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Uttlesford District Council

Chief Executive: Peter Holt

Audit and Standards Committee

Date: Tuesday, 27th June, 2023

Time: 7.00 pm

Venue: Council Chamber - Council Offices, London Road, Saffron Walden,
CB11 4ER

Chairman: Councillor E Oliver

Members: Councillors H Asker, S Barker, G Driscoll, C Fiddy, M Foley (Vice-Chair), N Gregory, T Loveday, S Luck, D McBirnie and R Silcock

Substitutes: Councillors A Dean, B Donald, C Martin and R Pavitt

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AGENDA

PART 1

Open to Public and Press

- 1 Apologies for Absence and Declarations of Interest**
To receive any apologies and declarations of interest.
- 2 Minutes of the Previous Meeting** 4 - 21
To consider the minutes of the following meetings:
 - 21st September 2022 (Standards Committee)
 - 15th March 2023 (Governance, Audit and Performance Committee)
 - 13th April 2023 (Standards Panel)
- 3 Protocol for Selection of Panel Membership** 22 - 26
To consider the protocol for selection of Panel membership.
- 4 Internal Audit Annual Report 2022-23** 27 - 42
To consider the Internal Audit Annual Report for 2022/23.
- 5 Annual Governance Statement 2022-23** 43 - 66
To consider the Annual Governance Statement for 2022/23.
- 6 Internal Audit Annual Plan 2023-24** 67 - 77
To consider the Internal Audit Annual Plan for 2023/24.

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Agenda Item 2

STANDARDS COMMITTEE held at COMMITTEE ROOM - COUNCIL OFFICES, LONDON ROAD, SAFFRON WALDEN, ESSEX CB11 4ER, on WEDNESDAY, 21 SEPTEMBER 2022 at 5.00 pm

Present: Councillor G LeCount (Chair)
Councillors H Asker, S Barker, A Dean, M Foley, N Gregory, A Khan, M Lemon and B Light

Officers in attendance: N Coombe (Locum Senior Lawyer and Deputy Monitoring Officer), A Lindsell (Democratic Services Officer), J Reynolds (Assistant Director of Governance and Legal) and E Smith (Solicitor)

Independent Persons: Mrs G Butcher-Doulton, Mr D Pearl and Mrs C Wellingbrook-Doswell

ST1 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for delayed arrival were received from Councillor Foley.

Councillor Barker declared a personal interest as a member of Essex County Council which had already adopted the new LGA Code of Conduct.

ST2 **MINUTES OF THE PREVIOUS MEETING**

As Members who had attended the previous meeting, Councillors Barker, Gregory and Khan agreed that the minutes of the meeting held 16 March 2020 were an accurate record.

The minutes of the meeting held 16 March 2020 were approved as an accurate record.

ST3 **REVIEW OF THE STANDARDS CODE OF CONDUCT**

The Assistant Director of Governance and Legal presented the new Model Councillor Code of Conduct (the Model Code) produced by the Local Government Association (LGA), and accompanying LGA Guidance.

She recommended:

- That the new Model Code and associated LGA Guidance was adopted or that the current Code of Conduct was retained.
- That following Committee's decision the Assistant Director of Governance and Legal be given authority to draft any amendments needed to the current Constitution and or procedure for dealing with Code of Conduct complaints, organise an equality impact assessment of the same, and commission the design of a short post complaint survey for participants,

and bring those amendments / copy of survey back to the Committee in a report to Full Council

The Independent Person said that a number of authorities had adopted the new model Code of Conduct. His personal view was that he doesn't see a particular reason to adopt the new code as he felt that Uttlesford's current Code of Conduct went through a great deal of work five years ago, had worked perfectly well and did not require amendment at this time.

He said that he thought that the procedure for considering a complaint needed considerable work to introduce examples that were not currently included but were in the LGA guidance and could be adopted.

The Chair asked whether social media, bullying and harassment was covered in the current Code of Conduct.

The Independent Person said that it could be incorporated into the procedure as was demonstrated with examples in the LGA guidance.

Members discussed:

- The need to identify the differences between the current and proposed Codes of Conduct
- The significance of the relationship with the Nolan Principles, and where they impinge on the Code of Conduct
- The benefits of a level playing field between authorities, all operating within the same Code of Conduct
- The definition of lying in relation to the Nolan Principles, the omission of a requirement for honesty/candour from them and the need to underpin acceptable behaviour within the Code of Conduct
- The benefits and flaws of the simplified model Code of Conduct
- The permanence of the Nolan Principles
- The need to focus on the management of bullying on social media
- The need for the inclusion of silence and omissions within the Code of Conduct

Councillor Foley joined the meeting.

The Assistant Director of Governance and Legal said that the Nolan Principles required that people in public life adhere to them, and that a statement could be added to the Code of Conduct to restate it.

The Independent Persons agreed:

- They had been part of the development of the Code of Conduct and had assessed the Code with the then Assistant Director of Governance and Legal
- The Nolan Principles were embedded within the Code of Conduct
- They had worked towards a resolution to prevent spending huge sums of money on hearings and resolutions
- The new Code was much lighter in its approach than the existing Code.
- Some of the examples in the model Code were very valuable
- The new model Code worked well

- It was imperative that everyone understood the Code of Conduct and how it could be used to put together a complaint. Often evidence had not been gathered for a complaint and that concerns could have been addressed through training.
- The new LGA guidance defined bullying and harassment, based upon the ACAS definition, and could be adopted and put into the Council's documents.

The Assistant Director of Governance and Legal said that either the current or model Code of Conduct could be amended.

Councillor Khan said that Members should be clear on the approach they were taking in relation to bad behaviour and role modelling. He said that debate and alternative views demonstrated a healthy democracy and could be conducted in a robust and civil manner. He said that on occasion Members raised a point of order when this happened, which was unacceptable and often escalated to ridiculous Standards complaints which should have been better managed by the Chair of the meeting.

Councillor Barker said that some Members did not understand what a Point of Order was.

Councillor Foley proposed approval of the recommendations as set out on the agenda.

This was seconded by Councillor Lemon.

The Chair requested and moved to a vote.

RESOLVED:

- To adopt the new Model Code and associated LGA Guidance
- The Assistant Director of Governance and Legal be given authority to draft any amendments needed to the current Constitution and or procedure for dealing with Code of Conduct complaints, organise equality impact assessment of the same and commission the design of a short post complaint survey for participants and bring those amendments / copy of survey back to the Committee in report to Full Council

Members agreed that training on the new Code of Conduct would be required to enable Members to understand the changes.

The Assistant Director of Governance and Legal said that the recommendation would be debated by Full Council and that there would be a further report for Council incorporating amongst other things comments made at this meeting. She said that training would follow the decision made.

ST4

BEST PRACTICE POINTS AND THE GOVERNMENT RESPONSE TO THE COMMITTEE ON STANDARDS IN PUBLIC LIFE'S REVIEW OF LOCAL GOVERNMENT ETHICAL STANDARDS.

The Assistant Director of Governance and Legal provided an update on both the Best Practice Points and the Governments response to the twenty-six recommendations.

She recommended that the Committee:

- Note the Best Practice Points
- Agree that the Assistant Director of Governance and Legal progress implementation of those not already implemented as laid out in the report and report back to Committee at its next meeting
- Received the Government's response of March 22nd 2022

The Assistant Director of Governance and Legal identified the following recommendations that had not yet been actioned:

- 1. If the decision was to maintain the current Code then the matter would be addressed. It was already in place in the model Code of Conduct
- 3. Members would start annually reviewing the Code of Conduct, once it has been considered by Full Council
- 6. This would be added to the website
- 9. The Solicitor – Litigation said that decision notices were published for Licensing and that she saw clear merit in repeating this for Standards. The Assistant Director of Governance and Legal said that she felt that the Chief Executive would support this, although there was no legal requirement to do so
- 11. The Independent Person did not think that this was a good idea, which was echoed by Members
- 14. The Assistant Director of Governance and Legal said that she wanted to consult with the Corporate Management Team to ensure compliance
- 15. Members agreed that this would be good practice

Members discussed the need to consult on several matters at a time, some of general interest, to encourage participation from members of the public.

Following questions from Members the Assistant Director of Governance and Legal confirmed that although feedback from the public regarding this process had been considered, consultation had not yet been undertaken with neighbouring authorities because it was for the District Council to decide which Code of Conduct they adopted. She said that Parish Council views would be sought at the Local Council Liaison Forum, and that the vast bulk of complaints were between Members.

Members noted the Best Practice Points and agreed that the Assistant Director of Governance and Legal progress implementation of those not already implemented as laid out in the report and report back to Committee at its next meeting.

ST5

CODE OF CONDUCT COMPLAINTS SUMMARY

The Assistant Director of Governance and Legal presented the Code of Conduct Complaint Summary submitted and dealt with since July 2020.

She recommended that the Committee:

- Accepted the report
- Considered whether to refer the report with any further recommendations to Full Council for consideration.

The Independent Person said:

- The report made grim reading despite the robust complaints system in place
- A number of the complaints were “tit for tat”
- There were very few complaints from the general public
- There were a number of complaints against Parish Councils
- Some of the complaints were valid, and some not
- During the two year period covered, the cost of staff employed investigating the thirty seven complaints was in the region of £150k-£200k. This money would be far better spent within constituencies
- The Independent Persons worked tirelessly to achieve full resolution, but certain Parish Councils would not adhere to the process
- There had been some success bringing about informal resolution to save money and limit damage to the reputation of the authorities involved

She asked Members to carefully provide guidance to the parishes to ensure Parish Councils are recognised for the good work they do.

The Assistant Director of Governance and Legal said that a further four complaints had come in since the report was published, bringing the total number to forty one. She said that it was worth noting that twenty two were dismissed, took up an awful lot of time and didn't amount to anything. She said that the vast bulk of Parish Councils operated effectively within the Code of Conduct and that broadly speaking this report covered only three Parish Councils.

Members discussed the need:

- To encourage Members to discuss the Code of Conduct with Parish Councils
- To contact Clerks to introduce further discussion about the Code of Conduct
- To provide training to Members, possibly through a webinar which could be accessed at the Members convenience
- To identify to the individuals that they were spending public money erratically without concern

Following questions from Members the Assistant Director of Governance and Legal said:

- That the LGA have prepared a training package which could be rolled out to Members.
- When complaints do not meet the public interest test for progression, but involved unacceptable behaviour, there were mechanisms in place, but that they were not very effective. She said that mechanisms needed to be called out by Members where necessary

- The Council did not have the power to compel conflicted Parish Council Chairs and Clerks to accept support and assistance, although they could engage with their independent bodies, who varied in efficiency
- An invoice had been forwarded to a particularly entrenched authority to demonstrate the extremity of the situation, but no response had been forthcoming.
- The details of the costs incurred were in the public domain
- Individuals making persistent vexatious complaints could be invoiced, but could not be pursued for payment of the invoice

Councillor Khan proposed approval of the recommendations as set out on the agenda.

This was seconded by Councillor Light.

This was unanimously approved.

RESOLVED:

- To accept the report
- To refer the report with any further recommendations to Full Council for consideration

ST6 STANDARDS OF DISCOURSE IN PUBLIC LIFE

The Independent Person said that the Independent Persons had been asked to observe members behaviour within Council meetings in order to move forward in improving challenging behaviour.

Members said that:

- It would be helpful for the Council in place following the May 2023 elections to be trained, as well as current Members
- Regular Standards meetings would be reinstated
- Historically, training sessions that included role-play had been the most useful.

The Assistant Director of Governance and Legal said that:

- Turn out for the most recent Standards training had been poor at the most recent session and would have to be run again to ensure there was an adequate pool of Members to meet demand for a hearing

The Independent Person said that:

- There had been a lack of appropriate training in every part of the Council and Parish Councils, which needed addressing effectively to resolve the issue.
- Standards were getting more robust at challenging inadequately evidenced complaints.
- The Independent Persons were uneasy about the quality of training available, particularly around Standards training and that the training would require a real commitment to change and understanding the Code.

- If all the Chairs were trained and effective the meetings would be better controlled.

The Chair thanked everyone for their input and comments, particularly the Independent Persons, the Assistant Director of Governance and Legal and her team.

The meeting ended at 7:15pm.

GOVERNANCE, AUDIT AND PERFORMANCE COMMITTEE held at COUNCIL CHAMBER - COUNCIL OFFICES, LONDON ROAD, SAFFRON WALDEN, CB11 4ER, on WEDNESDAY, 15 MARCH 2023 at 7.00 pm

Present: Councillor E Oliver (Chair)
Councillors G Driscoll (Vice-Chair), M Foley, A Khan, B Light, S Luck and J De Vries

Officers in attendance: P Holt (Chief Executive), N Coombe (Interim Legal Services Manager and Deputy Monitoring Officer), D Deeks (Internal Audit Manager), C Gibson (Democratic Services Officer), D Hermitage (Director of Planning) and A Webb (Director - Finance and Corporate Services)

GAP81 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies were given by Councillors Asker and Loveday.

The Chair welcomed the Interim Legal Services Manager and Deputy Monitoring Officer and the new Internal Audit Manager to the meeting.

GAP82 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 30 November 2022 were approved as correct.

GAP83 INTERNAL AUDIT UPDATE (VERBAL REPORT)

The Chair brought this item up the Agenda.

The Internal Audit Manager said that she had only been in post for two weeks and that the new Audit Plan would be taken to CMT shortly and would be brought to GAP at the June 2023 meeting. It would be linked to Service Plans and the Risk Register. She said that a number of audits would be carried over to 2023/4 and that follow-up audits were taking longer than planned. 12 of 23 audits had been completed to date. She said that moving forward her intention was that she would review audits with substantial or moderate assurances and that full follow-ups would only be carried out on areas with limited assurance. She said that she intended to hold a Corporate Anti-Fraud Working Group on 20 April 2023.

In response to various questions from Members, the Internal Audit Manager:

- Explained how she planned to link the Internal Audit Plan to risk registers and that she had been in contact with Senior Officers in terms of their service risks.
- Said that the key financials needed to be reviewed.
- Said there was a need to follow up on Safeguarding and CCTV reviews.

- Said that reviews would be undertaken in the next financial year in respect of UNSL and the Planning Department.

The Chair said that he welcomed the fact that the Council now had a full-time Internal Audit Manager in post.

GAP84 2022/23 CORPORATE RISK REGISTER UPDATE - REVIEW OF CURRENT RISKS

The Chair introduced the report and outlined the changes to the register being proposed as outlined in Paragraph 15 of the report.

The Director of Finance and Corporate Services said that this report had last been presented to GAP in January 2022 but that it had been regularly reviewed by CMT. He said that a further deep-dive review would be completed by CMT by the end of March 2023 and that any new risks would be identified through this forum.

