



**TO COUNCILLOR:**

N Alam  
Miss P V Joshi

J Kaufman  
K J Loydall JP (Chair)

D W Loydall  
Dr I K Ridley

Dear Sir or Madam

I hereby **SUMMON** you to attend a meeting of the **AUDIT COMMITTEE** to be held **BY REMOTE VIDEO CONFERENCE (SEE INSTRUCTIONS BELOW)** on **WEDNESDAY, 23 SEPTEMBER 2020** at **4.00 PM** for the transaction of the business set out in the Agenda below.

Yours faithfully

Council Offices  
Wigston  
**15 September 2020**

**Mrs Anne E Court**  
Chief Executive



**SPECIAL NOTE:**

This remote meeting is convened and held in accordance with section 78 of the Coronavirus Act 2020 and the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 to which Part 4, Section 1A of the Council's Constitution (Remote Meeting Procedure Rules) will apply. This meeting is open to the press and public to observe by streaming the meeting's live proceedings. Instructions regarding the access arrangements for this meeting are below.

**ITEM NO.**

**AGENDA**

**PAGE NO'S**

**① Remote Video Conference | Instructions**

**This meeting will take place as a remote video conference.**

**Meeting Participants:**

**Zoom Video Conferencing Webinar**

A webinar invitation will be sent by e-mail to all Members, Officers and Auditors for this meeting.

**Press & Public Access:**

**YouTube Live Stream**

Cont'd



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Oadby\_Wigston

A direct link to the live stream of the meeting's proceedings on the Council's YouTube Channel is below.

[https://youtu.be/\\_FtwXAfGTag](https://youtu.be/_FtwXAfGTag)

**Remote Meeting Procedure Rules:**

A summary of the Remote Meeting Procedures Rule to be adopted for the meeting is attached for reference.

**4 - 5**

**1. Apologies for Absence**

To receive apologies for absence from Members to determine the quorum of the meeting in accordance with Rule 7 of Part 4 of the Constitution.

**2. Appointment of Substitutes**

To appoint substitute Members in accordance with Rule 26 of Part 4 of the Constitution and the Substitution Procedure Rules.

**3. Declarations of Interest**

Members are reminded that any declaration of interest should be made having regard to the Members' Code of Conduct. In particular, Members must make clear the nature of the interest and whether it is 'pecuniary' or 'non-pecuniary'.

**4. Minutes of the Previous Meeting**

**6 - 7**

To read, confirm and sign the minutes of the previous meeting in accordance with Rule 19 of Part 4 of the Constitution.

**5. Action List Arising from the Previous Meeting**

There was no Action List arising from the previous meeting.

**6. Petitions and Deputations**

To receive any Petitions and, or, Deputations in accordance with Rule(s) 11 and 12 of Part 4 of the Constitution and the Petitions Procedure Rules respectively.

**7. Annual Internal Audit Report & Opinion (2019/20)**

**8 - 22**

Report of the Deputy Chief Executive

**8. Internal Audit Progress Report (Q1 2020/21)**

**23 - 30**

Report of the Deputy Chief Executive

**9. Annual Governance Statement (2019/20)**

**31 - 47**

Report of the Deputy Chief Executive

**For more information, please contact:**

**Democratic Services**

Oadby and Wigston Borough Council  
Council Offices  
Station Road, Wigston  
Leicestershire

**Audit Committee (Remote Video Conference)**

Wednesday, 23 September 2020

*Printed and published by Democratic Services,  
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Station Road, Wigston, Leicestershire, LE18 2DR*

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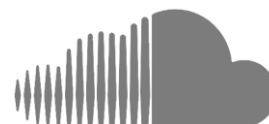
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smart device with the  
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# Agenda Annex

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## **Summary of Remote Meeting Procedure Rules**

### **(Section 1A of Part 4 of the Constitution)**

#### ➤ **Disclosable Pecuniary Interests (Rule 7)**

Any Member who declares a disclosable, pecuniary interest in any item of business on the agenda will be required to leave the remote meeting for the duration of the item.

Their departure will be confirmed by Democratic Services, who will then invite the relevant Member to re-join the meeting at the appropriate time.

#### ➤ **Hosting Technology Failure (Rule 8)**

Should the hosting technology fail during the meeting, the Chair will call an adjournment of up to fifteen minutes to determine whether the connection can be re-established.

If the connection cannot be re-established after fifteen minutes, the meeting shall stand adjourned to a later date to be confirmed.

#### ➤ **Connection Failure for Individual Member (Rules 3 and 8)**

In the event of connection failure for an individual Member, the meeting will proceed, providing it remains quorate (i.e. the minimum number of Members remain connected).

Should the meeting no longer be quorate, the meeting shall be adjourned and any remaining items of business will stand deferred to a later date to be confirmed.

#### ➤ **Indicating to Speak (Rule 9)**

Members must indicate their wish to speak by using the 'Raise Hand' function in Zoom.

The Chair and Democratic Services will work together to invite each Member to speak in the order that their hand was raised.

#### ➤ **Voting on Decision-Making Items (Rule 10)**

Before proceeding to the vote on any item of business on the agenda which requires a decision, the Chair will ensure that all Members and Officers have no further comments to make by confirming with Democratic Services that no hands remain raised.

The Chair will clarify what motion and/or amendment is being voted upon before the vote.

Democratic Services will call each Member's name, in alphabetical order by surname, and each Member will indicate whether they are voting 'for', 'against' or 'abstaining' on the item.

Democratic Services will record each response and, once all Members have voted, confirm the outcome of the vote.

#### ➤ **Voting on Housing-Keeping / Information-Only Items (Rule 10)**

In respect of voting on all other housing-keeping or information-only items of business on the agenda, the Chair will ask Members to raise their hand using the function in Zoom.

If all hands are raised, those items will be agreed by general affirmation.

# Agenda Item 4

## **MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD AT THE COUNCIL OFFICES, STATION ROAD, WIGSTON ON WEDNESDAY, 4 MARCH 2020 COMMENCING AT 4.30 PM**

### **PRESENT**

K J Loydall JP                      Chair

### **COUNCILLORS**

N Alam  
Miss P V Joshi  
J Kaufman  
D W Loydall  
Dr I K Ridley



### **OFFICERS IN ATTENDANCE**

C Mason                              Chief Finance Officer / Section 151 Officer  
Miss J Sweeney                      Democratic & Electoral Services Officer

### **13. APOLOGIES FOR ABSENCE**

None.

### **14. APPOINTMENT OF SUBSTITUTES**

None.

### **15. DECLARATIONS OF INTEREST**

None.

### **16. MINUTES OF THE PREVIOUS MEETING**

By affirmation of the meeting, it was

#### **UNANIMOUSLY RESOLVED THAT:**

**The minutes of the previous meeting held on 04 December 2019 be taken as read, confirmed and signed.**

### **17. ACTION LIST ARISING FROM THE PREVIOUS MEETING**

By affirmation of the meeting, it was

#### **UNANIMOUSLY RESOLVED THAT:**

**The Action List arising from the previous meeting held on 04 December 2019 be noted.**

### **18. PETITIONS AND DEPUTATIONS**

None.

**19. INTERNAL AUDIT PROGRESS REPORT (TO MID-FEBRUARY 2020)**

The Committee gave consideration to the report and to the report and Appendix 1 (as set out on pages 5-15 of the main agenda reports pack) which asked it to note the update in relation to managements implementation of internal audit recommendations.

The Committee requested that further details be provided on the current control framework that the organisation. Members agreed that it would be beneficial to distinguish the audit procedures within the Authority.

Members requested that recommendations are presented and compared using present data as opposed to showing historical data. It was suggested that each audit report shows the outstanding recommendation of the current year going forward and provides more narrative in relation to the recommendations.

