

Governance and Audit Committee Meeting

**Grand Jury Room, Town Hall, High Street,
Colchester, CO1 1PJ
Tuesday, 20 June 2023 at 18:00**

The Governance and Audit Committee considers and approves the Council's Statement of Accounts and reviews the Council's annual audit letter. The Committee also deals with the Council's governance, risk management and audit arrangements. To make recommendations to the Council on functions such as Elections and bye laws, and determine Community Governance Reviews.

Information for Members of the Public

Access to information and meetings

You have the right to attend all meetings of the Council, its Committees and Cabinet. You also have the right to see the agenda (the list of items to be discussed at a meeting), which is usually published five working days before the meeting, and minutes once they are published. Dates of the meetings are available here:

<https://colchester.cmis.uk.com/colchester/MeetingCalendar.aspx>.

Most meetings take place in public. This only changes when certain issues, for instance, commercially sensitive information or details concerning an individual are considered. At this point you will be told whether there are any issues to be discussed in private, if so, you will be asked to leave the meeting.

Have Your Say!

The Council welcomes contributions and representations from members of the public at most public meetings. If you would like to speak at a meeting and need to find out more, please refer to the Have Your Say! arrangements here: <http://www.colchester.gov.uk/haveyoursay>.

Audio Recording, Mobile phones and other devices

The Council audio records public meetings for live broadcast over the internet and the recordings are available to listen to afterwards on the Council's website. Audio recording, photography and filming of meetings by members of the public is also welcomed. Phones, tablets, laptops, cameras and other devices can be used at all meetings of the Council so long as this doesn't cause a disturbance. It is not permitted to use voice or camera flash functions and devices must be set to silent. Councillors can use devices to receive messages, to access meeting papers and information via the internet. Looking at or posting on social media by Committee members is at the discretion of the Chairman / Mayor who may choose to require all devices to be switched off at any time.

Access

There is wheelchair access to the Town Hall from St Runwald Street. There is an induction loop in all the meeting rooms. If you need help with reading or understanding this document please take it to the Library and Community Hub, Colchester Central Library, using the contact details below and we will try to provide a reading service, translation or other formats you may need.

Facilities

Toilets with lift access, if required, are on each floor of the Town Hall. A water dispenser is available on the first floor.

Evacuation Procedures

Evacuate the building using the nearest available exit. Make your way to the assembly area in the car park in St Runwald Street behind the Town Hall. Do not re-enter the building until the Town Hall staff advise you that it is safe to do so.

Library and Community Hub, Colchester Central Library, 21 Trinity Square,

Governance and Audit Committee - Terms of Reference (but not limited to)

Accounts and Audit

To consider and approve the Council's Statement of Accounts and the Council's financial accounts, and review the Council's external auditor's annual audit letter.

Governance

To consider the findings of the annual review of governance including the effectiveness of the system of internal audit and approve the signing of the Annual Governance Statement.

To have an overview of the Council's control arrangements including risk management and in particular with regard to the annual audit plan and work programme, and to approve the policies contained in the Council's Ethical Governance Framework.

Other regulatory matters

To make recommendations to Council on functions such as elections, the name and status of areas and individuals, and byelaws.

To determine and approve Community Governance Reviews.

Standards in relation to Member Conduct

To consider reports from the Monitoring Officer on the effectiveness of the Members' Code of Conduct, and to advise the Council on the adoption or revision of the Code.

To receive referrals from the Monitoring Officer into allegations of misconduct and to create a Hearings Sub-Committee to hear and determine complaints about Members and Co-opted Members referred to it by the Monitoring Officer.

To conduct hearings on behalf of the Parish and Town Councils and to make recommendation to Parish and Town Councils on improving standards or actions following a finding of a failure by a Parish or Town Councillor.

To inform Council and the Chief Executive of relevant issues arising from the determination of Code of Conduct complaints.

To grant dispensations, and to hear and determine appeals against refusal to grant dispensations by the Monitoring Officer.

To make recommendations to Council regarding the appointment of Independent Persons.

General

To review of the Constitution including governance issues around formal meetings, processes and member training and to make recommendations to Council.

COLCHESTER CITY COUNCIL
Governance and Audit Committee
Tuesday, 20 June 2023 at 18:00

The Governance and Audit Committee Members are:

Councillor Chris Pearson	Chair
Councillor Paul Smith	Deputy Chair
Councillor Dave Harris	
Councillor Alison Jay	
Councillor Sara Naylor	
Councillor Rhys Smithson	
Councillor William Sunnucks	

The Governance and Audit Committee Substitute Members are:

All members of the Council who are not Cabinet members or members of this Panel.