In response to various questions from Members, the Director of Finance and Corporate Services:

- Referred to the red Borrowing and Investments risk and said that the risk needed to change completely to focus on UDC as the previous assessment had been made based on UDC responding to an earlier CIPFA consultation.
- Referred to the amber Financial Control risk and said that in Local Government all budgets had to be balanced but that in this instance there might be some movement towards a red assessment.
- Referred to the red Contracts and Partnership Management risk and stated that this referred to all areas of the Council but that a new team of officers were in place to oversee these areas.

The Director of Planning outlined timelines for the Local Plan; he said that the current risk assessment was probably at amber. The Internal Audit Manager confirmed that the Local Plan would be audited during 2023/4.

Members indicated that the risk register should be forward looking and noted the report.

GAP85 Q3 PERFORMANCE INDICATOR DATA AND ANALYSIS

The Chair introduced the report and referred Members to Paragraph 15 of the report that showed the five KPI's that had not met their target for Q3 but were within the 10% threshold and had an amber status. He highlighted KPI 08(a) Average re-let time that had a red status.

The Director of Planning gave a PowerPoint presentation relating to Planning Enforcement. In response to various questions he said that Planning Enforcement was about purely corrective action. He said the team now would have 3 staff and 1 additional officer on a 1 year fixed contract. He said that

planning enforcement information comparisons were published on the Government website.

The presentation was positively received and it was suggested that this information be provided to the new administration.

In response to various questions relating to all PI's, the Director of Finance and Corporate Services:

- Clarified the need for lead officers to use their specialist knowledge to clear draft minutes before publishing (PI 21).
- Said that voids was a significant issue and was currently under review (KPI 08(a)).
- Said that the cost of living crisis was having a significant effect across many areas of the Council.

The Director of Planning clarified the position in respect of PI 46. He explained that lag times in respect of five outstanding appeals could make the statistical situation worse in the short-term in the event of appeals being lost. He said that officers were looking to agree some sub-indicators on a shorter time frame and that he would report back post-election.

The report was noted.

GAP86 ANNUAL ACCOUNTS (VERBAL REPORT)

The Director of Finance and Corporate Services outlined the current situation. He said that there had been no movement in respect of the 2019/20 accounts and that discussions were on-going with BDO, who currently had major staffing issues. He said that there would be a need initially for a forensic team to be sent in first after these delays. He said that KPMG would be the newly appointed external auditors to take over from BDO.

In response to various questions, the Director of Finance and Corporate Services:

- Confirmed that the accounts had not been certified since 2018/19, that the auditors had not been in a position to comment on value for money issues since then and that the Annual Governance Statement had not been signed off either.
- Said that in the light of BDO clearly having issues providing enough audit staff he intended to approach PSSA to possibly ask KPMG to take over external audits once the 2019/20 accounts had been signed off.
- Said that one or more allegations were still being investigated and once resolved there would be a need to look at post-balance sheet events, which would clearly impinge on Finance staff time. He said that he had confidence in his team and that the External Auditor had indicated the lack of sign off of the accounts was not because of monetary issues.
- Said that in respect of credit ratings, some local authorities would not lend to other local authorities if they did not have up to date certified accounts.

The meeting adjourned from 8.40 pm – 8.50 pm for a comfort break; the Chief Executive joined the meeting as it re-started and apologised for being late.

GAP87 **UTTLESFORD NORSE SERVICES LTD. (VERBAL REPORT)**

The Chief Executive outlined the historical background to this situation; he said that the Regulator of Social Housing had been in regular contact with UDC to track progress on the path to compliance and had recently indicated that the UDC would not be put in special measures.

He said that in respect of asbestos checks in communal areas, he expected 100% compliance to be reported by the end of March 2023. In respect of the standard 10 year electrical checks, all bar 17 properties had been visited and access was being sought to the remainder and that very substantial progress had been made relating to the standard 5 year electrical checks with around 140 dwellings outstanding. This information had also been validated by Penningtons, who had shared the information with the Social Housing Regulator, who had confirmed sufficient confidence with progress made.

He said that Savills were involved in carrying out a Stock Condition Survey which should be completed by the end of April 2023. To date Savills had reported several hundred category 1 and 2 hazards relating to damp and mould.

At this point Members agreed to continue beyond the 9.00 pm cut-off point.

The Chief Executive reported that there was a report being presented to Cabinet the next day looking to approve an additional one-off HRA revenue expenditure of up to £1 million in 2023/24 to cover costs of around £400k relating to damp and mould, £275k relating to additional staff in a Contract Management Team and the continued employment of an Interim Director of Housing.

In response to various questions the Chief Executive:

- Said that UDC was unlikely to recover monies from UNSL in respect of damp and mould but that real priorities were being worked through within a budget ceiling of £8.8 million. He said there could possibly be a negotiated withholding of funds.
- Said that the contract with UNSL was for 10 years with a break clause at 5 years; this would require a 12 month notice period.
- Referred back to the original decision to go into partnership; he said that UDC at that time did not have the economies of scale in-house to continue to manage the housing stock. He said that most neighbouring local authorities did not hold any housing stock. He admitted that client-side management of the contract had not been carried out well-enough.
- Referred to the 50% profit share agreement made in 2019 that had resulted in an approximate profit of £70k to be shared each year.

In closing the meeting, the Chair thanked Members and Officers for their contributions over the past four years.

Members thanked the Chair.

The meeting closed at 9.25 pm.

STANDARDS COMMITTEE held at COUNCIL CHAMBER - COUNCIL OFFICES, LONDON ROAD, SAFFRON WALDEN, CB11 4ER, on THURSDAY, 13 APRIL 2023 at 2.49 pm

Present: Councillor H Asker (Chair)
Councillors A Khan and B Light

Independent
Person: Mrs G Butcher-Doulton

Officers in
attendance: C Shanley-Grozavu (Democratic Services Officer)

Also Present: Councillor J Lodge
Councillor G Smith (Complainant)
Councillor N Gregory (Representative of Councillor Lodge)
Q Baker (External Monitoring Officer, Hertfordshire CC)
G Sinclair (Investigating Officer)

ST7 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies for absence.

Councillor Light declared that she had previously submitted a Code of Conduct complaint against Councillor Lodge and was also a witness to the police investigation which he had been subject to.

Councillor Gregory requested confirmation from Councillor Light that she was also the former Deputy Leader of Residents for Uttlesford (R4U) and had been fired from the position by Councillor Lodge. He raised concerns about Councillor Light's appointment to the Panel as there were at least three known instances in which she had been in dispute with the subject member. The Chair confirmed that they had taken counsel from the External Monitoring Officer who had advised that Councillor Light was able to sit on the Panel as long as she was willing to approach the task without a pre-determined view and with an open mind.

In response, Councillor Gregory requested that the hearing be deferred in order to hold a fair selection process. He said shambolic procedural errors had occurred when selecting the Panel and there was a need to start again; this time obeying to the proper and appropriate processes to achieve fair, open and robust proceedings.

Councillor Asker declared that she knew the subject member, and that they were a member of the same political group.

ST8 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED that under section 100I of the Local Government Act 1972, the public be excluded for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 1 part 1 of Schedule 12A of the Act.

ST9 COMPLAINT AGAINST A COUNCILLOR

Before the introduction of the Investigating Officer's report, Councillor Gregory addressed the Panel in the capacity of representative for Councillor Lodge and requested a deferral so that the selection process could be rerun.

The hearing was adjourned between 15:08 and 15:15 to consider Councillor Gregory's request for a deferral.

The Investigating Officer provided an introduction to her report and the Panel considered the complaint.

The Chair gave the subject member and complainant an opportunity to provide final comments.

The Panel retired at 17:36, with the Independent Person, to make their decision. The meeting reconvened at 18:25.

The Chair announced that the Panel had made the decision to uphold the findings of the Investigating Officer's report. Councillor Lodge was found to be in breach of the UDC Code of Code by:

- Failure to disclose his employment/office in the relevant part of his register;
- Failure to declare in the register his shareholding and that of a relevant person, in a private limited company;
- Failure to declare the nature of the 'Personal/Prejudicial' interest in a planning application when declaring his interest

There was agreement by all members present that the decision would not be used in the upcoming Local Election.

The Panel later requested that the minutes and Decision Notice not be published until after May's Local Election.

The Panel retired at 18:31, with the Independent Person, to discuss possible sanctions. The meeting reconvened at 18:59.

On return, the Chair announced that the Panel had agreed to impose the following sanctions on the subject member:

- To report its findings to Council
- To issue a reprimand to the member

A full decision notice would be published with the minutes.

The Meeting closed at 19:08

Decision Notice - Uttlesford District Council Standards Committee, Hearings Panel Meeting held on 13th April 2023.

Panel Members:

Councillor Asker (Chairman)

Councillor B Light

Councillor A Khan

Mrs Georgina Butcher-Doulton (Independent Person – Hearing)

Subject Councillor: Cllr John Lodge

Complainant: Cllr George Smith

Independent Investigating Officer: Gill Sinclair

Independent Monitoring Officer: Quentin Baker

Independent Person for Initial Assessment: David Pearl

Background

On the 13th April 2023 a Hearings Panel was convened to hear and determine an allegation that Cllr John Lodge, (Subject Councillor), had breached the Uttlesford District Council (UDC), Councillor Code of Conduct (CoC). The Complaint dated 04-08-2022 was made by fellow UDC Councillor Cllr George Smith, (Complainant), and following an Initial Assessment (IA) by the Independent Monitoring Officer (IMO) and Independent Person (IP) on 29-11-2022, was referred for investigation. An independent Investigation Officer (IO) was appointed and their final report was received by the IMO on 24-02-2023.

Summary of Complaint

The Complainant alleged that the Subject Member breached the UDC Members Code of Conduct by failing to register Disclosable Pecuniary Interests and by omitting to properly declare and disclose relevant Personal/Prejudicial Interests during meetings of the UDC Planning Committee held on the 20-02-2019 and 13-03-2019.

Decision

The Panel carefully considered the IO's report and heard from the Subject Councillor, Complainant and IO concerning their understanding of the CoC, the legislative requirements underpinning it and how it was implemented in UDC.

The Panel noted and acknowledged that the Subject Councillor had raised a number of valid points about the governance and operation within UDC of the CoC and these mitigated the breaches identified by the IO. The Panel reflected this in their conclusions regarding the appropriate sanction. The Panel were of the view that these matters gave rise to important lessons to be learned for UDC in its implementation of the CoC including the need for comprehensive training on the CoC for Councillors and for Officers to provide continued monitoring and support for

councillors in relation to ethical standards. Regarding these observations the Panel will provide comments/recommendations separately.

As regards the question of whether the CoC had been breached the Panel's conclusions were as follows:-

1. The Panel accepted in full, the independent Investigating Officer's findings that the Subject Councillor had breached the UDC CoC.
2. In relation to Disclosable Pecuniary Interests, (DPIs), as defined by the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 (DPIs), the Panel found:-
 - i. That Councillor Lodge breached the UDC CoC due to his failure to properly disclose details of his employment/office in his 2015 Register of Interests and those of a Relevant Person. However, the Panel noted that Councillor Lodge did disclose of his employment/office details in Section 2 of his Register under the heading "Other Pecuniary Interests" and as such this was a 'technical' breach.
 - ii. That Councillor Lodge didn't breach the requirement to register details of the Loan Agreement /Legal Charge provided by Manchester and Edinburgh Investment Property Company Ltd, (MEIP), to Company Y because the Loan Agreement/Legal Charge does not amount to a 'beneficial interest in land' as defined by the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as such it was not a DPI albeit it would fall within the ambit of an 'other interest'.
 - iii. That Councillor Lodge breached the requirements to register details of his shareholdings in M&EIP which exceeded one hundredth of the total issued share capital and those of a 'Relevant Person'. The Panel concluded that MEIP had a 'Place of Business' within the UDC boundaries because its registered office was within the UDC district and it was involved in funding residential development situated within the district.
3. In relation to the declaration of interests made by Councillor Lodge at the Planning Committee meetings of 20th February and 13th March, the Panel found:-
 - i. That Councillor Lodge breached the requirements of the Code of Conduct by failing to disclose the existence and nature of a Personal and Prejudicial Interest in Planning Application UTT/18/3278/FUL. However, it was noted that Cllr Lodge removed himself from each meeting and did not participate in the debate or vote taken in respect of the relevant application.

Sanction

4. The Panel acknowledged that the Subject Councillor had highlighted a number of valid point regarding the governance of the Code of Conduct within UDC which amounted to mitigation and the Panel reflected that in its decision regarding sanction which it set towards the lower end of the potential options as follows:

- i. To report its findings and the IO report, (subject to agreed redactions), to Full Council to enable lessons to be learned and to inform future training and guidance for members. It is recommended that this be undertaken at a point when newly elected Councillors have taken up their seats and to be accompanied by a report explaining any proposed improvement measures.,.
- ii. To issue a reprimand to Councillor Lodge.

The Panel noted the proximity of the council elections due to take place on 4th May and concluded that the decision notice should be withheld from publication until the 5th May.

Signed: Cllr Heather Asker

Chairman of the Hearings Panel

Agenda Item 3

Committee: Audit & Standards

Date: 27 June 2023

Title: Protocol for selection of Panel Membership

Report Author: Peter Holt, Chief Executive

Author: pholt@uttlesford.gov.uk

Summary

1. This paper identifies an operational problem for officers in the routine selection of panel members from amongst the pool of qualified councillors to join various individual panels which need to be convened from time to time to consider specific cases/matter, whether Licensing & Environmental Health applications, Appointment Interviews for senior staff, or specific Standards complaints.

Recommendations

2. That Audit and Standards recommends to full Council that it adopts the protocol for appointing members to panels.

Financial Implications

3. Nil

Background Papers

4. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.
 - The Council's Constitution
 - The draft Protocol for appointing Members to Panels – appendix A

Impact

- 5.

| | |
|---------------------------------|--|
| Communication/Consultation | This protocol in draft form has been the subject of informal consultation with Party Group Leaders |
| Community Safety | nil |
| Equalities | nil |
| Health and Safety | nil |
| Human Rights/Legal Implications | As addressed in the report and draft protocol |

| | |
|-----------------------|--|
| Sustainability | Nil |
| Ward-specific impacts | All wards |
| Workforce/Workplace | The adoption of this protocol removes officers from the invidious and unacceptable position of having to select panel members in any combination that will at times prove immensely politically controversial without any guidance or framework. |

Situation

6. There has been a loose 'custom and practice' in place by which officers have selected Panel Members over recent years, which has proved uncontroversial. However, in due course an intensely controversial issue arose, where the selection of the members of a particular panel was going to lead to inevitable allegations of being more likely to lead to one outcome or another of that panel's ultimate deliberations. This put officers in a lose/lose situation, where, without any guidance on panel formation, they had to form a panel. This panel formation process itself added substantial heat to an already fraught process, and there is a cross-party and officer consensus that this should be avoided in future. As a result therefore, this protocol has been drafted, drawing from the law and wider models of good practice, and is offered to the new Audit and Standards Committee for consideration, and onward recommendation to full Council for adoption into the Constitution.