By affirmation of the meeting, it was

**UNANIMOUSLY RESLOVED THAT:**

**The contents of the report be noted.**

**20. DRAFT EXTERNAL AUDIT PLAN (2019/20)**

The Committee gave consideration to the report and Appendix 1 (as set out on pages 3 - 37 of the supplementary agenda reports pack) which asked it to note the update in relation to managements implementation of internal audit recommendations.

By affirmation of the meeting, it was

**UNANIMOUSLY RESLOVED THAT:**

**The contents of the report be noted.**

**THE MEETING CLOSED AT 6.00 PM**



**Chair**

**Wednesday, 23 September 2020**

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Council Offices, Station Road, Wigston, Leicestershire, LE18 2DR*

# Agenda Item 7



<b>Audit Committee</b>	<b>Wednesday, 23 September 2020</b>	<b>Matter for Information</b>
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**Report Title:** **Internal Audit Report & Opinion (2019/20)**

**Report Author(s):** **Stephen Hinds (Deputy Chief Executive)**

<b>Purpose of Report:</b>	As part of the Council's corporate governance arrangements, the Annual Internal Audit Report is submitted to the Audit Committee. The purpose of the report (at Appendix 1) is to report the key outcomes arising from the work of Internal Audit for 2019/20 and to provide an audit opinion on the adequacy and effectiveness of the Council's arrangements for governance, risk management and internal control.
<b>Report Summary:</b>	The report states that "significant assurance" can be given to the Council as there is a generally sound system of internal control.
<b>Recommendation(s):</b>	<b>A. That the report included on the audit opinion and the adequacy and effectiveness of the Council's arrangements for governance, risk management and internal control (as set out at Appendix 1) be noted; and</b> <b>B. That the conclusion that the Council has an effective internal service be endorsed.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	Stephen Hinds (Deputy Chief Executive) (0116) 257 2681 <a href="mailto:stephen.hinds@oadby-wigston.gov.uk">stephen.hinds@oadby-wigston.gov.uk</a>  Mark Watkins (Head of Internal Audit, CW Audit) 07926 252619 <a href="mailto:mark.watkins@cwaudit.org.uk">mark.watkins@cwaudit.org.uk</a>
<b>Corporate Objectives:</b>	Providing Excellent Services (CO3)
<b>Vision and Values:</b>	Not applicable.
<b>Report Implications:-</b>	
Legal:	There are no implications arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Key Supplier / Partnership Failure (CR2) Reputation Damage (CR4) Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Increased Fraud (CR10)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.
Human Rights:	There are no implications arising from this report.



Health and Safety:	There are no implications arising from this report.
<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	<ul style="list-style-type: none"> <li>• Local Government Act 1972</li> <li>• The Accounts and Audit (England) Regulations 2011</li> <li>• Code of Practice for Internal Audit in Local Government (2006)</li> </ul>
<b>Appendices:</b>	<b>1.</b> Internal Audit Annual Report & Opinion 2019/20

## **1. Information**

- 1.1 The Internal Audit Annual Report & Opinion (2019/20) as attached at Appendix 1 provides an overall summary of the work undertaken for the whole year in relation to the 2019/20 approved Annual Audit Plan.
- 1.2 Internal Audit progress reports are presented to every meeting of the Audit Committee so Members can be kept up-to-date with Internal Audit work and findings.
- 1.3 The Audit Opinion forms part of the Council's Annual Governance Statement. This report also meets requirements to report on the review of the effectiveness of Internal Audit and to feed results into the Annual Governance Statement.
- 1.4 The Internal Audit opinion states that "significant assurance" can be given that there is a generally sound system of internal control designed to meet the organisations objectives and that controls have generally been applied consistently. However, some weakness in the design and/or inconsistent application of controls could put the achievement of particular objectives at risk that have yet to be addressed. This is highlighted on page 6 of the Internal Audit Annual Report.
- 1.5 Under the Local Government Act 1972, section 151 and the Accounts and Audit (England) Regulations 2011 (as amended), the Council has a responsibility to maintain an adequate and effective Internal Audit function. At Oadby & Wigston Borough Council, this responsibility is delivered by CW Audit Services.
- 1.6 In responding to this requirement, the Internal Audit service works to best practice as set out in the 2006 Code of Practice for Internal Audit in Local Government in the UK which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

# Oadby & Wigston Borough Council

## Internal Audit Annual Report & Opinion 2019/20

June 2020

~ Page 10 ~



**cw audit**  
audit and assurance services

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# 1 Introduction

This annual report provides my opinion (see section 2) as the Head of Internal Audit to Oadby & Wigston Borough Council. It also summarises the activities of Internal Audit for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

The Council is required by the Accounts & Audit Regulations 2015 to “to undertake an adequate and effective internal audit of its accounting records and of its system of internal control, taking into account public sector internal auditing standards or guidance”. The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide a written report to those charged with governance, to support the Annual Governance Statement, AGS), setting out:

- An opinion on the overall adequacy and effectiveness of the organisation’s control environment ;
- Disclose any qualifications to that opinion, together with the reasons for that qualification;
- Present a summary of the work carried out by Internal Audit during the year from which the opinion is derived, including any reliance that is being placed upon third party assurances;
- Draw attention to any issues the Head of Internal Audit deems particularly relevant to the Annual Governance Statement (AGS)
- Consider delivery and performance of the Internal Audit function against that planned;
- Comment on compliance with these Standards and the results of any quality assurance programme.

The Council should consider my opinion, together with management assurances, its own knowledge of the organisation and assurances received throughout the year from other review bodies (such as External Audit) when producing its AGS.

My opinion takes into account the range of individual opinions arising from risk-based audit assignments that have been reported throughout the year. An internal audit plan was developed to provide you with independent assurance on the adequacy and effectiveness of systems of control across a range of financial and organisational areas. **A summary of the work we have performed and delivery against the plan is provided in section 3.**

Alongside the delivery of the operational internal audit work, we have met regularly with Council management to ensure any issues regarding our performance can be highlighted and any necessary action taken to resolve these. Following each audit, management are also requested to provide feedback on the service received. No significant issues or concerns regarding the internal audit service have been raised to date.

I have discussed and agreed this Annual Report and Head of Internal Audit Opinion with management. Further detailed findings, conclusions and recommendations in the areas covered by our internal audit plan are detailed within the progress reports and individual assignment reports that have been issued to the Audit Committee during the year.

## 2 Annual Head of Internal Audit Opinion

### Roles and responsibilities

The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.

Internal Audit provides an independent and objective opinion to the organisation on the control environment and plays a vital part in advising the organisation whether these arrangements are in place and operating correctly.

The Annual Governance Statement (AGS) is an annual statement that recognises, records and publishes an authority's governance arrangements.

In accordance with PSIAS, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans. As such, it is one component that the organisation takes into account in making its AGS.

## The Head of Internal Audit Opinion

My opinion is set out as follows:

1. Overall opinion;
2. Basis for the opinion;

My **overall opinion** is that **significant** assurance can be given that there is a generally sound system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk. In considering this opinion, it should be noted that that we were unable to complete the full 2019/20 audit plan due to the impact of the COVID-19 outbreak. Further details on how our work was affected are provided in the following section. Despite this, it is my opinion that we were able to complete sufficient work on the Council's key systems to provide a balanced audit opinion, with the caveat that there may be some weaknesses in the areas that we had originally planned to review that we have not been able to bring to management's attention.

The basis for forming my opinion is as follows:

1. An initial assessment of the design and operation of the underpinning risk management framework and supporting processes; and
2. An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.
3. Any reliance that is being placed upon third party assurances.

