

**Monday, 8th March, 2021,  
6.15 pm**

**[SWT VIRTUAL MEETING WEBCAST  
LINK](#)**

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**Members:** Lee Baker (Chair), Derek Perry (Vice-Chair), Simon Coles, Hugh Davies, Caroline Ellis, Martin Hill, Janet Lloyd, Steven Pugsley, Vivienne Stock-Williams, Andrew Sully and Terry Venner

### **Agenda**

**1. Apologies**

To receive any apologies for absence.

**2. Minutes of the previous meeting of the Audit, Governance and Standards Committee**

To approve the minutes of the previous meeting of the Committee held on 1 February 2021.

**3. Declarations of Interest**

To receive and note any declarations of disclosable pecuniary or prejudicial or personal interests in respect of any matters included on the agenda for consideration at this meeting.

(The personal interests of Councillors and Clerks of Somerset County Council, Town or Parish Councils and other Local Authorities will automatically be recorded in the minutes.)

**4. Public Participation**

The Chair to advise the Committee of any items on which members of the public have requested to speak and advise those members of the public present of the details of the Council's public participation scheme.

For those members of the public who have submitted any questions or statements, please note, a three minute time limit applies to each speaker and you will be asked to speak before Councillors debate the issue.

(Pages 5 - 12)

### **Temporary measures during the Coronavirus Pandemic**

Due to the Government guidance on measures to reduce the transmission of coronavirus (COVID-19), we will holding meetings in a virtual manner which will be live webcast on our website. Members of the public will still be able to register to speak and ask questions, which will then be read out by the Governance and Democracy Case Manager during Public Question Time and will either be answered by the Chair of the Committee, or the relevant Portfolio Holder, or be followed up with a written response.

- 5. Audit, Governance and Standards Committee Forward Plan** (Pages 13 - 14)

To receive items and review the Forward Plan.
- 6. Grant Thornton External Audit Progress Report and Sector update** (Pages 15 - 24)

The report provides the Audit, Governance and Standards Committee with a progress report on the work of the external auditors, Grant Thornton, together with information relating to emerging issues which may be relevant to the Council.
- 7. SWAP Internal Audit - Progress Report 2020/21** (Pages 25 - 44)

This report summarises the work of the Council's Internal Audit Service and details any new significant weaknesses identified and a schedule of audits completed during the period.
- 8. SWAP Internal Audit - Audit Plan and Charter 2021/22** (Pages 45 - 66)

This report introduces the Internal Audit Plan for 2021/22 and the Internal Audit Charter.
- 9. Local Code of Corporate Governance** (Pages 67 - 86)

This report presents the Committee with the updated Code of Corporate Governance for the 2021/22 financial year.
- 10. Changes to the Constitution** (Pages 87 - 104)

This report presents the Committee with the drafted Member Champions Protocol and Member Working Group Protocol for consideration before going to Council for approval.
- 11. Chair's Annual Report** (Pages 105 - 108)

This report is the Annual Report from the Chair of the Audit, Governance and Standards Committee, which is for consideration before going to Council on the 30<sup>th</sup> March.

**12. Access to Information - Exclusion of the Press and Public**

During discussion of the following item it may be necessary to pass the following resolution to exclude the press and public having reflected on Article 13 13.02(e) (a presumption in favour of openness) of the Constitution. This decision may be required because consideration of this matter in public may disclose information falling within one of the descriptions of exempt information in Schedule 12A to the Local Government Act. The Committee will need to decide whether, in all the circumstances of the case, the public interest in maintaining the exemption, outweighs the public interest in disclosing the information.

Recommend that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the next item of business on the ground that it involved the likely disclosure of exempt information as defined in paragraph 1 respectively of Part 1 of Schedule 12A of the Act, namely information relating to any individual.

**13. Monitoring Officer Update**

This report will be a verbal update on any items that the Monitoring Officer needs to make the Committee aware of.



**JAMES HASSETT  
CHIEF EXECUTIVE**

Please note that this meeting will be recorded. You should be aware that the Council is a Data Controller under the Data Protection Act 2018. Data collected during the recording will be retained in accordance with the Council's policy. Therefore unless you are advised otherwise, by taking part in the Council Meeting during Public Participation you are consenting to being recorded and to the possible use of the sound recording for access via the website or for training purposes. If you have any queries regarding this please contact the officer as detailed above.

Following Government guidance on measures to reduce the transmission of coronavirus (COVID-19), we will be live webcasting our committee meetings and you are welcome to view and listen to the discussion. The link to each webcast will be available on the meeting webpage, but you can also access them on the [Somerset West and Taunton webcasting](#) website.

If you would like to ask a question or speak at a meeting, you will need to submit your request to a member of the Governance Team in advance of the meeting. You can request to speak at a Council meeting by emailing your full name, the agenda item and your question to the Governance Team using [governance@somersetwestandtaunton.gov.uk](mailto:governance@somersetwestandtaunton.gov.uk)

Any requests need to be received by 4pm on the day that provides 2 clear working days before the meeting (excluding the day of the meeting itself). For example, if the meeting is due to take place on a Tuesday, requests need to be received by 4pm on the Thursday prior to the meeting.

The Governance and Democracy Case Manager will take the details of your question or speech and will distribute them to the Committee prior to the meeting. The Chair will then invite you to speak at the beginning of the meeting under the agenda item Public Question Time, but speaking is limited to three minutes per person in an overall period of 15 minutes and you can only speak to the Committee once. If there are a group of people attending to speak about a particular item then a representative should be chosen to speak on behalf of the group.

Please see below for Temporary Measures during Coronavirus Pandemic and the changes we are making to public participation:-

Due to the Government guidance on measures to reduce the transmission of coronavirus (COVID-19), we will holding meetings in a virtual manner which will be live webcast on our website. Members of the public will still be able to register to speak and ask questions, which will then be read out by the Governance and Democracy Case Manager during Public Question Time and will be answered by the Portfolio Holder or followed up with a written response.

Full Council, Executive, and Committee agendas, reports and minutes are available on our website: [www.somersetwestandtaunton.gov.uk](http://www.somersetwestandtaunton.gov.uk)

For further information about the meeting, please contact the Governance and Democracy Team via email: [governance@somersetwestandtaunton.gov.uk](mailto:governance@somersetwestandtaunton.gov.uk)

If you would like an agenda, a report or the minutes of a meeting translated into another language or into Braille, large print, audio tape or CD, please email: [governance@somersetwestandtaunton.gov.uk](mailto:governance@somersetwestandtaunton.gov.uk)

**SWT Audit, Governance and Standards Committee - 1 February 2021**

Present: Councillor Lee Baker (Chair)

Councillors Derek Perry, Simon Coles, Caroline Ellis, Martin Hill, Steven Pugsley, Vivienne Stock-Williams, Andrew Sully, Loretta Whetlor and Terry Venner

Officers: Paul Fitzgerald, Aditi Chandramouli, Jackson Murray, Amy Tregellas, Martin Henwood, Alison North and Steve Plenty

Also Present: Councillors Federica Smith-Roberts

(The meeting commenced at 6.15 pm)

**22. Apologies**

Apologies were received from Councillors Lloyd and Stock-Williams.

Councillor Whetlor attended as a substitute for Lloyd

**23. Minutes of the previous meeting of the Audit, Governance and Standards Committee**

(Minutes of the meeting of the Audit, Governance and Standards Committee held on 17 December 2020 circulated with the agenda)

Proposed by Coles and seconded by Venner.

**Resolved** that the minutes of the Audit, Governance and Standards Committee held on 17 December 2020 be confirmed as a correct record.

**24. Declarations of Interest**

Members present at the meeting declared the following personal interests in their capacity as a Councillor or Clerk of a County, Town or Parish Council or any other Local Authority:-

Name	Minute No.	Description of Interest	Reason	Action Taken
Cllr L Baker	All Items	Cheddon Fitzpaine & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr S Coles	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr H Davies	All Items	SCC	Personal	Spoke and Voted
Cllr C Ellis	All Items	Taunton Charter Trustee	Personal	Spoke and Voted

Cllr J Lloyd	All Items	Wellington & Sampford Arundel	Personal	Spoke and Voted
Cllr V Stock-Williams	All Items	Wellington	Personal	Spoke and Voted
Cllr B Weston	All Items	Taunton Charter Trustee	Personal	Spoke and Voted

25. **Public Participation**

No members of the public had requested to speak on any item on the agenda.

26. **Audit, Governance and Standards Committee Forward Plan**

(Copy of the Audit, Governance and Standards Committee Forward Plan, circulated with the agenda).

Councillors were reminded that if they had an item they wanted to add to the agenda, that they should send their requests to the Governance Team.

**Resolved** that the Audit, Governance and Standards Committee Forward Plan be noted.

27. **Annual Governance Statement 2019/20.**

The Annual Governance Statement and Action Plan was set out by the Monitoring Officer. The Annual Governance Statement (AGS) is a statutory document which provided assurance on the governance arrangements and control Environment within the Council.

The Accounts and Audit Regulations 2015 set out that 'a relevant authority must, each financial year: (a) conduct a review of the effectiveness of the system of internal control; and (b) prepare an annual governance statement

The Statement was prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) guidance titled 'Delivering Good Governance in Local Government: Guidance Notes for English Authorities and Framework.'

The Framework defined the principles that should underpin governance as:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the intervention necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and

strong public financial management

G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

The Annual Governance Statement included an Action Plan to address Governance issues identified as a result of the review of the effectiveness of the system of internal control. Details of the Council's Governance Framework was included as part of the Annual Governance Statement (Appendix A)

In order to ensure that the actions were being delivered it was important that the Committee review progress against the Action Plan, and update reports would be brought to the Committee in December 2020 and March 2021.

Council Governance Working Group, Unparished Area for Taunton A report would be considered at the next meeting for minor changes to the constitution to improve it

During the debate the following comments and questions were raised:-

- Ongoing work from the Governance Team were Council Governance Working Group, Unparished Area for Taunton A report would be considered at the next meeting for minor changes to the constitution to improve it.
- 6 systems for partial and no assurance set out in the report.
- Under resourced, KPI's for departments and staff implemented?
- Information accessibility, FOI's, separate webpage for performance data were due in March. It was recognised more work was required but progress was being made.
- Progress was being made and timescales were being reviewed as part of the action plan.
- The payroll audit had been completed
- Objectives set for the individual linked in to the service plan and the corporate strategy.
- SWAP pleased with the actions and progress made.
- A number of audits were reviewed every year, the ones reported on have had mostly improved from a partial to reasonable assurance.
- Work from the Governance working group would soon be brought to committee for consideration
- Directorate plan review sessions would be held later this month.
- Would governance changes be on target for implementation for the next municipal year. There was confidence that small changes could be implemented. Options could be evaluated by Councillors.
- A full detailed options appraisal would be considered at Council in the autumn.

The Committee approved the final Annual Governance Statement and Action Plan for 2019/20.

## 28. **Somerset West and Taunton District Council Audit Findings Report 2019/20**

Martin Henwood, introduced the report with further information presented by Jackson Murray and Aditi Chandramouli.

The 2019/20 Unaudited Draft Statement of Accounts for SWT was signed off by

the Council's S151 Officer in 13 August 2020 – within the updated statutory deadline of 31 August due to Coronavirus.

The accounts were subject to independent review by the Council's appointed external auditor – Grant Thornton UK LLP. The updated deadline for this was 30 November 2020, and a notice has been included on the Council's website indicating this date has not been met and that the audited accounts would be published as soon as is practicable.

As with Authorities nationally the delay has arisen due to a combination of factors, including

- the increased assurance work that auditors are required to carry out
- nationally with respect to pensions and asset valuations,
- the impact of Covid-19 on both the complexity of the audit and pace at which it can be completed, and
- in addition for SWTC, the inherent complexity of the Council's 2019/20 statement of accounts as the Council's first year of operation.

The Council was continuing to work closely with the audit team as they complete their work. In line with the Accounts and Audit Regulations 2015, the Council has published a set of draft accounts. The Council will publish a final set of accounts as soon as the audit is concluded, and the signed Audit Report issued. This work is now substantially complete and the near final Audit Findings Report is included within this item.

This situation occurred for the majority of Councils. As at 30 November 2020 there were 265 of 485 Councils (55%) whose accounts remained to be signed off by their external auditors. This compares to the 43% unsigned at 31 July 2019 which was last year's deadline (pre-COVID).

Grant Thornton has indicated their intention to issue an "unqualified opinion" for the 2019/20 Statement of Accounts for SWT, subject to completing their work, thus agreeing that the accounts provide a true and fair view of the Council's financial position and performance.

The auditor had reviewed the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, and provides a formal Opinion through their Value for Money Conclusion. Grant Thornton is satisfied "the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

During the debate the following comments and questions were raised:-

- An outstanding query in relation to the previous accounts was considered, this remained an outstanding item to be concluded and an update would be provided at the next meeting.
- The auditor was focused on the current accounts from Somerset West and Taunton
- The valuation of properties leading to a decrease in property values of £8.5million was questioned.
- Some investment properties has been reclassified. There was a strict criteria to meet investment property criteria.



- The council didn't value every asset every year. There was a reduction in property that was valued.
- The value of the opening infrastructure balance had been overestimated so this had been reduced as a result.
- 45% of councils did have their accounts signed off. Could lessons be learnt from other Councils.
- Monthly performance reporting for managers to manage budgets along with quarterly reporting to members reflecting the directorate structure leaves the Council better placed. It was recognised significant progress had been made
- The leadership team worked closely with PF holders.
- A footnote when discussing a differential going forward in was requested in future reports.
- Both internal and external experts were engaged in complex valuations.
- Grant Thornton and Finance Departments were thanked for their hard work

The Committee

Noted the Audit Findings Report in respect of SWT's Statement of Accounts 2019/20.

Noted the Auditor's Opinion in relation to the Statement of Accounts and Value for Money Conclusion

## 29. **Assessment of Going Concern Status**

The purpose of the report set out to inform the Audit, Governance and Standards Committee of the Assistant Director Finance and S151 Officer's assessment of Somerset West and Taunton Council as a "going concern" for the purposes of producing their Statement of Accounts for 2019/20.

The concept of a "going concern" assumes that an authority, its functions and services would continue in operational existence for the foreseeable future. This assumption underpinned the accounts drawn up under the Local Authority Code of Accounting Practice (the Code) and is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government).

If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provided or for assistance with the recovery of a deficit over more than one financial year.

The Code also confirmed that transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption that the financial statements are prepared on a going concern basis.

If the assessment determined that the Council is not a "going concern", particular care would be needed in the valuation of assets, as inventories and property, plant and equipment may not be realisable at their book values and provisions may be needed for closure costs or redundancies. An inability to apply the going concern concept would potentially have a fundamental impact on the financial statements.

The council was required to compile the Statement of Accounts in accordance with the current Code of Practice on Local Authority Accounting (hereafter referred to as the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

In accordance with the Code the Statement of Accounts have been prepared assuming that the council will continue to operate in the foreseeable future and that they were able to do so within the current and anticipated resources available. By this, it was meant that the council will realise its assets and settle its obligations in the normal course of business.

The main factors which underpin this assessment were:

- The Council's current financial position;
- The Council's projected financial position;
- The Council's governance arrangements;
- The regulatory and control environment applicable to the Council as a local authority.

During the discussion the following comments and questions were raised:-

- Current assets and liabilities were considered as part of investment balance.

Members review and note the assessment made of the Council's status as a "going concern" as a basis for preparing their 2019/20 Statement of Accounts.

### 30. **Statement of Accounts 2019/20**

The Statement of Accounts for 2019/20 is required to be approved by the Audit Governance and Standards Committee and signed by the S151 Officer and the Chair of the Audit Governance and Standards Committee. The Statement of Accounts document is attached to this report.