Risk Analysis

7.

| Risk | Likelihood | Impact | Mitigating actions |
|--|------------|----------|---|
| If the current status quo is maintained – ie no protocol to guide the selection of future panels – then the negative recent experience is almost certainly going to be repeated – which is nobody's interests. | 4 - high | 4 - high | This protocol has been drawn up, and Party Group Leaders' informally consulted. |

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Protocol for selection of Panel Membership – Uttlesford District Council

The Council has different types of Committees, Sub-Committees, Working Groups and Panels made up of Councillors, as determined both by the Constitution and at times by law related to particular statutory functions (e.g. Environmental Health and Licensing Committee).

Which Councillors sit on the Cabinet is in the gift of the Leader of the Council, who shall announce their Cabinet after they have been elected by full Council. The Cabinet can contain members of any party, and is required by law to contain between 3 and 10 Members, including the Leader and a nominated Deputy Leader.

There are various standing Committees provided for in the Council's Constitution and (in some cases) as required by law, including:

- Planning Committee
- Licensing and Environmental Health Committee
- Audit and Standards Committee
- Scrutiny Committee
- Chief Officers' Investigatory Disciplinary Committee
- Chief Officers' Appeals Committee
- Appointments Committee (for chief officers and statutory officers)

The Membership of those standing Committees are determined by full Council, on an overall proportionate basis to reflect the overall numbers in the authority's different political groups. It is for each party to nominate its own Members to those Committees up to their entitlement on each Committee.

Various of those Standing Committees may appoint Working Groups from time to time from amongst their membership, to consider certain aspects of their duties. For example, the Planning Committee has in recent times operated a Planning Working Group, and the Planning Committee has appointed its membership from amongst its numbers, again in approximate proportion to the overall numbers of seats held by different parties.

The Cabinet also routinely operates a number of Working Groups, either on a task and finish basis, or on an ongoing basis, currently including:

- Housing Board
- Local Plan Leadership Group

It is entirely in the gift of the Cabinet which Councillors it appoints to such Working Groups, but the membership of each need not be in proportion to overall group numbers, and could be made up of only majority group members if it so chose.

These appointment rules are well evidenced, but there are not clearly documented or agreed appointment rules for the following Panels of Councillors needed from time to time.

- Licensing and Environmental Health Panels
- Appointments Panels
- Standards Panels

The purpose of this document is to set out a clear and agreed process for selecting the membership of these three sets of ad hoc/task-and-finish Panels of Councillors.

The main role of the statutory Licensing and Environmental Health Committee is to consider policy issues in this subject area. As such, in the last year, this Committee has only needed to meet on three occasions, and for relatively brief meetings. Section 6.1 of the Licensing Act 2003 requires that there are 10-15 Members on this Committee. Individual licensing applications considered under relevant legislation that are for Members to determine rather than delegated to Officers (under the Schedule of Delegated Powers) are heard by three Member panels, drawn from the parent Licensing and Environmental Health Committee. In the last year, there have been 11 such Panels convened. On each of those 11 occasions, Officers have selected which Members take part, subject to their availability, and this has proved uncontroversial.

The Appointments Committee of seven Members appointed by full Council is only convened when there is a vacancy to fill in any of the Chief Officer or Statutory Officer roles – Chief Executive, Director of Planning, Director of Finance & Corporate Services (and Section 151 Officer), Head of Legal Services (and Monitoring Officer) etc. When the Appointments Committee determines that the interviews for any of these roles are better undertaken by a Panel of less than 7 Members, it forms a Panel of a lower number. The majority group is entitled to a majority on any such panels, but has at times sought to offer one of its seats to other groups, but there has been no certain process for determining or governing this, and on a recent occasion, the Chief Executive drew names from a hat, as witnessed by the [then] Conservative and Liberal Democrat Group Leaders, which resulted in a panel of one Residents for Uttlesford, one Conservative and one Liberal Democrat Member.

The Audit and Standards Committee considers policy issues, but individual Standards Complaint hearings are heard by panels of three, drawn from the overall Committee membership and/or Substitutes list. One particular recent Standards Complaint hearing has highlighted the problematic nature of the effective discretion left to Officers in selecting the membership of three for any particular panel. Standards Panels also contain a fourth, non-voting Member, drawn from the pool of Independent Persons retained by the Council to assist with Standards processes, members who are subject to complaint under investigation are excluded.

As such, this paper sets out as below how the membership of those three sets of Panels shall from time to time be determined by officers, following these established principles.

Panels for Licensing and Environmental Health and also for Standards complaints shall be of three members. In contrast, the Appointments Committee has flexibility to determine the size of any Appointments Panels for particular vacancies as it sees fit, e.g. a panel of 3, a panel of 5 or the full Committee interviewing for a Chief Executive

vacancy – so for Appointments Panels of other than 3 Members, the same principles shall apply as below, but with the numbers proportionately adjusted.

On each occasion a Panel is required for a Licensing and Environmental Health Panel, an Appointments Panel, or a Standards Panel, first, the pool of qualified members shall be established.

To qualify, a Member must be a full or substitute Member of the parent Committee, duly appointed by full Council. They must also have undertaken all necessary training to enable them to sit on the Panel – though flexibility should be deployed so as to enable a Member to sit on the relevant Panel if it is reasonably practicable to put them through the training before the relevant meeting. They must not be disqualified by having any material interest in the issue to be considered – e.g. a relationship with a job applicant, a pecuniary or other registerable interest with a licensing applicant, or any interest in the matter being considered by the Standards Complaint (e.g. as a witness, or anything else that would stop them from being able to consider the matter even-handedly, objectively and without predetermination). Any Member subject to a live Standards Complaint themselves shall not be eligible to sit on any Standards Panel. The Monitoring Officer will make the determination as to eligibility to qualify for the pool.

Officers shall then default, in the circumstance of there being a majority group overall on the Council, to filling two of the seats on each panel with qualified Members of the majority group, as nominated by the Leader of the Council, taking into account their availability.

Officers shall then by default offer the third seat on each Panel to a qualified Member of the largest opposition group, as nominated by the Leader of the Opposition.

The Leader of the Council or the Leader of the Opposition shall have the right to offer any of their Panel seat entitlements to any other qualified Member from any smaller group of their choice, where they choose to want to involve other smaller party groups who would not otherwise be entitled to seats on a proportionate basis.

Where either the majority group or the largest opposition group cannot field their full entitlement of qualified candidates, and have not voluntarily reassigned their seat entitlements, any remaining vacant seats shall be offered in turn for nomination by the Leader of each subsequent group, in size order, from amongst their qualified candidates.

Committee: Audit and Standards Committee
Title: Internal Audit Annual Report 2022/23
Report Author: Debbie Deeks, Internal Audit Manager
Ddeeks@uttlesford.gov.uk

Date:
Tuesday, 27 June
2023

Summary

1. This report summarises the work that Internal Audit has undertaken during the financial year 2022/23 and provides details on the high risk and priority issues which could impact on the effectiveness of the internal control environment, risk management and governance arrangements across the Council.

Recommendations

2. The Audit and Standards Committee are requested to note the content of this report.

Financial Implications

3. None

Background Papers

4. None.

Impact

| | |
|---------------------------------|--|
| Communication/Consultation | This report was sent to CMT in May 2023. |
| Community Safety | None |
| Equalities | None |
| Health and Safety | None |
| Human Rights/Legal Implications | None |
| Sustainability | None |
| Ward-specific impacts | None |
| Workforce/Workplace | None |

Situation

5. The provision of a continuous internal audit service assists the Council in providing assurance on the control environment that supports the delivery of the Council's strategy.
6. The attached report summarises the work that Internal Audit has undertaken during the financial year 2022/23 and provides details on the high risk and priority issues which could impact on the effectiveness of the internal control environment, risk management and governance arrangements across the Council.
7. The Public Sector Internal Audit Standards (PSIAS) require that the Audit Manager provides an annual audit opinion and report that can be used by the organisation to inform its governance statement in respect of the adequacy and effectiveness of the organisation's framework of internal control, risk management and governance.

Risk Analysis

8.

| Risk | Likelihood | Impact | Mitigating actions |
|---|------------|--------|--|
| Inadequate audit coverage may lead to failure to provide an annual opinion of the Council's governance, risk and control arrangements; reputational damage and failure to comply with PSIAS | 2 | 2 | Monitoring of plan delivery and reporting to CMT and Audit and Standards Committee, contingency built into plan for additional days if required; Quality Assurance and Improvement Programme |

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Internal Audit Annual Report 2022-23

1. Introduction

1.1. Purpose of this report

1.1.1. This report summarises the work that Internal Audit has undertaken during the financial year 2022/23 and provides details on the high risk and priority issues which could impact on the effectiveness of the internal control environment, risk management and governance arrangements across the Council.

1.2. The Role of Internal Audit

1.2.1. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The purpose of UDC's Internal Audit section is to provide independent, objective assurance and consulting services to the Council (via the GAP Committee, Chief Executive, Section 151 Officer, External Audit and senior managers), relating to these arrangements, which are designed to add value and improve the Council's operations. The Council's response to Internal Audit activity should lead to the strengthening of the control environment.

1.2.2. Each year, we seek to adapt and enhance our audit approach in order to take in to account the Council's risk profile and changes in the system of internal control. This ensures that our work remains focused on the areas of high risk and seeks to avoid duplication of effort, where there are other sources of assurance in operation, for example, External Audit.

1.2.3. Internal Audit remains free from all conditions that threaten the ability of the Council's Internal Auditors to carry out their responsibilities in an unbiased manner, including matter of audit selection, scope, procedures, frequency, timing and report content. If the Audit Manager determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties. This has not arisen for 2022/23. The Council's Internal Auditors also maintain an unbiased mental attitude that allows them to perform engagements objectively. Internal Auditors have had no direct operational responsibility or authority over any of the activities audited.

1.2.4. Our Internal Audit Charter will be presented to Senior Management and GAP Committee in June 2023 and will continue to be updated and appended to the annual Internal Audit Plan each year.

1.3. Overview of the Internal Audit Approach

1.3.1. The Public Sector Internal Audit Standards (PSIAS) require that the Audit Manager provides an annual audit opinion and a report that can be used by the organisation to inform its governance statement in respect of the overall adequacy and effectiveness of the organisation's framework of governance, risk management and internal control.

1.3.2. This is achieved through a risk-based plan of work, agreed with management and approved by the GAP Committee, which should provide a reasonable level of assurance, subject to the inherent limitations set out in Appendix A. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

- 1.3.3. Internal audit work was performed in accordance with the Council's Internal Audit methodology which is in conformance with the PSIAS.
- 1.3.4. The audit plan for 2022/23 was approved by GAP Committee in February 2022. The Internal Audit Team was made up of the following resources during 2022/23:
 - 0.5 FTE Audit Manager (seconded 18 hours a week from Chelmsford City Council to deliver Internal Audit services to UDC).
 - 1.6 FTE Auditor

2. Internal Audit Opinion

2.1. Internal Audit is satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the organisation is reasonable assurance there are no major weaknesses in the Council's risk management, control and governance processes.

2.2. In assessing the level of assurance to be given, the following has been considered:

- All audits undertaken in the year
- Any follow up action taken in respects of audits from previous periods
- The effects of any significant changes in the Council's systems or objectives
- Any limitations which may have been placed on the scope of internal audit
- The extent to which resource constraints may impact on the Audit Manager's ability to meet the full needs of the organisation.
- The results of work performed by other assurance providers, such as External Audit.

| | |
|----------------------------|--|
| OVERALL OPINION | <p>Limited Assurance – a number of significant control weaknesses, have been identified in individual assignments during 2022/23, which may put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. Please see our Summary of Findings in Section 4.</p> <p>Internal Audit reached this conclusion because the medium and high risk rated weaknesses identified in individual assignments are considered to be significant in aggregate to the system of internal control, but discrete parts of the system of internal control remain unaffected. The critical rated weakness identified is also not considered to be pervasive to the system of internal control.</p> <p>This opinion has been derived from consideration of the detail below.</p> <p>An explanation of the types of opinion that may be given can be found in Appendix A.</p> |
|----------------------------|--|

3. Other Sources of Assurance

3.1. Risk Management Framework

- 3.1.1. The Council utilises risk management as part of a package of performance management related measures to enable it to deliver its corporate priorities. By identifying and assessing risks and making informed decisions on the extent to which these risks need to be mitigated, the Council can ensure it is effectively tackling threats and maximising opportunities.
- 3.1.2. The Council's Corporate Risk Register should comprise the most significant risks for the Council in delivering its corporate objectives and services as set out in the Corporate Plan and Corporate Plan Delivery Plan and/or the risks that have the potential to disrupt or stop altogether the council's work. The Council's identified risks are managed within the corporate performance management system, Pentana. The Council's risk information and corporate/service plans are considered as part of Internal Audit work, in order to ensure that the Internal Audit programme is focussed on the Council's highest risks/key priorities.
- 3.1.3. Internal Audit will undertake an independent assessment of the Council's approach to Corporate Risk Management in 2023/24, to identify any organisational improvement opportunities to ensure that the Council's risk management approach is proportionate and robust.

3.2. Internal Audit View on the Risk of Fraud

- 3.2.1. The Council's approach to Counter Fraud was refreshed in 2021/22 to ensure it is in line with best practice, CIPFA's guidance on Managing the Risk of Fraud and Fighting Fraud and Corruption Locally.
- 3.2.2. The 2022 Counter Fraud Strategy encompasses key principles such as acknowledging the responsibility for countering fraud and corruption, identification of fraud and corruption risks, provision of resources to implement the strategy and the action to be taken in response to fraud and corruption.
- 3.2.3. Supplementing the Strategy is an action plan which sets out how Counter Fraud Strategy will be delivered over the next year to March 2024, and by whom. A key part of this governance and delivery will be the Council's Counter Fraud Working Group who will provide operational oversight of the Council's counter-fraud activities across all areas of the Council, including those specifically recognised as high-risk areas i.e., Revenues, Benefits, Internal Audit, HR, Cyber Security/Information Governance, Democratic Services, Finance, Procurement, Housing, Insurance and Risk.