# 3 Work undertaken during the year

## Summary of assurances provided

During the course of the year we have conducted work to provide assurance over financial, governance and operational systems. Appendix One summarises the assurance levels we have given.

## Impact of COVID-19

We were delivering a number of our audits during March 19 at the time of the COVID-19 outbreak and subsequent lockdown. Due to the significant workloads placed on Council officers at that time, most notably in respect of implementing government policy on supporting local businesses, it became increasingly difficult for us to continue with these audits, or start other planned audits. In consultation with the Deputy Chief Executive, we instead provided support to the team responsible for making business grant payments and benefits payments.

Whilst we were unable to provide full reports and opinions for audits that had to be suspended, we were able to provide management with independent assessments on areas that require further improvement.

## Delivery of the plan

A summary of the audits we were able to complete is included below:

- During the year we have undertaken reviews of your core financial systems and given significant assurance with regard to the management of risk in these areas, with the exception of Debtors, which we ranked as moderate.
- Key income and expenditure systems such as Council Tax, Business Rates and Benefits have been subject to detailed audit review. Once again, controls were found to be operating effectively.



We are pleased to report that our work has not highlighted any weaknesses that should be regarded as Significant Internal Control Issues that would require disclosure within your AGS. We did however identify some weaknesses in control that caused us to limit the level of assurance we could give in the following areas:

**Risk Management:**

- Whilst this review was able to confirm that key risk areas are subject to review and reporting through the Council's existing governance structure, we have highlighted the need for an approved risk management framework, strategy or policy to govern and formalise the process for identifying, documenting and reporting on risks and their management. Action has been agreed to undertake a detailed review of the Council's approach to risk management, which will result in the production of a formal Risk Management Strategy that will be embedded throughout the organisation. This action is currently underway.

**Debtors:**

- This audit highlighted the general need to tighten up on the application of the Council's debt recovery routines for sundry debtors.

**IT Application Security:**

- Our review of three key IT applications (Human Resources, Academy Revenue and Benefits and the Orchard Housing system) identified a number of control weaknesses that presented risks of unauthorised access and unauthorised changes to system configurations and data. We can confirm that action has now been taken for a number of the weaknesses highlighted by this audit, with other improvement work currently ongoing.

### **Safeguarding:**

- This audit highlighted the need to review the process for ensuring that DBS checks on employees, where these are deemed necessary, are fully documented and safely retained. Our recommendation tracking system indicates that action to address this point has been successfully implemented.

### **Housing:**

- Whilst we were unable to complete sufficient work on our housing audits before the COVID-19 lockdown came into force to provide a formal assurance opinion; we did note that management has compiled a comprehensive action plan to address a number of weaknesses recently identified in the Council's systems and processes for managing the condition of its social housing stock. The evidence we were able to obtain provided some assurance that resources are in place to deliver the action plan, but this will need to be kept under close review to ensure successful implementation.

**Whilst not related to the work we have completed during 2019/20, we are recommending to all our clients that the impact/potential impact of the COVID-19 pandemic (for instance on HR, service delivery/capacity, existing systems/controls and budgets) be strongly considered for disclosure as a Significant Internal Control Issue.**

### **Third party assurances**

In arriving at our overall Annual Head of Internal Audit Opinion, we have not sought to place reliance on any third party assurances.

## Following up of actions arising from our work

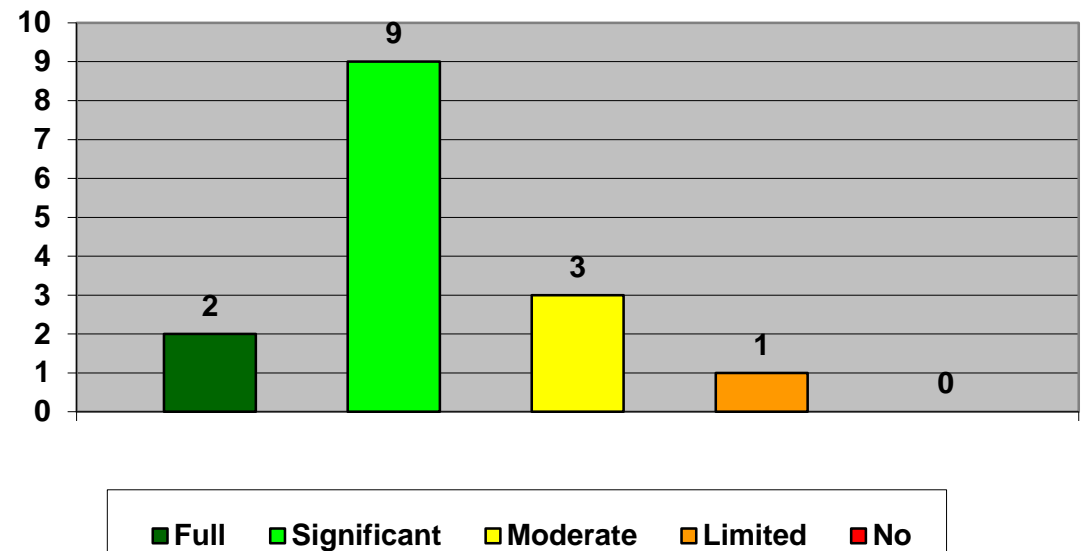
All recommendations and agreed actions are subject to an ongoing recommendation tracking process that is facilitated by CW Audit Services, but completed by the relevant managers responsible for implementing the recommendations. This is undertaken on a self-assessment basis, but is supplemented by our independent follow-up reviews where this is deemed necessary (for example following the issuance of a limited or moderate assurance report). A summary of the recommendation tracking results for the 2019/20 year is included as Appendix 2 to this report. In addition elements of our work involve annual coverage of key areas of control for the organisation, such as in relation to key financial systems, and in such cases we also routinely follow up previously-agreed actions at each review.

## 4 Quality Assurance

All audits have been conducted in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS), which includes evidenced review by senior management of all audit files and reports produced. I can confirm that there have been no issues of non-compliance with the PSIAS during the course of the year. CW Audit's systems and processes for complying with PSIAS were confirmed as appropriate by an external assessment that was carried out in April 2018. I can confirm that all audits completed during 2019/20 were carried out in accordance with these systems and processes.

## Levels of Assurance – Individual Audit Assignments

Description of audit	Assurance level
Risk Management	Moderate
Capital Programme	N/A – COVID-19
Anti Fraud & Corruption	Advisory
Budgetary Control / MTFS	Significant
General Ledger	Significant
Creditor Payments	Significant
Debtors	Moderate
Treasury Management	Full
Income Management & Cash Receipting	Full
IT Application Security	Limited
Software Asset Management	Significant
Payroll & Expenses	Significant
Council Tax	Significant
Business Rates	Significant
Benefits/Council Tax Support	Significant
Housing Rents	Significant
Housing Audits (procurement/repairs/voids)Repairs &	N/A – COVID-19
Safeguarding	Moderate

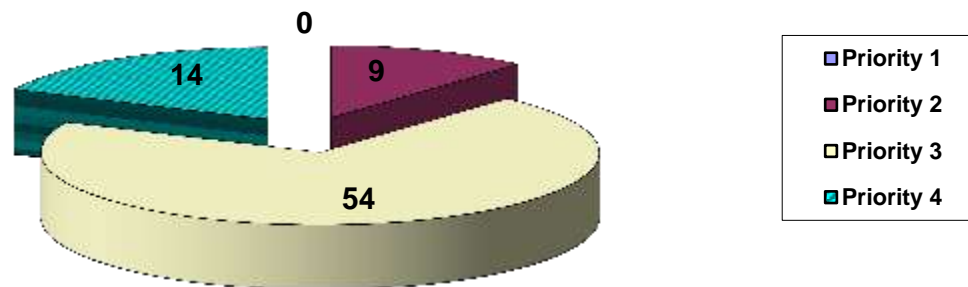


Level of assurance	Criteria
Full	No significant risk issues identified.
Significant	Exposure to levels of risk that may only impair the effectiveness of the system or process under review.
Moderate	Exposure to levels of risk that render some elements of the system's control environment undeliverable.
Limited	Exposure to unacceptable level of risk that could have a serious impact upon the system or process under review.
No	Exposure to unacceptable levels of risk that could have a serious impact upon the organisation as a whole.