As the audit nearing completion at the time of writing, there may be changes between this and the final document. It is not anticipated that there will be significant changes, and the Statement of Accounts should be in a position to sign off at this meeting.

This report linked to and reflected the Audit Findings Report which was prepared by and will be presented by the Council's external auditors – Grant Thornton UK LLP.

As part of the overall process for approving the Statement of Accounts, a Management Letter of Representation has to be signed by the Council. A draft letter of representation was attached.

The external auditors had asked that from this year the Management Assurance risk assessment document is brought to this Committee for approval, and this is attached with this report.

During the discussion the following comments and questions were raised:-

- The committee determined it a useful position to have increased reserves.

- Pension reserves were considered a significant liability of £111million, it was questioned how this would be addressed.
- The increase of the liability was due to the reduction in the stock market and returns on assets. The shortfall was being covered over a 20 year period and remained an affordable scheme.
- The outturn for the year against the budget was £1.8million. It was questioned if the transformation budget was on target to save the money originally planned.
- 2019/20 transformation delivery to budget had been achieved. The capacity for the organisation was achieved and reflected the staff structure, staff costs had been increased to maintain and improve service standards.
- Watchet harbourside regeneration was considered and how the funding was used was questioned. This was the drawdown from the Onion collective from the previous year's grant.
- The size of reserves were considered a strong amount for a district authority the size of SWT.
- The cashflow statement reported was significant due to the amount of funding due to be paid in Covid grants.
- The property values were likely to remain a matter of uncertainty in the future.
- A Hospital appeal on business rates was a contingent liability and a recognised risk.
- The long term loan from PWLB was considered and fair value was questioned.
- Self financing of the HRA borrowing was initially for £85 million in 2012, repayment was built into the loan and £76 million remained to pay on the debt, HRA serviced the repayment of this debt when the loans matured. The debt was due to be settled in 2030, refinancing with replacement loans would happen in due course.

The Committee is recommend:

- a) Noted the Auditor's unqualified opinion on the Statement of Accounts.
- b) Approved the 2019/20 Statement of Accounts as attached to this report.
- c) Endorsed the Chairman of the Committee signs the management letter of representation in respect of the financial statements for the year ended 31 March 2020.
- d) Approve the Management Assurance document

### 31. **Risk and Opportunity Management Report**

The Audit, Governance and Standards Committee approved the Council's Risk and Opportunity Management Strategy in January 2020.

Since approval, the South West Audit Partnership (SWAP) completed a health check of the Council's Risk Management arrangements and commented on the Strategy, stating that 'this provides a good reference point for all matters risk related moving forward, however we did find that it would benefit from the inclusion of more guidance in relation to risk identification, the Council's risk appetite and how services should document their risks'.

The purpose of this report was to present the Audit, Governance and Standards Committee with the Council's updated Risk and Opportunity Management Strategy (attached as Appendix A) to include the suggested amendments from SWAP for consideration and approval.

Risk Management formed an integral part of the Annual Governance Statement which is concerned with demonstrating that the Council has adequate and effective internal control arrangements in place for dealing with key business risks.

Risk and Opportunity Management is not a separate initiative, but is the demonstration of good management practice. The Council has an obligation to provide assurance to Members and the Community that the principles of good governance, including Risk and Opportunity Management, are reflected in the activities of the Council. The Council also has a legal obligation to comply with the requirements placed upon it by the Accounts and Audit Regulations and the publication of an Annual Governance Statement.

Approval of the Risk and Opportunity Management Strategy will assist with the Council embedding Risk and Opportunity Management and demonstrating good Governance principles, and this Strategy would come before the Committee on an annual basis.

During the consideration of the item the following comments and questions were raised:-

- Work around assets was questioned and the appetite for the uses of assets owned by the Council.

The Committee approved the updated Risk and Opportunity Management Strategy (Appendix A)

(The Meeting ended at 8.29 pm)

<b>AUDIT, GOVERNANCE AND STANDARDS COMMITTEE</b>		
<b>Meeting Date</b>	<b>Draft Agenda Items</b>	<b>Lead Officer</b>
<b>08 March 2021</b>	Grant Thornton External Audit Progress Report and Sector Update	Jackson Murray/Aditi Chandramouli
Report Deadline	SWAP Internal Audit - Progress Report 2020/21	Alastair Woodland
24 February 2021	SWAP Internal Audit - Audit Plan and Charter 2021/22	Alastair Woodland
	Local Code of Corporate Governance	Amy Tregellas
	Changes to the Constitution	Amy Tregellas
	Chair's Annual Report	Chair of Committee
	Monitoring Officer Report (standing item)	Amy Tregellas
<b>12 April 2021</b>	Grant Thornton External Audit - Progress Report	Jackson Murray/Aditi Chandramouli
Report Deadline	Grant Thornton External Audit - Audit Plan for 2020/21 Accounts	Jackson Murray/Aditi Chandramouli
30 March 2021	Annual Governance Statement Action Plan Update	Amy Tregellas
<b>AGENDA WILL NEED TO BE PUBLISHED ON 31/03/21 DUE TO EASTER BHs</b>	Anti-Fraud Framework & Fraud Update	Amy Tregellas
	Member Training and Development Policy	Amy Tregellas
	Update to the Constitution	Amy Tregellas
	Audit Findings Action Plan Progress Report	Richard Doyle
	Risk Management Update	Malcolm Riches
	Landlord Compliance Report	James Barrahan/Ian Candlish
	Monitoring Officer Report (standing item)	Amy Tregellas
	External Audit Fees 2021/22	Martin Henwood
	Grant Thornton Annual Audit Letter 2019/20	Aditi Chandramouli
<b>14 June 2021</b>	Grant Thornton External Audit - Progress Report	Jackson Murray/Aditi Chandramouli
Report Deadline	SWAP Internal Audit - Audit Plan 2020/21 Outturn	Alastair Woodland
02 June 2021	SWAP Internal Audit - Annual Audit Opinion 2020/21	Alastair Woodland
	Treasury Management 2020/21 Annual Report	Steve Plenty
	Draft Annual Governance Statement 2020/21	Amy Tregellas
	Audit Findings Action Plan Progress Report	Richard Doyle

	Monitoring Officer Report (standing item)	Amy Tregellas
	External Audit Fees 2021/22	Martin Henwood
<b>26 July 2021</b>	Annual Governance Statement 2020/21	Amy Tregellas
Report Deadline	Grant Thornton External Audit - Audit Findings Report 2020/21	Jackson Murray/Aditi Chandramouli
14 July 2021	Assessment of Going Concern Status	Paul Fitzgerald

<b>13 September 2021</b>		
Report Deadline		
01 September 2021		
<b>Special for SOA</b>	Approval of Statement of Accounts 2020/21	Paul Fitzgerald
<b>13 December 2021</b>		
Report Deadline		
01 December 2021		
<b>14 March 2022</b>		
Report Deadline		
02 March 2022		

# Audit Progress Report and Sector Update

Somerset West and Taunton Council  
Year ending 31 March 2021  
February 2021



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# Introduction

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**Jackson Murray**

**Engagement Lead**

T 0117 305 7859

E Jackson.Murray@uk.gt.com

This paper provides the Audit, Governance and Standards Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local authority.

Members of the Audit, Governance and Standards Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications [www.grantthornton.co.uk](http://www.grantthornton.co.uk)

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



**Aditi Chandramouli**

**Engagement Manager**

T 0117 305 7643

E Aditi.chandramouli@uk.gt.com

# Progress at February 2021

## Financial Statements Audit

The audit of the 2019/20 financial statements is close to completion and we are due to give our opinion in the week commencing 1<sup>st</sup> of March 2021.

## Value for Money opinion

We will issue an unqualified value for money opinion for 2019/20 at the same time as the financial statements opinion in March 2021.

## Certification of the Audit

We will be unable to certify the completion of the audit due to an outstanding objection in relation to Taunton Deane Borough Council's 2018/19 financial statements.

## Other areas

### Certification of claims and returns

Housing Benefits Subsidy Claim - The deadline for the certification of the housing benefit subsidy claim was 31 January 2021. The Council have requested an extension to this deadline to the 12<sup>th</sup> of March, which the Department for Work and Pensions has granted. The DWP have confirmed that there is no cashflow implication to the Council in requesting this extension. We will report the findings arising from this work at the next Audit, Governance and Standards Committee.

Pooling of Housing Capital Receipts Claim – The deadline for the certification of this claim was 29 January 2021. There were a number of exceptions and errors identified during the certification process, due to which there was a delay in completing this work. We issued our report of factual findings on 10 February 2021. The errors resulted in overall expenditure on the claim being understated. We have reported this to MHCLG via our Accountant's Report.

## 2020/21

We have started to consider the audit of the 2020/21 financial year and our associated planning processes.

Our formal work will begin later in the year, in the meantime we will:

- have regular discussions with management to inform our risk assessment for the 2020/21 financial and value for money audits
- review Council and Executive minutes and latest financial and operational performance reports

We expect to issue our audit plan summarising our approach to key risks on the audit in April 2021.

The interim audit will cover an understanding of processes and controls, a walkthrough of our significant risk areas, and a review of IT general controls. We will probably undertake all of our substantive testing at the post statements visit in the summer.

We will report any findings from the interim audit to you in our progress report at the April Audit, Governance and Standards Committee.

## Meetings

We meet with Finance Officers and Chief Executive of the Council on a regular basis. We last met with the s151 Officer in February 2021.

# Audit Deliverables

2019/20 Deliverables	Planned Date	Status
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report was reported to the February Audit, Governance and Standards Committee.</p>	February 2021	Complete
<p><b>Auditors Report</b></p> <p>This is the opinion on your financial statement, annual governance statement and value for money conclusion.</p>	March 2021	In progress
<p><b>Annual Audit Letter</b></p> <p>This letter communicates the key issues arising from our work.</p>	April 2021	Not yet due
2020/21 Deliverables	Planned Date	Status
<p><b>Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the Audit, Governance and Standards Committee setting out our proposed approach in order to give an opinion on the Council's 2020-21 financial statements and a Conclusion on the Council's Value for Money arrangements.</p>	April 2021	Not yet due
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report will be reported to the Audit, Governance and Standards Committee. The timetable for the submission of audited accounts for 2020/21 has still to be confirmed.</p>	TBC	Not yet due
<p><b>Auditors Report</b></p> <p>This is the opinion on your financial statements, annual governance statement and value for money conclusion.</p>	TBC	Not yet due
<p><b>Auditor's annual report</b></p> <p>The auditor's annual report brings together all of the auditor's work over the year. A core element of this report will be our commentary on your value for money arrangements.</p>	TBC	Not yet due

# Sector Update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging operational issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

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Public Sector

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government

# Code of Audit Practice and revised approach to Value for Money audit work - National Audit Office

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The most significant change in the Code is the introduction of a new 'Auditor's Annual Report', which brings together the results of all the auditor's work across the year. The Code also introduced a revised approach to the audit of Value for Money.

## Value for Money - Key changes

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering governance, financial sustainability and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VfM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

## The new approach to VfM re-focuses the work of local auditors to:

- Promote more timely reporting of significant issues to local bodies
- Provide more meaningful and more accessible annual reporting on VfM arrangements issues in key areas
- Provide a sharper focus on reporting in the key areas of financial sustainability, governance, and improving economy, efficiency and effectiveness
- Provide clearer recommendations to help local bodies improve their arrangements.

## Implications of the changes

Grant Thornton very much welcomes the changes, which will support auditors in undertaking and reporting on work which is more meaningful, and makes impact with audited bodies and the public. We agree with the move away from a binary conclusion, and with the replacement of the Annual Audit Letter with the new Annual Auditor's Report. The changes will help pave the way for a new relationship between auditors and audited bodies which is based around constructive challenge and a drive for improvement.

The following are the main implications in terms of audit delivery:

- The Auditor's Annual Report will need to be published at the same time as the Auditor's Report on the Financial Statements.
- Where auditors identify weaknesses in Value for Money arrangements, there will be increased reporting requirements on the audit team. We envisage that across the country, auditors will be identifying more significant weaknesses and consequently making an increased number of recommendations (in place of what was a qualified Value for Money conclusion). We will be working closely with the NAO and the other audit firms to ensure consistency of application of the new guidance.
- The new approach will also potentially be more challenging, as well as rewarding, for audited bodies involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years.

The Code can be accessed here:

[https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code\\_of\\_audit\\_practice\\_2020.pdf](https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice_2020.pdf)

# Local government reorganisation in two-tier shire counties – District Councils’ Network

The District Councils’ Network (DCN) has published a report ahead of the publication of the government’s ‘devolution and local recovery’ white paper.

The report comments “Devolution should back the success of districts in delivery. It should not distract from the local recovery effort or reduce delivery capacity through forcing reorganisation into a less local, less agile, less responsive local government pushed by interests wanting county unitary councils everywhere. Local governance is a local matter, places must be free to decide how to organise services and to progress any kind of reform only where there is significant local agreement.”

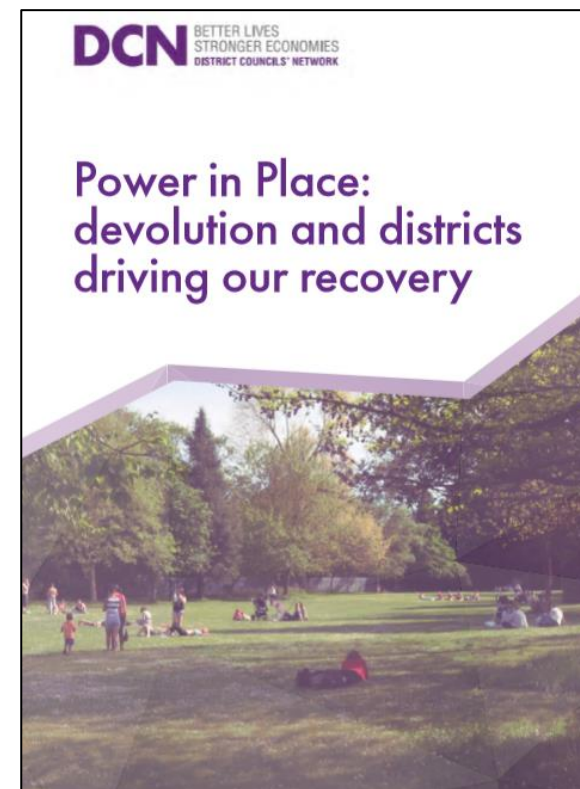
The report calls for the Devolution and Local Recovery White Paper to:

- 1) Deliver genuine devolution that moves quickly to drive local growth
- 2) Retain and build on the local capacity to deliver
- 3) Empower real-world economies
- 4) Continue to anchor local government in local communities
- 5) Reject false arguments that bigger local government is better or cheaper local government
- 6) Support strategic leadership across wider functional economic areas
- 7) Introduce an upper limit for the size of new unitary councils, in line with the principle of electoral equality

The report includes a number of case studies in each of these areas.

The full report can be obtained from the District Councils’ Network website:

<https://districtcouncils.info/wp-content/uploads/2020/08/DCN-Report-Sept-1.pdf>









# **Somerset West and Taunton**

## **Audit, Governance & Standards Committee – 8 March 2021**

### **SWAP Internal Audit – Progress Report 2020-21**

**This matter is the responsibility of Executive Councillor Ross Henley**

**Report Author: Alastair Woodland, Assistant Director, SWAP**

#### **1 Executive Summary / Purpose of the Report**

- 1.1 The Internal Audit function plays a central role in corporate governance by providing assurance to the Audit, Governance and Standards Committee, looking over financial controls and checking on the probity of the organisation.
- 1.2 The 2020-21 Annual Internal Audit Plan is to provide independent and objective assurance on SWT Internal Control Environment. This work will support the Annual Governance Statement.

#### **2 Recommendations**

- 2.1 Members are asked to note progress made in delivery of the 2020-21 internal audit plan and significant findings since the previous update in December 2020.