4. Summary of Findings

4.1. Key themes identified in 2022/23

The Internal Audit Opinion considers the number of limited assurance reports/high priority findings and their overall impact on the control environment. A summary of the key issues arising from these reports is presented below:

| Report Title | Assurance Rating | Critical | High | Medium | Low | Key Issues Arising |
|---|------------------|----------|------|--------|-----|--|
| Uttlesford Norse (UNSL) Governance Arrangements | | | | | | <p>In the original report, one critical, three high and four medium priority issues were identified. An Implementation Status Report was presented to GAP in August 2022, highlighted that of the 26 recommendations, 2 had been implemented (which related to high priority Communication recommendations), 21 were work in progress, 2 are outstanding, and 1 is no longer applicable, meaning that all 9 areas of risk originally identified, including the critical finding relating to Health and Safety, and the three high priority findings relating to Safeguarding, Roles and Responsibilities, and Communication had only been partially addressed at the point of the review and it was not possible for Internal Audit to provide independent assurance that the control environment had significantly improved and it therefore remained indicative of a 'no assurance' opinion.</p> <p>Given the significant work that has taken place since the original review it has been agreed that a new audit on this area will be undertaken in 2023.</p> |
| Safeguarding | Limited | 0 | 3 | 2 | 0 | <p>In the previous report, three high and two medium priority issues were identified. Based on the evidence presented, our follow up review highlighted that one high priority and one medium priority recommendation have been implemented.</p> <p>While the remaining two high priority recommendation relating to Risk Management and social media and Photography/Filming, and one medium priority, have been partially implemented, the outstanding requirements are considered to be minor. The findings from the original audit were indicative of a 'limited' assurance opinion. While a full audit would need to be undertaken to revise the assurance rating, the high rate of implementation of recommendations and positive</p> |

| Report Title | Assurance Rating | Critical | High | Medium | Low | Key Issues Arising |
|-------------------------|------------------|----------|------|--------|-----|---|
| | | | | | | action taken by management in response to the original report, suggests that the control environment (in relation to the specific areas covered by the follow up), has improved and is now indicative of 'moderate' assurance. |
| Planning Investigations | Limited | 0 | 3 | 2 | 0 | <p>In the previous report, three high and two medium priority issues were identified. Based on the evidence presented, our follow up review highlighted that all high priority and one medium priority recommendation have been implemented. The remaining outstanding action is awaiting the roll out of wider Bribery Act corporate training.</p> <p>The findings from the original audit were indicative of a 'limited' assurance opinion. While a full audit would need to be undertaken to revise the assurance rating, the high rate of implementation of recommendations and positive action taken by management in response to the original report, suggests that the control environment (in relation to the specific areas covered by the follow up), has improved and is now indicative of 'moderate' assurance.</p> |
| <i>CCTV and RIPA</i> | Limited* | 0 | 4 | 6 | 0 | Four high priority findings were identified relating to the Council's governance and management arrangements for CCTV, which may result in the Council failing to meet its legal and ethical obligations in respect of Data Protection legislation and CCTV Code of Practice. A further six medium issues were identified. Follow up Audit is planned for 2023/24. |

4.2. Grants Sign Off

4.2.1. During 2022/23, Internal Audit were required to carry out a sign off exercise and review to ensure that the conditions attached to the following Government grants were complied with. No issues were noted.

- **Biodiversity net gain Grant - Defra**

4.3. Management's Response to Implementing Audit Recommendations

4.3.1. A key measure of success and a strong internal control environment is timely implementation of recommendations. All planned audit work undertaken which is subject to limited assurance will have a formal follow up to ensure that all agreed actions have been implemented.

4.4. Due to timing of implementation dates the following previous year (2022/23) reviews will be followed up in 2023/24:

| Original Audit Title | Original Assurance Rating |
|------------------------------|--|
| UNSL Governance Arrangements | Management Letter (1 critical, 3 high priority findings) (see above) |
| CCTV/RIPA | Limited |

4.5. Summary of remaining reviews

| Report | Key Issues |
|---------------------------|--|
| Leasehold Service Charges | In the previous report, two medium priority issues were identified. Based on the evidence presented, our follow up review highlighted that both recommendations have been implemented. |
| Conflicts of Interest | In the previous report, one high and five medium priority issues were identified. Based on the evidence presented, our follow up review highlighted that two medium recommendations have |

| Report | Key Issues |
|--|--|
| | been implemented. However, the high priority has not been implemented and the remaining medium priority recommendations are outstanding. |
| Information Governance | In the previous report, one high and five medium priority issues were identified. Based on the evidence presented, our follow up review highlighted that one medium recommendation has been implemented. The high priority relating to Risk Management and remaining four medium priority recommendations have been partially implemented. A follow up Audit concluded a Moderate assurance level due to the number of medium priorities still be implemented. The revised target date for completion for all outstanding recommendations is 31 st March 2023 |
| Domestic Waste & Recycling | In the previous report, one high and seven medium priority issues were identified. Based on the evidence presented, our follow up review highlighted that the high priority in respect of Data Protection and six medium recommendations were partially implemented. One medium recommendation has not yet been implemented. The follow up concluded Moderate assurance level as the majority of recommendations have only been partially implemented. The revised target date for completion for all outstanding recommendations is 31 st March 2023. |
| Business Continuity & Emergency Planning | In the previous report, four medium priority issues were identified. Based on the evidence presented, our follow up review highlighted that three have been implemented. The remaining outstanding medium priority recommendation has been partially implemented, awaiting Comms team input. |
| Section 106 | In the previous report, two high level and one medium issue was identified. Based on the evidence presented, the follow up review highlighted that the two high level recommendation have been implemented, the remaining one medium priority is only partially implemented. The follow up concluded that the assurance level be reduced to Moderate. The revised target date for completion for all outstanding recommendations is June 2023. |
| Economic Development | In the previous report, one low priority issue was identified. Based on the evidence presented, our follow up review highlighted that the recommendations have all been implemented. |
| Housing Allocations | In the previous report, six medium priority issues were identified. Based on the evidence at the follow up all recommendations have been implemented. |

| Report | Key Issues |
|-------------------|--|
| Grants Governance | In the previous report, 2 high and 4 medium priorities were identified. The follow up concluded that the control environment has improved and recommendation have been implemented, therefore no further action is required. |

5. Reconciliation between Original Plan received by GAP (February 2022 to current status)

| Original Plan received by GAP | Current Status |
|--|---|
| Uttlesford Norse | Complete – follow up required in 2023/24 |
| Officer and Member Conflicts of Interest | Complete |
| Governance and Decision Making | Deferred to 2023/24 due to resourcing |
| Capital Expenditure | Draft report stage |
| Safeguarding | Complete |
| Leasehold Service Charges | Complete |
| Planning Investigations | Complete |
| CCTV/RIPA | Complete – follow up required in 2023/24 |
| Income Generating Waste | Complete |
| KFS 2022/23 (Cash Management) | Complete |
| Risk Management | Deferred to 2023/24 due to resourcing |
| Procurement and Contract Management | Draft report stage |
| Climate Change | Deferred to 2023/24 due to wider Council work in this area. |
| Cyber Security | Deferred to 2023/24 due to wider Council work in this area. |
| Local Plan | Deferred to 2023/24 due to wider Council work in this area. |

| Original Plan received by GAP | Current Status |
|--|---|
| PFI | Deferred to 2022/23 due to resourcing limitations |
| Uttlesford 2027 Programme Management | Deferred to 2023/24 due to resourcing |
| Saffron Walden Museum | Deferred to 2023/24 due to resourcing |
| Business Continuity and Emergency Planning | Completed |
| Budgetary Control | Deferred to 2023/24 due to resourcing |
| Housing Rents | Deferred to 2023/24 due to resourcing |
| Temporary Accommodation | Deferred to 2023/24 due to resourcing |
| Homelessness Strategy | Completed |

6. Review of the Effectiveness of Internal Audit

6.1. Our performance against Key Performance Indicators (KPIs) used to demonstrate the effectiveness of the internal audit function during 2022/23 is shown in the table below.

| KPI | Target | Result 2021/22 | Comments |
|--|-----------------------------|----------------|--|
| Audit Plan delivered to Draft Report Stage by 31st March: | 90% | n/a | No Audit Manager in place from October 2022. |
| Audit Plan delivered to final report stage by 30 th April: | 100% | 50% | |
| Completion of follow ups for applicable audit reports by 30 th April. | 100% | 90% | |
| Customer Satisfaction results: overall average score good/excellent good or good) each survey returned | 100% | 100% | |
| Audit areas where the indicative level of assurance has improved from no assurance/ limited assurance at the follow-up stage | n/a for 2022/23 follow ups. | | |

6.2. Quality assurance and improvement programme

PSIAS require that Internal Audit develops and maintains a quality assurance and improvement programme that covers all aspects of the internal audit activity. Periodic reviews of the quality of internal audit work completed internally and the Audit Manger reviews all draft and final reports. Planning and delivery of the Service (including this Annual Report) has been done in conformance with the requirements of the PSIAS.

7. Update on Progress of Internal Audit Strategy 2022-23

The Internal Audit Strategy 2021-22 was approved by GAP in June 2021. Progress is documented below.

| Original Strategy Goal | 2021/22 Progress |
|---|--|
| Develop a planning process which identifies the Council's most significant internal and external risks and deliver an Annual Internal Audit Plan focussing on these key risks, and which meets stakeholder needs. | The 2021/22 Internal Audit Plan was developed using a prioritisation of the audit universe using a risk-based methodology, including input from the Council's Corporate Plan, Corporate Risk Register, as well as discussions with Council staff, senior management, plus consideration of local and national issues and risks. The plan was discussed and agreed by Senior Managers, CMT and GAP Committee. A contingency was also included in the plan to cover requests from management for ad hoc, advisory type work on risk identification and subsequent control design (as well as urgent, unplanned reviews arising during the year). |
| To contribute to the Council's delivery of its governance and assurance framework | Internal Audit also use the Corporate Risk Register, and other risks identified through the risk management framework, to inform the annual risk-based Internal Audit plan and to inform audit planning for individual audit assignments. Internal Audit will bring any serious, emerging issues to the attention of Management and GAP Committee. |

| Original Strategy Goal | 2021/22 Progress |
|--|--|
| | <p>Internal Audit will undertake an independent assessment of the Council's approach to Corporate Risk Management in 2023/24, to identify any organisational improvement opportunities to ensure that the Council's risk management approach is proportionate and robust.</p> <p>The Council's approach to Counter Fraud was refreshed in 2021/22 to ensure it is in line with best practice, CIPFA's guidance on Managing the Risk of Fraud and Fighting Fraud and Corruption Locally. The 2022 Counter Fraud Strategy encompasses key principles such as acknowledging the responsibility for countering fraud and corruption, identification of fraud and corruption risks, provision of resources to implement the strategy and the action to be taken in response to fraud and corruption. The group has been put on hold until a new Audit Manager is recruited.</p> |
| <p>To be a trusted advisor to Senior Managers and GAP Committee</p> | <p>As demonstrated through the Internal Audit Annual Report and organisation feedback.</p> |
| <p>To monitor the critical skills and resource blend required to ensure Internal Audit deliver their mission and objectives.</p> | <p>In-house team training needs are monitored. The new Audit Manager is to be recruited 37 hours a week to deliver Internal Audit services to Uttlesford District Council.</p> |

Annual Opinion Categories

The table below sets out the four types of annual opinion that Internal Audit use, along with the types of findings that may determine the annual opinion given. The Audit Manager will apply their judgement when determining the appropriate annual opinion, so the guide given below is indicative rather definitive.

| Type of Annual Opinion | When to use this type of annual opinion |
|------------------------|--|
| Substantial | <ul style="list-style-type: none"> • Generally, only low risk rated weaknesses found in individual assignments; and • None of the individual assignment report have an overall report classification of either high or critical risk |
| Moderate | <ul style="list-style-type: none"> • Medium risk rated weaknesses identified in individual assignments that are <i>not significant in aggregate</i> to the system of internal control; and/or • High risk rated weaknesses identified in individual assignments that are <i>isolated</i> to specific systems or processes; and • None of the individual assignment reports have an overall classification of critical risk |
| Limited | <ul style="list-style-type: none"> • Medium risk rated weaknesses identified in individual assignments that are <i>significant in aggregate but discrete</i> parts of the system of internal control remain unaffected; and/or • High risk rated weaknesses identified in individual assignments that are <i>significant in aggregate but discrete</i> parts of the system of internal control remain unaffected; and/or • Critical risk rated weaknesses identified in individual assignment that are <i>not pervasive</i> to the system of internal control; and • A <i>minority</i> of the individual assignment reports may have an overall report classification of either high or critical risk. |
| No | <ul style="list-style-type: none"> • High risk rated weaknesses identified in individual assignments that <i>in aggregate are pervasive</i> to the system of internal control; and/or • Critical risk rated weaknesses identified in individual assignments that are <i>pervasive</i> to the system of internal control; and/or • <i>More than a minority</i> of the individual assignment reports have an overall report classification of either high or critical risk. |

Key to Assurance Levels in Individual Reports

| | |
|---------------------|---|
| No Assurance | There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered. |
| Limited | There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere. |
| Moderate | An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses, but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere. |
| Substantial | There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be advice and best practice. |

Key to Risk Ratings for Individual Findings in Reports

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| | |
|-----------------|---|
| Critical | Financial: Severe financial loss; Operational: Cessation of core activities; People: Life threatening or multiple serious injuries to staff or service users or prolonged workplace stress. Severe impact on morale & service performance. Mass strike actions etc; Reputational: Critical impact on the reputation of the Council which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV; Legal and Regulatory: Possible criminal, or high-profile civil action against the Council, members or officers. Statutory intervention triggered impacting the whole Council. Critical breach in laws and regulations that could result in material fines or consequences; Projects: Failure of major Projects and/or politically unacceptable increase on project budget/cost. Elected Members required to intervene. |
| High | Financial: Major financial loss. Service budgets exceeded; Operational: Major disruption of core activities. Some services compromised. CMT action required to overcome medium-term difficulties; People: Serious injuries or stressful experience (for staff member or service user) requiring medical attention/ many workdays lost. Major impact on morale and performance of staff; Reputational: Major impact on the reputation of the Council. Unfavourable media coverage. Noticeable impact on public opinion; Legal and Regulatory: Major breach in laws and regulations resulting in significant fines and consequences. Scrutiny required by external agencies; Projects: Key targets missed. Major increase on project budget/cost. Major reduction to project scope or quality. |
| Medium | Financial: Moderate financial loss. Handled within the team; Operational: Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service Manager action will be required; People: Injuries (to staff member or service user) or stress levels requiring some medical treatment, potentially some workdays lost. Some impact on morale and performance of staff; Reputational: Moderate impact on the reputation or brand of the organisation. Limited unfavourable media coverage; Legal and Regulatory: Moderate breach in laws and regulations resulting in fines and consequences. Scrutiny required by internal committees or internal audit to prevent escalation; Projects: Delays may impact project scope or quality (or overall project must be re-scheduled). Small increase on project budget/cost. Handled within the project team. |
| Low | Financial: Minor financial loss; Operational: Minor errors in systems/operations or processes requiring Service Manager or Team Leader action. Little or no impact on service users; People: Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale; Reputational: Minor impact on the reputation of the organisation; Legal and Regulatory: Minor breach in laws and regulations with limited consequences; Projects: Minor delay without impact on overall schedule. Minimal effect on project budget/cost or quality. |

Limitations and Responsibilities

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. Internal Audit shall endeavour to plan its work so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, Internal Audit shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected. Accordingly, the examinations of Internal Audit should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist, unless Internal Audit is requested to carry out a special investigation for such activities in a particular area.

