

# Agenda

## Audit and Governance Committee

Date: **Tuesday 12 December 2023**

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Time: **2.00 pm**

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Place: **Conference Room 1, Herefordshire Council Offices,  
Plough Lane, Hereford, HR4 0LE**

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

For any further information please contact:

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# **Agenda for the meeting of the Audit and Governance Committee**

## **Membership**

**Chairperson**            **Councillor David Hitchiner**  
**Vice-chairperson**   **Councillor Aubrey Oliver**

**Councillor Chris Bartrum**  
**Councillor Frank Cornthwaite**  
**Councillor Peter Hamblin**  
**Councillor Robert Highfield**  
**Councillor Mark Woodall**

## Agenda

		Pages
1.	<p><b>APOLOGIES FOR ABSENCE</b></p> <p>To receive apologies for absence.</p>	
2.	<p><b>NAMED SUBSTITUTES (IF ANY)</b></p> <p>To receive details of any councillor nominated to attend the meeting in place of a member of the committee.</p>	
3.	<p><b>DECLARATIONS OF INTEREST</b></p> <p>To receive declarations of interest in respect of items on the agenda.</p>	
4.	<p><b>MINUTES</b></p> <p>To approve and sign the minutes of the meeting held on Tuesday 24 October 2023.</p>	11 - 18
<p><b>HOW TO SUBMIT QUESTIONS</b></p> <p>Deadline for receipt of questions is 9.30 am on Thursday 7 December 2023.</p> <p>Questions must be submitted to <a href="mailto:councillorservices@herefordshire.gov.uk">councillorservices@herefordshire.gov.uk</a>.</p> <p>Questions sent to any other address may not be accepted.</p> <p>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="http://www.herefordshire.gov.uk/getinvolved">www.herefordshire.gov.uk/getinvolved</a></p>		
5.	<p><b>QUESTIONS FROM MEMBERS OF THE PUBLIC</b></p> <p>To receive any questions from members of the public.</p>	
6.	<p><b>QUESTIONS FROM COUNCILLORS</b></p> <p>To receive any questions from councillors.</p>	
7.	<p><b>ANNUAL REVIEW OF THE COUNCILS INFORMATION REQUESTS AND COMPLAINTS 2022/23</b></p> <p>To inform the committee of performance in the areas of complaints, data incidents and requests for information made to the council over the municipal year 2022/23.</p>	19 - 26
8.	<p><b>UPDATE ON INTERNAL AUDIT RECOMMENDATIONS</b></p> <p>To review the progress of audit recommendations implementation.</p>	27 - 72
9.	<p><b>ENERGY FROM WASTE LOAN UPDATE</b></p> <p>To update the committee on the current status of the energy from waste loan arrangement to enable the committee to fulfil its delegated functions.</p>	73 - 84
10.	<p><b>AMENDMENTS TO THE CODE OF CONDUCT REPORTING PROCESS</b></p> <p>A report to propose an amendment to the functions of the Standards Panel,</p>	85 - 94

which will streamline the joint functions of the Audit and Governance Committee and Standards Panel.

**11. WORK PROGRAMME**

To consider the work programme for the committee.

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**12. DATE OF NEXT MEETING**

Tuesday, 30 January 2024.

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

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We will review and update this guidance in line with Government advice and restrictions. Thank you for your help in keeping Herefordshire Council meetings safe.

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- Attend all council, cabinet, committee and sub-committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information.
- Inspect agenda and public reports at least five clear days before the date of the meeting. Agenda and reports (relating to items to be considered in public) are available at [www.herefordshire.gov.uk/meetings](http://www.herefordshire.gov.uk/meetings)
- 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. Information about councillors is available at [www.herefordshire.gov.uk/councillors](http://www.herefordshire.gov.uk/councillors)
- 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. The council's constitution is available at [www.herefordshire.gov.uk/constitution](http://www.herefordshire.gov.uk/constitution)
- 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 documents.

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## **Public transport links**

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The location of the office and details of city bus services can be viewed at:  
[www.herefordshire.gov.uk/downloads/file/1597/hereford-city-bus-map-local-services-](http://www.herefordshire.gov.uk/downloads/file/1597/hereford-city-bus-map-local-services-)

**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 and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.





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## Guide to the Audit and Governance Committee

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.

<a href="#">Councillor David Hitchiner</a> (Chairperson)	Independents for Herefordshire
<a href="#">Councillor Aubrey Oliver</a> (Vice-Chairperson)	Liberal Democrats
<a href="#">Councillor Chris Bartrum</a>	Liberal Democrats
<a href="#">Councillor Frank Cornthwaite</a>	Conservative Party
<a href="#">Councillor Peter Hamblin</a>	Conservative Party
<a href="#">Councillor Robert Highfield</a>	Conservative Party
<a href="#">Councillor Mark Woodall</a>	The Green Party

The Audit and Governance Committee is responsible for proving assurance on the council's audit, governance (including risk management and information governance) and financial processes in accordance with the functions scheme.

The committee shall:

- (a) review and examine, and where required in depth examine, matters relating to internal audit, external audit, risk management, governance, assurance statement, anti-fraud and anti-corruption arrangements as well as any other function to meet the Council's audit committee requirements
- (b) enhance and promote the profile, status and authority of the internal audit function and to demonstrate its independence
- (c) contribute towards making the authority, its committees and departments more responsive to the audit function
- (d) review compliance with the relevant standards, code of conduct, codes of practice and corporate governance policies
- (e) act within the Council's Constitution.



**Minutes of the meeting of the Audit and Governance Committee held in Conference Room 1, Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Tuesday 24 October 2023 at 2.00 pm**

**Committee members present in person and voting:** Councillors: Chris Bartrum, Frank Cornthwaite, Peter Hamblin, David Hitchiner (Chairperson), Aubrey Oliver (Vice-Chairperson) and Mark Woodall

Others in attendance: R Apperley (Audit Manager, Grant Thornton), P Barber (Director, Grant Thornton), I Halstead (Assistant Director, South West Audit Partnership), R Hart (Head of Strategic Finance), J Higgins (Democratic Services Assistant), A Lovegrove (Director of Resources and Assurance), S O'Connor (Head of Legal Services and Deputy Monitoring Officer), J Preece (Democratic Services Officer) and J Tranmer (Chief Accountant)

**40. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Robert Highfield.

**41. NAMED SUBSTITUTES (IF ANY)**

There were no substitutes.

**42. DECLARATIONS OF INTEREST**

No declarations of interest were made.

**43. MINUTES**

**RESOLVED:**

**That the minutes of the meeting held on 27 September 2023 be confirmed as a correct record and signed by the chairperson.**

**44. QUESTIONS FROM MEMBERS OF THE PUBLIC**

No questions had been received from members of the public.

**45. QUESTIONS FROM COUNCILLORS**

No questions had been received from councillors.

**46. 2022/23 EXTERNAL AUDIT FINDINGS REPORT**

The Director, Grant Thornton (DGT) presented the external audit findings report for the year ended 31 March 2023. The principal points included:

- I. The post-statements audit commenced in early July 2023 in accordance with the original timeline.
- II. Despite excellent cooperation from the council's Finance Team, due to a number of challenges particularly in relation to staff sickness Grant Thornton (GT) were not able to deliver the audit opinion on the financial statements by the statutory deadline of 30 September 2023 but good progress has since been made and the DGT confirmed their work was now complete.
- III. Attention was drawn to the 'Conclusion' section ([page 26 of the agenda](#)) and it was reported that, since publication, all outstanding items had been completed and no new issues had arisen that needed to be brought to the committee's attention.
- IV. Strong assurance is evidenced within the report that the Council has effective arrangements in place to produce complete, accurate and timely accounts.
- V. It was noted no material errors in the statements had been found.
- VI. Attention was drawn to the 'Audit Adjustments' section ([page 51 of the agenda](#)) and it was reported that there had been a revaluation of Land and building assets of £4.7m, it was clarified the adjustment had no impact on the outturn for the year.

14:18 Cllr Oliver joined the meeting and confirmed he had no declaration of interests to declare.

- VII. Attention was drawn to the 'Financial Statements: Significant Risks' section ([page 28 of the agenda](#)) a control weakness for the absence of formally documented evidence base review for larger journals had been identified.
- VIII. Attention was also drawn to the 'Fees' section ([page 54 of the agenda](#)) and it was noted that there had been a reduction of £3k to the final fees anticipated for 2022/23 due to the removal of costs associated with an auditors' expert in respect of land and building and investment properties. It was highlighted that compared to the previous year 2021/22 there had been a reduction of £30k in fees.

In response to committee questions, it was noted:

1. The DGT confirmed the level of borrowing by the council was not a concern.
2. The Director of Resources and Assurance (DRA) would provide a list of the council's "investment properties" to committee members.
3. With regards to concerns surrounding pension liabilities the DGT explained it was not a particular area of focus but explained that the share of the assets held by Worcester pension fund was quite easy to calculate based on the contributions, the returns and the growth so the assets allocated to Herefordshire could be quantified reasonably. Assurances are sought from the pension fund auditor about the arrangements in place and written evidence to support it acquired.

The DRA expressed his thanks to the DGT and the GT team for their work on what was thought to be a good audit given the challenges the GT had experienced within their team.

It was confirmed the letter of representation would be signed by the DRA and unless the DGT received any further information from the council that might impact the opinion, then he would sign and issue an unqualified opinion on 25 October 2023. Herefordshire Council would be the first unitary authority in the country to have their accounts signed-off as being 'true and fair'.

**Resolved:**

**That the report of the external auditor has been considered.**

2023/24-010 Action: The Director of Resources and Assurance (DRA) to circulate a list of the council's "investment properties" to committee members.

#### **47. ANNUAL GOVERNANCE STATEMENT 2022/23**

The Head of Strategic Finance (HSF) introduced the report and highlighted;

- The annual governance statement (AGS) for 2023 forms part of the statutory accounts.
- The AGS was presented to the committee in June as part of the draft accounts in line with the statutory deadline to which no further changes have been identified.
- The AGS is a review of the control environment and the governance framework the council operates in; it is informed by the views of the head of internal audit, the annual opinion as well as other internal audit reports, compliance reviews and statements from directors.
- A progress report will come before the committee in January to update on the progress made in the areas identified where control arrangements can be strengthened.

In response to committee questions, it was noted that the HSF would provide a written response on the General Data Protection Regulation (GDPR) practices and procedures and on how training is determined, the format it is delivered and how the effectiveness of the training is assessed.

**Resolved:**

**That the annual governance statement 2022/23 be approved.**

Action(s) 2023/24-011 The HSF would provide a written response on the General Data Protection Regulation (GDPR) practices and procedures and how training is determined, the format it is delivered and how the effectiveness of the training is assessed.

#### **48. 2022/23 STATEMENT OF ACCOUNTS**

Further to the consideration of a draft at the 23 June 2023 meeting ([minute 11 of 2022/23 refers](#)), the committee received the updated 2022/23 Statement of Accounts.

The Head of Strategic Finance (HSF) introduced the report, it was noted that very few amendments had been found, all of which were minor. Attention was drawn to appendix D of the External Audit Findings Report ([Page 51](#)). The Director, Grant Thornton (DGT) had already highlighted the revaluation of Land and building assets.

In response to committee questions, it was noted:

1. The Director of Finance and Assurance (DFA) explained that the Council does what it can to collect on debt by way of payment plans but where write off rules need to be applied, there is a formal process which is reported to this committee and cabinet.
2. The DFA confirmed during the Covid pandemic, the Council made payments to suppliers as soon as an invoice was received as the impact on businesses' cash flow was recognised, however this has now been reset to 30 day terms unless other terms have been agreed.

3. The DFA verified the Council had 18M of reserves in government grants in advance most of which is held in cash so therefore he had no concerns with the Council's cash flow.

The Chair expressed his congratulations to the DFA and HSF.

**Resolved:**

**The 2022/23 Statement of Accounts (at Appendix 1) were approved; and the Letter of Representation (at Appendix 2) be signed by the Chief Finance Officer.**

**49. INTERNAL AUDIT UPDATE REPORT QUARTER 2 2023-24**

The Assistant Director (AD), South West Audit Partnership (SWAP) introduced the report. It was reported that the audit management system that had been introduced was working well and that this would enable internal audit to report to officers and members on areas of concern in real time.

The following five themes were highlighted:

- Coverage – The coverage maps show a clear alignment with corporate goals. More coverage maps are on the horizon and the outputs will mature as the team further integrates the new audit management system.
- Activity - 38 assignments are complete or in progress at the end of Quarter 2 and the internal audit work is on track to deliver an annual opinion.
- Outcomes – 92% of the opinion related work found the control environment to be either substantial or reasonable assurance. There were no significant corporate risks to be reported.
- Issues – 55% of the issues identified were associated with a root cause of the design of systems, policies and processes.
- Quality – SWAP are quality assessed every three years independently by an external body. At the last assessment SWAP were conformant with the internal audit standards.

In conclusion for quarter 2, there was reasonable assurance, generally systems and processes are in place but there are some areas that require Improvement.

In response to committee questions it was noted:

1. The AD confirmed that there was only 6 months' worth of data that made up the customer satisfaction questionnaire statistics ([page 220](#)) but as the data matures the committee would be provided with a further updates. It was agreed that an extra column would be included to show the "percentage of responses".
2. The AD explained the process of allocating priorities when compiling their rolling audit plan and welcomed any feedback from members should they feel any items needed a higher level of focus in their audit work.
3. With regards to the deferment of the "Proactive Fraud Work Tax Evasion" ([page 229](#)) the Head of Strategic Finance confirmed this was due to the HMRC undertaking a routine compliance check which the findings would be presented to SWAP and avoided a duplication of efforts.
4. The AD confirmed that work had been conducted on planning in relation to Section 106 agreements which he would share with the committee.

5. The Director of Resources and Assurance (DRA) informed the committee that two papers had been taken to Cabinet with proposals to deal with the delivery of all Section 106 monies and future monies received and these would be circulated to the committee.
6. The AD explained that Children's Services was not a key area of work for Internal Audit at this time as they can take assurances from other providers who are inspecting and working on the improvement of the service. The AD did confirm that he was still meeting with the Director of Children's and Families to ensure they align with his vision and the goals that he has.
7. The AD recognised the risks associated with phosphates and confirmed it was on Swaps top 10 risks across local authorities but currently it was not an area of activity he would consider looking at on this year's plan.
8. The AD confirmed the medium-term and long-term financial planning would be part of the of the internal audit process in future.
9. The AD has no concerns with the processes of the Project Management Office (PMO) but suggested there could still be some improvement needed generally in some areas. As a support service, the PMO are not specified within the plan but do make up parts of other projects featured. The AD offered to provide the committee with specific issues or coverage which related to the PMO in order to provide the committee with more assurance.

A request was made that the "Waste Strategy Contract" and the "Planning Enforcement" have priorities be reassessed in SWAP's rolling audit plan.

10. With regards to concerns raised surrounding homelessness and the impacts on the councils budget position on future forecasts, the AD confirmed that this would be an item for the Scrutiny Management Board to consider.

**Resolved:**

**The committee notes the Internal Audit Update Report Quarter 2 2023-24.**

Action(s)

2023/24-012 The DRA to circulate the reports taken to cabinet on the proposal to deal with the delivery of all Section 106 monies and future monies.

2023/24-013 Concerns raised surrounding homelessness and the impacts on the councils budget position be highlighted to the Scrutiny Management Board to put on their work programme.

2023/24-014 The AD to reassess the priority of the "Waste Strategy Contract" and the "Planning Enforcement" on SWAP's rolling audit plan.

2023/24-015 The AD would share the work Swap had conducted on planning in relation to Section 106 agreements with the committee.

**50. WHISTLEBLOWING - INTERNAL AUDIT FINDINGS AND REPORT**

The Head of Legal Services (HLS) introduced the report on the Internal Audit finds on the operation of the Whistleblowing Policy. It was highlighted there were 4 findings recorded and mitigated during the audit ([recorded at paragraph 6 of the report](#)).

In response to committee questions it was noted:

1. The Assistant Director for South West Audit Partnership (SWAP) opinion was that he would rather see a significant number of complaints than no complaints at all.
2. The HLS explained the point of collecting and reporting the data was so common trends could be identified and recurring problems could be reported back to the committee and the Monitoring Officer. It was noted in the committee's yearly report it will consist of "data categorised by the type of complaint".
3. The HLS confirmed that the process did not involve data sharing across other councils, but for example in relation to a professional officer there would be a record from reporting to the police or professional body.
4. The HLS explained if a vexatious complaint was received and it was not a whistleblowing complaint it would be investigated by the Line manager. Complaints are kept anonymous and secure, once resolved the data would be deleted after 12 months with only a record of the trends having been kept for data purposes.
5. The HLS confirmed that there was not a clear timeframe for dealing with complaints as it would depend on the nature of the complaint, the number of people involved etc. but the committee could be assured that legal services do monitor the service areas, chase for updates and escalate straight away if there was no action. It was highlighted that the service areas did take complaints seriously and prioritised them.

**Resolved:**

**That the findings of the Internal Audit; and the changes in the operation and reporting underpinning the Whistleblowing Policy were noted.**

## **51. IN YEAR CHANGES TO FEES AND CHARGES**

The Head of Legal Services (HLS) introduced the report on In Year Changes to Fees and Charges. It was explained that currently the constitution did not assist officers in how to set charges and what consideration needed to be taken in determining what a charge should be. Attention was drawn to [\(page 245\)](#) and paragraphs A to L were highlighted. It was noted a report had been approved at [Cabinet on 30 June 2011](#) detailing those paragraphs and the HSL proposed these paragraphs be added to the constitution.

The HSL explained that Full Council set the budget in February and that should be sufficient however if changes needed to be made in year, permission was sought from the committee for officers to make recommendations for changing fees and charges provided that they consult with the lead member, chief finance officer and group leaders. It was noted that if the change is agreed, those same parties are all notified and the normal constitutional controls would be followed. If members disagreed then they would have the opportunity to call the decision in by virtue of [paragraph 4.5.61](#) of the constitution.

In response to committee questions it was noted:

1. The HLS explained that inflation rates could have an impact and gave the example of changes to registration and parking fees as an example of where officers may recommend changes.
2. The HLS confirmed that the process was incumbent on the Director being contented with the consultation undertaken.
3. The HLS confirmed that Group Leaders had been consulted on the report prior to coming to committee and comments and suggestions made had been incorporated into the recommendations.

