

Enquiries to Committee Services
Direct Dial: 024 7637 6000
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Date: 11th July 2022

Our Ref: MM

Dear Sir/Madam,

A meeting of the **AUDIT & STANDARDS COMMITTEE** will be held in the Council Chamber, Town Hall, Nuneaton, on **Tuesday 19th July 2022** at **6.00pm**

Please note that meetings will be recorded for future publication on the Council's website.

Yours faithfully,

BRENT DAVIS
Chief Executive

To: All Members of the
Audit & Standards
Committee

Councillors R Baxter-Payne (Chair),
J. Sheppard (Vice-Chair), B. Beetham,
T. Cooper, L. Cvetkovic, L. Downs,
M. Green, J. Hartshorn, J. Kennaugh,
N. Phillips and R. Tromans

A G E N D A

PART I - PUBLIC BUSINESS

1. ANNOUNCEMENTS

To advise the meeting participants of the procedure that will be followed by the Members of the committee.

A fire drill is not expected, so if the alarm sounds please evacuate the building quickly and calmly. Please use the stairs and do not use the lifts. Once out of the building, please gather outside the Virgin Money building (formally the Yorkshire Bank) on the opposite side of the road.

Exit by the door by which you entered the room or by the fire exits which are clearly indicated by the standard green fire exit signs.

If you need any assistance in evacuating the building, please make yourself known to a member of staff.

Please also make sure all your mobile phones are turned off or set to silent.

Chair to advise the meeting that the meeting will be recorded for future broadcast.

2. APOLOGIES - To receive apologies for absence from the meeting.

3. MINUTES – To confirm the minutes of the meeting of the Audit and Standards Committee held on 15th March 2022, attached (**Page 4**)

4. DECLARATIONS OF INTEREST

To receive declarations of Disclosable Pecuniary and Other Interests, in accordance with the Members' Code of Conduct.

Declaring interests at meetings

If there is any item of business to be discussed at the meeting in which you have a disclosable pecuniary interest or non-pecuniary interest (Other Interests), you must declare the interest appropriately at the start of the meeting or as soon as you become aware that you have an interest.

Arrangements have been made for interests that are declared regularly by members to be appended to the agenda (**Page 10**). Any interest noted in the Schedule at the back of the agenda papers will be deemed to have been declared and will be minuted as such by the Committee Services Officer. As a general rule, there will, therefore, be no need for those Members to declare those interests as set out in the schedule.

There are, however, TWO EXCEPTIONS to the general rule:

1. When the interest amounts to a Disclosable Pecuniary Interest that is engaged in connection with any item on the agenda and the member feels that the interest is such that they must leave the room. Prior to leaving the room, the member must inform the meeting that they are doing so, to ensure that it is recorded in the minutes.

2. Where a dispensation has been granted to vote and/or speak on an item where there is a Disclosable Pecuniary Interest, but it is not referred to in the Schedule (where for example, the dispensation was granted by the Monitoring Officer immediately prior to the meeting). The existence and nature of the

dispensation needs to be recorded in the minutes and will, therefore, have to be disclosed at an appropriate time to the meeting.

Note: Following the adoption of the new Code of Conduct, Members are reminded that they should declare the existence and nature of their personal interests at the commencement of the relevant item (or as soon as the interest becomes apparent). If that interest is a Disclosable Pecuniary or a Deemed Disclosable Pecuniary Interest, the Member must withdraw from the room.

Where a Member has a Disclosable Pecuniary Interest but has received a dispensation from Audit & Standards Committee, that Member may vote and/or speak on the matter (as the case may be) and must disclose the existence of the dispensation and any restrictions placed on it at the time the interest is declared.

Where a Member has a Deemed Disclosable Interest as defined in the Code of Conduct, the Member may address the meeting as a member of the public as set out in the Code.

Note: Council Procedure Rules require Members with Disclosable Pecuniary Interests to withdraw from the meeting unless a dispensation allows them to remain to vote and/or speak on the business giving rise to the interest.

Where a Member has a Deemed Disclosable Interest, the Council's Code of Conduct permits public speaking on the item, after which the Member is required by Council Procedure Rules to withdraw from the meeting.

5. PUBLIC CONSULTATION - Members of the Public will be given the opportunity to speak on specific agenda items or have their submitted statement read by an officer of the Council if notice has been received.
6. INTERNAL AUDIT ANNUAL REPORT AND COUNTER FRAUD ACTIVITY 2021-22 – report of the Head of Audit and Governance (Interim) and Director for Finance and Enterprise **(Page 13)**
7. INTERNAL AUDIT CHARTER – report of the Head of Audit and Governance (Interim) and Director for Finance and Enterprise. **(Page 38)**
8. AUDIT AND STANDARDS COMMITTEE CORE WORK PROGRAMME 2022/23 - report of the Director – Finance & Enterprise and Director – Planning and Regulations. **(Page 47)**
9. ANY OTHER ITEMS - which in the opinion of the Chair should be discussed as a matter of urgency because of special circumstances (which must be specified).
10. EXCLUSION OF THE PUBLIC AND PRESS - Under section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following item, it being likely that there would be disclosure of exempt information of the description specified in paragraph (i) and (iv) of Part I and II of Schedule 12A to the Act.
11. INVESTIGATION REPORT – COMPLAINT 12/21 - report of the Monitoring Officer **(To Follow)**.

NUNEATON AND BEDWORTH BOROUGH COUNCIL

AUDIT & STANDARDS COMMITTEE

15th March 2022

A meeting of the Audit & Standards Committee was held on Tuesday, 15th March 2022 in the Council Chamber, Town Hall, Nuneaton. The meeting was recorded and live streamed.

Present

Councillor H. Walmsley – Chair

Councillors B. Beetham, T. Cooper, L. Downs, J. Hartshorn, J. Kennaugh, K. Kondakor, J. Singh, R. Tromans and Mr G. Sonola

Apologies were received for Councillor M. Rudkin

PART I – PUBLIC BUSINESS

ASC51 **Announcements**

The Chair announced that this would be the first hybrid committee meeting held by the Council.

Mr Sonola wished to place on record his thanks to the members of the committee and staff for the opportunity to serve as a co-opted member for eight years on this committee as this would be his final meeting.

Councillor R. Tromans proposed a vote of thanks which was seconded by the Chair for Mr Sonola's invaluable input to the committee over the last eight years.

ASC52 **Minutes**

RESOLVED that the minutes of the Audit and Standards Committee meeting held on 11th January 2022, be confirmed, and signed by the Chair.

ASC53 **Declarations of Interest**

RESOLVED that the Declarations of Interest for this meeting are as set out in the Schedule attached to these minutes.

ASC54 **Internal Audit Report – Notices Issued to Residents (in the last 2 years)**

The report of the Internal Auditor was submitted to the committee for consideration. The audit focused on whether the notices issues in the

last two years were appropriate and in accordance with the statutory guidance and the Council's approved policies and procedures.

RESOLVED that

- a) to review the challenge data to be provided for the relevant type of notices issued for the last three years (2019/20, 2020/21 and 2021/22) with a report to be brought back to the next full Audit and Standards committee to ensure the work has been completed; and
- b) the report be noted

ASC55 **Internal Audit Report – Section 106 Agreement (Planning Obligations in the past five years)**

A report from the Internal Auditor was submitted on the above to the committee for consideration. The scope of the audit was to provide assurance that the Planning Service arrangements were meeting the needs of the council, and to ensure that all s106 income due was calculated accurately, collected and spent in accordance with the terms of the agreement.

RESOLVED that

- a) it be recommended to Cabinet to review the indexation payments (that have not been claimed on certain invoices) with a view of re-invoicing the relevant developers for the outstanding amounts; and
- b) the report be noted.

ASC56 **Internal Audit Plan 2022-23**

A report from the Interim Director – Finance and Enterprise set out the proposed Internal Audit Plan for 2022-23

RESOLVED that the Internal Audit Plan 2022-23 at Appendix A be approved with the commitment that the terms of reference for the audits be brought to the Audit and Standards Committee in July and that any urgent requests from the committee be sent to the Chair within the next two weeks.

ASC57 **Any Other Items**

Statement of Accounts 2020/21

The Interim Director – Finance and Enterprise informed the committee that due to COVID-19 the Statement of Accounts for 2020/21 are currently not ready to be presented to the committee. The Government did relax the audit requirements due to exceptional circumstances for the year 2020/21. The aim is to have the accounts ready for the next Audit and Standards due to be held in July 2022.

RESOLVED that the update be noted

ASC58 **Exclusion of the Public and Press**

RESOLVED that under section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following item, it being likely that there would be disclosure of exempt information of the description specified in paragraph (i) and (ii) of Part I of Schedule 12A to the Act.

Part II – Private Business

ASC59 **Complaints Against Members: 3rd September 2021 – 3rd March 2022**

A report from the Monitoring Officer was presented to the committee for consideration of the complaints against members received from 3rd September 2021 to 3rd March 2022.

RESOLVED that the four formal complaints received for the period 3rd September 2021 to 3rd March 2022 be noted

ASC60 **Whistle-blowing complaint: Outcome of investigation**

An Outcome of Investigation Report from the Director – Planning and Regulation was presented to the Audit and Standards Committee for consideration.

RESOLVED that

- a) the actions taken to date at Appendix A of the report be noted;
- b) an addition of stock controls to the Governance and Procurement Assurance audit;

- c) it be recommended to Employment Committee that the flexi-time scheme be reviewed; and
- d) the underlying cultural issues be referred to the Council's Management Team to adopt appropriate arrangements within the Council's Corporate Governance framework to address those issues.