AGENDA
THE LIST OF ITEMS TO BE DISCUSSED AT THE MEETING
(Part A - open to the public)

Please note that Agenda items 1 to 6 are normally dealt with briefly.

1 Welcome and Announcements

The Chairman will welcome members of the public and Councillors and remind everyone to use microphones at all times when they are speaking. The Chairman will also explain action in the event of an emergency, mobile phones switched to silent, audio-recording of the meeting. Councillors who are members of the committee will introduce themselves.

2 Substitutions

Councillors will be asked to say if they are attending on behalf of a Committee member who is absent.

3 Urgent Items

The Chairman will announce if there is any item not on the published agenda which will be considered because it is urgent and will explain the reason for the urgency.

4 Declarations of Interest

Councillors will be asked to say if there are any items on the agenda about which they have a disclosable pecuniary interest which would prevent them from participating in any discussion of the item or participating in any vote upon the item, or any other registerable interest or non-registerable interest.

5 Minutes of Previous Meeting

The Councillors will be invited to confirm that the minutes of the meeting held on 7 March 2023, 13 March 2023, 30 March 2023 and 24 May 2023 are a correct record.

Draft Governance and Audit minutes - 7 March 2023	7 - 12
Draft Governance and Audit minutes - 13 March 2023	13 - 24
Draft Governance and Audit minutes - 30 March 2023	25 - 38
Draft Governance and Audit minutes - 24 May 2023	39 - 40

6 Have Your Say! (Hybrid Council meetings)

Members of the public may make representations to the meeting. This can be made either in person at the meeting, or by joining the meeting remotely and addressing the Committee via Zoom. Each representation may be no longer than three minutes. Members of the public wishing to address the Committee remotely may register their wish to address the meeting by emailing democratic.services@colchester.gov.uk by 12.00 noon on the working day before the meeting date. In addition, a written copy of the representation will need to be supplied for use in the event of unforeseen technical difficulties preventing participation at the meeting itself.

There is no requirement to pre-register for those attending the meeting in person.



7 Head of Internal Audit Annual Report 2022/23 41 - 50

The Committee will consider a report summarising the findings of the Internal Audit function for the financial year 2022/23.

- 8 **Review of the Governance Framework and Draft Annual Governance Statement** 51 - 64

The Committee will consider a report setting out the the Council's duty to produce an Annual Governance Statement, that reviews the effectiveness of the Council's internal control systems for the 2022/2023 financial year, which is required for the 2022/2023 Statement of Accounts.

- 9 **Work Programme 2023-2024** 65 - 68

The Committee will consider a report setting out its work programme for the forthcoming municipal year.

Exclusion of the Public (not Scrutiny or Executive)

In accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

Part B
(not open to the public including the press)

GOVERNANCE AND AUDIT COMMITTEE

7 March 2023

Present:- Councillor Paul Smith (Chair)
Councillor Dave Harris, Councillor Sam McCarthy,
Councillor Chris Pearson, Councillor Rhys Smithson,
Councillor Barbara Wood

Substitutions:

Also Present:- Councillor Mark Cory*

*attended remotely

351. Minutes of the previous meeting

RESOLVED that: the minutes of the meeting held on 7 December 2022 were confirmed as a correct record.

352. Financial Monitoring report – April to December 2022

The Committee considered a report giving it the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets.

Paul Cook, Head of Finance, attended the meeting remotely to introduce the report and assist the Committee with its deliberations. The Committee heard that a meeting had taken place with the Council's newly appointed external auditors from 2023/2024, KPMG. It was hoped that a substantial amount of the 2023/2024 audit could be carried out during the financial year 2023/2024, and it was intended to present a proposed audit plan to the Committee in the near future. The draft 2021/2022 statement of accounts had also now been published the day before the meeting on the Council's website. These were a provisional set of accounts, as it was necessary to wait for finality on some of the carried forward figures, however, given the continuing delays in obtaining the audit opinion of BDO in respect of the 2020/2021 accounts, it had become impossible to delay publication any further. If Councillors had any questions in respect of these draft accounts, Paul Cook would be happy to answer these.

The Committee heard that the Officer's report set out the financial position as at the end of quarter 3 for 2022/2023, which showed an overspend on services of £880,000, offset by technical gains due to higher interest earnings. Although being in an overspend position was not ideal, given the inflationary pressures which the

Council had to deal with, this was not an impossible position and managers were working hard to get to within budget before the end of the financial year.