#### **3 Risk Assessment (if appropriate)**

- 3.1 Any large organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the risks it may face. SWT has a risk management framework, and within that, individual internal audit reports deal with the specific risk issues that arise from the findings. These are translated into mitigating actions and timetables for management to implement.

#### **4 Background and Full details of the Report**

- 4.1 This report summarises the work of the Council's Internal Audit Service and provides:
  - Details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in December 2020.
  - A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.
- 4.2 The Internal Audit Progress Report for 2020-21 is contained within the attached SWAP

Report.

**5 Links to Corporate Strategy**

5.1 Delivery of the corporate objectives requires strong internal control. The attached report provides a summary of the audit work carried out to date this year by the Council's internal auditors, SWAP Internal Audit Services.

**6 Finance / Resource Implications**

6.1 There are no specific finance issues relating to this report.

**7 Legal Implications (if any)**

7.1 There are no specific legal issues relating to this report.

**8 Climate and Sustainability Implications (if any)**

8.1 There are no direct implications from this report.

**9 Safeguarding and/or Community Safety Implications (if any)**

9.1 There are no direct implications from this report.

**10 Equality and Diversity Implications (if any)**

10.1 There are no direct implications from this report.

**11 Social Value Implications (if any)**

11.1 There are no direct implications from this report.

**12 Partnership Implications (if any)**

12.1 There are no direct implications from this report.

**13 Health and Wellbeing Implications (if any)**

13.1 There are no direct implications from this report.

**14 Asset Management Implications (if any)**

14.1 There are no direct implications from this report.

**15 Data Protection Implications (if any)**

15.1 There are no direct implications from this report.

**16 Consultation Implications (if any)**

16.1 There are no direct implications from this report.

**17 Scrutiny Comments / Recommendation(s) (if any)**

N/A

**Democratic Path:**

- **Audit, Governance and Standards Committee – Yes**
- **Cabinet/Executive – No**
- **Full Council – No**

**Reporting Frequency: Quarterly**

**List of Appendices (delete if not applicable)**

Appendix A	SWAP Internal Audit - Progress Report 2020-21
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**Contact Officer**

Name	Alastair Woodland
Direct Dial	07720312467
Email	<a href="mailto:alastair.woodland@swapaudit.co.uk">alastair.woodland@swapaudit.co.uk</a>





# Somerset West and Taunton

## Report of Internal Audit Activity

Plan Progress 2020/21 – March 2021

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

**David Hill**  
Chief Executive  
Tel: 01935 848540  
[david.hill@swapaudit.co.uk](mailto:david.hill@swapaudit.co.uk)

**Alastair Woodland**  
Assistant Director  
Tel: 07720312467  
[alastair.woodland@swapaudit.co.uk](mailto:alastair.woodland@swapaudit.co.uk)

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# Internal Audit Plan Progress 2020-21

## Our audit activity is split between:

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



## Role of Internal Audit

The Internal Audit service for Somerset West and Taunton Council is provided by SWAP Internal Audit Services Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit, Governance and Standards Committee at its meeting in March 2020.

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

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

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Senior Leadership Team. The 2020-21 Audit Plan was reported to the Audit, Governance and Standards Committee and approved at its meeting in March 2020. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

# Internal Audit Plan Progress 2020-21

## Outturn to Date:

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



## Internal Audit Work programme

The schedule provided at **Appendix B** contains a list of all audits as agreed in the Annual Audit Plan 2020/21. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed. Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management.

In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed in **Appendix A**.

The following table summarised Audits finalised since the previous update in September 2020. Our work in relation to Additional Restriction Grants\* involved the assessing of grant applications to support the Council during the during the coronavirus pandemic.

Audit Area	Quarter	Status	Opinion
Ethical Governance and Culture	1	Final	Limited
Performance Management	2	Final	Advisory
Financial Control and Reporting	3	Final	Reasonable
Payroll	3	Final	Reasonable
Local Restriction Support Grant (LRSG)	3	Final	Advisory
Additional Restriction Grant – Processing	3	Final	N/A

Please see the Limited/No Assurance section below for further information on the Limited Assurance review.



# Internal Audit Plan Progress 2020-21

## Significant Corporate Risks

Identified Significant Corporate Risks should be brought to the attention of the Audit Committee.

## Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.

- Limited or No Assurance Opinions
- Follow-ups



## Significant Corporate Risks

We provide a definition of the 3 Risk Levels applied within audit reports and these are detailed in **Appendix A**. For those audits which have reached report stage through the year, I will report risks we have assessed as 'High'.

In this update there are no final reports with significant (High) corporate risks.



## Summary of Work Completed – Limited or No Assurance Opinions

### Ethical Governance and Culture – Limited Assurance – February 2021

The conduct of everyone in local government needs to be of the highest standard to support its community leadership role. Failure to achieve high ethical standards can result in poor decisions and a loss of credibility and confidence in individuals, the Council and local democracy. Furthermore, the Tone at the Top sets an organisation's guiding values and ethical climate.

Somerset West and Taunton Council was formed in April 2019 so many of the processes related to ethical governance and the culture of the organisation remains to be fully embedded and many responsibilities have been moved to new areas. Therefore, this audit must be considered in this context. The purpose therefore of this audit was to ensure that the Council has a robust framework in place which promotes a strong ethical culture, high ethical standards and upholds the values of good governance and behaviours within the organisation.

Our reason for providing limited assurance was because some controls have lapsed and will require attention to ensure that the Council's ethical standards are effectively maintained for both staff and Members. The weaknesses identified from our testing and survey mostly pertain to staff understanding and access to key information where it was identified that there is both a lack of training and information provided as part of the induction process for new staff, which is of greater significance given the number of new personnel in the last 12-18 months.

## Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.

- Limited or No Assurance Opinions
- Follow-ups

## Summary of Work Completed – Limited or No Assurance Opinions

Furthermore, weaknesses were identified with key documents that would frame the ethical standards in place at the Council. For instance, the Money Laundering and Fraud Reporting Policy was out of date, there was an out-of-date Whistleblowing Policy on the staff intranet (although an up-to-date version is on the Council’s website) and the Ethics Policy is currently in development. Without this information being accessible and being effectively communicated to staff the Council loses its opportunity to ensure it sets the tone for making ethical decisions. It should be noted that the Governance Manager is aware of a number of these weaknesses and has been actively working to update the key documents. Other efforts have been made in liaison with other officers to improve the induction process.

There were three Priority 2 recommendations and four Priority 3 recommendations made within this review. The three priority 2 recommendations raised in our report are detailed below in **Appendix C**. The recommendation made in this review will be followed up in 2021-22 to ensure recommendations have been implemented.

# Internal Audit Plan Progress 2020-21

The Assistant Director for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



## SWAP Performance

SWAP now provides the Internal Audit service for 24 public sector bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective outturn performance results for Somerset West and Taunton for the 2020/21 (as of February 2021) were as follows:

Performance Target	Target Year End	Average Performance
<p><b><u>Audit Plan – Percentage Progress</u></b>                      Final, Draft and Discussion                      In progress                      Yet to complete</p>	>90%	52% 33% 15%
<p><b><u>Quality of Audit Work</u></b>                      Customer Satisfaction Questionnaire</p>	>95%	98.2%
<p><b><u>Outcomes from Audit Work</u></b>                      Value to the Organisation  <i>(client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i></p>	>95%	Year end

## Internal Audit Plan Progress 2020-21

We keep our audit plans under regular review so as to ensure that we are auditing the right things at the right time. Due to Covid-19 the plan priority areas will be agreed on a quarter-by-quarter basis.



### Approved Changes to the Plan

The audit plan for 2020/21 is detailed in **Appendix B**. Inevitably changes to the plan will be required during the year to reflect changing risks and ensure the audit plan remains relevant to Somerset West and Taunton Council. Members will note that, where necessary, any changes to the plan throughout the year will usually be subject to agreement with the appropriate Service Manager and the Audit Client Officer.

Original Audit Plan	Original Quarter	Revised Audit Plan	Revised Quarter	Reported to Committee
-	-	<b>NEW:</b> Grant Verification Support Work	Q1	Sep 2020
-	-	<b>NEW:</b> Covid-19 Business Grant Funding Schemes Assurance	Q1	Sep 2020
-	-	<b>NEW:</b> Housing Compliance - Asbestos Management	Q2	Sep 2020
Debtors follow up	Q1	-	-	Dec 2020
-	-	<b>NEW:</b> Local Restriction Support Grant (LRSG) - Advisory	Q3	Dec 2020
-	-	<b>NEW:</b> Additional Restriction Support Grant (LRSG)	Q3	Dec 2020
-	-	<b>NEW:</b> Compliance & Enforcement Grant CIA sign off	Q4	Dec 2020
-	-	<b>NEW:</b> BEIS Grant Assurance Work	Q4	Dec 2020
-	-	<b>NEW:</b> Investigation 1	Q3	Dec 2020
-	-	<b>NEW:</b> Investigation 2	Q3	Dec 2020

## Internal Audit Plan Progress 2020-21

We keep our audit plans under regular review so as to ensure that we are auditing the right things at the right time. Due to Covid-19 the plan priority areas will be agreed on a quarter-by-quarter basis.

### Approved Changes to the Plan Continued

Original Audit Plan	Original Quarter	Revised Audit Plan	Revised Quarter	Reported to Committee
GDPR Information Management Project	Q4	<b>NEW:</b> Special Review 3	Q4	Mar 2021
Risk Management	Q4	<b>NEW:</b> Baseline of Council Fraud Maturity	Q4	Mar 2021
Climate Change	Q4	<b>NEW:</b> Fraud Risks – Impact from Covid-19	Q4	Mar 2021
Delivery of Benefits of Transformation	Q3	<b>NEW:</b> Fraud Risk Assessment	Q4	Mar 2021
Digital Strategy and Transformation	Q4	-	-	Mar 2021
People Strategy	Q4	-	-	Mar 2021
Recruitment and onboarding	Q4	-	-	Mar 2021
Homelessness / Homelessness Reduction	Q4	-	-	Mar 2021

Details on the additional reviews since the last update in December 2020 are:

#### **Fraud Risk Covid-19 Impact**

This will examine the overall governance around the Fraud risks and then focus on Covid-19 Grants, Procurement, Cyber and Data Security, Payroll, Staff redeployment and homeworking.

We keep our audit plans under regular review so as to ensure that we are auditing the right things at the right time. Due to Covid-19 the plan priority areas will be agreed on a quarter-by-quarter basis.

### Approved Changes to the Plan Continued

#### **Baseline Assessment of Maturity for Fraud**

This assessment will be used to:

- Provide the Council with a high-level baseline of fraud maturity, in line with the recommendations within the Fighting Fraud and Corruption Locally Strategy 2020,
- Allow cross comparison analysis in the wider SWAP partnership and give more opportunity for the sharing of good practice and possible economies of scale in delivery,
- Demonstrate future progress in reducing risk and increasing maturity,
- Supplement part 2 (the fraud risk assessment) and identify areas of improvement for SWAP to focus on

#### **Fraud Risk Assessment**

This follows on from the Baseline Assessment and will help to inform audit planning and delivery for 2021/22. All Authorities should have a Fraud Risk Assessment in place.



### Conclusion

Given the impact of Covid-19 good progress has been made on the Audit Plan for 2020-21 and I would like to thank SWT Officers given the additional pressures they are facing. The Audit Plan has remained flexible throughout the year and has been subject to numerous changes as risks and issues have changed over the last 9 months.

As previously mentioned we moving towards a more 'continuous' audit planning process given the level of uncertainty and changes that are now common ground and likely to be for the foreseeable future. Reviews that have been deferred from the 2020-21 plan were considered for the 2021-22 plan.

Assurance Definitions	
<b>No</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks to the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Substantial</b>	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Non-Opinion/Advisory</b>	In addition to our opinion-based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance.

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

Categorisation of Recommendations	
In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:	
<b>Priority 1</b>	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	Finding that requires attention.

# Summary of Work Plan

# Appendix B

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
<b>FINAL</b>									
Governance, Fraud & Corruption	<b>NEW:</b> Grant Verification Support Work	1	Final	Advisory	-	-	-	-	-
Governance, Fraud & Corruption	<b>NEW:</b> Covid-19 Business Grant Funding Schemes Assurance	2	Final	Advisory	-	-	-	-	Assistance with FRAs for SBGF, RHLGF & LDGF
Governance, Fraud & Corruption	Ethical Governance & Culture	2	Final	Limited	7	0	3	4	
Follow Up	<b>NEW:</b> Housing Compliance - Asbestos Management	2	Final	Advisory	-	-	-	-	Reported in September 2020
Governance, Fraud & Corruption	Procurement	2	Final	Limited	7	0	5	2	Reported in December 2020
Operational	DLO External Work - Income	2	Final	Limited	10	1	6	3	Reported in December 2020
Follow-up	Treasury Management Follow Up	3	Final	Advisory	3	0	1	2	Reported in December 2020
Key Financial Control	Payroll System	3	Final	Reasonable	2	0	0	2	-
Governance, Fraud & Corruption	<b>NEW:</b> Local Restriction Support Grant (LRSG)	3	Final	Advisory	-	-	-	-	
Governance, Fraud & Corruption	<b>NEW:</b> Additional Restriction Support Grant (LRSG)	3	Final	Advisory	-	-	-	-	

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
ICT	Cyber Security Framework Review	3	Final	Advisory	-	-	-	-	Further details to be provided to members
Follow-up	Banking Arrangements Follow Up	4	Final	Advisory	1	0	1	0	Reported in December 2020
<b>DRAFT</b>									
Governance, Fraud & Corruption	Housing Compliance - Governance and Reporting	3	Draft						
Key Financial Control	Main Accounting	3	Review						
<b>IN PROGRESS</b>									
Governance, Fraud & Corruption	Project Governance - Firepool	3	In Progress						
Special Review	<b>NEW:</b> Investigation 1	3	In Progress						
Special Review	<b>NEW:</b> Investigation 2	3	In Progress						
Key Financial Control	Creditors	3	In Progress						
Key Financial Control	Debtors	3	In Progress						
Governance, Fraud & Corruption	ICT Governance & Risk Scope Review	4	In Progress						

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
Special Review	<b>NEW:</b> Special Review 3	4	In Progress						
Governance, Fraud & Corruption	<b>NEW:</b> Baseline of Council Fraud Maturity	4	In Progress						
Governance, Fraud & Corruption	<b>NEW:</b> BEIS Grant Assurance Work	4	In Progress						
<b>NOT STARTED</b>									
Governance, Fraud & Corruption	<b>NEW:</b> Fraud Risks – Impact from Covid-19	4							
Governance, Fraud & Corruption	<b>NEW:</b> Compliance & Enforcement Grant CIA sign off	4							
Governance, Fraud & Corruption	<b>NEW:</b> Fraud Risk Assessment	4							
Governance, Fraud & Corruption	Commercial Investment	4							
<b>Deferred or Removed</b>									
Follow up	Debtors	1		Reviews replaced with: <b>NEW:</b> Grant Verification Support Work <b>NEW:</b> Covid-19 Business Grant Funding Schemes Assurance <b>NEW:</b> Housing Compliance - Asbestos Management follow up <b>NEW:</b> Local Restriction Support Grant (LRSG) <b>NEW:</b> Additional Restriction Support Grant (LRSG) <b>NEW:</b> Investigation 1					
Governance, Fraud & Corruption	Delivery of Benefits of Transformation	3							
Follow up	GDPR Information Management Project	4							

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
Governance, Fraud & Corruption	Risk Management	4		<b>NEW:</b> Investigation 2 <b>NEW:</b> Special Review 3 <b>NEW:</b> Baseline of Council Fraud Maturity <b>NEW:</b> BEIS Grant Assurance Work <b>NEW:</b> Fraud Risks – Impact from Covid-19 <b>NEW:</b> Compliance & Enforcement Grant CIA sign off <b>NEW:</b> Fraud Risk Assessment				Reviews deferred from 2020-21 Audit plan have been taken forward for consideration and inclusion in 2021-22 Audit Plan.	
Governance, Fraud & Corruption	Climate Change	4							
Governance, Fraud & Corruption	Digital Strategy and Transformation	4							
Governance, Fraud & Corruption	People Strategy	4							
Governance, Fraud & Corruption	Recruitment and onboarding	4							
Operational	Homelessness / Homelessness Reduction	4							

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The following are the recommendations and agreed action from the limited assurance reviews mentioned earlier in this report.

P1 or P2	Weaknesses Found	Risk Identified	Managers Agreed Action	Agreed Date of Action
<b>Ethical Governance and Culture</b>				
P2	Key ethical governance policies require review with the intranet being updated accordingly. Additionally, officers are not required to maintain their understanding of the Employee Code of Conduct.	Reputational damage, through poor decision-making and a loss of credibility and confidence in individuals, the Council and local democracy.	The Governance Manager will ensure that key documents such as the Money Laundering and Fraud Policy are regularly reviewed and updated and accessible to staff. There should be some consideration to ensuring that Members and Officers are regularly reminded of key documents, and where appropriate attest their understanding.	31/03/21
P2	Weaknesses identified in process for maintaining the employee register of interests with only 6 recorded since 2016.	Reputational damage, through poor decision-making and a loss of credibility and confidence in individuals, the Council and local democracy.	The Governance Manager will ensure that an up-to-date record of all staff interests (potential or actual) is maintained. Staff should be reminded periodically of the requirement to declare interests in line with the Employee Code of Conduct.	31/03/21
P2	Induction checklist and training does not fully cover all policies that support a culture of Ethical Governance.	Reputational damage, through poor decision-making and a loss of credibility and confidence in individuals, the Council and local democracy.	The Governance Manager/AD – Corporate will ensure that the induction and training process includes all the key policies that establish a strong ethical culture within the organisation including: <ul style="list-style-type: none"> <li>• Whistleblowing procedures</li> <li>• Conflicts of interest</li> <li>• Money Laundering and Fraud</li> </ul>	31/12/21

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# Somerset West and Taunton Council

## Audit, Governance and Standards Committee – 8 March 2021

### SWAP Internal Audit – 2021-22 Internal Audit Plan and Internal Audit Charter

This matter is the responsibility of Executive Councillor Ross Henley

Report Author: Alastair Woodland, Assistant Director, SWAP

#### 1 Executive Summary / Purpose of the Report

- 1.1 This report introduces the Internal Audit Plan for 2021/22 and also incorporates an ‘Internal Audit Charter’ which sets out the operational relationship between Somerset West and Taunton (SWT) and the South West Audit Partnership (SWAP).
- 1.2 This is a flexible plan that may be amended during the year to deal with shifts in priorities or new and emerging risks. The following plan has the support of the Section 151 Officer and has been approved by the Senior Management Team.

#### 2 Recommendations

- 2.1 Members are requested to approve the Internal Audit Plan for 2021/22.
- 2.2 Members are requested to approve the Internal Audit Charter.

#### 3 Risk Assessment (if appropriate)

- 3.1 Any large organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the risks it may face. SWT has a risk management framework, and within that, individual internal audit reports deal with the specific risk issues that arise from the findings. These are translated into mitigating actions and timetables for management to implement.

#### Risk Matrix

Description	Likelihood	Impact	Overall
Without the delivery of the approved audit plan there is the risk of insufficient audit work being completed to provide a reasonable assurance to stakeholders that there is an effective control framework in place, adequately mitigating risks to the authority’s risk appetite.	3	3	9

## Risk Scoring Matrix

<b>Likelihood</b>	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
			<b>Impact</b>				

<b>Likelihood of risk occurring</b>	<b>Indicator</b>	<b>Description (chance of occurrence)</b>
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

## 4 Background and Full details of the Report

- 4.1 The Internal Audit service for Somerset West and Taunton is delivered by SWAP.
- 4.2 Somerset West and Taunton's audit plan for 2021-22 is based on 380 days.
- 4.3 The internal audit plan for 2021/22 is set out in the attached report from SWAP. I am satisfied that this plan is focussed on key risks areas and will help me provide Somerset West and Taunton Council with assurance on internal controls.
- 4.4 This has been discussed and supported by the Council's Senior Management Team and is now shared with Members for approval.

### Internal Audit Charter

- 4.5 The internal audit service provided by the SWAP, works to a Charter that defines its roles and responsibilities and the roles and responsibilities of the Council's managers as they relate to internal audit. Best practice in corporate governance requires that the

Charter be reviewed and approved annually by the relevant Committee.

**5 Links to Corporate Strategy**

5.1 Delivery of the corporate objectives requires strong internal control. The attached report provides a summary of the audit work carried out to date this year by the Council's internal auditors, SWAP Internal Audit Services.

**6 Finance / Resource Implications**

6.1 There are no specific finance issues relating to this report.

**7 Legal Implications (if any)**

7.1 There are no specific legal issues relating to this report.

**8 Climate and Sustainability Implications (if any)**

8.1 There are no direct implications from this report.

**9 Safeguarding and/or Community Safety Implications (if any)**

9.1 There are no direct implications from this report.

**10 Equality and Diversity Implications (if any)**

10.1 There are no direct implications from this report.

**11 Social Value Implications (if any)**

11.1 There are no direct implications from this report.

**12 Partnership Implications (if any)**

12.1 There are no direct implications from this report.

**13 Health and Wellbeing Implications (if any)**

13.1 There are no direct implications from this report.

**14 Asset Management Implications (if any)**

14.1 There are no direct implications from this report.

**15 Data Protection Implications (if any)**

15.1 There are no direct implications from this report.

**16 Consultation Implications (if any)**

16.1 There are no direct implications from this report.

**17 Scrutiny Comments / Recommendation(s) (if any)**

N/A

**Democratic Path:**

- **Corporate Governance and Standards Committees – Yes**
- **Cabinet/Executive – No**
- **Full Council – No**

**Reporting Frequency: Quarterly**

**List of Appendices (delete if not applicable)**

Appendix A	SWAP Internal Audit – 2021-22 Internal Audit Plan & Charter
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**Contact Officers**

Name	Alastair Woodland
Direct Dial	07720312467
Email	alastair.woodland@SWAPaudit.co.uk



# Somerset West and Taunton Council

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

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# The Internal Audit Plan: Summary

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

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



## Introduction and Objective of the Internal Audit Plan

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

Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

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

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

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

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

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

# The Internal Audit Plan: Approach

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



## Approach to Internal Audit Planning 2021/22

The factors considered in putting together the 2021/22 internal audit plan have been set out below:



Due to the pace of change within Local Authorities, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to delivering your internal audit plan will remain flexible to meet that change and respond to new and emerging risks. We will adopt an 'agile' approach and each quarter I will review the next quarter's plan to ensure that we are auditing the right areas at the right time; any necessary changes will of course be agreed with Senior Management and the Audit, Governance and Standards Committee.

# The Internal Audit Plan: Risk Assessment

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

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



## Internal Audit Annual Risk Assessment

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

Below we have set out a summary of the outcomes of the risk assessment for Somerset West and Taunton Council:



# The Internal Audit Plan: Coverage

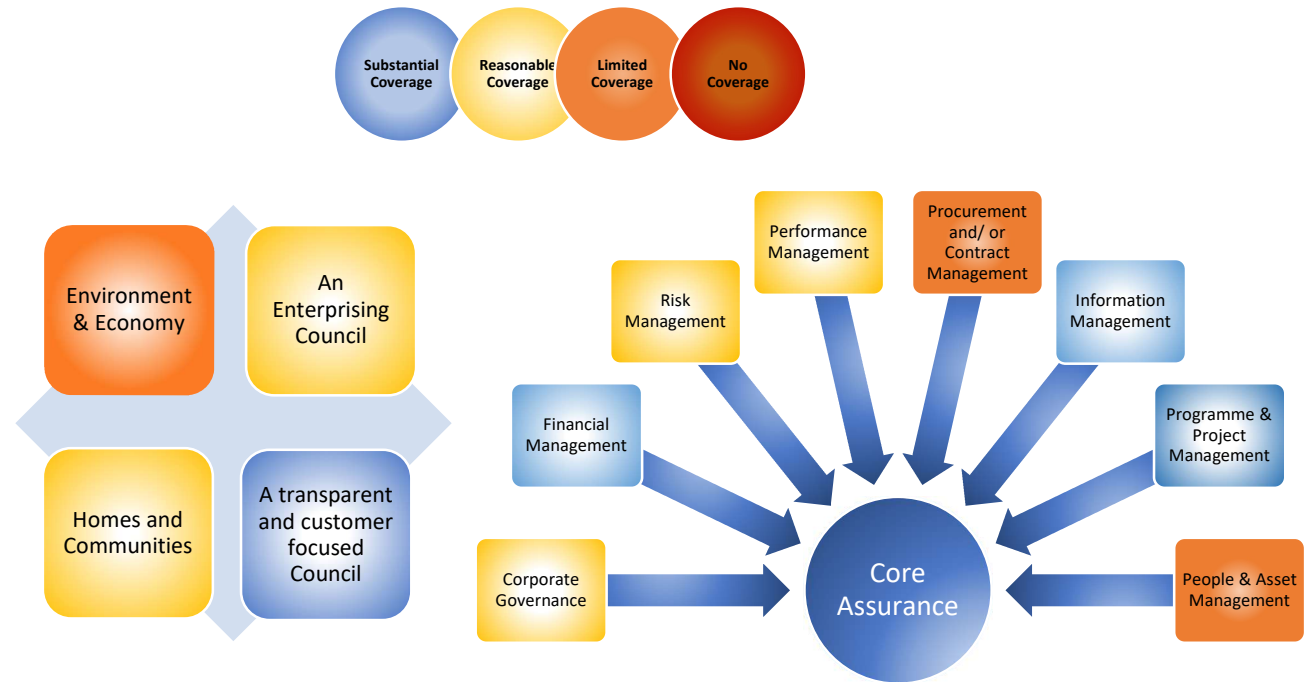
Following our SWAP Risk Assessment above, we have set out how the proposed 21/22 plan presented in Appendix 1 provides coverage of the Authority's key corporate outcomes, as well as our core areas of recommended coverage.

Internal audit is only one source of assurance; therefore, where we have highlighted gaps in our coverage, assurance should be sought from other sources where possible in order to ensure sufficient and appropriate assurances are received.



## Internal Audit Coverage in 2021/22

Following our SWAP risk assessment, we have set out below the extent to which the proposed plan presented in Appendix 1 provides coverage of the Authority's key corporate objectives, as well as our core areas of recommended coverage. Where we have highlighted limited or no coverage, Senior Management and Audit, Governance and Standards Committee should seek and document assurance from alternative sources, or consider re-focussing internal audit resource to provide coverage of these areas:



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

# The Internal Audit Plan: SWAP

SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves. The SWAP Partnership now includes 25 public sector partners, crossing eight Counties, but also providing services throughout the UK.

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

- Candid
- Relevant
- Inclusive
- Innovative
- Dedicated



## Your Internal Audit Service

### **Audit Resources**

The 2021/22 internal audit programme of work will be equivalent to 380 days. The current internal audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work. The key contacts in respect of your internal audit service for Somerset West and Taunton are:

Alastair Woodland, Assistant Director – [alastair.woodland@swapaudit.co.uk](mailto:alastair.woodland@swapaudit.co.uk), or 07720312467

Adam Williams, Principal Auditor – [adam.williams@swapaudit.co.uk](mailto:adam.williams@swapaudit.co.uk)

Nick Hammacott, Senior Auditor – [nick.hammacott@swapaudit.co.uk](mailto:nick.hammacott@swapaudit.co.uk)

### **Conformance with Public Sector Internal Audit Standards**

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Every three years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in February 2020 which confirmed conformance with the Public Sector Internal Audit Standards.

### **Conflicts of Interest**

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

### **Consultancy Engagements**

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

### **Approach to Fraud**

Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption. We have a dedicated counter fraud resource available to undertake specific investigations if required. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with

# The Internal Audit Plan: SWAP

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

- **Benchmarking and sharing of best practice between our public sector Partners.**
- **Regular newsletters and bulletins containing emerging issues and risks.**
- **Communication of fraud alerts received both regionally and nationally.**
- **Annual Member training sessions.**

management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

### **Our Reporting**

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

### **Internal Audit Performance:**

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

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

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

The following plan for quarter 1 has been agreed for delivery (Apr – June 2021).

Audit Name	Areas of Coverage and Brief scope	Agreed Quarter	Link to Corporate Outcome	Healthy Organisation Theme	Link to Corporate Risk Register/Directorate Risk Register (If applicable)
Health and Safety	High level review of Health & Safety arrangements in place to meet statutory requirements.	1	A transparent and customer focused Council	Risk Management	CI6 – Health and Safety
GDPR	A lot of work has been undertaken in this area to ensure SWT is GDPR compliant. A review to examine progress against the key risks in GDPR Compliance.	1	A transparent and customer focused Council	Information Management	CR20 - Data quality / robustness
Cyber High-Risk Area	Following on from the Cyber Framework Review in 2020-21 a specific area will be examined in more detail.	1	A transparent and customer focused Council	Information Management	CR11 - Cyber Security
North Taunton Woolaway Regeneration	The North Taunton Woolaway Regeneration is a £100m project and assurance with regards to its governance and progress on development is required.	1	Homes and Communities	Corporate Governance	HC10 – NTWP
Risk Management	This is a key area in the AGS for improvement. 2021-22 time will be split across the year to provide quarterly support on the risk management process as it is rolled out through the organisation by acting as the critical friend to challenge and support the process.	All	A transparent and customer focused Council	Risk Management	N/A
Post payment assurance on COVID-19 grants	Substantial amount of money has been pushed through the authority and assurance is required to ensure that it has been distributed in accordance with its terms and conditions and the risk of fraud has been minimised. Community Chest fund to be part of the review.	1	A transparent and customer focused Council Environment & Economy	Financial Management	CR4 - Budget, Financial position and Financial Strategy clarification



The following outlines the areas that are under consideration for quarter 2, 3 and 4 of the 2021-22 Audit Plan. Exact audits for priority will be agreed prior to commencement of each quarter.