Chair _____

Audit and Standards Committee - Schedule of Declarations of Interests – 2021/2022

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
	General dispensations granted to all members under s.33 of the Localism Act 2011			Granted to all members of the Council in the areas of: <ul style="list-style-type: none"> - Housing matters - Statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992 - An allowance, payment given to members - An indemnity given to members - Any ceremonial honour given to members - Setting council tax or a precept under the Local Government Finance Act 1992 - Planning and Licensing matters - Allotments - Local Enterprise Partnership
	B. Beetham	Employed by The George Elliott Hospital; Warwickshire County Council – Camp Hill	Member of the following Outside Bodies: <ul style="list-style-type: none"> • Camp Hill Urban Village: Pride in Camp Hill Board • Committee of Management of Hartshill and Nuneaton Recreation Ground 	
	T. Cooper	None	Member on the following Outside Bodies: <ul style="list-style-type: none"> • Camp Hill Urban Village: Pride in Camp Hill Board • Committee of Management of Hartshill and Nuneaton Recreation Ground 	
	L. Downs	River Bars Limited; Coventry Plus Beyond the Plane	NBBC representative on the Armed Forces Covenant Meeting	
	J. Hartshorn	Employed by Nuneaton Library – Digital Inclusion – WCC (Senior Customer Service Assistant) COVID Community Testing – WCC – Team Leader (Casual)	Member of Nuneaton Conservatives	

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
	L. Hocking	Employed by Openreach	Member of: <ul style="list-style-type: none"> • Unite the Union • Communication Workers Union 	
	J. Kennaugh	County Councillor W.C.C. Employed by UK Flooring Direct Ltd.	Member of the W.C.C. Regulatory Committee Member of the Conservative Party Member of UNITE the Union Nuneaton and Bedworth representative for the Equality and Inclusion Partnership NBBC Representative on Warwickshire Race Equality Partnership	
	K.A. Kondakor	Electronic Design Engineer (self-employed, semi-retired) Statistical data analyst and expert witness (self-employed)	100PERCENTRENEWABLEUK LTD	
	M. Rudkin	Employee of Coventry City Council	Unite the Union	
	J. Singh			
	R. Tromans	RTC, Nuneaton AFL, Wellingborough	Warwickshire County Councillor Member of the following Outside Bodies: <ul style="list-style-type: none"> • Nuneaton Neighbourhood Watch Committee • Nuneaton Festival of Arts 	
	H. Walmsley	Chief of Staff to Julian Knight MP	Chartered Institute of Public Relations Member on the following Outside Bodies: <ul style="list-style-type: none"> • Friendship Project for Children • West Midlands Combined Authority Audit Group 	Dispensation to speak and vote

Audit and Standards Committee - Schedule of Declarations of Interests – 2022/2023

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	R. Baxter-Payne (Chair)	Manager Brinklow Quarry Ltd, Brinklow; County Councillor - WCC	Spouse: Self-employed childminder Member of the following Outside Bodies: <ul style="list-style-type: none"> • West Midlands Combined Audit, Risk and Assurance Committee • Warwickshire Adult Social Care and Health Overview and Scrutiny Committee (substitute) 	
	B. Beetham	Employed at The George Eliot Hospital; Warwickshire County Council – Camp Hill	Member of the following Outside Bodies: <ul style="list-style-type: none"> • Camp Hill Urban Village: Pride in Camp Hill Board • Committee of Management of Hartshill and Nuneaton Recreation Ground 	
	T. Cooper	None	Member on the following Outside Bodies: <ul style="list-style-type: none"> • Camp Hill Urban Village: Pride in Camp Hill Board • Committee of Management of Hartshill and Nuneaton Recreation Ground 	
	L. Cvetkovic	Head of Geography	The Bulkington Volunteers	

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
		(Teacher), Sidney Stringer Academy, Coventry	(Founder); Bulkington Sports and Social Club (Trustee) Member on the following Outside Bodies: <ul style="list-style-type: none"> • Building Control Partnership Steering Group 	
	L. Downs	River Bars Limited; Coventry Plus Beyond the Plane	Member on the following Outside Body: <ul style="list-style-type: none"> • Hammersley, Smith and Orton Charity 	
	M. Green	Employed by Horiba Mira – Calibration Technician	Chair of Education Standards Committee – St Thomas More School Executive Member – Nuneaton Conservatives. Secretary – St Vincent De Paul Society at Our Lady of the Angels Church. Our Lady of the Angels Church. Member on the following Outside Bodies: <ul style="list-style-type: none"> • Friendship Project for Children. 	
	J. Hartshorn	Employed by Nuneaton Library – Digital Inclusion – WCC (Senior Customer Service Assistant) COVID Community Testing – WCC – Team Leader (Casual)	Member of Nuneaton Conservatives	
	J. Kennaugh	County Councillor W.C.C. Employed by FedEx Express UK Limited.	Member of the W.C.C. Regulatory Committee Member of the Conservative Party Member of UNITE the Union Member on the following Outside Bodies: <ul style="list-style-type: none"> • EQulP 	
	N. Phillips	Employee of DWP	Member of: <ul style="list-style-type: none"> • Nuneaton Labour CLP • The Fabian Society • The George Eliot Society • The PCS Union • Central Credit Union • Stockingford Sports and Allotment Club • Haunchwood Sports and Social Club 	

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
	J. Sheppard (Vice-Chair)		Partnership member of the Hill Top and Caldwell Big Local. Director of Wembrook Community Centre. Member of the Management Committee at the Mental Health Drop-in.	Dispensation to speak and vote on any matters of Borough Plan that relate to the Directorship of Wembrook Community Centre
	R. Tromans	RTC, Nuneaton AFL, Wellingborough	Director of Wembrook Community Centre. <ul style="list-style-type: none"> • Member of the Management Committee at the Mental Health Drop in. Partnership member of the Hill Top and Caldwell Big Local. Director of Wembrook Community Centre. Member of the Management Committee at the Mental Health Drop in.	

NUNEATON AND BEDWORTH BOROUGH COUNCIL

Report to: Audit and Standards Committee – 19th July 2022

From: Head of Audit and Governance (Interim) and Director for Finance and Enterprise

Subject: Internal Audit Annual Report and Counter Fraud Activity 2021 - 22

1. Purpose of the Report

- 1.1 The purpose of this report is to present the Head of Audit and Governance (Interim) Annual report, which includes:
- A statement on conformance with the Public Sector Internal Audit Standards (PSIAS);
 - The results of the quality assurance and improvement programme;
 - The Head of Audit and Governance opinion on the overall adequacy and effectiveness of NBBC's framework of governance, risk management and control; and
 - A summary of the work that supports that opinion.

2. Recommendations

- 2.1 To note the findings of an assessment of the internal audit function against the Public Sector Internal Audit Standards and quality assurance programme.
- 2.2 To consider the summary of internal audit work at Appendix A and B which supports the Head of Audit and Governance opinion.
- 2.3 That the Head of Audit and Governance overall opinion on the control environment be noted.

3. What is the Committee being asked to consider?

- 3.1 In relation to recommendation 2.1: -
- Is the Internal Audit section effective?
 - Does the section comply with the Public Sector Internal Audit Standards (PSIAS)?
 - Can the findings of the team be relied upon?
- 3.2 In relation to recommendation 2.2:

- Management of the Audit Plan during 2021-22;
- Any issues or questions arising from the summary of audit findings and any specific audits where the Committee would like a follow-up report from managers;

3.3 In relation to recommendation 2.3:

- The Head of Audit and Governance overall opinion of the control environment given the work completed and the outcome of specific audit reviews.

4. Background

4.1 The Public Sector Internal Audit Standards (PSIAS) came into force on the 1st April 2013 and were amended, with effect from 1st April 2017. The objectives of the PSIAS are to:

- Define the nature of internal auditing within the UK public sector;
- Set basic principles for carrying out internal audit in the UK public sector;
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

4.2 The Standards refer to the Chief Audit Executive (CAE), which at NBBC is the Head of Audit and Governance; all references to the board refer to the Audit and Standards Committee. The Standards require the CAE to present an annual report to the board which incorporates a statement on conformance with the PSIAS, an opinion on the Council's overall control environment and a summary of the work that has been completed to support that opinion.

5. Requirements of the PSIAS

5.1 The Standards are split into Attribute Standards and Performance Standards. The Attribute Standards address the characteristics of the organisation. The Performance Standards describe the nature of the internal audit activity and provide quality criteria against which performance can be evaluated.

Attribute Standards

1000 – Purpose, Authority and Responsibility

5.2 The purpose, authority and responsibility of internal audit must be formally defined in an internal audit charter. The charter is a formal document that establishes internal audit's position within the organisation, including the CAE's reporting relationship with the board; authorises access to records, personnel, and physical properties relevant to the performance of reviews

and defines the scope of internal audit activities. Final approval of the charter resides with the board.

1100 – Independence and Objectivity

- 5.3 Independence is the freedom from conditions that threaten the ability of the internal audit function to carry out its responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit service, the CAE must have direct and unrestricted access to senior management and the board. The CAE is able to confirm that the NBBC internal audit service is organisationally independent.
- 5.4 Individual objectivity is achieved when internal auditors have an impartial, unbiased attitude and avoid any conflict of interest.
- 5.5 The Standards suggest that the board should have responsibility for the appointment and removal of the CAE and for approving the CAE's remuneration. However, it is recognised that in the UK public sector it would be unusual for the board to have such a role, although it may be the case if the internal audit function is supplied by contractors or a partnership.

1200 – Proficiency and Due Professional Care

- 5.6 Internal auditors must possess the knowledge, skills and other competencies needed to perform their individual responsibilities. The internal audit team collectively must possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities. The CAE must hold a professional qualification and be suitably experienced. In addition, all internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional qualifications.

1300 – Quality Assurance and Improvement Programme

- 5.7 The CAE must develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. A QAIP is designed to enable an evaluation of internal audits conformance with the Standards and an evaluation of whether the auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of internal audit and identifies opportunities for improvement. The QAIP must include both internal and external assessments.

Performance Standards

- 5.8 The Performance Standards describe the nature of the internal audit services being provided and provide criteria against which the performance of an internal audit function can be measured.
- 5.9 The elements included within this section are:

- *2000 - Managing the internal audit activity* – the CAE must effectively manage the internal audit activity to ensure that it adds value to the organisation. The activity adds value when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management and control processes; and objectively provides relevant assurance.
- *2100 - Nature of the Work* – the internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic, disciplined and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive, and their evaluations offer new insights and consider future impact.
- *2200 - Engagement Planning* – internal auditors must develop and document a plan for each engagement, including the engagement’s objectives, scope, timing, and resource allocations. The plan must consider the organisation’s strategies, objectives, and risks relevant to the engagement.
- *2300 - Performing the Engagement* – internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement’s objectives.
- *2400 - Communicating results* – communications must include the engagement’s objectives, scope, results, an appropriate conclusion, recommendations, and an action plan. Where appropriate, the internal auditors’ opinion should be provided, which must take account of the expectations of senior management and must be supported by sufficient, reliable, relevant, and useful information.
- *2500 - Monitoring progress* – The CAE must implement a follow up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.
- *2600 – Communicating the acceptance of risks* - If the CAE concludes that management has accepted a level of risk that may be unacceptable to the organisation, the CAE must discuss the matter with senior management. If the CAE determines that the matter has not been resolved, the CAE must communicate the matter to the board.