## Summary of Internal Audit Recommendations

### Recommendations made in 2019/20

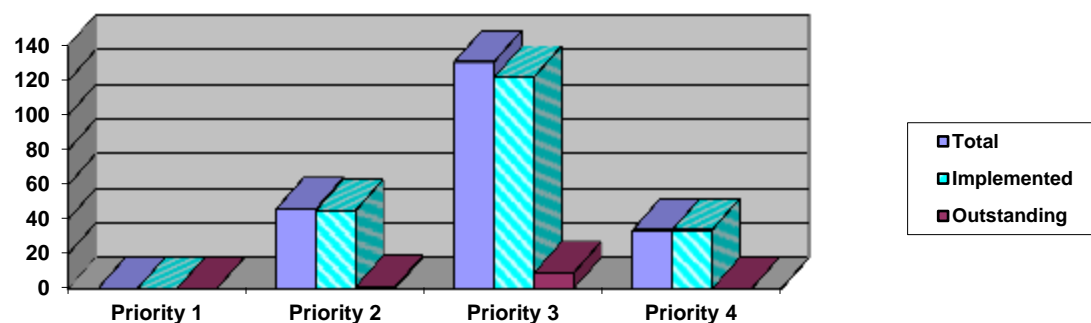
Priority	Number
1	0
2	9
3	54
4	14
<b>Total</b>	<b>77</b>



### Current status of all recommendations due for implementation by 31st March 2020

(N.B. including recommendations made from 2017/18 to 2019/20, but excluding 2019/20 recommendations that fall due for implementation after 31<sup>st</sup> March 2020)

Priority	Number	Implemented	Outstanding
1	0	n/a	n/a
2	46	45	1
3	131	122	9
4	34	34	0
<b>Total</b>	<b>211</b>	<b>201</b>	<b>10</b>



## Definition of our risk rankings

Risk ranking	Assessment rationale
1	The system has been subject to high levels of risk that have, or could, prevent the system from meeting its objectives, and which may also impact on the delivery of one or more of the organisation's strategic objectives.
2	The system has been subject to high levels of risk that have, or could, prevent the system from meeting its objectives, but which are unlikely to impact on any of the organisation's strategic objectives.
3	The system has been subject to medium levels of risk that have, or could, impair the system from meeting its objectives.
4	The system has been subject to low levels of risk that have, or could, reduce its operational effectiveness.



<b>Audit Committee</b>	<b>Wednesday, 23 September 2020</b>	<b>Matter for Information</b>
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**Report Title:** **Internal Audit Progress Report (Q1 2020/21)**

**Report Author(s):** **Stephen Hinds (Deputy Chief Executive)**

<b>Purpose of Report:</b>	To update the Committee on progress made in delivering the 2020/21 Audit Plan and to provide an update in relation to management's implementation of internal audit recommendations.
<b>Report Summary:</b>	The Internal Auditors are satisfied that delivery to date of the 2020/21 Audit Plan is in accordance with the delivery profile agreed with management. For this quarter, five reviews have been completed and final reports have been agreed with management.
<b>Recommendation(s):</b>	<b>That the content of the report be noted.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	Stephen Hinds (Deputy Chief Executive) (0116) 257 2681 <a href="mailto:stephen.hinds@oadby-wigston.gov.uk">stephen.hinds@oadby-wigston.gov.uk</a>  Mark Watkins (Head of Internal Audit, CW Audit) 07926 252619 <a href="mailto:mark.watkins@cwaudit.org.uk">mark.watkins@cwaudit.org.uk</a>
<b>Corporate Objectives:</b>	Providing Excellent Services (CO3)
<b>Vision and Values:</b>	Not applicable.
<b>Report Implications:-</b>	
Legal:	There are no implications arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Key Supplier / Partnership Failure (CR2) Reputation Damage (CR4) Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Increased Fraud (CR10)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.

Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	None.
<b>Appendices:</b>	<b>1.</b> Internal Audit Progress Report (Q1 2020/21)

## **1. Information**

- 1.1 This report summarises the work of Internal Audit for the period covering quarter 1 for 2020/21. A copy of the Internal Audit Progress Report is attached at Appendix 1.
- 1.2 The purpose of the report is to update the Committee on progress made in delivering the 2020/21 Audit Plan and to provide an update in relation to management's implementation of internal audit recommendations.
- 1.3 The Internal Audit Plan for 2020/21 has been agreed, with Section 5 of Appendix 1 giving details of planned audits over the coming months.
- 1.4 The purpose of the report is to show progress against the Audit Plan and to summarise key findings and conclusions arising from the work performed during the period.



# Oadby & Wigston Borough Council

## Internal Audit Progress Report

September 2020



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internal audit services

## 1. Introduction

This report summarises the work of Internal Audit for the period to the end of August 2020. The purpose of the report is to update the Audit Committee on progress made in delivering the 2020/21 audit plan.

## 2. Progress summary

This is the first progress report for 2020/21. Despite the disruption caused by the COVID-19 pandemic, we have made good progress towards delivering the plan and we do not anticipate any difficulties in delivering our full programme of work for 2020/21. Section 5 of this report provides a summary of the current status of all audits included on the 2020/21 plan.

## 3. Reviews completed since last report

Review	Key issues	Level of assurance
Risk Management	<ul style="list-style-type: none"><li>Time available in the 20/21 audit plan to review the Council's risk management arrangements has been utilised to work closely with the Senior Leadership Team (SLT) to facilitate the production of a formal Opportunity Risk Management Policy. This will be used to provide a framework to regulate the Council's overall approach to risk management. A final draft of the Policy has now been issued to the SLT pending formal approval and roll-out.</li></ul>	N/A

Review	Key issues	Level of assurance				
Contract Register	<ul style="list-style-type: none"> <li>Ensure all service managers are aware of their responsibility to inform the Law &amp; Democracy service of contracts entered into with suppliers over £5000.</li> <li>Implement a formal process to ensure that the Contract Register is updated on an ongoing basis to include all contracts, purchase orders and other legally binding agreements with suppliers with a value in excess of £5000.</li> <li>Ensure that the Register is publicly available on the Council's website.</li> <li>Implement arrangements to utilise the Register as a tool for contract management.</li> </ul>	Limited				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
The format of the contract register complies with the practitioner's guide issued by the Local Government Association on the publication of contracts information in accordance with the Transparency Code 2015.			✓			
The contract register contains a complete, accurate and current record of all contract information required.					✓	
There is a robust process in place to identify contracts that are due to end in sufficient time to allow for re-tender or contract extension negotiations (where this is permissible).					✓	
Contract management roles are clearly defined and allocated to responsible officers.				✓		
The Contract Register is published in accordance with the requirements of the Transparency Code.					✓	

Review	Key issues	Level of assurance
Honorarium / Acting-Up Arrangements	<ul style="list-style-type: none"> <li>The Deputy Chief Executive requested an independent view from Internal Audit on the extent to which the Honorarium/Acting-Up Policy had been followed in respect of some specific additional payments made to staff. The audit confirmed management's view that the policy had not been correctly applied in a number of areas. Lessons have subsequently been learned to ensure that the Policy is correctly applied on future occasions.</li> </ul>	N/A