The committee discussed the following paragraph and agreed that the wording "(other than an inflationary increase\*)" should be removed;



Where a change is proposed by the Director (other than an inflationary increase) then the Chief Finance Officer, relevant Lead Members and Group Leaders must be consulted. The same group will then also be notified of the decision.

**Resolved  
That**

**a) The changes in paragraph 9\* are approved to enable in-year changes in fees and charges to be made by directors in consultation with Chief Finance Officer and relevant members; and**

**b) the Monitoring Officer is authorised to amend the Financial Procedure Rules (Part 4 Section 7) and Financial Guidance (Part 4 Section 7b) of the Constitution to reflect recommendation a.**

## **52. WORK PROGRAMME**

The committee's updated work programme was presented, showing amendments which included the Approach to Strategic Risk Management Update which would be delayed to the committee's meeting in January. It was noted that the Director of Strategy and Performance should be informed that it was important this report was brought to the January meeting and further delays would be unacceptable.

As part of the agreed recommendations from the Independent Persons report from the committee's previous meeting, the Chair reminded committee members they needed to complete and return the skills matrix circulated to them by the end of October 2023.

**RESOLVED**

**That subject to the amendment noted, the updated work programme be agreed.**

## **53. DATE OF NEXT MEETING**

Tuesday, 28 November 2023 2pm.

The meeting ended at 3.50 pm

**Chairperson**





# **Title of report: Annual review of the council's Information Requests and Complaints 2022/23.**

**Meeting: Audit and Governance Committee**

**Meeting date: Tuesday 12 December 2023**

**Report by: Helen Worth & Tilly Page**

## **Classification**

Open

## **Decision type**

This is not an executive decision.

## **Wards affected**

(All Wards)

## **Purpose**

To inform the committee of performance in the areas of complaints, data incidents and requests for information made to the council over the municipal year 2022/23.

## **Recommendation(s)**

**That the information set out in the report is noted.**

## **Key considerations**

The report captures information which is 6 months out of date however we plan to present this report earlier at the next reporting period.

### **Requests for information**

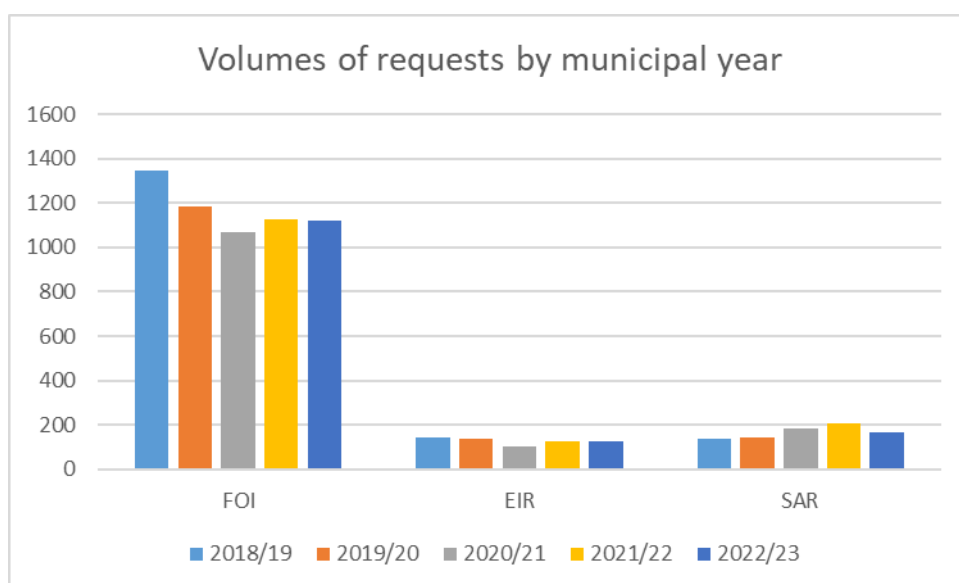
1. The council is subject to legislation that requires openness and transparency, providing members of the public with qualified rights of access to information. At the same time, the council is also required by legislation to protect certain information from unauthorised disclosure, and to exempt information from being released. The council therefore makes decisions on disclosure of information based on the law and regulatory guidance, occasionally having to balance the public interest in releasing data with the confidentiality of the information and the harm that release would cause. When the council undertakes this balancing exercise,

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Further information on the subject of this report is available from  
Helen Worth, tel: 01432 260497, email: [hworth@herefordshire.gov.uk](mailto:hworth@herefordshire.gov.uk)

it still does so taking into account relevant case law and decision notices.

2. From 1 May 2022 to 31 April 2023 the council dealt with 1,119 requests under the Freedom of Information Act (FOI) 2000, and 127 requests under the Environmental Information Regulations (EIR) 2004.
3. There were 38 such requests that were answered outside of the statutory deadlines for responses to be made, meaning that the overall response rate was 96% meeting the council's target of 95% and well within the Information Commissioner's Office (ICO) threshold of 90% for responses within deadline. Where information was not provided in full this was because some of the information was exempt (for reasons such as the information being personal data). In a small number of cases the information was not held, or refused in full due to the information being exempt from disclosure and no information was released.
4. The volumes of requests received fell slightly in comparison to the previous municipal year and we believe that this is due to the introduction of a disclosure log where we now publish about 75% of all responses. We have continued to see a steady decrease in requests received.
5. Five cases were referred to the ICO and in all cases the ICO upheld the council's decision.
6. During the last municipal year there were also 167 requests where individuals asked for personal data about themselves under their right of subject access in data protection legislation. The response rate for this period was 94% of requests responded to within the 30 day statutory deadline. This was just below the target for the calendar year, which we set at 95% response rate. The graph below compares volumes of requests received in municipal year 2022/23 with volumes received in previous years.



7. Statistical data on requests processed under FOI and EIR are published and updated quarterly at this web site address:  
[www.herefordshire.gov.uk/info/200148/your\\_council/34/our\\_open\\_data\\_principles/13](http://www.herefordshire.gov.uk/info/200148/your_council/34/our_open_data_principles/13)
8. Where other council's publish their request volume statistics, some informal benchmarking can be made based on requests received in the financial or calendar year, and the council is performing in a similar way amongst other such councils. Leicestershire Council answered 98% of their requests within the statutory timescale in 2022 where Bristol Council had a response rate of 68%.

9. Information request data is monitored monthly within the council at the information governance steering group, quarterly at directorate management team meetings, and bi-annually at Corporate Leadership Team. Policies including the [Requests Charging Policy](#), [Internal Review Policy](#) and [Publication Scheme](#), have all been reviewed, updated and published on the council web site. There is a section on processes for staff to follow regarding information requests within the mandatory training completed by all council staff annually.
10. The information governance team deals with requests made by the police in relation to criminal investigations to view council information, and requests from other public sector organisations in relation to such matters of investigation of fraud and child protection matters concerning closed social care cases. The volumes of the latter requests have again remained stable over the past year compared with the previous two years. Police requests have increased slightly over the past year and a total of 78 requests were processed, including the locating, proportionate sharing and redaction of records.

## Complaints

11. The council manage two complaints procedures; The Corporate Complaints Policy and The Children's Statutory Representations and Complaints Policy. The Corporate Policy covers all directorates within Herefordshire Council. For a complaint to be considered within the Children's Representations and Complaints policy there has to be a child, young person, or a family member or person with a significant interest in the welfare and wellbeing of the child, who is expressing unhappiness or dissatisfaction with the way that they (the child or young person) have been treated. They believe that the local authority (including a commissioned service or other body providing services on behalf of the local authority) has done something wrong, provided a poor service or failed to do something and they expect this to be looked into and responded to.
12. The council dealt internally with 734 corporate complaints, a significant increase from last year. Of the total number of complaints, the council upheld or partially upheld 108. In addition, 55 complaints were processed under the children's complaints procedure for children's social care, of which 19 were upheld.

[www.herefordshire.gov.uk/social-care-support/complaints-feedback-childrens-young-peoples-services](http://www.herefordshire.gov.uk/social-care-support/complaints-feedback-childrens-young-peoples-services)

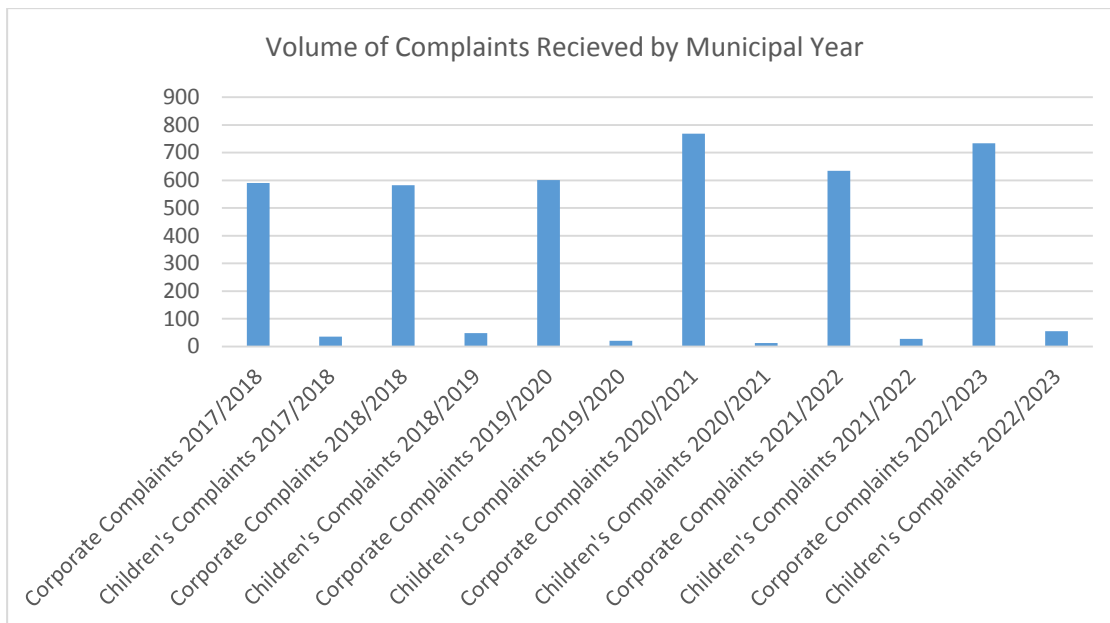
[www.herefordshire.gov.uk/downloads/file/1334/corporate-complaints-policy](http://www.herefordshire.gov.uk/downloads/file/1334/corporate-complaints-policy)

13. Quarterly reports to directorate management teams highlight these areas and recommend action to be taken, so that complaints trend data can be actively used to anticipate problem areas for service users and training needs for council staff. As one example, complaints about children's services have been used to contribute to the improvement plan implemented last year, for more active listening to the issues experienced by people receiving children's social care services.
14. When a complaint has exhausted the council's complaints procedure administered by the Complaints team, complainants can approach the Local Government and Social Care Ombudsman (LGSCO) for an independent investigation. For findings by the LGSCO of maladministration and injustice (where the council has been found to be "at fault") a decision notice will give recommendations that may include compensation payments.
15. The LGSCO themselves publish statistics by financial year. The review of complaints received by the LGSCO covering 1 April 2022 to 31 March 2023 provides figures for comparative authorities which are given in the table below. The council has seen an increase in the number of cases upheld against it, however in 2022-23 the LGSCO changed their investigation processes, contributing towards an increase in the average uphold rate across all complaints. Considering all complaints received by the council, 57 complaints were referred to the LGSCO

of which they considered 22 and upheld 16. This means 73% of complaints the LGSCO investigated were upheld. This compares to an average of 72% in similar organisations.

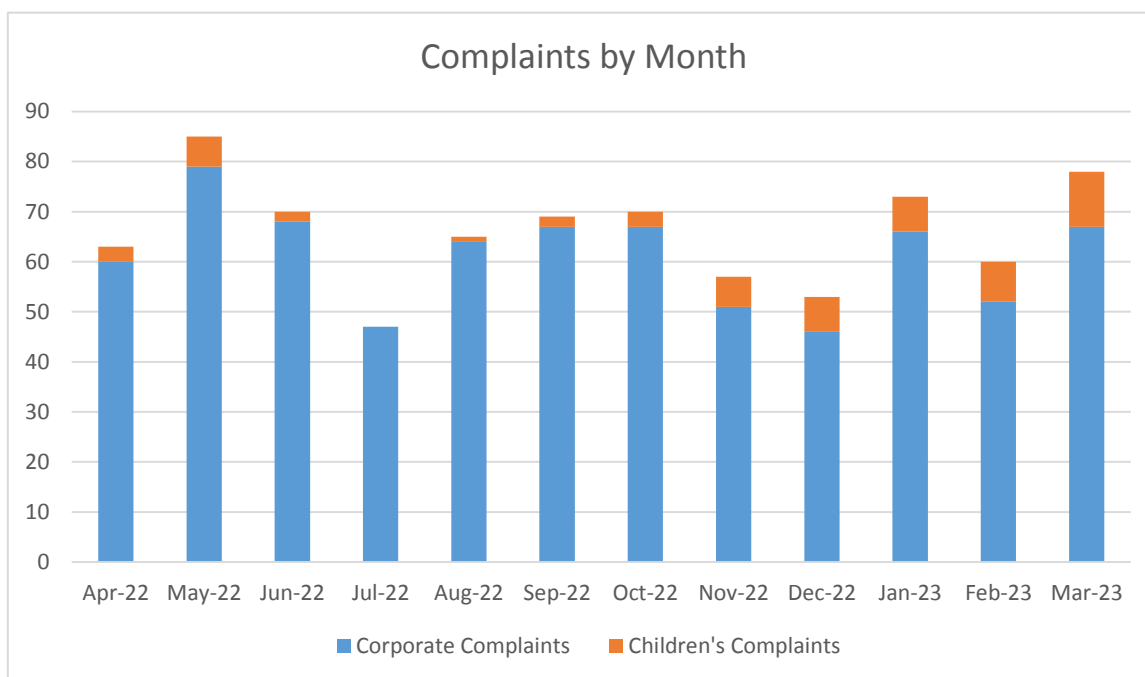
Authority	Number of complaints considered	Complaints upheld
Isle of Wight	13	54%
Rutland	4	75%
Cheshire West and Chester	13	62%
Northumberland	19	84%
East Riding of Yorkshire	19	74%
<b>Herefordshire</b>	<b>22</b>	<b>73%</b>
Shropshire	20	80%
Cornwall	38	66%
Wiltshire	31	58%
North Somerset	11	55%
Cheshire East	30	73%
Bath and North East Somerset	11	55%
Solihull	13	54%
Central Bedfordshire	5	80%

16. The LGSCO cases that were upheld against the council are set out on the LGSCO website which is at [www.lgo.org.uk/decisions](http://www.lgo.org.uk/decisions)
17. In 100% of cases the council has complied with the recommendations made by the LGSCO to resolve the case. In some cases compensation was recommended. The council paid out a total sum of £2,200 as advised by the LGSCO for the period of 1 April 2022 to 31 March 2023.
18. The following graphs show volumes of complaints processed under the council's corporate complaints procedure alongside those processed under the separate statutory children's complaints procedure.



19. The second graph breaks down complaints received by month with the data set out in the following table:

Month	Volume of complaints
April 2022	60 corporate complaints and 3 children's complaints
May 2022	79 corporate complaints and 6 children's complaints
June 2022	68 corporate complaints and 2 children's complaints
July 2022	47 corporate complaints and 0 children's complaints
August 2022	64 corporate complaints and 1 children's complaints
September 2022	67 corporate complaints and 2 children's complaints
October 2022	67 corporate complaints and 3 children's complaints
November 2022	51 corporate complaints and 6 children's complaints
December 2022	46 corporate complaints and 7 children's complaints
January 2023	66 corporate complaints and 7 children's complaints
February 2023	52 corporate complaints and 8 children's complaints
March 2023	67 corporate complaints and 11 children's complaints



### Information governance

20. The council's information governance team monitors low-level data security incidents, near misses, and allegations of breaches of data protection legislation, of which 210 such cases were reported and dealt with over the past municipal year. Out of these, 7 met the threshold for reporting to the Information Commissioner's Office (ICO), however no action was taken against the council and the ICO was satisfied as to how the council had dealt with the breaches in all cases. The figures reflect that the council has sound processes in place for reporting data incidents, and that there is a high level of awareness from the mandatory training given to all council staff regarding data protection. It also indicates a more open culture around reporting things that have gone wrong. Incidents are reviewed at the information governance steering group and learning from incidents is fed back through staff training and changes in processes and procedures.
21. The information governance team also assesses the mandatory data protection impact assessments that are completed for new programmes, projects or systems that involve processing of personal data, advise on information sharing agreements, implement information security policies and procedures, and ensure that teams make information available on how the council processes personal data.
22. In addition to providing the council with a service, as of April 2023, 51 of the county's schools were signed up to a self-funding school's data protection officer service level agreement. A high level service and support to schools is provided whether on the end of the telephone or via a face to face visit.

### Community impact

23. In accordance with the 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. The council is committed to promoting a positive working culture that accepts, and encourages constructive challenge, and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development, and review.
24. This report provides information about the council's performance in handling complaints and requests for information from members of the public, in order to provide assurance that the council handles requests and complaints effectively and derives learning from them to improve



experiences for those who receive services from the council. It also provides information about the measures taken to protect personal data under the UK General Data Protection Regulations and the Data Protection Act 2018.

### **Environmental impact**

25. The 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.
26. 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, including through encouraging complaints and requests for information to be submitted electronically to the council.

### **Equality duty**

27. 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.
28. This report is for information only and therefore there are no equality duty implications arising directly from this report.

### **Resource implications**

29. There are no financial implications arising directly from this report, which is for information. As outlined above however, there are risks of fines from the Information Commissioner's Office for breaches of data protection legislation, and compensation payments if the council has acted in a way that results in maladministration and injustice. The council has sufficiently protected the personal data it holds to not incur fines so far. The council has however had to make some compensation payments following complaints, hence learning from complaints is being fed back into strategic planning.

### **Legal implications**

30. There are no direct legal implications arising from the report as it is a factual summary provided for information purposes.