Limitations inherent to the internal auditor's work

Internal Audit work has been performed subject to the limitations outlined below:

- **Opinion**

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of our programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence, management and GAP should be aware that the opinion may have differed if the programme of work or scope for individual reviews was extended or other relevant matters were brought to Internal Audit's attention.

- **Internal control**

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

- **Future periods**

Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate

Agenda Item 5

Committee: Audit and Standards Committee

Date:

Title: Local Code of Corporate Governance 2023
and Annual Governance Statement 2022/23

Tuesday, 27 June
2023

Report Author: Debbie Deeks Internal Audit Manager

Ddeeks@uttlesford.gov.uk

Summary

1. The Council should approve a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government 2016. The Annual Governance Statement should then explain how the Council has complied with the code and also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015. Once approved, the AGS will form part of the Statement of Accounts.

Recommendations

2. Committee are requested to approve the Local Code of Corporate Governance 2023 and the Draft Annual Governance Statement 2022/23 for publication with the Statement of Accounts.

Financial Implications

3. None

Background Papers

4. None.

Impact

| | |
|---------------------------------|--|
| Communication/Consultation | The draft Annual Governance Statement 2022/23 has been prepared in consultation with the Corporate Management Team and Senior Managers |
| Community Safety | None |
| Equalities | None |
| Health and Safety | None |
| Human Rights/Legal Implications | None |
| Sustainability | None |
| Ward-specific impacts | None |
| Workforce/Workplace | None |

Situation

5. The Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
6. The Council should approve a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government 2016. The Annual Governance Statement should then explain how the Council has complied with the code and also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015. Once approved, the AGS will form part of the Statement of Accounts.
7. In line with the CIPFA/SOLACE framework, the statement should be “an open and honest self-assessment” of the Council’s performance across all of its activities and:
 - Describes the key elements of the Council's governance arrangements, covering all corporate systems and the range of activities for which the Council is responsible;
 - Describes processes applied in reviewing their effectiveness; and
 - Lists actions proposed to deal with significant governance issues identified
8. Relevant staff across the organisation who are accountable for the delivery of various governance arrangements have contributed to the 2022/23 AGS.

Risk Analysis

| Risk | Likelihood | Impact | Mitigating actions |
|---|--|--|--|
| Failure to assess the corporate governance arrangements of the Council may lead to non-compliance with Accounts and Audit Regulations | 1 = Little or no likelihood Timetable is established for the preparation of the Annual Governance Statement | 3 = Significant risk or impact due to statutory requirement. | The Annual Governance Statement is reviewed by GAP Committee |

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Local Code of Corporate Governance 2023

Governance is about how local government bodies ensure they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

Uttlesford District Council is committed to the practice of good governance; ensuring good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users.

The Principles of Good Governance

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) provide a framework for developing and maintaining a Local Code of Corporate Governance and for discharging accountability for the proper conduct of public business, to support the publication of an Annual Governance Statement.

The CIPFA/SOLACE guidance *Delivering Good Governance in Local Government* (2016) identified seven Core Principles against which local authorities should review their existing corporate governance arrangements and develop and maintain a Local Code of Governance. Each principle is translated into a range of specific requirements that should be reflected in the Local Code.

These seven principles are:

- **Core Principle A** – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- **Core Principle B** – Ensuring openness and comprehensive stakeholder engagement
- **Core Principle C** – Defining outcomes in terms of economic, social and environmental benefits
- **Core Principle D** – Determining the interventions necessary to optimise the achievement of the intended outcomes
- **Core Principle E** – Developing the entity’s capacity, including the capability of its leadership and the individuals within it
- **Core Principle F** – Managing risks and performance through robust internal control and strong public financial management
- **Core Principle G** – Implementing good practices in transparency, reporting and audit to deliver effective accountability

Uttlesford District Council’s (UDC) Local Code of Governance has been prepared in accordance with the CIPFA/SOLACE Guidance. The following section describes how UDC complies with each of the core principles and the supporting principles to deliver the best outcomes for the local communities it represents.

Core Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

Summary: The Council is accountable not only for how much it spends, but also for how it uses the resources under its stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes it has achieved. In addition, it has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, the Council can demonstrate the appropriateness of all its actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

| Supporting Principle | Evidence |
|---|--|
| <p>1. Behaving with Integrity</p> <ul style="list-style-type: none"> - Ensuring councillors and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Council. - Ensuring councillors take the lead in establishing specific standard operating principles or values for the Council and its staff and that these are communicated and understood. These should build on the Seven Principles of Public Life (also known as the Nolan Principles) - Leading by example and using the above standard operating principles or values as a framework for decision making and other actions. - Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively. <p>2. Demonstrating strong commitment to ethical values</p> <ul style="list-style-type: none"> - Seeking to establish, monitor and maintain the organisation’s ethical standards and performance - Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation - Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values - Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation. <p>3. Respecting the Rule of Law</p> <ul style="list-style-type: none"> - Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations - Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. - Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders | <ul style="list-style-type: none"> - Code of Conduct for Members - Code of Conduct for Officers (HRP 38) - Articles of the Constitution - Members Registers of Interests - Member Registers of Gifts (listed under individual Councillors) - Members Gifts & Hospitality Guidance - Officer Registers of Interests and Gifts & Hospitality - Annual reports of GAP and Scrutiny Committee to Full Council - Standards Committee - Counter Fraud & Corruption Strategy (including Bribery Act) - Equality Policy (including Equality & Diversity Objectives) - Equality Impact Assessments - Whistle blowing Policy - Modern Slavery Act Statement - Council and Cabinet Working Groups - Minutes detailing declarations of interests - Procurement Strategy - Committee Terms of Reference |

| Supporting Principle | Evidence |
|--|---|
| <ul style="list-style-type: none"> - Dealing with breaches of legal and regulatory provisions effectively - Ensuring corruption and misuse of power are dealt with effectively | <ul style="list-style-type: none"> - Transparency - Local Government Ombudsman Report - Member Induction (extensive induction programme was delivered in 2019/20) - Staff U-Perform Policy (HRP 12) - Job Description/Specifications |

Core Principle B – Ensuring openness and comprehensive stakeholder engagement

Summary: The council is run for the public good and therefore should ensure openness in its activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

| Supporting Principle | Evidence |
|--|---|
| <p>1. Openness</p> <ul style="list-style-type: none"> - Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness - Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided. - Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear - Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action <p>2. Engaging comprehensively with institutional stakeholders</p> <ul style="list-style-type: none"> - Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably - Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively | <ul style="list-style-type: none"> - Corporate Plan - Scrutiny - Minutes of Committee Meetings - Committee meetings open to the Public and broadcast live on Council Website - Public Questions at meetings - Petitions - Consultation Strategy - Current Consultations - Complaints about Councillors - Compliments, Suggestions and Complaints - Customer Charter - Customer Services - Budget Book and Statement of |

| Supporting Principle | Evidence |
|---|--|
| <p>- Ensuring that partnerships are based on: trust; a shared commitment to change; a culture that promotes and accepts challenge among partners; and that the added value of partnership working is explicit</p> <p>3. Engaging with individual citizens and service users effectively</p> <p>- Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes</p> <p>- Ensuring that communication methods are effective, and that members and officers are clear about their roles with regard to community engagement</p> <p>- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs</p> <p>- Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account</p> <p>- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</p> <p>- Taking account of the impact of decisions on future generations of taxpayers and service users</p> | <p>Accounts</p> <ul style="list-style-type: none"> - Medium Term Financial Strategy - Scrutiny Annual Report to Full Council - Transparency - Uttlesford Futures - Access to Information <p>- Meeting Agenda publication deadlines adhered to</p> <p>- Dates of Meetings published on website in advance</p> <ul style="list-style-type: none"> - Council Media and News |

Core Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

Summary: The long-term nature and impact of many of the Council’s responsibilities means that it should be sustainable. Decisions should further the Council’s purpose, contribute to intended benefits and outcomes, and remain within the limits of the Council’s authority and resources. Input from all groups of stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

| Supporting Principle | Evidence |
|--|---|
| <p>1. Defining outcomes</p> <p>- Having a clear vision, which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation’s overall strategy, planning and other decisions</p> <p>-Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</p> <p>- Delivering defined outcomes on a sustainable basis within the resources that will be available</p> <p>-Identifying and managing risks to the achievement of outcomes</p> | <ul style="list-style-type: none"> - Corporate Plan - Performance Management Reporting to GAP Committee <p>- Service Planning Documents</p> <ul style="list-style-type: none"> - Corporate Risk Management Strategy and Register - Local Development Scheme |

| Supporting Principle | Evidence |
|--|--|
| <p>- Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available</p> <p>2. Sustainable economic, social and environmental benefits</p> <p>- Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision</p> <p>- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</p> <p>- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</p> <p>- Ensuring fair access to services</p> | <ul style="list-style-type: none"> - Budget Book and Statement of Accounts - Medium Term Financial Strategy - Reports from Leader and Members of the Executive to Full Council -- Financial Regulations - Contract Rules - Internal Audit Plan - Treasury Management Strategy - Local Plan - Counter Fraud & Corruption Strategy (including Bribery Act) - Equality Policy (including Equality & Diversity Objectives) - Equality Impact Assessments - Climate Crisis Strategy - Commercial Strategy - Economic Development Strategy - Health and Wellbeing Strategy - Homelessness and Rough Sleeping Strategy - Capital Strategy |

Core Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

Summary: The Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that the Council has to make to ensure intended outcomes are achieved. It needs robust decision-making mechanisms to ensure that its desired outcomes are achieved in a way that provides the best trade-off between the various types of resource inputs, whilst still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

| Supporting Principle | Evidence |
|--|---|
| <p>1. Determining interventions</p> <ul style="list-style-type: none"> - Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore, ensuring best value is achieved however services are provided - Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts <p>2. Planning interventions</p> <ul style="list-style-type: none"> - Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets - Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered - Considering and monitoring risks facing each partner when working collaboratively, including shared risks - Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances - Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured - Ensuring capacity exists to generate the information required to review service quality regularly -Preparing budgets in accordance with objectives, strategies and the medium-term financial plan - Informing medium- and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy <p>3. Optimising achievement of intended outcomes</p> <ul style="list-style-type: none"> - Ensuring the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints | <ul style="list-style-type: none"> - Committee Terms of Reference - Corporate Plan - Corporate Risk Management Strategy and Register - Medium Term Financial Strategy - Role of Statutory Officers - Governance, Audit and Performance Committee - Code of Conduct for Members - Code of Conduct for Officers (HRP 38) - Officer Scheme of Delegation - Protocol for relations between Members & Officers - Compliments, Suggestions and Complaints - Complaints about Councillors - Performance Management Reporting to GAP Committee- - Committee Reporting timetable |

| Supporting Principle | Evidence |
|--|----------|
| <ul style="list-style-type: none"> -Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term - Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage -Ensuring the achievement of 'social value' through service planning and commissioning | |

Core Principle E – Developing the Council’s capacity, including the capability of its leadership and the individuals within it

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

| Supporting Principle | Evidence |
|--|---|
| <p>1. Developing the Council’s capacity</p> <ul style="list-style-type: none"> - Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness - Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently - Recognising the benefits of partnerships and collaborative working where added value can be achieved - Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources <p>2. Developing the capability of the Council’s leadership and other individuals</p> <ul style="list-style-type: none"> - Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained - Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body | <ul style="list-style-type: none"> - Articles of the Constitution - Committee Terms of Reference - Officer Scheme of Delegation - Protocol for relations between Members & Officers - Staff U-Perform Policy (HRP 12) - Staff Briefings - Senior Manager Meetings - Staff Voice and Surveys - Officer Induction Programme and Training Programme - Member Training and Induction |

| Supporting Principle | Evidence |
|---|----------|
| <ul style="list-style-type: none"> - Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority - Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged; ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis; ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external - Ensuring that there are structures in place to encourage public participation - Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections - Holding staff to account through regular performance reviews which take account of training or development needs - Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing | |

Core Principle F – Managing risks and performance through robust internal control and strong public financial management

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

| Supporting Principle | Evidence |
|--|--|
| <p>Managing risk</p> <ul style="list-style-type: none"> - Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making - Implementing robust and integrated risk management arrangements and ensuring that they are working effectively - Ensuring that responsibilities for managing individual risks are clearly allocated <p>2. Managing performance</p> <ul style="list-style-type: none"> - Monitoring service delivery effectively including planning, specification, execution and independent post implementation review - Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook - Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (or, for a committee system) encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making - Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement - Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements) <p>3. Robust internal control</p> <ul style="list-style-type: none"> - Aligning the risk management strategy and policies on internal control with achieving objectives - Evaluating and monitoring risk management and internal control on a regular basis - Ensuring effective counter fraud and anti-corruption arrangements are in place - Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor - Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment and that its recommendations are listened to and acted upon | <ul style="list-style-type: none"> - Corporate Risk Management Strategy and Register - GAP Committee Minutes - Scrutiny Committee Minutes - Committee Agendas published before deadlines - Internal Audit reports to GAP Committee - Performance Management Reporting to GAP Committee - Internal and External Audit Plans to GAP Committee - Budget Forecast Outturn reports to Cabinet - Treasury Management Strategy - Investment Board - Reports from Leader and Members of the Executive to Full Council - Access to Information - Data Protection – Privacy Policy and web pages |

| Supporting Principle | Evidence |
|--|----------|
| <p>4. Managing data</p> <ul style="list-style-type: none"> - Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data - Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies - Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring <p>5. Strong public financial management</p> <ul style="list-style-type: none"> - Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance - Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls | |

Core Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

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

| Supporting Principle | Evidence |
|--|--|
| <p>1. Implementing good practice in transparency</p> <ul style="list-style-type: none"> - Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate - Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand <p>2. Implementing good practice in reporting</p> <ul style="list-style-type: none"> - Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way - Ensuring members and senior management own the results reported | <ul style="list-style-type: none"> - Transparency - Annual Internal Audit Report - External Audit Annual Audit Letter - Budget Book and Statement of Accounts - Reports from Leader and Members of the Executive to Full Council - Compliments, Suggestions and Complaints - Complaints about Councillors - Articles of the Constitution |

| Supporting Principle | Evidence |
|---|---|
| <ul style="list-style-type: none"> - Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement) - Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate - Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations <p>3. Assurance and effective accountability</p> <ul style="list-style-type: none"> - Ensuring that recommendations for corrective action made by external audit are acted upon - Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon - Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations - Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement - Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met | <ul style="list-style-type: none"> - <u>Counter Fraud & Corruption Strategy (including Bribery Act)</u> - <u>Comprehensive Equality Policy (including Equality & Diversity Objectives)</u> - <u>Whistle blowing Policy</u> - <u>Petitions</u> - <u>Consultation Strategy</u> - <u>Current Consultations</u> - <u>Access to Information</u> |

ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31st MARCH 2023

1. Scope of responsibility

- 1.1. Uttlesford District Council ('the Council') has a duty under the Local Government Act 1999 to make arrangements that ensure continuous improvement in the way it works in terms of economy, efficiency and effectiveness. This includes a responsibility to ensure that Council business is conducted in accordance with the law and that public money is safeguarded and properly accounted for.
- 1.2. To fulfil this responsibility, the Council must put in place proper arrangements for the governance of its affairs and carrying out its functions, which includes arrangements for managing risk.
- 1.3. The Council has approved and adopted a Code of Corporate Governance which is consistent with the seven principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government 2016*.
- 1.4. This statement explains how the Council has complied with the Code. It also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement. In line with the CIPFA/SOLACE framework, this statement is "an open and honest self-assessment", which:
 - describes key elements of the Council's governance arrangements, covering key corporate systems and the range of activities for which the Council is responsible.
 - describes processes applied in reviewing their effectiveness, and
 - lists actions proposed to deal with significant governance issues identified.