## 4. Recommendation tracking

We provide a system for tracking the implementation of agreed Internal Audit recommendations as a management assurance tool for the Council and this Committee. Managers are responsible for updating actions taken and other key information directly on the system. The first table below represents the status of agreed actions due to be implemented by 31/08/20 for all recommendations raised since 1<sup>st</sup> April 2019. The second table outlines the age of the outstanding recommendations (based on the original date due for implementation). The status shown is as advised by the relevant manager/Head of Service and does not imply that Internal Audit has verified the status in all cases.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due by 31/08/20	-	8	35	13	<b>56</b>
Implemented / Closed	-	8	28	9	<b>45</b>
Still to be completed	-	0	7	4	<b>11</b>

<b>Time overdue for actions o/s or not complete</b>	<b>1 Critical</b>	<b>2 High</b>	<b>3 Medium</b>	<b>4 Low</b>	<b>Total</b>
Less than 3 months	-	0	6	4	<b>10</b>
3 – 6 months	-	0	0	0	<b>0</b>
Greater than 6 months	-	0	1	0	<b>1</b>
<b>Total</b>	-	<b>0</b>	<b>7</b>	<b>4</b>	<b>11</b>

We normally provide additional information on overdue 'high risk' issues, but there are none to report on this occasion. There is one 'medium risk' issue outstanding for more than 6 months, which is included in more detail in the following table. The Committee will be advised in future progress reports if our follow up work finds that any such cases are not in fact fully implemented.

**'Medium risk' issue overdue for more than six months from original implementation date**

<b>Review</b>	<b>Recommendation</b>	<b>Risk</b>	<b>Original target date</b>	<b>Revised target date</b>	<b>Current status</b>
Council tax	Regular running and review of report showing exemptions and discounts.	3	31/1/20	1/11/20	Delayed by impact of COVID-19 on workloads.

## 5. 2020/21 Internal audit plan

Review	Scheduled	Status	Level of assurance
Risk Management	Quarter 1/2	Complete	<b>N/A</b>
Financial Management & Reporting	Quarter 3/4	Scope agreed	
Creditors	Quarter 3/4	Scope agreed	
Debtors	Quarter 3/4	Scope agreed	
Treasury Management	Quarter 3/4	Scope agreed	
Contract Register	Quarter 1	Final report	<b>Limited</b>
IT Audit – Website Content Management	Quarter 2	In progress	
Payroll	Quarter 3/4	Scope agreed	
Agency Workers	Quarter 2	In progress	
Business Support Grants (SBGF & RHLGF)	Quarter 2	In progress	
Discretionary Business Grants	Quarter 2	In progress	
Local Lockdown Grants	Quarter 3		
Waste Management	Quarter 2	Fieldwork complete	
Private Sector Housing – Enforcement	Quarter 2/3	Scope agreed	
Housing Allocations – Choice Based Lettings	Quarter 2/3	Scope agreed	
Housing Repairs & Maintenance	Quarter 4		
Honorarium/Acting-Up Arrangements	Quarter 1	Final report issued	<b>N/A</b>
Follow-up	Ongoing		



<b>Audit Committee</b>	<b>Wednesday, 23 September 2020</b>	<b>Matter for Information and Decision</b>
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**Report Title:** **Annual Governance Statement (2019/20)**

**Report Author(s):** **Stephen Hinds (Deputy Chief Executive)**

<b>Purpose of Report:</b>	To seek approval of the Annual Governance Statement for 2019/20.
<b>Report Summary:</b>	In accordance with the Accounts and Audit Regulations 2015, the Annual Governance Statement is now being presented to this Committee for their consideration and approval prior to publication.
<b>Recommendation(s):</b>	<b>That the Annual Governance Statement for the year ended 31 March 2020 be approved.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	Stephen Hinds (Deputy Chief Executive) (0116) 257 2681 <a href="mailto:stephen.hinds@oadby-wigston.gov.uk">stephen.hinds@oadby-wigston.gov.uk</a>
<b>Corporate Objectives:</b>	Providing Excellent Services (CO3)
<b>Vision and Values:</b>	Not applicable.
<b>Report Implications:-</b>	
Legal:	There are no implications arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	<ul style="list-style-type: none"> <li>The Accounts and Audit (England) Regulations 2011</li> <li>Delivering Good Governance in Local Government: Framework</li> </ul>

<b>Appendices:</b>	<b>1. Annual Governance Statement (2019/20)</b>
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## **1. Information**

- 1.1 The Council's duty in respect of the Annual Governance Statement (AGS) is to undertake an annual review of its governance arrangements, which includes the effectiveness of its system of internal control. This has been done and the statement, signed by the Leader of the Council and the Chief Executive, is included in a separate section within the statement of accounts.
- 1.2 The auditors have reviewed the statement and confirmed that it complies with the guidance, Delivering Good Governance in Local Government: A Framework, issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).
- 1.3 It should be noted that in the production of this statement, the Internal Auditor has input and both Internal and External Audit has expressed their satisfaction of the statement.



## **Annual Governance Statement (AGS) 2019/20**

### **1. Introduction**

Oadby & Wigston Council (the Council) is responsible for ensuring that its business is conducted in accordance with legislation, regulation, government guidance and that proper standards of stewardship, conduct, probity and professional competence are set and abided to by all those representing , working for and working with the Council.. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the Council must make proper arrangements for the governance of its affairs and for facilitating the effective exercise of its functions including the management of risk.

The Council has previously approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE framework 'Delivering Good Governance in Local Government. This statement shows how the Council has complied with the code and also meets the requirements of The Accounts and Audit Regulations 2015, regulation 6(1)(b), which requires each English local authority to conduct a review, at least once a year, of the effectiveness of its systems of internal control and approve an annual governance statement (AGS).

### **2. Purpose of the Governance Framework**

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It reflects activities through which the Council meets the needs of the community. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk at a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and therefore can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives. Evaluation of the likelihood and potential impact of those risks being realised and how to manage them efficiently, effectively and economically are key parts of the Council's Medium Term Financial Strategy and its Corporate Plan.

This AGS confirms that the governance framework has been in place for the financial year ended 31<sup>st</sup> March 2020 and up to the date of the approval of the Annual Report and the Statement of Accounts.

### **3. What does the AGS tell you about Good Governance?**

The AGS is a summarised account of how the Council's management arrangements are set up to meet the principles of good governance and how we as a Council assure ourselves that these are effective and appropriate. The main goal of an AGS is to provide the reader with confidence that the Council has an effective system of internal control that is able to manage risks to reasonable levels. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance of effectiveness.

The CIPFA Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector and how they relate to each other and are defined as:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit, to deliver effective accountability.

The governance framework at Oadby and Wigston Borough Council comprises the systems and processes, culture and values which the Council has adopted in order to deliver on the above principles.

### **4. The Governance Framework**

#### ***Current Governance Structure***

Oadby & Wigston Borough Council has retained a committee system. The majority of UK local authorities now operate using a cabinet system where a group of members have been given the power to make the majority of decisions on behalf of their Council.

The benefits of retaining the committee system are that all members are able to sit on a range of decision making committees and every member has a vote that counts. This is the cornerstone of the Council's governance – members are not marginalised in decision making. All decisions are debated and made during open committee in full public view. Closed sessions, for instance where commercially sensitive matters need to be discussed, are kept to an absolute minimum. Only the most urgent decisions are delegated to the Chair/Vice Chair of committees, and these must be reported back to the main committee as soon as possible. In

addition to the statutory committees that deal with development control and with licensing, the Council has three main committees:

- The Policy, Finance and Development Committee, which has overall responsibility for setting the long term aims of the Council and moving it forward in line with these objectives.
- The Service Delivery Committee, which has direct responsibility for the day-to-day operation of all services.
- The Audit Committee, which is responsible for Internal and External Audit and Risk Management (from Autumn 2019).

