consideration be given to reintroducing an annual assurance report to full council which could act as the mechanism to allow the AGC to report upon its annual effectiveness and to allow full council to hold AGC to account.</p>

## Functions of an audit committee

### **Extract from position Statement**

4. The core functions of an audit committee are to:
  - be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives
  - in relation to the authority's internal audit functions:
    - oversee its independence, objectivity, performance and professionalism
    - support the effectiveness of the internal audit process
    - promote the effective use of internal audit within the assurance framework
  - consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations
  - monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption
  - consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control
  - support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
  - review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
5. An audit committee can also support its authority by undertaking a wider role in other areas including:
  - considering governance, risk or control matters at the request of other committees or statutory officers
  - working with local standards and ethics committees to support ethical values
  - reviewing and monitoring treasury management arrangements in accordance with Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017)
  - providing oversight of other public reports, such as the annual report.

## Good Governance & the Annual Governance Statement (AGS)

[Delivering Good Governance in Local Government: Framework](#) (CIPFA/Solace, 2016) ('the Framework') sets the standard for governance in UK local government bodies. The Framework is supported by guidance notes from [Delivering Good Governance in Local Government: Guidance Notes for English Authorities](#) (CIPFA/Solace, 2016). English local authorities under the [Accounts and Audit Regulations 2015](#) must approve and publish the AGS by 31 July at the latest for the financial year starting 2017 and thereafter.

To provide a meaningful review of the AGS, the audit committee should be in a position to draw on knowledge of the governance arrangements as they are established and on assurances of how they have operated in practice during the course of the year. The audit committee should undertake the following activities to discharge their responsibilities:

- review the local code of governance and any changes to the arrangements in the year (note it is not the responsibility of the audit committee to establish any local code, but it should be consulted);
- ensure that the AGS is underpinned by a framework of assurance;
- over the course of the year, receive reports and assurances over the application of the governance arrangements in practice;
- monitor implementation of action plans or recommendations to improve governance arrangements; and
- consider how the organisation applies governance principles in practice during the committee's review of other agenda items.

### Assurance Framework & Partnership Governance

Authorities may have developed a description or diagram explaining what assurances exist and who is responsible for them. Whether or not there is a formally set-down assurance framework, the audit committee has a responsibility to understand what assurance is available to support the AGS and to enable the committee to meet its terms of reference. The committee should be seeking to ensure that assurance is planned and delivered with the following objectives in mind:

- clarity of what assurance is required
- clear allocation of responsibility for providing assurance
- avoiding duplication, bearing in mind the differing objectives of assurance activities
- improving the efficiency and cost effectiveness of assurance
- obtaining assurance of appropriate rigour and independence across a range of assurance providers.

In reviewing assurance arrangements, the committee should bear in mind that the assurance process has a cost to the organisation and it should therefore be proportional to the risk.

Authorities commonly have a wide range of partnership and collaborative arrangements, including strategic relationships with other public sector organisations, shared service arrangements, commercial relationships with private sector partners and a range of service delivery arrangements with community groups or social enterprises. Authorities may also be the accountable body for local enterprise partnerships (LEPs).

Ensuring the adequacy of governance and risk management over partnerships and collaboration agreements can be complicated, but it is very important as accountability for performance and stewardship of the public funds involved remains with the authority. For these reasons, the role of the audit committee in relation to these arrangements should be clearly defined. The audit committee's role should be to consider:

- the assurance available on whether the partnership or collaboration arrangements are satisfactorily established and are operating effectively.
- the principles of good governance underpin the partnership arrangements. For example, the audit committee should seek assurance that the authority has appropriate arrangements to identify and manage risks, ensure good governance and obtain assurance on compliance.
- what arrangements have been put in place to maintain accountability to stakeholders and ensure transparency of decision making and standards of probity are maintained.
- where an authority is developing new partnership or collaboration arrangements, receive assurance over governance matters at the project stage and seek clarity over its own



responsibilities in relation to the governance arrangements of the new service delivery organisation.

- the coverage of assurances that underpin the AGS to make sure that partnerships are adequately covered. Where an organisation of which the authority is a partner does not have its own audit committee, then the audit committee could be nominated to undertake this role. This is most likely for the audit committee of the accountable body in order to support the CFO.

## Internal Audit

All principal local authorities subject to the [Accounts and Audit Regulations 2015](#), must make provision for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS) and FIGFA's Local Government Application Note (LGAN).

The role of the audit committee in relation to internal audit is discussed in more detail within the CIPFA guidance document, however, in summary is to:

- oversee its independence, objectivity, performance and professionalism;
  - Review and approve IA charter, risk-based IA plan, IA budget and resource plan
  - Receive confirmation of the organisational independence of the IA audit activity
  - Consider the appointment and removal of the head of IA or the award of a contract for IA services
  - Review scope or any resource limitations
  - Review safeguards in place to limit impairments to independence and objectivity if IA undertake additional roles/responsibilities outside internal auditing
  - Receive the annual report including the annual opinion summary of work, statement of conformance with PSIAS and the LGAN and results of the quality assurance and improvement programme
  - Discuss with IA the form of the external assessment and the qualifications and independence of the assessor
- support the effectiveness of the internal audit process;
  - receive updates on IA work including key findings, issues of concern and action in hand
  - receive communications from IA on performance relative to its plan and other matters
  - give approval to IA for any significant additional consulting services not already included in the audit plan, prior to internal audit accepting an engagement
  - receive reports on instances where IA does not conform to the PSIAS or LGAN and consider whether the non-conformance is sufficiently significant that it must be included in the AGS
  - oversee the relationship of IA with other assurance providers and with external audit and any inspectorates
  - receive regular reports on the results of the quality assurance and improvement programme (QAIP), including the external assessment.
- promote the effective use of internal audit within the assurance framework.
  - approve (but not direct) the risk-based plan, considering the use made of other sources of assurance

- receive reports outlining the action taken where IA has concluded that management has accepted a level of risk that may be unacceptable to the authority
- when considering the AGS, take into account IA's opinion on the overall adequacy and effectiveness of the authority's framework of governance, risk management and control.