2. The purpose of the governance framework

- 2.1. The governance framework comprises:
 - the systems, policies, processes, culture and values by which the Council is directed and controlled; and
 - the Council's activities through which it accounts to, engages with and leads the community.
- 2.2. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.3. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control, is based on an on-going process designed to:
 - identify and prioritise the risks to the achievement of the Council's policies, aims and objectives.
 - evaluate the likelihood of those risks being realised and the impact should they be realised; and
 - manage those risks efficiently, effectively and economically.

2.4. The governance framework outlined in this document has been in place at Uttlesford District Council for the year ended 31 March 2023.

3. The Governance Framework

3.1. The Council’s Governance Framework has been set up over successive years and is reviewed annually to ensure its continuing effectiveness regarding the seven CIPFA/SOLACE principles of delivering good governance (as updated in 2016).

3.2. Key highlights from the Governance Framework in place at Uttlesford District Council are shown against each of the seven principles below. Further evidence of compliance with the principles can be found in the Code of Corporate Governance.

| Good Governance Principle | Uttlesford Council Key Elements 2022/23 |
|---|---|
| <p>Principle A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</p> | <ul style="list-style-type: none"> ✓ In line with Public Sector Equality Duty and to reinforce the Council’s commitment to promoting equality and fairness among its local communities, staff and members, the Council approved a new Uttlesford Equality, Inclusion and Diversity Policy in December 2020. Uttlesford District Council has adopted the Equality Framework for Local Government as its key delivery tool. The Equality Standard Working Group is responsible for the monitoring of progress and the assessment of the attainment of the various outcomes of the equality framework. The Equality Impact Assessment has been updated to include Health Questions (EqHIA) and Equalities training has been offered to all staff and Councillors at UDC. ✓ Member Code of Conduct forms part of the Council’s constitution. Code of Conduct complaints are handled by the Monitoring Officer via engagement with our Independent Persons and the Standards Committee where appropriate. Local elections were held on 4 May 2023. A comprehensive induction programme for new and returning councillors was largely finalised in February, and expert external training has been utilised in respect of dedicated committee training, as well as for underlying principled training for matters such as standards and governance. To ensure members are adequately equipped to make effective and lawful decisions, training attendance is being closely monitored and follow-up sessions will be arranged for any councillors who cannot attend induction dates. ✓ An Audit of the Standards Complaints has just been completed and recommendations are being implemented. The Code of Conduct training will follow in 2023/24. ✓ Declarations of Interest remain a standing item on all Committee, Cabinet and Full Council agendas. ✓ The Council’s Counter Fraud Working Group who will provide operational oversight of the Council’s counter-fraud activities across all areas. When a new Audit Manager is appointed in 2023/24 they will re-ignite and lead the GFWG for 2023. |

| Good Governance Principle | Uttlesford Council Key Elements 2022/23 |
|---|--|
| | <p>✓ The annual review letter from the Local Government Ombudsman and an annual summary of complaints and compliments relating to the Council's services, was presented to GAP Committee in September 2022. This information is also reviewed quarterly by the Council's Corporate Management Team, in order to share any lessons learnt.</p> <p>✓ GAP also receives an annual Information Governance Report which covers data protection and information governance, including any instances of data breaches and the position with regard to Freedom of Information responses. This report will be presented in June 2023.</p> |
| <p>Principle B Ensuring openness and comprehensive stakeholder engagement</p> | <p>✓ The Council publishes information in line with Local Government Transparency Code 2015, including:</p> <ul style="list-style-type: none"> • Business Rates Transparency Information • Councillor Allowances • Decision Records and Notices • Expenditure Data <p>✓ The Council sets out its Access to Information policy on its website.</p> <p>✓ Comprehensive information relating to the Council's Finance and Accounts, including Statement of Accounts, Budget 2023/24, Fees and Charges 2023/24, Spend over £250, Council Investments etc. is available online.</p> <p>✓ Council Cabinet and Committee meetings are open to the public, both in terms of limited in-person attendance in line with the Council's risk assessment and via Zoom, and guidance on attending and speaking at public meetings is available online. As speaking rules differ for a number of meetings, specific instructions are provided in the agenda papers for each public meeting.</p> <p>✓ The Modgov system is used by the Council to ensure that timely reports are submitted, approved, published and distributed to ensure Member's information needs and relevant statutory deadlines are met.</p> <p>✓ A full record of decisions made in and supporting material presented to Committees, Cabinet and Full Council is published online.</p> <p>✓ Notices of Key Decisions, Executive Decisions and Urgent Decisions are issued in advance/made available online as appropriate.</p> <p>✓ The Council continues to be making improvements to systems and processes in its development management function, both across officer and elected member level activity.</p> |
| <p>Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits</p> | <p>✓ The Council approved a Climate Change Strategy and Action Plan in 2021/22 to set a clear direction for tackling climate change and its key priorities.</p> <p>✓ The Council successfully completed recruitment to vacancies in the Climate Change Team, with the full team onboarded by mid</p> |

| Good Governance Principle | Uttlesford Council Key Elements 2022/23 |
|---------------------------|---|
| | <p>January. In November, the Zero Carbon Communities Grant Scheme was launched, which saw £150k made available in grants for local community projects delivering carbon emission reduction, community action on climate change, biodiversity restoration and enhancement. 11 community projects have been supported across the district for delivery in 2023, a further round of grant funding will be made available for projects commencing in 2024.</p> <p>✓ In December, the Council commissioned a district Local Walking and Cycling Infrastructure plan. This study will produce a report and network plan for walking and cycling in Uttlesford which identifies preferred routes for further development, taking account of forecast growth in the local plan, it will also provide a prioritised programme of infrastructure improvements for future investment. The report and plan are due to be published in autumn 2023.</p> <p>✓ In March, the council invited feedback from residents and businesses on the piloting of a range of shared bike schemes in Saffron Walden. This engagement was undertaken as part of the town Clean Air Project which will be delivered over the next 2 years using grant funding from DEFRA. The project will pilot green modes of transport and encourage active travel in the town, with the long-term aim of reducing car use for short in-town journeys, to help reduce road congestion and improve air quality. This will include piloting and encouraging take up of a range of shared transport schemes such as: e-bike hire, e-cargo bike hire, zero emissions deliveries, electric vehicle car club and ‘try before you buy’ bike loan schemes.</p> <p>✓ The Health and Wellbeing strategy has been revised and a new 4yr strategy is in place until 2028. Uttlesford Health & Wellbeing Board is the key mechanism for driving joined up working at local level and works to deliver the strategy, helping to improve the health and wellbeing of residents of the district and to reduce health inequalities.</p> <p>✓ Uttlesford Community Safety Partnership produces a Strategic assessment for the District which then informs the Delivery Plan for the coming year. The Partnership meets on a quarterly basis to review the plan and to ensure that the priorities are being met through partnership diversionary projects and targeted projects where appropriate. There is a rotating chairperson, voted in on an annual basis, to ensure all statutory partners take responsibility. Links are strong with the police through their tasking process and with County Wide Community Safety colleagues through the Essex Community Safety Network. There is also attendance by officers and the Communities portfolio holder at Safer Essex and there are strong links with the OFPCC allowing the Council to have both a County and District wide view of immerging issues.</p> |

| Good Governance Principle | Uttlesford Council Key Elements 2022/23 |
|--|--|
| | <ul style="list-style-type: none"> ✓ The Council's Safeguarding policy will be updated in 2022 to reflect Government legislation. Online safeguarding training has been included in the induction process for all staff. An internal Safeguarding Group has been established to ensure a corporate approach to the Safeguarding agenda. ✓ The Council carries out equality and health impact assessments on its services, policies, functions, strategies and procedures to ensure the Council does not discriminate in the way it provides services and employment and that, where possible, it does all it can to promote equality and good relations for the community and various minority groups. Assessments accompany key decisions, and many can be found on the Council's committee system. |
| <p>Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes</p> | <ul style="list-style-type: none"> ✓ The Council's Medium-Term Financial Strategy (MTFS) sets out the predicted financial position for the next 5 years 2021 -2026; this was approved by Council in February 2022. ✓ The MTFS and annual budgets for the General Fund, Capital Programme and Housing Revenue Account along with the associated Strategies for Investments, Capital and Treasury Management were reviewed by Scrutiny Committee prior to approval by Council in February 2022. Financial position and predicted outturn, for the Capital and Revenue net expenditure is reported to Cabinet on a quarterly basis with a draft presented in June 2023. ✓ Cabinet working groups will be considered by Cabinet on 27 June 2023 in order for Terms of Reference to be re-approved and membership for 2023/24 to be established. ✓ In March 2023 the Local Plan Leadership Group agreed to revise the local plan timetable. The next milestone, the Regulation 18 Consultation is now planned for October 2023. This is intended to be a 'preferred option' draft which has the potential to reduce the time required for the latter stages of the plan. Completion of the whole process is expected by June 2025. ✓ Corporate Plan Delivery Plan – has been reviewed and updated and will be approved by Cabinet on 27th June 2023. ✓ The Community Response Hub continues to help local residents post-pandemic and is a central point for hosts and Ukrainian Refugees to access appropriate services. The Hub is represented at weekly meetings with Essex County Council and Government Agencies to ensure that Government legislation is adhered to. ✓ In March 2023, the Chief Executive requested that Internal Audit undertake a review of the Council's Standards Complaints process. The Audit identified a need to review the Standards Complaints process with particular attention to the triage process. A new Head of Legal Services/Monitoring Officer is due to be appointed who can drive forward any changes/improvements in the process. |

| Good Governance Principle | Uttlesford Council Key Elements 2022/23 |
|---|--|
| | <p>Internal Audit will undertake follow up Audit for Limited Assurance Audits to assess the effectiveness of the revised process to provide independent assurance over the improvement in the control framework.</p> |
| <p>Principle E Developing the Council's capacity, including the capability of its leadership and the individuals within it</p> | <ul style="list-style-type: none"> ✓ During 2022/23, a permanent Assistant Director of Environmental Services/Housing and Head of Legal Services were recruited. ✓ The Council has undertaken staff surveys during the year which has given useful feedback to plan our future way of working, balancing this against service/customer needs. ✓ The Council's individual performance review system is known as U-Perform. It is an ongoing process of discussion and feedback between manager and employees. It enables managers to monitor employee performance and deal with any concerns or issues the employee may be facing. It is also an opportunity to recognise an employee's efforts and support personal development and career aspirations and future plans regarding work. U-Perform outcomes are also used to determine whether an employee moves to the next spinal column within their grade and receive a salary increase (until they reach the top of their grade). The process is overseen and moderated by the Chief Executive and Directors. ✓ A staff network group is being encouraged to help ensure that Equality, Diversity and Inclusion is embedded throughout the organisation and that all staff have a voice. An online training induction training programme for all staff and Councillors has been implemented. ✓ Blueprint Uttlesford was launched in February 2022 and is UDC's change programme focusing on the next five years and beyond. It is the mechanism to deliver the Council's bold and wide-ranging ambitions for improving outcomes for residents and delivering the best services possible as set out in the authority's annually reviewed 5 Year Corporate Plan, and to do so sustainably within available resources, as set out in the council's annually reviewed 5-year Medium Term Financial Strategy and annually set Budget. It sits alongside broader multi-agency strategies and partnerships in which the council is a participant, contributing to their delivery, reflecting their priorities and shaping their strategic direction. |
| <p>Principle F Managing risks and performance through robust internal control and strong financial management</p> | <ul style="list-style-type: none"> ✓ In alignment with UDC's Risk Management Policy, the 2022/23 Corporate Risk Register was reviewed regularly by the corporate management team with particular regard being paid to those risks whereby the potential likelihood of them occurring or the impact of the pandemic could adversely affect service provision. During the 2022/23 year, new risks were introduced and existing risks reviewed. The Corporate Risk Register is reviewed by the Governance, Audit & Performance Committee every six months. ✓ The Council conforms to the governance requirements of the 2016 CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The current year accounts have been managed and prepared in line with the updated standards and principles set out in the CIPFA financial management standards. |

| Good Governance Principle | Uttlesford Council Key Elements 2022/23 |
|--|---|
| | <p>✓ The Assistant Director of Resources makes regular reports to Cabinet of the financial position, this includes budget setting and monitoring medium term forecasts, the final outturn annual report and the statement of accounts, plus any other financial matters that impact the Council. CMT also review all reports quarterly.</p> <p>✓ Cyber Security – the council predominantly continued to work from home through 2022/23 and managed and maintained the same level of IT access and system security for staff. There is now a more hybrid way of working with hot-desking available over our 3 sites. Additional security measures have been introduced and current measures expanded to ensure the protection of Council property and data by UDC IT in line with the guidance from the National Cyber Security Centre.</p> <p>✓ Council has recently adopted our Information Governance Strategy and Framework policy documents which were both approved by CMT and GAP in October 2022.</p> |
| <p>Principle G Implementing good practices in transparency, reporting, and audit, to deliver effective accountability</p> | <p>✓ As detailed above and in the Local Code of Corporate Governance, a vast array of information is accessible to the general public via the Council's website.</p> <p>✓ The AGS is presented to the Leader and Chief Executive, approved by GAP and published alongside Statement of Accounts.</p> <p>✓ Annual reports summarising the work of GAP Committee and Scrutiny Committee were presented to Council in July and October 2023 respectively.</p> <p>✓ GAP Committee receives annually the Local Government Ombudsman's Annual Review Letter. At the same time, the committee receives an annual summary of complaints and compliments received by the Council. This report went to the September 2022 GAP Committee meeting.</p> <p>✓ GAP also receives an annual Information Governance Report which covers data protection and information governance, including any instances of data breaches and the position with regard to Freedom of Information responses. The Information Governance Annual Report 2022/23 will be presented to GAP in June 2023.</p> |

4. Review of effectiveness

4.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- the work of the Corporate Management Team who have responsibility for the development and maintenance of the governance environment.