### ***Visions and Priorities***

The Corporate Plan was approved in March 2019, covering the period 2019 - 2024 and updated in March 2020 , along with the updated MTFS (Feb 2020) reflects the Plan's priorities:

## **“A Stronger Borough Together, Improving the Lives of Our Communities”**

This is supported by three new corporate objectives which aim to serve our residents, communities, businesses and partners to the highest standards, improving our borough as a place to live, work and visit.

### **Corporate Objective One:**

#### **Building, Protecting and Empowering Communities**

#### ***“Be Proud of your borough as a place to live”***

This objective looks to not only build suitable accommodation to meet the needs of the community, delivering housing, attract people to our borough to live, reducing homelessness and the causes of homelessness, but to also build upon our strong communities, engaging with them and building greater community cohesion.

We also want to protect our communities, not just working with the Police to tackle crime, antisocial behaviour and enforcement, but to address health needs across the borough. We will work with health partners, including the Fire Service, to improve health equality, meaning nobody should feel excluded and reducing loneliness created by the modern world.

We will empower our communities, generating positive involvement, not only through the work of Councillors within their wards and neighbourhood forums, but to engage a greater proportion of our borough, engaging with those who often feel disenfranchised. We will increase our volunteering opportunities and encourage our communities to get more involved, taking greater responsibility for where they live, work and play.

### **Corporate Objective Two:**

## **Growing the Borough Economically**

***“Realise the aspirations of the borough, benefiting those who live and work here”***

This objective aims for our borough to be the best it can be, economically. We will work with businesses – from local sole traders to multinational corporations as to how we can help businesses develop and grow within our borough whilst attracting new organisations to the borough. This will not only provide greater opportunities for employment for our residents and regeneration opportunities, but helps our local students with opportunities to stay within the borough whereas they may be forced to look further afield for such opportunities.

The borough has a rich array of attractions that should attract people to the borough, but sadly we are not maximising these. We will market the borough as a place that is worth visiting, working with partners to create a “joined-up” approach. We will also identify what areas of demand we are lacking and look to plug those gaps – increasing the reasons to visit the borough. We will also look at our entertainment and night-time economy and look to create a sustainable and enjoyable environment where people can enjoy the borough through a host of opportunities in the evenings.

The Council will look to be more commercial in regards to generating income that can protect frontline services and not have to cut them. We will look to maximise the value our assets can provide and look at ventures that could generate commercial income rather than increase taxes on our communities.

### **Corporate Objective Three:**

#### **Providing Excellent Services**

***“Delivering those services needed to the highest standard whilst providing value for money”***

This objective for our borough is to put the customer first – getting things right first time and providing services to the highest standards. The Council has always aspired to provide excellent services for all of our customers, be they Residents, Businesses, Partner Organisations or internally, meaning that we need to understand their needs. The Council has already shifted to focussing on outcome delivery, and we will ensure that we will get things right at the first opportunity we have.

The Council will aim to achieve the prestigious and nationally recognised “Customer Service Excellence Award” to demonstrate that we are achieving what we have set out to do. The award is a quality-mark award that rates how the services received by residents are delivered by the Council. We will use this award as a driver of continuous improvement and enable our staff to improve their skills which will enable further improvements in the delivery of services.

We will also be utilising technology to make life safer for our residents or the implementation of smart technology in the homes of the vulnerable to allow them

instant access to services, alongside the utilisation of technologies to improve our effectiveness in delivering our services.

The Council's financial plans are outlined in its Medium Term Financial Strategy – the latest update to the Strategy was agreed by Council in February 2019. The document outlines the financial objectives which the Council looks to achieve in order to meet continuing pressure on available resources, and also how the Medium Term Financial Strategy is now a “living” document, regularly updated during the year. In addition, the Council has agreed its Housing Revenue Account business plan which sets out how housing services will be maintained and financed over the long term.

### **Quality of Services**

Service plan targets and key performance indicators are set for each department within the annual service delivery and development plans. Progress against targets is monitored monthly by the management team and reported regularly to relevant committees. The Council's financial position is reported against budget to every meeting of the Policy, Finance and Development Committee. Detailed budget information is provided to budget holders each month and dedicated project teams provide financial information for large projects or capital schemes.

The Council ensures that its key priorities determine the allocation of resources to deliver its agreed activities. A robust corporate business planning programme is used to identify projects against agreed criteria, including the Council's policies, its priorities, the outcome of public consultations, demonstration of continuous improvements, and responding to legislative change. The Council has a Project Management Board, who reviews the progress of all major projects. The Board consists of, in 2019-20, the Chief Executive, the Deputy Chief Executive and the Head of Customer Services and Transformation. The board meets bi-monthly, and reports to the Performance, Finance and Development Committee on a quarterly basis.

Achievement of the Council's priorities has been monitored throughout the financial year 2019/20 by the Council's Senior Leadership Team (SLT) and reports to the relevant committees. The monitoring of delivery against agreed priorities ensures the Council's capacity to deliver projects within agreed costs, time and resources.

As part of the budget setting process in 2019/20, this was aligned to the setting of service delivery plans and Key Performance Indicators, all in which were linked to the Corporate Strategy. By linking Budgets, Service planning and Performance, the council can ensure that it is working effectively towards the strategic objectives.

### **Financial Management**

The financial elements of the Council's corporate business planning process are included in the Medium Term Financial Strategy, which has a detailed one year budget and high levels for the forthcoming years given the complete lack of clarity

from central government regarding future funding for local authorities. Whilst the Council's MTFS runs until the end of the current national local government funding settlement, the Council has financial scenarios in place further to that, and this enables the authority to be agile in its development, and be alert to potential significant financial risks that the authority may face. The Council has a good track record of financial management and internal control, but resources are necessarily limited and significant net savings year-on-year continue to be required, and are met without the need to identify significant in-year savings.

The Council continues to ensure that the accounts are compliant with the Local Authority Accounting Code of Practice. Performance against budget is reported at committee meetings and managed by SLT and through the corporate business planning process. The Council ensures that the levels of reserves it holds are sustainable over the medium term. The MTFS takes account of the current economic climate and changes to funding for local government.

The Council has a Treasury Management Strategy that is reviewed each year and monitored on a regular basis. This ensures the Council has sound processes and controls over its treasury function to minimise risk exposure.

### **Decision Making, Scrutiny and Governance**

The Council, the Policy, Finance and Development Committee and the Service Delivery Committee take decisions on service and management matters in line with terms of reference set out in the constitution. The committees meet four times each municipal year. The Policy, Finance and Development Committee undertake the role of the Audit Committee for the Council and provide continuous monitoring and scrutiny of financial management, performance, policy and action plans. Further challenge is provided by elected members through meetings with Committee Chairmen, Resident Forums and Member Workshops.

Scrutiny is provided at officer level through the work of the Council's internal audit function which is currently delivered by CW Audit Services. The annual risk based audit plan contributes to the review of the Council's key internal control systems, risk management processes and corporate governance arrangements. CW Audit supports the design and effectiveness of the governance framework. Each internal audit review is given an assurance level. The definition of each of these assurance levels is provided in the table below:

**Table – Definition of Assurance Levels**

<b>Level of Significance</b>	<b>Criteria</b>
Full	No significant risk issues identified.
Significant	Exposure to levels of risk that may only impair the effectiveness of the system or process under review.
Moderate	Exposure to levels of risk that render some elements of the system's control environment undeliverable.

Limited	Exposure to unacceptable level of risk that could have a serious impact upon the system or process under review.
No	Exposure to unacceptable levels of risk that could have a serious impact upon the organisation as a whole.