6. Conformance with the PSIAS

- 6.1 The PSIAS require an external assessment of the internal audit service at least once every 5 years; the last external assessment at NBBC was in 2019. This included an evaluation of core information as evidence; such as procedural notes and the audit manual, the internal audit charter, audit plans and Committee reports, example audit files and reports, and the latest annual report.
- 6.2 The review assessed the internal audit function against three recognisable standards:

- (i) Resources – Business vision and mission, governance arrangements, recognition of standards, guidance, procedures and supervision, terms of engagement, ethics, and business conduct;
- (ii) Competency – Charter, internal audit manual, planning and allocation of staffing, recruitment (numbers and skills), training (professional and technical), appraisal and development; and
- (iii) Delivery – Client engagement and relationships, directed led service, terms of engagement (audit/assignment brief), discussion of assurance and advisory opinions, reporting at assignment and strategic levels.

6.3 The overall conclusion of the review was that internal audit complies with the PSIAS and continues to provide an effective and efficient service to Nuneaton and Bedworth Borough Council. There were some actions identified by the external assessor which would enhance service provision, which do not affect the overall level of compliance with the PSIAS but do ensure internal audit continues to develop and demonstrate best practice and these have now been addressed.

7. Quality Assurance Improvement Programme

7.1 The internal audit quality assurance programme includes reviews of the files by the Head of Audit and Governance before draft reports are issued and approval of the audit brief and audit programme before any work is completed. However, in the Head of Audit and Governance's absence this process has been undertaken by the Interim Manager and Internal Auditor. Performance is also monitored in quantitative and qualitative terms using the following factors:

- Proportion of planned audits completed in the year;
- Extent to which management adopt Internal Audit recommendations; and
- Feedback from managers on the value and performance of the audit.

7.2 Five special projects were added later to the approved Audit Plan 2021/22 at the request of the Audit and Standards Committee (ASC). The Management Team (MT) and the Chair of the ASC were consulted on the need to revise the 2021- 22 Audit Plan to accommodate the extra work, and it was agreed that three audits from the original Plan (i.e., Emergency Planning, Health and Safety (exc. Asbestos Management and Fire Risk Management), and Resource Management) are deferred to 2022 - 23.

7.3 The additional projects and resource issue experienced by the Internal Audit team in the 2nd half of the year impacted on the team's ability to fully deliver the Plan, and therefore five audits were outstanding at year end (excluding the three agreed deferred audits and one other project (Water Bodies) which also had to be deferred as the system was still being set up and not fully in place to enable a meaningful review to be undertaken in 2021 – 22). Based on the adjusted figure the Internal Audit team completed approximately 79% of the 2021- 22 Plan. This is a good achievement given the difficulties in term of resources; the on-going impacts of the Covid-19 on many services,

and the majority of staff were working from home. This therefore made it more difficult and time consuming to obtain information to complete audit reviews.

- 7.3 Client questionnaires are issued to all managers with the final report, to establish the effectiveness of the review. The majority of managers who responded felt that a good or very good performance had been achieved in respect of planning the audit, the quality of the report and recommendations made, the timing of the review, the standard of communication and the professionalism of the auditors. Managers also confirmed that the implementation of the recommendations made would lead to improvements in performance.

8. Opinion on the adequacy of the Council's control environment and a Summary of the work supporting that opinion

- 8.2 Seventeen operational audit reviews (including the five special projects) were completed during the year and sixteen opinions given (no opinion was given for one audit as the work involved data collation only). Of the sixteen, twelve (75%) were considered to be satisfactory or better (compares to 82% in the 2020 - 21). Also, eleven follow-up reviews were completed, and 78 of the 87 recommendations checked had either been fully implemented or were in progress, which equates to approximately 90% (compares to 97% in 2020 – 21). The assurance level for ten of the eleven follow up audits remained as or was revised to satisfactory or significant (with one (Equality) remains limited).
- 8.3 Based upon the results of the work undertaken during the year I can give satisfactory assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 8.4 A summary of the findings of the audit reviews is at Appendix A to this report, but it must be noted that this is a snapshot of the situation at the time of the audit and procedures may well have changed since then if agreed recommendations have been actioned. A summary of the follow-up reviews is at Appendix B.
- 8.5 There are 2 tables at the end of Appendix A, which provide Members with additional information around audit opinions and recommendations.
- 8.6 The first table demonstrates how the auditor concluded what the appropriate overall audit opinion should be. At the outset of every audit the risks to the system or process and the key controls used to mitigate those risks are established. On completion of the audit work an audit opinion is given on each of the key controls and this information is then used to establish what the overall opinion should be. For example, ten key controls were identified in the Cemeteries Service and Crematorium Income system, we gave significant assurance for three of them, satisfactory for one and

limited or no assurance for six. The overall opinion given was therefore **'limited'**.

- 8.7 The second table shows the number of recommendations made and the priority that was given them. So again, with the Cemeteries Service and Crematorium Income system, nine recommendations were made, and of these three were priority 1, five priority 2 and one priority 4. It is more difficult to correlate the number and priority of recommendations to assurance levels because we often have multiple recommendations against the same key control. For example, all nine of the cemeteries and crematorium recommendations were in relation to only seven of the ten key controls, and the overall assurance level needs to consider all findings.

Counter Fraud Activity 2021 – 22

- 8.8 The current Counter Fraud Officer has been employed by the Council since June 2018, this is a shared role with North Warwickshire Borough Council (NWBC); the Officer spends 60% of his time investigating fraud allegations at NBBC and 40% at NWBC.
- 8.9 From 1st April 2021 to 31st March 2022, at NBBC the Officer has completed 263 investigations and has identified cashable savings to the public purse of approximately £336,938.12, and notional savings of approximately £1,536,888.07. Notional savings are the estimated future savings to the public purse as a result of the intervention and successful fraud investigation. For example, it is assumed that had it not been for the investigation a housing benefit claim would have continued to be paid at the higher rate for at least 21 weeks. The notional saving calculations are in line with those used by the Cabinet Office for their data matching exercise, the National Fraud Initiative, which is conducted to assist in the prevention and detection of fraud with data being provided by some 1,200 organisations from both the public and private sectors, NBBC being one of them.

Head of Audit & Governance (Interim)
Director for Finance & Enterprise (VICTORIA SUMMERFIELD)
Internal Auditor (SOPHIE PAVIER-SMITH)

Summary of Internal Audit Findings

Reviews Brought Forward from 2020 - 21

1. COVID-19 Discretionary Grants to Business

Our overall audit opinion is '**Satisfactory Assurance**'. There were four issues raised. The key findings were as follows: -

- (i) Test review of a sample of Round 2 grant awards identified two 'Additional Restrictions Grant (ARG)' applications where the applicant had failed to provide details of their unavoidable fixed costs, and one Wet Led Pub application where it appears that the application was submitted outside of the specified deadline (31/01/21), and also the applicant had not clearly declared that they have less 50% of income from food sales.
- (ii) Although diary notes state the spotlight compliance check has been completed, there is no actual evidence of the returned query result uploaded under application reference on CIVICA Workflow, to fully guarantee that the check was indeed conducted.
- (iii) Though the applications for the Business Recovery Grants (BRG's) have been correctly assessed and are supported by a robust audit trail, the post assurance checks to confirm that the grant has been utilised as intended has not been conducted as the process has not been fully finalised by Management.
- (iv) Although the CIVICA fraud report was run during the assessment, some duplicate awards were identified.

2. Post Project Implementation Review (PPIR)

Our overall audit opinion is '**Limited Assurance**'. There were five issues raised, with six recommendations. The key findings were as follow: -

- (i) The final Business Case (BC) could not be located for four (80%) of five projects reviewed.
- (ii) The Corporate Asset Management Team (CAMT) did not appear to have been formally briefed where the projects' key milestones (e.g., budget, delivery timescale etc.) were unlikely to be achieved, on three (60%) of five cases (i.e., 22 Abbey Street, 23a Queens Road and Revenues & Benefits Shared Sigle Platform with North Warwickshire Borough Council (NWBC)).
- (iii) Three (60%) of five projects were not completed within the approved budget (i.e., Council Chamber Audio/Visual Projectors Replacement, 22 Abbey Street, and 23a Queens Road).
- (iv) The effectiveness of the Project was very difficult to ascertain in three (60%) of five cases reviewed; and
- (v) Post project briefing had not been completed for three of five cases at the time of testing, and in one case a project briefing note was completed approximately five months prior to the completion of the

project and a further update would have been required to be taken to CAMT but had not been done at the time of testing.

2021 -22 Audit Plan

1. Asbestos Management

Our overall audit opinion is '**Significant**' assurance. This outcome is positive in terms of how "minor" occurrences are dealt with and confidence that there would be no catastrophic response should a "major" incident arise in the Property Services section. There were three issues highlighted:

- (i) Business Case is still required as there is potential for significant cost savings should the Council has its own small team of "Category B" trained tradespersons.
- (ii) Maximum benefit from the audit testing process could be gained by providing feedback to all employees in the Property Services Section.
- (iii) Audit discussions revealed that tradespersons may be tempted to clean expensive power tools that may have been contaminated by asbestos particles following an incident, rather than leave the item(s) to be safely disposed of by the asbestos contractor. This is because the cost of replacement being the tradesperson's responsibility. The Corporate Asbestos Policy, November 2018 (or the Corporate Asbestos Procedures Manual 2019) does not specifically reference the process for contaminated tools disposal /replacement responsibility and there is no specific budget for it.