### **Risk management**

31. The risks to the council are of non-compliance with legislation including the UK General Data Protection Regulations, the Data Protection Act 2018, the Freedom of Information Act 2000, the Environmental Information Regulations 2004, and the Local Government Act 1974. Effective operational and governance processes mitigate these risks of non-compliance with information legislation and standards, and maintaining high standards of compliance mitigates

risks to the reputation of the council.

### **Consultees**

32. Not applicable.

### **Appendices**

None.

### **Background papers**

None identified.

### **Report Reviewers Used for appraising this report:**

Governance	Jen Preece	Date 04/12/2023
Finance	Karen Morris	Date 15/11/2023
Legal	Sean O'Conner	Date 15/11/2023
Communications	Luenne Featherstone	Date 04/12/2023
Equality Duty	Harriet Yellin	Date 15/11/2023
Procurement	Lee Robertson	Date 15/11/2023
Risk	Kevin Lloyd	Date 15/11/2023

Approved by Claire Porter	Date 04/12/2023
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# Title of report: Update on Internal Audit Recommendations

**Meeting: Audit and Governance Committee**

**Meeting date: Tuesday 12 December 2023**

**Report by: Head of Corporate Performance**

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose**

To review the progress of audit recommendations implementation.

## **Recommendation(s)**

**That:**

- a) **The status of current audit recommendations be reviewed and the Committee determine any recommendations it wishes to make in order to provide further assurance that actions identified by audit activity are being actively managed.**

## **Alternative options**

1. The Committee could choose not to monitor the progress made on audit recommendations; however this would not be recommended as it is a function of the committee to monitor the effective development and operation of risk management and corporate governance in the council, and this report seeks to assure the committee that actions in response to audit recommendations are being suitably prioritised, in turn reducing the risk to the council.

## **Key considerations**

2. South West Audit Partnership (SWAP) provides the internal audit services for the council. SWAP is required to deliver an annual audit plan, which is scoped using a risk-based

assessment of the council's activities. Additional audits are added to the plans as necessary to address any emerging risks and issues identified during the year.

3. Upon completion of each audit review, a formal report is drafted for discussion with service managers. These reports include the main conclusions of the review and the overarching opinion, individual findings and the potential associated risk exposure.
4. Management responses to each audit recommendation are obtained and recorded, identifying any actions required, the person responsible and an agreed target implementation date.
5. Recommendations are each scored to indicate their severity. The scoring matrix is shown below:

	Priority
Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of the management	Priority 1
Important findings that need to be resolved by management	Priority 2
Finding that requires attention	Priority 3

6. All staff responsible for audit recommendations are asked to review progress on the implementation of recommendations. Managers were asked to self-report on the action which had been taken in respect of the SWAP recommendation and the overarching status.
7. The Committee receives periodic reports on progress made in implementing audit recommendations to enable it to fulfil its role of monitoring the effective development and operation of risk management and corporate governance in the council.
8. The last report to the Committee in July 2023 provided an update on audit recommendations. At this meeting, it was reported that there were 34 recommendations that were overdue; a combination of recommendations which had been previously reported to the committee as overdue (15), and those which were due between October 2022 and March 2023 that hadn't been complete as planned (19). Updates have been sought on these remaining recommendations from responsible owners identified at the point of finalising the audit. These updates identified that 7 recommendations have since been completed; 1 deferred; and 26 remain outstanding. Further details on all recommendations can be found at appendix A, along with revised completion dates. The table below provides an update status for those recommendations that were overdue at March 2023.

		CWB	C&YP	E&E	Corp. Centre
Priority 1	Complete				
	Incomplete				1
Priority 2	Complete				2
	Incomplete	3		1	3
Priority 3	Complete				5
	Incomplete	5		3	10
	Deferred	1			
<b>Total</b>	<b>Complete</b>	-	-	-	<b>7</b>
	<b>Incomplete</b>	<b>8</b>	-	<b>4</b>	<b>14</b>
	<b>Deferred</b>	<b>1</b>	-	-	-

9. Between April 2023 and September 2023, a further 34 recommendations were due for completion. The table below provides an update status for these recommendations, split by priority and directorate.

		CWB	C&YP	E&E	Corp. Centre
Priority 1	Complete				
	Incomplete				
Priority 2	Complete	6			5
	Incomplete	4			1
Priority 3	Complete	6			4
	Incomplete	8			
<b>Total</b>	<b>Complete</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>9</b>
	<b>Incomplete</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>1</b>

10. Of the audit recommendations which became due for completion since the last committee, 62% have been completed (47% when last reported). Further details on the recommendations, and the update provided can be found in appendix A.
11. In addition to recommendations due for completion before this meeting, an update is provided below giving an indication of progress being made against recommendations due in the future.

	Priority 1	Priority 2	Priority 3	<b>Total</b>
Complete		1	1	<b>2</b>
On track		1		<b>1</b>
Delays possible				<b>-</b>
Delays likely				<b>-</b>

12. Of the future recommendations, all are on track to be completed within planned timescales, or have already been completed (75% when last reported). A further narrative on these recommendations can be found in appendix A.

### Community impact

13. 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 service planning, financial management, risk management and internal controls are important components of this performance management system. By monitoring the implementation of audit recommendations, assurance is given that risks are being effectively managed and that the council is taking action to meet its corporate plan priorities to secure better services, quality of life and value for money.

### Environmental Impact

14. This report is based on internal audit and the response of the council to its recommendation, as such there are minimal environmental impacts.

## Equality duty

15. 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 arising from this report.

## Legal implications

18. There are no legal implications arising directly from the recommendations in this report..

## Risk management

19. There are no risks associated with the recommendations of this paper and visibility of the progress being made against audit recommendations promotes good governance. However, internal audit recommendations are raised as a result of gaps in our controls or deficiencies identified within processes reviewed, therefore incomplete and overdue items inherently increase the council's exposure to risk.

## Consultees

20. None.

## Appendices

Appendix A Update on Internal Audit Recommendations

## Background papers

None identified.

## Report Reviewers Used for appraising this report:

Governance	Jen Preece	Date 04/12/2023

Finance	Karen Morris	Date 04/12/2023
Legal	Emma-Jane Brewerton	Date 04/12/2023
Communications	Luenne Featherstone	Date 04/12/2023
Equality Duty	Harriet Yellin	Date 04/12/2023
Procurement	Lee Robertson	Date 04/12/2023
Risk	Kevin Lloyd	Date 02/11/2023

Approved by Amy Pitt Date 04/12/2023





## Appendix A

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
Staff Car Parking - Business Passes  <b>PREVIOUSLY OVERDUE</b>	1.2.1 We recommend that the Assistant Director of Technical Services ensures: <ul style="list-style-type: none"> <li>Managers and staff business pass holders are reminded of the requirement to return parking passes if an officer leaves or transfers to a new role,</li> <li>A centralised record of returned passes is populated in a consistent manner to identify details of all passes that are required to be returned including the leaving/role change date or the date that the pass was destroyed to allow Parking Services to pursue unreturned passes as part of the solution under recommendation 1.1,</li> <li>Where the manager fails to obtain a staff business pass, where the officer is leaving or transferring the service should be charged for the cost of a season ticket for the pro rata amount remaining time left on the parking pass.</li> </ul>	3	31-Jan-21 Revised to 31-Dec-21 Revised to 27-Jun-22 Revised to 31-Mar-23 Revised to 31-Jan-24	The first step in moving to a virtual system has now been completed where it transpired the Enforcement Back Office needed to be cloud hosted to enable live updates of permits. This took several months and was a complicated piece of IT infrastructure work to move existing data to the new provider. The Service is now in the process of developing the specification for the virtual permits for all parking uses (Staff Season Tickets, Staff Business Permits, On Street Permits and Resident Permits) to minimise future costs and streamline delivery. This work has now started with the procurement team.	In progress	Parking Strategy and Processing Manager
Staff Car Parking - Business Passes  <b>PREVIOUSLY OVERDUE</b>	1.1 We recommend that the Assistant Director for Technical Services ensures that: <ul style="list-style-type: none"> <li>A solution is identified and implemented to provide a master list of active pass holders with appropriate reports to allow monitoring to be simplified,</li> <li>All existing pass holders are checked for general compliance with the Staff Car Parking Policy - Business Passes April 2019 annually.</li> </ul>	2	30-Apr-21 Revised to 31-Dec-21 Revised to 27-Jun-22 Revised to 31-Mar-23 Revised to 31-Jan-24	The first step in moving to a virtual system has now been completed where it transpired the Enforcement Back Office needed to be cloud hosted to enable live updates of permits. This took several months and was a complicated piece of IT infrastructure work to move existing data to the new provider. The Service is now in the process of developing the specification for the virtual permits for all parking uses (Staff Season Tickets, Staff Business Permits, On Street Permits and Resident Permits) to minimise future costs	In progress	Parking Strategy and Processing Manager

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
Commercial Properties/Rents 2020/21  <b>PREVIOUSLY OVERDUE</b>	1.1 We recommend that all procedures and processes, along with escalation protocols, are documented to aid business continuity and these documents should then be made available to the team on a shared drive.	3	28-Feb-21 Revised to 31-May-21 Revised to 31-Mar-22 Revised to 31-Aug-22 Revised to 31-Dec-22 Revised to 31-Oct-23 Revised to 31-Mar-23	and streamline delivery. This work has now started with the procurement team.  The Commercial & Investment Portfolio Management Plan is being finalised. The wider CAP document has just ended consultation with wider colleagues and is being formatted. Once we have all constituent parts together it will go to CLT for approval.	In progress	Senior Estate Manager
s106 Agreement  <b>PREVIOUSLY OVERDUE</b>	Daily management and monitoring of the S106 agreements is undertaken through the population of a series of spreadsheets with the master spreadsheet being the key record. The master spreadsheet, contribution spreadsheet, expenditure(leaders) spreadsheets and the individual S106 agreements were examined during the audit. However, there are other spreadsheets populated such as Open Space and Legal monitoring worksheets which were not reviewed and provide more granular information on the specific category. The review identified inconsistencies between the spreadsheets and three of the ten S106 agreements examined as part of the audit. Examples of discrepancies are as follows: Ref 141278 <ul style="list-style-type: none"> <li>• Education gain - S106 agreement stated that the contribution was to be indexed but no indexed amount is shown on the master or the contribution spreadsheet.</li> <li>• Off Site Indoor Play - Master spreadsheet shows the gain type and the</li> </ul>	3	08-Feb-22 Revised to 01-Jun-22 Revised to 1-May-23 Revised to 1-Oct-23 Revised to 30-Apr-24	A capital business case was submitted on July 2023 for a replacement Civica software system to incorporate a section 106 monitoring element. This will be considered in due course with the capital programme being agreed in February 2024 with funding available from April 2024.	In progress	Planning Obligations Manager

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>gain received amount of £5176, which did not match the amount spent.</p> <p>Ref 160613 A duplicate entry on the master spreadsheet with one set of entries shown as no activity had occurred and the other gain types for the same reference illustrated that the monies had been received.</p> <p>Ref 103302 On the S106 agreement all the gain types of offsite play/open space, education, libraries and transport are all shown to be indexed, yet no entry on the master spreadsheet has indexation recorded. Furthermore, there is no record of any funds received for any gain type for ref 103302, which is the superseded number for ref DCCE0009/0093/F. The earlier number was checked but no record could be found.</p> <p>Offsite play/open space gain type on the master spreadsheet is shown as £3,360 (exc. indexation), yet on the S106 agreement it shows £10,000 plus indexation. The Open site play/open space gain type of £10,000 is shown as spent on the Expenditure Spreadsheet between 1 April 2019 to 31 March 2020 but no record is shown on the Contribution spreadsheet of this gain type or any other being received apart for transport.</p> <p>It is accepted that managing and monitoring the S106 agreements through a series of spreadsheets, where each worksheet has to be manually updated errors may happen. Moreover, continually updating multiple spreadsheets is not an efficient use of time.</p>					

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>In addition, in a discussion on financial record keeping on Open Spaces gain type the Planning Obligations Manager advised that details may be stored on CIVICA or a note is made on the master spreadsheet. In future she confirmed that the information will be held in one area only, therefore no recommendation is to be made.</p> <p>It was noticed that on the contribution spreadsheet the progress to spend column is not dated to identify the timeframe of the entry. Similarly, on the Expenditure (Leaders) spreadsheet there is no timeframe recorded for the governance sign off.</p>					
<p>Non Domestic Rates (NDR)</p> <p><b>PREVIOUSLY OVERDUE</b></p>	<p>A total of five accounts were selected from the weekly NDR Valuation Office Agency (VOA) reports dated 26 January 2021 and 16 February 2021. Accounts were examined to check the accuracy of information held on Academy and the timeliness of notification to the Valuation Office (VO) of new or altered properties. The following was identified:</p> <p>Capturing of notes on the system</p> <ul style="list-style-type: none"> <li>• One of the five valuations billing notifications checked had incomplete notes captured within Academy. During the audit, the Team Leader stated the importance of system notes to record what has happened on an account, Timeliness of notifying VO</li> <li>• Two entries were processed in 1 day and reported to the VO.</li> <li>• One entry was processed in 4 days and reported to the VO.</li> <li>• One entry was processed and notified within 12 days.</li> <li>• One entry took in excess of 28 days to be processed and notified to the VOA.</li> </ul>	3	<p>31-Dec-21 Revised to 30-Sep-22 Revised to 31-Mar-23 Revised to 1-Sep-23 Revised to 31-Jan-24</p>	<p>We have started up the planning meetings again and continue to try and report the changes to the VOA within 7-10 days. New properties are reported within this time frame thanks to taking on more staff however where splits/mergers and general changes are required these are taking a little longer. As mentioned we have picked up the planning project again where timelines and streamlining will be discussed in order to get all changes reported within 7-10 days. IN addition, we have also recently had a meeting with the VOA in order to discuss best practices which will link into our processes</p>	In progress	Council Tax and Business Rates Manager

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	At the close out meeting it was confirmed that a timeframe to notify the VO had been piloted as part of the Planning Project (which includes Building Control). However, because of the impact of COVID 19 it had been too early to assess if the timeframe was set at the correct level. This will be revisited as part of the project.					
Main Accounting (Follow-Up)  <b>PREVIOUSLY OVERDUE</b>	The Senior Team Leader (Transactional Team) agreed to train another officer within the Transactional Team to be able to complete the Council Tax/National Non Domestic Rates/Housing Benefit control accounts reconciliation. However, agree that we need to have someone in the Transactional Team who is also trained; this will be started in January 2020 and completed by April 2020	3	31-Dec-21 Revised to 30-Jun-22 Revised to 31-Dec-22 Revised to 31-Jul-23	This was completed end of January 2023. However, Transactional Team Leader left the company 06.04.2023. Training was started with another member of the team in January 2023 and this will continue and will be completed end of July 2023. Training is continuing with 2 members of the team to allow more flexibility and provide more cover.	Complete	Senior Team Leader (Transactional Team)
Adult Social Care - Provider Payments & Client Contributions  <b>PREVIOUSLY OVERDUE</b>	Provider invoices on hold Following the previous audit, the Transactional team reduced the invoices on hold (disputed invoices) relating to adult social care non-residential payments. However, because of the COVID pandemic and the additional resource pressures placed on the team the disputed invoices relating to adult social care have increased. The Senior Transactional Finance Team Leader has explained that temporary changes to processes because of the COVID 19 pandemic have resulted in further invoices being placed on hold. Therefore, the current list of invoices on hold may not be fully reflective of invoices where there is a dispute with the provider and instead are a result of the temporary processes put in place during the pandemic. A cleanse of the invoices on hold is needed, and where there is a dispute, this needs to be resolved with	3	31-Dec-21 Revised to 31-Aug-22 Revised to 31-Mar-23 Revised to 31-Jul-23	There is a revised process in place for managing the disputed invoice list, includes a list being sent monthly for review, regular contact with specific providers to resolve disputes and meetings with commissioning to discuss specific cases. It is an area that is being regularly reviewed and managed. Portal is not yet live and will require a change in procedure.	Complete	Senior Transactional Finance Team Leader

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>the provider to ensure the client contribution debt is raised correctly. The Senior Transactional Finance Team Leader acknowledged there is a risk that a client is overcharged as their invoice is raised before the provider invoice is resolved. However, she explained this is outweighed by the adverse impact caused by large, delayed client invoices being raised. Further investigation to be carried out relating to the reporting function of invoices on hold from the system and consideration of the implementation of the portal and the impact on the invoices on hold/queries from the providers. There is a risk that the Council has a backlog of invoices to pay to providers, as well as a financial impact on providers if they are not paid. However, the Senior Transactional Finance Team Leader is confident this accounts for a very small percentage of the invoices currently on hold. Improvements to reporting from the system would provide this oversight.</p>					
<p>Adult Social Care - Provider Payments &amp; Client Contributions</p> <p><b>PREVIOUSLY OVERDUE</b></p>	<p>Procedure documents – provider payments The Senior Transactional Finance Team Leader is in the process of reviewing and updating the procedure documents covering the payments to adult social care providers (non-residential) from the Abacus system. This needs to be completed with further consideration to be given to the procedure documents once the portal has been implemented. Financial and reputational impact to the Council is a risk if staff are not following procedures and are paying providers incorrectly.</p>	3	<p>31-Dec-21 Revised to 31-Jul-22 Revised to 31-Mar-23 Revised to 31-Jul-23 Revised to 31-Jul-24</p>	<p>Portal not implemented, due for further testing 16.10.23. Procedure documents are available for all areas of the social care payments procedure. Procedures and guidance will be updated with the implementation of the portal.</p>	In progress	Senior Transactional Finance Team Leader
<p>Adult Social Care - Provider Payments</p>	<p>Gap analysis Whilst gap analysis was completed following the first audit, significant changes to process have been</p>	3	<p>31-May-22 Revised to 31-Dec-22</p>	<p>Release 23.1 is now available. The Software provider intends to apply the upgrade on Monday 30th October subject</p>	In progress	Head of Prevention and Support