Regular meetings are held between CW Audit Services and the Section 151 Officer and with the Chief Executive. This ensures the high standard of internal audit support is maintained. The annual audit plan is reviewed on a frequent basis to identify any amendments needed to reflect changing priorities, emerging risks or resourcing challenges.

The Audit Committee receives regular reports from the Council's External Auditors (KPMG) and Internal Audit (CW Audit). Where appropriate, comments are made on non-compliance with legislation that has been identified as part of a routine audit. The Section 151 Officer has direct access to this committee as well as to the External Auditors. All members of the Audit Committee receive training in risk management so as to allow them to appreciate the nature of risks presented to the Council through its activities.

There are governance arrangements in place to ensure that members and officers work together to achieve a common purpose with clearly defined functions and roles. The Council's constitution includes a scheme of delegation and terms of reference for each committee. Responsibilities are set out to make clear how the Council and its committees operate within the organisation. The scheme of delegation also defines the powers granted to the Chief Executive (the Head of Paid Service) and other chief officers within the areas of their service responsibility. The constitution reflects all relevant legislation impacting on decision making in local government and is published on the Council's website.

Elected members are responsible for ensuring that effective policy making, scrutiny and monitoring activities occur. A clear committee structure assists such responsibilities to be effectively carried out. Member expertise and involvement is further enhanced by on-going training and development opportunities.

The Council has a statutory responsibility to have a Section 151 Officer and a Monitoring Officer. The Council's financial arrangements fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Section 151 Officer is a key member of the Senior Leadership Team. The Section 151 Officer is responsible for the proper administration of the Council's financial arrangements and led a fully resourced and suitably qualified finance function. The Section 151 Officer was actively involved in and able to bring influence to bear on all material business decisions to ensure immediate and long term implications, opportunities and risks, were fully considered and in alignment with the Medium Term Financial Strategy.

Underpinning the Council's financial management arrangements is a regularity framework comprising Financial Regulations, Contract Procedure Rules, annual

audits of key financial systems and audits of other systems undertaken on a risk-based basis. Other processes and procedures such as the Procurement Strategy and Risk Management Strategy are monitored on a regular basis.

The Monitoring Officer role is fulfilled by the Council's Head of Law and Democracy, who acts as guardian of the Council's constitution to ensure lawfulness, probity and fairness in Council decision making. The Monitoring Officer has processes for the review of legislative changes which feed into the annual review of the constitution.

Consultation meetings and other forms of communication between the Monitoring Officer and senior managers as appropriate ensures that managers can contribute to revisions to the constitution including the scheme of delegation. The annual review includes the constitution's terms of reference.

Officer decision making at a strategic level is led by the Senior Leadership Team, comprising the Chief Executive, the Section 151 Officer, the Monitoring Officer, the Head of Built Environment, the Head of Community and Wellbeing and the Head of Customer Service and Transformation. The Team meets formally on a weekly basis and standing items of business include finance, policy, governance, human resources, performance management and the delivery of the Council's priorities.

### **Standards of Conduct**

Officers of the Council are expected to maintain high standards of conduct. The Council has a staff code of conduct that is published on the intranet along with other policies and procedures.

There is an agreed protocol between members and officers to ensure that a constructive working relationship exists and this Annual Governance Statement also promotes and demonstrates the values of good governance through upholding high standards of conduct and behaviour.

In addition, Policy, Finance and Development committee fulfils the functions of the Standards Committee and operates to ensure that councillors and any co-opted members of the Council behave in a way that exemplifies high standards of conduct and effective governance and has regard to the member code of conduct.

Regular records of advice and code issues are kept by the Monitoring Officer.

Declaring interests under the code of conduct is a standard item on the agenda at every committee meeting and Council and declarations are minuted by the clerk. A legal advisor attends all Council and committee meetings to advise on the application of the code and other issues where this is requested or otherwise considered appropriate. A planning code of conduct is in place and is adhered to by members who sit on the Development Control Committee.

Members and officers comply with the Council's gift and hospitality policy.



The Council's website explains how complaints can be made against elected members by either downloading a complaint form or making a complaint on-line. The web page also has links to the code of conduct and the constitution.

A register of the Council's contracts is published on the Council's website. In addition, details of the Council's spend on individual items over £250 is published on a quarterly basis.

## **Compliance**

The Council's policies and procedures are drawn up and regularly reviewed to ensure compliance with current legislation and regulations. Legal Services assist with updating and amending policies and advice on legal implications including legislative impacts on recommendations included in committee reports.

Equalities implications are also considered as part of committee reports.

## **Whistle Blowing**

Concerns regarding non-compliance with policies, procedures, laws and regulations can be raised through the Council's anti-fraud and confidential reporting policies. Concerns raised are always investigated and acted upon following clearly defined guidelines.

The Whistle Blowing Policy is published on the Council's intranet and internet to raise awareness and outline procedures in place to staff, contractors and the public. It features in the induction of new staff.

The Monitoring Officer, after consultation with the Chief Executive and Section 151 Officer, has statutory powers to report to Council in relation to any function, proposal, decision or omission that s/he considers would give rise to unlawfulness or any decision or omission that might give rise to maladministration. Such a report would have the effect of stopping the proposal or decision being implemented until the report has been considered.

## **Officer and Member Development**

The Council's staff appraisal process assesses performance and delivery of Council objectives and also identifies any skills gaps that need addressing. Each officer has an agreed annual personal development plan. Progress against these plans is reviewed regularly through one-to-one discussions with line managers. The process ensures that the Council continually keeps under review the levels of skills required to carry out functions with due regard to law, policy and regulation.

As part of the Council's business planning process each service plan includes learning and development needs linked to specific actions. This ensures that the skills sets required delivering the key priorities and actions for the Council are identified and provided.

Training programmes and other development opportunities are circulated and shared more broadly using the Council's internal communication mechanisms. The Council also supports the training and development of members.

## **Consultation**

Engaging with local people and other stakeholders to ensure robust public accountability is a key element of the governance framework. The Council takes every opportunity to consult with relevant stakeholders before taking any decisions likely to impact on the level and quality of services. In addition, the Council's business planning process includes an annual timetable of formal consultation events ensuring statutory, voluntary and business partners have the opportunity to comment on budget proposals under consideration.

The Council has given delegated authority on budget provision to three Resident Forums who can make recommendations to the Policy, Finance & Development Committee on how funds could be allocated to various projects within their geographic area. The Forums' membership is open to people who live in the three areas and this approach has been found to be a very good source of two-way communication and consultation around the Council's policy initiatives.

The Council also implemented a "Citizens Panel" in 2019/20, comprised of a wider-representative group than would normally interact with the Council to improve our understanding of residents' opinions.

## **Reviewing the Effectiveness of the Governance Framework**

The Council has responsibility for conducting at least annually a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment. The annual report from the Council's Internal Audit service (CW Audit Services) is a key document in assessing the effectiveness of the Council's governance arrangements. Comments from External Auditors (KPMG) and other agencies and inspectorates such as the Local Government Association are also important.

The Senior Management Team, chaired by the Chief Executive, reviews the Council's governance framework and control environment and is responsible for the preparation of the Annual Governance Statement. Appropriate managers are responsible for producing their own service assurance statements and developing an improvement plan to rectify any identified governance weaknesses within their service areas. The Policy, Finance & Development Committee reviews the Annual Governance Statement and evaluates the strength of the underlying assurance statements and evidence.

## **5. Annual Review of Effectiveness**

The Framework provides examples of documents, systems and processes that an authority should have in place. Using this guidance, the Council can provide assurance that it has effective governance arrangements. The Council has an approved Local Code of Corporate Governance and this provides examples of good governance in practice.