Audit Name	Areas of Coverage and Brief Rationale	Indicative Quarter	Link to Corporate Outcome	Healthy Organisation Theme	Link to Corporate Risk Register/Directorate Risk Register (If applicable)
Performance Management	Good performance management information is essential in the management of an organisation and to ensure good governance. A new framework was partially rolled out in 2020-21 with a few areas to still develop.	2	A transparent and customer focused Council	Performance Management	N/A
Programme and Project Management	Internal Operations has three ongoing projects: Customer Experience, Digital Enablement, and Service Improvement and Efficiency. Assurance is sought that the Programme and Project Management Framework put in place is fit for purpose and that the Council is on-target to deliver each project within the timescales set.	2	A transparent and customer focused Council	Corporate Governance	-
Business Improvement – Delivery of the benefits	The purpose of this review is to seek assurance that the Council is tracking the benefits and they can be quantified.	2	A transparent and customer focused Council	Programme & Project Management	CR4 - Budget, Financial position and Financial Strategy clarification
ICT Area from Governance Review	The ICT Governance Review is being completed during Q4 of 2020/21. This will enable the population of the ICT element of the plan from Q2.	2	A transparent and customer focused Council	Information Management	CR11 - Cyber Security
The measurement of phosphates	In August 2020 Natural England highlighted the need to protect wildlife through the management of phosphates. This has had a knock-on impact on planning applications. Internal Audit have been asked to seek assurance that an action plan is in place that will drive forward plans to solve the phosphates issue and enable development to move forward.	2	Environment & Economy	Programme and Project Management	CI9 – Phosphates measurement & counter planning

Audit Name	Areas of Coverage and Brief Rationale	Indicative Quarter	Link to Corporate Outcome	Healthy Organisation Theme	Link to Corporate Risk Register/Directorate Risk Register (If applicable)
Open Contractor – Revised Housing Arrangements	Changes to the way Open Contractor is used will mean new business process arrangements will be developed around the system. A review to test the effectiveness of those controls in delivering the desired outcomes and managing risk.	2	A transparent and customer focused Council	Financial Management	CR4 - Budget, Financial position and Financial Strategy clarification
Open Contractor – Revised Grounds Maintenance Arrangements	Open Contractor will no longer be used with the Ground Maintenance area with information feeding directly into E5. Similar to the review above on housing, this review will look at effectiveness of the controls in place to ensure timely, relevant and accurate information is fed into E5.	2	A transparent and customer focused Council	Financial Management	CR4 - Budget, Financial position and Financial Strategy clarification
DLO External Work - Income	Limited assurance offered in 2020/21. Follow up of key actions. This review should tie in with the Open Contractor review on Ground Maintenance.	2	A transparent and customer focused Council	Financial Management	CR4 - Budget, Financial position and Financial Strategy clarification
Carbon Net Zero	The Council has a Carbon Neutrality & Climate Resilience Plan in place, which has a list of 360 action. Management require assurance that a reasonable level of progress is being made and that controls in place will delivered desired outcomes.	2	Environment & Economy	Programme and Project Management	CR2 - Not Achieving Carbon Net Zero by 2030
Procurement	Limited assurance offered in 2020/21.	2	A transparent and customer focused Council	Commissioning and Procurement	CR7 - Procurement
Ethical Governance and Culture	Limited assurance offered in 2020/21.	3	A transparent and customer focused Council	Corporate Governance	-
Cyber High-Risk Area	<i>Area to be confirmed follow completion of the 2020-21 Cyber Security Framework review.</i>	3	A transparent and customer focused Council	Information Management	CR11 - Cyber Security

Audit Name	Areas of Coverage and Brief Rationale	Indicative Quarter	Link to Corporate Outcome	Healthy Organisation Theme	Link to Corporate Risk Register/Directorate Risk Register (If applicable)
Creditors	Creditors is included again for next year with a view to seeking assurance that performance is now as expected.	3	A transparent and customer focused Council	Financial Management	CR4 - Budget, Financial position and Financial Strategy clarification C17 Financial Control
Debtors	Debtors is included again for next year with a view to seeking assurance that performance is now as expected.	3	A transparent and customer focused Council	Financial Management	CR4 - Budget, Financial position and Financial Strategy clarification C17 Financial Control
Main Accounting	Main Accounting is included again for next year with a view to seeking assurance that performance is now as expected.	3	A transparent and customer focused Council	Financial Management	CR4 - Budget, Financial position and Financial Strategy clarification C17 Financial Control
Housing Benefit	We last looked at Housing Benefit & Council Tax Reduction in 2019/20 when Reasonable Assurance was offered. Since this area was not looked at in the last financial year, it is time to review it again to seek assurance that all controls are operating effectively.	3	A transparent and customer focused Council	Financial Management	CR4 - Budget, Financial position and Financial Strategy clarification C17 Financial Control
Council Tax & Business Rates	Pressure on collection with COVID-19, but also the impact of grants and addition workload, could mean controls are weakened.	3	A transparent and customer focused Council	Financial Management	CR4 - Budget, Financial position and Financial Strategy clarification C17 Financial Control
Housing Rents	We last looked at Housing Rents in 2019/20.	3	A transparent and customer focused Council	Financial Management	CR4 - Budget, Financial position and Financial Strategy clarification C17 Financial Control HC14 – Rent Arrears

Audit Name	Areas of Coverage and Brief Rationale	Indicative Quarter	Link to Corporate Outcome	Healthy Organisation Theme	Link to Corporate Risk Register/Directorate Risk Register (If applicable)
Impact of COVID-19 - Recovery to BAU and lessons learned	Review and progress on recovery plan to bring the organisation back to BAU in relation to workforce and performance. Consider key learning aspects.	4	A transparent and customer focused Council	Corporate Governance and Performance Management	CI3 - Coronavirus
Regeneration Projects - Governance	Large area of spend and of importance within the local authority. Work in 2020-21 will influence scope in the 2021-22 plan.	4	An Enterprising Council	Programme & Project Management	
Recruitment and onboarding	This audit will give compliance that the recruitment processes are efficient, compliant (vetting) and effective (right people and right skills). Additional assurance may be given to the onboarding of new staff ensuring they have received relevant induction training and fit into the council's culture. Increased homeworking could add pressure to onboarding process.		A transparent and customer focused Council	People and Asset Management	CI5 - Homeworking
ICT area from Governance Review	Area to be confirmed following completion of ICT Governance Framework Review.	4	A transparent and customer focused Council	Information Management	CR11 - Cyber Security
Homelessness	The Homelessness Reduction Act 2017 places new legal duties on English councils so that everyone who is homeless or at risk of homelessness will have access to meaningful help, irrespective of their priority need status, as long as they are eligible for assistance. There are fifteen aspects that the Council needs to ensure that it covers. A review is required to assess how well the Council is responding, particularly with pressure likely to increase as we move out of Covid.	4	Homes and Communities	Corporate Governance	HC39 – Homeless Service Failure

Audit Name	Areas of Coverage and Brief Rationale	Indicative Quarter	Link to Corporate Outcome	Healthy Organisation Theme	Link to Corporate Risk Register/Directorate Risk Register (If applicable)
Sea Level Rises	The Environment Agency has collected Coastal Modelling data which suggests that coastal areas, particularly Minehead and Dunster could be severely impacted by flooding sometime over the next 100 years. There is a need for agencies including, but not restricted to, the County Council, District Council, Environment Agency, Wessex Water to pull together, understand the suggested impacts of this data, agree an action plan and roles and responsibilities to ensure there is resilience within these communities. Internal Audit are requested to audit this process.	4	Environment & Economy	Programme and Project Management	-
Commercial Investment	This review would seek to ensure that the governance arrangements being proposed would stand up to scrutiny, including; budget (MRP consideration), risk assessment, business case, rent profile, etc.	4	An Enterprising Council	Programme & Project Management	CR4 - Budget, Financial position and Financial Strategy clarification EOR4 – Income from let Property

## The Internal Audit Charter

### Purpose

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

### Approval

This Charter is based on the previously approved Charter that was approved by the Corporate Governance Committee at TDBC and the Audit Committee at WSC in 2006 and was reviewed each year thereafter to confirm it remains accurate and up to date. It was last reviewed by Somerset West and Taunton Council's Audit Governance and Standards Committee<sup>1</sup> in March 2020.

### Provision of Internal Audit Services

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

The budget for the provision of the internal audit service is determined by the Council, in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the Council, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment which is reviewed each year by the S151 Officer in consultation with the Chief Executive of SWAP.

### Role of Internal Audit

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

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

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

#### Management<sup>2</sup>

Management is responsible for ensuring SWAP has:

- the support of management and the Council;
- direct access and freedom to report to senior management, including the Council's Chief Executive and the Audit, Governance and Standards Committee; and
- Notification of suspected or detected fraud, corruption or impropriety.

Management is responsible for establishing (including the tracking and implementation of Internal Audit recommendations) and maintaining internal controls, including proper accounting records and other management information and is also responsible for the appropriate and effective management of risk.

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<sup>2</sup> In this instance Management refers to the Senior Management Team and Statutory Officers.

### **Audit, Governance and Standards Committee<sup>3</sup>**

The Audit, Governance and Standards Committee is responsible for approving the scope of internal audit work, receiving communications from the SWAP Assistant Director (as Head of Internal Audit<sup>4</sup>) on the progress of work undertaken, reviewing the independence, objectivity, performance, professionalism and effectiveness of the Internal Audit function, and obtaining reassurance from the SWAP Assistant Director as to whether there are any limitations on scope or resources.

### **Internal Audit**

The SWAP Assistant Director is responsible for determining the scope, except where specified by statute, of internal audit work and for recommending the action to be taken on the outcome of, or findings from, their work designed to provide assurance and add value.

Internal audit is responsible for operating under the policies established by management in line with best practice. A range of SWAP policies exist to underpin staff and service development, including to seek out and implement new innovative audit techniques and increase technological solutions to ensure provision of an efficient and effective service and consolidate the role of Trusted Advisor.

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

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

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

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

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

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

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

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

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<sup>3</sup> In this instance Audit, Governance and Standards Committee relates to "The Board" referred to in the PSIAS

<sup>4</sup> PSIAS refers to the 'chief audit executive'.

### Scope and authority of Internal Audit work

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

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

- reviewing the reliability and integrity of financial and operating information used for operational and strategic decision making, and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management and communication of risks;
- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls with regard to the objectives of the organisation and its services;
- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the organisation is in compliance;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned, with performance and accountabilities established.
- reviewing the operations of the organisation in support of their anti-fraud and corruption policy, ethical expectations and corporate values (and investigating where necessary) ethical expectations and corporate, social and environmental values and responsibilities; and.
- at the specific request of management, internal audit may provide consultancy services (including e.g. data analytics, benchmarking, strategic/project reviews/investigations etc) provided:
  - the internal auditor's independence is not compromised
  - the internal audit service has the necessary skills to conduct the assignment, or can obtain such skills without undue cost or delay
  - the scope of the consultancy assignment is clearly defined and management can resource the work.

Management understand that the work being undertaken is not internal audit work although the outcomes may contribute to the annual opinion.



### Planning and Reporting

SWAP will submit an internal audit plan to Management and the Audit Committee for approval, setting out the recommended scope of work and which will be developed with reference to current and emerging risks. The plan will be reviewed on a quarterly basis to ensure it remains relevant and adequately resourced.

SWAP will carry out the work as agreed, report the outcomes and findings both during and on completion of reviews, and make recommendations on action to be taken to the appropriate officers and copied to the S151 Officer. SWAP will present a regular summary of their work to Management and the Audit Committee, including assessing the organisation's implementation of previous recommendations along with any significant, persistent and outstanding issues.

Internal audit reporting will normally comprise a brief presentation to relevant officers and accompanied by an appropriately detailed written report, with the format tailored as necessary to the nature of the work. The detailed report will also be copied to the Section 151 Officer and to other relevant line management.

The Assistant Director will submit an annual report to the Audit, Governance and Standards Committee providing an overall opinion of the status of risk and internal control within the Council, based upon, and limited to, internal audit activity conducted during the previous year.

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

Revised March 2021.



# Somerset West and Taunton Council

## Audit, Governance and Standards Committee – 08 March 2021

### Code of Corporate Governance for 2021/2022

This matter is the responsibility of the Portfolio Holder for Corporate Resources

Report Author: Amy Tregellas, Governance Manager and Monitoring Officer

#### 1 Executive Summary / Purpose of the Report

To present the Committee with the updated Code of Corporate Governance for the 2021/2022 financial year.

#### 2 Recommendations

That the Committee approves the Code of Corporate Governance.

#### 3 Risk Assessment

- 3.1 Failure to have an up to date Code of Corporate Governance could impact on the quality of the Council's Annual Governance Statement and could ultimately impact on the external auditors Annual Governance Report.

#### 4 Background and Full details of the Report

- 4.1 Corporate Governance is the system by which Somerset West and Taunton Council direct / control our functions and relate to our community.
- 4.2 Good Corporate Governance is required to ensure that the public services provided by the Council are delivered with both confidence and credibility.
- 4.3 The Council is committed to the principles of effective corporate governance and has therefore adopted a Code of Corporate Governance which follows the latest guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), entitled 'Delivering Good Governance in Local Government (2016)'.
- 4.4 The guidance defines the seven core principles, each supported by sub-principles that should underpin the governance framework of a local authority.
- 4.5 7 core principles at the heart of the CIPFA/SOLACE governance framework are:
- A) Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
  - B) Ensuring openness and comprehensive stakeholder engagement.

C) Defining outcomes in terms of sustainable economic, social and environmental benefits.

D) Determining the interventions necessary to optimize the achievement of the intended outcomes.

E) Developing the entity's capacity including the capability of its leadership and the individuals within it.

F) Managing risk and performance through robust internal control and strong public financial management.

G) Implementing good practices in transparency, reporting and audit to deliver effective accountability.

## **5 Links to Corporate Aims / Priorities**

5.1 Having effective and efficient governance arrangements is a fundamental element of being a 'well managed' council

## **6 Finance / Resource Implications**

6.1 None arising from this report

## **7 Legal Implications**

7.1 None arising from this report

## **8 Environmental Impact Implications**

8.1 None arising from this report

## **9 Safeguarding and/or Community Safety Implications**

9.1 None arising from this report

## **10 Equality and Diversity Implications**

10.1 None arising from this report

## **11 Social Value Implications**

11.1 None arising from this report

## **12 Partnership Implications**

12.1 None arising from this report

## **13 Health and Wellbeing Implications**

13.1 None arising from this report

## **14 Asset Management Implications**

14.1 None arising from this report

**15 Data Protection Implications**

15.1 None arising from this report

**16 Consultation Implications**

16.1 None arising from this report

**Democratic Path:**

- **Audit, Governance and Standards Committee – Yes**
- **Cabinet/Executive – No**
- **Full Council – No**

**Reporting Frequency: Annually**

**List of Appendices (delete if not applicable)**

Appendix A	Code of Corporate Governance
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**Contact Officers**

Name	Amy Tregellas, Governance Manager
Direct Dial	01823 785034
Email	<a href="mailto:a.tregellas@somersetwestandtaunton.gov.uk">a.tregellas@somersetwestandtaunton.gov.uk</a>

<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</b>		
Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law		
<b>Sub-principle</b>	<b>SWT Council is committed to achieving good governance and will</b>	<b>The Council's commitment to achieving good governance in practice is demonstrated by the following:</b>
Behaving with Integrity	<ul style="list-style-type: none"> <li>• Ensure members and officers behave with integrity and promote a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</li> <li>• Ensure members take the lead in establishing specific standard operating principles or values for the organisation and its staff (building on the Seven Principles of Public Life - The Nolan Principles) and that they are communicated and understood</li> <li>• Lead by example and use the above standard operating principles or values as a framework for decision making and other actions</li> <li>• Demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</li> </ul>	<ul style="list-style-type: none"> <li>• Members Code of Conduct</li> <li>• Officers Code of Conduct</li> <li>• Register of Interests</li> <li>• Procedure for dealing with complaints about Councillors</li> <li>• Declarations of interest made at meetings</li> <li>• Policy &amp; procedure for declaration of Gifts &amp; Hospitality</li> <li>• Constitution</li> <li>• Public access to meetings and minutes</li> <li>• Role of Audit, Governance &amp; Standards Committee</li> <li>• Member Training &amp; Development programme</li> <li>• Government guidelines for politically restricted posts</li> <li>• Financial Regulations</li> <li>• Contract Procedure Rules</li> <li>• Behaviours framework</li> <li>• Whistleblowing policy/procedure published on the website</li> <li>• Anti-Bribery Policy</li> <li>• Anti-Fraud Strategy</li> <li>• Complaints Policy</li> <li>• New complaints system on Firmstep</li> <li>• Grievance Policy</li> <li>• Decisions published on the website</li> </ul>