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
& Client Contributions  <b>PREVIOUSLY OVERDUE</b>	<p>implemented since. With more changes planned with the implementation of the portal a further gap analysis would be beneficial. The Head of Prevention and Support had already identified this gap analysis exercise would be valuable as there are several complex processes involved which overlap several teams. The Welfare and Financial Assessment Team Manager highlighted that consideration should be given as to whether project management support would be useful due to the range of teams this end-to-end review covers. Procedure documents Alongside this gap analysis exercise a review of all procedure documents should be completed to ensure they are reflective of the new processes that have been implemented. In addition, the Council may wish to consider whether an internal audit could support the end-to-end review once the portal is implemented and embedded. This will include overlaps with the brokerage team, debtor's team and the transactional team and will require their involvement. However separate actions have been agreed regarding the update of the procedure documents covering the processes they are responsible for. The Council must ensure all roles and responsibilities are clearly reflected in</p>		Revised to 31-Jul-23 Revised to 31-Dec-23 Revised to 30-Apr-24	<p>to the outcome of user acceptance testing. In addition, the provider will work on Residential services over the next 3 months. In light of the above the planned gap analysis work cannot be started until 3 months post live implementation. An estimated target date of April 2024 is therefore provided.</p>		Welfare and Financial Assessment Team Manager
Adult Social Care - Provider Payments & Client Contributions  <b>PREVIOUSLY OVERDUE</b>	<p>Debtors Policy &amp; Procedure Documents It is recognised that the process for adult social care debt recovery including roles and responsibilities has been documented (flow diagram) however, the Debt Recovery Policy requires updating to include the new debt recovery process (for Adult Social Care) as agreed at the core Directorate Leadership Team</p>	3	31-May-22 Revised to 30-Sep-22 Revised to 31-Mar-23 Revised to 30-Jun-23 Revised to 31-Mar-24	<p>We are much closer to this piece work now being finalised with the creation of procedure notes for the main debt recovery process on Mosaic about to commence (we have needed to ensure the processes are in place fully prior to completing these). In addition the process for improved comms between Social Care and Revenues is being tested and nearing</p>	In progress	Revenues Manager

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	<p>Meeting. It has been agreed as part of the Accounts Receivable 2020/21 audit that the Debt Recovery Policy will be updated in November 2021. This action was agreed by the Head of Corporate Finance. Therefore, no further action required as part of this audit. Procedure documents within the Debtors team require updating (currently are basic Mosaic instructions) to reflect the new adult social care debt recovery processes. The Council must ensure all roles and responsibilities are clearly defined and reflected in documents/guidance. Referred to in more detail in 'other considerations' section.</p>			<p>a point whereby it can go live. A training power point has been provided by Mosaic systems themselves and final meetings are taking place between Social Care and Revenues this week to finalise particular queries that are being raised following staff interaction with the system. Once fully completed a full procedure note will be created to ensure the process is adhered to.</p>		
<p>Adult Social Care - Provider Payments &amp; Client Contributions</p> <p><b>PREVIOUSLY OVERDUE</b></p>	<p>Debt Recovery Resources need to be allocated to ensure debt recovery processes and specifically the Mosaic debt recovery workflow - red file case review process carried out by the Revenues Manager is completed. The Council's debt position has been impacted by the COVID 19 Pandemic, but consideration needs to be given as to whether additional resources would be beneficial with the aim of reducing the Council's adult social care aged debt figure. Current aged debt position for adult social care is £4.2 million (Aged debt report from Finance Manager). Suppressed Invoices The Revenues Manager has identified there is a backlog of historic invoices with complaint codes e.g., suppressed debts. Resources need to be allocated to clear the suppressed invoices and pursue active debt recovery. The Revenues Manager explained that where there are multiple invoices for one account the team will only put one complaint code on one invoice rather than a complaint code on each invoice. This reduces the number of</p>	3	<p>31-May-22 Revised to 30-Sep-22 Revised to 31-Mar-23 Revised to 30-Jun-23</p>	<p>All social care invoices (care home, home care and telecare) have been updated with status codes. A report can easily be run to show what stage cases are at (to include referrals to court of protection, awaiting write of authorisation, awaiting court process and so on). All diary dates are now being input in a different field to allow for the input of status codes. Staff are aware of the requirement to add status codes and have been provided with the relevant list of codes to be used.</p>	Complete	Revenues Manager



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	<p>diary dates for the teams to manage. The current system does not allow for a customer account to be placed on hold. Officers are trained to look at the whole account when reviewing/chasing. However, this means that the Council are not able to easily identify what level of debt is currently suppressed.</p>					
<p>Adult Social Care - Provider Payments &amp; Client Contributions</p> <p><b>PREVIOUSLY OVERDUE</b></p>	<p>Adult Social Care Aged Debt - Reporting There are two different ways adult social care debt can be reported, the Finance Manager (Adults and Communities) uses the charging codes to summarise the debt whereas the Revenues Manager has highlighted her report summarises the debt per cost centre. Whilst some of the difference between these reports will be timing there is a risk that the Council may have different information when reviewing adult social care debt. The Council needs to ensure there is a consistent method of reporting that captures all outstanding adult social care debt. Mosaic Debt Recovery Workflow – Reporting There is no known way of reporting those cases in the debt recovery workflow in mosaic i.e., number of cases and value of these cases. In addition to this the new Mosaic debt recovery workflow would benefit from being modified to allow cases to be distinguished by a status for example: reviewed – court action, reviewed – write off and waiting for review. This would give the Council further insight when monitoring and reporting on debt. Link from Business World to Mosaic There does not appear to be a clear method to identify in Business World those cases that have transferred to the Mosaic debt recovery workflow as they are just</p>	3	<p>31-May-22 Revised to 30-Sep-22 Revised to 31-Mar-23 Revised to 30-Jun-23</p>	<p>Cost code reports are emailed to the Treasury at the end of each month and Finance has a bespoke report that is run for them created by Business World. In regards to status' this is now complete and social care invoices will have relevant status' applied to the account where appropriate.</p>	Complete	Revenues Manager

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>marked with the common complaint codes (diary dates) used. The Revenues Manager needs to consider how these cases can be cross referenced to allow for accurate reporting. It is however recognised officers record notes on Business World for example if an officer opened a diary date notes would identify it is a case that is being progressed through the Mosaic Debt Monitoring process. Update of coding within Business World Some adult care cases are identified using historic codes CCV and SCV, for consistency it would be beneficial to update these to the relevant new codes used Fairer Charging (FCH) and Care Home Market (CHM) this will assist with debt reporting.</p>					
<p>Development Regeneration Programme</p> <p><b>PREVIOUSLY OVERDUE</b></p>	<p>At the start of the Overarching Agreement Development and Regeneration Programme (DRP) in June 2018 a governance structure was put in place. At the highest internal level there was the Economic Development Programme Board, where concerns would be escalated from the Development Regeneration Partnership Programme Boards for both Keepmoat Homes Ltd and Engie.</p> <p>Communications in more recent times appear to have faltered with Keepmoat Homes Ltd. The last agenda and minutes for the DRP Programme Board: HC and Keepmoat is dated 3 March 2020 with no evidence of formalised communication beyond this point through this body. The Keepmoat attendance and meeting spreadsheet for 2020 shows that meetings were scheduled to take place on 25 June 2020 and 15 October 2020, but no records were available on the shared</p>	3	31-Oct-22 Revised to summer 2023	<p>Economic Plan finalised in January and Economy and Place Board being recruited. Local Plan, Hereford Masterplan being amended to reflect new administration priorities prior to consultation. Investment strategy being developed. Until these areas of work are completed, it is not possible to determine any priorities to be taken forward through the DRP.</p>	In progress	Corporate Director Economy and Environment

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	<p>drive to show they proceeded. Under the DRP Project Group- Keepmoat electronic folder notes and actions dated 4 November 2020 it is recorded that the Bromyard Depot and Holme Lacy site were discussed. There appeared to be a partnership relationship between Herefordshire Council and Keepmoat Homes Ltd up until November 2020. It is unclear if there was further engagement beyond this date.</p> <p>Both the Chair of the programme board and the original Senior Responsible Officer at Herefordshire Council for Keepmoat Homes Ltd, are no longer at the organisation to enquire what happened. This finding would suggest that Herefordshire Council may have failed to maintain even limited ongoing communications with Keepmoat Homes Ltd, unlike the continued relationship with the other partner Engie.</p> <p>At the DRP Programme Board: HC &amp; Engie on 1 September 2021 the interim Director for Economy &amp; Place stated that Hereford Council is developing the Hereford City Masterplan and Herefordshire Big Plan for the next 30 years. Therefore, it is likely to be 12 months before Herefordshire Council is in a position to consider any project activity with Equans (previously Engie). Internal Audit is unaware if as a courtesy this information was communicated to Keepmoat.</p> <p>The Council should consider future communications within the DRP partners to allow a good working relationship to be maintained.</p>					
Oral Health Needs Assessment (OHNA)	Explore the feasibility of undertaking a health equity audit of access to dental services in Herefordshire, specifically	3	30-Sep-22	This has been carefully considered and is not a priority at the moment since significant issues are already known	Deferred	Consultant in Public Health

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<b>PREVIOUSLY OVERDUE</b>	related to 'at-risk groups' (e.g. Looked after children, vulnerable older adults, people who are homeless or refugees, those with a learning disability).			through the data. These are being resolved through commissioning by NHSE and are updated at the Children's Improvement Board meetings.		
Oral Health Needs Assessment (OHNA)  <b>PREVIOUSLY OVERDUE</b>	Seek opportunities to influence the common risk factors and wider determinants for poor oral health, obesity and other key public health issues i.e. smoking, high-risk drinking. For example through encouraging public service settings to be 'health promoting' and influencing local relevant planning decisions.	3	31-Mar-23 Revised to 31-Mar-24	A workshop has been arranged between Health and Planning teams facilitated by Office for Health Improvement and Disparities (OHID) to commence work around health impact assessments.	In progress	Consultant in Public Health
Main Accounting  <b>PREVIOUSLY OVERDUE</b>	Eleven set of procedures covering key processes were assessed. All were clear, contained adequate detail, with staff aware of their existence and easily accessible on the shared drive. However, ten of the eleven procedures sampled required improvements in document management to align to the Policy Writing Procedures 2020. The key omissions identified are: • Name of document • Summary outlining the purpose • Author (job title) • Owner of the procedure • Approved person and date • Published date • Review date • Ref for version control	3	31-Jul-22 Revised to 31-Mar-23 Revised to 31-Dec-23	Has not been a priority due to increased work pressure from children's services	In progress	Senior Team Leader (Transactional Team)
Pool Cars  <b>PREVIOUSLY OVERDUE</b>	There is insufficient data available at present to accurately gauge whether there is a need to retain all current pool cars, although it is clear from reviewing the booking records that are available that there are periods of time when some cars are not in use. The Service should initially look to encourage use of pool cars across the Council over the coming months and follow this with a review of usage six months after this has taken place, in order to ascertain whether current fleet numbers can be justified or	3	31-Dec-22 Revised to 31-Dec-23	New online pool car booking and automatic recharge system launched in Dec 2022 with accompanying supporting videos, guidance documents etc. to encourage use – including updates in Chief Executive's newsletter. Analysis delayed to enable a full 2022/23 usage analysis. This will now be included in a wider staff business travel/pool use and corporate fleet review that will be presented to DLT in December 2023.	In progress	Sustainability and Climate Change Officer

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	whether some pool cars can be relinquished. This review should also take into account the two pool cars currently loaned to Wye Valley Trust (WVT) should they no longer wish to retain them past the current loan end date of 31st March 2022.					
Pool Cars  <b>PREVIOUSLY OVERDUE</b>	There have been no cost increases over the last six years for the administration of the pool car scheme. Although some analysis was recently carried out on the cost, that would not have been based on accurate and up to date records, as we have identified some vehicle mileage sheets and bookings that have not been recharged. It would therefore be beneficial to carry out further analysis on the cost of the scheme once there is enough accurate data to base this on, i.e., at least six months after the upgrades to the booking system have been made. A costing review also encompasses a review of fuel purchases, made using the fuel cards attached to the car key. However, fuel use is not monitored on an ongoing basis. Consideration should be given to this task, so that fuel usage can be monitored against mileage to ensure that it is reasonable. A review of fuel costs is outside the scope of this audit.	3	31-Dec-22 Revised to 31-Dec-23	Analysis delayed to enable a full 2022/23 usage analysis. This will now be included in a wider staff business travel/pool use and corporate fleet review that will be presented to DLT in December 2023.	In progress	Sustainability and Climate Change Officer
Green Homes Grant  <b>PREVIOUSLY OVERDUE</b>	The unspent Green Homes Grant funding should have been returned to BEIS in October 2021. As at the 23rd of March 2022, the unspent funding has not been repaid. The final expenditure figure is not yet finalised, as the final invoice from the contractor (Everwarm) is in dispute. Arrangements to repay the majority of the unspent grant funding need to be finalised immediately, with funding returned to BEIS. Audit Services has also	2	30-Apr-22 Revised to 30-Nov-22 Revised to 30-Sep-23 Revised to 31-Dec-23	Awaiting confirmation from Central Government that no further funding will need to be repaid.	In progress	Senior Project Manager

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	<p>been informed that there will be a further adjustment to the final invoice in respect of pre EPCs that have been charged for where the grant applications did not proceed. A further adjustment will also be required for the Council's administration costs, as a maximum 15% can be retained by the Council for this. We would recommend that additional legal advice is sought to ascertain the legal position should the Council decide to return all remaining funds to BEIS, hence leaving no funds available to pay Everwarm and refusing any future requests for payment. There is a risk that BEIS will demand full payment.</p>					
<p>Customer Services</p> <p><i>FUTURE</i></p>	<p>Customer Services could explore further opportunities to capture management information, which may be relevant and inform the Customer Service Strategy.</p>	3	31-Dec-23	<p>The new account and CRM will provide improved management data especially around channel shift. Data we currently collate has been shared with the contractors undertaking the Digital and Customer Strategy.</p>	Complete	Service Director Communities
<p>Customer Services</p> <p><i>PREVIOUSLY OVERDUE</i></p>	<p>The audit reviewed the customer service processes in place once calls were transferred from Blueschool House to other service areas. To identify telephone calls transferred from Blueschool House to service areas was a manual exercise completed by CSO between 28 January and 4 February 2022. This is seen as a current system weakness that call transferred routes could not be easily identified. Internal audit selected four areas with a higher level of traffic as follows: • Highways • Planning • Environmental Health and Trading standards (EHTS) • Council Tax (CT) /NDR Owing to the nature of the operations within the service areas there may be no correlation between their Customer Service Standards and that of</p>	3	<p>31-Dec-22 Revised to 31-Dec-23</p>	<p>The council is developing a Customer Services and Digital Strategy; which will include aligned customer services standards, as part of the wider Thrive transformation work.</p>	In progress	Service Director Communities

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	<p>Herefordshire Council web information on Customer Standards. This could cause public confusion and possible reputational damage to the Council for providing inaccurate web information where people are communicating with service areas. There needs to be clarity on the definition of what constitutes a customer service enquiry, which is expected to comply with the Herefordshire Council Customer Service standards. Revenue &amp; Benefits service standard for mailbox enquiries is fourteen working days to respond, whereas the Herefordshire Council Customer Service Standard is ten working days. The Acting Council Tax and Business Rates Manager confirmed that the discrepancy needs to be looked at to determine if the internal service standard needs to be aligned to the Council.</p>					
<p>Significant Partnerships</p> <p><i><b>DUE IN PERIOD</b></i></p>	<p>The Corporate Leadership Team (CLT) will be presented with the self-assessments at the level of completion at the deadline, along with the draft Annual Governance Statement. This will enable CLT to understand the quality of the self-assessments, address any inadequacies and consider any risk in relations to the operation of significant partnerships. Once considered acceptable by CLT (as one of the lines of defence of assurance) presented to Adult and Governance Committee as a further line of defence to consider risk and mitigations – including link officers and directors attending committee to answer gaps in controls. Consideration should be given to the role of co-ordinating and facilitating the completion of the self-assessments with the departure of the Service Director</p>	2	30-Apr-23	<p>The council identifies and defines its significant partners as those where contractual and governance arrangements exist and the council's role and obligations are agreed via legal contracts. Governance over partnership activity is provided by representation on relevant bodies and performance of partners is monitored through the council's contract management arrangements. This activity is considered to be an effective method of governance which provides assurance of the effectiveness of the council's activity with significant partners and partnership self-assessment forms will no longer be used. Governance arrangements are considered as part of the Director Assurance Statements which inform the council's Annual Governance Statement which is subject to external audit.</p>	Complete	Deputy 151 Officer

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	Corporate Service who took a hands on approach, operationally and strategically.					
Public Health Grant Process  <b>PREVIOUSLY OVERDUE</b>	<p>Each Public Health initiative or scheme falls within a Service area which has a budget holder/budget manager. However, the monitoring process for use of Public Health Funds and any re-badged or Reserve Funding re-invested is not formalised.</p> <p>Further discussions with key staff involved in the review confirmed that any re-badged or re-invested funding has been seen as more of an accounting adjustment historically and has not been undertaken in conjunction with the relevant Director. In addition, open dialogue with how this funding is utilised does not normally take place unless initiated by Finance.</p> <p>This may result in uncertainty of roles &amp; responsibilities, inconsistencies in processes applied and a lack of management oversight as to how funds and reserves funds are being utilised and compliance with grant conditions.</p>	2	31-Mar-23 Revised to 30-Sep-23 Revised to 31-Dec-23	Provisional mapping of public health spend across the council is now complete. Further work being undertaken to align spend to public health outcomes.	In progress	Director of Public Health
Public Health Grant Process  <b>PREVIOUSLY OVERDUE</b>	<p>Whilst it is acknowledged that the Council has a Health and Wellbeing Board for which the Director of Public Health attends as one of the lead officers and member, there is no formal reporting mechanism or process, such as an internal Public Health Board in place to discuss and scrutinise how Service Directors are spending the grant monies received. The absence of any formal reporting processes and mechanism has resulted in:-</p> <ul style="list-style-type: none"> <li>➤ no evidence and narrative produced to evidence how Public Health re-badged monies across the Council complies with the Funding Terms &amp; Conditions. It is</li> </ul>	2	31-Mar-23 Revised to 30-Sep-23 Revised to 31-Dec-23	Provisional mapping of public health spend across the council is complete. Work is now underway to develop service level agreements with those areas in receipt of public health funding	In progress	Director of Public Health / s151 Officer



Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>acknowledged that some of the re-badged funding activities and outcomes are mandatory.</p> <ul style="list-style-type: none"> <li>➤ no KPIs having been set up for those Public Health activities delivered internally by other Services and for re-badged monies that have been re-allocated from reserves. (Key Performance Indicators (KPIs) are only attached to the Public Health commissioned contracts that are managed by the Public Health Service.)</li> <li>➤ the performance of each of the commissioned/contracted services not being summarised and reported on through a dashboard over recent times. This has occurred due to the Covid 19 pandemic and the standing down of many national data set requirements. While some performance monitoring and data collection has continued, this has not been reported.</li> </ul> <p>The current arrangements may result in missed opportunities for Management to proactively manage, monitor, scrutinise and challenge the delivery of the Public Health budget. Further discussions with the Director of Public Health confirmed that a Public Health Board could be considered in the future. Initial discussions have taken place regarding such arrangements, and other considerations are being explored.</p> <p>The move of Public Health to the existing Communities and Wellbeing Directorate provides a further opportunity to utilise existing meetings to provide oversight of how the grant is spend, although the grant is not confined to this directorate.</p>					
Public Health Grant Process	Although there are robust contract management and performance	2	31-Mar-23 Revised to	Provisional mapping of public health spend across the council is complete.	In progress	Director of Public Health

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<b>PREVIOUSLY OVERDUE</b>	<p>monitoring arrangements for those Public Health Services commissioned and contracted out, there is no oversight from Public Health or any other Services for several Services that are delivered and managed internally.</p> <p>As a result, it is not clear whether the funding and any re-badged or re-invested Funding is spent on Public Health linked schemes and eligible outcomes. In addition, the Council may be unable to demonstrate to Office for Health Improvement and Disparities (OHID) that the use of funding is compliant with the terms and conditions of the grant.</p> <p>A clear and concise written agreement between the Public Health Directorate and individual Service teams would be of benefit to ensure that these arrangements are formalised.</p>		<p>30-Sep-23 Revised to 31-Dec-23</p>	<p>Work is now underway to develop service level agreements with those areas in receipt of public health funding.</p>		
<p>Public Health Grant Process</p> <p><b>PREVIOUSLY OVERDUE</b></p>	<p>The review confirmed that the total of the Public Health Reserves as of 31st March 2022 was Cumulatively £2.41M, dating back to 2012/13. The previous Director of Public Health had initially nominated values of the Reserves plan to projects, but this was not progressed.</p> <p>Therefore, historic reserve funds had not been sufficiently profiled and utilised to maximise the delivery of Public Health initiatives.</p> <p>It is acknowledged that Covid-19 significantly impacted the value, profiling, and utilisation of historic reserves. During this period, corporate Public Health activities and other front-line services had been diverted due to the pandemic, and therefore, 'business as usual' activities were temporarily halted at all levels. This also extended to partner agency and other stakeholders, such as GP practices</p>	2	<p>31-Mar-23 Revised to 30-Sep-23 Revised to 31-12-23</p>	<p>Reserves plan is in place and agreed with the Office for Health Improvement and Disparities.</p>	In progress	Director of Public Health

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	and Children Centres, which were closed because of the pandemic.					
Public Health Grant Process  <b>PREVIOUSLY OVERDUE</b>	Whilst it is acknowledged that the Public Health Grant Funding Grant Terms and Conditions provide details on the requirements and guidance on the reporting/governance arrangements, there is no formal reference to, or specific deadlines set for Local Authorities to submit the Year-End Statement of Assurance which requires the Chief Executive Officer / Section 151 Officer and the Director of Public Health's sign-off. In the absence of any formal reporting deadlines set by the relevant Governing Body, the Council may wish to consider establishing and setting their own internal reporting deadlines to submit this information. This will help ensure roles, responsibilities and timescales are defined and adhered to. This also promotes good working practices across different Service areas.	3	31-Mar-23 Revised to 30-Sep-23 Revised to 29-Feb-24	This will form part of the review of the Public Health Grant being undertaken.	In progress	s151 Officer / Senior Finance Business Partner
Public Health Grant Process  <b>DUE IN PERIOD</b>	There was no evidence provided of Service Plans documenting and demonstrating how re-badged or re-invested reserve funding is being used to meet Public Health outcomes or is compliant with the grant terms & conditions. Where appropriate, the Council should consider ensuring Service Plans document and demonstrate how re-badged monies are being used. This will help ensure compliance with the grant terms & conditions.	3	31-Jul-23 Revised to 30-Sep-23 Revised to 29-Feb-24	This will form part of the review of the Public Health Grant being undertaken.	In progress	Director of Public Health
Public Health Grant Process  <b>PREVIOUSLY OVERDUE</b>	The allocation of Public Health Grant investment fund (the allocation of the Public Health Ring Fenced Funding to other Council Services) has historically been a Finance process rather than being	3	31-Mar-23 Revised to 30-Sep-23 Revised to 29-Feb-24	This will form part of the review of the Public Health Grant being undertaken.	In progress	s151 Officer

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>driven by the Public Health Team. The allocation of any reserves has been 'an accounting adjustment' rather than an informed decision-making process. Consideration should be given to identifying the Services that will be in receipt of PHG investment monies at the beginning of each financial year and/or at the earliest convenient opportunity.</p>					
<p>Public Health Grant Process</p> <p><b>PREVIOUSLY OVERDUE</b></p>	<p>The Council's Finance Team maintains records on all streams of Public Health Funding. This extends to external grant funding which includes schemes such as the Adult Weight Management and Substance Misuse, along with reserves that have cumulatively built up over several years.</p> <p>However due to historic working processes, the allocation of the investment monies is not always shared or made available across all Service areas. This may affect the oversight and monitoring arrangements of how the grant is used.</p> <p>It is acknowledged that there are good working relationships and evidence of collaboration between the Public Health Directorate and key financial officers across many public health funded areas and activities has been noted. All key officers are keen to move away from the historic ways of working where appropriate and continue working in collaboration.</p>	3	<p>31-Mar-23 Revised to 30-Sep-23 Revised to 31-Dec-23</p>	<p>It is anticipated that this action will be resolved as part of the review of the grant currently being undertaken. This involves liaising with financial accountants across the council and subject matter experts.</p>	In progress	<p>Director of Public Health / Senior Finance Business Partner</p>
<p>Direct Payments</p> <p><b>DUE IN PERIOD</b></p>	<p>Identification of a Potential Fraud Risk within Adult Social Care All Herefordshire Council officers complete the annual mandatory fraud awareness e-learning training. Adult Social Care (ASC) Services social workers interviewed confirmed that fraud specific training for their area of</p>	3	<p>(a) 30-Apr-23 (b) 31-Mar-23 Revised to 30-Sep-23 Revised to 31-Mar-24</p>	<p>The Counter Fraud department has been unable to commence bespoke fraud awareness training within ASC to date, due to ongoing priorities in Fraud Risk Management and due to a number of projects within other service areas. This has included an influx of fraud referrals</p>	In progress	<p>Corporate Director, Community Wellbeing / Counter Fraud Manager</p>

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	<p>expertise could be beneficial to alert them to potential threats. The Counter Fraud Manager stated that in the future, a financial abuse toolkit will be developed, but currently other priorities take precedence. The Director: Community Wellbeing supports the delivery of fraud specific training for ASC officers. Four officers were asked if they were aware of Herefordshire Council's Counter Fraud Manager. The Service Director knew the name of the officer, the Senior Officer said they were aware that there would be one, and the two social workers were less certain. This response was despite the completion of the mandatory fraud awareness e-learning. A publication called 'Fighting Fraud and Corruption Locally- a Strategy for the 2020s' highlighted the need for alignment of the Council's fraud strategy to the safeguarding responsibilities. The Counter Fraud Manager was contacted and confirmed that there is not a common position between the corporate fraud strategy and the West Midlands Safeguarding Policy and Procedures used by the Safeguarding Team. In addition, the absence of the fraud risk on Council's risk registers was a surprising finding, particularly after the misappropriation of public funds exacerbated as a result of the pandemic. However, the Counter Fraud Manager confirmed that there have been mitigating circumstances that have delayed the integration of a fraud risk into all risk registers. Delays have been caused through staff movements within the Corporate Performance structure which has resulted in a delay in the department</p>			<p>that the Counter Fraud Manager has had to process and investigate. Bespoke Counter Fraud training in Social Care is on the annual fraud plan, and whilst this task is yet to be delivered, it is high on the agenda, but will now require a revised target date for completion. Senior management have been informed of the delay. With budget constraints on the Council, bringing additional resources to support is not possible. Therefore the Counter Fraud Manager is having to prioritise reactive investigations.</p> <p>Fraud risks are in the process of being entered onto service risk registers and should be reportable from September.</p>		

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	sourcing an adequate new risk management system.					
Direct Payments <i>DUE IN PERIOD</i>	Adult Social Care Internal Procedures No Adult Social Care (ASC) procedures were provided. A Locality Manager confirmed that ASC Strength Based Assessment procedures make no reference to suspected fraud or misuse of direct payment cards and the action to be taken if the event arises. The West Midlands Adult Safeguarding Policy & Procedures adhered to by the Safeguarding team make reference to fraud. The regional policy and procedures states the need to use this alongside a Local Authority's own guidance on fraud. The Service Director, Social Care Delivery confirmed at the close out meeting that separate procedures would be a duplication and that social care staff follow corporate policies and the Direct Payment procedures. Social care staff interviewed confirmed that they did not have access to the Direct Payment team procedures. Moreover, the Team Manager (Welfare and Financial Assessment) stated that these were internal direct payment team procedures. The two senior officers agreed that they could work collaboratively in the delivery of procedures suitable for the two service areas. To guarantee a consistent approach in the identification and handling of potential fraudulent or misuse of direct payments, support should be obtained from the Counter Fraud Manager.	3	30-Apr-23 Revised to 30-Sep-23 Revised to 31-Dec-23	Tri.x on-line resources are now being used for Herefordshire Council Procedures, Practice Guidance, and Tools for Adult Social Care. This is for use by practitioners across all adult social care teams. The content for direct payments has been reviewed and updated. Specific guidance relating to social care fraud will be added to the content at the next opportunity to submit changes.	In progress	Service Director Social Care Delivery / Team Manager (Welfare and Financial Assessment)
Direct Payments <i>PREVIOUSLY OVERDUE</i>	Senior Practitioners' Development Meetings were requested with two senior practitioners to discuss the direct payments process within Adult Social Care. Both parties stated that they had	3	31-Mar-23 Revised to 30-Nov-23 Revised to 31-Mar-24	The Counter Fraud department has been unable to commence bespoke fraud awareness training within ASC to date, due to ongoing priorities in Fraud Risk Management and due to a number of	In progress	Service Director Social Care Delivery

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>joined the service area within the last six month and felt Internal Audit should interview someone more experienced. Later it was found that both individuals, although holding supervisory positions, fill interim posts, so this may have contributed to their reply. A social care worker interviewed advised that a senior practitioner allocated an Operation Input request from the workflow, that had been completed and moved to the next stage of management review. However, the manager re-allocated the completed work, which may indicate a lack of knowledge on the use of Mosaic. The Service Director Social Care Delivery believes that this is an isolated incident. SWAP Internal Audit is aware that the recruitment and retention of staff is difficult nationally. However, it is important that whether a permanent or interim person is in post, they are confident with the processes and systems used, particularly with flexible working. Support is available to improve an officer's knowledge and experience. A Business System Analyst and a Performance Officer provide Mosaic system induction and refresher training. In addition, the Team Leader, Direct Payments provides detailed induction training. The completion of a skill assessment spreadsheet would identify persons requiring support.</p>			<p>projects within other service areas. This has included an influx of fraud referrals that the Counter Fraud Manager has had to process and investigate. Bespoke Counter Fraud training in Social Care is on the annual fraud plan, and whilst this task is yet to be delivered, it is high on the agenda, but will now require a revised target date for completion. Senior management have been informed of the delay. With budget constraints on the Council, bringing additional resources to support is not possible. Therefore the Counter Fraud Manager is having to prioritise reactive investigations.</p>		
<p>Registration Service</p> <p><b>PREVIOUSLY OVERDUE</b></p>	<p>Security: Storage Unit Key Control: Although the Service now has two key safes on the wall of the main Registrars' office, we observed that they were not being used as had been intended by the Head of Practice Management (Governance and Law). On visiting the</p>	2	28-Feb-23 Revised to 30-Jun-23	Procedure now in place. Codes are changed monthly.	Complete	Head of Practice Management

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>office on 11th October, 2022, I found that the new key safe was open and empty on the wall, even though this had been installed by Facilities Management as an urgent job eight days before. Staff were also unaware of how often the combination should be changed on the larger key safe, and were of the view that there were no written procedures around key safe usage and controls. Although the Head of Practice Management (Governance and Law) has ensured that the new key safe is now in use, it is advisable for a process document to be drawn up, setting out the details of keys that should be held in each, e.g., keys to the strong rooms, safes, Registration Service offices, desks and cupboards, who should have access to each, and the requirements for changing the access codes. Owing to the current and historical issues around staff having keys cut, rules around key cutting (types of keys that can be replicated and those that must not be) should also be included, with staff required to sign this document to state that they understand and agree with this policy.</p>					
<p>Registration Service</p> <p><b>PREVIOUSLY OVERDUE</b></p>	<p>Stock Control Records: There are inconsistencies in the way that stocks of certificates are being recorded by the Registrars. SWAP Audit Service carried out a stock take of certificates held in the Strong Room on 1st November 2022, but the records that we were directed to by staff did not contain details of that stock. Subsequently, further stock records for three Registrars were forwarded to us, but these did not reconcile to our stock take records. There was also a lack of information contained within the records,</p>	2	31-Mar-23 Revised to 30-Jun-23	Cashbooks (including stock control) are now in place for all registers and for SR stock. Procedures now in place following GRO handbook.	Complete	Head of Practice Management



Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>along with a lack of consistency as to how the stock usage was recorded. We did not receive a record of the Superintendent Registrar's stock, at the same time that we received the additional Registrars' stock records, but received a copy of this at a later date. Advice should be taken from the Shropshire County Council trainer so that the team can implement a stock control record that is compliant with the requirements of the G.R.O. The team would benefit from drawing up a written procedure document to ensure a consistent approach is taken and also to provide guidance for any new staff in the future. This should run alongside the G.R.O. handbook, but should set out in further detail the processes that staff need to follow to ensure that all new stock is correctly and promptly received, checked and recorded, all stock removed from the main strong room stock is accounted for at all times, and that both used and spoiled stock are clearly and promptly recorded.</p>					
<p>Registration Service</p> <p><b>PREVIOUSLY OVERDUE</b></p>	<p>Income Records / Reconciliation: Income reconciliations had not been carried out prior to Head of Legal Practice (Governance and Law) being assigned the task of overseeing service improvements in July 2022. Owing to this, she appointed a member of her own team to attempt a reconciliation of income received since April 2021. However, the income records have been found to be of such poor quality that it has not been possible for this to be done. Issues that have contributed to this have included: • income types not being consistently split between separate account codes for births. deaths and marriages when paid</p>	1	28-Feb-23 Revised to 31-Jan-24	<ul style="list-style-type: none"> <li>- Coding structure in place and being updated in pay.net and existing online forms.</li> <li>- Referencing on pay.net improved to be able to identify payments to individuals and therefore should help easier reconciliation of income</li> <li>- Checking of cashbooks and spoils process in place as per GRO handbook.</li> <li>- Accurate coding of ceremony income reliant on implementation of online processes by Hoople ICT.</li> </ul>	In progress	Head of Practice Management

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>in; • income not being paid in promptly, and sometimes left for multiple weeks before being banked; • insufficient details having been recorded on the composite paying in slips meaning that there is no breakdown of cash and cheques paid in, or what certificate purchases the income relates to. As a consequence of this, it has not been possible to ascertain whether all income has been paid in during this period of time, or indeed whether there has been any fraudulent activity, i.e., theft of Council income. In addition, to there having been no reconciliations, there has been no segregation of duties over receipt and banking of income, with each Registrar having been responsible for their own takings. On commencing the task of addressing the shortfalls in income controls, the Practice Management Officer identified that large sums of income, running into hundreds of pounds, had been left in cash tins in the strong room. Although she addressed this and paid it in, it highlighted an issue of large sums of cash being taken to the bank by staff, which in itself put them at risk. The Head of Legal Practice (Governance &amp; Law) has therefore taken the decision that the Service would only accept card/online payments from 1st November 2022. This has eliminated the risk of cash/cheques been misappropriated, however, there is still a requirement for card income to be reconciled, to ensure that all certificates recorded as issued have been paid for. This process must include a review of the spoils records, to ensure that all of these have been correctly accounted for. In order to enhance the controls around income reconciliation, it is advisable to</p>					

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	ensure that the Superintendent Registrar and the Registrars do not reconcile their own income. This could be achieved either by arranging for them to reconcile a colleague's income, or preferably for an independent member of staff to carry out all reconciliations, with any discrepancies being reported to the Head of Legal Practice (Governance and Law) for review.					
Registration Service  <b>PREVIOUSLY OVERDUE</b>	Information Technology / Digital Services: The service is hindered by poor technology, notably in terms of the website, online forms, and income reconciliation processes. The Service does not have online booking system, and therefore has to take bookings through emails and by phone. The current forms do not allow for customers to specify all required levels of service provision on one request form, along with the split of income types. The Service would benefit from investment in its website, new online forms for requests, and an online booking system, which would significantly streamline processes, reduce staff time on tasks that could be digitalised and aid the reconciliation processes for the team.	2	31-Mar-23 Revised to 31-Oct-23 Revised to 31-Jan-24	Delays in ICT build of online processes for ceremonies and registering. Unlikely to be live until Dec 2023.	In progress	Director of Governance and Law
Registration Service  <b>PREVIOUSLY OVERDUE</b>	Document Retention: The Registration Service's Document Retention Schedule is out of date. The version provided by the Superintendent Registrar is dated September 2019 and contains insufficient information to guide staff. The document should be updated to include all types of documentation that the Service needs to retain, i.e., certificate copies and spoils, records of used certificates and income records. The updated version should be made available to all staff and should be easily accessible. A copy should also be forwarded to the Modern Records Unit so	3	31-Mar-23 Revised to 30-Jun-23	The GRO have a statutory retention schedule covering retention of current documents. This along with historical documents retention details and local arrangements e.g. spoiled certificates need to be reflected in the service retention schedule document needs to be updated. Staff are adhering to requirements.	Complete	Head of Practice Management