- the work of Cabinet and the Committees, including the Governance, Audit and Performance Committee and Scrutiny Committee
 - the Internal Audit Annual Report
 - comments made by the external auditors and other inspection agencies.
- 4.2. As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes throughout the year. These include:
- A **robust Internal Audit function** where the planned work is based on identified key risk areas. The Council's Internal Audit Service arrangements should conform to Public Sector Internal Audit Standards
 - An **embedded reporting system for internal audit issues** ensures that senior managers and members are fully briefed on key issues, which includes regular reporting to the GAP Committee.
 - A **comprehensive budget monitoring process** that is reported monthly to budget holders, quarterly to CMT and six-monthly to Cabinet.
- 4.3. The outcome of the review is presented in 4.9 below, which details areas for improvement during 2022/23.

4.4. Effectiveness of Other Organisations

Uttlesford Norse Services Ltd (UNSL) is joint Venture between UDC and the Norse Group for the provision of planned and responsive repairs for Housing along with facilities and cleaning services, which became fully operational on the 1 April 2020. The Norse Group, a wholly owned subsidiary of Norfolk County Council is the largest local authority trading company in the UK.

During 2021/22, Internal Audit undertook a review which focussed on UDC's internal governance arrangements with UNSL. The review identified several significant findings, including a critical risk regarding health and safety, and high priority findings relating to the Council's oversight of UNSL safeguarding arrangements, the need to define and clarify roles and responsibilities, and the need for improvement in key communication between the Council and with UNSL. Internal Audit undertook an initial follow up assessment of the implementation of the original recommendations in May 2022, and discussions have highlighted that the majority are work in progress and therefore it is not yet possible for Internal Audit to provide independent assurance that the control environment has significantly improved. A final follow up assessment will be undertaken in August 2022 and reported to GAP in September 2022, with a further review commissioned for September 2023.

Uttlesford Leisure PFI - on behalf of UDC, 1Life Management Solutions Limited operate three leisure centres under the Uttlesford Leisure PFI Contract: Lord Butler Leisure Centre; Great Dunmow Leisure Centre and Mountfitchet Romeera Leisure Centre. The authority finances the PFI agreement through a Unitary Charge which is paid to the Project Company (Linteum Uttlesford Limited) in monthly instalments throughout the duration of the contract. Updates on the status of the contract and any notable variations to it, are given to GAP Committee on a regular basis. An Audit of the PFI contract has been commissioned for October 2023. Following this audit, a full report will be taken to GAP which will

include any agreed corrective actions along with a review of the future landscape of the Uttlesford Leisure PFI contract, by considering the challenges for the 2023/24 year and the remaining concession years with particular focus on hand-over and end-of-term procedures.

4.5. Internal Audit Opinion

The annual opinion categories range from No Assurance, Limited Assurance, Moderate Assurance to Substantial Assurance.

The work undertaken during 2022/23 has enabled the Audit Manager to form a reasonable conclusion on the Council's control framework, risk and governance arrangements. For the year-ended 31st March 2022, the opinion is that the adequacy and effectiveness of the Council's arrangements is **Limited Assurance** – a number of control weaknesses, several of which are high may put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage.

Internal Audit reached this conclusion because the medium and high risk rated weaknesses identified in individual assignments are considered to be significant in aggregate to the system of internal control, but discrete parts of the system of internal control remain unaffected. The critical rated weakness identified is also not considered to be pervasive to the system of internal control. Further detail can be found in the Internal Audit Annual Report.

4.6. External Audit

BDO were provided with information that has relevance to their consideration of the Council's 2019/20 Annual Governance Statement and arrangements for use of resources (UoR). This has been investigated by a third party and internally. The process has now concluded, and BDO have scheduled the completion of the 2019/20 audit for autumn 2023, subject to the outcome of a forensic audit. Following this, BDO will then need to complete the audits of subsequent financial years, for which a timetable has not yet been provided. These matters have contributed to delays in the sign-off of the 2022/23 Statement of Accounts.

4.7. Other Inspectorates

5. In June 2022 UDC commissioned the East of England LGA (EELGA -Talent Bank) to review the Housing Maintenance Joint Venture with UNSL and the report was issued in October 2022. UDC had self-referred to the Regulator for Social Housing therefore the review team were commissioned to compile an Action Plan focusing on the Council's wider Housing and landlord responsibilities. The report concluded that the governance arrangements between UDC and UNSL is that they require a fundamental reset, alongside a reconfiguration of the contract management function within the Housing team. It was recommended that the Council commission external support to put in place more robust contract management, validate the performance information provided by UNSL, configure a more appropriate governance framework, develop the necessary stakeholder mapping to support this and provide appropriate training for those engaged in the process. In March 2023 the Regulator for Social Housing responded to the proposed action plan sent by UDC stating that the improvement requirements had been met, therefore no further referral was needed.

5.1. Review of Actions from 2021/22 Annual Governance Statement:

| 2021/22 AGS | Action taken in 2022/23 to address the issue |
|---|---|
| To ensure that the Council aligns effectively and efficiently with the Fighting Fraud and Corruption Locally Framework 2020. | The Council's approach to Counter Fraud was refreshed in 2022 to ensure it is in line with best practice, CIPFA's guidance on Managing the Risk of Fraud and Fighting Fraud and Corruption Locally. The 2022 Counter Fraud Strategy encompasses key principles such as acknowledging the responsibility for countering fraud and corruption, identification of fraud and corruption risks, provision of resources to implement the strategy and the action to be taken in response to fraud and corruption. Supplementing the Strategy is an action plan which sets out how Counter Fraud Strategy will be delivered over the next year and into 2023/24, and by whom. A key part of this governance and delivery will be the Council's Counter Fraud Working Group who will provide operational oversight of the Council's counter-fraud activities across all areas of the Council. |
| Financial Management Code - To complete a self-assessment against standards in the Code, develop action plan for any improvements identified and agree with Management before reporting results to Members. | A formal self-assessment was not completed due to resourcing constraints, however, the MTFs was reviewed against the updated Prudential Code and 2022/23 MTFs prepared in line with these changes. |
| Governance Arrangements relating to the Uttlesford Moving Forward Programme | Superseded by change of Chief Executive and move to Blueprint Uttlesford Programme. |

5.2. Areas for improvement or monitoring during 2023/24

| Area | Action to be taken in 2023/24 | Responsible Officer |
|--|---|---------------------|
| UNSL (Uttlesford Norse) | To monitor improvements in UDC's internal governance arrangements with UNSL. | CMT |
| Control Environment | Ensure implementation of control improvements identified by independent assurance providers (such as Internal Audit and other inspectors) promptly and in full, to ensure that weaknesses do not persist. | CMT |
| Review of Corporate Risk Management | To undertake an independent assessment of the Council's approach to Corporate Risk Management, to identify any organisational | Audit Manager/CMT |

| Area | Action to be taken in 2023/24 | Responsible Officer |
|---|---|---------------------|
| | improvement opportunities to ensure that the Council's risk management approach is proportionate and robust. | |
| Counter Fraud Strategy Action Plan | Monitor progress of delivery of actions in the Counter Fraud Strategy Action Plan to ensure that the Council's Counter Fraud Strategy is delivered. | Audit Manager |
| Standards Complaint Process | The Standards Complaints procedures need updating following the issues identified during the Internal Audit review. | Monitoring Officer |

6. Certification

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year. We did not find any matters that needed addressing during our review other than those that were previously identified and have been progressed.

Signed.....

Leader of the Council

Signed.....

Chief Executive

Date: 2023

Agenda Item 6

| | | | |
|-----------------------|---|--------------|-----------------------|
| Committee: | Audit and Standards Committee | Date: | Tuesday, 27 June 2023 |
| Title: | Internal Audit 2023/24 Plan and Audit Charter | | |
| Report Author: | Debbie Deeks, Internal Audit Manager Ddeeks@uttlesford.gov.uk Norman Coombe, Deputy Monitoring Officer, ncoombe@uttlesford.gov.uk | | |

Summary

1. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The purpose of UDC's Internal Audit section is to provide independent, objective assurance and consulting services to the Council (via the Audit and Standards Committee, Chief Executive, S151 Officer, External Audit and senior managers), relating to these arrangements, which are designed to add value and improve the Council's operations.
2. The Audit Manager is also responsible for the delivery of an annual audit opinion that can be used by the Council to inform its governance statement. The annual opinion will also conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
3. In order to achieve this, Internal Audit have developed the attached internal audit plan for 2023 which is based on a prioritisation of the audit universe using a risk-based methodology, including input from the Council's Corporate Plan, Corporate Risk Register, AGS Action Plan as well as discussions with Council staff, senior management, plus consideration of local and national issues and risks.
4. The report appended outlines the Internal Audit Plan for 2023/24 and includes the covering report considered and approved by the Corporate Management Team (CMT). It should be noted that the report was considered at CMT prior to the formal merger of the Governance, Audit and Performance (GAP) and Standards Committees, and therefore refers to GAP rather than the now constituted Audit and Standards Committee as the Council's relevant audit committee.

Recommendations

5. The Audit and Standards Committee are requested to approve the Internal Audit Plan 2023/24.

Financial Implications

6. None

Background Papers

7. None.

Impact

| | |
|---------------------------------|--|
| Communication/Consultation | This report was sent to CMT in May 2023. |
| Community Safety | None |
| Equalities | None |
| Health and Safety | None |
| Human Rights/Legal Implications | None |
| Sustainability | None |
| Ward-specific impacts | None |
| Workforce/Workplace | None |

Internal Audit 2023 Plan and Audit Charter – Audit and Standards Committee – 27/06/23

1. Purpose of Report

CMT are requested to note the content of this report and approve the Internal Audit Plan 2023, taking account of the budget and resourcing required for delivery, as well as note and approve the Internal Audit Charter.

2. Background

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The purpose of UDC's Internal Audit section is to provide independent, objective assurance and consulting services to the Council (via the GAP Committee, Chief Executive, S151 Officer, External Audit and senior managers), relating to these arrangements, which are designed to add value and improve the Council's operations.

The Audit Manager is also responsible for the delivery of an annual audit opinion that can be used by the Council to inform its governance statement. The annual opinion will also conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

In order to achieve this, Internal Audit have developed the attached internal audit plan for 2023 which is based on a prioritisation of the audit universe using a risk-based methodology, including input from the Council's Corporate Plan, Corporate Risk Register, AGS Action Plan as well as discussions with Council staff, senior management, plus consideration of local and national issues and risks.

There has been a slight change in our approach to previous years. Where previously a full twelve months has been planned upfront, this creates some limitations, for example, with different risks tending to emerge through the year, quite often causing originally planned work, especially in the last 6 months, to change. Therefore, for 2023, we have instead produced a 6-month plan for work from April to September, with suggested areas for October to March that we can be flexible over delivering nearer the time, but equally be in a good place to respond to any higher risks that might emerge in the meantime.

Following CMT consideration and approval, the plan will be put forward for approval by GAP on 27th June 2023.

3. Internal Audit Budget and Resources

The plan has been drawn up to address the key risks for the Council, taking into account available resources.

The Audit Manager will be responsible for delivery of this plan and will ensure that the Internal Audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver it. The plan will be kept under review to ensure it remains responsive to the changing priorities and risks of the Council. In addition to planned work, Internal Audit can also provide ad hoc advice and guidance to management on risk and control issues within individual systems as requested.

4. Follow-up audits

Follow-up procedures provide management with updated information about whether key risks have been properly mitigated through remedial actions.

All planned audit work undertaken is subject to a formal follow up ensure that all agreed actions have been implemented. To maximise Audit resources full follow up audits will now be completed based on the overall assurance rating, with all limited assurance reports having a formal follow up and the remainder being reviewed by the Audit Manager to ensure compliance. This will allow the budget for follow ups to be reduced which will be accounted for in the annual plan.

5. Assurance Levels/Basis of Opinion

CMT and GAP will receive details of critical/high priority issues raised in audit reviews, as part of the bi-annual reporting process. This encompasses the annual report and opinion in June, and Interim Report in November, although any significant emerging risks will be reported as they arise where applicable.

Internal Audit may also undertake work which does not contribute explicitly to the overall audit opinion and/or deliver an assurance statement. These may include certification of grant claims or consulting activities where Internal Audit provide independent and objective advice and guidance to management on risk and control issues within individual systems to improve those systems and processes where necessary.

Where such work is undertaken, this will be set out as part of Internal Audit's annual report. In order to protect Internal Audit's independence and minimise the impact on the delivery of the overall plan, the Audit Manager will give due consideration to the appropriateness of undertaking such work.

6. Key Financial Systems (KFS)

The annual audit plan includes resource allocated to Key Financial Systems (KFS) work. This includes risk-based monitoring of key controls within finance systems to assess whether they are operating effectively.

7. Risk Management and Counter Fraud

In accordance with the annual audit plan, auditors will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls and emerging risks.

Internal Audit will work closely with the Council's Risk Manager to discuss and exchange risk information and any emerging issues

8. Internal Audit Charter

The purpose, authority, and responsibility of the Internal Audit activity must be formally defined in an Internal Audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards.

The Internal Audit Charter establishes Internal Audit's position within UDC, including the Audit Manager's reporting lines, authorisation to access to records, staff and physical properties relevant to the performance of engagements, and also defines the scope of Internal Audit activities. It is also a reference point for measuring the effectiveness of Internal Audit.

Alongside other statutory requirements set out in the Charter, Internal Audit is required to meet the mandatory requirements of the International Professional Practices Framework (IPPF) i.e.:

- The Mission of Internal Audit
- The Definition of Internal Audit
- The Core Principles
- The Code of Ethics
- The Standards – which provide a framework for performing and promoting a broad range of value-added internal auditing services, establish the basis for the evaluation of internal audit performance and foster improved organisational processes and operations.

The Internal Audit Charter is attached for CMT to note and approve.