2. CCTV

Our overall audit opinion is '**Satisfactory**' assurance. There were 10 issues highlighted, and these were as follows:

- (i) The CCTV Code of Practice (CoP) and Procedure Manual (PM) May 21 version were out of date, as they did not reflect the current roles and responsibilities for the scheme.
- (ii) A key arrangement (implemented in June 21) for CCTV engineers/contractors to gain access to the Control Room to carry out equipment maintenance and repairs may not in compliance of the SCC Codes, as these visits were 'unsupervised', and could potentially impact on the security of the system/data, leading to financial penalties imposed by the ICO.
- (iii) A review of the Control Room visitor log for Q4 – 2020/21 & July 21 showed that internal policy and procedures were not being complied with on some occasions. For example, in Q4 2020/21 18 of 54 (33%) visitors to the Control Room did not sign out, and in July 21 it was 4 out of 20 (20%).
- (iv) Reviews of the Police Reviewing log for Q4 2020/21 and a sample of the Digital Image Viewing (DIV) request forms showed that the procedures outlined in the PM Appendix A were not adhered to on some occasions,

- which could impact on compliance with the ICO SCC CoP and internal policy and procedures.
- (v) The effectiveness of the Control Room system was difficult to establish as the faults and rectifications data were not recorded in real-time.
 - (vi) The contract monitoring arrangement for the new Equipment Servicing & maintenance contract did not appear to be as effective as it could be.
 - (vii) All the CCTV controllers, except the newest member of staff, have received the relevant industry-related training and are licensed. However, their corporate mandatory training courses have expired.
 - (viii) The SSIAB re-certification audit completed in August 21 highlighted three 'Opportunities for Improvement (OFI's), of which two related to CCTV operators' training.
 - (ix) Currently, the peripheral CCTV schemes (i.e., Waste fleet smart cameras and fly-tipping cameras) were not covered by the Council's CCTV CoP or PM.
 - (x) The Council has not published the appropriate privacy notice for the use of the waste fleet, fly-tipping and environmental enforcement devices/CCTV schemes.

3. Cemeteries and Crematorium

Our overall audit opinion is '**Limited**' assurance. There were thirteen issues highlighted, and the key findings were as follows:

- (i) An external firm has also been commissioned to digitize the cemetery plans, which will assimilate into the EPITAPH cemeteries database to enable records to be archived to its cloud memory. A first draft of the plans has been developed; however, some details on the burials plots sizes require clarification before being progressed to the next stage.
- (ii) Anomalies were identified in the monitoring spreadsheets for plot reservations and re-purchased graves, as records had not been accurately or consistently maintained by the previous system administrator.
- (iii) Due to the inaccuracies, the integrity of data that was being used to report on plot reservations/usage, including the calculation of remaining capacity of full burials plots especially for responses to Freedom of Information (FOI) requests, cannot fully be relied upon, as this could give rise to the risk of error as well ineffectiveness in decision making, and potential reputational damage to the Council.
- (iv) From review of a sample of 30 income transactions, 5 entries (16%) had been miscoded on Agresso, resulting in the incorrect treatment of VAT for those transactions.
- (v) Our audit testing has identified some missing data on the plot records relating to reservations and repurchases (as reported in point ii). Therefore, there is uncertainty over the accuracy and completeness of the data held on the new system, and whether the data from the previous database EPILOGUE has been effectively migrated over to EPITAPH prior to going live.
- (vi) Reliance has continued to be placed on the EPILOGUE system for any missing data in EPITAPH. However, the old system is only accessible on a standalone computer situated at the Cemetery Office in the Town Hall, and its software is also not supported by the Council IT Team. Therefore, there

- is a potential risk of data loss through system malfunction/data corruption, and or the Town Hall being rendered out of use in the event of a major disaster incident.
- (vii) Historic cemeteries records are held on the paper book ledgers and have not been digitalised. The current arrangement exposes the Council to similar risks in relation to the access to and or safe retention/preservation of these cemetery records.
 - (viii) Failure by the Ground Maintenance Contract Monitoring Team to supply evidence to Internal Audit for review/assessment, to assure that a robust programme of Memorial safety checks is in place and is effectively being carried out by the Glendale under the Grounds Maintenance contract, to mitigate the health & safety risks of all memorials located within the Council's grounds.
 - (ix) The Council still has yet to identify potential cemetery land for Nuneaton to meet the future needs.
 - (x) Reconciliation of the crematorium income has highlighted that our lessees Dignity, had made two overpayments of £5k each in respect of the annual ground rent relating to Year 2014/15 and 2015/16. The error was informed to Dignity at the time and one overpayment was recouped by them adjusting their 2016/17 annual 'additional rent' payment sent at year end. However, there is uncertainty whether the other overpayment error was corrected by Dignity as their Financial Accounts Statement for 2017/18 cannot be located on any Council file for further reconciliation.
 - (xi) Although a £5k repayment may be due by Dignity from the Council, we noted that in line with the lease agreement, the Council should be receiving market rent income from March 2020 onwards. It is understood that last year, the Head of Estates estimated a rent value of £145k per annum to enable Finance to account for an income reserve, as the formal valuation remains pending with the District Valuer.
 - (xii) The Debtors system has been checked and confirms that the periodic invoices set up originally by the Estates Team for the ground rent have continued to be raised for the expired ground rent of £1,250 per quarter, and therefore the annual rent yield is only £5k.
 - (xiii) The Finance Business Partner (FBP) for Parks & Open Spaces suggested that an invoice is raised 'on account' for a larger sum to Dignity until such time as actual market rent value is determined. The Director for Public Services is in agreement with this potential proposal; however no formal response has been received from the Head of Estates & Emergency Planning to progress this unresolved matter.

4. Community Centres

Our overall audit opinion was '**Satisfactory Assurance**'. There were three issues highlighted, and the key findings were as follows: -

- (i) The total annual net expenditure of operating the three centres is substantial and the current arrangements may not be cost effective/value for money.
- (ii) The financial statements in relation to Newtown Community Centre (NCC) operation for the last five years have not been obtained from the

- Warwickshire Community and Voluntary Action (WCAVA), to assess whether any additional income (50:50 net profit sharing) was due to the Council. Therefore, there is a risk that not all income due has been collected.
- (iii) Test results showed that some of the costs (e.g., water bills, building insurance etc.) that WCAVA is responsible for under the terms of the lease have not been recharged by the Council for the last three years (2018/19, 2019/20 and 2020/21).

5. Community Groups Funding (in the last 10 years)

Our overall audit opinion was '**Limited Assurance**'. There were ten issues highlighted, with eight recommendations made. Their key findings were as follows:

- (i) Testing revealed that there was no valid/current Service Level Agreement (SLA) in place between the Council and Bulkington Village Centre (BVC) or between the Council and Stockingford Community Centre (SCC) for 2019/20, 2020/21, and 2021/22.
- (ii) The Council has been providing grant funding to SCC and BVC for a number of years. However, the Centres' trading accounts and audited financial statements were not always obtained/reviewed and cash asset taking into consideration prior to making the award decision each year.
- (iii) The merit/rational for awarding the grant to BVC may now also apply to other community centres within the Borough; however, currently they are not given the same opportunity to apply/bid for the grant annually, through an application process. Therefore, the current practice may present a risk of potential unfairness of treatment of community centres.
- (iv) There was no current relevant Member's approval for the funding provided to BVC or SCC.
- (v) The BVC's and SCC's performance statistics/audited accounts and trading statements were not routinely reviewed/monitored to ensure compliance with the grant's terms and conditions. However, we appreciate that the Covid-19 pandemic, the subsequent lockdowns and social distancing rules and regulation have greatly impacted on this process.
- (vi) Nuneaton Harriers Community Association (NHCA) Ltd - same issue as (v) above
- (vii) NHCA – the same issue as in (ii) above
- (viii) NHCA – Audit testing revealed that a loan of £5,560 was made by the Council in 2020/21 to NHCA Limited to assist them in buying their own grounds maintenance equipment, on a 5-year repayment terms. However, the repayments received in each financial year to date (at the time of testing) were incorrectly treated/recognised under the appropriate accounting rules.
- (ix) NHCA – the same issue raised as in (iv) above.
- (x) Warwickshire Community and Voluntary Action (WCAVA) – the same issue highlighted as in (iv) above, in that no current Member's approval has been sought for the funding awarded.

6. Compensation Payments & Compromised Agreements (for the last ten years)

There was no overall audit opinion given on this project, as the work mainly involved collating the data and establishing the rationale of the payments made in the period from 2012 -13 to 2021/22.

7. Data Quality

The overall audit opinion is '**Limited Assurance**'. Of the nine indicators examined, the following four (44%) highlighted data quality issues with reference to base data (compared to 33% error rate in the previous year): -

- (i) Planning permissions for affordable homes
- (ii) The percentage of household waste composted
- (iii) The removal of private sector housing property hazards; and
- (iv) The percentage of non-domestic rates collected

In addition, a further four indicators (not included in the original audit sample) were identified as having data quality issues:

- (v) Percentage of household waste recycled
- (vi) Percentage of household waste recycled and composted
- (vii) Kg of waste per household; and
- (viii) Collection of council tax

8. Delegated Authority Procedure

Our overall audit opinion was '**Satisfactory**' assurance. There were eight issues highlighted, with four recommendations made, and the key findings were as follows: -

- (i) The Constitution was out of date at the time testing. However, it is acknowledged that this document has now been revised/published on the Council's website on 14/09/2021.
- (ii) Majority of the Officer Scheme of Delegations (OSD's) were out of date.
- (iii) Only one out of seven OSD's was held by the Monitoring Officer (MO), which clearly in breach of the Scheme of Delegation (SD) and relevant regulations, which require all such schemes to be held by the MO and available at all times for public inspection.
- (iv) A defunct Delegated Authority (DA) power reference (i.e., 3.53 (9)) was used in 2 of 70 ODA decisions reviewed (i.e., DO19/2020 (LS) and DO42/2020 (LS)) due to a lack of up-to-date OSD for this area.
- (v) The DA power reference (Part 3E. 1e) used in one decision (DO/58/2021) did not appear appropriate/relevant to the subject matter of the decision.
- (vi) All 70 ODA decision forms were appropriately completed by the relevant Officers; however, seven (10%) were not held by CST; therefore, they were not published on the Council's website.

- (vii) Consultation with relevant Elected Member(s) did not appear to have been undertaken in three (4%) cases, as there was no detail of this recorded on each of the decision form; and
- (viii) Three of fourteen ODA decisions exercised under special urgency decisions and the Executive Directors' emergency powers did not appear to have been reported to the next meeting of the Cabinet/Council as required by the OSD, although in one case (DO/58/2021 (BD)), it was recorded on the decision form that the relevant Elected Members and Borough Council have been consulted in the decision making process.

9. Land Charges

Our overall audit opinion was '**Satisfactory**' assurance. There were nine issued raised. The key findings were as follows: -

- (i) There were no procedure guides in place for staff to follow when processing land charges searches and maintaining the LLC Register, though we were able to locate some notes (on Content Manager (CM)) on how to answer CON29 and LLC1 queries, the service manager and or LLC staff members were not aware that these existed.
- (ii) Due to the current workload and staffing resources within BST generally, eleven of fifteen search applications received during 2020/21 remained on the LLC network and have not been transferred onto CM and linked to the relevant Flare records.
- (iii) The current working arrangements may impact on future business continuity in the event that one (or both) key staff member is off long term.
- (iv) Though there is evidence to show that the fee has been received in all fifteen search applications reviewed, due to limited information on the Agresso text, we have not been able to confirm that the income received has been posted to the correct code in four cases.
- (v) The LLC income due is not being reconciled to the income received as recorded in the General Ledger.
- (vi) Incorrect treatment of VAT on the bulk of CON29 fee income received via NLIS, TM Group and Severn Trent, though there is evidence to show that a bulk VAT adjustment was made in year 2017/18, on a gross Con29 income of £78,446 (£7,511 VAT).
- (vii) Fees being charged are generating a profit which is in breach of the regulations.
- (viii) The Council has not published an annual statement of total costs, income and number of requests processed, as required by legislation introduced in 2010.
- (ix) The link provided on the LLC service webpage is to the out-of-date Fees and Charges schedule (2019/20), and the information on how the LLC fees are calculated is also out of date as it is referring to the 2019/20 costs.

10. Legionella

Our overall audit opinion was '**Satisfactory**' assurance. The main findings were as follows: -

- (i) Not all the recommendations made by the external review (completed by Gallagher Bassett Internal Ltd (Risk Consultant)) in 2019/20 had been addressed; particularly in relation to the updating of the policy, compliance with the Financial/Contract Procedures Rules (FPR's/CPR's), and training for the designated roles and relevant staff.

11. Mobile Phones

Our overall audit opinion was '**Satisfactory**' assurance. There were five issues raised. The key findings were as follows: -

- (i) Audit testing showed slight variances between the asset information recorded in the mobile phone inventory systems (Vivantio and Intune).
- (ii) There was no effective monitoring arrangement in place on sim use as no usage reports have been provided to Service Managers to review the usage and costs incurred by their staff.
- (iii) Our review of the itemised call reports has highlighted instances of misuse by certain employees, where calls have been made to a premium competition line resulting in extra bill charges being incurred.
- (iv) The ICT Code of Conduct for Employees (ICCE) does not clearly outline that any costs incurred due to inappropriate use will be recouped by the Council. Also, the policy has not been reviewed since 2017.
- (v) The current Mobile Voice and Data Service may not be as cost effective/ value for money as it is envisaged if effective monitoring arrangement is not place (as raised in (ii)).

12. Notices Issued to Residents (in the last 2 years)

Our overall audit opinion was '**Significant**' assurance. Generally, controls are sound and operating effectively, and there were no major issues identified.

13. Section 106 Monies (Planning Obligations)

Our overall audit opinion was '**Satisfactory**' assurance. The key findings were as follows: -

- (i) Audit testing showed that 2 of the 42 s106 agreements (including DoV's) signed by the Council and developers in the past five years (31/04/2017 to 31/10/2021) were not recorded on the Planning's s106 Monitoring spreadsheet.
- (ii) There were no formal documented procedures available to assist the relevant staff (especially new starters) on how to operate/administer the s106 monitoring system.
- (iii) Currently, the Planning service did not utilise a technical solution for the monitoring of s106 agreements. Therefore, the system was not as effective/efficient as it could be, and susceptible to error/omission and data corruption.

- (iv) The monitoring of s106 agreements was carried out on an ad-hoc basis; therefore, there is a risk of some sites fallen through the process and trigger points for payment being missed and obligations due not collected timely.
- (v) The dates the triggers were hit were not always recorded on the s106 Monitoring spreadsheet in all cases.
- (vi) There were approximately seven s106 developments which were either completed/or near completion but were waiting for the Certificate of Practical Completion (CPC) and Certificate of Final Completion (CFC) to be issued/relevant conditions to be discharged before the Leisure and OS contributions could be released to the Council.
- (vii) Five (50%) of the ten invoices reviewed were incorrectly charged as the relevant indexation uplift was not applied as provided under each of the signed s106 agreement. All five invoices related to 2017/18. Further testing (of large receipts only) showed that this issue also affected one other invoice issued by NBBC in 2018/19. Therefore, the Council has been under-collecting on some s106 receipts up to 2019/20 financial year.
- (viii) Currently, the Council has not published the S106 agreements online as recommended by the Community Infrastructure Levy (CIL) regulations, following the requirement to publish the Infrastructure Funding Statement (IFS) annually from 2019 onwards.
- (ix) Although s106 agreements have been scanned and stored on Content Manager (CM)/TRIM as part of the planning application file upload, they were not easily identifiable because the document title, though has planning application number and s106 in the title, does not contain the name of the development/location for easy identification.

14. Street Naming and Numbering (SNN)

Our overall audit opinion was ‘**Satisfactory**’ assurance. There were four issues identified. The key findings were as follows: -

- (i) One of nine completed applications examined was decided outside the decision
- (ii) Four of the fifteen service requests reviewed appeared unlikely to become an SNN application in the near future, and although in some cases the BSA Team has sent one or two reminders to the property owner/developer asking them to submit a SNN application no response has been received. The SR’s have not been closed down; therefore, the cases are still showing as live on Flare;
- (iii) The SNN income due is not being reconciled to the income received as recorded in the General Ledger; and
- (iv) Fees being charged are generating a profit which is in breach of the regulations.

15. Transport (Driver Licence Checks)

Our overall audit opinion is ‘**Significant Assurance**’. The process for checking driver licences was shown to be effective and no major issues identified.

Summary of Key Control Assurance Levels (Table 1)

System	Key Control Assurance Levels				Overall Opinion
	Significant	Satisfactory	Limited	No Assurance	
Asbestos Management	2	0	0	0	Significant
CCTV	3	4	2	0	Satisfactory
Cemeteries and Crematorium	3	1	3	3	Limited
Community Centres	1	3	1	0	Satisfactory
Community Groups Funding (in the past 10 years)	0	4	5	0	Limited
Compensation Payments & Compromised Agreements	N/A	N/A	N/A	N/A	No opinion given (as not applicable)
COVID-19 Discretionary Grants to Business	0	2	0	0	Satisfactory
Data Quality	Not specified (Based on the error rate of 44%)				Limited
Delegated Authority Procedure	1	3	2	0	Satisfactory
Land Charges	0	4	2	0	Satisfactory
Legionella	2	1	1	0	Satisfactory
Mobile Phones	1	2	2	0	Satisfactory
Notices Issued to Residents (in the last 2 years)	N/A	N/A	N/A	N/A	Significant
Post Project Implementation Review (PPIR)	0	4	3	0	Limited
Section 106 Monies (Planning Obligations)	2	3	1	0	Satisfactory
Street Naming and Numbering	3	3	0	0	Satisfactory
Transport (Driver Licence Checks)	1	0	0	0	Significant
TOTAL (78)	19	34	22	3	

Summary of Recommendations Made (Table 2)

System	Assurance Level	Recommendation Priority				
		1	2	3	4	5
Asbestos Management	Significant	0	1	2	0	0
CCTV	Satisfactory	0	6	6	0	0
Cemeteries and Crematorium	Limited	3	5	0	1	0
Community Centres	Satisfactory	0	3	0	0	0
Community Groups Funding (in the past 10 years)	Limited	0	5	3	0	0
Compensation Payments & Compromised Agreements	Not applicable (N/A)	0	0	0	0	0
COVID-19 Discretionary Grants to Business	Satisfactory	0	4	0	0	0
Data Quality	Limited	0	0	0	0	0
Delegated Authority Procedure	Satisfactory	0	2	2	0	0
Land Charges	Satisfactory	0	4	4	0	0
Legionella	Satisfactory	0	3	1	0	0
Mobile Phones	Satisfactory	0	2	3	0	0
Notices Issued to Residents (in the last 2 years)	Significant	0	0	0	0	0
Post Project Implementation Review (PPIR)	Limited	0	3	2	1	0
Section 106 Monies (Planning Obligations)	Satisfactory	0	6	3	0	0
Street Naming and Numbering	Satisfactory	0	1	2	0	0
Transport (Driver Licence Checks)	Significant	0	0	0	0	0
TOTAL RECOMMENDATIONS (78)	3 x Significant 9 x Satisfactory 4 x Limited 1 x N/A	3	45	28	2	0

Definitions of Assurance Levels and Recommendation Priorities

Assurance Level	Definition
Significant	There is a sound system of internal control that is being consistently applied
Satisfactory	There is basically a sound system of internal control but there are some minor weaknesses and/or evidence of non-compliance that may put some minor system objectives at risk.
Limited	There are some weaknesses in the adequacy of the internal control system and/or the level of non-compliance puts some of the system objectives at risk.
No Assurance	Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

Priority	Definition
1	Priority 1: Serious weakness in the design of controls or consistent non-compliance with controls that could lead to a significant loss or damage to the Authority's assets, information or reputation that requires immediate action.
2	Priority 2: Fundamental weakness in the design of controls or consistent non-compliance with controls that could lead to a significant loss or damage to the Authority's assets, information or reputation.
3	Priority 3: Weakness in the design of controls or inconsistency in compliance with controls that could cause limited loss of assets or information or adverse publicity or embarrassment.
4	Priority 4: Minor weakness in the design of controls or inconsistency in compliance with controls that could result in inefficiencies
5	Priority 5: Recommended best practice only.

Summary of Follow-up Reviews

1. Building Cleaning

One recommendation was made, and this had been addressed. Our overall audit opinion was therefore revised from '**Satisfactory**' to '**Significant Assurance**'.

2. COVID-19 – Discretionary Grants to Businesses

Of the four recommendations made, one had been addressed, two in progress/on-going, and one required no further action. Our overall audit opinion remains unchanged, as '**Satisfactory Assurance**'.

3. Equality

Of the seventeen recommendations made, five had been actioned, seven in progress, three no actions required, and two outstanding. The two outstanding matters related to: -

- (i) Point 14 (Priority 4) – A web page to provide guidance to members of the public to report any discrimination incidents, as well as helpful links to other organisations that can assist in such cases.
- (ii) Point 17 (Priority 2) – Agree a process with Democratic Services for informal committee reports to be sent for evaluation to the Equalities Officer to enable Elected Members to make clear informed decisions.

As 53% of the issues were still not fully completed, our overall audit opinion remains unchanged, as '**Limited Assurance**'.

4. Fixed Assets

Of the three recommendations made, one had been actioned, one partially completed and one outstanding. The outstanding and partially completed items related to: -

- **Point 1 (Priority 2)** - The Council's Capital and Asset Management Strategy (C&AMS) 2016 -18 is now out of date. For example, the asset management and corporate planning framework (in the C&AMS) refers to the Sustainable Community Plan, Corporate Plan, and Corporate Plan Delivery Plan, which were replaced by the Delivering our Future (DoF) in 2019 (and the DoF now superseded by the Building a Better Borough (BaBB) in 2022). Also, the defined role of the Corporate Property Officer (CPO), previously the Director – Assets & Street Service no longer exists.

Recommendations

- (i) The C&AMS should be updated to reflect the current arrangements as soon as possible.
 - (ii) The responsibility for the C&AMS and Asset Management Plan (AMP) should be clarified and formalised within the Strategy.
- **Point 2 (Priority 3)** - The process for land and property acquisition is not documented or defined within the C&AMS or the Financial Regulations in the same way that the disposal process is (FR 15). Therefore, there is a risk of inappropriate or an inconsistent use of Council's resources.

Action and progress

- (i) The Acquisition & Disposal policy schedule (General Fund) is reported to CAMT on a quarterly basis (Action: Head of Estates & Emergency Planning)
- (ii) We will look to add some details relating to the corporate assets acquisition process within the Capital Framework (CF), to provide direction on this (Action: former Head of Financial Services).

However, the CF documents forms part of the annual treasury strategy and budgetary framework, which is presented to Cabinet and Council in February each year. The CF's next review date will be Feb 2023.

Our overall audit opinion at this stage remains unchanged, as **'Satisfactory Assurance'**.

5. Fire Risk Management

Of the eleven recommendations made, ten had been addressed and one was in progress. Our overall audit opinion therefore was revised from **'Limited'** to **'Satisfactory Assurance'**.

6. Housing Benefits

Of the four recommendations made, three had been addressed and one was in progress. Our overall audit opinion therefore remains unchanged, as **'Satisfactory Assurance'**.

7. Open Space

Of the ten recommendations made, nine were either completed and or in progress, and one outstanding. The outstanding issue related to: -

- **Point 4 (Priority 3)** - The site quality assessments for all open spaces (including allotments, churchyards & cemeteries), are maintained in excel spreadsheet format. Currently there are two spreadsheets/ versions in use; both are being updated, and it is unclear which is the complete version. The data, therefore, may not be reliable, so it is difficult to actually establish the quality of the open spaces.

Recommendations:

- (i) The site quality assessment spreadsheets should be reviewed, and any issues corrected as soon as possible. We also recommend that the data is amalgamated into one document to avoid duplication.
- (ii) For business continuity purposes, it is recommended that the spreadsheet is stored in Content Manager, as this will provide an appropriate back-up process and ease of recovery of data.

Updated Position

This item remains outstanding at the time of the follow up review due to a recent appointment of Business Support Officer.

Our overall audit opinion therefore remains unchanged, as '**Satisfactory**'.

8. Planning

Of the ten recommendations made, nine had been addressed/on-going, and no further action required for one issue raised. Our overall audit opinion therefore has been revised from '**Satisfactory**' to '**Significant Assurance**'.

9. Pollution Control

Of the thirteen recommendations made, nine had been addressed, one no action required, and three outstanding. The outstanding issues related to: -

- **Point 2 (iv – Part A2 New permit application processing (Priority 2))** - During the determination of the Part B permit in Sample 3 it was found that this proposed installation also requires a Part A2 permit. The EHO informed the operator's consultant (EHRC) of this in late January 20.

Given the time since the application was received and the fact that the additional information is still outstanding, a decision is required as to

whether this application should be returned as not 'duly made' and refund the fees.

Action: Outstanding - as the officer handling this case has left the EP team. The case has been reallocated to another officer to pursue.

- **Point 4 (Priority 3)** – Our review has identified that some electronic folders contained some inspection records going back several years. The EP team need to ensure that both manual and electronic inspection records are not kept longer than necessary, and any old obsolete records should be purged from the folders.

Action: As in Point 2 above.

- **Point 5 (Priority 3)** - One permit holder (of a sample reviewed) has been allowed to spread the cost across 11 months (instead of quarterly instalments). Also, an additional charge of £38 (applicable when the fee is paid in four quarterly instalments) has not been applied. Both actions were in breach of the Charging Scheme conditions of payment. Any deviation to the prescribed rules should be discussed and agreed with the Director – DPPP and the decision recorded in the diary note on the Debtor's account.

Action: Process to be developed and added to SOP to implement this recommendation.

Our overall audit opinion therefore remains unchanged as '**Satisfactory Assurance**'.

10. Post Project Implementation Review (PPIR)

Of the six recommendations made, four were addressed, one was noted for future reference, and one partially completed. Our overall audit opinion has therefore been revised from '**Limited**' to '**Satisfactory Assurance**'.

11. Safeguarding

Of the eight recommendations made, six were in progress, one partially completed and one outstanding. The outstanding issue related to: -

- **Point 8 (Priority 3)** - A review of the Safeguarding Adult Referrals spreadsheet showed that there were records on there that go as far back as 2012. For Children referrals, a new spreadsheet was set up in 2016 for the recording of cases from when MASH was introduced, and we understand that the old spreadsheet has been deleted as appropriate. Though Content Manager (CM) is capable of dealing with records management, this relies on a retention period being specified. The Council has not established a retention period for the

Safeguarding records. However, each record may require a different retention time, depending on the nature of the referral, so a single retention time across the board may not be appropriate. Both the adults and children referrals spreadsheets, therefore, should be reviewed periodically to ensure that personal data are not kept longer than required/necessary.

Our overall audit opinion remains unchanged as ‘**Satisfactory Assurance**’.

Assurance Level	Definition
Significant	There is a sound system of internal controls that are being consistently applied
Satisfactory	There is basically a sound system of internal controls although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.
Limited	There are some weaknesses in the adequacy of the internal control system and/or the level of non-compliance puts some of the system objectives at risk.
No Assurance	Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

Summary of Follow up Reviews

Subject	Original Number Recommendations	Outstanding Recommendations	Priority (P) of Outstanding Recommendations	Revised Assurance Level
Building Cleaning	1	0	0	Significant
COVID-19 – Discretionary Grants to Businesses	4	0	0	Satisfactory (unchanged)
Equality	17	2	P2 = 1 P4 = 1	Limited (unchanged)
Fixed Assets	3	2	P2 = 1 P3 = 1	Satisfactory (unchanged)
Fire Risk Management	11	0	0	Satisfactory
Housing Benefits	4	0	0	Satisfactory (unchanged)
Open Space	10	1	P3 = 1	Satisfactory (unchanged)
Planning	10	0	0	Significant
Pollution Control	13	3	P2 = 1 P3 = 2	Satisfactory (unchanged)
PPIR	6	0	0	Satisfactory
Safeguarding	8	1	P3 = 1	Satisfactory (unchanged)
Totals	87	9 (10%)	P2 = 3 P3 = 5 P4 = 1	

NUNEATON AND BEDWORTH BOROUGH COUNCIL

Report to: Audit and Standards Committee – 19th July 2022

From: Head of Audit & Governance (Interim) and Director for Finance and Enterprise

Subject: Internal Audit Charter

1. Purpose of the Report

- 1.1 The purpose of this report is for the Committee to consider and approve the Internal Audit Charter.

2. Recommendations

- 2.1 That the Internal Audit Charter at Appendix A to this report be approved.

3. What the Committee is being asked to consider?

- 3.1 That the Internal Audit Charter at Appendix A complies with the requirements of the Public Sector Internal Audit Standards (PSIAS).

4. Background

- 4.1 The PSIAS describe the internal audit charter as a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation, including the nature of the chief audit executive's functional reporting relationship with the board; authorises access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.
- 4.2 For the public sector, the PSIAS also requires that the internal audit charter must:
- define the terms 'board' and 'senior management' for the purposes of internal audit activity;
 - cover the arrangements for appropriate resourcing;
 - define the role of internal audit in any fraud-related work; and
 - describe safeguards to limit independence or objectivity if internal audit or the chief audit executive undertakes non-audit activities.

- 4.3 The internal audit charter at Appendix A was first drafted in 2013 when the PSIAS came into force and has been updated on several occasions since then to ensure ongoing compliance with the standards and to ensure that it accurately reflects the Council's internal procedures. There are no proposed changes to the current charter, other than the one that relates to the Head of Audit and Governance direct reporting line (paragraph 6.1 and elsewhere in the Charter where this reference is made) which is now to the Director for Finance and Enterprise (previously to the Director for Customer and Corporate Services).