The Council's Constitution includes Finance and Contract Procedure Rules and Schemes of Delegation to Chief Officers. These translate into key operational internal controls such as: control of access to systems, offices and assets; segregation of duties; reconciliation of records and accounts; decisions and transactions authorised by nominated officers; and production of suitable financial and operational management information. These controls demonstrate governance structures in place throughout the Council.

### **Audit Functions**

The Council has a separate audit committee which came into existence in the autumn of 2019. The Committee receives reports from the Internal Audit service and can require service heads to attend to answer questions as required. Reports from the External Audit service are also received at these meetings.

### **External Audit**

The Council's external auditors are Grant Thornton.

Each year the external auditors review the Council's arrangements for:

- Preparing accounts and compliance with statutory and other relevant requirements.
- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice.
- Managing performance to secure economy, efficiency and effectiveness in the use of resources.

In September 2019 Grant Thornton issued their Annual Audit Letter, covering the audit of the Council's 2018/19 financial statements and Value for Money conclusion, providing an unqualified opinion on the accounts and an unqualified conclusion on the Council's arrangements for Value for Money.

There were no recommendations included in the Letter and no significant governance issues were identified.

### **Internal Audit**

The Council's Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the Council's system of internal control). This is achieved through a risk-based plan of

work, agreed with management and approved by the Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below. The Head of Internal Audit's role reflects best practice as set out in the CIPFA Guidance on the Role of the Head of Internal Audit.

For 2019/20, the auditor's opinion was that significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk. No significant governance issues were identified by the auditor.

## **Risk Management**

During 2019/20 the Council's Strategic Risk Register was monitored by the Senior Leadership Team and initially the Policy, Finance & Development Committee. The register identified major risks and commented on their likelihood and impact on the Council's objectives. Each risk is allocated a responsible officer for identifying an action plan and provides an update. Risk management is embedded in processes such as appraisal of new capital investment and service development plans.

## **The Role of the Chief Financial Officer (CFO)**

The CFO conforms to the governance requirements and core responsibilities of two CIPFA Statements on the Role of the Chief Financial Officer; in Local Government (2016) and in the Local Government Pension Scheme (2014). The CFO is a key member of the Corporate Management Team and is able to bring influence to bear on all material business decisions, ensuring that immediate and long term implications, opportunities and risks, are fully considered and in alignment with the MTFS and other corporate strategies. The CFO is aware of, and committed to, the five key principles that underpin the role of the CFO, and has completed an assurance statement that provides evidence against core activities which strengthen governance and financial management across the Council.

## **The Role of the Monitoring Officer (MO)**

The Monitoring Officer has responsibility for ensuring that decisions taken comply with all necessary statutory requirements and are lawful. Where in the opinion of the Monitoring Officer any decision or proposal is likely to be unlawful and lead to maladministration, he/she shall advise the Council.

The MO is also bound to ensure that decisions taken are in accordance with the Council's budget and its Policy Framework, and provides advice on the scope of powers and authority to take decisions.

In discharging this role the Monitoring Officer is supported by officers within the Legal and Democratic Services Teams.

## **Key Matters**

The following key matters were considered by the Council and its principal committees during 2019/20:

#### Council

- Budget proposals and budget monitoring
- Council Tax Base, Support and Setting
- Members' Code of Conduct
- GDPR
- Staffing Issues
- Building Control Shared Services
- Delegated reports from Forums and Committees
- Council Tax Support Scheme
- Universal Credit
- Members' Allowances
- Constitutional review

#### Policy, Finance and Development Committee

- Budgetary control and financial updates
- Treasury management and prudential indicators
- Debt recovery
- Residents' Forums
- Welfare Reform and Council Tax Support Scheme
- Pooling of Non-Domestic Rates
- Risk management
- Updating of Council policies and strategies
- Medium Term Financial Strategy and Housing Business Plan
- Contract Procedure Rules

#### Service Delivery Committee

- Council Performance and KPIs
- Housing allocations
- Homelessness
- Disabled Facilities Grants
- Leisure Contract Performance
- Service operational updates
- Fees and charges
- Corporate enforcement
- Empty homes strategy
- Customer Services transformation and charters
- Refuse and Recycling

#### Audit Committee

- Reports from the external auditor including the annual plan and report on the Statement of Accounts
- Individual internal audit reports and the annual report and plan

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## **Local Government Ombudsman**

The number of references to the Local Government Ombudsman amounted to 9, during the year 2019-20 of which the Ombudsman chose not to investigate 4 complaints as they were either premature or there was insufficient evidence of fault by the Council. Of the remainder, 2 were investigated with a finding of no fault by the council, and 3 were investigated with a finding of fault by the Council requiring a compensatory financial award in 2 cases.

As at 31 March 2020 there was 1 case outstanding and under investigation by the Ombudsman.

## **Constitutional Matters**

The key roles and responsibilities of Council committees, elected members, the Chief Executive, Monitoring Officer and Section 151 Officer are set out in the Council's constitution scheme of delegation.

These three officers are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. No report can be presented to Council or a committee for approval without first being reviewed by these officers or their delegated representative(s). These officers are also responsible for ensuring that legislation and policy relating to health and safety are implemented in practice.

The constitution includes the Contract Procedure Rules and Financial Regulations which detail the processes and improvements required for various levels of purchase and the internal control procedures required for managing the risk across the Council.

The Council adopted a revised Constitution on 16 April 2019 which came into force on 13 May 2019. The Constitution remains under continuous review and a further amendment was made to the Constitution on 30 July 2019.

## **Code of Conduct**

The standards of behaviour expected from members and officers are set out in the Member/Officer Codes of Conduct. A register of members' interests is maintained and the records of interest are declared at Council and committee meetings. All members are required to complete Related Party Declarations at the end of the financial year in support of the statutory financial statements. Members' allowances are examined on an annual basis and a review of the allowance scheme was undertaken in 2018/19 by an independent remuneration panel and came into force on 13 May 2019 for the 2019/20 municipal year. Following the Borough Elections in May 2019

The Monitoring Officer supervised and dealt with 2 complaints against Members during the year with neither complaint being substantiated which resulted in no sanctions being imposed.

## **6. Significant Governance Issues**

### **2019/20**

During the 2019/20 financial year, no significant governance issues arose. However, there were two areas that if not addressed would lead to significant issues for the Council. These relate to Risk Management and Housing Maintenance. With respect to Risk Management, the development of our continuing improvement lapsed during the second half of the financial year, meaning a lesser focus and control was placed in the system. As part of the 2020/21 development, a refreshed approach to Risk Management, including a new Risk Management Strategy and external assistance in the development and management of risk will renew the improvements that had been made prior to 2019/20. With respect to Housing Maintenance, the new structure of housing management identified key areas of work that did not meet statutory requirements, leaving the Council open to challenge and the failure in delivery of these services to the required standards. These failings are being managed in a structured process and programme of work that began in the 2019/20 financial year, but will continue throughout 2020/21. These areas will have follow-up substantive audits during the year to assist with internal assurance.

A number of minor weaknesses in control limited assurance in the following areas:

- Risk Management
- Debtors
- IT Application Security
- Safeguarding

Follow up work in all of the above areas has shown recommendations have been implemented or in the process of being implemented.

### **Conclusion and Statement from the Leader of the Council and Chief Executive**

This statement is intended to provide reasonable assurance. We propose that we continue to maintain the level of governance at the authority, whilst striving to improve wherever we can. Where issues have been identified in preparation of this report, we will ensure that they are effectively addressed and we will monitor their improvement as part of the next annual review.

**Cllr John Boyce**

**Leader of the Council**

**Anne Court**

**Chief Executive**