Internal Audit Draft Annual Plan 2023 (April to September)

It should be noted that the audit titles and high-level scopes included below are only indicative at this stage. At the start of each audit, an initial discussion will be held to agree the specific objective and scope of the review.

| Area | Audit Title | Link to Corporate Plan | Link to Corporate Risk | Indicative Scope |
|--|---------------------------------------|--|---------------------------------|--|
| CROSS-CUTTING | | | | |
| XC23_1 | Cyber Security | | 21-CR-06 Information Technology | Review of the controls in place to mitigate risks surrounding IT security, including PSN and PCI requirements. |
| XC23-2 | Standards Complaints | Putting Resident First | 20-CR-07 Governance | Review of the Council's compliant procedures, including complaints made against Councillors. |
| XC23-3 | Corporate Risk Management | | 20-CR-07 Governance | Review of the Council's Risk Management Strategy and Corporate Risk Register together with Service level risks. |
| COMMERCIAL & DIGITAL CHANGE MANAGEMENT (CM) | | | | |
| CM23_2 | Corporate Property & Asset Management | | 20-CR-07 Governance | Review of the governance arrangements for Council's Corporate Property and Asset Management process, including maintenance of property records |
| HOUSING, HEALTH & COMMUNITIES | | | | |
| HHC23_1 | Temporary Accommodation | Active Place Maker | 21-CR-01 Financial Control | Review of the Council's arrangements for Temporary Accommodation, including procurement and monitoring of providers. |
| HHC23_2 | Housing Rents | | 21-CR-01 Financial Control | To review the management of Council tenant's housing rents, including management of arrears |
| CORPORATE SERVICES | | | | |
| CS23_1 | Saffron Walden Museum | Progressive custodian of our rural environment | 21-CR-01 Financial Control | Review of operational and financial arrangements at Saffron Walden Museum. |

Proposed Audit Areas (October to March 2024)

| Area | Audit Title | Link to Corporate Plan | Link to Corporate Risk |
|-------------------------------|--|---|----------------------------|
| Finance | Financial Management Code | Putting Residents First | 21-CR-01 Financial Control |
| Finance | Budgetary Control | Putting Residents First | 21-CR-01 Financial Control |
| Finance | Key Financial Systems (KFS) | | 21-CR-01 Financial Control |
| Finance | Consultancy/interim & agency contracts | | 21-CR-01 Financial Control |
| Housing, Health & Communities | Uttlesford Norse Governance Arrangements | Active Place Maker | |
| Housing, Health & Communities | Housing Standards – Voids/Empty Homes | Active Place Maker | 21-CR-03 Health & Safety |
| Housing, Health & Communities | Right to Buy | Active Place Maker | 21-CR-01 Financial Control |
| Housing, Health & Communities | Equality Impact Assessments | Putting Residents First | |
| Housing, Health & Communities | Uttlesford Futures | Champion for our district/Putting Residents First | |
| Housing, Health & Communities | Air Quality Grant | Progressive custodian of our rural environment | |
| Housing, Health & Communities | Environmental Health including Enforcement and Permits | Active Place Maker | |
| Commercial and Digital Change | Leisure PFI | Active Place Maker | |
| Governance & Legal | Members Allowances and Expenses | | 21-CR-01 Financial Control |

Internal Audit Charter

Introduction

The purpose, authority, and responsibility of the Internal Audit activity must be formally defined in an Internal Audit charter, consistent with the Institute of Internal Auditor's (IIA) Definition of Internal Auditing, the Code of Ethics, and the Standards.

The Internal Audit Charter establishes Internal Audit's position within Uttlesford District Council, including the Audit Manager's reporting lines, authorisation to access to records, staff and physical properties relevant to the performance of engagements, and also defines the scope of Internal Audit activities. It is also a reference point for measuring the effectiveness of Internal Audit.

Definitions

For the purposes of this Charter, the following definitions apply:

| | |
|-------------------------------|---|
| The Board: | The governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At Uttlesford District Council this shall mean the Governance, Audit and Performance (GAP) Committee. |
| Consulting Activities: | Internal Audit advice and guidance to management on risk and control issues within individual systems to improve those systems and processes where necessary. |
| Senior Management: | Those responsible for the leadership and direction of the Council. At Uttlesford District Council this shall mean the Chief Executive and the Corporate Management Team (CMT). |
| Standards: | Public Sector Internal Audit Standards (PSIAS), as well as mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework (IPPF), including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing and the Definition of Internal Auditing. |

Purpose and Mission

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The purpose of Uttlesford District Council's Internal Audit section is to provide independent, objective assurance and consulting services to the Council (via the GAP Committee, Chief Executive, Section 151 Officer, External Audit and senior managers), relating to these arrangements, which are designed to add value and improve the Council's operations.

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit helps Uttlesford District Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. The Council's response to Internal Audit activity should also lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

Standards and Statutory Requirements

The Council has a statutory duty to maintain an adequate and effective Internal Audit function in accordance with proper Internal Audit practices (Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015).

Section 151 of the Local Government Act 1972 also states that "every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs".

The CIPFA Statement of the Role of Chief Financial Officer in Local Government also states that the Chief Financial Officer must:

- Ensure an effective Internal Audit function is resourced and maintained
- Ensure that the authority has put in place effective arrangements for Internal Audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom.

As well as Public Sector Internal Audit Standards (PSIAS), the Internal Audit section will govern itself by adherence to mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework (IPPF), including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing and the Definition of Internal Auditing. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of Internal Auditing and for evaluating the effectiveness of Internal Audit's performance.

The IIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable. In addition, Internal Audit will adhere to Uttlesford District Council's relevant policies and procedures as well as Internal Audit's own methodology/standard operating procedures manual.

The Audit Manager will report periodically to senior management and the GAP Committee regarding Internal Audit's conformance to the above.

Authority

While the Audit Manager reports functionally to the GAP Committee, they report organisationally to the Assistant Director of Governance and Legal Services (Monitoring Officer).

The Audit Manager also has direct access to the Chief Executive who carries the responsibility for the proper management of their Council and for ensuring that the principles of good governance are reflected in sound management arrangements and to the Director of Finance who has responsibility for maintaining an adequate and effective system of Internal Audit within Uttlesford District Council, as the authority's Chief Finance Officer (S151 Officer).

Where it is considered necessary to the proper discharge of Internal Audit function, the Audit Manager has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. the GAP Committee).

The Audit Manager will have unrestricted access to, and communicate and interact directly with the GAP Committee, including in private meetings without management present.

To establish, maintain and assure that Uttlesford District Council's Internal Audit section has sufficient authority to fulfil its duties, the GAP Committee will:

- Receive Internal Audit's charter
- Receive the risk-based audit plan
- Receive Internal Audit's budget and resource plan
- Receive communications from the Audit Manager on Internal Audit's performance relative to its plan and other matters, such as significant findings and/or emerging risks.
- Approve decisions regarding the appointment and removal of the Audit Manager
- Make appropriate enquiries of management and the Audit Manager to determine whether there is inappropriate scope or resource limitations.

The GAP Committee authorises Internal Audit to:

- Have full, free and unrestricted access to all functions, records, property and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives and issue reports.
- Obtain assistance from the necessary personnel of Uttlesford District Council as well as other specialised services from within or outside of the Council in order to complete the engagement.

Independence and objectivity

The Audit Manager will ensure that Internal Audit remains free from all conditions that threaten the ability of Internal Auditors to carry out their responsibilities in an unbiased manner, including matter of audit selection, scope, procedures, frequency, timing and report content. If the Audit Manager determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal Auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively. Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year (with the exception of follow ups)
- Performing any operational duties for Uttlesford District Council or its affiliates.
- Initiating or approving transactions external to Internal Audit

- Directing the activities of any Uttlesford District Council employee not employed by Internal Audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist Internal Auditors.

Where the Audit Manager has, or is expected to have, roles and/or responsibilities that fall outside of Internal Audit, safeguards will be established to limit impairments to independence or objectivity.

Internal Auditors, including the Audit Manager, will:

- Disclose any impairment of independence or objectivity in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgements.

The Audit Manager will confirm to the GAP Committee, at least annually, the organisational independence of Internal Audit.

The Audit Manager will disclose to the GAP Committee any interference and related implications in determining the scope of Internal Auditing, performing work and/or communicating results.

Scope of Internal Audit Activities

The scope of Internal Audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the GAP Committee, management and outside parties (e.g. External Audit) on the adequacy and effectiveness of governance, risk management, and control process for Uttlesford District Council. The Audit Manager is also responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform its governance statement. The annual opinion will conclude on this overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, based upon:

- A summary of internal audit work carried out
- Follow up on the implementation of recommendations
- Any significant governance issues as reported within the Council's Annual Governance Statement
- The annual review of the effectiveness of Internal Audit (see QAIP)

A range of Internal Audit services are provided to form the annual opinion. The approach is determined by the Audit Manager and will depend on the level of assurance required, the significance of the objectives under review to the organisation's success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended. Internal Audit assessments include evaluating whether:

- Risks relating to the achievement of Uttlesford District Council's strategic objectives are appropriately identified and managed
- The actions of Uttlesford District Council's employees, senior management and contractors are in compliance with the Council's policies, procedures and applicable laws, regulations and governance standards
- The results of operations or programme are consistent with established goals and objectives
- Operations or programmes are being carried out effectively and efficiently
- Established processes and systems enable compliance with the policies, procedures, laws and regulations that could significantly impact Uttlesford District Council
- Information and the means used to identify, measure, analyse, classify and report such information are reliable and have integrity
- Resources and assets are acquired economically, used efficiently and protected adequately.

In accordance with the annual audit plan, auditors will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls.

Internal Audit may perform consulting activities (that is, provide independent advice and guidance to management on governance, risk management and control issues) as appropriate for the organisation. It may also evaluate specific operations at the request of the GAP Committee or management, as appropriate.

The Audit Manager will report periodically to senior management and the GAP Committee regarding:

- Internal Audit's purpose, authority and responsibility
- Internal Audit's plan and performance relative to its plan
- Internal Audit's conformance with the IIA's Code of Ethics and Standards and action plans to address any significant conformance issues
- Significant risk exposure and control issues including fraud risks, governance issues, and other matters requiring the attention of, or requested by the GAP Committee.
- Results of audit engagements or other activities
- Resource requirements

- Any response to risk by management that may be unacceptable to Uttlesford District Council.

The Audit Manager also co-ordinates activities where possible and considers relying upon the work of other internal and external assurance and consulting service providers as needed. Internal Audit may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided Internal Audit does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The Audit Manager has the responsibility to:

- Submit at least annually, to senior management and GAP Committee a risk based Internal Audit plan for review.
- Communicate to senior management and the GAP Committee the impact of resource limitations on the Internal Audit plan.
- Review and adjust the Internal Audit plan, as necessary, in response to changes to Uttlesford District Council's operations, risks, programmes, systems and controls.
- Communicate to Senior Management and the GAP Committee any significant interim changes to the Internal Audit plan
- Ensure each engagement of the Internal Audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programmes and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective action, and report periodically to senior management and the GAP Committee any corrective actions not effectively implemented.
- Deliver an annual audit opinion and report that can be used by the Council to inform its governance statement. The annual opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- Ensure the principles of integrity, objectivity, confidentiality and competency are applied and upheld.
- Ensure Internal Audit collectively possesses or obtain the knowledge, skills and other competencies needed to meet the requirements of the Internal Audit charter.
- Ensure trends and emerging issues that could impact Uttlesford District Council are considered and communicated to senior management and the GAP Committee as appropriate.
- Establish and ensure adherence to Uttlesford District Council's relevant policies and procedures, unless such policies and procedures conflict with the Internal Audit Charter. Any such conflicts will be resolved or otherwise communicated to senior management and the GAP Committee
- Ensure conformance of Internal Audit with the Standards.

Internal Audit Plan and Resources

Internal Audit services are provided by internal council employees. The Assistant Director of Governance and Legal Services will provide the Audit Manager with the resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the Internal Audit opinion.

At least annually, the Audit Manager will submit to senior management and the GAP Committee an Internal Audit plan for review, including risk assessment criteria. The Internal Audit plan will include timing as well as budget and resource requirements for the next financial year. The Audit Manager will communicate the impact of resource limitations and significant interim changes to senior management and the GAP Committee. Senior Management and the GAP Committee will be advised where, for whatever reason, Internal Audit is unable to provide assurance on any significant risks within the timescale envisaged by the risk assessment process.

The Internal Audit plan will be developed based on a prioritisation of the potential audit activities across the Council using a risk-based methodology, including input of senior management and the GAP Committee. Prior to submission to the GAP Committee, the plan will be discussed with appropriate senior management. Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to senior management and the GAP Committee. The risk-based plan must take in to account the requirement to produce an annual Internal Audit opinion and the assurance framework.

The Audit Manager will be responsible for delivery of the plan and will ensure that the Internal Audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the audit plan. The plan will be kept under review to ensure it remains responsive to the changing priorities and risks of the Council.

If the Audit Manager, the GAP Committee or Senior Management considers that the scope or coverage of Internal Audit is limited in any way, or the ability of Internal Audit to deliver a service consistent with the Standards is prejudiced, they will advise the Assistant Director of Governance and Legal Services accordingly.

The Audit Manager must seek approval from the GAP Committee for any significant additional consulting activities not already included in the audit plan, prior to accepting the engagement.

Reporting and monitoring

For each audit assignment, terms of reference are developed and agreed with the client setting out the scope of the audit. At the completion of the audit, a written report is produced which provides an audit opinion/assurance statement on the control environment in place. The Internal Audit report will include management's response and corrective action to be taken regarding the specific findings and recommendations. Management's response will also include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

Internal Audit may also undertake work which does not contribute explicitly to the overall audit opinion. These may include certification of grant claims or consulting activities where Internal Audit provide independent and objective advice and guidance to management on risk and control issues within individual systems to improve those systems and processes where necessary. Where such work is undertaken, this will be set out as part of Internal Audit's annual report. In order to protect Internal Audit's independence and minimise the impact on the delivery of the overall plan, the Audit Manager will give due consideration to the appropriateness of undertaking such work.

Internal Audit will also be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain open until cleared.

A summary of Internal Audit findings, as well as follow ups will be communicated to senior management and the GAP Committee via interim and annual audit reports. Any significant emerging risks which arise in year will be reported as they occur.

Quality Assurance and Improvement Programme (QAIP)

The Chartered Institute of Internal Auditors (IIA) sets out mandatory Core Principles, which taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective and achieve its mission, all Principles must be present and operating effectively:

1. Demonstrates integrity
2. Demonstrates competence and due professional care
3. Is objective and free from undue influence
4. Aligns with the strategies, objectives and risks of the organisation
5. Is appropriately positioned and adequately resourced
6. Demonstrates quality and continuous improvement
7. Communicates effectively
8. Provides risk-based assurance
9. Is insightful, proactive and future-focused
10. Promotes organisational improvement

Internal Audit will maintain a QAIP that covers all aspects of the Internal Audit activity. The program will include an evaluation of Internal Audit's conformance with the above Principles, the Standards and an evaluation of whether Internal Auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of Internal Audit and identify opportunities for improvement.

In addition, the Audit Manager will communicate to senior management and the GAP Committee on Internal Audit's (QAIP), including results of ongoing internal self-assessments and external assessments conducted at least every five years by a qualified, independent assessor from outside of Uttlesford District Council.

Any instances of non-conformance with the Standards will be included in the annual Internal Audit report. If there is significant non-conformance, this will be included in the Council's Annual Governance Statement.

Signatures:

Audit Manager:

Chief Executive:

Chair of GAP Committee: