

**Monday, 14th June, 2021,
6.15 pm**

**The John Meikle Room - The Deane
House**

**Members: Lee Baker, Simon Coles, Hugh Davies, Ed Firmin,
Dawn Johnson, Janet Lloyd, Andy Milne, Steven Pugsley,
Terry Venner and Sarah Wakefield**

Agenda

1. Election of Chair

2. Election of Vice-Chair

3. Apologies

To receive any apologies for absence.

**4. Minutes of the previous meeting of the Audit and
Governance and Standards Committee held on 12 April
2021**

To approve the minutes of the previous meeting of the
Committee.

5. 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.)

6. 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 - 18)

Temporary measures during the Coronavirus Pandemic

Due to the temporary legislation (within the Coronavirus Act 2020, which allowed for use of virtual meetings) coming to an end on 6 May 2021, the council's committee meetings will now take place in the office buildings within the John Meikle Meeting Room at the Deane House, Belvedere Road, Taunton. Unfortunately due to capacity requirements, the Chamber at West Somerset House is not able to be used at this current moment.

Following the Government guidance on measures to reduce the transmission of coronavirus (COVID-19), the council meeting rooms will have very limited capacity. With this in mind, we will only be allowing those members of the public who have registered to speak to attend the meetings in person in the office buildings, if they wish (we will still be offering to those members of the public that are not comfortable in attending, for their statements to be read out by a Governance and Democracy Case Manager). Please can we urge all members of the public who are only interested in listening to the debate to view our live webcasts from the safety of their own home to help prevent the transmission of coronavirus (COVID-19).

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| 7. Audit and Governance Committee Forward Plan | (Pages 19 - 20) |
| To receive items and review the Forward Plan. | |
| 8. SWAP Internal Audit - Outturn Report 2020-21 | (Pages 21 - 38) |
| 9. SWAP Internal Audit - Annual Opinion Report 2020/21 | (Pages 39 - 60) |
| 10. Treasury Management Outturn Report 2020/21 | (Pages 61 - 76) |
| 11. Corporate Risk Management Process Update | (Pages 77 - 86) |
| 12. Summary of Level 1 and 2 Internal Audit Actions | (Pages 87 - 100) |
| 13. Monitoring Officer Report (verbal update) | |



**JAMES HASSETT
CHIEF EXECUTIVE**

Please note that this meeting will be recorded. At the start of the meeting the Chair will confirm if all or part of the meeting is being recorded and webcast. 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 entering the Council Chamber and speaking 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.

Members of the public are welcome to attend the meeting and listen to the discussions. There is time set aside at the beginning of most meetings to allow the public to ask questions. Speaking under "Public Question Time" is limited to 3 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chair will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate. Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, if a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chair will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group. These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room. Full Council, Executive, and Committee agendas, reports and minutes are available on our website: www.somersetwestandtaunton.gov.uk

The meeting room, including the Council Chamber at The Deane House are on the first floor and are fully accessible. Lift access to The John Meikle Room, is available from the main ground floor entrance at The Deane House. The Council Chamber at West Somerset House is on the ground floor and is fully accessible via a public entrance door. Toilet facilities, with wheelchair access, are available across both locations. An induction loop operates at both The Deane House and West Somerset House to enhance sound for anyone wearing a hearing aid or using a transmitter. For further information about the meeting, please contact the Governance and Democracy Team via email: governance@somersetwestandtaunton.gov.uk

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SWT Audit, Governance and Standards Committee - 12 April 2021

Present: Councillor Lee Baker (Chair)

Councillors Derek Perry, Simon Coles, Hugh Davies, Caroline Ellis, Steven Pugsley, Vivienne Stock-Williams, Andrew Sully, Ed Firmin, Dave Mansell and Loretta Whetlor

Officers: Paul Fitzgerald, Aditi Chandramouli, Jackson Murray, Clare Rendell, Alastair Woodland, Amy Tregellas, Richard Doyle, Marcus Prouse, Andrew Randell, James Barra, Ian Candlish, Adam Evans and Malcolm Riches

Also Present: Councillors John Hassall, Ross Henley, Hazel Prior-Sankey, Sarah Wakefield and Brenda Weston

(The meeting commenced at 6.15 pm)

45. **Apologies**

Apologies were received from Councillors Janet Lloyd, Martin Hill and Terry Venner.

Councillors Whetlor, Firmin and Mansell attended as a substitutes.

46. **Minutes of the previous meeting of the Audit, Governance and Standards Committee held on 8th March 2021**

(Minutes of the meeting of the Audit, Governance and Standards Committee held on 8 March 2021 circulated with the agenda)

Resolved that the minutes of the Audit, Governance and Standards Committee held on 8 March 2021 be confirmed as a correct record following minor amendments.

47. **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 D Mansell	All Items	Wiveliscombe	Personal	Spoke and Voted
Cllr D Perry	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr V Stock-Williams	All Items	Wellington	Personal	Spoke and Voted
Cllr L Whetlor	All Items	Watchet	Personal	Spoke and Voted
Cllr G Wren	All Items	Clerk to Milverton PC	Personal	Spoke and Voted

Councillor Mansell declared an interest as a recipient of a Local Government pension.

48. **Public Participation**

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

49. **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.

50. **Grant Thornton Annual Audit Letter 2019/20**

The report introduced the Annual Audit Letter from Grant Thornton, which summarised the key findings arising from their work carried out at Somerset West and Taunton Council for the year ended 31 March 2020.

Somerset West and Taunton Council's external audit function was undertaken by Grant Thornton. The external auditor, as part of their work, provide an Annual Audit Letter which summarised their findings and updates regarding the actual audit fees.

The Annual Audit Letter provided a commentary on the results of the auditor's work to the Council and external stakeholders, and highlighted issues that they wish to draw to the attention of the public and those charged with governance.

Further to the Audit Findings Report, presented to this Committee on 1 February 2021, the Annual Audit Letter confirmed that Grant Thornton have issued an unqualified opinion in respect of Somerset West and Taunton Council's accounts for 2019/20 and in respect of the Council's arrangements for ensuring value for money.

The main audit fees proposed to be charged for 2019/20 totaled £82,075. This was £21,750 higher than initially set, and some £29,000 higher than the scale fee for the year which included a one-off £6,000 as it was the first year of accounts for the new Council. Grant Thornton proposed to include additional fees due to changes in scope of work, which included the impact of additional response to regulation, COVID and the extended audit period. This was summarised on page 15 and set out in detail on pages 17 and 18 of the Letter, and subject to agreement by Public Sector Auditor Appointments (PSAA) – the body that procured the audit services for the Council.

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

- The Committee were made aware of an inability to certify closure of the previous Annual Audit due to a standing objection. The Audit committee would be made aware of this and provided a summary of the issue and what the findings were from the outstanding objection. This could be reported via to committee once the objector has received the response.
- The fee for engaging the Auditors expert on the Firepool scheme was considered a one off charge in the 19/20 financial statement.
- A single valuer would undertake all valuations from the asset portfolio in 2020/21.
- The existing property balance and the impact on income and expenditure was considered. The finance statement identified an error made in populating the balance sheet and the balance was overstated, the final statement of accounts had been corrected as a result this error.
- There remained a material uncertainty in relation to the valuation of land which was questioned. This was recognised as a national uncertainty in the current climate.
- The valuers were a mix of in house and external valuers. 2021 valuations were undertaken by external valuers.
- Surveyors had to be RICS registered to undertake asset valuations.

The Committee considered and noted the contents of the Annual Audit Letter.

51. **Grant Thornton External Audit - Audit Plan for 2020/21 Accounts**

The report introduced the External Audit Plan for 2020/21. This was prepared by the external auditors, Grant Thornton, and was detailed in the appendix to this report.

The report summarised their approach to the 2020/21 audit programme, together with the audit view on risk and materiality, plus an extended view on value for money reflecting the new requirements placed on them.

Each year the external auditors, Grant Thornton, provided a plan which detailed their approach to the audit work required in respect of the preceding financial year (2020/21). Specifically this audit work focused on the provision of an audit opinion in relation to the accounts, value for money (VFM) and associated key risks.

The plan for 2020/21 is set out in Appendix A.

The externally required changes on 'Accounting Estimates and related disclosures' (pages 7, 8 and 9) due to the updated ISA 540 were likely to have the

most significant impact on the preparation and audit of the accounts. These changes related to whether the entries in the accounts were reliable i.e. robust and resilient.

The nature and extent of evidence required for audit under ISA540 is a quantum leap from that required in previous years. It would be difficult to provide this for 2020/21 given these requirements were not necessarily formally reflected in the current systems.

There had been minor recognition of this as an issue nationally in the usual preparation/training seminars, so SWT would not be alone when these problems arise. This was a potentially significant risk for the timely delivery of the 2020/21 accounts

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

- Trivial financial transactions were still picked up as part of the audits, the figure of £99k was an auditor's benchmark in the audit process. The section 151 officer provided certification of accounts which were a true and fair view of the overall position.
- Risks covered in the Audit were considered by the committee, There were concerns over pension scheme investments and liabilities in fossil fuels, which were stranded assets which won't be extracted. This was an ongoing issue and was acknowledged as a current and future risk.
- Large long term investments and risk due to PWLB loan board access was questioned, it was considered if this could be investigated and in scope as part of the Audit.
- The Council recognised its share of the net liability of the whole pension fund, an actuary calculated the liability and valuation of investments. The pension fund was separately audited from the pension fund auditor which provided SWT and Grant Thornton assurance. The pension fund decided the investment strategy, with Grant Thornton ensuring the liability is materially accurate and reflected the amount provided to members of the scheme and future projections of the fund and membership.
- The commercial strategy sets out the arrangements in place being accurate, this is what's audited to ensure the accuracy of information investment decisions are based on and Governance arrangements involved.
- It was questioned if there was confidence that information could be submitted to Grant Thornton in time for the audit for the current financial year.
- There was a vested interest to ensure an efficient and accurate audit. There had been improvements made since the first audit of the Council.
- There would be a report from the internal audit partnership reporting on the Commercial Investment Strategy.
- An opinion of the effectiveness of the committee in their role of scrutiny to external audit was requested. The External Audit team were confident the committee could ask detailed and relevant questions.

The committee considered and noted the External Audit Plan for 2020/21 received from Grant Thornton.

52. **Grant Thornton External Audit - Progress Report**

The report provided the Audit Governance and Standards Committee with a progress update regarding the work of the external auditors, Grant Thornton, together with information relating to emerging issues which may be relevant to the Council.

The Council's external audit function is undertaken by Grant Thornton. The external auditors, as part of their work, provided regular progress updates to Members via the Audit, Governance and Standards Committee together with updates in relation to emerging national issues which may be of relevance to the Council.

During the debate no comments or questions were raised.

The Committee considered and noted the Progress Report and Sector Update received from Grant Thornton.

53. **Summary of Level 1 and 2 Internal Audit Actions**

The purpose of the report was to update the Committee on progress against level 1 and 2 Internal Audit Actions as at the end of February 2021.

The Council has engaged the South West Audit Partnership (SWAP) to carry out its Internal Audit functions; checking the adequacy of controls and procedures across the whole range of Council services.

At the start of each financial year an audit plan is agreed between SWAP and the Council which identifies the areas of highest potential organisational and operational risk within the Council.

When an audit takes place a report is provided to the service manager concerned which gives an audit conclusion and opinion.

Any control or procedural weaknesses are identified within an action plan appended to the audit report.

All findings would be allocated one of 3 priority ratings as follows:

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

Each finding within the action plan contains a target implementation date which has been agreed between SWAP and the service manager concerned.

All priority 1 and 2 recommendations are captured in a register to ensure progress against the recommendations can be tracked and progress reported to the Audit, Governance and Standards Committee. 4.8 This report gives the Committee a progress update on all priority 1 and 2 audit actions, including those where the agreed remedial action is overdue. A summary of the priority 1 and 2 actions is provided in Appendix A.

The current position as at 28th February set out the following:-

- 16 audit actions currently open (see Appendix 1)
- 3 audit reports with all Priority 1 and 2 actions completed since the last report (see appendix 1)
- 8 audit actions completed since the last report in December (see Appendix 2)

- 2 audit actions currently overdue as at 28/2/21. Please see Appendix 2 for more details about the current progress on these.

During the debate no comments or questions were raised

The Committee reviewed the overdue actions contained in the report and noted progress to date.

54. **Anti-Fraud Framework & Fraud Update**

The purpose of the report was to present to the Committee with the Anti-Fraud Framework, which consisted of:

- The Anti-Fraud and Corruption Strategy (Annex 1)
- Anti-Bribery Policy (Annex 2)
- Anti-Money Laundering Policy (Annex 3)
- Whistleblowing Policy (Annex 4)

To present the Committee with the confidential report on the provision of Counter Fraud and Error Services from Powys (Confidential Annex 5)

It was considered essential to have these policies in place to promote good governance and to ensure that the public services provided by the Council are delivered with both confidence and credibility.

The Council is committed to the principles of effective corporate governance as set out in the 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)'.

By having this framework of policies, the Council underpins the core principles of:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Developing the entity's capacity including the capability of its leadership and the individuals within it.
- Managing risk and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

It was recommended that the strategy and policies outlined in section 2.1 was approved, to ensure that the Council has a robust Anti-fraud framework in place

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

- Councillors were advised that they were entitled to use the whistleblowing policy.
- The Committee commended work undertaken and praised anti-fraud work as positive.
- None of the policy documents were confidential but the appendix held confidential information.
- The press and public were excluded from the meeting to consider item 17 appendix A.
- The empty homes review work was questioned. This related to houses which were registered as empty and not in occupation.

- The savings generated through anti-fraud activity were discussed.
- SWT costs of the service were shared with Powys which represented a proportion of the value of additional revenue collected as a result of the antifraud action from the service.
- The cost sharing was different depending on the nature of the funding scheme.
- There was a referral process for antifraud and reactive work that was undertaken and identify cases which were either errors or fraud.
- Inviting Powys County Council to attend and provide an update at a future meeting was encouraged by the Committee.

1. The Committee recommended approval of the Anti-Fraud Framework and associated documents (listed as Annex 1-4 above) to the Executive.

2. The Committee recommends that the Executive note the confidential report on the Counter Fraud and Error Services (Confidential Annex 5)

55. **Landlord Health and Safety Property Compliance Update Report**

This report provided an updated position for the main landlord health and safety property compliance disciplines. The Covid-19 pandemic continues to significantly impact upon our ability to progress with a number of the required actions since the last update provided to the Audit, Governance and Standards Committee on 7th December 2020.

As well as resourcing issues (both internally, and for contractors), obtaining access from some vulnerable tenants who are shielding or are anxious about allowing people into their homes during the latest lockdown continues to create difficulties in maintaining compliance in some areas. However, we have continued with all compliance activities throughout the latest lockdown and have made considerable progress in many compliance areas.

In addition, an internal audit on Housing Compliance Governance and Reporting Processes has been carried out. This had an objective 'To provide assurance that housing compliance governance and reporting processes are adequately designed and operating effectively'. This provided an Assurance Opinion of 'Reasonable', with seven priority actions to be completed. We are developing a plan to undertake these actions.

The information within this report summarises the current compliance of Somerset West and Taunton Council in relation to the following six key areas:

- Asbestos management
- Electrical safety
- Fire safety
- Gas safety
- Lift and Stair-lift management
- Water safety

Each compliance area was monitored separately as defined by properties contained within either the Council's Housing Revenue Account (HRA) or General Fund (GF) accounts. HRA Blocks refer to all communal area(s) within the block (including any meeting halls), HRA Commercial refers to non-residential properties (e.g. shops or offices), HRA Dwellings refers to the individual property (e.g. house, bungalow, flat, etc.) and GF Property refers to the entire building.

The report identified:

- Somerset West and Taunton Council's current compliance status (as at 19th March 2021).
- Comparative performance from the previous report submitted on 7th December 2020 wherever possible. This is shown in brackets on each dataset on the relevant table. Table properties have changed since the last report following completion of a validation process of required compliance activities, and the separation of properties for ease of servicing and reporting.
- Achievements and successes since the last report.
- Issues adversely affecting compliance and action being taken.
- Regulations / legislation which affects the way Somerset West and Taunton Council manages its property safety compliance.

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

- Asbestos surveys and the removal process were questioned. A maintenance survey was undertaken on a regular basis where communal asbestos had been identified. This was a requirement under regulations.
- The number of fire doors overdue was set at 97.
- Fire risk assessments were undertaken with fire doors as part of the process. Procurement activity was undertaken in relation to this. A supplier and installer had been identified to set up a programme of replacement.

The committee noted contents of the report and progress being made in relation to landlord property safety compliance.

56. **Report of the Council Governance Arrangements Working Group**

The purpose of the report was to provide Members with an update on the work of the Council Governance Arrangements Working Group and to make recommendations as to how to proceed.

Background and full details of the report were provided along with a risk assessment and update on the Council Governance arrangements working group. The committee were made aware of the timetable for delivery, organisational culture alongside the background of the Local Government Reorganisation in Somerset.

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

- The formation of two Scrutiny Committees was seen as positive. Removing policy from the names was suggested.
- Do central government set out the Exec or Committee system to the shadow authority? It was questioned if the other districts were supportive of the committee system, this was still to be determined.
- Audit was requested to be stand alone and separate from Governance and Standards.
- Whenever possible reports are taken in the public domain and confidential information included in appendices.

- Concerns were expressed over considering Governance changes when in effect with the Unitary authority will be created and this Councils will be concluding.
- The report of the working group will be considered in its existing form at Council due to it being the report of the working group.
- Audit and Governance should be one committee with standards being separate.
- The role of the secretary of state and shadow authority would determine which Council will lead on the Shadow Governance arrangements.

The Council Governance Arrangements Working Group recommended to Full Council that:

Relating to the 2022 Municipal Year

1. The Council moves to a Committee system of governance from the Council AGM on 10 May 2022.
2. The Council proposes to the Unitary Shadow Authority that a committee system of governance is adopted, if set up as the principal council for the area.
3. The Council writes to the Chief Executives and Leaders of the County and Districts to request ask that they consider that the Shadow Authority governance arrangements are set up as a Committee system Relating to the 2021 Municipal Year
4. That a second Scrutiny Committee is introduced from the AGM in 2021, and the name is changed to Policy and Scrutiny Committees for the 2021/22 Municipal Year with the focus being Corporate and Scrutiny Committee and Community and Scrutiny Committee. The split of workload for the two Policy and Scrutiny Committees (see Annex A at the end of this report) is approved
5. That the number of seats on both Policy and Scrutiny Committees is 15 from the start of the 2021/2022 Municipal Year
6. The Audit, Governance and Standards Committee is split into two separate Committees from the AGM in 2021, for the 2021/22 Municipal Year and becomes Audit and Governance Committee and Standards Committee. The Terms of Reference for both Committees (see Annex B and Annex C at the end of this report) is approved.
7. That the number of seats on the Audit and Governance Committee is 11 from the start of the 2021/2022 Municipal Year
8. That the number of seats on the Standards Committee is 9 from the start of the 2021/2022 Municipal Year
9. The role of Shadow Portfolio Holders is included within the Constitution as per the wording in Annex D to this report
10. Officers and Portfolio Holders are reminded of requirements to provide information and notifications to Ward Councillors as per the Member Officer Protocol
11. The Corporate Policy and Scrutiny Committee are asked to work with officers to consider a system for communicating reports to Members from representatives from outside bodies.

57. **Member Training and Development Policy**

The Council is committed to supporting the training and development of all elected Members to enable them to perform effectively in their role and to develop to meet future challenges.

Member Training and Development is a key element of the Council's Corporate Governance framework and is one of the seven key principles within the CIPFA/SOLACE framework 'Developing the entity's capacity including the capability of its leadership and the individuals within it.'

The SWT Member Training and Development Policy (attached as Annex 1), sets out the key elements of Member Training, including Induction training, Personal Development Reviews, an annual Training and Development programme and training and development sessions.

The Policy also set out the roles and responsibilities of individual Members, Group Leaders, the Member Training and Development Working Group, Member Champion, the Executive and the Governance Team.

During the discussion no comments and questions were raised

That the Committee recommended that Executive:-

- a) Approves the Member Training and Development Policy
- b) Agrees to set up a cross party Members Working Group to focus on Member Training and Development (following the Member Working Group Protocol being approved by Council on 30th March)

58. **Update to the Constitution**

The purpose of the report was to make some recommendations for change to the Constitution to improve the democratic process.

Planning Committee

The first set of proposed improvements related to the operation of the Planning Committee. These changes had been discussed with the Planning Advisory Service (PAS) during their recent review.

The Planning Committee could often be the most visible part of the way that decisions within the Council are made, and can impact on public perception. It is therefore important that the Committee operates well.

The Council had experienced a number of lengthy Planning Committee meetings over the last two years, which has generated negative feedback from Members, officers and the public. Therefore, a number of changes are proposed which, it is anticipated will improve the democratic process and the way that the Committee operates. This in turn will improve public perception of the Planning Committee.

Number of Members on the Committee

Currently there were 15 Members on the Planning Committee. Discussions

with PAS endorsed reducing the number of Members on the Planning Committee from 15 to 11.

It was suggested that a reduction in the number of Members would allow for more focused debate, improved accountability and consistency of decision making, and would give the ability to conduct business with greater efficiency and effectiveness.

Section 101 of the Local Government Act 1972 provides for a local authority to arrange for the discharge of its functions by a committee. The SWT Constitution delegates the powers relating to town and country planning and development control to the Planning Committee. The Committee has made delegations to Officers, which are included within the Planning Committee terms of reference and the scheme of delegation.

It was local choice as to the size of the Planning Committee. The Association of Democratic Services Officers (ADSO) suggest that 'the size of a Committee can range from very small, say 7 members up to 20 plus members. Best practice would generally err on the side of smaller rather than larger.' Discussions with PAS concluded that 11 is the optimum number for SWT, with a pool of appropriately trained substitute Members.

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

- Splitting of Standards, it was requested if there were any examples which had been considered in the last 18 months.
- Reasons for reducing numbers sitting on the committee were questioned, this was considered an optimum number by the Planning advisory service and aligned with other committees and similar authorities.
- Limiting the numbers of supporters and objectors on an application was considered best practice and limiting to five was generous in comparison to some Councils.
- It was questioned if there would be a discretionary allowance for the Chair of new committees. The member's allowances and special responsibilities were being reviewed with a report due back to Full Council in July.
- Concerns were expressed around proper representation for different areas of the district on the committee, with a reduction in numbers reducing representation.
- The Special responsibility allowance for the additional committees were set out in the previous reports.
- The quality of planning reports needed to be improved to ensure the committee had all the information in relation to the application.

The Committee recommends to Full Council that:

1. The number of Members on the Planning Committee is reduced from 15 to 11 from the start of the 2021/22 Municipal Year
2. A minimum of Five Councillors are trained to be able to substitute for members of their own political group in the absence of a Planning Committee member of their political group.
3. The number of public speakers for each application going before the Planning Committee is set out as follows:
 - Up to 5 supporters (including the applicant/agent)
 - Up to 5 objectors
 - Town/Parish Council representative
 - County Councillor
 - Ward Member(s)
4. The Planning Committee Procedure (attached as Appendix A) is adopted and added to the Constitution, as well as being published on the SWT website
5. Planning Committee meetings should be 4 hours maximum (with the Chair having discretion to conclude an agenda item if part way through), and the procedure rules within the Constitution amended to only allow 2 x 30 minute extensions beyond the original 3 hour meeting.
6. Regular breaks are introduced for 15 minutes every two hours (to be taken off the duration of the meeting)
7. Where there is a controversial planning application going before the Planning Committee, that a single item agenda meeting is held.
8. Site visits for the Planning Committee are introduced for specific reasons only, and follow the guidance set out on the revised Planning Committee Member's Code of Good Practice (Appendix B)
9. The number of Members on the Licensing Committee is reduced from 15 to 11 from the start of the 2021/22 Municipal Year
10. That the amended Financial Procedure Rules (Appendix C) are approved
11. Confidential reports where possible being considered in the public domain with confidential information being included as a confidential appendix if appropriate.

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

Resolved that the press and public be excluded during consideration of agenda item 16 on the grounds that, if the press and public were present during the item, there would be likely to be a disclosure to them of exempt information of the class specified in Paragraph 2 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended as follows: The items contained information that could release confidential information that would reveal the identity of an individual. It was therefore agreed that after consideration of all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

60. **Monitoring Officer Update (Verbal Update)**

The Monitoring Officer provided a verbal Governance update and set out updates in relation to complaints received and Governance matters.

The Committee noted the update.

61. **(Item 10) Confidential Appendix Anti-Fraud and Error Annual Report**

Following the exclusion of the press and the public the Confidential Appendix set out in Item 10 was considered by the Committee as part of the Anti-Fraud Framework and Fraud Update.

1. The Committee recommended approval of the Anti-Fraud Framework and associated documents (listed as Annex 1-4 above) to the Executive.
2. The Committee recommends that the Executive note the confidential report on the Counter Fraud and Error Services (Confidential Annex 5).

(The Meeting ended at 9.59 pm)

AUDIT AND GOVERNANCE COMMITTEE		
Meeting Date	Draft Agenda Items	Lead Officer
14 June 2021	SWAP Internal Audit - Audit Plan 2020/21 Outturn	Alastair Woodland
Report Deadline	SWAP Internal Audit - Annual Audit Opinion 2020/21	Alastair Woodland
02 June 2021	Treasury Management 2020/21 Annual Report	Steve Plenty
	Treasury Management 2020/21 Annual Report	Steve Plenty
	Risk Management Update	Malcolm Riches
	Audit Findings Action Plan Progress Report	Richard Doyle
26 July 2021	Annual Governance Statement Action Plan Update	Amy Tregellas
	Annual Governance Statement 2020/21	Amy Tregellas
Report Deadline	2018/19 TDBC Accounts Objection Outcome	Paul Fitzgerald
14 July 2021	External Audit ISA 240 Enquiries of Management 2020/21	Paul Fitzgerald
	RIPA Policy	Amy Tregellas
13 September 2021		
Report Deadline	Equality and Diversity Update	Paul Harding
01 September 2021	Landlord Compliance update	James B/Ian C/Adam Evans
	Annual Governance Statement (must be before Accounts)	Amy Tregellas
Special for SOA	Approval of Statement of Accounts 2020/21	Paul Fitzgerald
27 September 2021		
Report Deadline	External Audit Findings Report 2020/21	Jackson Murray
16 September	Auditors Annual Report 2020/21	Jackson Murray
	Assessment of Going Concern 2020/21	Paul Fitzgerald
	Statement of Accounts 2020/21	Paul Fitzgerald

13 December 2021		
Report Deadline		
01 December 2021		
14 March 2022		
Report Deadline		
02 March 2022		

Somerset West and Taunton

Audit, Governance & Standards Committee – 14 June 2021

SWAP Internal Audit – Outturn 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 March 2021.

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 March 2021.
 - 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 Outturn 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 - Outturn Report 2020-21
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Somerset West and Taunton Council

Report of Internal Audit Activity

2020-21 Outturn Report June 2021

Page 25

Contents

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Page 26

➔	Summary:		
		Contents	Page 1
		Role of Internal Audit	Page 2
➔	Control Assurance:		
		Internal Audit Work Programme Update	Page 3
		Significant Corporate Risks	Page 4
		Summary of Limited or No Assurance Opinions	Pages 4
		Summary of Work Completed	Pages 5
➔	Plan Performance:		
		SWAP Performance	Page 6
		Approved changes to the Audit Plan	Page 7
➔	Appendices:		
		Appendix A – Audit Framework Definitions	Page 8
		Appendix B – Summary of Work Plan	Pages 9-12

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 the Somerset West and Taunton Council is provided by South West Audit Partnership 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 and Governance 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 Management Team. This year's Audit Plan was reported to and approved by this Committee 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 Update

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 on **Appendix A** of this document.

The following table summarised Audits finalised since the last update in March 2020:

Audit Area	Quarter	Status	Opinion
Housing Compliance – Governance and Reporting	3	Final	Reasonable
Main Accounting	3	Final	Reasonable
Compliance & Enforcement Grant CIA sign off	4	Final	Advisory
Special Review 3	4	Final	Advisory
Baseline Assessment of Maturity for Fraud	4	Final	Advisory
ICT Governance & Risk Scope Review	4	Final	Advisory

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 included with significant corporate risks.



Summary of Work Completed – Limited or No Assurance Opinions

In this report there are no final reports included with Limited or No Assurance Opinions.

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.



Summary of Work Completed

Baseline Assessment of Maturity for Fraud

Local authorities have responsibilities for the effective stewardship of public money and for safeguarding against losses due to fraud and corruption. The Audit, Governance and Standards Committee should have oversight of the authority's counter fraud strategy, assessing whether it meets recommended practice and governance standards and complies with legislation such as the Bribery Act 2010.

To assist in this oversight a baseline assessment has been completed at Somerset West and Taunton Council in line with requirements of the Fighting Fraud and Corruption Locally Strategy. Each of the 27 requirements have been given a red, amber or green, rating based on a corporate view across the organisation. The report for this work comes complete with an action roadmap for improvement and can be revisited in 12 months' time to demonstrate the direction of travel and any progress, including the improvement of maturity position. A full copy of the report and findings has been shared with the Audit, Governance and Standards Committee, together with the wider benchmarking report. The below chart summarises the assessments outcomes against the 6 key theme area.

Baseline Assessment of Six Themed Areas



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 27 May 2021) were as follows:

Performance Target	Target Year End	Average Performance
<p><u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion In progress Not Started</p>	>90%	92% 8% 0%
<p><u>Quality of Audit Work</u> Customer Satisfaction Questionnaire</p>	>95%	98%
<p><u>Outcomes from Audit Work</u> 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%	100%

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**. Due to the impact of Covid-19 and the requests for some additional work to be added to the plan during the year we have had to remove some audits from the annual plan. The Plan has remained flexible throughout the year and targeted short-term priorities as agreed with SMT. There are no changes to the 2020-21 Audit Plan since our last update report to Audit Committee in March 2021.

Assurance Definitions	
No	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.
Limited	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.
Reasonable	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.
Substantial	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.
Non-Opinion/Advisory	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
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	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:	
Priority 1	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Page 33

Audit Type	Audit Area	Qtr	Status	Opinion	1 =	↔		3 =	Comments
					Major	Recommendation			
					Total	1	2	3	
FINAL									
Governance, Fraud & Corruption	NEW: Grant Verification Support Work	1	Final	Advisory	-	-	-	-	-
Governance, Fraud & Corruption	NEW: 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	NEW: 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
Governance, Fraud & Corruption	Performance Management	2	Final	Advisory	-	-	-	-	
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	NEW: Local Restriction Support Grant (LRSB)	3	Final	Advisory	-	-	-	-	

Page 34

Audit Type	Audit Area	Qtr	Status	Opinion	1 =	↔		3 =	Comments
					Major	Recommendation			
					Total	1	2	3	
Governance, Fraud & Corruption	NEW: Additional Restriction Support Grant (LRSG)	3	Final	Advisory	-	-	-	-	
ICT	Cyber Security Framework Review	3	Final	Advisory	-	-	-	-	Further details to be provided to members
Governance, Fraud & Corruption	Housing Compliance - Governance and Reporting	3	Final	Reasonable	7	0	2	5	
Key Financial Control	Main Accounting	3	Final	Reasonable	3	0	0	3	
Key Financial Control	Financial Control & Reporting	3	Final	Reasonable	4	0	1	3	
Special Review	NEW: Investigation 2	3	Final	Advisory	0	0	0	0	
Follow-up	Banking Arrangements Follow Up	4	Final	Advisory	1	0	1	0	Reported in December 2020
Special Review	NEW: Special Review 3	4	Final	Advisory	0	0	0	0	Report provided to the Governance Manager.
Governance, Fraud & Corruption	NEW: Baseline of Council Fraud Maturity	4	Final	Advisory	0	0	0	0	
Governance, Fraud & Corruption	ICT Governance & Risk Scope Review	4	Final	Advisory	0	0	0	0	Further details to be provided to members
Governance, Fraud & Corruption	NEW: BEIS Grant Assurance Work	4	Final	Advisory	0	0	0	0	

Page 35

Audit Type	Audit Area	Qtr	Status	Opinion	1 =	↔		3 =	Comments
					Major	Recommendation			
					Total	1	2	3	
Governance, Fraud & Corruption	NEW: Compliance & Enforcement Grant CIA sign off	4	Final	Advisory					
DRAFT									
Key Financial Control	Creditors	3	Draft	Reasonable					
Key Financial Control	Debtors	3	Draft						
Governance, Fraud & Corruption	NEW: Fraud Risks – Impact from Covid-19	4	Draft	Reasonable					
Governance, Fraud & Corruption	Project Governance - Firepool	3	Draft	Advisory					
IN PROGRESS									
Special Review	NEW: Investigation 1	3	In Progress						
Governance, Fraud & Corruption	Commercial Investment	4	In progress						
DEFERRED OR REMOVED									
Governance, Fraud & Corruption	Fraud Risk Assessment	4		Reviews replaced with: NEW: Grant Verification Support Work					

Page 36

Audit Type	Audit Area	Qtr	Status	Opinion	1 =	↔		3 =	Comments
					Major	Recommendation		Minor	
					Total	1	2	3	
Follow up	Debtors	1		<p>NEW: Covid-19 Business Grant Funding Schemes Assurance NEW: Housing Compliance - Asbestos Management follow up NEW: Local Restriction Support Grant (LRSG) NEW: Additional Restriction Support Grant (LRSG) NEW: Investigation 1 NEW: Investigation 2 NEW: Special Review 3 NEW: Baseline of Council Fraud Maturity NEW: BEIS Grant Assurance Work NEW: Fraud Risks – Impact from Covid-19 NEW: Compliance & Enforcement Grant CIA sign off</p> <p>Reviews deferred from 2020-21 Audit plan have been taken forward for consideration and inclusion in 2021-22 Audit Plan.</p>					
Governance, Fraud & Corruption	Delivery of Benefits of Transformation	3							
Follow up	GDPR Information Management Project	4							
Governance, Fraud & Corruption	Risk Management	4							
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							

Page 37

Somerset West and Taunton Council

Audit, Governance and Standards Committee – 14 June 2020

SWAP Internal Audit – Annual Opinion 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 Annual Audit, Governance and Standards Committee, looking over financial controls and checking on the probity of the organisation.
- 1.2 The 2020-21 Annual Audit Plan provided independent and objective assurance on SWT Internal Control Environment. This work supported the Annual Governance Statement.

2 Recommendations

- 2.1 Members are asked to note the Annual Opinion on the effectiveness of the internal control environment in the delivery of SWT objectives.

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:
 - A summary of the key risks that were identified during the 2020-21 financial year.
 - 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 Audit Opinion for 2020/21 is contained within the attached SWAP Internal Audit Annual Opinion 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:

- **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 – Audit Opinion Report 2020/21
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Somerset West and Taunton Council

Internal Audit Annual Opinion Report 2020/21

Page 43

Internal Audit Annual Opinion – 2020/21: ‘At a Glance’

Annual Opinion



There is generally a 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.

The Headlines

	No Significant Risk identified in year after testing the controls in place.
	28 reviews delivered as part of the 2020/21 Internal Audit Plan. Includes assurance, advisory and follow up reviews (22 final, 4 Draft, 2 in progress).
	Internal Audit staff redeployed directly into Council areas to assist with the COVID response. COVID 19 Additional Restriction Support Grant processing and post payment checks.
	Range of innovations and enhancements made to our internal audit process throughout the year. One-page audit report, introduction of Agile auditing and planning.

Internal Audit Assurance Opinions 2020/21 *

Substantial	0
Reasonable	4
Limited	3
No Assurance	0
Advisory / Follow Up	15

Internal Audit Agreed Actions 2020/21*

Priority 1	1
Priority 2	19
Priority 3	24
Total	44

*Final Reports only



SWAP
INTERNAL AUDIT SERVICES
Assuring – Improving – Protecting

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.

Internal Audit provides an independent and objective opinion on the effectiveness of the Authority's risk management, control and governance processes.



Purpose

The Head of Internal Audit (SWAP Assistant Director) should provide a written annual report to those charged with governance to support the Authority's Annual Governance Statement (AGS). This report should include the following:

- An opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment, including an evaluation of the following:
 - the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities;
 - whether the information technology governance of the organisation supports the organisation's strategies and objectives;
 - the effectiveness of risk management processes; and
 - the potential for the occurrence of fraud and how the organisation manages fraud risk.
- Disclose any qualifications to that opinion, together with the reasons for the qualification.
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement.
- Compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria.
- Comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content and the Annual Internal Audit Opinion given.

Executive Summary

Three Lines Model

To ensure the effectiveness of an organisation's risk management framework, the Audit and Governance Committee and senior management need to be able to rely on adequate line functions – including monitoring and assurance functions – within the organisation.

The 'Three Lines' model is a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

- the first line – functions that own and manage risk.
- the second line – functions that oversee or specialise in risk management, compliance.
- the third line – functions that provide independent assurance.

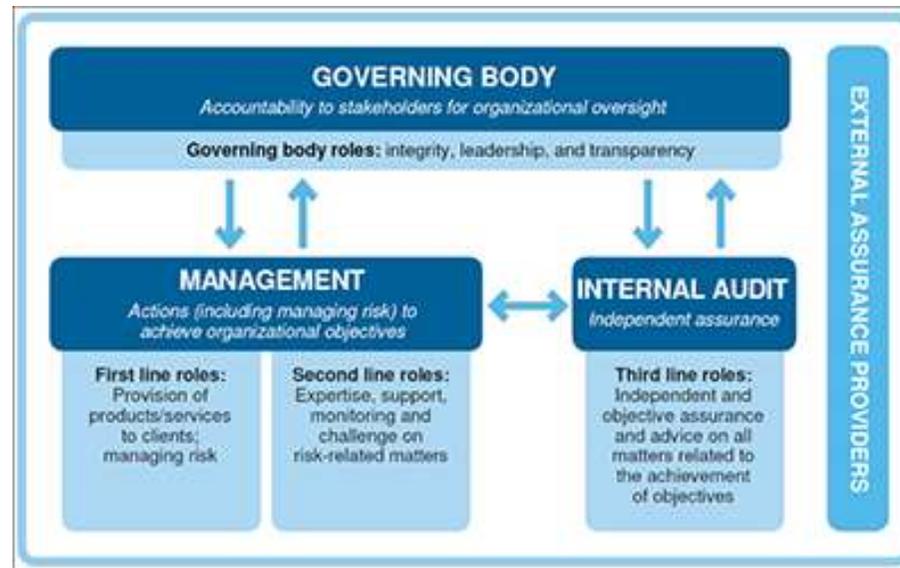


Background

The Internal Audit service for Somerset West and Taunton Council is provided by SWAP Internal Audit Services. The team's 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. The work of the team is guided by the Internal Audit Charter which is reviewed annually.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. This report summarises the activity of the Internal Audit team for the 2020/21 year.

The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines model shown below.



The Head of Internal Audit (SWAP Assistant Director) is required to provide an opinion to support the Annual Governance Statement.



Annual Opinion

On the balance of our 2020/21 audit work for Somerset West and Taunton Council, I am able to offer a **Reasonable Assurance** opinion in respect of the areas reviewed during the year.

Just as in more normal times, audit work has been planned to ensure that sufficient assurance will be available to support the annual opinion. The professional requirements of PSIAS have remained unchanged and in line with these, new audit priorities to cover the risks from the impact of COVID-19 have been agreed throughout the year and that work supports the annual opinion.

The additional audits performed to carry out assurance work on new risks associated with the Covid-19 emergency response were:

- Covid-19 Business Grant Support/Advice (Grant Process Controls)
- Grant Funding Schemes Assurance for Local Authorities (Risk Assessment)
- Local Restriction Grant Support (Grant Process Controls)
- Compliance and Enforcement Grant
- Fraud Risk – Impact of Covid-19

It has been agreed to defer some of the audit work to 2021/22 and this has been reported throughout the year to the Audit, Governance and Standards Committee. The main reasons for this was due to additional advisory work to support Covid-19 Grants and redeployment of some audit staff to support the Council's response to the Pandemic. With the exception of where SWAP staff were redeployment, all other work has been taken into account for this annual audit opinion.

The following are considered key pieces of audit work that support the annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control:

The Head of Internal Audit (SWAP Assistant Director) is required to provide an opinion to support the Annual Governance Statement.

Annual Opinion

- *Cyber Security Framework Review*
- *ICT Governance and Risk Review*
- *Financial Control and Reporting*
- *Ethical Governance & Culture*
- *Baseline Assessment of Maturity for fraud.*
- *Housing Governance and Compliance Reporting*
- *Procurement*

Throughout a challenging year, we have tried to ensure a balance between providing direct assistance to the Council and maintaining a continuum of audit work. We are pleased to report we have achieved this, although it must be recognised coverage is not comparable to previous or 'normal' years. The table at Figure 1 below attempts to capture our audit coverage this year, mapped against the Authority's key risks. It must be noted that the risk register is a live document and subject to changes during the year. It is not possible to cover all key risks in any one year but to provide coverage over the medium term.

Summary of Audit Work 2020/21

Definitions of Corporate Risk

High Risk

Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Medium Risk

Issues which should be addressed by management in their areas of responsibility.

Low Risk

Issues of a minor nature or best practice where some improvement can be made.



Significant Corporate Risks

Our audits examine the controls that are in place to manage the risks that are related to the area being audited. We assess the risk at a 'Corporate' level once we have tested the controls in place. Where the controls are found to be ineffective and the 'Corporate risk' as 'High' these are brought to the Audit Committees attention. For those audits which have reached report stage through the year, we have assessed the following risks as 'High'.

Review Name / Risks
No risks identified as High during period.

Summary of Limited Assurance Audits

Audit Name	Risk Rating	Priority Findings		
		1	2	3
Ethical Governance and Culture	Medium	0	3	4
Procurement	Medium	0	5	2
DLO External Work – Income	Medium	1	6	3

Note all these audits have been reported throughout 2020-21 to the Audit, Governance & Standards Committee and follow up work has been scheduled during 2021-22 to provide assurance control measures are improved.



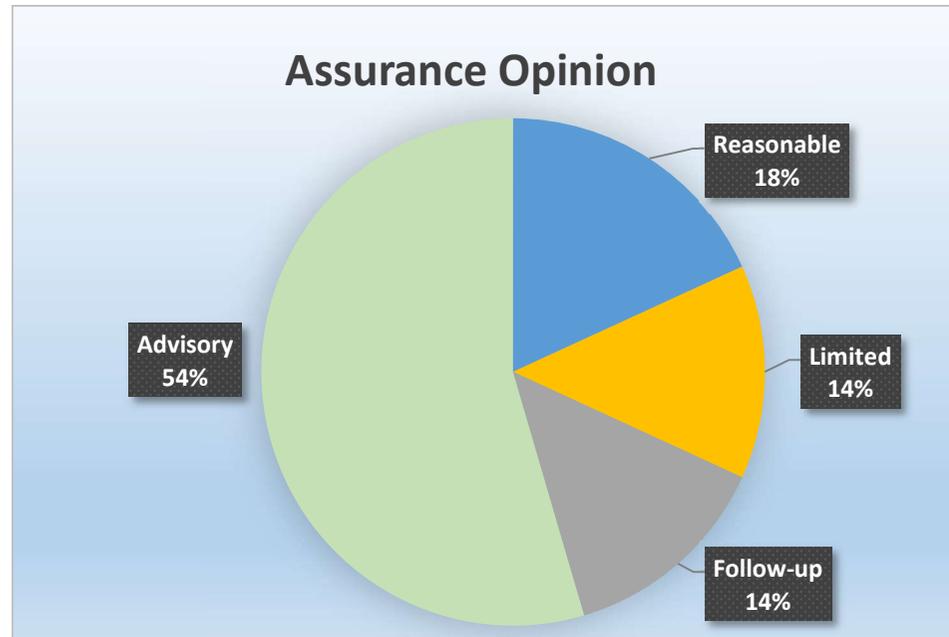
Summary of Audit Work 2020/21

At the conclusion of an audit assignment each review is awarded an Audit Assurance Opinion:

- **Substantial** - A sound system of governance, risk management and control exists.
- **Reasonable** - Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.
- **Limited** - Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives.
- **None** - The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives.



Summary of Audit Opinion



The Chart above indicates the spread of assurance opinions across our work during the past year (2020-21). Due to Covid-19 more time has been spent on 'Advisory' work, although the majority of the Advisory work has been taken into account when forming the Annual Opinion. Totals based on work at Final Report status.



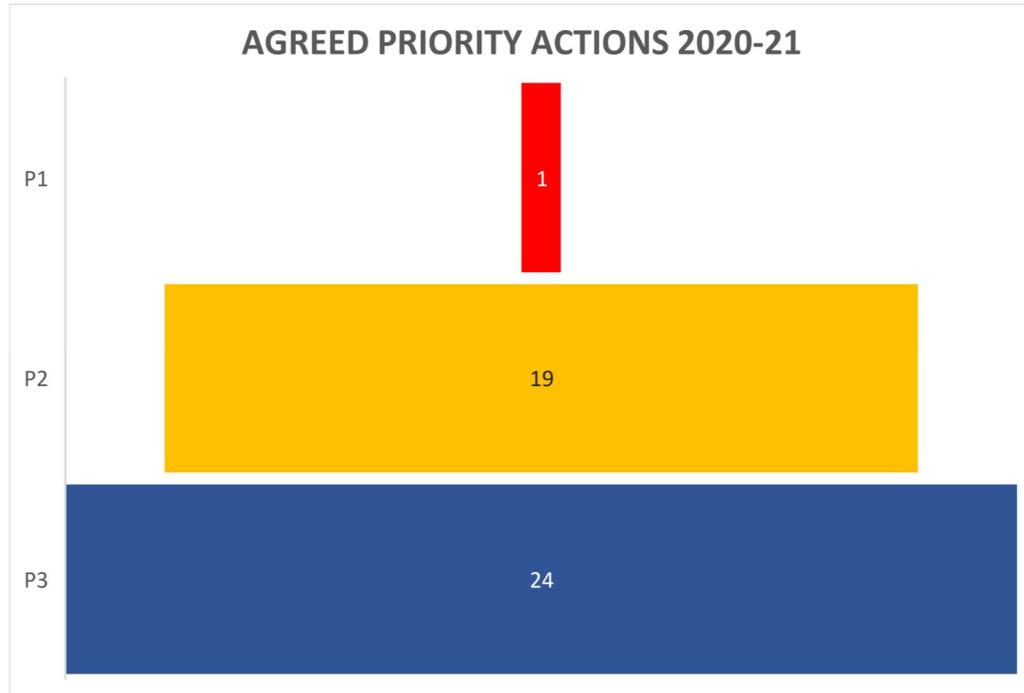
Summary of Audit Work 2020/21

SWAP Performance - Summary of Audit Actions by Priority

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



Priority Actions



Note: Does not include actions from Cyber Security Framework Review and ICT Governance Risk Scope Review. Outcomes from these reviews were not assessed on the priority scoring system, but rather to highlight areas that were fully compliant, requires further work or requires immediate attention. Totals based on work at Final Report status.

Added Value

Extra work that goes beyond the standard expectations and provides something that is beneficial to the customer for little or no extra cost.



Added Value

Throughout the year, SWAP strives to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

Benchmarking

During the year we have provided benchmarking data across either the SWAP partnership or the wider reach of the Local Authority Chief Auditors Network (LACAN) for:

- Baseline Assessment of Maturity for Fraud comparison.
- Risk Management Maturity Benchmarking.
- Covid-19 Grant Controls.

Members Training

During November we ran a free Audit Committee Members training event to provide an overview of the role of the Audit Committee as well as 'hot topics' that should be on Audit Committee radars.

News Roundup

We produce a monthly newsletter that provides information on topical areas of interest for public sector bodies. During the early stages of Covid-19 we increased the frequency of our newsflash to weekly/Fortnightly to provide relevant information.

Innovations and Enhancements to our Audit Process

During this exceptional year, we have taken the opportunity to implement and introduce a number of innovations and enhancements to our audit process. This has included:

- Introducing the concept of 'Agile Auditing' to our audit process. With increased collaboration and a joint commitment with the service under review, it is possible to complete audits faster and more efficiently. We have used this concept to complete a number of audits this year.

Added Value

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

Added Value

- With the help of SWAP's two newly appointed Data Analysts, we are looking to include analysis of data as part of our auditing wherever possible. This allows us not only the opportunity to test whole populations of data, but where this is not possible or appropriate, to be able to use data analytics to target our testing in a more effective manner.
- SWAP's Counter Fraud Team has also facilitated access to counter fraud intelligence resources and issued alerts and newsletters to key officers in the Council.
- Introduced a new one-page audit report, that summarises all the key messages of the audit on one page for ease of consumption as well as increasing impact. Feedback on the report style has again been extremely positive.
- Introduced a new continuous audit planning and risk assessment process.

Internal audit is responsible for conducting its work in accordance with 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).



SWAP Performance

SWAP’s performance is subject to regular monitoring and review by both the SWAP Board of Directors and the Owners Board. The respective outturn performance results for SWT for the 2020/21 year are as follows:

Performance Target	Average Performance
<u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion > 90% In progress/Review Not Started	92% 8% 0%
<u>Customer Satisfaction Questionnaire</u> Feedback Target > 95%	98%

SWAP work is completed to comply with the International Professional Practices Framework (IPPF) 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.

Under these standards we are required to be independently externally assessed at least every five years to confirm compliance to the required standards. SWAP was recently assessed in February 2020 and confirmed that we are in conformance to PSIAS.

Attribute Standard 1300 of the IPPF requires Heads of Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QA&IP). Standard 1310 continues this dual aspect by stating that the programme must include both internal and external assessments. This acknowledges that high standards can be delivered by managers, but it also implies that improvements can be further developed when benchmarking is obtained from outside the organisation and the internal audit function. Following our External Assessment, we have pulled together our QA&IP and included additional improvements and developments identified internally that we want to make, as aligned to SWAP’s Business Plan. The QA&IP is a live document and will be regularly reviewed by the SWAP Board to ensure continuous improvement and delivery on our actions.

Summary of Internal Audit Work 2020/21

Audit Type	Audit Area	Qtr	Status	Opinion	1 =	↔		3 =	Comments
					Major	Recommendation			
					Total	1	2	3	
FINAL									
Governance, Fraud & Corruption	NEW: Grant Verification Support Work	1	Final	Advisory	-	-	-	-	-
Governance, Fraud & Corruption	NEW: 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	NEW: 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
Governance, Fraud & Corruption	Performance Management	2	Final	Advisory	-	-	-	-	
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	NEW: Local Restriction Support Grant (LRSB)	3	Final	Advisory	-	-	-	-	

Page 56

Plan Performance 2020/21

Audit Type	Audit Area	Qtr	Status	Opinion	1 =	↔		3 =	Comments
					Major	Recommendation			
					Total	1	2	3	
Governance, Fraud & Corruption	NEW: Additional Restriction Support Grant (LRSG)	3	Final	Advisory	-	-	-	-	
ICT	Cyber Security Framework Review	3	Final	Advisory	-	-	-	-	Further details to be provided to members
Governance, Fraud & Corruption	Housing Compliance - Governance and Reporting	3	Final	Reasonable	7	0	2	5	
Key Financial Control	Main Accounting	3	Final	Reasonable	3	0	0	3	
Key Financial Control	Financial Control & Reporting	3	Final	Reasonable	4	0	1	3	
Special Review	NEW: Investigation 2	3	Final	Advisory	0	0	0	0	
Follow-up	Banking Arrangements Follow Up	4	Final	Advisory	1	0	1	0	Reported in December 2020
Special Review	NEW: Special Review 3	4	Final	Advisory	0	0	0	0	Report provided to the Governance Manager.
Governance, Fraud & Corruption	NEW: Baseline of Council Fraud Maturity	4	Final	Advisory	0	0	0	0	
Governance, Fraud & Corruption	ICT Governance & Risk Scope Review	4	Final	Advisory	0	0	0	0	Further details to be provided to members
Governance, Fraud & Corruption	NEW: BEIS Grant Assurance Work	4	Final	Advisory	0	0	0	0	

Page 57

Plan Performance 2020/21

Audit Type	Audit Area	Qtr	Status	Opinion	1 =	↔		3 =	Comments
					Major	Recommendation			
					Total	1	2	3	
Governance, Fraud & Corruption	NEW: Compliance & Enforcement Grant CIA sign off	4	Final	Advisory					
DRAFT									
Key Financial Control	Creditors	3	Draft	Reasonable					
Key Financial Control	Debtors	3	Draft						
Governance, Fraud & Corruption	NEW: Fraud Risks – Impact from Covid-19	4	Draft	Reasonable					
Governance, Fraud & Corruption	Project Governance - Firepool	3	Draft	Advisory					
IN PROGRESS									
Special Review	NEW: Investigation 1	3	In Progress						
Governance, Fraud & Corruption	Commercial Investment	4	In progress						
DEFERRED OR REMOVED									
Governance, Fraud & Corruption	Fraud Risk Assessment	4		Reviews replaced with: NEW: Grant Verification Support Work					

Page 58

Plan Performance 2020/21

Audit Type	Audit Area	Qtr	Status	Opinion	1 =	↔		3 =	Comments
					Major	Recommendation		Minor	
					Total	1	2	3	
Follow up	Debtors	1		NEW: Covid-19 Business Grant Funding Schemes Assurance NEW: Housing Compliance - Asbestos Management follow up NEW: Local Restriction Support Grant (LRSG) NEW: Additional Restriction Support Grant (LRSG) NEW: Investigation 1 NEW: Investigation 2 NEW: Special Review 3 NEW: Baseline of Council Fraud Maturity NEW: BEIS Grant Assurance Work NEW: Fraud Risks – Impact from Covid-19 NEW: Compliance & Enforcement Grant CIA sign off Reviews deferred from 2020-21 Audit plan have been taken forward for consideration and inclusion in 2021-22 Audit Plan. Fraud Risk Assessment to be undertaken as part of 2021-22 Plan.					
Governance, Fraud & Corruption	Delivery of Benefits of Transformation	3							
Follow up	GDPR Information Management Project	4							
Governance, Fraud & Corruption	Risk Management	4							
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							

Page 59

Somerset West and Taunton Council

Audit and Governance Committee – 14th June 2021

Treasury Management Outturn Report 2020/21

This matter is the responsibility of Cllr Ross Henley, Portfolio Holder for Corporate Resources

Report Author: Steve Plenty, Finance Specialist

1 Executive Summary / Purpose of the Report

- 1.1 To provide members with an update on the Treasury Management activity of Somerset West and Taunton Council and performance against the Prudential Indicators for 2020/21.
- 1.2 Treasury management performance during the year has reflected the agreed strategy for the Council.

2 Recommendations

- 2.1 To note the Treasury Management activity for the 2020/21 financial year and compliance with the Prudential Indicators.

3 Risk Assessment

- 3.1 The Council has an agreed Treasury Management Strategy (TMS) and effective management practices to ensure compliance and risks are monitored and managed.

4 Background and Full details of the Report

- 4.1 The Council's treasury management strategy for 2020/21 was approved at Full Council on 19 February 2020. The Council invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.
- 4.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year and, as a minimum, a half-year and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 4.3 These reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the Audit and Governance Committee.

4.4 The 2017 Prudential Code includes a requirement for local Councils to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's latest Capital Strategy, complying with CIPFA's requirement, was approved by Somerset West and Taunton Full Council on 30th March 2021.

4.5 Treasury management is defined as:

“The management of the local Council's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks”.

4.6 Overall responsibility for treasury management remains with the Council with operational responsibility delegated to the S151 Officer. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.

5 External Context – Analysis by Arlingclose

5.1 Commentary relating to the external context and economic analysis by Arlingclose, the Council's treasury management advisors, can be found in Appendix A to this report.

6 Local Context

6.1 On 31st March 2021, the Council had net cash investments of £29.723m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.21 Indicative Actual £m
General Fund CFR	95.422
HRA CFR	106.225
Total CFR	201.647
External borrowing	-162.500
Internal borrowing	39.147
Less: Usable reserves	-44.570
Less: Working capital	-24.300
Net Investments	-29.723

6.2 The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

- 6.3 The treasury management position as at 31st March 2021 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.20 Balance £m	Movement £m	31.3.21 Balance £m
Long-term borrowing	(75.500)	(40.000)	(115.500)
Short-term borrowing	(25.500)	(21.500)	(47.000)
Total borrowing	(101.000)	(61.500)	(162.500)
Long-term investments	0.003	0.000	0.003
Short-term investments	5.026	(1.772)	3.254
Cash and cash equivalents	28.691	12.816	41.507
Total investments	33.720	11.044	44.764
Net Borrowing	(67.280)	(50.456)	(117.736)

Borrowing Update

- 6.4 In November 2020 the PWLB published its response to the consultation on 'Future Lending Terms'. From 26th November the margin on PWLB loans above gilt yields was reduced from 1.8% to 0.8% providing that the borrowing authority can confirm that it is not planning to purchase 'investment assets primarily for yield' in the current or next two financial years. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. As part of the borrowing process authorities will now be required to submit more detailed capital expenditure plans with confirmation of the purpose of capital expenditure from the Section 151 Officer. The PWLB can now also restrict local authorities from borrowing in unusual or large amounts.
- 6.5 Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Misuse of PWLB borrowing could result in the PWLB requesting that Authority unwinds problematic transactions, suspending access to the PWLB and repayment of loans with penalties.
- 6.6 Competitive market alternatives may be available for authorities with or without access to the PWLB. However, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders.
- 6.7 The Council is planning to purchase investment assets primarily for yield within the next year and so will not be able to access the PWLB except for refinancing purposes or to externalise internal borrowing for the next three years. Therefore, the Council will look to borrow primarily from other Local Authorities or similar organisations.
- 6.8 **Municipal Bonds Agency (MBA):** The MBA revised its standard loan terms and framework agreement. Guarantees for the debt of other borrowers are now proportional and limited and a requirement to make contribution loans in the event of a default by a borrower has been introduced. The agency has issued 5-year floating rate and 40-year fixed rate bonds in 2020, in both instances Lancashire County Council is the sole

borrower and guarantor. A planned third bond issuance by Warrington Borough Council was withdrawn in early December after the reduction in PWLB borrowing rates.

- 6.9 If the Authority intends future borrowing through the MBA, it will first ensure that it has thoroughly scrutinised the legal terms and conditions of the arrangement and is satisfied with them.
- 6.10 **UK Infrastructure Bank:** In his March 2021 budget the Chancellor confirmed that a UK Infrastructure Bank will be set up with £4bn in lending earmarked for local authorities from the summer of 2021. Loans will be available at gilt yield plus 0.60%, 0.20% lower than the PWLB certainty rate. A bidding process to access these loans is likely with a preference to projects likely to help the government meet its Net Zero emissions target. However other “high value and complex economic infrastructure projects” may also be considered.

Borrowing strategy

- 6.11 As at 31st March 2021 the Council held £162.5m of loans, an increase of £61.5m compared to 31st March 2020, as part of its strategy for funding previous and current years’ capital programmes. Outstanding loans on 31st March are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.20 Balance £m	Net Movement £m	31.3.21 Balance £m
Public Works Loan Board (Long-term)	72.500	20.000	92.500
Public Works Loan Board (Short-term)	3.500	6.500	10.000
Banks (Fixed term)	3.000	0.000	3.000
Local Councils (Short-term)	22.000	25.000	47.000
Local Councils (Long-term)	0.000	10.000	10.000
Total borrowing	101.000	61.500	162.500

- 6.12 The Council’s chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council’s long-term plans change being a secondary objective.
- 6.13 The Council has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark which also takes into account usable reserves and working capital. Having considered the appropriate duration and structure of the borrowing need based on realistic projections, it was decided to take a mixture of short-term and long-term borrowing. The Council currently has £105.5m of longer-term borrowings in respect of the Housing Revenue Account and General Fund, details of which are below. These loans provide some longer-term certainty and stability to the debt portfolio.

Long-dated Loans borrowed	Amount £m	Rate %	Maturity Date
Public Works Loan Board	5.000	2.56	28 Mar 2023
Public Works Loan Board	7.000	2.70	28 Mar 2024
Public Works Loan Board	6.000	2.82	28 Mar 2025
Public Works Loan Board	7.000	2.92	28 Mar 2026
Public Works Loan Board	16.000	3.01	28 Mar 2027
Public Works Loan Board	7.000	3.08	28 Mar 2028
Public Works Loan Board	5.000	3.15	28 Mar 2029
Public Works Loan Board	5.500	3.21	28 Mar 2030
Public Works Loan Board	1.000	8.38	03 Aug 2056
Public Works Loan Board	1.000	7.38	06 May 2057
Public Works Loan Board	2.000	6.63	05 Sep 2057
Barclays	3.000	4.25	14 Jun 2077
Public Works Loan Board	10.000	1.64	12 Nov 2070
Buckinghamshire Council	10.000	0.44	22 Aug 2023
Public Works Loan Board	20.000	1.89	26 Mar 2071
Total borrowing	105.500		

- 6.14 The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short- and long-term borrowing was maintained.
- 6.15 PWLB funding margins have lurched quite substantially and there remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields plus 0.80%, i.e., the PWLB HRA borrowing rate. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

Treasury Investment Activity

- 6.16 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances ranged between £26.5m and £97.3m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.03.20 Balance £m	Net Movement	31.03.21 Balance £m
Banks and Building Societies (unsecured)	2.387	(1.520)	0.867
Covered Bonds (secured)	2.092	(2.092)	0.000
Government (including local authorities)	4.840	9.202	14.042
Money Market Funds	7.769	5.381	13.150
Cash Plus Funds	2.023	(1.013)	1.010
Strategic Bond Funds	1.856	0.224	2.080
Equity Income Funds	2.010	0.001	2.011
Property Funds	4.933	(0.035)	4.898
Multi Asset Income Fund	5.810	0.896	6.706
Total Investments	33.720	11.044	44.764

- 6.17 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 6.18 Continued downward pressure on short-dated cash rate brought net returns on sterling low volatility net asset value money market funds (LVNAV MMFs) close to zero even after some managers have temporarily lowered their fees. At this stage net negative returns are not the central case of most MMF managers over the short-term, and fee waivers should maintain positive net yields, but the possibility cannot be ruled out.
- 6.19 Deposit rates with the Debt Management Account Deposit Facility (DMADF) have continued to fall and are now largely around zero.
- 6.20 The net return on Money Market Funds net of fees, which had fallen after Bank of England Base Rate was cut to 0.1% in March 2020, are now at or very close to zero; fund management companies have temporarily lowered or waived fees to avoid negative net returns.
- 6.21 The progression of risk and return metrics are shown in the extracts from Arlingclose quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2020	3.12	AA	46%	39	-1.14%
31.03.2021	4.37	AA-	49%	7	4.36%
Similar Local Authorities	4.63	A+	65%	40	3.93%
All Local Authorities	4.63	A+	63%	14	2.26%

- 6.22 Arlingclose provided the Council with a report as at 31st March 2021 which shows that

£13.576m of the Council’s investments are held in externally managed strategic pooled funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated dividends of £573k in 2020/21, an income return of 4.59% which is used to support services in year, and an unrealised capital gain of £1.100m (8.81%).

- 6.23 The Council is invested in bond, equity, multi-asset and property funds. During the initial phase of the pandemic in March 2020, the sharp falls in corporate bond and equity markets had a negative impact on the value of the Council’s pooled fund holdings and was reflected in the 31st March 2020 fund valuations with every fund registering negative capital returns over a 12- month period. Since March 2020 there here has been improvement in market sentiment which is reflected in an increase in capital values of these short-dated, strategic bond, equity and multi-asset income funds in the Council’s portfolio. The recovery in UK equities has lagged those of US and European markets.
- 6.24 Similar to many other property funds, dealing (i.e., buying or selling units) in the CCLA Local Authorities’ Property Fund was suspended by the fund in March 2020 and lifted in September. There was also a change to redemption terms for the CCLA Local Authorities Property Fund; from September 2020 investors are required to give at least 90 calendar days’ notice for redemptions. The capital value of the property fund is shown in Table 4, above.
- 6.25 Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority’s medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates. Investments within these funds have been maintained during 2020/21.

Non-Treasury Investments

- 6.26 The definition of investments in CIPFA’s revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in the Investment Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG), in which the definition of investments is further broadened to also include all such assets held partially for financial return.
- 6.27 The Council also holds £6.462m of such investments held as loans to local businesses, charities, partnerships and sports clubs as at 31 March 2021. These investments generated £126k of investment income for the Council representing an average rate of return of 1.94%.

Treasury Performance

- 6.28 The Council measures the financial performance of its treasury management activities in terms of its impact on the revenue budget as shown Table 6 below.

Table 6: Performance

	Budget	Actual	Variance
--	--------	--------	----------

	2020/21 £m	2020/21 £m	2020/21 £m
Interest Paid	2.885	2.561	-0.324
Interest Received	-0.824	-0.861	-0.037

6.29 The above excludes interest paid relating to commercial properties. Using a notional average interest rate of 1.5% for the year, £222k of interest costs was applied to the Council commercial property investment fund (compared to budget estimate of £225k).

Compliance

6.30 The Section 151 Officer reports that all treasury management activities undertaken during the year fully complied with the CIPFA Code of Practice, and all except one of the Council's approved Treasury Management Strategy parameters – see Table 7 and 6.31 below.

Table 7: Investment Limits

	2020/21 Maximum	31.3.21 Actual	2020/21 Limit	Complied
Any single organisation, except the UK Government	£9.000m	£5.000m	£7m	Partial
UK Government	£53.711m	£14.042m	Unlimited	Yes
Any group of organisations under the same ownership	£9.000m	£9.000m	£9m per Group	Yes
Any group of pooled funds under the same management	£5.000m	£5.000m	£21m per Manager	Yes
Negotiable instruments held in a broker's nominee account	£0.000m	£0.000m	£21m per Broker	Yes
Foreign Countries	£0.000m	£0.000m	£9m per Country	Yes
Registered providers and registered social landlords	£0.000m	£0.000m	£21m in Total	Yes
Unsecured investments with building societies	£0.000m	£0.000m	£9m in Total	Yes
Loans to unrated corporates	£0.000m	£0.000m	£9m in Total	Yes
Money Market Funds	£18.000m	£13.150m	£42m in Total	Yes
Real Estate Investment Trusts	£0.000m	£0.000m	£21m in Total	Yes

6.31 The non-compliance occurred when the updated limits were applied for 2020/21 and this limit for investment in individual organisations was reduced from £9m to £7m. Unfortunately, this change was not implemented as soon as it should have been. No monies were lost, but there was non-compliance until the oversight was spotted.

6.32 Compliance with the authorised limit and the operational boundary for external debt is demonstrated in Table 8 below.

Table 8: Debt Limits

	2020/21 Maximum	31.3.21 Actual	2020/21 Operational Boundary	2020/201 Authorised Limit	Complied
Borrowing	£156.0m	£152.5m	£212.0m	£280.0m	Yes
Total debt	£156.0m	£152.5m	£212.0m	£280.0m	Yes

Treasury Management Indicators

6.33 The Council measures and manages its exposures to treasury management risks using the following indicators.

6.34 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.3.21 Actual	2020/21 Target	Complied
Portfolio average credit rating	AA-	A-	Yes

6.35 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	31.3.21 Actual	2020/21 Target	Complied
Total cash available within 3 months	£44.8m	£20.00m	Yes

6.36 **Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk in the General Fund. The upper limits on the one-year revenue impact of a 1% rise or fall in interest was:

Interest rate risk indicator	31.3.21 Actual	2020/21 Limit	Complied
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£66,590	£75,000	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£66,590	£75,000	Yes

6.37 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates, and that the business cases for commercial properties (costs and income) are stand alone.

6.38 Maturity **Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31.3.21 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	35.1%	100%	0%	Yes
12 months and within 24 months	3.1%	100%	0%	Yes
24 months and within 5 years	18.5%	100%	0%	Yes
5 years and within 10 years	20.6%	100%	0%	Yes
10 years and above	22.7%	100%	0%	Yes

6.39 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

6.40 Principal **Sums Invested for Periods Longer than a year**: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2020/21	2021/22	2022/23
Actual principal invested beyond year end	£nil	£nil	£nil
Limit on principal invested beyond year end	£30m	£25m	£25m
Complied	Yes	Yes	Yes

Other Matters

6.41 CIPFA consultations: In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year.

6.42 In the Prudential Code the key area being addressed is the statement that "local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed". Other proposed changes include the sustainability of capital expenditure in accordance with an authority's corporate objectives, i.e., recognising climate, diversity and innovation, commercial investment being proportionate to budgets, expanding the capital strategy section on commercial activities, replacing the "gross debt and the CFR" with the liability benchmark as a graphical prudential indicator.

6.43 Proposed changes to the Treasury Management Code include requiring job specifications and "knowledge and skills" schedules for treasury management roles to be included in the Treasury Management Practices (TMP) document and formally reviewed, a specific treasury management committee for MiFID II professional clients and a new TMP 13 on Environmental, Social and Governance Risk Management.

6.44 IFRS 16: The implementation of the new IFRS 16 Leases accounting standard has been delayed for a further year until 2022/23.

7 Links to Corporate Aims / Priorities

7.1 The Capital, Investment and Treasury Management Strategies support the delivery of the Corporate Aims.

8 Finance / Resource Implications

8.1 The Treasury Management function has been well-managed during the year in compliance with the Treasury Management Strategy. As interest rates remain low the opportunities to generate significant income through short term investments has been limited.

8.2 This report provides full details of the Treasury Management activity during the year. A summary of the key points follows:

- As at 31 March 2021, Somerset West and Taunton Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was indicatively £201.647m, while usable reserves and working capital which were the underlying resources available for investment were £44.57m and £24.3m respectively.
- As at 31 March 2021, Somerset West and Taunton Council had external borrowing of £162.5m, with £105.5m attributable to the Housing Revenue Account and £57m mainly attributable to the General Fund.
- Somerset West and Taunton Council also had £44.764m of investments as at 31 March 2021.
- The Council's current strategy was to maintain borrowing and investments below their underlying levels, referred to as internal borrowing.

9 Legal Implications

9.1 The S151 Officer has a statutory responsibility to ensure appropriate arrangements are in place to adequately control the Council's resources. The Council is required to have regard to the Prudential Code, Treasury Management Code and relevant statutory guidance.

10 Climate and Sustainability, Safeguarding and/or Community Safety, Equality and Diversity, Social Value, Partnership, Health and Wellbeing, Asset Management, Data Protection and Consultation Implications

10.1 None in respect of this report.

Democratic Path:

- **Audit, Governance and Standards Committee – Yes**
- **Full Council – Yes**

Reporting Frequency: Annually

List of Appendices

Appendix A	External Context – Analysis by Arlingclose
Appendix B	List of Investments as at 31 March 2021

Contact Officers

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External Context – Analysis by Arlingclose

External Context

Economic background: The coronavirus pandemic dominated 2020/21, leading to almost the entire planet being in some form of lockdown during the year. The start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England cut Bank Rate to 0.1% and the UK government provided a range of fiscal stimulus measures, the size of which has not been seen in peacetime.

Some good news came in December 2020 as two COVID-19 vaccines were given approval by the UK Medicines and Healthcare products Regulatory Agency (MHRA). The UK vaccine rollout started in earnest; over 31 million people had received their first dose by 31st March.

A Brexit trade deal was agreed with only days to spare before the 11pm 31st December 2020 deadline having been agreed with the European Union on Christmas Eve.

The Bank of England (BoE) held Bank Rate at 0.1% throughout the year but extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 meeting. In its March 2021 interest rate announcement, the BoE noted that while GDP would remain low in the near-term due to COVID-19 lockdown restrictions, the easing of these measures means growth is expected to recover strongly later in the year. Inflation is forecast to increase in the near-term and while the economic outlook has improved there are downside risks to the forecast, including from unemployment which is still predicted to rise when the furlough scheme is eventually withdrawn.

Government initiatives supported the economy and the Chancellor announced in the 2021 Budget a further extension to the furlough (Coronavirus Job Retention) scheme until September 2021. Access to support grants was also widened, enabling more self-employed people to be eligible for government help. Since March 2020, the government schemes have helped protect more than 11 million jobs.

Despite the furlough scheme, unemployment still rose. Labour market data showed that in the three months to January 2021 the unemployment rate was 5.0%, in contrast to 3.9% recorded for the same period 12 months ago. Wages rose 4.8% for total pay in nominal terms (4.2% for regular pay) and was up 3.9% in real terms (3.4% for regular pay). Unemployment is still expected to increase once the various government job support schemes come to an end.

Inflation has remained low over the 12-month period. Latest figures showed the annual headline rate of UK Consumer Price Inflation (CPI) fell to 0.4% year/year in February, below expectations (0.8%) and still well below the Bank of England's 2% target. The ONS' preferred measure of CPIH which includes owner-occupied housing was 0.7% year/year (1.0% expected).

After contracting sharply in Q2 (Apr-Jun) 2020 by 19.8% q/q, growth in Q3 and Q4 bounced back by 15.5% and 1.3% respectively. The easing of some lockdown measures in the last quarter of the calendar year enabled construction output to continue, albeit at a much slower

pace than the 41.7% rise in the prior quarter. When released, figures for Q1 (Jan-Mar) 2021 are expected to show a decline given the national lockdown.

After collapsing at an annualised rate of 31.4% in Q2, the US economy rebounded by 33.4% in Q3 and then a further 4.1% in Q4. The US recovery has been fuelled by three major pandemic relief stimulus packages totalling over \$5 trillion. The Federal Reserve cut its main interest rate to between 0% and 0.25% in March 2020 in response to the pandemic and it has remained at the same level since. Joe Biden became the 46th US president after defeating Donald Trump.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.5% but in December 2020 increased the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

Financial markets: Monetary and fiscal stimulus helped provide support for equity markets which rose over the period, with the Dow Jones beating its pre-crisis peak on the back of outperformance by a small number of technology stocks. The FTSE indices performed reasonably well during the period April to November, before being buoyed in December by both the vaccine approval and Brexit deal, which helped give a boost to both the more internationally focused FTSE 100 and the more UK-focused FTSE 250, however they remain lower than their pre-pandemic levels.

Ultra-low interest rates prevailed throughout most of the period, with yields generally falling between April and December 2020. From early in 2021 the improved economic outlook due to the new various stimulus packages (particularly in the US), together with the approval and successful rollout of vaccines, caused government bonds to sell off sharply on the back of expected higher inflation and increased uncertainty, pushing yields higher more quickly than had been anticipated.

The 5-year UK benchmark gilt yield began the financial year at 0.18% before declining to -0.03% at the end of 2020 and then rising strongly to 0.39% by the end of the financial year. Over the same period the 10-year gilt yield fell from 0.31% to 0.19% before rising to 0.84%. The 20-year declined slightly from 0.70% to 0.68% before increasing to 1.36%.

1-month, 3-month and 12-month SONIA bid rates averaged 0.01%, 0.10% and 0.23% respectively over the financial year.

The yield on 2-year US treasuries was 0.16% at the end of the period, up from 0.12% at the beginning of January but down from 0.21% at the start of the financial year. For 10-year treasuries the end of period yield was 1.75%, up from both the beginning of 2021 (0.91%) and the start of the financial year (0.58%).

German bund yields continue to remain negative across most maturities.

Credit review: After spiking in March 2020, credit default swap spreads declined over the remaining period of the year to broadly pre-pandemic levels. The gap in spreads between UK ringfenced and non-ringfenced entities remained, albeit Santander UK is still an outlier compared to the other ringfenced/retail banks. At the end of the period Santander UK was

trading the highest at 57bps and Standard Chartered the lowest at 32bps. The other ringfenced banks were trading around 33 and 34bps while Nationwide Building Society was 43bps.

Credit rating actions to the period ending September 2020 have been covered in previous outturn reports. Subsequent credit developments include Moody's downgrading the UK sovereign rating to Aa3 with a stable outlook which then impacted a number of other UK institutions, banks and local government. In the last quarter of the financial year S&P upgraded Clydesdale Bank to A- and revised Barclay's outlook to stable (from negative) while Moody's downgraded HSBC's Baseline Credit Assessment to baa3 whilst affirming the long-term rating at A1.

The vaccine approval and subsequent rollout programme are both credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. The institutions and durations on the Authority's counterparty list recommended by treasury management advisors Arlingclose remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

Investments as at 31 March 2021

Borrower	Amount £	Rate of Interest %	Date of Investment	Date of Maturity
National Westminster Bank	867,164	0.05	N/A	On Demand
Debt Management Office	8,500,000	-0.02	31/03/2021	01/04/2021
Debt Management Office	1,407,979	-0.01	08/02/2021	12/04/2021
Debt Management Office	3,254,000	0.00	08/03/2021	10/05/2021
Debt Management Office	880,000	0.00	09/03/2021	12/04/2021
Federated Money Market Fund	7,000,041	Variable	N/A	On Demand
CCLA Public Sector Deposit Fund	6,150,240	Variable	N/A	On Demand
CCLA Local Authority Property Fund	4,897,603	Variable	N/A	On Demand
Ninety-One (Formerly Investec)	2,941,803	Variable	N/A	On Demand
Columbia Threadneedle	2,079,753	Variable	N/A	On Demand
Royal London Enhanced Cash Fund	1,010,285	Variable	N/A	On Demand
Paydon Sterling Reserve Fund	2,011,362	Variable	N/A	On Demand
AEGON Diversified Income Fund (Formerly Kames)	1,890,997	Variable	N/A	On Demand
Schroder Income Maximiser Fund	1,873,317	Variable	N/A	On Demand
TOTAL	44,764,544			

Somerset West and Taunton Council

Audit and Governance Committee – 14th June 2021

Corporate Risk Management Process Update

This matter is the responsibility of Executive Councillor Member Ross Henley.

Report Author: Malcolm Riches, Business Intelligence and Performance Manager.

1. Executive Summary / Purpose of the Report

This paper provides an update on the process for risk management within the council.

2. Recommendations

Members are asked to note the progress being made with the approach to risk management.

3. Risk Assessment

Failure to take advantage of opportunities and mitigate business risks is a major risk to the Council and could impact on the Council's ability to deliver its strategic objectives. Failure to regularly review and update the Risk and Opportunity Management Strategy could have an adverse impact on the Council's Annual Governance Statement.

4. Background and Full details of the Report

The purpose of this paper is to provide an update on the risk management process within the council.

The Audit, Standards and Governance Committee agreed the councils updated Risk and Opportunity Management Strategy on 1st February 2021. The Strategy sets out that a quarterly report on risks and issues will be presented to both Scrutiny and Executive. A report was presented to both committees in June providing a list of the current risks and issues for the council. The full report is available at the end of this paper.

As the report to Scrutiny and the Executive was the first report, it was a stand-alone item, and provided an update on all the risks and issues, as of March 2021. In future, regular reports on risks and issues will be included with the quarterly Corporate Performance Reports, and in line with the Risk and Opportunity Management Strategy, will just include the "key business risks", i.e. those that have a score of between 15-25.

The Corporate Risk Register and Corporate Issues Log are supported by registers for each Directorate which have now been developed. The registers are fluid documents

and are reviewed and updated on at least a monthly basis, and more frequently if required. The registers are also aligned to the Directorate service plans and to the delivery of the Corporate Plan and the council's strategic objectives. Programmes and projects that the council is undertaking also capture risks relevant to the work being delivered.

Processes are in place within each directorate to regularly review existing and identify any new risks. As new risks are identified they are included on the risk register and mitigations are identified and planned. The risks are all scored based on their probability and potential impact using the scoring matrix and guidance as set out in the Risk and Opportunity Management Strategy.

A target date is set as to when the mitigations should be in place, and a lead officer is appointed. Risks with a higher score are likely to have a more detailed mitigation plan.

Issues are things which have already happened, so they are not scored in the same way as risks, but they have a RAG status which relates to the severity of the issue.

The risk register and issues log are updated as necessary and new risks/issues can be added at any point. They are routinely reviewed each month through the regular cycle of meetings. The lead officer is responsible for updating the risk register with progress made regarding mitigations, and this is reported back to Directorate performance meetings, and to the Corporate Performance Board where SMT review the key risks monthly.

5. Links to Corporate Strategy

Failure to mitigate business risks is a major risk to the Council and could impact on the Council's ability to deliver its strategic objectives.

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – Yes**
- **Cabinet/Executive – Yes**
- **Full Council – No**

Reporting Frequency: **Once only** **Ad-hoc** **Quarterly**
 Twice-yearly **Annually**

List of Appendices (delete if not applicable)

Appendix 1	
Appendix 2	

Contact Officers

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Somerset West and Taunton Council

Executive – 26th May 2021

Corporate Risk Management Update

This matter is the responsibility of Executive Councillor Member Ross Henley.

Report Author: Malcolm Riches, Business Intelligence and Performance Manager.

Executive Summary / Purpose of the Report

This paper provides an update on the current register of risks and issues.

Recommendations

Members are asked to note the risks and issues held on the Councils register.

Risk Assessment

This report provides detail on the risks that have been identified, and the current issues for the council.

Background and Full details of the Report

The Audit, Standards and Governance Committee agreed the councils updated Risk and Opportunity Management Strategy on 1st February 2021. The Strategy sets out that a quarterly report on risks and issues will be presented to both Scrutiny and Executive. As this is the first such report, it is a stand-alone item, and provides an update on the risks and issues as of March 2021. In future, regular reports on risks and issues will be included with the quarterly performance reports.

The Risk and Opportunity Management Strategy states that only “key business risks”, i.e. those that have a score of between 15-25, will be reported to Executive and Scrutiny on a quarterly basis. As this is the first report, all risks have been included, but future reports will just include key business risks.

There is a Corporate Risk Register and Corporate Issues Log which are supported by registers for each Directorate. The registers are fluid documents and are reviewed and updated on at least a monthly basis, and more frequently if required. The registers are also aligned to the Directorate service plans and to the delivery of the Corporate Plan and the council’s strategic objectives. Programmes and projects that the council is undertaking also capture risks relevant to the work being delivered.

The Corporate Risk Register is attached in Appendix 1. There are currently 15 risks on the risk register. The RAG status of these risks is as follows:

RAG Status	Number of Risks
Red	4
Amber	8
Green	Page 80

The Corporate Issues Log is attached in Appendix 2. There are currently 4 Issues on the issues log. The RAG status of these issues is as follows:

RAG Status	Number of Issues
Red	3
Amber	1
Green	0

Each risk is managed to reduce the impact and/or likelihood and mitigations are put in place. For some, there is acceptance that an inherent level of risk will always remain and therefore we need to be constantly vigilant. Where risks or issues are rated as red, there are more detailed action plans and mitigations in place to manage and reduce the risk.

Links to Corporate Strategy

Failure to mitigate business risks is a major risk to the Council and could impact on the Council's ability to deliver its strategic objectives.

Finance / Resource Implications

If risks or issues have any financial implications, these are recorded on the register.

Legal Implications (if any)

If risks or issues have any legal implications, specific legal guidance is sought.

Climate and Sustainability Implications (if any)

If risks or issues have any climate or sustainability implications, these are recorded on the register.

Safeguarding and/or Community Safety Implications (if any)

If risks or issues have any safeguarding or community safety implications, these are recorded on the register.

Equality and Diversity Implications (if any)

If risks or issues have any equality and diversity implications, these are recorded on the register.

Social Value Implications (if any)

None

Partnership Implications (if any)

If risks or issues are impacted by partner organisations, this is recorded on the register.

Health and Wellbeing Implications (if any)

If risks or issues have Health and Wellbeing implications, these are recorded on the register.

Asset Management Implications (if any)

If risks or issues have implications on any assets, this is recorded on the register.

Data Protection Implications (if any)

If risks or issues have data protection implications, this is recorded on the register.

Consultation Implications (if any)

None

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – Yes**
- **Cabinet/Executive – Yes**
- **Full Council – No**

Reporting Frequency: **Once only** **Ad-hoc** **Quarterly**

Twice-yearly **Annually**

List of Appendices (delete if not applicable)

Appendix 1	Corporate Risk Register
Appendix 2	Corporate Issues Log

Contact Officers

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Appendix 1 – Corporate Risk Register

REF	Corporate Objective	Risk area	Risk Title	Risk Score			Owner
				Impact	Probability	Overall score	
CR2	Our Environment and Economy	Climate Change	Working towards carbon neutrality by 2030 has become an overstated target.	3	3	9	Andrew Pritchard
CR3	A Transparent and Customer Focused Council	ICT	ICT power failure as server room requires permanent solution to improve power supply.	2	2	4	Alison North
CR7	A Transparent and Customer Focused Council	Finance	Failure to achieve value for money when purchasing, not compliant with relevant legislation, inappropriate use of waivers, or poor contract monitoring.	4	3	12	Alison North
CR11	A Transparent and Customer Focused Council	ICT	Cyber security threats.	5	4	20	Alison North
CR12	A Transparent and Customer Focused Council	Finance	Financial sustainability.	4	3	12	Alison North
CR13	A Transparent and Customer Focused Council	Finance	Service delivery may be impacted by supplier issues / exposure.	3	3	9	Alison North
CR15	Our Environment and Economy	Emergency Planning	Civil contingencies and organisational resilience has not been tested.	3	3	9	Andrew Pritchard

CR16	An Enterprising Council	Planning	Failure to have an up to date Local Plan or deliver on housing or employment sites could lead to shortfalls in achieving a Five Year Land Supply or meeting the Housing Delivery Test and leave us vulnerable to loss of employment sites for other uses.	4	2	8	Dawn Adey
CR17	Homes and Communities	Housing	Gypsy and Traveller communities are not adequately supported.	3	4	12	James Barrah
CR20	A Transparent and Customer Focused Council	Data quality	Poor quality data could lead to operational errors, inaccurate performance reporting, and/or impact the right decisions being made.	3	3	9	Alison North
CR22	A Transparent and Customer Focused Council	Health and Safety Compliance	Failure of Risk Assessment process for staff operations leading to incident or near miss.	4	4	16	Alison North
CR23	Homes and Communities	Health and Safety Compliance	Failure to comply with Landlord Property Safety Compliance requirements leading to regulatory failure, failure to comply with the law, incident causing injury or death, negative PR, and financial loss (compensation and / or fine).	4	4	16	James Barrah
CR24	A Transparent and Customer Focused Council	Business Continuity	Business continuity plans are low maturity across the organisation and ownership of managing updates needs to be agreed.	3	1	3	Sean Papworth
CR26	Our Environment and Economy	Emergency Planning	Public health emergency (such as new Covid variants or other novel virus).	3	4	12	Andrew Pritchard
CR27	All	Unitary	Decision awaited regarding unitary proposals. Maintaining operational delivery during period of significant change.	4	4	16	James Hassett

Appendix 2 – Corporate Issues Log

REF	Directorate	Issue Title	RAG	Owner
CI7	Internal Ops	Improvements in financial control and reporting following recent audits.	A	Paul Fitzgerald
CI8	Internal Ops	Improvements in ICT infrastructure and connectivity to meet required standards.	R	Sean Papworth
CI9	Dev & Place	Management of phosphate levels in Tone catchment, particularly regarding impact on planning applications.	R	Gerry Mills
CI20	Internal Ops	Health and safety compliance especially with regard to working from height.	R	Sean Papworth

Addendum to Corporate Risk Management Update

At the request of the Scrutiny Committee, this Addendum provides more narrative on the process for managing risks and issues, and how the authority responds.

Processes are in place within each directorate to regularly review existing and identify any new risks. As new risks are identified they are included on the risk register and mitigations are identified and planned. A target date is set as to when the mitigations should be in place, and a lead officer is appointed.

The risks are all scored based on their probability and potential impact. The Risk Strategy that was agreed at Audit, Governance and Standards Committee in February (available here: [SWT Risk and Opportunity Management Strategy January 2021.pdf \(somersetwestandtaunton.gov.uk\)](https://www.somersetwestandtaunton.gov.uk/sites/default/files/2021-01/SWT_Risk_and_Opportunity_Management_Strategy_January_2021.pdf)) sets out the scoring matrix for the risks in section 6.7 on page 11:

	5	10	15	20	25
Impact	4	8	12	16	20
Severity	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
			Likelihood		

Section 7.4 of the Risk Strategy provides more detail and criteria to determine the Risk Impact (for example the potential scale of financial loss), and section 7.5 provides more info on the probability (likelihood). Risks with a higher score are likely to have a more detailed mitigation plan.

Issues are things which have already happened, so they are not scored in the same way as risks, but they have a RAG status which relates to the severity of the issue.

The risk register and issues log are updated as necessary and new risks/issues can be added at any point. They are routinely reviewed each month through the regular cycle of meetings. The lead officer is responsible for updating the risk register with progress made regarding mitigations, and this is reported back to Directorate performance meetings, and to the Corporate Performance Board where SMT review the key risks monthly.

A report on the risk management process is going to Audit and Governance Committee in June.

Somerset West and Taunton Council

Audit, Governance and Standards Committee – 14th June 2021

Summary of Level 1 and 2 Internal Audit Actions

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

Report Author: Malcolm Riches, Business Intelligence & Performance Manager

1.0 Executive Summary / Purpose of the Report

1.1 The purpose of this report is to update the Committee on progress against level 1 and 2 Internal Audit Actions **as at the end of May 2021**.

2.0 Recommendation

2.1 The Committee reviews the overdue actions contained in the report and notes progress to date.

3.0 Risk Assessment

3.1 It is important to ensure that the Council has actioned the high priority actions that come out of Internal Audit reports in order to strengthen governance arrangements.

4.0 Background and Full details of the Report

4.1 The Council has engaged the South West Audit Partnership (SWAP) to carry out its Internal Audit functions; checking the adequacy of controls and procedures across the whole range of Council services.

4.2 At the start of each financial year an audit plan is agreed between SWAP and the Council which identifies the areas of highest potential organisational and operational risk within the Council.

4.3 When an audit takes place a report is provided to the service manager concerned which gives an audit conclusion and opinion.

4.4 Any control or procedural weaknesses are identified within an action plan appended to the audit report.

4.5 All findings will be allocated one of 3 priority ratings as follows:

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

- 4.6 Each finding within the action plan contains a target implementation date which has been agreed between SWAP and the service manager concerned.
- 4.7 All priority 1 and 2 recommendations are captured in a register to ensure progress against the recommendations can be tracked and progress reported to the Audit, Governance and Standards Committee.
- 4.8 This report gives the Committee a progress update on all priority 1 and 2 audit actions, including those where the agreed remedial action is overdue. A summary of the priority 1 and 2 actions is provided in Appendix 1.
- 4.9 The current position as at 31st May
- 10 audit actions currently open (see Appendix 1)
 - 3 audit reports with all Priority 1 and 2 actions completed since the last report (see appendix 1)
 - 8 audit actions completed since the last report in April (see Appendix 2)
 - There are currently no audit actions overdue as at 31/5/21.

5.0 Links to Corporate Strategy

- 5.1 There are no direct links to corporate aims/priorities although good governance and robust controls form part of the overarching Governance Framework within which the Council operates.

6.0 Finance / Resource Implications

- 6.1 Unmitigated risks identified by SWAP could expose the Council to unanticipated claims, expenditure or exposure to fraud.

7.0 Legal Implications

- 7.1 There are no direct legal implications within this report although unmitigated risks could expose the Council to unanticipated claims.

8.0 Climate and Sustainability Implications

- 8.1 None arising from this report.

9.0 Safeguarding and/or Community Safety Implications

- 9.1 None arising from this report.

10.0 Equality and Diversity Implications

10.1 None arising from this report.

11.0 Social Value Implications

11.1 None arising from this report.

12.0 Partnership Implications

12.1 None arising from this report.

13.0 Health and Wellbeing Implications

13.1 None arising from this report.

14.0 Asset Management Implications

14.1 None arising from this report.

15.0 Data Protection Implications

15.1 None arising from this report.

16.0 Consultation Implications

16.1 None arising from this report.

17.0 Scrutiny Comments / Recommendation

17.1 The Terms of Reference within the Constitution set out that this is a matter for the Audit, Governance and Standards Committee and not the Scrutiny Committee.

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – Yes**
- **Cabinet/Executive – No**
- **Full Council – No**

Reporting Frequency: Quarterly

Contact Officers

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APPENDIX 1

Summary/Status of Audit Reports

Report	Status	Date	Judgement	Priority 1 and 2's identified	Position as at 31 st May 2021	
					Priority 1/2 actions still open	Overdue (as at 31/5/21)
Financial Resilience	Final	04/06/2020	Reasonable	1	1	0
Grounds and Open Spaces	Final	9/10/2020	Limited	7	3	0
Procurement	Final	26/10/2020	Limited	5	4	0
Ethical Governance & Culture	Final	04/02/2021	Limited	3	1	0
Housing Compliance - Governance & Reporting	Final	04/03/2021	Reasonable	2	1	0
				18	10	0

Audit Reports with 1 & 2 Actions Completed (Since April Report)

Report	Status	Date	Judgement	Priority 1 and 2's identified	Priority 1/2 actions still open	All 1/2 actions complete
Debtors 2019/20	Final	21/02/2019	Partial	4	0	YES
Main Accounting 2019/2020	Final	09/04/2020	Partial	2	0	YES
Financial Control and Reporting 2020/21	Final	18/12/2020	Reasonable	1	0	YES

Appendix 2 – Update on Priority 1 and 2 Audit Recommendations as at 31st May 2021

Audit Report	Recommendation	Priority Scoring	Responsible Officer	Target Date	Progress	RAG Status
Debtors 2019/20 Page 93	Ensure that reconciliations between Open Contractor and the General Ledger are completed. Procedure notes should be created so that another officer can pick up the reconciliation if required	1	AD for Finance	(Original 30/09/2020) New date: 31/03/2021	<p><u>2019/20 Accounts:</u> Significant assurance work was undertaken to ensure the General Ledger for 2019/20 accounts were materially correct, involving officers from business support, housing, grounds and open spaces, and finance teams. Income: Significant assurance work has been completed during 2020/21 to reconcile and confirm external billing requirements. A new, simplified process will be used during 2021/22 by External Operations for external works contracts.</p> <p><u>Reconciliations Process:</u> Three major workstreams have been completed during 2020/21. Together the Systems & Projects Accountant (KG) and Business Analyst (JS) have comprehensively reviewed the end to end process for scheduling, performing and charging for works either internally to services or externally for other customers. This is documented as a comprehensive flow diagram showing interactions for the various elements of the processes. A clear understanding of the process and controls has been established. Secondly, the Systems & Projects Accountant has tested transactions to ensure complete and accruate posting to the General Ledger. This has been accepted by the AD Finance as suitable assurance to close the reconciliation requirement as recommended by audit. Thirdly, significant work has been undertaken to clear an extensive backlog of open jobs within OC. A full report of work in progress has been used to post costs to 2020/21 for jobs not yet fully complete and task-charged. 2021/22 Ongoing: A new Project is being launched in 2021/22 Q1 to determine future arrangements for job costing and recharging. This will be tracked through the PMO and project management arrangements outside of audit actions tracking.</p>	COMPLETE
Main Accounting 2019/20	Ensure that a process to reconcile the OC system to the General Ledger is developed and a procedure written. Also to ensure that the OC codes are amended to ensure they post to the correct location on import.	2	Finance Business Partner	(Original 30/09/2020) New date: 31/03/2021	<p><u>2019/20 Accounts:</u> Significant assurance work was undertaken to ensure the General Ledger for 2019/20 accounts were materially correct, involving officers from business support, housing, grounds and open spaces, and finance teams.</p> <p><u>Reconciliations Process:</u> Three major workstreams have been completed during 2020/21. Together the Systems & Projects Accountant (KG) and Business Analyst (JS) have comprehensively reviewed the end to end process for scheduling, performing and charging for works either internally to services or externally for other customers. This is documented as a comprehensive flow diagram showing interactions for the various elements of the processes. A clear understanding of the process and controls has been established. Secondly, the Systems & Projects Accountant has tested transactions to ensure complete and accruate posting to the General Ledger. This has been accepted by the AD Finance as suitable assurance to close the reconciliation requirement as recommended by audit. Thirdly, significant work has been undertaken to clear an extensive backlog of open jobs within OC. A full report of work in progress has been used to post costs to 2020/21 for jobs not yet fully complete and task-charged.</p>	COMPLETE

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Financial Resilience 2019/20	We recommend that the S151 officer ensures that the staff budget is fully costed and included in the MTFP. Shortfalls in budget should have robust saving plans in the short to medium term agreed with SMT.	1	S151 Officer/Chief Executive	Revised 31/3/2022 (Previous 31/12/2020)	Staffing budget = COMPLETE. The staff budget has been fully updated and reconciled in 20/21 budgets to reflect the new directorate structure completed during the year. This is also complete for the draft 21/22 budget. Savings = IN PROGRESS. Council has approved a balanced budget for 2021/22, utilising £1.2m from general reserves to temporarily address some of the budget gap. SMT and the Executive will be reviewing the Financial Strategy for 2022/23, which will consider the context of prospective implementation of a unitary local authority structure in April 2023.	In Progress
Financial Control and Reporting 2020/21	The S151 Officer will arrange for the Monitoring Officer to revise role titles within the Financial Procedure Rules under delegated authority for such minor amendments. Guidance and templates will be updated to reflect current role titles and provide clearer definitions for the types of budget changes including virements to clarify the approvals required.	2	AD Finance and S151 Officer	Revised target date now 30/4/2021 (previous 31/01/2021)	Updated Financial Procedure Rules approved at Full Council 29 April 2021.	COMPLETE
Page 94 Procurement	We recommend that the Strategic Procurement Specialist finalises the draft Procurement Strategy as per the Finance and Procurement team's Operational Plan, to ensure the council can be held accountable for the Strategy's adoption and progression. The progress of implementing the Procurement Strategy, together with the adaptation of the CPRs, should continue to be closely monitored by the Assistant Director Finance, to ensure its timely progression in accordance with agreed implementation timeframes.	2	Strategic Procurement Manager AD for Finance/S151 Officer	Revised target 31/7/21 (previous 31/1/21)	<u>Procurement Strategy:</u> A new Procurement Strategy for SWTC has been prepared, which was supported by SMT in February 2021 and approved by Executive Committee in March 2021. This part of the agreed actions is therefore complete. <u>Contract Procedure Rules:</u> Draft revisions of CPR's has been completed and submitted to the monitoring officer (February 2021) for formal approval and incorporation into the Constitution. However, the draft CPRs will be reviewed by S151 Officer in May 2021, with a view to approval at Full Council in July 2021. Deadline therefore extended by S151 Officer to 31 July for this item.	In Progress

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Procurement	<p>We recommend that the Strategic Procurement Specialist liaises with the Assistant Director Finance (S151 Officer) to:</p> <p>Set a timeframe for the completion and implementation of the procedural Procurement guidance for Procuring Officers. This guidance should include, but not be limited to, information as to how collaborative Procurement frameworks should be used to ensure the achievement of collaboration objectives and value for the council's money.</p> <p>Also set a timeframe for completing the development of, and for implementing, both Procurement training modules. They should also make an informed decision as to who will be required to complete both modules and should ensure that these modules align with the Procurement Strategy and procedural guidance once finalised, and with any other related council policies.</p>	2	Strategic Procurement Specialist and Assistant Director Finance (S151 Officer)	Revised 30/9/21 (previous 30/11/2020)	Marked as complete as action to agree timeframe is done. Timeframe for the development of guidance initially extended to March when Procurement Strategy timeline of January 2021 agreed with SMT. Following review of Draft Strategy, the approval was extended to March 2021. The timeframe for the development of guidance and training has subsequently been extended to 30 June 2021 in agreement with the AD Finance, and this work is in progress. Guidance will be rolled out in Q1 and training expected to be rolled out in Q2. PS working with HR (CG & LF); the current provider has made changes to programmes and types of product available. HR now able to take forward product development which should improve progress to get sessions on intranet. Target date for guidance now 30 June, and target for training 30 September 2021.	COMPLETE
Page 95 Procurement	<p>Review the CPRs to bring them up to speed with the current exemption process being used and ensure that the end-to-end process is designed to fully protect the council's interests. Any changes to the CPRs to reflect the current exemption process should be approved by the Monitoring Officer.</p> <p>Ensure that the PO reference(s) relevant to each register entry are obtained and entered into the waiver register, and that the Specialist implements a procedure to monitor and ensure that spending through exemption is in line with the authorised waiver value, or that further authorisation is obtained where an originally authorised waiver value is to be exceeded.</p> <p>Implement a process to report regularly to the Senior Management Team on the type and value of expenditure being processed through exemption.</p>	2	Strategic Procurement Specialist and Assistant Director Finance (S151 Officer)	Revised target 31/07/2021 (previous 31/1/21)	More robust Waiver register has been implemented to record PO details and values which will be reviewed to ensure compliance with estimated budget cost and that any overspends are recorded and interrogated with the originating officer, recording all information highlighted by Audit. This part is therefore complete. PS and PF reviewed outcome for the action with CPRs, and resolved to leave CPRs as they are and to update working exemption process to align with existing rules. Update guidance and proformas to be circulated to all staff by 10 May 2021. The exemptions register is currently a procurement restricted document, but will be used to collate quarterly report for Performance Board on Number, Types, Value by Quarterly and aggregated spend. The first report to the Board will be in July 2021. Revised target date to have completed all elements therefore extended in agreement with AD Finance to 31 July 2021.	In Progress

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Procurement	<p>Completes a review of the contract register to ensure that all existing contracts are identified within, and that any spending off-contract is challenged with the relevant Officers as required.</p> <p>Ensures the reconciliation of the internal and external contract registers, to ensure they agree. This exercise should be performed at regular intervals going forward, to ensure the registers are maintained and up to date.</p>	2	Strategic Procurement Specialist	Revised target 30/6/21 (Previous 31/01/2021)	<p>The format and method publication is under review and being revised to enable open public access by the public of our contracts register via the eProcurement portal which is being updated</p> <p>Internal and External contract registers currently under revision to make more information available to internal managers and externally to improve governance compliance. This work has been ongoing with position constantly updated as new contracts completed, with procurement team capacity limited due to vacancy and support needed for procurement activity. Temporary support now being provided by Ops Support pending recruitment of Case Manager. Revised target date of 30 June 2021.</p>	In Progress
Procurement Page 96	<p>We recommend that the Strategic Procurement Specialist liaises with the wider finance management team as intended, to develop and implement a proportionate suite of performance measures and reporting mechanisms that enable accountability and governance over the procurement function. Once developed, these should be documented, and this work should consider, but not be limited to, development of performance measures and monitoring in the following areas:</p> <ul style="list-style-type: none"> • Regular monitoring of, and reporting to the Senior Management Team on, the achievement of the Procurement cost savings stipulated in the MTFP • The achievement of the value for money, sustainable Procurement, and the social equality commitments within the draft Procurement Strategy • Analysis of spending against approved, contracted, and uncontracted suppliers • The achievement and benefit of collaboration in procurement (e.g. through use of procurement frameworks, or other procurement initiatives) 	2	Strategic Procurement Specialist	Revised target 31/7/21 (Previous 31/03/21)	Financial Strategy now incorporates limited procurement savings, therefore detailed procurement savings monitoring process not required. This part of the action plan is therefore closed. Progress has been slowed by capacity constraints. New target agreed with AD Finance to develop performance reporting during Q1 to bring to Performance Board in July. Target date therefore extended to 31 July 2021.	In Progress

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Ethical Governance & Culture	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.	2	Governance Manager	31/3/21	The Anti-Fraud Framework which includes Anti-Fraud Strategy, Anti-Bribery Policy, Anti-Money Laundering Policy and Whistleblowing Policy went to the Audit, Governance and Standards Committee on 12 April and was then approved by the Executive on 21 April. Internal Communications to all staff has gone out to remind them of the Anti-Fraud framework and also the Officer Code of Conduct.	COMPLETE
Page 9 Ethical Governance & Culture	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.	2	Governance Manager	31/3/21	A register for staff interests has previously been in place. Due to the Covid pandemic and working at home - an electronic form has been produced and this was also included in the internal communications to all staff	COMPLETE
Ethical Governance & Culture	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"> • Whistleblowing procedures • Conflicts of interest • Money Laundering and Fraud" 	2	Governance Manager to liaise with AD – Corporate.	02/07/21	<ul style="list-style-type: none"> • Whistleblowing & Money Laundering & Fraud - eLearning packages have been added to the mandatory section of the learning management system (LMS), the updated polices need to be added in addition to this, which the People Business Partner (L & D) is working to complete (all staff will then need to affirm they have read and understood the policy alongside the training - this will be monitored by PBP over the coming months to ensure all required mandatory training is completed) • Conflicts of interest currently sits in the induction section of the LMS. • The People Business Partner and team are reviewing the induction material and required policies and will adjust the Induction vs Mandatory elements of the LMS to ensure suitable coverage. 	In Progress

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Grounds and Open Spaces	We recommend the Open Spaces and Streetscene Manager ensures that a Strategy for the generation of income from external works is implemented.	2	Open Spaces and Streetscene Manager	31/3/21	Draft strategy completed, with supporting actions built into service plan.	COMPLETE
Grounds and Open Spaces	We recommend the Open Spaces and Streetscene Manager ensures that the Case Management Lead, all Case Managers – Localities and the Locality Champion receive financial management training.	2	Open Spaces and Streetscene Manager	31/8/21		In Progress
Grounds and Open Spaces	We recommend the Open Spaces and Streetscene Manager ensures that all key areas document their Schedule of Works and projected income for each financial year and this is used to inform a Financial Forecast for Open Spaces.	2	Open Spaces and Streetscene Manager	30/9/21		In Progress
Grounds and Open Spaces	We recommend the Open Spaces and Streetscene Manager ensures that detailed procedures are written for all key areas.	2	Open Spaces and Streetscene Manager	30/9/21		In Progress
Housing Compliance - Governance & Reporting	The Compliance Manager has agreed to archive copies of the Compliance Spreadsheet as at the times of producing the respective reports for the: 1. KPI Spreadsheet. 2. Reports to Audit, Governance and Standards Committee. 3. Monthly Scorecard PI Report.	2	Compliance Manager	31/3/21	This action is now complete. 3 Months of data has now been accurately archived.	COMPLETE

Housing Compliance- Governance & Reporting	The Compliance Manager has appointed specialist Contractors to expedite the programme of property inspections for water safety. They expect to have completed this by March 2022.	2	Compliance Manager	31/3/22		In Progress
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