Head of Audit and Governance (Interim)

VICTORIA SUMMERFIELD (Director - Finance & Procurement)

SOPHIE PAVIER-SMITH (Internal Auditor)

Nuneaton and Bedworth Borough Council

Internal Audit Charter

1. Introduction

- 1.1 The Internal Audit Charter is a mandatory requirement of the Public Sector Internal Audit Standards (PSIAS) and the associated Local Government Application Note. The PSIAS also includes a code of ethics which all internal auditors in UK public sector organisations must conform to. The PSIAS apply to all internal audit service providers, whether in-house, shared services or outsourced.
- 1.2 The Charter is a formal document that defines Nuneaton and Bedworth Borough Council's internal audit's purpose, authority, and responsibility. The Charter establishes internal audit's position within the organisation; authorises access to records, personnel, and physical properties relevant to performance of engagements; and defines the scope of internal audit activities.
- 1.3 The Charter must also:
- Define the terms "Board" and senior management for the purposes of internal audit activity;
 - Cover the arrangements for appropriate resourcing;
 - Define the role of internal audit in any fraud related work; and
 - Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities.
- 1.4 The Head of Audit and Governance will review the Charter annually and any necessary amendments will be endorsed and approved by the Audit and Standards Committee, who fulfil the role of the Board which has responsibility for final approval of the Charter as per the PSIAS. (see paragraph 3.2 below)

2. Statutory Requirements

- 2.1 The requirement for an internal audit function is contained in the Accounts and Audit (England) Regulations 2015, which require the Council to:

"Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

3. Definitions

- 3.1 The PSIAS define internal audit as:

"an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It

helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

3.2 The PSIAS define the ‘Board’ as:

“the highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. Typically, this includes an independent group of directors (e.g., a board of directors, a supervisory board or board of governors or trustees). If such a group does not exist, the “board” may refer to the head of the organisation, “board” may also refer to an audit committee to which the governing body has delegated certain functions”.

The role of the board as outlined above will be fulfilled by the Audit and Standards Committee.

3.3 The role of senior management is fulfilled by the Council’s Management Team, which comprises the Chief Executive and all Directors. The role of the Chief Audit Executive will be fulfilled by the Head of Audit and Governance, who has responsibility for effectively managing the internal audit activity in accordance with the Charter, definition of internal audit, the code of ethics and the standards.

4. Scope and Responsibility

Assurance Activities

4.1 The internal audit service is responsible for providing assurance in accordance with all relevant professional standards and guidance across the authorities entire control environment and across all activities, including:

- Services provided on behalf of other organisations by the Council; and
- Services provided by other organisations on behalf of the Council.

Advisory Activities

4.2 The internal audit service will advise on proposed changes and the controls to be incorporated into new and revised systems but the final decision on whether to accept the audit advice rests with the relevant manager. The provision of such advice does not prejudice the service’s right to evaluate the established systems at a later date.

Consultancy Services

- 4.3 At the request of management, the internal audit service shall undertake consultancy work designed to improve the effectiveness of risk management, control, and governance processes, subject to the availability of the right skills and experience.

Fraud

- 4.4 Managing the risk of fraud and corruption is the responsibility of management. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud and corruption will be detected. Internal auditors should, however, be alert to risks and exposures that could allow fraud or corruption to occur.
- 4.5 The Head of Audit and Governance must be notified of any suspected irregularity so that processes and procedures can be reviewed to prevent any further irregularities occurring. The relevant Director, in consultation with the Chief Finance Officer, will appoint an investigating officer. This will normally be the Head of Audit and Governance, particularly if the allegation is of a serious nature or if there is some form of financial irregularity.

5. Authority and Rights of Access

- 5.1 Internal auditors shall have full, free, and unrestricted access to all services and functions, premises, assets, employees, elected members, suppliers and contractors, records, and other documentation that the Head of Audit and Governance considers necessary to enable the internal audit service to fulfil its responsibilities. Auditors also have authority to access all relevant computer data as part of their work, including that registered under the Data Protection Act.
- 5.2 Internal audit is authorised to obtain the information and explanations they consider necessary from any employees, partners, or agents of the Council to fulfil their objectives and responsibilities. Managers must ensure that internal audit access is considered when preparing partnership agreements or contracts for the purchase or supply of goods and services.
- 5.3 The Head of Audit and Governance has the right of direct access to the Head of Paid Service, the Monitoring Officer, the section 151 Officer, Elected Members, the Chair of the Audit and Standards Committee, Directors, and Senior Managers.
- 5.4 All records, documentation, and information accessed in the course of undertaking internal audit activities shall be used solely for that purpose. The Head of Audit and Governance and individual audit staff, including contractors and external service providers

performing work on behalf of internal audit, are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

6. Independence and Objectivity

- 6.1 The internal audit service is managed by the Head of Audit and Governance who is professionally qualified as required by the PSIAS. The Head of Audit and Governance direct reporting line is to the Director for Finance and Enterprise and also provides reports to the Audit and Standards Committee, which has responsibility for overseeing audit arrangements.
- 6.2 Independence is essential to the effectiveness of the internal audit service; so, it will remain free from interference in all regards. This shall include, but not be limited to, matters of audit selection, scope, procedure, frequency, timing, or report content.
- 6.3 Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. They must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming a judgement.
- 6.4 The internal audit service is free to plan, undertake and report on its work, as the Head of Audit and Governance deems appropriate, in consultation with the Management Team and Senior Managers.
- 6.5 Directors and Senior Managers are fully responsible for the quality of the internal control environment within their area of responsibility. They should ensure that appropriate and adequate controls exist without depending upon internal audit activity.
- 6.6 The Head of Audit and Governance has executive responsibility for insurance, risk management, performance management, equalities, safeguarding, corporate fraud, information management and corporate governance. Any audits relating to these functions shall be overseen by the Director for Finance and Enterprise to ensure that the internal auditors remain independent and objective in forming opinions and judgments in these areas.

7. Audit and Standards Committee

- 7.1 The Council is responsible for maintaining an Audit and Standards Committee which complies with all relevant guidance. The Committee's responsibilities include:
- approving the internal audit charter;

- monitoring and reviewing the effectiveness of the internal audit function;
- agreeing the internal audit work programme and the adequacy of its resources and access to information to enable the service to perform effectively and in accordance with the relevant professional standards;
- considering the Head of Audit and Governance annual report and opinion, and summary of internal audit activity and the level of assurance it can give over the Council's corporate governance arrangements;
- reviewing and monitoring management's responsiveness to the findings and recommendations of the internal auditor; and
- reviewing the Audit and Standards Committee's own performance, constitution, and terms of reference to ensure that it is operating effectively.

8. Standards

8.1 The internal audit service operates in accordance with best practice and guidance in the PSIAS. All internal auditors are required to comply with the standards, all relevant ethical and technical standards issued by their professional bodies and with all relevant codes of conduct issued by the Council.

8.2 Internal auditors are expected to:

- Exercise due professional care based upon appropriate experience, training, ability, integrity, and objectivity;
- Maintain and keep up to date their professional knowledge and skills and to participate in any continuing professional development scheme (CPD) operated by their professional body;
- Participate in the Council's personal development scheme;
- Comply with the Council's rules relating to the declaration of interests; and
- Obtain and record sufficient audit evidence to support their findings and recommendations.

8.3 The internal audit service will safeguard the information obtained in carrying out its duties. Information obtained shall not be disclosed unless there is a legal or professional requirement to do so, or used for personal gain.

9. Planning

9.1 Internal audit work is planned in order to establish priorities, achieve objectives, and ensure the efficient and effective use of audit resources. The objective of the internal audit plan is to enable the Head of Audit and Governance to provide an annual opinion

regarding the effectiveness of the Council's arrangements for risk management, governance, and control.

- 9.2 The Head of Audit and Governance produces an annual audit plan in consultation with the Management Team and Senior Managers, taking into account the key risks to the Council. The plan is endorsed by the Management Team and approved by the Audit and Standards Committee. It is the responsibility of the Management Team to ensure that the budget and resources allocated to internal audit are sufficient to enable the plan to be delivered.
- 9.3 Seven days' notice will normally be given to the relevant manager of the start of an audit; however, the internal audit service reserves the right for unannounced visits if the Head of Audit and Governance considers it necessary. Terms of reference are prepared for each assignment, and these shall be discussed and agreed with the relevant manager before the work is started. Internal auditors shall minimise any disruption to the smooth running of the service whilst it is under review.

10. Reporting

- 10.1 Significant audit findings are reported to the relevant manager in writing. The reports include an opinion on the adequacy of controls in the area reviewed, make recommendations for improvement, specify the officer responsible for implementing the recommendation and the implementation deadline. Opinions on individual assignments feed into the Head of Audit and Governance overall opinion given in the annual report to the Audit and Standards Committee.
- 10.2 Reports will be agreed with the relevant manager and the final agreed report will be copied to the relevant Director and Senior Manager, and the Director for Finance and Enterprise. The Chief Finance Officer (at NBBC this is the Director for Finance and Enterprise) will be copied in on all reports identifying significant financial issues. Reports that give a 'Limited Assurance' opinion on the control environment will be submitted to Management Team to monitor and review and ensure that appropriate action is taken to improve controls.
- 10.3 The Head of Audit and Governance submits regular reports to the Audit and Standards Committee summarising the results of audit reviews and progress in implementing audit recommendations. An annual report is provided given an overall opinion on the Authority's control environment relating to risk management, governance, and control, which feeds into the annual review of the effectiveness of the Authority's governance arrangements and the Annual Governance Statement.

11. Co-operation

- 11.1 The Head of Audit and Governance will work in partnership with the Council's external auditor and other services on such matters as control, corporate governance, contracting, data protection and risk management.
- 11.2 Where services are provided by or to other organisations the Head of Audit and Governance is authorised to agree the responsibility for internal audit of those services with the internal audit of those organisations and to share relevant information. Managers setting up a shared service or partnership must consider the requirement for internal audit and include appropriate access rights in any agreement.
- 11.3 It is the responsibility of every manager to be open, frank, and honest at all times about any risks, concerns or problems that may exist.

12. Quality Assurance and Improvement Programme

- 12.1 The Head of Audit and Governance manages a quality assurance programme to ensure that internal audit work complies with professional standards and achieves its objectives. The Head of Audit and Governance shall review the programme annually and report the outcomes in the Head of Audit and Governance annual report to support performance and inform planning and resources of the next year's internal audit plan.
- 12.2 The quality assurance programme includes:
- Suitable guidance, support, and review of all internal audit work;
 - Seeking feedback from line managers on the quality of internal audit work and professionalism of the auditor; and
 - Regular internal and external assessments of the effectiveness of the service in accordance with the PSIAS.