<p>Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> <li>• Seek to establish, monitor and maintain the organisation's ethical standards and performance</li> <li>• Underpin personal behaviour with ethical values and ensure they permeate all aspects of the organisation's culture and operation</li> <li>• Develop and maintain robust policies and procedures which place emphasis on agreed ethical values</li> <li>• Ensure that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Members code of conduct</li> <li>• Officers code of conduct</li> <li>• Audit, Governance &amp; Standards Committee</li> <li>• Constitution</li> <li>• Scheme of delegation</li> <li>• Member training and development programme</li> </ul>
<p>Respecting the rule of law</p>	<ul style="list-style-type: none"> <li>• Ensure members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</li> <li>• Create the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements Strive to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders</li> <li>• Deal with breaches of legal and regulatory provisions effectively</li> <li>• Ensure corruption and misuse of power are dealt with effectively</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory provisions within the Constitution</li> <li>• Statutory guidance is followed</li> <li>• Constitution</li> <li>• Committee Terms of Reference</li> <li>• SHAPE Legal advice</li> <li>• Recruitment and selection procedures</li> <li>• Job descriptions and person specifications</li> <li>• Members code of conduct</li> <li>• Officers code of conduct</li> <li>• Audit, Governance &amp; Standards Committee</li> <li>• Process for Gifts &amp; Hospitality</li> <li>• One Team online training courses</li> <li>• Monitoring Officer provisions and record of legal advice provided by officers</li> <li>• Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government</li> <li>• Effective anti-fraud and corruption policies and procedures</li> <li>• Local test of assurance</li> </ul>

Actions for 2021/2022 to strengthen the Council's governance arrangements:

- Carry out a review of the Constitution by the Constitution Working Group and Monitoring Officer when there is an outcome to the work of the Council Governance Arrangements Working Group
- Quarterly ethical update newsletter for Councillors
- Ethical awareness training for Councillors at least twice a year
- Quarterly reminders on officer code of conduct, registering interests and gifts and hospitality to be sent to officers
- Set up a Member Training and Development Working Group
- Develop an annual training programme for Members
- Develop a Members skills framework
- Improve the information on the Council website relating to how Council Committees work



<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>		
Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders		
<b>Sub-principle</b>	<b>SWT Council is committed to achieving good governance and will</b>	<b>The Council's commitment to achieving good governance in practice is demonstrated by the following:</b>
Openness	<ul style="list-style-type: none"> <li>• Ensure an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</li> <li>• Make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</li> <li>• Provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders, being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</li> <li>• Use formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Annual report on the Corporate Plan</li> <li>• Directorate Plans</li> <li>• Record of public consultations</li> <li>• Committee meetings live streamed and videos available on the website</li> <li>• Minutes and reports of Council Committees on website</li> <li>• Records of decision making and supporting materials</li> <li>• Standard format for Committee reports</li> <li>• Committee work programmes</li> <li>• Statement of Accounts</li> <li>• Whistleblowing policy</li> <li>• Annual Governance Statement</li> <li>• Local Government Transparency Code</li> <li>• Freedom of Information publication scheme</li> <li>• Report pro-formas</li> <li>• Calendar of dates for submitting, publishing and distributing timely reports is adhered to</li> </ul>
Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> <li>• Effectively engage with institutional stakeholders to ensure that the purpose, objectives and intended</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Annual report on the Corporate Plan</li> </ul>

	<p>outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</p> <ul style="list-style-type: none"> <li>• Develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</li> <li>• Ensure that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit</li> </ul>	<ul style="list-style-type: none"> <li>• Directorate Plans</li> <li>• Work programme of the Strategy team</li> <li>• Contract Compliance Manager role for managing contracts</li> </ul>
<p>Engaging with individual citizens and service users effectively</p>	<ul style="list-style-type: none"> <li>• Establish a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes</li> <li>• Ensure that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</li> <li>• Encourage, collect and evaluate the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs</li> <li>• Implement effective feedback mechanisms in order to demonstrate how views have been taken into account</li> <li>• Balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</li> <li>• Take account of the impact of decisions on future generations of tax payers and service users</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Annual report on the Corporate Plan</li> <li>• Directorate Plans</li> <li>• Work programme of the Strategy team</li> <li>• Scrutiny Committee work programme</li> <li>• Constitution</li> <li>• Committee Reporting Template</li> </ul>
<p>Actions for 2021/2022 to strengthen the Council's governance arrangements:</p> <ul style="list-style-type: none"> <li>• Freedom of Information Disclosure log on the website</li> <li>• Publish the quarterly performance and risk reports on the website</li> </ul>		

<b>Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits</b>		
<p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available</p>		
<b>Sub-principle</b>	<b>SWT Council is committed to achieving good governance and will</b>	<b>The Council's commitment to achieving good governance in practice is demonstrated by the following:</b>
Defining outcomes	<ul style="list-style-type: none"> <li>• Have a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions</li> <li>• Specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</li> <li>• Deliver defined outcomes on a sustainable basis within the resources that will be available</li> <li>• Identify and manage risks to the achievement of outcomes</li> <li>• Manage service users' expectations effectively with regard to determining priorities and making the best use of the resources available</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Annual report on the Corporate Plan</li> <li>• Directorate Plans</li> <li>• Work programme of the Strategy team</li> <li>• Risk &amp; Opportunity Management Policy</li> <li>• Performance reporting</li> </ul>
Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> <li>• Consider and balance the combined economic, social and environmental impact of policies and plans when taking decisions about service provision</li> <li>• Take a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</li> <li>• Determine the wider public interest associated with</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Annual report on the Corporate Plan</li> <li>• Directorate Plans</li> <li>• Work programme of the Strategy team</li> <li>• Budget Monitoring reports</li> <li>• Annual Governance Statement</li> <li>• Record of public consultations</li> <li>• Climate and sustainability issues considered as part of every committee</li> </ul>

	<p>balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</p> <ul style="list-style-type: none"> <li>• Ensure fair access to services</li> </ul>	<p>report</p> <ul style="list-style-type: none"> <li>• Reports and minutes available on the website</li> <li>• Commercial Investment Strategy</li> <li>• Capital, Investment and Treasury Management Strategies</li> <li>• Capital Programme</li> <li>• Monthly Performance Board meetings</li> </ul>
<p>Actions for 2021/2022 to strengthen the Council's governance arrangements:</p> <ul style="list-style-type: none"> <li>• Publish the quarterly performance and risk reports on the website</li> </ul>		

<b>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b>		
<p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.</p>		
<b>Sub-principle</b>	<b>SWT Council is committed to achieving good governance and will</b>	<b>The Council's commitment to achieving good governance in practice is demonstrated by the following:</b>
Determining interventions	<ul style="list-style-type: none"> <li>• Ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided</li> <li>• Consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Constitution</li> <li>• Council reports, and underlying Business Case where appropriate, required to outline options considered and inherent risks</li> <li>• Financial Strategy</li> </ul>
Planning interventions	<ul style="list-style-type: none"> <li>• Establish and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</li> <li>• Engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</li> <li>• Consider and monitor risks facing each partner when working collaboratively, including shared risks</li> <li>• Ensure arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Annual report on the Corporate Plan</li> <li>• Directorate Plans</li> <li>• Forward Plan</li> <li>• Risk &amp; Opportunity Management Strategy</li> <li>• Constitution</li> <li>• Schedule of meetings</li> <li>• Budget and Policy Framework within the Constitution</li> <li>• Medium Term Financial Strategy</li> <li>• Financial Regulations</li> </ul>

	<ul style="list-style-type: none"> <li>• Establish appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured</li> <li>• Ensure capacity exists to generate the information required to review service quality regularly</li> <li>• Prepare budgets in accordance with objectives, strategies and the medium term financial plan</li> <li>• Inform medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Contract Procedure Rules</li> <li>• Planning protocols in the Constitution</li> <li>• Quarterly Performance Indicator Reports</li> <li>• Budget Monitoring Reports</li> </ul>
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> <li>• Ensure the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints</li> <li>• Ensure the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term</li> <li>• Ensure the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage</li> <li>• Ensure the achievement of 'social value' through service planning and commissioning.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Strategy</li> <li>• Corporate Plan</li> <li>• Directorate Plans</li> <li>• Monthly Performance Board meetings</li> <li>• Work programme of the Strategy team</li> <li>• Constitution</li> <li>• Budget and Policy Framework</li> <li>• Financial Regulations</li> <li>• Contract Standing Orders</li> <li>• Role of the Project Management Office</li> <li>• Contract Compliance Manager role for managing contracts</li> <li>• Social Value implications are included in the Committee report template</li> </ul>
<p>Actions for 2021/2022 to strengthen the Council's governance arrangements:</p> <ul style="list-style-type: none"> <li>• Ensure that Key Business Risks are reported to the Scrutiny Committee and Executive on a quarterly basis</li> </ul>		

**Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities

<b>Sub-principle</b>	<b>SWT Council is committed to achieving good governance and will</b>	<b>The Council’s commitment to achieving good governance in practice is demonstrated by the following:</b>
Developing the entity’s capacity  Page 79	<ul style="list-style-type: none"> <li>• Review operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</li> <li>• Improve resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently</li> <li>• Recognise the benefits of partnerships and collaborative working where added value can be achieved</li> <li>• Develop and maintain an effective workforce plan to enhance the strategic allocation of resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Directorate Plan</li> <li>• Monthly Performance Board meetings</li> <li>• Work programme of the Strategy team</li> <li>• Role of the Project Management Office</li> <li>• Contract Compliance Manager role for managing contracts</li> <li>• Role of the HR Business Partners</li> </ul>
Developing the capability of the entity’s leadership and other individuals	<ul style="list-style-type: none"> <li>• Develop protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</li> <li>• Publish a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</li> <li>• Ensure the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority</li> </ul>	<ul style="list-style-type: none"> <li>• Elected Member Training and Development Policy</li> <li>• Corporate Plan</li> <li>• Directorate Plans</li> <li>• Monthly Performance Board meetings</li> <li>• Audit, Governance and Standards Committee</li> <li>• Induction programme</li> <li>• One Team online learning</li> <li>• Corporate Governance Group</li> <li>• Internal Audit Reports</li> <li>• External Audit Reports</li> <li>• Role of People Managers</li> </ul>

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| <ul style="list-style-type: none"> <li>• Develop the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>• Ensure members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensure that they are able to update their knowledge on a continuing basis</li> <li>• Ensure personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> <li>• Ensure that there are structures in place to encourage public participation</li> <li>• Take steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspection.</li> <li>• Hold staff to account through regular performance reviews which take account of training or development needs</li> <li>• Ensure arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing</li> </ul> | <ul style="list-style-type: none"> <li>• Constitution</li> <li>• Scheme of Delegation reviewed at least annually</li> <li>• Financial Regulations</li> <li>• Job Descriptions</li> <li>• Member Champion's Protocol</li> <li>• Top team development</li> <li>• Joint sessions of the Executive and Senior Management Team</li> <li>• Public Question Time as standing item on each Committee agenda</li> <li>• Every Committee meeting live streamed and video available on the website</li> <li>• Record of decisions published on the website</li> <li>• Strategic Tenants Board</li> <li>• Operational Tenants Board</li> <li>• Local Plan Consultation process</li> <li>• Human Resources Policies</li> <li>• Wellbeing Champions</li> <li>• Member Champion's Protocol</li> <li>• Performance Management framework</li> </ul> |
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Actions for 2021/2022 to strengthen the Council's governance arrangements:

- Set up a Member Training and Development Working Group
- Develop an annual training programme for Members
- Develop a Members skills framework



**Principle F: Managing risk and performance through robust internal control and strong public financial management**

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

<b>Sub-principle</b>	<b>SWT Council is committed to achieving good governance and will</b>	<b>The Council's commitment to achieving good governance in practice is demonstrated by the following:</b>
Managing Risk Page 81	<ul style="list-style-type: none"> <li>• Recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making</li> <li>• Implement robust and integrated risk management arrangements and ensure that they are working effectively</li> <li>• Ensure that responsibilities for managing individual risks are clearly allocated</li> </ul>	<ul style="list-style-type: none"> <li>• Risk &amp; Opportunity Management Strategy</li> <li>• Corporate Risk Register</li> <li>• Monthly Performance Board meetings</li> <li>• Mod.gov system</li> <li>• Members Code of Conduct</li> <li>• Register and declaration of Interests</li> <li>• Officer Code of Conduct</li> <li>• Audit, Governance and Standards Committee</li> <li>• One team online learning</li> </ul>
Managing Performance	<ul style="list-style-type: none"> <li>• Monitor service delivery effectively including planning, specification, execution and independent post implementation review</li> <li>• Make decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</li> <li>• Ensure an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Directorate Plans</li> <li>• Monthly Performance Board meetings</li> <li>• Quarterly performance reports to Scrutiny Committee and Executive</li> <li>• Complaints Policy</li> <li>• Committee work programmes</li> <li>• Scrutiny Committee Terms of Reference</li> <li>• Scrutiny Committee work programme</li> <li>• Public access to meetings and minutes</li> </ul>

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 82</p>	<p>performance and that of any organisation for which it is responsible</p> <ul style="list-style-type: none"> <li>• Provide members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</li> <li>• Ensure there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).</li> </ul>	<ul style="list-style-type: none"> <li>• Publication of agenda and accompanying papers</li> <li>• Committee reports</li> <li>• Training and Development for Members</li> <li>• Self Assessment of the Audit Committee</li> <li>• Budget Monitoring Reports</li> <li>• Constitution</li> <li>• Role of the Project Management Office</li> <li>• Contract Compliance Manager role for managing contracts</li> <li>• Role of the HR Business Partners</li> <li>• Risk &amp; Opportunity Management Strategy</li> <li>• Budget and Policy Framework</li> <li>• Financial Strategy</li> <li>• Scheme of delegation</li> <li>• Financial Regulations</li> <li>• Contract Standing Orders</li> </ul>
<p>Robust Internal Control</p>	<ul style="list-style-type: none"> <li>• Align the risk management strategy and policies on internal control with achieving objectives</li> <li>• Evaluate and monitor risk management and internal control on a regular basis</li> <li>• Ensure effective counter fraud and anti-corruption arrangements are in place</li> <li>• Ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</li> <li>• Ensure an audit committee which is independent of the executive and accountable to the governing body provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment and that its recommendations are listened to and acted upon</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Corporate Governance</li> <li>• Annual Governance Statement</li> <li>• Effective Internal Audit service is resourced and maintained</li> <li>• Internal Audit Plan</li> <li>• Internal Audit reports</li> <li>• Internal Audit progress reports to Audit, Governance and Standards Committee</li> <li>• Terms of Reference for Audit, Governance and Standards Committee</li> <li>• Training for Audit, Governance and Standards Committee members</li> <li>• Chief Internal Auditors Annual Report and opinion</li> <li>• Risk &amp; Opportunity Management Strategy</li> <li>• Anti-Fraud &amp; Corruption Strategy</li> <li>• Self Assessment of the Audit Committee</li> <li>• Corporate Governance Group</li> <li>• Compliance with the Code of Practice on</li> </ul>

		Managing the Risk of Fraud and Corruption
Managing data	<ul style="list-style-type: none"> <li>• Ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</li> <li>• Ensure effective arrangements are in place and operating effectively when sharing data with other bodies</li> <li>• Review and audit regularly the quality and accuracy of data used in decision making and performance monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• General Data Protection Regulations training for officers and Members</li> <li>• Data Protection Policy</li> <li>• Designated Data Protection Officer</li> <li>• Information Governance Policies</li> <li>• Data sharing agreements</li> <li>• Data processing agreements</li> </ul>
Strong public financial management	<ul style="list-style-type: none"> <li>• Ensure financial management supports both long term achievement of outcomes and short-term financial and operational performance</li> <li>• Ensure well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Strategy</li> <li>• Budget and Policy Framework</li> <li>• Budget Monitoring</li> <li>• Financial Regulations</li> <li>• Contract Standing Orders</li> </ul>
<p>Actions for 2021/2022 to strengthen the Council's governance arrangements:</p> <ul style="list-style-type: none"> <li>• Ensure that Key Business Risks are reported to the Scrutiny Committee and Executive on a quarterly basis</li> <li>• Draft a Data Quality Policy and procedures</li> <li>• Quarterly updates on Data Protection for officers and Members</li> </ul>		

**Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability**

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability

<b>Sub-principle</b>	<b>SWT Council is committed to achieving good governance and will</b>	<b>The Council’s commitment to achieving good governance in practice is demonstrated by the following:</b>
Implementing good practice in transparency               Page 84	<ul style="list-style-type: none"> <li>• Write and communicate reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</li> <li>• Strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.</li> </ul>	<ul style="list-style-type: none"> <li>• Website</li> <li>• Corporate Plan</li> <li>• Members Code of Conduct</li> <li>• Officers Code of Conduct</li> <li>• Register of Interests</li> <li>• Declarations of Interest recorded in Committee Minutes</li> <li>• Role of the Scrutiny Committee</li> <li>• Role of the Audit, Governance and Standards Committee</li> <li>• Committee meetings live streamed and videos available on the website</li> <li>• Public access to meetings and minutes</li> <li>• Public access to agendas and reports</li> <li>• Complaints Procedure</li> <li>• Local Government Transparency Code</li> <li>• Publication Scheme</li> </ul>
Implementing good practices in reporting	<ul style="list-style-type: none"> <li>• Report at least annually on performance, value for money and the stewardship of resources to stakeholders in a timely and understandable way</li> <li>• Ensure members and senior management own the results reported</li> <li>• Ensure robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publish the results on this assessment, including an action plan for improvement and evidence to</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Annual report on the Corporate Plan</li> <li>• Monthly Performance Board meetings</li> <li>• Quarterly Performance Reports to Scrutiny Committee and Executive</li> <li>• Statement of Accounts</li> <li>• Quarterly budget monitoring reports</li> <li>• Annual Governance Statement and review process including the Code of</li> </ul>

	<p>demonstrate good governance (the annual governance statement)</p> <ul style="list-style-type: none"> <li>• Ensure that this Framework is applied to jointly managed or shared service organisations as appropriate</li> <li>• Ensure the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</li> </ul>	<p>Corporate Governance</p> <ul style="list-style-type: none"> <li>• Officer Corporate Governance Group</li> <li>• Mod.gov system</li> <li>• Delegated Portfolio decision making template</li> </ul>
<p>Assurance and effective accountability</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 85</p>	<ul style="list-style-type: none"> <li>• Ensure that recommendations for corrective action made by external audit are acted upon</li> <li>• Ensure an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon</li> <li>• Welcome peer challenge, reviews and inspections from regulatory bodies and implement recommendations</li> <li>• Gain assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</li> <li>• Ensure that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Annual Plan</li> <li>• Internal Audit Reports</li> <li>• Internal Audit Annual Report</li> <li>• Internal Audit progress reports to the Audit Governance and Standards Committee</li> <li>• Compliance with the Public Sector Internal Audit Standards</li> <li>• External Auditor Reports</li> <li>• Annual Governance Statement</li> <li>• Corporate Governance Group</li> <li>• Monthly Performance Board meetings</li> </ul>
<p>Actions for 2021/2022 to strengthen the Council's governance arrangements:</p> <ul style="list-style-type: none"> <li>• Freedom of Information Disclosure log on the website</li> <li>• Improve the information on the website setting up an 'access to information page' to include the publication scheme, Transparency Code and Freedom of Information disclosure log</li> <li>• Improve the information on the Council website relating to how Council Committees work</li> </ul>		



# **Somerset West and Taunton Council**

## **Audit, Governance and Standards Committee – 08 March 2021**

### **Changes to the Constitution**

**This matter is the responsibility of the Leader of the Council, Cllr Smith-Roberts**

**Report Author: Amy Tregellas, Governance Manager and Monitoring Officer**

#### **1 Executive Summary / Purpose of the Report**

To present the Committee with the drafted Member Champion Protocol and Member Working Group Protocol, which, once approved will form appendices to the Council's Constitution.

#### **2 Recommendations**

That the Committee recommends that Full Council approves:

- a) The Member Champion Protocol (Appendix A)
- b) The Member Working Group Protocol (Appendix B)
- c) Both documents becoming appendices to the SWT Constitution

And, that the Audit, Governance and Standards Committee resolves:

- d) That the Member Working Group set up by the Committee in March 2020 is stood down until such time as it is appropriate for a full review of the Council's Constitution is carried out.
- e) That the Monitoring Officer comes back to the next meeting of the Committee with any proposed amendments to the Council's Constitution.

#### **3 Risk Assessment**

- 3.1 Failure to have an up to date and effective Constitution could impact on the way that the Council operates and makes decisions.

#### **4 Background and Full details of the Report**

- 4.1 The purpose of this report is to present Members with Protocols for the role of Member Champions and Member Working Groups, which will, if approved, become appendices to the Council's Constitution.

- 4.2 The Member Champion Protocol sets out the role of Members Champions as well as how they will operate. If Council approve the protocol, the next step will be for Group Leaders to nominate Members for roles and for a list of appointments to be drawn up by the Leader of the Council, for ratification at the Council Annual Meeting in May 2021.
- 4.3 The Member Working Group Protocol sets out how Working Groups will be convened and operated going forward.
- 4.4 In light of the Unitary proposals for Somerset, it is also recommended that the previously agreed Members Working Group to look at doing a full review of the Constitution is put on hold and that the Monitoring Officer come back to Council in due course (via the Audit, Governance and Standards Committee) with a number of other amendments to the Constitution.

## **5 Links to Corporate Aims / Priorities**

- 5.1 Having an up to date and effective Constitution is a fundamental element of being a 'well managed' council

## **6 Finance / Resource Implications**

- 6.1 None arising from this report

## **7 Legal Implications**

- 7.1 None arising from this report

## **8 Environmental Impact Implications**

- 8.1 None arising from this report

## **9 Safeguarding and/or Community Safety Implications**

- 9.1 None arising from this report

## **10 Equality and Diversity Implications**

- 10.1 None arising from this report

## **11 Social Value Implications**

- 11.1 None arising from this report

## **12 Partnership Implications**

- 12.1 None arising from this report



### **13 Health and Wellbeing Implications**

13.1 None arising from this report

### **14 Asset Management Implications**

14.1 None arising from this report

### **15 Data Protection Implications**

15.1 None arising from this report

### **16 Consultation Implications**

16.1 None arising from this report

#### **Democratic Path:**

- **Audit, Governance and Standards Committee – Yes**
- **Cabinet/Executive – No**
- **Full Council – Yes**

**Reporting Frequency: Ad-hoc**

#### **List of Appendices (delete if not applicable)**

Appendix A	Member Champions Protocol
Appendix B	Member Working Group Protocol

#### **Contact Officers**

Name	Amy Tregellas, Governance Manager
Direct Dial	01823 785034
Email	<a href="mailto:a.tregellas@somersetwestandtaunton.gov.uk">a.tregellas@somersetwestandtaunton.gov.uk</a>

## SWT Member Champions Protocol

### 1.0 Introduction

1.1 Member champions are Members who act as an advocate or spokesperson for a specific area of the Council's business. The main responsibility of each Member Champion is to encourage communication and positive action over the issue they represent.

### 2.0 Appointment of Member Champions

2.1 The appointment of Member Champions will be at the discretion of the Leader of the Council, following discussion with all Group Leaders, and then be subject to ratification by Full Council.

2.2 Each political group will be made aware of proposals to appoint Member Champions and given the opportunity to submit nominations. The proposed list of Member Champions is attached as Annex 1 to this Protocol.

2.3 Member Champions will not be Members of the Council's Executive.

2.4 There is no legal requirement to apply the political balance rules to the appointment so they will be made based on skills, knowledge and suitability for the role, and relevant national and local guidance.

2.5 Any Member Champion may resign from office by giving written notice to their Group Leader, the Leader of the Council and the Monitoring Officer.

### 3.0 Role of Member Champions

3.1 All Member Champions will have a role description setting out of their respective roles. These Roles will be developed by the relevant Director/Assistant Director in consultation with the Leader of the Council and Group Leaders and the champion concerned.

3.2 A generic role description is set out in Annex 2 to this protocol.

3.3 By appointing a member as a Champion, the Council is empowering that Member to act in that capacity. It follows, therefore, that the Council should put in place such arrangements as it thinks appropriate to support the Champion in that capacity.

### 4.0 The Parameters of the Member Champion Role

4.1 The above role is set in the context of the specific interest or theme. The following parameters apply to the role:

- All Member Champions must act reasonably in the role.

- All Member Champions must recognise and work effectively within the political management and working arrangements agreed by the Council.

#### 4.2 A Member Champion:

- Is effectively given authority by the Council to take all reasonable actions judged by the Member as being necessary to perform the role of Champion
- Cannot commit the Council in any way that is contrary to established policy, budget and practice, but may confirm a Council position, as stated in published policy.
- Cannot make decisions that bind the Council.
- Is a recognised media contact on matters relating to the interest being championed, but is expected to follow the Council's Media Protocol and keep the Communications Team plus relevant Portfolio Holder and/or Leader informed of such contact.
- Is entitled to have access to information held by the Council relating to the interest being championed
- Access to a support from senior officers
- The Champion's programme of activities should reflect the Council's overall priorities as set out in the Corporate Strategy and Directorate Plans, but the Champion may include such aspects as seem to him/her to be relevant for attention, as long as overall priorities are not directly prejudiced by those aspects.

### **5.0 Support for Member Champions in their role**

5.1 Member Champions play an important role in promoting their area of interest on behalf of the Council. In recognition of the importance of the respective roles of Member Champions, officer support will be provided at a senior level.

5.2 Each Member Champion will be advised by an appropriate Assistant Director, who will meet with the relevant Member Champion on a regular basis to discuss action plans, current activities, national developments or any other matters relating to the interest being championed.

5.3 The relevant Assistance Director will give reasonable support to the Member Champion, including the provision of Council information, government communications and national publications within their remit.

5.4 Taking all the above into account, the Council will:

- Take steps to promote understanding within the Council of the role of a Member Champion and describe how it relates to other member level functions.
- Promote similar understanding among its working partners, external bodies and the local community.
- Arrange for Member Champions to be supported by the Democratic Services Team. This support will be for the functionality of the role – signposting and assistance with administration and research, where appropriate - not the professional input.

- Ensure that the professional lead officer(s) relating to each championed interest are aware of the Champion roles that affect them and the rights of Champions to access/discuss information about the service.
- Require each Member Champion to report annually to the Council about their programme of activity and how they have contributed to the achievement of the Council's overall priorities
- Member Champions are able to report any issues arising to the Scrutiny Committee, as and when appropriate and following discussion with the relevant Portfolio Holder and Scrutiny Chairman.
- Put in place appropriate training and development opportunities for Member Champions.
- Keep under review the relevance of the role of Member Champions in the context of the Council's Scheme of Member Allowances and to make a request to the Independent Remuneration Panel to consider this at such time in the future, should it be felt to be appropriate.

## **6.0 Internal Working Relationships**

### **6.1 The Member Champion will:**

- Liaise regularly with Portfolio Holders whose portfolios are relevant to the role (for some generic interests this will be all or many of them).
- Monitor the notice of key decisions and seek information from the relevant officers and Portfolio Holders about forthcoming business and exert influence on behalf of the interest.
- Monitor forward plans for all Committees and seek information and offer views on relevant review subjects and exert influence on behalf of the interest.
- Take advice from the appointed lead functional officer and the relevant lead professional officer(s).
- Seek to place appropriate items on relevant Council meeting agendas, seeking guidance from the Governance Team where appropriate.
- Keep other councillors up to date with activities within the interest.
- Generally promote the interest.

### **6.2 Portfolio Holders will:**

- Acknowledge the right of Member Champions to be consulted on matters relating to their interest.
- Take full account of any views offered by Member Champions prior to any decision (irrespective of whether it is a delegated Portfolio Holder decision or Executive decision) being taken on matters within their area of interest (and demonstrate this in the record of the decision)
- Ensure there is appropriate engagement or consultation with Champions in the formulation of policy and other Executive matters and that any views are contained in the information provided to decision-makers.
- Consider inviting the relevant Champion to represent the Council at any relevant conference/seminar on the subject matter of the interest on the basis that the Champion will report back to the Cabinet member.

### **6.3 Scrutiny Committee members will:**

- Acknowledge the right of Champions to be consulted and to participate in discussion on matters relating to their interest.
- Ensure there is appropriate engagement or consultation with Champions in the formulation of policy and in service review activity.
- Ensure Champions are specifically invited to be contributors to any reviews that have a direct bearing on the interest (recognising the right of a Champion to attend as an observer at any such session).
- Ensure that opportunity is provided for Member Champions to contribute to, or comment on, the work programme of the Scrutiny Committee

6.4 Officers will:

- Ensure there is appropriate engagement or consultation with relevant Member Champion(s) where the issue clearly relates to the interest.
- Co-operate fully with Member Champions in enabling them to perform their functions and to discuss directly with Member Champions and Portfolio Holder(s) where proposed actions might prejudice Council or other priorities.

## **7.0 External Working Arrangements**

7.1 The Member Champion:

- Will need to acknowledge that there is no statutory authority for the Member Champion role.
- Will need to recognise that the Council does have some legal powers with regard to the scrutiny of external bodies and other working relationships with outside bodies arising from legal provisions.
- Will monitor and work closely with partner bodies in the field of the interest being championed.
- May be the Council's representative on certain relevant external bodies.
- Will identify the most relevant community bodies whose work is associated with the interest and foster good working relationships with those groups.
- Will take steps to promote within the wider community the specific issues on which the Member Champion is to focus and to provide opportunities for local engagement – involving the relevant Assistant Director and Portfolio Holder, as appropriate.

## List of Member Champion Roles

It is proposed that Member Champions be appointed to the following roles:

- Heritage
- Tonedale
- Trees
- Public Transport
- Wellington Station
- Equalities
- Firepool
- IT
- Mental Health
- Safeguarding
- Health & Safety
- Member Training and Development
- Armed Forces – currently have this as an area with two Member Champions
- Town centres – currently have a Taunton Town Centre Ambassador but should this be rolled out to all towns in the District

**Member Champion Role Description**

The following examples may be appropriate to include in a Member Champion role description:

- (a) To champion the adopted policy of this Council for the relevant theme;
- (b) To promote their area of interest both within and outside the Council;
- (c) To contribute to the review and development of policies pertaining to the area of interest;
- (d) To act as a critical friend to challenge and question the Council, the Leader and Portfolio Holders on issues affecting their area or responsibility;
- (e) To attend meetings of the Council, its Committees and the Executive and speak on issues (when permitted by the Chair of the meeting) relevant to their area;
- (f) To act as a catalyst for change and improvement in service delivery;
- (g) To monitor the Executive Forward Plans and seek information from the Leader, Portfolio Holders and relevant officers about forthcoming business and exert influence on behalf of the interest;
- (h) To monitor the work programme, work plans and activity of the Scrutiny Committee and seek information, and offer views on relevant review subjects and exert influence on behalf of the interest;
- (i) To seek to place appropriate items on Member Working Group agendas (where an appropriate topic/project is being considered);
- (j) To keep other councillors up-to-date with activities relevant to the area of interest;
- (k) To network with Member Champions from other local authorities with the same interest to keep up-to-date with current developments;
- (l) To provide positive support, and on occasions, constructive challenge to Members and officers in driving forward the Council's agenda on relevant issues; and
- (m) To act as the Council's representative on relevant external bodies where Council representation is required or sought.