## External Audit

In England, for all opted-in bodies, Public Sector Audit Appointments (PSAA) appoints the auditor following consultation with the body. The audit committee's role in relation to the external audit process has three principal aspects:

- providing assurance that the external auditor team maintains independence following its appointment
  - Each year the external auditor will disclose to the committee an assessment of whether it is independent. This disclosure should include any significant facts that could impact, or be seen to impact, on independence and objectivity, together with any safeguards put in place. Usually this disclosure is included in the audit plan.
  - Potential threats to external independence include: self-interest; self-review; management; advocacy; familiarity (or trust); and intimidation.
- receiving and considering the work of external audit
- supporting the quality and effectiveness of the external audit process.
  - understanding and commenting on external audit plans, assessment of risks and proposed areas of focus, and deployment of audit effort in response to identified risks
  - considering the effectiveness of the external audit process, including: whether the external auditor has a good understanding of the authority; how the external auditor has responded to areas of audit risk; actions taken to safeguard independence and objectivity; and feedback from key people such as the responsible financial officer and the head of internal audit
  - reporting to the full council as appropriate on the results of its considerations.

## Financial Reporting

Audit committees may undertake a review of the statements and satisfy themselves that appropriate steps have been taken to meet statutory and recommended professional practices. Their work could include:

- reviewing the narrative report to ensure consistency with the statements and the financial challenges and risks facing the authority in the future
- reviewing whether the narrative report is readable and understandable by a lay person
- identifying the key messages from each of the financial statements and evaluating what that means for the authority in future years
- monitoring trends and reviewing for consistency with what is known about financial performance over the course of the year
- reviewing the suitability of accounting policies and treatments
- seeking explanations for changes in accounting policies and treatments
- reviewing major judgemental areas, eg provisions or reserves
- seeking assurances that preparations are in place to facilitate the external audit.

[Understanding Local Authority Financial Statements](#) (CIPFA/LASAAC, 2016) includes a checklist of questions to ask about a local authority's statements that audit committee members may find particularly helpful. In keeping with its role as an advisory body, the audit committee should review the financial statements prior to approval.

## Risk Management

The role of the audit committee in relation to risk management covers three major areas:

- Assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risks. The specific actions this requires include:
  - overseeing the authority's risk management policy and strategy and their implementation in practice
  - overseeing the integration of risk management into the governance and decision-making processes of the organisation
  - ensuring that the AGS is an adequate reflection of the risk environment.
- Keeping up to date with the risk profile and the effectiveness of risk management actions by:
  - reviewing arrangements to co-ordinate and lead risk management. An example of such an arrangement is the existence of a group to examine, challenge and support the risk assessment process to ensure consistency
  - reviewing the risk profile and keeping up to date with significant areas of strategic risks and major operational or major project risks and seeking assurance that these risks are managed effectively and owned appropriately
  - seeking assurance that strategies and policies are supported by adequate risk assessments and that risks are being actively managed and monitored
  - following up risks identified by auditors and inspectors to ensure they are integrated into the risk management process.
- Monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management by:
  - overseeing any evaluation or assessment such as a risk maturity assessment or risk benchmarking
  - reviewing evaluation or assurance reports on risk management and monitoring progress on improvement plans
  - monitoring action plans and development work in the field of risk management practice.

Flexibility in the audit committee agenda to adapt to new or heightened risks will ensure that the committee is responsive and focused on priority issues.

### Value for Money (VfM) and Best Value

An authority should have in place arrangements to obtain assurance over its performance against VfM objectives and strategies. The role of the audit committee will need to be determined in the context of what other committees may be doing. For example, a scrutiny committee may oversee service reviews that consider performance against VfM objectives.

The role of the audit committee is most likely to focus on whether the authority's overall approach to VfM is in line with governance objectives and to receive assurances on this to underpin the AGS. The Framework emphasises that the AGS should be focused on outcomes and VfM.

One specific area of activity for the committee will be consideration of the external auditor's wider work as set out in the codes of audit practice and the statutory value for money conclusion as defined by the National Audit Office.

Where the external auditor has issued a qualified conclusion on VfM, the audit committee should ensure there is a robust action plan to address the issues raised. In addition, the audit committee should consider what other assurances are available in relation to identified VfM risks and highlight areas for improvement.

## Countering Fraud and Corruption

The audit committee should have oversight of the authority's counter fraud strategy, assessing whether it meets recommended practice and governance standards and complies with legislation such as the [Bribery Act 2010](#).

The [Code of Practice on Managing the Risk of Fraud and Corruption](#) (CIPFA, 2014) (the Code) sets out the counter fraud standards for public sector organisations. Sector-specific strategies such as [Fighting Fraud and Corruption Locally](#) should also be considered, along with the CIPFA [Fraud and Corruption Tracker](#) (CFaCT). The committee should understand the level of fraud risk to which the authority is exposed and the implications for the wider control environment. The audit committee may also refer to the Internal Audit Standards Advisory Board's guidance [Internal Audit's Role in Counter Fraud](#), which sets out internal audit's responsibility to provide assurance to the organisation on how it manages fraud risk.

Oversight of counter fraud plans, resources and their effectiveness are key areas for obtaining assurance. Specific actions should include:

- reviewing the counter fraud strategy and considering whether it meets recommended practices
- championing good counter fraud and anti-corruption practice to the wider organisation
- reviewing the fraud risk profile and estimate of fraud losses or potential harm to the organisation and its local community
- reviewing the annual counter fraud plan of activity and resources, seeking assurance that it is in line with the strategy and fraud risk profile
- monitoring the performance of the counter fraud function
- overseeing any major areas of fraud identified and monitoring action plans to address control weaknesses.

## Ethical Values

All Authorities have an overarching mission to serve the public interest in adhering to the requirements of legislation, government policies and should have regard to the Seven Principles of Public Life, known as the Nolan Principles. This makes it essential that the entire entity can demonstrate the integrity of all its actions and has mechanisms in place that encourage and enforce a strong commitment to ethical values and legal compliance at all levels. As part of its review of governance arrangements, the audit committee should be satisfied that there are adequate arrangements to achieve this.

- The [Committee on Standards in Public Life](#) has recommended that Ethical standards issues should be included as regular items on board agendas or formally delegated to audit and risk committees for referral to the board as appropriate. Risks associated with poor standards should be included in risk assessments, and, where appropriate, risk registers. Mitigating strategies should be developed and monitored.
- As part of the annual governance review, the audit committee should consider how effectively the Seven Principles of Public Life are supported.
- As part of the audit committee's oversight of the governance framework and assurances underpinning the AGS, the audit committee may wish to review the effectiveness of the whistleblowing arrangements.

## Other Possible Functions of an Audit Committee

Consider matters at the request of statutory officers or other committees

The committee should avoid taking on a scrutiny or policy role and ensure the matter relates to governance, risk or control:

- Review whether adequate governance, risk management or audit processes are in place in relation to a specific service or new policy area;
- Provide advice to the executive on possible risks or implications for good governance arising from a proposed course of action or decision

#### Ethics & Standard Committee Role

The audit committee's primary role in relation to standards and ethical conduct is to satisfy itself that there are appropriate arrangements in place, particularly in support of the AGS. Where the audit committee takes on the responsibilities of the standards committee, there should be a clear distinction between the two roles and responsibilities in the terms of reference and meeting agendas.

#### Treasury Management

[Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes](#) (CIPFA, 2017) requires all local authorities to make arrangements for the scrutiny of treasury management. CIPFA does not require the audit committee to undertake that role and a local authority may nominate another committee instead.

Where the audit committee has been nominated, then it should be aware that it needs to undertake a scrutiny role in accordance with the Code, in addition to any oversight of governance, risks and assurance matters relating to treasury management it would consider as an audit committee. The scrutiny role is likely to involve the following actions:

- developing greater awareness and understanding of treasury matters among the committee members
- reviewing the treasury management policy and procedures to be satisfied that controls are satisfactory
- receiving regular reports on activities, issues and trends to support the committee's understanding of treasury management activities. Note that the committee is not responsible for the regular monitoring of activity under clause 3 of the Code so the purpose of receiving regular reports should be clear
- reviewing the treasury risk profile and adequacy of treasury risk management processes
- reviewing assurances on treasury management (for example, an internal audit report, external audit or other review).

Treasury management is a specialist area so it is likely that committee members will require training, guidance and support when undertaking scrutiny.

Question	Yes/No/ Partly	Evidence
7		Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?
	<ul style="list-style-type: none"> <li>• Good Governance</li> </ul>	<p>Yes</p> <p>Council functions delegated to the AGC via Part 3 – The Functions Scheme, Section 1, Council Functions,</p> <ul style="list-style-type: none"> <li>• 1: Adopting and changing the constitution including standing orders (finance procedure rules and contract procedure rules).</li> <li>• 5: Consider the review of the effectiveness of the system of internal control required and approve the annual governance statement.</li> <li>• 35: Duty to approve the Council's statement of accounts, income and expenditure and balance sheet, or record of payments</li> <li>• 47B: Granting of dispensations under s33 (2) Localism Act 2011 Subsection (b) (d) and (e) audit and governance committee, Subsection (a) and (c) monitoring officer with appeal to audit and governance committee from 28 September 2012</li> </ul> <p>Governance addressed in Part 3 – Functions Section 3.5.12</p> <ol style="list-style-type: none"> <li>a) Overview of constitution with a biennial review</li> <li>b) Development of risk management &amp; corporate governance</li> <li>c) Review whistleblowing and anti-fraud &amp; corruption policy</li> <li>d) Oversee production of statement of Internal Control</li> <li>e) Review annually the governance process and system of internal control which inform the AGS</li> <li>f) Review corporate governance arrangements and actions to ensure compliance</li> <li>g) Annual review information governance requirements</li> <li>h) Agree AGS</li> <li>i) <b>Adopt an audit and governance code</b></li> <li>j) Undertake community governance reviews and make recommendations to Council</li> </ol> <p>Action 4: The AGS is a summary of actions and behaviours taken by the council in relation to each of the core principles (based on "Delivering Good Governance in Local Government' framework – 2016"). There is no other specific audit and governance code in place. It is recommended that the following is removed from the Constitution: Part 3 – Functions Section 3.5.12 section i) <b>Adopt an audit and governance code.</b></p>

Question	Yes/No/ Partly	Evidence
<ul style="list-style-type: none"> <li>Assurance framework including partnerships and collaboration arrangements</li> </ul>	Partly	<p>Addressed in Part 3 – Functions Section 3.5.12 h) To agree the annual governance statement (which includes an annual review of the effectiveness of partnership arrangements together with monitoring officer, s151 officer, Caldicott guardian and equality and compliance manager reviews).</p> <p>Action 5: Ensuring the adequacy of governance and risk management over partnerships and collaboration agreements can be complicated. The role of AGC in relation to these arrangements should be clearly defined.</p>
<ul style="list-style-type: none"> <li>Internal Audit</li> </ul>	Partly	<p>IA addressed in Part 3 – Functions Section 3.5.10</p> <p>(a) To consider the Head of Internal Audit’s annual report and opinion, and a summary of internal Audit activity (actual and proposed) and the level of assurance it can give over the Council’s corporate governance arrangements</p> <p>(b) To consider summaries of specific Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary</p> <p>(c) To consider reports dealing with the management and performance of the providers of Internal Audit Services</p> <p>(d) To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale</p> <p>(e) To be able to call senior officers and appropriate members to account for relevant issues within the remit of the Committee</p> <p>(f) The Committee will not receive detailed information on investigations relating to individuals. The general governance principles and control issues may be discussed, in confidential session if applicable, at an appropriate time, to protect the identity of individuals and so as not to prejudice any action being taken by the Council.</p> <p>Action 6: AGC oversees activity that is not referred to within the constitution. Review the CIPFA suggested terms of reference for Audit Committees within Local Authorities and consider updating the constitution where appropriate eg.</p> <ul style="list-style-type: none"> <li>No specific mention to review and approve IA charter, risk-based IA plan, IA budget and resource plan</li> <li>Confirmation of independence of IA audit activity and review safeguards in place to limit impairments</li> <li>Appointment/removal of IA</li> <li>Approve any significant additional IA consulting services not already in plan</li> </ul>

Question	Yes/No/ Partly	Evidence
<ul style="list-style-type: none"> <li>External Audit</li> </ul>	Yes	<p>External Audit is addressed in Part 3 – Functions Section 3.5.11</p> <p>(a) Review and agree the External Auditors annual plan, including the annual audit Fee and annual letter and receive regular update reports on progress</p> <p>(b) To consider specific reports from the External Auditor</p> <p>(c) To meet privately with the External Auditor <b>once a year</b> if required</p> <p>(d) To comment on the scope and depth of external audit work and to ensure it gives value for money</p> <p>(e) To recommend appointment of the council’s local (external) auditor</p> <p>(f) Ensure that there are effective relationships between external and internal audit that the value of the combined internal and external audit process is maximised.</p> <p><b>Action 7: Remove ‘once a year’ in Part 3 – Functions Section 3.5.11 section C</b></p>
<ul style="list-style-type: none"> <li>Financial Reporting</li> </ul>	Yes	<p>Addressed in Part 3 – Functions Section 3.5.14 Accounts</p> <p>To review and approve the Statement of Accounts, external auditor’s opinion and reports on them and monitor management action in response to the issues raised by external audit.</p> <p>Section 1, Council Functions, 35: Duty to approve the Council’s statement of accounts, income and expenditure and balance sheet, or record of payments. Audit and governance committee</p>
<ul style="list-style-type: none"> <li>Risk Management</li> </ul>	Yes	<p>Addressed in Part 3 – Functions Section 3.5.12 Governance. See section above.</p>



Question	Yes/No/ Partly	Evidence
<ul style="list-style-type: none"> <li>Value for money or best value</li> </ul>	Partly	<p>In the constitution, value for money is referred to in s.3.5.11 External Audit</p> <p>(d) To comment on the scope and depth of external audit work and to ensure it gives value for money</p> <p>(f) Ensure that there are effective relationships between external and internal audit that the value of the combined internal and external audit process is maximised.</p> <p>There are currently no formal/clear objectives or strategies for the Council to achieve Value for Money (VfM) or best value. AGC reviews VfM in several areas which are not referred to within the Constitution eg. Review of procurement rules. VfM is also considered by the AGS and other committees eg. Scrutiny is reviewing waste &amp; BBLP contract, Cabinet are preparing a VfM strategy.</p> <p>Action 3: To consider the role of AGC in overseeing the value for money objectives and strategies within the Council and assessment on the effectiveness of these arrangements.</p>
<ul style="list-style-type: none"> <li>Counter fraud and corruption</li> </ul>	Partly	<p>Addressed in section 3.5.12 (c) To maintain an overview and agree changes to the council policies on whistleblowing and the 'Anti-fraud and corruption strategy'.</p> <p>Greater granularity could be obtained in relation to the oversight, resources and effectiveness for the AGC to obtain assurance over counter fraud and corruption activity.</p> <p>Action 8: Consideration be given to updating the function scheme so that more detail is provided in connection with the anti-fraud, bribery and corruption strategy.</p>
<ul style="list-style-type: none"> <li>Supporting the ethical framework</li> </ul>	Yes	<p>Addressed by section 3.5.14 Code of Conduct and 3.5.16 Standards panel.</p> <p>Section 1, Council Functions, Appendix 3.1.1 47B, Granting of dispensations under s33 (2) Localism Act 2011. Subsection (b) (d) and (e) audit and governance committee, Subsection (a) and (c) monitoring officer with appeal to audit and governance committee from 28 September 2012.</p> <p>Historically, the monitoring officer has granted dispensations at very short notice due to issues arising during meetings. Some members have questioned whether this allows for adequate openness and transparency.</p> <p>Action 9: The monitoring officer has delegated authority in relation to granting dispensations under s33 (2) Localism Act 2011. Any granted dispensations should be reported to the next available AGC meeting to aid openness and transparency.</p>

Question		Yes/No/ Partly	Evidence
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	Partly	<p>The workprogram is specifically structured to follow the areas within the constitution. One area was identified as not being addressed in the 20/21 schedule which is picked up as part of this review - To adopt an audit and governance code (see Action 4).</p> <p>Action 10: It is recommended that an effectiveness review including a review of committee member skills and training requirements is undertaken annually.</p>
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	Yes	<p>Other areas that are currently addressed by the Constitution not considered a core best practice area include:</p> <ul style="list-style-type: none"> <li>Section 3.5.12 Waste contract. AGC is responsible to monitor the administration and risks associated with the loan with other elements of the waste contract the responsibility of general scrutiny.</li> </ul> <p>Wider areas identified by CIPFA include:</p> <ul style="list-style-type: none"> <li>Matters at the request of Statutory Officers or other committees: if these are brought to the AGC they would be considered in line with the Constitution and work programme</li> <li>Ethical Values - Addressed by section 3.5.14 Code of Conduct and 3.5.16 Standards panel.</li> <li>Treasury management is not undertaken by AGC as this is monitored by cabinet and full council.</li> </ul> <p>Action 11: Given the specialist nature of treasury management, AGC to consider if current arrangements for the oversight and scrutiny of Treasury Management is adequate. This should also include whether the waste contract requirements can be reported on an exception basis or be included in general treasury management reporting.</p>
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	Yes	See action items associated with this assessment.

Question		Yes/No/ Partly	Evidence
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Yes	Decision making powers of AGC is addressed in Section 1, Council Functions: 1, 5, 35 and Appendix 3.1.1 47B.  No reports have come to committee that are not in line with these powers or other constitutional elements. See work programme and committee minutes.

## Committee Structure & Effectiveness

### Independence and accountability

#### **Extract from position Statement**

3. Authorities and police audit committees should adopt a model that establishes the committee as independent and effective. The committee should:
  - act as the principal non-executive, advisory function supporting those charged with governance
  - in local authorities, be independent of both the executive and the scrutiny functions and include an independent member where not already required to do so by legislation
  - in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
  - have clear rights of access to other committees/functions, for example, scrutiny and service committees, corporate risk management boards and other strategic groups
  - be directly accountable to the authority's governing body or the PCC and chief constable.
  
7. To discharge its responsibilities effectively the committee should:
  - meet regularly – at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
  - be able to meet privately and separately with the external auditor and with the head of internal audit
  - include, as regular attendees, the CFO(s), the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the monitoring officer (for standards issues) and the head of resources (where such a post exists). These officers should also be able to access the committee, or the chair, as required
  - have the right to call any other officers or agencies of the authority as required, while recognising the independence of the chief constable in relation to operational policing matters
  - report regularly on its work to those charged with governance, and at least annually report an assessment of their performance. An annual public report should demonstrate how the committee has discharged its responsibilities

It is best practice for the audit committee to report directly to council rather than to another committee, as the council itself most closely matches the body of ‘those charged with governance’. However the audit committee is constituted, all members should be aware that the work of the audit committee is non-political.

All audit committees are non-executive bodies whose role is to make recommendations rather than to decide policies directly. The impact of the committee is through influence and persuasion rather than direct decision making. The committee’s effectiveness does not depend on the delegation of powers.

The constitution of a local authority may include direct delegations to its audit committee, for example to approve the AGS or financial statements on behalf of the authority, as well as undertaking the review. In establishing whether the audit committee is to have any delegated decision-making powers, the local authority should take into account the number and role of independent members on the committee. In doing this, it will need to take into account the issue of voting rights. CIPFA recommends that delegation of decision-making powers on matters not directly related to the work of the audit committee should be avoided.

To be effective, an audit committee will need to engage with a wider range of officers than representatives of finance and internal audit, essential though they are. While it is for each audit committee to determine who attends its meetings, the following examples demonstrate the wide range of officers who can attend and add value to audit committee meetings:

- chief executive or equivalent – for the AGS and other governance-related issues
- monitoring officer – for the AGS and ethical governance issues
- risk management officer – for discussions around the risk registers and risk reports
- head of counter fraud – for agenda items on fraud risks and counter fraud activity
- service senior managers – for audit, risk, or governance discussions on their service areas (while recognising the operational independence of the chief constable on operational policing matters)
- scrutiny, ethics or standards committee representatives – it may be helpful to invite representatives along to explain their work programme or recent reports.

Consideration should also be given to supporting the audit committee outside formal meetings. There may be a need to keep committee members briefed on issues that are on the agenda, and other matters may be too detailed for inclusion on the agenda. For example, internal audit reports may be provided in full to committee members but may be included on the meeting agenda only where there are significant risks to be discussed. Arrangements to provide the members with an appropriate level of information and updates and a protocol for managing information requests should be discussed and agreed.

Given its role in the governance structure and in promoting the principles of good governance, the audit committee should be clear how it supports one of the key principles: accountability. It is also important that the audit committee is, in its turn, held to account on the extent to which it has fulfilled its purpose. For an audit committee, accountability has to be considered under three aspects:

- supporting the authority’s accountability to the public and stakeholders
  - reviewing the public reports of the authority and in helping the authority to discharge its responsibilities in this area
  - Committee meetings will normally be held in public, with the exception of exempt items
- supporting accountability within the authority

- through review of internal and external audit reports, monitoring of risk registers and other key strategies, the audit committee will hold to account those responsible for the implementation of recommendations and action plans
- overseeing the process of evaluating and improving governance, risk management and control, the audit committee helps those responsible for governance to ensure that accountability throughout the authority is working well
- holding the audit committee to account. The aspects that should be specifically considered when reporting annually to full council include:
  - whether the committee has fulfilled its agreed terms of reference
  - whether the committee has adopted recommended practice
  - whether the development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities
  - whether the committee has assessed its own effectiveness or been the subject of a review and the conclusions and actions from that review
  - what impact the committee has on the improvement of governance, risk and control within the authority.

## Membership & Effectiveness

### ***Extract from position Statement***

6. Good audit committees are characterised by:
- a membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role. The political balance of a formal committee of a council will reflect the political balance of the council, however, it is important to achieve the right mix of apolitical expertise
  - a membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
  - a strong independently minded chair – displaying a depth of knowledge, skills and interest. There are many personal qualities needed to be an effective chair, but key to these are:
    - promoting apolitical open discussion
    - managing meetings to cover all business and encouraging a candid approach from all participants
    - an interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime
  - unbiased attitudes – treating auditors, the executive and management fairly
  - the ability to challenge the executive and senior managers when required.

The composition of the committee will be a key factor in achieving the characteristics of a good audit committee.

- There is no consistency in the local government sector on the size of the committee. [CIPFA's 2016 survey](#) of audit committees found that size of the committee ranged from five to fifteen or more, although 47% had between six and eight members, with 2% having fewer and 50% having more.

- Having executive members on the committee is discouraged as it could deter the committee from being able to challenge or hold to account the executive on governance, risk and control matters
- CIPFA endorses the approach of mandating the inclusion of a lay or independent member and recommends that those authorities, for whom it is not a requirement, actively explore the appointment of an independent member to the committee. It is a requirement for police audit committees, English combined authorities and for local authorities in Wales.
- The audit committee should review risks, controls and assurances that cover the whole operation of the authority so knowledge of specific service areas will be helpful. Other areas of specialist knowledge and experience, for example in accountancy, audit, governance and risk management, will add value to the committee
- Audit committee members should be willing to review their knowledge and skills, for example, as part of a self-assessment process or training needs analysis

An audit committee’s effectiveness should be judged by the contribution it makes to, and the beneficial impact it has on, the authority’s business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as ‘influence’, ‘persuasion’ and ‘support’. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership, are essential requirements for delivering effectiveness. Seeking feedback on the operation of the committee may be helpful to supplement a self-assessment. Those interacting regularly with the committee or relying on its output would be the principal sources of feedback. Skills matrix and training requirements should be annually reviewed and cover the following areas:

Core Areas	Specialist knowledge that may be beneficial
<ul style="list-style-type: none"> <li>• Organisational knowledge</li> <li>• Audit committee role and functions</li> <li>• Governance</li> <li>• Internal audit</li> <li>• Financial management and accounting</li> <li>• External audit</li> <li>• Risk management</li> <li>• Counter fraud</li> <li>• Values of good governance</li> <li>• Treasury Management</li> <li>• Strategic thinking and understanding of materiality</li> <li>• Questioning and constructive challenge</li> <li>• Focus on improvement</li> <li>• Able to balance practicality against theory</li> <li>• Clear communication skills and focus on the needs of users</li> <li>• Objectivity</li> <li>• Meeting management skills</li> </ul>	<ul style="list-style-type: none"> <li>• Accountancy</li> <li>• Internal Audit</li> <li>• Risk Management</li> <li>• Governance &amp; Legal</li> <li>• Service knowledge relevant to the functions of the organisation</li> <li>• Programme and project management</li> <li>• IT systems and IT governance</li> </ul>

Good Practice Self-Assessment Questions

Question	Yes/No/ Partly	Evidence
Membership & Support		
12	Has an effective audit committee structure and composition of the committee been selected? This should include:	
	<ul style="list-style-type: none"> <li>separation from the executive</li> </ul>	Yes Members of the committee do include Cabinet support members, however, there are no members that have executive decision making authority.
	<ul style="list-style-type: none"> <li>an appropriate mix of knowledge and skills among the membership</li> </ul>	Partly There is only anecdotal evidence of the skill sets of members currently sitting on the committee. <b>Action 12: Undertake skills analysis of committee members to determine training requirements and potential need for an independent person. The skills matrix should address both core areas and specialist areas that may be beneficial to the effective operation of the committee.</b>
	<ul style="list-style-type: none"> <li>a size of committee that is not unwieldy</li> </ul>	Yes Article 7 - 2.7.4 The audit and governance committee comprises seven members of the council and may also include an independent person who is not a councillor but is appointed by council and has the same voting rights as other members of the committee. CIFA's 2016 survey of audit committees found that the committee ranged from 5-15, however, 47% had between 6-8 members. AGC currently has 7 members and is therefore consistent with other committees.
	<ul style="list-style-type: none"> <li>consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)</li> </ul>	Partly Article 7 - 2.7.4 allows for the consideration of an independent person on the committee. There is currently no independent person on the committee. <b>See Action 12 above.</b>
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council or the PCC and chief constable as appropriate for the organisation?	N/A There are currently no independent members on the AGC. Appointment would follow good recruitment processes including evaluation of the skills sets required, advertising, clear job descriptions, selection and awarding processes.



	Question	Yes/No/ Partly	Evidence
14	Does the chair of the committee have appropriate knowledge and skills?	Yes	<p>Democratic Services member development team ensure all Chairs and Vice-Chairs on HC committees have had adequate training. See training schedules.</p> <p>Chair works closely with s.151 Officer, Monitoring Officer, Internal/External Audit Leads to retain current knowledge and management of risks as they develop.</p> <p>Evidenced by attendance at Committee and resulting recommendations and minutes.</p> <p>Future Skills analysis within Action 15 will further evidence this.</p>
15	Are arrangements in place to support the committee with briefings and training?	Yes	<p>Chair briefings are undertaken before each meeting which is open to all committee members. Regular training sessions are also agreed with the Chair and wider members of the committee eg.</p> <ul style="list-style-type: none"> <li>• Introduction to A&amp;G: 14 June 2019</li> <li>• Redmond reviewing training provided by External Audit: 14 October 2020</li> <li>• Risk Register training provided by Officers: 21 January 2020</li> <li>• Anti-Fraud &amp; corruption training by Internal Audit: 16 September 2020</li> <li>• SWAP training is available for all members of the committee to attend.</li> <li>• Chair and vice-chair are able to attend the LGA training specific to audit committees. Current chair and vice-chair attended on 9/10 January 2020 and 1/2 February 2020.</li> </ul>
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	No	<p><b>Action 12: Undertake skills analysis of committee members to determine training requirements and potential need for an independent person. The skills matrix should address both core areas and specialist areas that may be beneficial to the effective operation of the committee.</b></p>

Question		Yes/No/ Partly	Evidence
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	Yes	Demonstrated by regular attendance at committee meetings by these key stakeholders and the professional way in which the meetings are managed.  Chair works closely with s.151 Officer, Monitoring Officer, Internal/External Audit Leads to retain current knowledge and management of risks as they develop.  <b>Action 12: Good working relations with key people and organisations, including external audit, internal audit and the CFO to be further explored as part of core skill of organisational knowledge</b>
18	Is adequate secretariat and administrative support to the committee provided?	Yes	Clerk has supported AGC since Nov 2016 and therefore has a strong understanding and working relationship with the committee.
Effectiveness of the committee			
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	No	<b>Action 13: AGC to discuss how feedback could be obtained upon its performance eg. via annual report to full Council, annual survey monkey questionnaire....</b>
20	Are meetings effective with a good level of discussion and engagement from all the members?	Partly	Not every member is fully engaged. This will be picked up in the action plan for the skills analysis (See <b>Action 12</b> ). All members except for 2 were newly elected in May or July and engagement since May 2019 has improved.
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	Yes	See minutes.
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	Yes	See action tracker / minutes for evidence

	Question	Yes/No/ Partly	Evidence
23	Has the committee evaluated whether and how it is adding value to the organisation?	No	Action 1: After a period of no longer than two years, consideration be given to reintroducing an annual assurance report to full council which could act as the mechanism to allow the AGC to report upon its annual effectiveness and to allow full council to hold AGC to account.
24	Does the committee have an action plan to improve any areas of weakness?	Yes	See action tracker.
25	Does the committee publish an annual report to account for its performance and explain its work?	No	Action 1: After a period of no longer than two years, consideration be given to reintroducing an annual assurance report to full council which could act as the mechanism to allow the AGC to report upon its annual effectiveness and to allow full council to hold AGC to account.

**Assessment key**

- 5 Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
- 4 Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
- 3 The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
- 2 There is some evidence that the committee has supported improvements, but the impact of this support is limited.
- 1 No evidence can be found that the audit committee has supported improvements in this area.

Areas where the Audit Committee can add value by supporting improvement	Overall Assess. (1-5)	Self-evaluation, examples, areas of strength and weakness
Promoting the principles of good governance and their application to decision making	5	<ul style="list-style-type: none"> <li>• A review of the Constitution is currently being undertaken and the re-thinking governance working group is a working group of the committee.</li> <li>• Providing robust review of the AGS and the assurances underpinning it. AGS is approved in March, approved in July and progress updated is provided in January.</li> <li>• Due to the oversight provided to the AGS, it has been recommended that the adoption of an audit and governance code is removed from the constitution (see <b>Action 4</b>)</li> <li>• Working with key directors and chief executive. Director of children and families and adults and wellbeing have been invited and there is / will be constructive discussion. Solicitor to the Council and chief finance officer attend all AGC meetings.</li> <li>• Supporting reviews/audits of governance arrangements</li> <li>• Participating in self-assessments of governance arrangements.</li> <li>• Opportunities have been identified to further strengthen member understanding of the role of AGC and Scrutiny (see <b>Action 2</b>)</li> </ul>
Contributing to the development of an effective control environment	5	<ul style="list-style-type: none"> <li>• Actively monitoring the implementation of recommendations from auditors</li> <li>• Encouraging ownership of the internal control framework by appropriate managers</li> <li>• Raising significant concerns over controls with appropriate senior managers</li> <li>• Oversee and approve the contract procedure rules and financial procedure rules on an annual basis.</li> </ul>

Areas where the Audit Committee can add value by supporting improvement	Overall Assess. (1-5)	Self-evaluation, examples, areas of strength and weakness
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	5	<ul style="list-style-type: none"> <li>• Reviewing risk management arrangements and their effectiveness, eg risk management benchmarking</li> <li>• Monitoring improvements</li> <li>• Holding risk owners to account for major/strategic risks. Invitations to CX and directors to discuss major / strategic risks within the council.</li> </ul>
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	4	<ul style="list-style-type: none"> <li>• Specifying its assurance needs, identifying gaps or overlaps in assurance</li> <li>• Seeking to streamline assurance gathering and reporting <ul style="list-style-type: none"> <li>○ E.g. link corporate risk register to internal audit plan.</li> <li>○ Requesting more information with regard to the anti-fraud strategy.</li> <li>○ Requesting that a one page summary is provided for internal audits undertaken.</li> </ul> </li> <li>• Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit</li> </ul> <p>Improvements have been identified. See:</p> <ul style="list-style-type: none"> <li>• <b>Action 5: Assurance Framework &amp; Partnership Governance</b></li> <li>• <b>Action 3: Value for Money</b></li> <li>• <b>Action 8 Counter Fraud &amp; Corruption</b></li> <li>• <b>Action 9: Ethical Values</b></li> <li>• <b>Action 11: Treasury Management</b></li> <li>• <b>Action 12: Skills Matrix</b></li> </ul>
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	5	<ul style="list-style-type: none"> <li>• Internal audit for the council is undertaken by SWAP which is an independent organisation but part owned by the Council</li> <li>• Results of IA effectiveness review has been reported to the audit and governance committee.</li> <li>• Internal audit charter is an agenda item on annual basis.</li> <li>• AGC oversees IA activity that is not referred to within the constitution. See <b>Action 6</b> for recommended improvements.</li> </ul>

Areas where the Audit Committee can add value by supporting improvement	Overall Assess. (1-5)	Self-evaluation, examples, areas of strength and weakness
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	4	<ul style="list-style-type: none"> <li>• Internal audit are reviewing major capital projects at the request of the committee to assess the effectiveness of the arrangements.</li> <li>• The AGS is monitored during the year.</li> <li>• The A&amp;G committee oversee and approve the contract procedure report and finance procedure rules</li> <li>• The committee does not accept late reports.</li> <li>• The assurance framework for the committee needs to be considered as part of the re-thinking governance working group.</li> <li>• See Actions reported above</li> </ul>
Supporting the development of robust arrangements for ensuring value for money	3	<ul style="list-style-type: none"> <li>• Look at value for money in a number of places but it is not consolidated into one area</li> <li>• See Action 3</li> </ul>
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	3	<ul style="list-style-type: none"> <li>• Reviewing arrangements against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)</li> <li>• Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks</li> <li>• Assessing the effectiveness of ethical governance arrangements for both staff and councillors</li> <li>• See Action 8</li> </ul>
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability	3	<ul style="list-style-type: none"> <li>• Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English, AGS</li> <li>• Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency. See Action 5.</li> <li>• Publishing an annual report from the committee</li> <li>• Nolan principles are published as part of every agenda pack</li> <li>• Report template have changed which includes a glossary of terms for reports, where necessary.</li> <li>• See Action 1, 7, 10 and 13.</li> </ul>



## Title of report: Work programme update

**Meeting:** Audit and governance committee

**Meeting date:** Tuesday 16 March 2021

**Report by:** Democratic services officer

### Classification

Open

### Decision type

This is not an executive decision.

### Wards affected

Countywide

### Purpose

To provide an update on the Committee's work programme.

### Recommendation(s)

**THAT:**

**Subject to any updates made by the committee, the work programme for the audit and governance committee be agreed.**

### Alternative options

- 1 There are no alternative options as regards whether or not to have a work programme as the committee will require such a programme in order to set out its objectives for the coming year.

### Reasons for recommendations

- 2 The work programme is recommended as the committee is required to define and make known its work for the coming year. This will ensure that matters pertaining to audit and governance are tracked and progressed in order to provide sound governance for the council.
- 3 The committee is asked to consider any further adjustments.

## **Key considerations**

- 4 The routine business of the committee has been reflected as far as is known, including the regular reporting from both internal and external auditors.

## **Community impact**

- 5 A clear and transparent work programme provides a visible demonstration of how the committee is fulfilling its role as set out in the council's constitution.

## **Environmental Impact**

- 6 Whilst this is an update on the work programme and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the Council's Environmental Policy.

## **Equality duty**

- 7 This report does not impact on this area.

## **Resource implications**

- 8 There are no financial implications.

## **Legal implications**

- 9 The work programme reflects any statutory or constitutional requirements.

## **Risk management**

- 10 The programme can be adjusted in year to respond as necessary to risks as they are identified; the committee also provides assurances that risk management processes are robust and effective.

## **Consultees**

- 11 The chief finance officer, monitoring officer, chairperson and vice-chairperson have contributed to the work programme.

## **Appendices**

Appendix 1 – work programme for audit and governance committee

## **Background papers**

None identified.



Audit & Governance Committee Constitution		Report	May	June	July	September	October	November	January	March
3.5.9	The purpose of an audit committee is to provide independent assurance on the adequacy of the risk management framework together with the internal control of the financial reporting and annual governance processes									
3.5.10	<b>Internal Audit</b>	<b>Internal Audit</b>								
a	To consider the Head of Internal Audit's annual report and opinion, and a summary of Internal Audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements	Internal Audit Plan & Internal Audit Charter Progress Report on Internal Audit plan (see part b for timing)	2020/21 Plan & Charter				Opinion			2021/22 Plan & Charter
b	To consider summaries of specific Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary	Progress Report on Internal Audit plan		Progress Report	Progress Report	Progress Report	Progress Report	Progress Report	Progress Report	Progress Report
c	To consider reports dealing with the management and performance of the providers of Internal Audit Services									
d	To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale	Tracking of internal and external audit recommendations Progress Report on internal audit plan (see part b for timing)		Tracking Report				Tracking Report		
e	To be able to call senior officers and appropriate members to account for relevant issues within the remit of the Committee	No specific activity required as part of normal questioning activity								
f	The Committee will not receive detailed information on investigations relating to individuals. The general governance principles and control issues may be discussed, in confidential session if applicable, at an appropriate time, to protect the identity of individuals and so as not to prejudice any action being taken by the Council	Progress Report on internal audit plan (see part b for timing)								
3.5.11	<b>External Audit</b>	<b>External Audit</b>								
a	Review and agree the External Auditors annual plan, including the annual audit Fee and annual letter and receive regular update reports on progress	Annual Audit Fee letter External Audit progress update (see part b for timing) Tracking of internal and external audit recommendations (see part 3.5.10d for timing) Annual Audit Letter External Audit Annual Plan	Audit Fee							Annual Letter Annual Plan
b	To consider specific reports from the External Auditor	External Audit progress update		Progress Report	Progress Report	Progress Report	Progress Report			Progress Report
c	To meet privately with the External Auditor once a year if required	Not required to be scheduled on Work programme								
d	To comment on the scope and depth of external audit work and to ensure it gives value for money	No specific activity required as part of normal questioning activity								
e	To recommend appointment of the council's local (external) auditor	Not required to be scheduled on 20/21 Work programme								
f	Ensure that there are effective relationships between external and internal audit that the value of the combined internal and external audit process is maximised	No specific activity required as part of normal questioning activity. External Audit can place limited reliance on Internal Audit Work.								
3.5.12	<b>Governance</b>									
a	To maintain an overview of the council's Constitution, conduct a biennial review and recommend any changes to council other than changes to the contract procedure rules, finance procedure rules which have been delegated to the committee for adoption	Re-thinking Governance Update Accounting Policy Update Contract & Finance Procedure Rules		Re-thinking Governance		Re-thinking Governance		Policy Update		Procedure Rules
b	To monitor the effective development and operation of risk management and corporate governance in the council	Work programme Corporate Risk Register	Risk Register Work programme	Work programme	Work programme Risk register	Work programme	Work programme	Work programme Risk Register	Work programme	Risk register Work programme
c	To maintain an overview and agree changes to the council policies on whistleblowing and the 'Anti-fraud and corruption strategy'	Whistleblowing policy Anti-fraud & corruption strategy		Whistleblowing						Anti-Fraud & Corruption
d	To oversee the production of the authority's Statement on Internal Control and to recommend its adoption	Statement of Accounts								
e	To annually conduct a review of the effectiveness of the council's governance process and system of internal control which will inform the Annual Governance statement	Annual Governance Statement Annual Governance Statement Progress Report				Draft		Final		Progress Report
f	The council's arrangements for corporate governance and agreeing necessary actions to ensure compliance	Annual Governance Statement Progress Report								Progress Report
g	To annually review the council's information governance requirements	Information Governance Review								
h	To agree the annual governance statement (which includes an annual review of the effectiveness of partnership arrangements together with monitoring officer, s151 officer, cabcott guardian and equality and compliance manager reviews)	Annual Governance Statement Progress Report				Draft		Final		Progress Report
i	To adopt an audit and governance code									
j	To undertake community governance reviews and to make recommendations to Council.	Last completed 2018. This is on an as required basis and therefore not scheduled.								
3.5.13	<b>Waste Contract</b>									
a	To review, in conjunction with external advisers advising the council as lender, the risks being borne as a result of the funding provided by the council to Mercia Waste Management Ltd and consider whether the risks being borne by the council, as lender, are reasonable and appropriate having regard to the risks typically assumed by long term senior funders to waste projects in the United Kingdom and best banking practice	Energy from Waste Loan Update								
b	To monitor the administration of the loan to the waste project in line with best banking practice having regard to any such external advice, including the terms of any waivers or amendments which may be required or are desirable	Energy from Waste Loan Update								
c	Consider what steps should be taken to protect the interests of the council as lender in the event of a default or breach of covenant by Mercia Waste Management Ltd, and make recommendations as appropriate to Council, the council's statutory officers or cabinet as appropriate to ensure the appropriate enforcement of security and litigation in relation to the loan to Mercia Waste Management Ltd	Energy from Waste Loan Update								
d	Consider and recommend appropriate courses of action to protect the position of the council as lender to the waste project: (i) make recommendation as appropriate to Council with regards to its budget and policy framework and the loan to the waste project (ii) generally to take such other steps in relation to the loan within the scope of these terms of reference as the committee considers to be appropriate.	Energy from Waste Loan Update								
3.5.14	<b>Code of Conduct: To promote and maintain high standards of conduct by members and co-opted members of the Council</b>									
a	To support Town and Parish Councils within the county to promote and maintain high standards of conduct by members and co-opted members of the Council	Annual Code of Conduct Report								
b	To recommend to Council the adoption of a code dealing with the conduct that is expected of members and co-opted members of the Council	Part of Re-thinking Governance Review to be scheduled in next year's Work programme.								
c	To keep the code of conduct under review and recommend changes/replacement to Council as appropriate	Part of Re-thinking Governance Review to be scheduled in next year's Work programme.								Arrangements for dealing with code of conduct complaints
d	To publicise the adoption, revision or replacement of the Council's Code of Conduct	Part of Re-thinking Governance Review to be scheduled in next year's Work programme.								
e	To oversee the process for the recruitment of the Independent Persons and make recommendations to Council for their appointment	Remuneration of independent persons Recruitment done on an ad hoc basis and not scheduled for 2020/21	Remuneration							
f	To annually review overall figures and trends from code of conduct complaints which will include number of upheld complaints by reference to individual councillors within unitary, town and parish councils and when a code of conduct complaint has been upheld by the Monitoring Officer or by the Standards Panel, after the option of any appeal has been concluded, promptly to publish the name of the councillor, the council, the nature of the breach and any recommendation or sanction applied.	Annual Code of Conduct Report								
g	To grant dispensations under Section 33 (2)(b)(i) and (c) Localism Act 2011 or any subsequent amendment	On an ad hoc basis only and not scheduled for 2020/21								
h	To hear appeals in relation to dispensations granted under section 33 (2)(a) and (c) Localism Act 2011 by the monitoring officer	On an ad hoc basis only and not scheduled for 2020/21								
3.5.15	<b>Accounts</b>									
a	To review and approve the Statement of Accounts, external auditor's opinion and reports on them and monitor management action in response to the issues raised by external audit.	Statement of Accounts External Auditor Report						Statement & Report		