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	that it can be formally recorded on the Council's intranet.					
Treasury Management 2022/23  <i>DUE IN PERIOD</i>	Cashflow Procedures Document: The Cashflow procedures document states the following:  'You are aiming to maintain a balance of circa £20k.'  This is not reflected on the cashflow spreadsheet which currently maintains a balance of circa £5,000.00. The Corporate Finance Accountant (Treasury Management) confirmed this is due to cash flow coming into the account throughout the day and there being no need to keep a balance of 20k in a non-interest bearing account.	3	03-Apr-23	We have returned the cell on the cashflow to state a maintained balance circa £20k.	Complete	Corporate Finance Accountant (Treasury Management)
Treasury Management 2022/23  <i>DUE IN PERIOD</i>	Annual Investment Strategy Process Review (TMS): There is currently no procedure in place to guide officers in instances of a current or prospective investment counterparty being downgraded on the Link Asset Services approved list. Although this is a rare occurrence, a recorded process for officers to follow would minimise the risk of the Council suffering financial loss through processing a new investment or failing to address a current investment.	3	03-Apr-23	Section 2.2 of the TMPs have been updated to include the sentence "These are reviewed to ensure the Council's investments continue to meet the criteria and action will be taken where needed", and the cashflow procedure notes have been updated with more in-depth instructions.	Complete	Corporate Finance Accountant (Treasury Management)
Housing Solutions Team Financial Processes  <i>DUE IN PERIOD</i>	Management Overview of Spend on Procurement Cards There is currently no management overview and approval of individuals spend on their procurement cards (P-cards), which is contrary to the Procurement Card Policy. Budget holders are required to review procurement card usage for their staff, in order to identify errors, inappropriate spend, and manage the risk of fraud. This is leaving the use of	2	30-Apr-23	Management and review of the cards is now taking place, a review of card holders has also taken place and the number will be reduced. Finance have met with the team and provided training, reinforcing that all card holders are responsible for their own cards and the spend on them. A new employee in the team is looking after finance and analysing the payments and matching them to products or clients.	Complete	Housing Service Lead

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	the Service's procurement cards open to abuse if users are not challenged at any time on their spend.					
Housing Solutions Team Financial Processes <i>DUE IN PERIOD</i>	Procurement Card Transaction Input and Coding P-card transactions are currently being input by the Performance Budget & Income Resource Officer; however, this is contrary to the P-Card Policy. It is a requirement of the policy for the card holder to input their transactions via Nat West SDOL. Each card holder signs up to the terms and conditions of use, and therefore must comply with this.	2	30-Apr-23	Finance training has been provided on the cards and coding Each card holder now codes for their own cards and transactions The biggest spend is on temporary accommodation (Travel Lodge) where the officers call on a daily basis and book the accommodation and pay on their cards. A direct debit has now been set up with the Travel Lodge, the officers book on a daily basis and the travel lodge invoice us monthly.	Complete	Housing Service Lead
Housing Solutions Team Financial Processes <i>DUE IN PERIOD</i>	Homeless Loans Payments Although very few homelessness loan payments are now made (seven new loans have been made in 2022/23 totalling £4,466.64), there is a concern that the payments are raised through the Imprest account. This is not necessary especially for suppliers who are already set up on Business World (BW) e.g., Housing Associations. A clear audit trail can be seen on BW from the source document through to payment.	2	30-Apr-23	Goodwill payments will need to be paid to customers, they will not be set up on Business World and these payments should be one off payments so will follow the process as below.	Complete	Housing Service Lead
Housing Solutions Team Financial Processes <i>DUE IN PERIOD</i>	Imprest accounts authorisation and supporting documentation for payments. Seven of the 25 Imprest payments tested had none or insufficient supporting evidence for the payments to be made and no clear authorisation process. There was not clear evidence of the required two authorised signatories for all payments that are made through the Imprest account. The Covid-19 pandemic brought its problems with an easy work through for authorisation in many areas, but it is essential that there is a clear audit trail with supporting evidence and	2	30-Apr-23	All requests for payments through the Imprest system are only progressed once all of the supporting documentation is received from the officers to ensure the audit trail. This information is sent with the payment request and is saved and logged against the budget. The forms are signed by the requesting officer and the Team Lead before the payments will be considered.	Complete	Housing Service Lead

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	authorisation for all payments made through the Imprest account.					
Housing Solutions Team Financial Processes <i>DUE IN PERIOD</i>	Process and Procedure Notes There are currently spend procedure and procedure reasoning notes in place, however these do not provide details of the processes that have to be followed for specific tasks. These processes and procedure notes are important to have in place to help ensure that any delegated officer can complete a task if the regular officer is unavailable.	2	31-May-23 Revised to 31-Dec-23	Extension required for comprehensive process to be put in place.	In progress	Housing Service Lead
Housing Solutions Team Financial Processes <i>FUTURE</i>	Staff Resources There is currently only one member of staff in the Housing Solutions Team that processes requisitions, and goods receipted. This a risk to the service delivery if this member of the team were to leave or have long term sick or annual leave.	2	31-Oct-23	There are now 3 staff in different sections of the team that are actively able to process requisitions and goods receipt them. Two managers also have experience and the ability to complete the process as a back up.	Complete	Head of Community Commissioning and Resources
Housing Solutions Team Financial Processes <i>DUE IN PERIOD</i>	Cash Imprest Account (Petty Cash) The Cash Imprest account is no longer used and should now be reconciled and closed.	3	30-Apr-23	No longer in use and closed down.	Complete	Housing Service Lead
Housing Solutions Team Financial Processes <i>DUE IN PERIOD</i>	Imprest - Cheque Book Account If cheque book is still in use/available for the Imprest account, the signatories must be reviewed and updated accordingly otherwise the cheque book account should be closed.	3	30-Apr-23	No longer in use and closed down.	Complete	Housing Service Lead
Housing Solutions Team Financial Processes <i>DUE IN PERIOD</i>	Use of Imprest account when Business World could be used. Some payments that are made through the Imprest account could be made through Business World when there is already a supplier set up. This would provide a clear audit trail, and less administration and time involved than the longer process of raising the payment through the Imprest account which	3	30-Apr-23	If the payment is to an organisation/ Client they will now only be paid once a client account has been created in Business World. This will be reflected in the procedure.	Complete	Housing Service Lead

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	requires two authorisations and the preparation of a load sheet before being passed for payment.					
Housing Solutions Team Financial Processes <i>DUE IN PERIOD</i>	Commitment Accounting At the end of a tenancy, a maintenance charge is incurred. Unfortunately, this is always an unknown cost as it is not known if repairs will be required in the premises. No commitment is made on Business World to allow for this additional expense, although there will always be an expense incurred, as the tenant will eventually leave. Therefore, it would be prudent to consider placing a commitment to this expense against the cost code at the outset, or a separate budget allocation to a dedicated account code.	3	31-May-23	A budget line has been identified in the budget and has a separate code allocated. Each property now has an identifying FIN code so that a report can be printed identifying each property and the spend on each property.	Complete	Housing Service Lead
Main Accounting <i>DUE IN PERIOD</i>	Journals and Virements - Supporting Information and Narrative Supporting documentation is not routinely attached to Business World for virements and journals that are posted of all denominations. A monthly check is undertaken by the Finance Support Team of journals over £2m to check for supporting information, but even with the higher value transactions, documentation is not always attached and must be followed up. This is both time consuming and unnecessary use of time for the Finance Support Team and the originator. The issue identified here is that the originator could be on long term sick, annual leave or have left their post, with the information required having been stored in their emails which is only accessible by them. As highlighted previously by External Audit, the narrative in the text box of journals is sometimes	2	30-Jun-23	Process notes have been reviewed and it is concluded that they are already explicit regarding the need for an explanatory narrative and supporting information. Article written ready for next finance newsletter reminding colleagues of the correct process to follow.	Complete	Chief Accountant

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	not explicit; we also found one case where narrative had been omitted.					
Disabled Facilities Grant Process <i>DUE IN PERIOD</i>	The Home Adaptations and Assistance Policy was due for revision in April 2020, but was delayed in anticipation of the government releasing their response to the government funded review of the Disabled Facilities Grants undertaken in 2019, and which was finally released in March 2022. This therefore requires an update now.	2	15-May-23	Reported as complete as part of final report.	Complete	Independent Living Services Manager
Disabled Facilities Grant Process <i>DUE IN PERIOD</i>	Detailed system operating procedures (SOPs), covering the whole service, have become out of date. Officers are aware of this and the benefit they would have for new staff. Lack of resources has meant that this has not progressed as quickly as anticipated.	2	30-Sep-23 Revised to 31-Dec-23	Staffing shortages, together with increased demand has delayed this work which is now underway.	In progress	Independent Living Services Manager
Disabled Facilities Grant Process <i>DUE IN PERIOD</i>	The pages on the Council's website relating to Disabled Facilities Grants require updating to provide more information to potential service users. This has not been a priority due to limited resources. Officers were also anticipating a corporate update to the website.	3	30-Sep-23 Revised to 31-Dec-23	Staffing shortages, together with increased demand has delayed this work which is now underway.	In progress	Independent Living Services Manager
Disabled Facilities Grant Process <i>DUE IN PERIOD</i>	The Privacy Statement currently has no version control; this document is sent out together with the grant application.	3	31-May-23 Revised to 31-Dec-23	Staffing shortages, together with increased demand has delayed this work which is now underway.	In progress	Independent Living Services Manager
Disabled Facilities Grant Process <i>FUTURE</i>	Currently, a basic DBS check is required for contractors, but officers advised that there were some issues with: • uploading documents to the Contractor (DPS) system; • the level of checks required in some instances; • the extent of personnel to be checked; and • the use of sub-contractors. It is the building contractors' responsibility to ensure that appropriate DBS checks are completed. However, where necessary checks are not in place,	2	30-Nov-23	Revision of the DPS process underway.	In progress	Independent Living Services Manager



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	the Council could suffer significant reputational damage.					
Disabled Facilities Grant Process <i>DUE IN PERIOD</i>	In 2021-22, there were two grants which exceeded the six month target (application completion to application approval). There were 21 grants that exceeded the 12 month target (approval to certification). Whilst this data is recorded in the end-to-end performance monitoring / activity spreadsheet, there is no commentary on the spreadsheet where those cases exceed target. Notes / reasons are however included on the CIVICA database, and officers advise that any learning is taken forward. It would be helpful for a summary note to be included on the performance document to advise senior management of any trends.	3	31-May-23	Trends are extracted from Civica database and reported to senior management.	Complete	Independent Living Services Manager
Disabled Facilities Grant Process <i>DUE IN PERIOD</i>	Officers act on leavers/movers as part of corporate systems but have not obtained a full report of the I drive or Civica to check current user access. This would provide additional assurance on user access.	3	31-May-23 Revised to 31-Dec-23	User Access will be checked via Civica.	In progress	Case Co-Ordinator and Performance Manager
Disabled Facilities Grant Process <i>DUE IN PERIOD</i>	Surveyors now review all works by physical inspection (post Covid-19 pandemic). Whilst details are recorded and images are still obtained, there is currently no formal "scoring" system for quality. This could be something that surveyors complete and record for future contract award/assessment and could be linked to future DPS improvements. It is noted though that there are very few significant quality issues and completion inspections are carried out by the Council surveyor, along with periodic audits by the company hosting the DPS.	3	30-Jun-23 Revised to 31-Dec-23	Being considered as part of the ongoing review of DPS.	In progress	Case Co-ordinator and Performance Manager
Disabled Facilities Grant Process	As part of our testing, we identified one case from a sample of nine which had not	3	15-May-23	Reported as complete as part of final report.	Complete	Case Co-Ordinator and Performance Manager

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<i><b>DUE IN PERIOD</b></i>	been notified to the Local Land Charges Team.					
Disabled Facilities Grant Process <i><b>DUE IN PERIOD</b></i>	Current processes could result in local land charges being missed, as there are no regular reports produced to check compliance.	3	15-May-23	Reported as complete as part of final report.	Complete	Case Co-Ordinator and Performance Manager
Disabled Facilities Grant Process <i><b>DUE IN PERIOD</b></i>	Three incorrect VAT codes were identified as part of our grant certification work. These were in respect of payments to contractors; they had included VAT on their invoices, even though most of the grant payments are zero rated and the Council had in turn incorrectly accounted for the VAT.	2	15-May-23	Reported as complete as part of final report.	Complete	Independent Living Services Manager
Disabled Facilities Grant Process <i><b>DUE IN PERIOD</b></i>	The Foundations Organisation has issued an updated VAT guidance note on HIA income and VAT. This is not something that the Team has looked at recently. The purpose of the note was to clarify the position of HIAs around their liabilities for VAT. It would be useful to review the guidance to ensure that the current status of the HIA charges as zero rated can remain.	3	30-Jun-23 Revised to 31-Dec-23	Work on this is underway.	In progress	Independent Living Services Manager
Disabled Facilities Grant Process <i><b>DUE IN PERIOD</b></i>	There is no current use of commitment accounting for DFG through Business World. This has previously been considered by the Independent Living Services Manager. Her concerns are around the impact that changes to the current process would have on the team's staffing resources; additional administration would be required to authorise payments where there had been additional costs incurred in comparison with the original grant estimate. That estimate would need to be set up on a purchase order on Business World at the time of the estimate being received. This is however the standard, approved process for the Council.	2	30-Jun-23 Revised to 31-Dec-23	Additional resources would be required for this. It is not achievable at this time but is being considered as part of the wider review of the service to implement with effect from the new financial year 2024-2025.	In progress	Independent Living Services Manager

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	Implementing commitment accounting for Disabled Facilities Grant expenditure would facilitate more timely budget monitoring and forecasting, and would be an aid to the Finance Teams.					
Whistleblowing <i>DUE IN PERIOD</i>	Whistleblowing Policy Awareness The Council offers two mandatory training modules to all staff/officers/contractors and Hoople staff for completion initially through induction and thereafter as required by the Council. Mandatory training references whistleblowing and shares a link to the policy, however, this training is offered on a two-yearly or three-yearly cycle and there is currently no whistleblowing reminders posted or provided to staff through the year. As this is not circulated annually, to increase awareness and ensure there is a positive culture towards whistleblowing, all directors and assistant directors should communicate a reminder to all staff that the whistleblowing policy is in place. Having the policy mentioned in the CEO briefings a couple times a year would also promote awareness.	3	28-Jul-23	As the Whistleblowing Policy is currently used, there does not appear to be any evidence of a lack of awareness. However, we will ask Directors to remind their staff on an annual basis that the policy exists. When the policy is updated or process changes, we will notify staff via the Chief Executive weekly news bulletin.	Complete	Monitoring Officer
Whistleblowing <i>DUE IN PERIOD</i>	Corporate Register/Case Log Record keeping is not up to date and cases are not being recorded on the corporate register/case log spreadsheet. All concerns raised should be documented, this includes cases not considered as whistleblowing concerns or not proceeding to investigation stage. Records should also include details to identify lessons learned or improvements to be made. Completing a corporate register/case log will provide ease of reference for whistleblowing officers, enable the team to track trends, provide lessons learned for future investigations	2	28-Jul-23	The Council does have a tracker which keeps a record of all cases and outcomes, including those which do not proceed for other reasons e.g. employment matter. This is now kept up to date.	Complete	Monitoring Officer

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	and accuracy in reporting to the Audit and Governance Committee.					
Whistleblowing <i>DUE IN PERIOD</i>	Response Procedures There are no response procedures currently in place. Due to this, we were unable to ascertain whether sufficient support/advice was provided to investigators on cases reviewed, or whether correct steps were taken to investigate concerns. A comprehensive process procedure, would offer a step-by-step guide to support an outcome and ensure consistency of approach i.e. how to proceed with the case, ensuring support is provided, reporting is done, timeframes are kept, all documents are stored/recorded and final outcomes are provided etc. Due to the Corporate Register (case spreadsheet) not being consistently updated and all cases recorded, as well as missing documentation, the Whistleblowing team was unable to provide clear feedback on cases queried.	2	28-Jul-23	The audit was based on the previous Whistleblowing Policy. A new policy was agreed by the A&G Committee at its meeting in June 2023, and this contains a procedure for those receiving a concern. It also advises that support can be obtained from the Monitoring Officer for help with an investigation. As there are approximately six cases per year, and these can be on varied topics, it is not considered appropriate to write a comprehensive process procedure. All documentation is stored and recorded by the Monitoring Officer at the resolution of a case.	Complete	Monitoring Officer
Whistleblowing <i>DUE IN PERIOD</i>	Whistleblowing Shared Drive Access The Information Security Officer confirmed that the user account list provided by Head of Legal Services & Deputy Monitoring Officer did not match the user account list held by IT. Due to the nature of sensitive documentation held on this shared drive, immediate action is required to ensure no unauthorised staff have access to this data.	2	28-Jul-23	The Head of Legal Services & Deputy Monitoring Officer has provided an update to the Information Security Officer with details of staff who have approved access to the whistleblowing shared drive. This has been updated by the Information Security Officer and all other access has been removed.	Complete	Head of Legal Services & Deputy Monitoring Officer
IT Disaster Recovery - Follow Up <i>DUE IN PERIOD</i>	1.1 a) Once all critical services & supporting systems have been identified, the HC Applications Master List will be updated appropriately. b) The 'priority' for recovery for each system	2	30-Jun-23  Revised to 31-Dec-23	20-09-2023 Follow-up a) The Applications register format has been revised and a continuously maintained online version created. b) The 'priority' for recovery for each system has now been recorded and added as an addendum to the Applications Master list and will be included with the	In progress	

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	<p>will be established and recorded on the HC Applications Master List to provide a link to the Service Level Agreement (SLA). This will indicate the expected service restoration timeframes for disaster recovery.</p> <p>c) The accuracy of the back-up requirements of 'N' entries will be confirmed for those 32 systems identified that could process sensitive data. If back-ups are required, arrangements will be made with either the third party concerned or Hoople to provide these and contracts and/or the Service Level Agreement (SLA) will be amended where appropriate.</p> <p>d) The HC Applications Master list will be reviewed to complete and/or remove any blank entries, 'N/K' (not known) and '?'. If clarification cannot be obtained, management will decide whether to denote these as 'N/K' or simply '?'. e) Regarding the 6 systems identified as requiring backup (but not known whether they are managed by Hoople and hence potentially not covered by the SLA (with Hoople), management will obtain assurance that the backup and restoration services in place do meet the Council's system restoration requirements. This will be established through the Business Continuity (BC) exercise, according to whether this supports critical or non-critical services. f) Going forward, all procurements of Software as a Service systems, whether through Hoople or independent of</p>			<p>SLA documentation.</p> <p>c) This is identified by Column Q of the Herefordshire Council Applications Master List, 'Contains Sensitive data.'</p> <p>d) The applications register format has been revised and a continuously maintained online version has been created, as part of this these application details have been completed.</p> <p>e) Regarding the 6 systems identified as requiring backup (but not known whether they are managed by Hoople and hence potentially not covered by the SLA (with Hoople), the Head of ICT &amp; Digital will work with Hoople to identify these, normalise any necessary changes and bring these within the Hoople SLA to ensure backup and restoration is adequate. Ongoing work through the Business Continuity (BC) exercise will ensure arrangements are sufficient to support critical or non-critical services.</p> <p>f) A proposal for a Technical Design Authority (TDA) governance authority has been created to review procurements of Software as a Service systems to ensure these terms are established.</p>		

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>Hoople, will have clear backup and recovery contractual terms.</p> <p>For existing systems where these terms are unclear, the contract terms will be reviewed at renewal by management for adequacy against the relevant BC requirements. Alternatively, if the Hoople SLA restoration timetable is considered acceptable for other services, the Council will apply the same priority recovery timetable requirements for services from other providers.</p>					
<p>IT Disaster Recovery - Follow Up</p> <p><b>PREVIOUSLY OVERDUE</b></p>	<p>1.2 Management will:</p> <p>a) Establish whether the backup and restoration arrangements (as detailed in the Service Level Agreement (SLA)) adequately support the Business Continuity (BC) requirements of all Hoople in-scope applications that support the Council's critical services (as recently been agreed by the Management Board).</p> <p>b) Confirm the adequacy of Disaster Recovery (DR) testing to demonstrate compliance against the SLA recovery (priority) targets, see Appendix 2, figure 2, for all systems with due regard to the critical services identified.</p> <p>c) Request that (or, where appropriate, in conjunction with) Hoople, undertake scenario-based test situations to inform current Disaster Recovery (DR) planning that will reference the loss of all applications, loss of all Hoople supported services at all clients etc. This will provide assurance to the Council of the adequacy of Hoople's arrangements.</p> <p>d)</p>	2	<p>30-Sep-22</p> <p>Revised to 31-Dec-23</p>	<p>20-09-2023 Follow-up</p> <p>a) SLA arrangements are annually reviewed and agreed.</p> <p>b) The ISO 27001:2017 compliance schedule has been met and externally audited.</p> <p>c) Hoople have participated in a cyber exercise for Local Resilience Forum modelling multiple-agency regional cyber-attack.</p> <p>d) We were advised that this action is still in progress.</p> <p>e) We were advised that this action is still in progress.</p>	In progress	

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>For any system that is not covered by the SLA (see Finding 2 above), confirm the adequacy of their ICT Disaster Recovery arrangements including testing for critical and non-critical services.</p> <p>e) Confirm the adequacy of DR decision making processes for those systems that are not supported by Hoople. Options include scenario-based planning / tabletop DR exercises for management. Such scenarios could reference the potential loss of the system itself, supporting hardware etc.</p>					
<p>IT Disaster Recovery - Follow Up</p> <p><b>PREVIOUSLY OVERDUE</b></p>	<p>1.5</p> <p>a) Herefordshire Council Directors/Service Directors will complete the review of their individual Business Continuity (BC) Plans with due regard to the critical operational services identified by the Council. This will necessitate the revision of Business Impact Assessments to determine the criticality of the IT applications in use and the priority for recovery, as defined by the Service Level Agreement (SLA).</p> <p>b) The Council Directors/Service Directors will review and authorise their departmental BC plans and organise the publication of these on the Council's Business Continuity Management System (BCOMS). This will ensure that the plans are accessible to those responsible for maintaining them.</p> <p>c) Going forward, any changes to these plans will be authorised by the Director / Service Director concerned.</p> <p>d) The adequacy of the resolution times defined in the SLA with Hoople will be reviewed considering all services now defined as 'critical' given the number of</p>	3	<p>30-Jun-22</p> <p>Revised to 31-Mar-24</p>	<p>20-09-2023 Follow-up</p> <p>The majority of business-critical services have now completed reviews of their individual Business Continuity Plans and have been reviewed, plans are also now signed off by Service Directors. However, there are still a small number of areas that have not completed their business impact assessments and plans, and there has been difficulty in encouraging some areas to complete these.</p>	In progress	

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	'business critical' systems that should be recovered within 8 hours.					



# Title of report: Energy from waste loan update

**Meeting: Audit and Governance Committee**

**Meeting date: Tuesday 12 December 2023**

**Report by: Head of Strategic Finance (Deputy S151 Officer)**

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose**

To update the committee on the current status of the energy from waste loan arrangement to enable the committee to fulfil its delegated functions.

## **Recommendation(s)**

**That:**

- a) **The risks to the council, as joint lender, are confirmed as being 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; and**
- b) **Arrangements for the administration of the loan are reviewed and confirmed as satisfactory.**

## **Alternative options**

1. None; the loan arrangement was contractually agreed in May 2014, no breaches or areas of concern have taken place during the reporting period. This report provides an update on the arrangement to the Audit and Governance Committee in its role as the waste loan governance committee which entails reviewing risks to the lender and monitoring administration of the loan.

## Key considerations

2. In 1998, the council, in partnership with Worcestershire County Council, entered into a 25 year contract with Mercia Waste Management Limited (Mercia) for the provision of an integrated waste management system using the Private Finance Initiative. In 2014, a variation to the contract was signed, to build, finance and operate an energy from waste plant in Hartlebury.
3. The councils (the Lenders) provided a total of £163.5 million to Mercia (the Borrower) as a long term loan split across two facilities (Facility A £35.45 million and Facility B £128.05 million). Herefordshire Council provided 24.2% of the loan value £39.57 million.
4. Facility A was fully repaid in December 2022. The repayments for Facility B have been extended for 5 years until January 2029 in line with the extension to the Waste Management Services contract.
5. This report enables the committee to fulfil the functions delegated to it in relation to the governance of the waste loan arrangement; specifically to review the risks to the council as lender and to monitor administration of the loan.
6. Since the last report to the committee in October 2022, the loan arrangement has continued to be repaid in line with expectations and risks to the council are considered to be reasonable and appropriate.

## Update to loan balance

7. During the last year, since the previous report to the committee, the following loan repayments have been made:

	Interest £m	Principal £m	Total £m
<b>Loan balance (principal) at October 2022</b>		<b>31.8</b>	
December 2022 repayment	1.0	0.8	1.8
June 2023 repayment	1.0	1.3	2.3
<b>Loan balance (principal) at November 2023</b>		<b>29.7</b>	

## Loan Agreement Ratios

8. The ratios are a financial covenant imposed by Lenders (in this case the council and Worcestershire County Council together as Lenders) as a monitoring mechanism to provide early warning of project distress and potential Borrower (in this case Mercia) default on their repayment obligations. The ratios provide a measure of the project's historic and future performance in relation to its ability to service current and upcoming debt liabilities. The ratios are reported every 6 months in June and December.

9. The ratios reported at June 2023 were as follows:

Ratio	Calculation	Reason	Compliance value	Actual value at June 2023
The Historic Annual Debt Service Cover Ratio	Preceding 12 months actual cashflows/ Loan principal and interest repayments over the preceding 12 months	To assess the ability to service current debt obligation over the preceding 12 month period	1.35	1.58
The Projected Annual Debt Service Cover Ratio	Following 12 months actual cashflows/ Loan principal and interest repayments over the next 12 months	To assess the ability to service future debt obligations over the following 12 month period	1.35	2.30
The Loan Life Cover Ratio before distributions	NPV all future cashflows plus available reserve balances/ Loan principal outstanding	To assess the ability to repay the outstanding loan balance from future cash flows over the remaining life of the loan	1.40	7.77

10. The ratio calculations have been supplied by Mercia along with forecasts of future ratio value up until the end of the loan agreement. There are no ratios that are forecast to be under the compliance values.
11. Mercia have supplied a Ratio Compliance Certificate confirming that, as at June 2023, all ratios are within the levels outlines in the Senior Term Loan Facilities Agreement. There are no areas of concern to highlight to the committee. This Certificate is included in Appendix 1.
12. Mercia have supplied a Senior Term Loan Facility Agreement Assurance Statement for Lenders to provide some assurance to the council that loan covenants have been met, and there are no significant issues or risks to future loan repayments. This Statement is included in Appendix 2.

### Community impact

13. In accordance with the 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 financial management, risk management and internal control are important components of this performance management system. The committee's assurance that any risks associated with the loan arrangement have sufficient mitigation actions applied supports adherence to the code.
14. The loan arrangement supports the continued viability and affordability of the contracted waste disposal arrangement.

## **Environmental Impact**

15. 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.
16. This is an update on an existing loan arrangement and will, in isolation, have minimal environmental impacts. However, consideration to minimise waste and resource use in line with the Council's Environmental Policy is managed as part of the overall waste collection and disposal service provision.

## **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. As this is an update on an existing loan arrangement we do not believe that it will have an impact on our equality duty.

## **Resource implications**

19. There are no financial implications arising from the recommendations in this report. The loan arrangement is being repaid as expected, the implications of the agreed loan arrangements are reflected in the council's medium term financial strategy and treasury management strategy as agreed by Council in February 2023.

## **Legal implications**

20. The terms and arrangements for this loan agreement are set out in the senior term loan facilities agreement. There are no specific legal implications arising from this report. The function of the committee is set out in the constitution under 3.5.13. This report relates to functions (a) to review risks as lender and (b) to monitor the administration of the loan.

## **Risk management**

21. Attached at Appendix 3 is the joint risk register with Worcestershire County Council.

## Consultees

22. None.

## Appendices

Appendix 1 – Ratio Compliance Certificate

Appendix 2 – Senior Term Loan Facility Agreement Assurance Statement for Lenders

Appendix 3 – Joint Risk Register

## Background papers

None identified.

## Report Reviewers Used for appraising this report:

Governance	Jen Preece	Date 04/12/2023
Finance		Date
Legal		Date
Communications	Luenne Featherstone	Date 04/12/2023
Equality Duty		Date
Procurement		Date
Risk		Date
Approved by		
	Claire Porter	Date 04/12/2023



## Ratio Compliance Certificate

To: Worcestershire County Council and The County of Herefordshire District Council ("The Lenders").

Attention: Sherief Loutfy and Judith Tranmer

From: Mercia Waste Management Limited

**Amendment and Restatement Agreement dated 30.12.2022 relating to a Senior Term Loan Facilities Agreement dated 21<sup>st</sup> May 2014 between, among others, Mercia Waste Management and the Lenders (the "Senior Term Loan Facilities Agreement")**

We refer to the Senior Term Loan Facilities Agreement. Terms defined in the Senior Term Loan Facilities Agreement have the same meaning in this notice.

Pursuant to clause 15.8 (Ratio Compliance Certificate) of the Senior Term Loan Facilities Agreement we confirm that:

(a)

- (i) the Historic Annual Debt Service Cover Ratio on 30 June 2023 was 1.58;
- (ii) the Projected Annual Debt Service Cover Ratio on 30 June 2023 was 2.30; and
- (iii) the Loan Life Cover Ratio on 30 June 2023 as 7.77 : 1; and

(b) so far as the Borrower is aware:

- (i) no Default has occurred other than any previously notified to the Lenders or waived in accordance with clause 21.3 (Remedies, Waivers, Amendments and Consents) of the Senior Term Loan Facilities Agreement

Date: 24<sup>th</sup> August 2023

By: 

Director





# Senior Term Loan Facility Agreement Assurance Statement for Lenders

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Statement from Mercia Waste Management

## 1. Financial Performance

The Company has performed satisfactorily in the year to date with profit largely in line with the new Financial Model (FM) agreed at the end of 2022.

The Loan Ratios show that our performance in the last twelve months has been adequate if somewhat below that Modelled our projected cash generation is, however, superior to the FM.

Given the foregoing, the Company's capacity to make repayments of the loan and associated interest in full and on time remains in place

## 2. Loan Repayment

Repayments of Capital and Interest for the period ending 30<sup>th</sup> June 2023 were made on time in accordance with the Loan Agreement. The Company has every confidence that it will be able to deal with the payments due at the end of December 2023 in the same way.

## 3. Buildings, Plant and other Infrastructure

No problems exist which would require the Lenders attention at any of the Company's Facilities.

## 4. Compliance with Environmental Conditions and Permits

There are no material issues at any sites.

## 5. Insurance


The Company placed its insurance for the Energy from Waste Plant in March (following the renewals for the other Sites in December). We continue to benefit from our best-in-class rating flowing from the Plant design and our collaborative approach to risk management with the Insurer.

The renewal process for the insurances which required December has commenced. The Company is confident that it can place all the required covers.

There are no significant issues to report in respect of claims or other matters.

## 6. Key Staff

There are no changes to report

  
J W Haywood - Mercia Waste Management. 07.09.2023



**Waste Credit Committee Risk Register**  
**October 2023 - Corporate Scoring Terms**

Risk Ref	Description of risk	Gross Impact	Gross Likelihood	Gross Risk Score	Risk control approach	Mitigating Actions	Residual Impact	Residual Likelihood	Residual Risk Score	Risk Ref
a	Default of loan repayments by borrower to lenders due to SPV (Mercia) or HZI falling into administration.	Critical	Medium	15 (A)	Risk transferred	Due to the security package negotiated by the Councils a fall away analysis indicated that Mercia, its Shareholders and HZI would need to have entered administration at the same time to put a repayment at risk during the construction phase. The maximum exposure to the Councils has been calculated and included within the sufficiency assessment of the Council's reserves. All press articles are scanned regularly for indications of financial strength issues and followed up to ensure counterparty risk is not increased. An example is where ACS Construction and Services S.A., through its subsidiary ACS Services y Concessions S.L., executed the sale of its total interest in Urbasher S.A. to Firion Investments S.L.U, a company controlled by a Chinese group. More recently as per an article on the 8th June 2021 Platinum Equity an american firm acquired Firion. The Councils then obtained legal advice that reassured lenders that no action was required by any parties arising from this change in ownership, as there were no changes to the Shareholder.	Substantial	Very Low	6 (G)	a
83	Impact of extension of contract with Mercia Waste Services by the County on the ability of company to repay the loan	Substantial	Low	6 (G)	Risk treated	KPMG have conducted an analysis of the ratio's used for the ability of Mercia Waste Services to repay the loan on the basis of the extension and reduction in payments. KPMG have provided assurance that the revised ratios should not impact on the company's ability to repay the extended 5 year loan.	Substantial	Very Low	6 (G)	
f	Mercia loan principal and / or interest repayments are below the required values as per the rates agreed in the STFLA .	Substantial	Very Low	6 (G)	Risk treated	The Council's treasury team maintain a spreadsheet detailing drawdowns to date and expected future principal and interest payments. This is reconciled to Mercia's repayment spreadsheet and will be matched to principal and interest repayments received from Mercia during the post construction period. The County receive an assurance statement within the Committee Report and the latest being on the 9th December 2022 provided by MWM..	Substantial	Almost Impossible	5 (G)	f

**Key**

High 19 – 24	Unacceptable Risk: Immediate control/improvement required
Medium 8 – 18	Acceptable Risk: Close monitoring and cost effective control improvements sought.
Low 1 – 7	Acceptable Risk: Need periodic review, low cost control improvements sought if possible.

**Key**

**Scoring Matrix**

Likelihood				
Very High	9	19	21	24
High	8	12	20	23
Medium	4	11	15	22
Low	3	10	14	18
Very Low	2	6	13	17
Almost Impossible	1	5	7	16
4	Negligible	Substantial	Critical	Extreme
Impact				

**Scoring Matrix**



# Title of report: Proposed amendments to the Code of Conduct Reporting Process

**Meeting: Audit and Governance Committee**

**Meeting date: Tuesday 12 December 2023**

**Report by: Head of Legal Services and Deputy Monitoring Officer**

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose**

A report to propose an amendment to the functions of the Standards Panel, which will streamline the joint functions of the Audit and Governance Committee and Standards Panel.

## **Recommendation(s)**

### **That Committee:**

- a) **Considers and approves the proposals in principle; and**
- b) **Recommends to full Council to change the Constitution as set out in Appendix 1 to enable:**
  - (i) **a change to process used by Standards Panel to better enable concurrent oversight of the Code of Conduct standards arrangements as set out in the report; and**
  - (ii) **a change to the Code of Conduct, in relation to Disclosure of Non-Registerable Interests, to reflect case law on this issue and to protect the position of all members by clarifying the circumstances in which disclosure in a relevant meeting will be appropriate, and, in such case, what appropriate participation may follow.**

- c) **approves the amendments to the website procedure to be used when dealing with complaints, set out at Appendix 2 to reflect the Code and the adopted arrangements.**

### **Alternative options**

1. The Committee may choose not to approve the proposals and agree that functions will remain as currently described in the Constitution.
2. This would mean that opportunities to streamline the joint functions for review of Code of Conduct cases that have been considered by the Monitoring Officer may be missed, including the opportunity for costs benefits, since the provisions currently necessitate the production of reports to both Standards Panel and Audit and Governance Committee. In particular, it is not necessary as a matter of law or process for Standards Panel to convene at 6 monthly intervals to review the Monitoring Officer's decisions.
3. In relation to the recommended amendment to the Code of Conduct regarding Disclosure of Non-Registerable Interests, Committee may choose not to recommend the amendment to Full Council, noting the bias risk identified in the current Code.

### **Key considerations**

4. Council has delegated to Audit and Governance Committee responsibilities including, at Part 3 of the Constitution, section 3.5.14, the responsibility to promote and maintain high standards of conduct by members and co-opted members of the Council, through the Code of Conduct and its arrangements.