## **SWT Member Working Group Protocol**

### **1.0 Introduction**

- 1.1 There is no legal definition of a Member Working Group. SWT defines a Working Group as consisting 'of a small group of members (but with officers in attendance at meetings to provide support and advice) with the remit to consider policies and specific matters. They have a particular role in relation to projects which need to be completed within a specified time period'.
- 1.2 A Working Group conducts its business on a less formal basis than that of a committee. It does not have any decision-making powers and can only make recommendations to:
- The body from which it was formed (parent body);
  - Such other body as the parent body decides; or
  - An officer.
- 1.3 The term "Working Groups" refers to all informal bodies appointed by the Council, Executive, Scrutiny Committee and Audit, Governance and Standards Committee.
- 1.4 The purpose of this Protocol is to give guidance in relation to the operation of Working Groups.

### **2.0 Convening of, and appointment to Working Groups**

- 2.1 The Council, Executive, Scrutiny Committee, Audit, Governance and Standards Committee and the Chief Executive may establish a Working Group or amend the Terms of Reference of existing Working Groups.
- 2.2 In establishing Working Groups, the appointing body or person will determine the precise Terms of Reference of the Working Group (having regard to the Terms of Reference of any other Working Groups) and (if appropriate) duration of the Working Group.
- 2.3 Where a report is taken through the democratic process to set up a Member Working Group, the Terms of Reference shall be drafted as part of the Committee Report. Where the resolution to set up a Member Working Group arises from a motion to Full Council, the Terms of Reference shall be drafted by the relevant officer(s) and discussed and approved at the first meeting of the Working Group.
- 2.4 In exercising the powers under paragraph 2.1 above the appointing body or individual shall seek to ensure that member and officer time and the financial resources of the Council are used in such way as he/she/it considers to be in the best interest of the Council and local people.



## 2.5 Council Working Group

- 2.5.1 Where Council resolves to set up a Working Group, this will consist of the eight Members, and be politically balanced.
- 2.5.2 Group Leaders will provide details of the Councillors to be on the Working Group.
- 2.5.3 The first item of business of the Working Group will be to nominate a Chair for the duration of the Working Group
- 2.5.4 The Working Group is not a decision making body and recommendations will be made back to Council for consideration.

## 2.6 Executive Working Group

- 2.6.1 Where the Executive resolves to set up a Working Group, this will consist of the relevant Portfolio Holder plus seven Members and be politically balanced.
- 2.6.2 Group Leaders will provide details of the Councillors to be on the Working Group.
- 2.6.3 The Portfolio Holder will be the Chair of the Working Group.
- 2.6.4 The Working Group is not a decision making body and recommendations will be made back to the Executive for consideration.

## 2.7 Scrutiny Committee Working Group

- 2.7.1 A Working Group arising from the Scrutiny Committee will be formed from Members from that Committee only – unless they resolve to expand the membership.
- 2.7.2 The Committee will determine who is on the Working Group.
- 2.7.3 The Working Group does not have to be politically balanced and the Scrutiny Committee shall determine the membership.
- 2.7.4 The first item of business is to nominate a Chair but it should be a Member from the Scrutiny Committee
- 2.7.5 The Working Group is not a decision making body and recommendations will be made back to the Scrutiny Committee for consideration and then continue along the democratic path to the appropriate decision making body.

## 2.8 Audit, Governance and Standards Committee Working Group

- 2.8.1 A Working Group arising from the Audit, Governance and Standards Committee will be formed from Members from that Committee only – unless they resolve to expand the membership.
- 2.8.2 The Committee will determine who is on the Working Group.
- 2.8.3 The Working Group does not have to be politically balanced and the Audit, Governance and Standards Committee shall determine the membership.
- 2.8.4 The first item of business is to nominate a Chair but it should be a Member from the Audit, Governance and Standards Committee.
- 2.8.5 The Working Group is not a decision making body and recommendations will be made back to the Audit, Governance and Standards Committee for consideration and then continue along the democratic path to the appropriate decision making body.

## 2.9 Licensing Committee Working Group

- 2.9.1 A Working Group arising from the Licensing Committee will be formed from Members from that Committee only – unless they resolve to expand the membership.
- 2.9.2 The Committee will determine who is on the Working Group.
- 2.9.3 The Working Group does not have to be politically balanced and the Licensing Committee shall determine the membership.
- 2.9.4 The first item of business is to nominate a Chair but it should be a Member from the Licensing Committee.
- 2.10 The Planning Committee will not have Member Working Groups. This is due to the fact that the Development Management function is carried out by the Planning Committee and this would not warrant a Working Group. Planning Policy would sit under the remit of the Executive and/or Full Council and either of these bodies would have the remit to set up a Working Group.

## 3.0 **Agendas, Reports and Minutes**

- 3.1 The agendas for Working Groups will be circulated 3 days before the meeting is scheduled to take place, along with any accompanying papers. The Governance Team will assist in the preparation and despatch of agendas and accompanying papers – and this will be available for Members on the Working Group through the private section of mod.gov.
- 3.2 Support for working parties will be provided by the appropriate professional officer(s) and the Governance Team.

3.3 Where possible, draft minutes of the meetings will be circulated within five working days of the meeting. They will be issued to the Chair for review before being circulated to the Working Group Members.

#### **4.0 Working Group Meetings**

##### **4.1 Order of business for the first meeting of the Working Group**

4.1.1 At the first meeting of the Working Group, the Order of Business shall be as follows:

- a) To elect the Chair of the Working Group (if appropriate)
- b) To appoint the Vice-Chair of the Working Group
- c) To receive any apologies for absence
- d) To review the Terms of Reference for the Working Group
- e) To complete the Working Group scoping document (Annex 1)
- f) To consider any other business set out in the agenda
- g) To determine the frequency of meetings (taking into account the workload of officers and Committees – which take precedence)
- h) To determine the date of next meeting

##### **4.2 Order of business for meetings of the Working Group**

4.2.1 At the meetings of the Working Group, the Order of Business shall be as follows:

- a) To receive any apologies for absence
- b) To approve the minutes of the last meeting;
- c) To receive an update on any action points arising from previous meetings
- d) To consider any other business set out in the agenda
- e) To determine the date of next meeting

#### **5.0 Conclusion of the Working Groups**

5.1 Once the work of the Working Group is drawing to a close, the appropriate officer(s) will draft the Working Group report. This will be taken through the officer process of getting sign off by the relevant Director and/or SMT, where appropriate.

5.2 The draft report will first be discussed with the Chair and Vice-Chair of the Working Group before being added to the agenda of the next available Working Group meeting.

5.3 The draft report and any recommendations, and the decision to agree to move the report along the appropriate democratic pathway, shall be decided by a simple majority of those Members present at the meeting.

5.4 Once the Working Group have agreed the draft report, it will then continue along the appropriate democratic pathway:

- Council Working Group – Report to Full Council
- Executive Working Group – Report to Executive (and on to Full Council if appropriate)
- Scrutiny Committee Working Group – Report to the Scrutiny Committee and on to Executive (and Full Council if appropriate)
- Audit, Governance and Standards (AGS) Committee Working Group – Report to the AGS Committee and on to Full Council (via Executive if appropriate)

## **6.0 Quorum**

- 6.1 For Council and Executive Working Groups with eight Councillors, the quorum will be a minimum of three Members. In the event of the absence of the Chair and Vice-Chair, a temporary Chair will be selected for the duration of the meeting only.
- 6.2 For Scrutiny Committee, Licensing Committee and Audit, Governance and Standards Committee Working Groups, which will likely have a smaller number of Members, the quorum will be a minimum of two Members. In the event of the absence of the Chair and Vice-Chair, a temporary Chair will be selected for the duration of the meeting only.

## **7.0 Location of Meetings**

- 7.1 Meetings of all SWT Working Groups shall take place virtually.

## **8.0 Access to meetings by the Press and Public**

- 8.1 As Working Groups are not public meetings the Press and the Public will not be able to attend

# MEMBER WORKING GROUP

## SCOPING DOCUMENT

**NAME OF WORKING GROUP:**

**CHAIR:**

**MEMBERS:**

Cllrs

**LEAD OFFICERS :**

**SUBJECT TO BE REVIEWED:**

**REASON(S) FOR THE REVIEW :**

**IDENTIFY APPROPRIATE CORPORATE AIMS :**

**TERMS OF REFERENCE :**

This Working Group will:

-

**SCOPE, AIMS AND OBJECTIVES OF REVIEW :** ( Remember to consider what is **NOT** to be included in the review)

- Purpose:

**METHOD(S) OF REVIEW (HOW WILL THE REVIEW BE CONDUCTED?) :**

**BENEFITS TO THE COUNCIL AND LOCAL COMMUNITY:**

**KEY ISSUES AND RISKS :**

**IMPLICATIONS :**

(Financial and Legal implications particularly will need to be considered and signed off by the relevant officer)

**DOCUMENTARY RESEARCH AND EVIDENCE :**

E.g. Is there any National or local guidance or research into this subject? Is there any best practice guidance available?)

**RESOURCE IMPLICATIONS OF REVIEW:**

E.g. implications on officer resource or impact on the Council's budget.

**EXTERNAL ADVISORS:**

Does the Working Group wish to invite any involvement from external advisors?

<b>TIMESCALES :</b>	<b>ESTIMATED</b>	<b>REVISED (include reasons)</b>	<b>ACTUAL</b>
First meeting of Working Group			
Milestone 1:			
Milestone 2:			
Milestone 3:			
Draft Report:			
Report :			

## PROJECT OUTCOMES

**CONCLUSIONS :**

**RECOMMENDATIONS :**

**EXECUTIVE CONSIDERED :**

**OUTCOME :**

**FOLLOW UP :**

**REVIEW OF PROCESS/COMMENTS :**

**SIGNED OFF BY CHAIR :**

**DATE :**



## **Annual Report of the Audit, Governance and Standards Committee – 2020/2021 Year**

### **1. INTRODUCTION**

To provide Members of the Council with details of the work carried out by the Audit Governance and Standards Committee (AGSC) during the year ended 31 March 2021. The report also details how the AGSC has fulfilled its terms of reference during this period.

### **2. BACKGROUND**

The AGSC function is to provide assurance of the adequacy of the risk management framework and associated control environment; provide scrutiny of the Council's financial and non- financial performance to the extent that it affects the Council's exposure to risk and weaknesses in the control environment, and oversees the financial reporting processes.

The Committee's specific powers are set out the Terms of Reference in the Constitution. Audit Committees are a key component of Corporate Governance and provide an important source of assurance about an organisation's arrangements and practices for managing risks, maintaining an effective control environment, together with reporting on financial and other performance.

In 2018, The Chartered Institute of Public Finance and Accountancy (CIPFA) issued guidance to local authorities to help ensure that AGSC's operate effectively. The AGSC has adopted the procedures set out in this guidance as best practice.

The guidance also recommends that the AGSC's report annually on how they have discharged their duties.

### **3. WORK UNDERTAKEN AND FINDINGS**

The AGSC have met on six occasions in the year between April 2020 and the date of this report (2 February 2021) prior to the required reporting date of 8 March 2021. The last committee of this financial year is 8 March 2021. All meetings have been conducted in virtual 'Zoom' surroundings so far, which is far from easy and never my preferred option. However, I think this will be the new norm for at least the rest of 2021, so I suppose I'd better just get used to it! There are also at least three more scheduled AGSC meetings due for the remainder of the calendar year 2021, in June, September and December 2021, but more are likely, as additional agenda items arise, and will be reported as appropriate in next year's report.

It has, overall, been a busy and informative year from both a financial and a governance perspective. During this period, the AGSC has assessed the adequacy and effectiveness of the Council's risk management controls and monitoring arrangements, together with the associated counter fraud systems.

The AGSC has reviewed various governance items.

All of this work conducted throughout wholly unpredictable and entirely unprecedented times of the COVID pandemic which, it is fair to say has had a very substantial impact in both the Council's work in their Financial Systems and Governance and also the

timescale and logistics of reporting and collating of relevant reports to both the AGSC and Internal and External Auditor requirements.

However, it has to be said that throughout this extremely testing period, the Financial Teams at Somerset West and Taunton Council (SWT), the Internal Auditors, SWAP and External Auditors, Grant Thornton have all worked tirelessly and gone well beyond their normal required workstreams expectations to ensure that the relevant projects were all completed and indeed delivered within a very satisfactory timescale indeed, all things considered.

I want to put on record, as Chair of the AGSC my formal thanks to Paul Fitzgerald and the SWT Finance Teams, both sets of Auditors, Grant Thornton and SWAP, the SWT Governance Team, Clare, Amy, Marcus and Andrew and indeed the AGSC members too for all their help, support, guidance and counsel during these very challenging times, and indeed in my first year as Chairman of the AGSC. They have supported me in every way possible and I cannot thank them enough in helping us all through this past year in what has been a real team effort. There has also been some humour amongst proceedings which, as you know, I do like to encourage!

Coupled with the fact that Transformation is still winding its way through the SWT financials and we are still seeing the after effects of this, I think that we have managed to head off an almost 'Perfect Storm' together really well and I am proud of everyone's contribution and effort towards this throughout this very unprecedented year.

The AGSC has recently reviewed and approved the 2020 Statement of Accounts for the new SWT, at last emerging from two former district councils' (Taunton Deane and West Somerset). Both internal auditors (SWAP), and Grant Thornton External Auditors along with I as Chair and the rest of the AGSC, have all thoroughly discussed the audit process with the new financials and all parties are very pleased with progress, despite the obstacles of COVID and Transformation. A great deal of scrutiny and challenge was put into these first year accounts but I am overall very pleased with the resulting outcome. Analysing a brand new set of first years financials is never easy when there have been no previous comparable to trend against. Nevertheless, all parties mentioned are satisfied with progress in this regard and deem it a very good result and a reasonably healthy and assured future for a first full year's financials with no major High Risk issues to be highlighted at this stage.

### **Financial Statements**

The 2020 Statement of Accounts for the new SWT Authority were late and formally reported as such. However, this was due to a combined effect of COVID, remote working and staff shortages/illness throughout the process. The AGSC were kept informed and updated throughout and SWT was amongst 55% District Councils nationally that were late presenting their year-end financials for the same reason. So we were certainly not alone!

Each Council's Statements of Accounts received an Auditor's unqualified opinion and each entity was considered "value for money".

### **External Audit**

During 2020, Grant Thornton's audit plan updates were received regularly throughout the year. We have approved the 2021 audit plan and fees. As mentioned above, the AGSC was kept informed throughout and Grant Thornton have confirmed that there was no delay or impact on gaining information from SWTs finance team that led to these delays. Again reassuring.

### **Internal Audit**

This function is provided by SWAP. It appears to be very effective. During the year, the AGSC has received and considered various items highlighted by SWAP, together with SWAP's schedule of work to be performed over the financial year. Some of the items identified have been resolved. However, some matters, some of which are carried forward from last year, remain unresolved. The AGSC have asked SWAP to prioritise these during 2021 and agreed that a regular update report will be brought to AGSC for rigorous challenge to ensure these items are concluded.

I have not listed or catalogued all outstanding risk issues that are under discussions at the AGSC, however, members can access the relevant information in the appropriate AGSC minutes and agendas in Mod.Gov and either I, the AGSC, Governance or the SWT Finance Team will be more than happy to answer any member or public queries if they arise. Suffice to say all relevant parties are in agreement that the SWTs governance process and audit procedures are generally fit for purpose going forward.

### **Summary**

As mentioned above, it has been a challenging year for both the new Council and the AGSC. Covid, Transformation staff losses, remote working and other factors have hindered the progression of many projects and system alignments. It is hoped that next year is rather more "harmonious" from both a staffing and systems perspective, so that this new Council may flourish.

I am satisfied, as is the AGSC that the SWT's Governance and Audit processes are fit for purpose and am reassured that the Internal and External Audit functions independently share that view.

The new internal structure and updated Code of Corporate Governance should assist moving forward.

Councillor Lee Baker, Chair Audit Governance and Standards Committee