Head of Audit and Governance (Interim)

(updated by: Sophie Pavier-Smith (Internal Auditor))

NUNEATON AND BEDWORTH BOROUGH COUNCIL

Report to: Audit and Standards Committee – 19th July 2022

From: Director – Finance & Enterprise and Director – Planning and Regulations

Subject: Audit and Standards Committee Core Work Programme 2022/23

1. Purpose of the report

- 1.1 To consider and approve the Audit and Standards Committee Core Work Programme for 2022/23 after taking into consideration the purpose and functions of the Committee.

2. Recommendations

- 2.1 That the Audit and Standards Committee Core Work Programme for 2022-23 at Appendix A be approved.

3. What is the Committee being asked to consider?

- 3.1 The Committee usually sets out its annual work programme for the year, which looks to ensure that the financial cycle of reports and accounts are approved in good time; and some of the best practice recommendations from the Committee on Standards in Public Life are met. In addition, the Committee are asked to consider whether the Core Work Programme sufficiently robust and does it accurately reflect the functions of the Audit and Standards Committee as set out in the Terms of Reference, which are attached at Appendix B.

4. Work Programme 2022-23

- 4.1 Five Committee meetings have been included in the municipal year Calendar for 2022/23. If necessary, additional meetings will be arranged as and when required.
- 4.2 The Core Work Programme includes both the annual letters and reports that either require the approval of or need to be reported to the Committee, and some other planned policy reviews for the year. Other reports will be presented to the Committee if appropriate during the year.

**VICTORIA SUMMERFIELD
PHILIP RICHARDSON**

Audit and Standards Work Programme 2022 – 2023

Audit

Item	19 July	6 Sept	8 Nov	10 Jan	14 Mar	Details
Internal Audit Charter	✓					To review and approve any changes required to the Internal Audit Charter
Consider the Council's corporate governance arrangements and policies to ensure that they demonstrate a strong ethical culture		✓	✓	✓	✓	These include the Contract and Financial Procedure Rules, Counter Fraud Policy, Risk Management Policy and Performance Management Policy along with other governance related policies as required
Annual Report of Internal Audit	✓					To consider the Head of Audit and Governance annual report, which includes conformance with the Public Sector Internal Audit Standards, outcomes from the quality assurance improvement programme, the Head of Audit and Governance opinion on the control environment and the work completed by internal audit to support that opinion

Item	19 July	6 Sept	8 Nov	10 Jan	14 Mar	Details
Annual Governance Statement 20-21		✓				To ensure that the Council's Annual Governance Statement properly reflects the control environment and any actions to improve it
Statement of Accounts 2020-21		✓				To approve the Statement of Accounts for 2020-21
Annual Governance Statement 21-22			✓			To ensure that the Council's Annual Governance Statement properly reflects the control environment and any actions to improve it
Statement of Accounts 2021-22			✓			To approve the Statement of Accounts for 2021-22
Treasury Management Reports	✓	✓	✓	✓		
Audit Findings Report		✓				External audit's opinion and findings on the 2020-21 accounts and the value for money conclusion
Internal Audit Plan progress report			✓			A report on progress against the audit plan
Annual External Audit Letter				✓		An overall summary of the external auditor's work at the Council.
External Audit grant claims report				✓		External auditor's report on the work completed to certify grant claims.
External Audit Plan			✓			Sets out the external auditors approach to

						the identification of audit risks.
Internal Audit Plan					✓	To consider and approve the content of the Plan for 2021/22

Standards						
Item	19 July	6 Sept	8 Nov	10 Jan	14 Mar	Details
Approval of 2022/23 Annual Report for Standards Committee		✓				Annual requirement
Reports from the Constitution Review party	✓	✓	✓	✓	✓	To receive reports from the work of the working party
Dispensations	✓	✓	✓	✓	✓	Ongoing item
Overview of Member complaints		✓			✓	Required every 6 months
Review of registration of interests, hospitality and gifts by members and officers			✓			Annual requirement
Annual report from the Ombudsman			✓			Annual requirement

ARTICLE 9: THE AUDIT AND STANDARDS COMMITTEE

The purpose of the Audit and Standards Committee is to provide independent assurance of the accuracy of the risk management framework and the internal control environment. It provides an independent review of the Council's governance, risk management and control frameworks, and oversees the financial reporting and annual governance processes. It oversees internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.

In order to ensure high standards of conduct and probity, the Committee will also have a key part to play in strengthening and maintaining the highest standards of ethical conduct which the public is entitled to expect from both Members and Officers of the Council.

This Article sets out the composition, role and function of the Audit and Standards Committee

A9.1 AUDIT AND STANDARDS COMMITTEE

The Council meeting will establish an Audit & Standards Committee.

A9.2 COMPOSITION - POLITICAL BALANCE

- a) The composition of the Audit and Standards Committee has to reflect the political balance of the Council;
- b) No member of the Cabinet or Chair of an Overview & Scrutiny Panel shall be a member of the Audit and Standards Committee;
- c) The Audit and Standards Committee will be composed of 11 Members;
- d) Council shall appoint the Chair of the Committee;
- e) The quorum will be five;
- f) The Committee shall have the power to co-opt up to four Independent Members to assist the Committee in fulfilling its purpose and they shall be appointed for a period of up to four years and shall be appointed for no more than two terms.

A9.3 ROLE AND FUNCTION

The Audit and Standards Committee will have the following roles and functions:

Governance, Risk and Control

- a) To review the Council's corporate governance arrangements against the Good Governance framework, and consider annual governance report and assurances;

- b) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and control;
- c) To consider the Council's arrangements to secure value for money, and review assurances and assessments on the effectiveness of these arrangements;
- d) To consider the Council's Strategic Risk Register and ensure that it adequately addresses the risks and priorities of the Council;
- e) To monitor the effective development and operation of risk management across the Council;
- f) To monitor progress in addressing risk related issues reported to the Committee;
- g) To consider reports on the effectiveness of internal controls, and monitor the implementation of agreed actions;
- h) To review the assessment of fraud risks and potential harm to the Council from fraud and corruption;
- i) To monitor the Council's Anti-Fraud Strategy;
- j) To maintain an overview of the Council's Constitution.

Internal Audit

- a) To approve the Internal Audit Charter;
- b) To review proposals made in relation to the appointment of external providers of IT internal audit services;
- c) To approve the risk based on Internal Audit Plan, including Internal Audit's resource requirements;
- d) To approve significant interim changes to the risk based Internal Audit Plan and resource requirements;
- e) To consider the Audit & Governance Manager's Annual Report, which will include:-
 - A Statement on the level of conformance with the Public Sector Internal Audit Standards;
 - The results of the Quality Assurance and Improvement Programme that supports the Statement – these will indicate the reliability of the conclusions of Internal Audit;
 - The Audit & Governance Manager's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control, together with the summary of the work

supporting the opinion. These will assist the Committee in reviewing the Annual Governance Statement

- f) To contribute to the Quality Assurance and Improvement Programme and, in particular, to the external quality assessment of internal audit that takes place at least once every five years;
- g) To support the development of effective communication with the Audit & Governance Manager and commission work as necessary;
- h) To receive the Annual Ombudsman Report and make recommendations to Full Council as necessary.

External Audit

- a) To consider the external auditor's Annual Letter, relevant reports, and the report to those charged with governance;
- b) To consider specific reports as agreed with the external auditor;
- c) To comment on the scope and depth of external audit work and ensure it gives value for money;
- d) To commission work from external audit as necessary;
- e) To advise and recommend on the effectiveness of the relationships between external and internal audit, and other inspection agencies or relevant bodies.

Financial Reporting

- a) To approve the Annual Statement of Accounts;
- b) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Treasury Management

To review the Council's Treasury Management activities, and monitor the performance against the approved Treasury Management indicators.

Members Code of Conduct

- a) Promoting and maintaining high standards of conduct by Members, Independent Members and any other representatives;
- b) Assisting Members and Independent Members to observe the Councillors' Code of Conduct;
- c) Advising the Council on the adoption or revision of the Councillors' Code of Conduct;
- d) Monitoring the operation of the Councillors' Code of Conduct;

- e) Advising, training or arranging to train Members', Independent Members and any other representatives on matters relating to the Councillors' Code of Conduct;
- f) Making assessments of misconduct allegations;
- g) Dealing with any reports from the Monitoring Officer on any matter;
- h) Establishing Sub-Committees; and
- i) Granting exemptions for politically restricted posts.

Dispensations

Granting dispensations to Elected and Independent Members, having regard to all relevant circumstances, in the following circumstances:

- a) That so many Members of the decision-making body have Disclosable Pecuniary Interests in a matter that it would impede the transaction of the business;
- b) That, without the dispensation, the representation of different political groups on the body transacting the business would be so upset as to alter the outcome of any vote on the matter;
- c) That the Council considers that the dispensation is in the interests of persons living in the Authority's area;
- d) Where, but for a dispensation, all Members of Cabinet would be prohibited from participating in any particular business to be transacted by Cabinet; or
- e) That the Council considers that it is otherwise appropriate to grant a dispensation.

In granting a dispensation, the Committee shall specify the period of the dispensation, which shall not exceed four years.

Sanctions

The Committee shall have the following sanctions delegated to it by Council, and shall delegate those powers to its hearings Sub-Committees:

- a) Censuring or reprimanding the Member;
- b) Reporting its findings to Council for information;
- c) Recommending to the Member's Group Leader (or in the case of un-grouped Members, recommend to Council or to Committees) that he/she be removed from any or all Committees or Sub-Committees of the Council;
- d) Recommending to the Leader of the Council that the Member be removed from the Cabinet, or removed from particular Portfolio responsibilities;
- e) Instructing the Monitoring Officer to arrange training for the Member;

- f) Removing from all outside appointments to which he/she has been appointed or nominated by the Authority;
- g) Withdrawing facilities provided to the Member by the Council, such as a computer, website and/or email and internet access; or
- h) Excluding the Member from the Council's offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings.

Accountability Arrangements

- a) To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions;
- b) To report to Full Council on a regular basis, on the Committee's performance in relation to the Terms of Reference and the effectiveness of the Committee in meeting its purpose.