#### Reporting and oversight by Audit and Governance

5. Section 3.5.14 (f), describes Committee's specific responsibility to review on an annual basis the overall figures and trends from Code of Conduct complaints which will include the 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 Standards Panel, to promptly to publish the name of the councillor, the council, the nature of the breach and any recommendation or sanction applied.
6. The Constitution defines the responsibilities of the Standards Panel at Part 3, section 3.5.16. This includes at section 3.5.19 a responsibility to undertake a twice a year sample review of decisions made by the Monitoring Officer under the Code of Conduct complaint process.
7. The Monitoring Officer has responsibility for the implementation of the Code of Conduct, which is included in the Council's Constitution at Part 5 section 2. This means that, except in circumstances where a decision is referred to the Local Government Ombudsman, or a claim of judicial review is made, there is no appeal against the decision of the Monitoring Officer nor against a determination of the Standards Panel following a hearing.
8. It is considered that the role of Standards Panel to retrospectively undertake sample reviews of decisions made by the Monitoring Officer 6 or 12 months after the event, does not achieve any useful outcome. There is an important and useful element of oversight necessary by the Standards Panel but this isn't considered to be as effective (or could be more effective) by a change to the procedure used. Council has delegated initial decision making to the Monitoring Officer who must consult with the Independent Persons before making a decision. In the absence of an appeal process, it is considered that oversight by Standards Panel gives an important quality check to the processes.

9. However, it is considered that receiving the views of the Standards Panel 6 or 12 months after the decision is not particularly helpful. The Audit & Governance Committee already has an annual obligation to comment on the process, trends and resourcing. Feedback from Standards Panel on specific cases so long after the event, is not considered particularly effective or useful.
10. This report therefore proposes that the Constitution is amended at Part 3, paragraphs 2.8.27 and 3.5.19, to remove the twice/annual review of the Monitoring Officer's decisions by the Standards Panel.
11. This will be replaced by:
  - a. notification to all members of the Panel on a confidential basis of all decisions as they are made by the Monitoring Officer (whether at the Initial Assessment or post-Investigation stage). This will give the Committee an understanding of decisions as they are being made rather than waiting 6 months; and
  - b. there will be no requirement for an exempt meeting to discuss the decisions. Each member can simply contact the Monitoring Officer should they have any questions; and
  - c. the Chair of the Panel can request the Monitoring Officer to convene a formal meeting should a specific matter need to be discussed; and
  - d. the Audit and Governance Committee receiving a report on a 6 month basis in respect to processes, trends and resourcing.
12. The consultation with the Independent Persons on all decisions will continue and remains fully effective if the proposal is approved. The Council has to appoint Independent Persons under section 28 of the Localism Act 2011, to work with the Monitoring Officer to support them with Code of Conduct complaints and standards issues. Independent Persons are people who are neither councillors or officers of the Council.
13. It is also recommended that Part 3 section 5 is amended to provide for the Independent Persons to be invited to attend any Audit and Governance Committee meeting when the agenda includes consideration of any report pertaining to Committee's functions concerning the Code of Conduct, at Part 3, section 3.5.14 of the Constitution.
14. The proposals will also streamline the actions and responsiveness of Standards Panel and will improve budget efficiency by removing an existing area of duplication of reports and unnecessary formal meetings.
15. Members can be reassured that the current provision for Standards Panel to undertake 6 or 12 monthly sample reviews of decisions made by the Monitoring Officer under the Code of Conduct complaint process is not necessary as a matter of law and is not an approach mirrored in other councils that we have found. Instead of dip sampling some decisions 6 or 12 months after the event, the proposal is to give all members of the Standards Panel oversight of all decisions as they happen.

#### Ordinary Registerable/Non Registerable Interests and Bias

16. In relation to the recommended amendment to the Code of Conduct regarding Disclosure of Non-Registerable Interests, members are advised that this proposal flows from a review of the Code and noting the decision of the High Court in the case of [\*CPRE \(Somerset\), R \(On the Application Of\) v South Somerset District Council\*](#) [2022] EWHC 2817 (Admin). This case exposed a risk to members inherent in the Council's adopted Code, which is addressed by the amendment. The court considered that the current wording in the Code in respect to whether a

matter 'affects' an interest was more restricted than bias under the common law. The effect is that a member would not be in breach of the Code even if the member's decision was clearly biased. The change to the Code aligns this to the law.

#### Voting on Standards Panel

17. The Standards Panel consists of three Herefordshire Councillors, one of the Independent Persons and a parish councillor. Non-Herefordshire Councillors on the Standards Panel are co-opted members and do not at law have a vote on any decisions to be made by the Panel. As such, the recommendation is to add wording to clarify this as a new paragraph 3.5.20. This is a matter of law and clarity in the Constitution is recommended.

#### Publication of Decision Notices

18. In relation to the proposed amendment to the 'Arrangements For Dealing With Complaints About the Code of Conduct for Members', this provides for transparency so far as members and residents are concerned. The proposals specifies the type of decisions that will be published and the time periods of publication. The amendments also include the Monitoring Officers duty to provide members of Standards Panel copies of decision notices as they are published.

#### Actions of Monitoring Officer after Investigation.

19. The [arrangements for investigating a breach](#) of the Code of Conduct was [adopted](#) by Council on the 20 May 2022. This document was issued by the LGA and the Council agreed that this was to be their procedure with minor amendments. Audit and Governance agreed the online abridged version of the [arrangements](#) in a meeting on [13 March 2023](#) (recommendation b and c) but unfortunately this document doesn't entirely align to the adopted May 2022 arrangements.
20. The recommendation is to amend paragraph 10 so it is clear that the Monitoring Officer can seek to resolve the matter informally irrespective of whether a breach has been determined. This then aligns to part 5 of the LGA procedure (page 38 of 47).
21. Although this is a technical change, the Monitoring Officer considers that as the document was originally approved by the Committee, that the change should be approved.

### **Community impact**

22. The proposals do not have any community impact, nor do they link to other local or national strategies or policies. They are proposals that fall within Council's powers to make local arrangements.

### **Environmental Impact**

23. The proposals do not have any environmental impact.

### **Equality duty**

24. 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.

25. 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 policies and in the delivery of services. Equalities data is collected with the complaints form.

### **Resource implications**

26. The changes to the reporting to Standards Panel may resource implications arising if the change is adopted. The requirement for less formal meetings (2 Standards Panels) will free up officer and member time and resources. However, the new arrangements could lead to more contact time between officers and members, and even more formal meetings (albeit shorter and more focused). This will be monitored and even if there more contact time, it is considered necessary for the benefits of focused feedback which is provided as it happens.

### **Legal implications**

27. Under Section 28 of the Localism Act 2011, local authorities must have in place 'arrangements' under which allegations that an elected or co-opted councillor of the authority or of a town or parish council within the principal authority's area has failed to comply with the authority's Code of Conduct can be considered and decisions made on such allegations.

28. It is for the Council, as principal authority to decide the details of the arrangements, as a matter of local choice.

### **Risk management**

29. There are no risks arising directly from the report.

### **Consultees**

30. The Independent Persons have been consulted. They asked whether Audit and Governance Committee would have the capacity to change the annual review by the Committee to a twice annual review of the Monitoring Officer's data and information relating to the Code of Conduct complaint process. As such the original proposal has been modified.

31. Discussions centred on the purpose of review, being that of considering trends that will inform allocation of appropriate resources to the process, as well as identifying any areas for development and training that might reduce the number of complaints received, rather than a detailed review of the Monitoring Officer's decisions.

32. The Group leaders have been consulted. A response was received from group leaders and where possible the recommendation has been amended in consideration of the views expressed. The response also included elements that are wider than the subject matter of this report which is principally around transparency and reporting. This includes redrafting the guidance and arrangements adopted by the Council so that it is clearer – this would not be changing the procedure. Officers will respond in full to the member concerned and where an element merits changes to the Constitution not covered within this report, then further recommendations will be made to this Committee.

## **Appendices**

Appendix 1 - Changes to the Constitution

Appendix 2 - Amendment to Standards Procedure

## **Background papers**

[Constitution Section 5 - Other functions.](#)

[Constitution Part 2 Article 8-The audit and governance committee.](#)

**Appendix 1**  
**Changes to the Constitution**

Note: strikethrough indicates text removed. Underline indicates new text.

<b>Section</b>	Part 2 Article 8 - 2.8.24 & 2.8.27 – Standards Panel
<b>Proposed Changes</b>	<p>2.8.24 The standards panel will consist of an independent person <del>(who will chair the panel); three members</del> <u>the chair</u> of the audit and governance committee <u>and two other members of audit and governance committee (appointed at the first committee meeting after the Council AGM)</u> and a parish councillor nominated by Herefordshire Association of Local Councils. <del>Where an independent person is not available,</del> One of the members from the audit and governance committee shall chair the panel.</p> <p><del>2.8.27 To undertake an annual sample review of decisions by the monitoring officer under the code of conduct complaints process.</del></p> <p><u>2.8.27 The members of the panel will also receive copies of all decisions made by the monitoring officer under the code of conduct complaint process and may directly provide feedback of their views on the decision or meet informally with the monitoring officer. Where requested by the Chairperson of the panel, the monitoring officer will convene a meeting to discuss a specific decision.</u></p>
<b>Section</b>	Part 3 Section 5 - 3.5.19 – Standards Panel
<b>Proposed Changes</b>	<p>3.5.19 The members of the panel will also <u>receive copies of all</u> <del>undertake a twice a year sample review of</del> decisions made by the monitoring officer under the code of conduct complaint process <u>and may directly provide feedback of their views on the decision or meet informally with the monitoring officer. Where requested by the Chairperson of the panel, the monitoring officer will convene a meeting to discuss a specific decision.</u></p> <p><u>3.5.20 The Independent Person and parish councillor (as co-opted members) may take part in any discussion but do <b>not</b> have a vote where a decision is to be made by the Standards Panel.</u></p> <p><u>3.5.21 when a Code of Conduct complaint has been upheld by the Monitoring Officer or the Standards Panel, to promptly publish the name of the councillor, the council, the nature of the breach and any recommendation or sanction applied.</u></p>
<b>Section</b>	Part 3 Section 5 - 3.5.14 (f) Code of Conduct (part of function of Audit & Governance)
<b>Proposed Changes</b>	<p>f) To <u>twice yearly</u> <del>annually</del> 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 <u>with the independent persons in attendance who can provide feedback on decision making and trends for complaints / suggestions for training.</u></p> <p><del>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.</del></p>

Further information on the subject of this report is available from  
Sean O'Connor, Tel: 01432 383622, email: Sean.O'Connor@herefordshire.gov.ukl

<b>Section</b>	Part 5 Section 2 - 5.2. Appendix B at Paragraph 9 'Disclosure of Non-Registerable Interests'
<b>Proposed Changes</b>	<p>9. Where a matter (referred to in paragraph 8 above) <b>affects</b> the financial interest or well-being:</p> <ul style="list-style-type: none"> <li>a. to a greater extent than it affects the financial <u>or well-being</u> interests of the majority of inhabitants of the ward affected by the decision <u>and/or</u> ;</li> <li>b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest</li> </ul> <p>You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you 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.</p> <p>If it is a 'sensitive interest', you do not have to disclose the nature of the interest.</p>

## Appendix 2

### Amendment to Standards Procedure ('ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS')

Note: strikethrough indicates text removed. Underline indicates new text.

<b>Section</b>	10. Completion of the Investigation
<b>Proposed Changes</b>	<p>On completion of an investigation, the Monitoring Officer may decide:-</p> <ul style="list-style-type: none"><li>• to take no further action <u>irrespective of whether there is a breach or not;</u></li><li>• <u>there have been breaches</u> but to seek to resolve the matter informally; or</li><li>• <u>to</u> refer the matter to a hearing</li></ul> <p>The matter will be regarded as complete if the Monitoring Officer receives the final report and accepts that no further investigation is necessary.</p>
<b>Section</b>	11. Hearing Panel
<b>Proposed Changes</b>	<p>The final report will be sent to the subject member, complainant and Independent Persons and town/parish council if relevant.</p> <p>Where appropriate, the Monitoring Officer will arrange for a Hearing Panel to meet and consider the allegation and report of the Investigating Officer and to determine the outcome of the complaint. The Hearing Panel will have regard to its Procedure for Conducting a Hearing.</p> <p>The authority to make a determination of breach rests solely with the Hearing Panel <u>once the Monitoring Officer decides to refer the matter to a hearing.</u></p>

<b>Section</b>	14 Transparency Arrangements
<b>Proposed Changes</b>	<p><u>All decision notices where there is a finding of a breach of the Code of Conduct, either following a decision by the Monitoring Officer after formal investigation, or by a Standards Panel, will be published on the Council's website.</u></p> <p><u>Such notices will be retained until the later of 6 years, or the subject member ceasing to be an elected member.</u></p> <p><u>The Monitoring Officer (in consultation with the Chair of Stands Panel) may also publish for such period as considered appropriate other decision notices that do not amount to a breach.</u></p> <p><u>All decision notices, whether following initial assessment by the Monitoring Officer, formal investigation by the Monitoring Officer, or decision of the Standards Panel, will be copied to the members of the Standards Panel. This will include:</u></p> <p><u>following Initial Assessment:</u></p> <ol style="list-style-type: none"><li>1. <u>no further action should be taken on the allegation (e.g. there is no breach or no jurisdiction);</u></li></ol>

- |  |   |
|--|---|
|  | <ol style="list-style-type: none"><li>2. <u>the matter should be dealt with through a process of informal resolution in the first instance (e.g the member has agreed to apologise) or;</u></li><li>3. <u>the matter should be referred for a formal investigation (see section on investigations).</u></li></ol> |
|--|---|

following Formal investigation by the Monitoring Officer:

1. There has been no breach and therefore no further action will be taken;
2. There have been one or more breaches, but no further action is needed (for example: the member has already apologised for the breach);
3. There have been one or more breaches, but the matters should be resolved in a way other than by a hearing (e.g an appropriate form of resolution or actions to be taken); or
4. That the matters be referred to a hearing



# Title of report: Work programme

**Meeting: Audit and Governance Committee**

**Meeting date: 12 December 2023**

**Report by: Democratic Services Officer**

## Classification

Open

## Decision type

This is not an executive decision.

## Wards affected

(All Wards)

## Purpose

To consider the committee's work programme (Appendix A).

## Recommendation(s)

- (a) **That, subject to any further updates made by the committee, the work programme for the Audit and Governance Committee be noted.**

## Alternative options

1. There are no alternative options, as the committee requires such a programme in order to set out its work for the coming year.
2. Updating the work programme is recommended, as the committee is required to define and make known its work. This will ensure that matters pertaining to audit and governance are tracked and progressed in order to provide sound governance for the council.

## Key considerations

3. The routine business of the committee has been reflected as far as is known, including the regular reporting from both internal and external auditors.
4. The committee is asked to consider any adjustments.

## 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 Director of Finance and Assurance / S151 Officer, Director of Governance and Legal Services / Monitoring Officer, and committee members contribute to the work programme; the work programme is reviewed at each meeting of the committee.


### **Appendices**

Appendix A Work programme for the Audit and Governance Committee

### **Background papers**

None identified.



Audit and Governance Committee Constitution		Report	June 2023	July 2023	September 2023	October 2023	December 2023	January 2024	March 2024	May 2024
<b>3.5.10</b>	<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 and Internal Audit Charter Progress Report on Internal Audit Plan (see part b for timing) Internal Audit Annual Report and Opinion	Internal Audit Plan and Audit Charter	Annual Report and Opinion					Internal Audit Plan and Charter Annual Report and Opinion	
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	
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.	Update on Audit Recommendations Report		Update on Audit Recommendations Report			Update on Audit Recommendations 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)								
<b>3.5.11</b>	<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.	External Audit Annual Plan Annual Audit Fee Letter External Audit Progress Update External Audit Findings Report External Auditor's Annual Report Update on Audit Recommendations Report	External Auditor's Annual Report  External Auditor's Draft Plan (including indicative fee)		External Audit Findings Report	External Audit Findings Report		External Auditor's Annual Report	External Auditor's Draft Plan (including indicative fee)	
b	To consider specific reports from the External Auditor.	External Audit Progress Update		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						Value for Money Statement		
e	To recommend appointment of the council's local (external) auditor.									
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.								
<b>3.5.12</b>	<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.	Accounting Policy Update Contract and Finance Procedure Rules Proposed Changes to the Constitution			Report on the potential appointment of independent committee members to the Audit and Governance Committee	In Year Changes to Fees and Charges			Accounting Policy Update (if required) Contract and Financial Procedure Rules Update (if required)	
b	To monitor the effective development and operation of risk management and corporate governance in the council.	Work Programme Corporate Risk Register	Work Programme	Work Programme Risk Registers	Work Programme <del>Approach to Strategic Risk Management Update</del>  (Ad hoc) Report on Risk Management Approach to Ash Dieback (Chalara)	Work Programme	Work Programme	Work Programme Risk Registers  Approach to Strategic Risk Management Update	Work Programme	Work Programme Risk Registers
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, Bribery and Corruption Strategy	Whistleblowing Policy			Whistleblowing Policy		Annual Fraud Report		
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		Draft Annual Governance Statement			Final Annual Governance Statement			
f	The council's arrangements for corporate governance and agreeing necessary actions to ensure compliance.	Annual Governance Statement Progress Report						Annual Governance Statement Action Plan Progress Report		

Audit and Governance Committee Constitution		Report	June 2023	July 2023	September 2023	October 2023	December 2023	January 2024	March 2024	May 2024
g	To annually review the council's information governance requirements.	Annual Review of Information Access / Governance					Annual Review of Information Access / Governance			
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).	Annual Governance Statement Annual Governance Statement Progress Report								
i	To adopt an audit and governance code.									
j	To undertake community governance reviews and to make recommendations to Council.	On an ad hoc basis only								
<b>3.5.13</b>	<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					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					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					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					Energy from Waste Loan Update			
<b>3.5.14</b>	<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		Annual Monitoring Officer 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.									
c	To keep the code of conduct under review and recommend changes/replacement to Council as appropriate.						Amendments to the code of conduct reporting process	Code of Conduct for Councillors - 6 monthly update		
d	To publicise the adoption, revision or replacement of the Council's Code of Conduct.									
e	To oversee the process for the recruitment of the Independent Persons and make recommendations to Council for their appointment.	Recruitment done on an as required basis								
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)(d) and (c) Localism Act 2011 or any subsequent amendment.	On an ad hoc basis only								
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								
<b>3.5.15</b>	<b>Accounts</b>									
	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	Draft Statement of Accounts				Final Statement of Accounts			