The Committee noted the overall robust financial performance which had been achieved under difficult circumstances, and wondered how close the Council was in practical terms to achieving zero net expenditure at the end of the financial year. Paul Cook confirmed that interest earnings were performing well, and capital expenditure was lower than budgeted for, however, inflationary pressures meant that a lot of hard work would be required, particularly in some service areas, to make the necessary cost savings and at this stage it was too soon to say what the final budget position would be.

A Committee member raised concerns in relation to items which were driving the overspend and income reductions in both Neighbourhood Services and Market and Street Trading. What had created the need for the overspend on staff costs which had been generated by the use of agency staff? Paul Cook addressed the spend on agency staff, and explained that the Service Manager was focussing on establishing a proper footing for the financial year 2023/2024 with a higher level of recruitment, which it was anticipated would lead to a reduction in the need for agency staff in the future.

Councillor Cory, Portfolio Holder for Resources, attended the meeting remotely, and with the consent of the Chair, addressed the meeting. The Committee heard that Neighbourhood Services was undergoing a transformation, and although it was intended to continue to provide investment for frontline services, transformation in areas such as garden waste was planned for the future to allow the more efficient use of existing staff and resources, which would reduce reliance on agency staff.

Paul Cook confirmed that the budget for 2023/2024 had been the subject of a very careful overview, and it was intended that recruitment of the correct number of Council staff would take place as part of a much clearer approach to the staffing needs of the service. The budget which would be set for 2023/2024 would reflect an adequate level of staffing to deliver the planned service. It was accepted that the previous budget which had been set for Market and Street Trading had been too ambitious, and this would be addressed in the future to enable this budget to be delivered.

A Committee member questioned the apparent fluctuation in the sales of paper fluctuate, and sought clarity on the relationship between income and outgoings with regard to the Council's recycling activities. Paul Cook advised the Committee that the sale of recycled paper was subject to very volatile price fluctuations through the year which made it difficult to budget for. Material costs associated with recycling had risen, and a lot of work was being undertaken to improve the procurement of materials as much as possible, but this would always represent a risk area for the Council. The Committee considered that it would be helpful to gain a better understanding of what the budgetary drivers were in this area, as it was a complex area and it was necessary to be clear on the cause of the deficits so that the appropriate action could be taken. A recommendation to Cabinet would be made to ask it to consider this area in greater detail.

Councillor Cory offered the Committee assurance that the Council was considering the waste and recycling service it offered, and maintained a strong desire to support people to recycle. Government reform was imminent which would impact the ways in which recycling was handled across the country, and it was important to ensure that any changes which were made by the Council took this into account.

In discussion, the Committee noted that parking revenue had delivered over budget, and considered that care should be taken when considering car park closures in future to protect this income stream. In response to questions from the Committee Paul Cook confirmed that more detailed information on the Council's banking charges and management of fuel costs could be provided to the Committee, together with a more comprehensive overview of the recovery of housing benefit overpayments year on year, which was a complicated area of work.

Councillor Cory considered that the Council's award-winning Parking was extremely competent in developing and managing the Council's Parking Strategy, and income and costs were carefully modelled before any decisions were taken, and these were factored into the business case for any changes.

A Committee member noted that the Capital Programme contained some significant projects, and wondered whether the ongoing monitoring of these could be dealt with by the Committee, to ease the pressure of work on Cabinet.

The high level of receipts in the Housing Revenue Account was noted by the Committee, which was particularly impressive given the difficult current financial situation in the country. Under these circumstances, the level of rent collections being achieved was a credit to both staff and tenants.

RECOMMENDED TO CABINET that:

- Consideration be given to requesting that the Governance and Audit Committee monitor the progress of specific items on the Council's Capital Programme;
- Particular attention be given to the budget for Neighbourhood Services to ensure that budgets for the forthcoming financial year were accurate and reflected the current financial situation.
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RESOLVED that:

- The financial performance of General Fund Services and the Housing Revenue Account (HRA) for the first nine months of 2022/23 had been considered;
- the forecast budget overspend of £434k on the General Fund be noted.

353. Capital Monitoring Report – Quarter 3

The Committee will consider a report setting out the Council's Capital Programme against budget for quarter 3 financial year 2022/23. The Capital Programme includes

projects delivering General Fund services, and the HRA Housing Investment Programme. It is a significant programme with a high level of investment benefitting the Borough, contributing towards the local economy, and working towards recovery.

Councillor Smith, in his role as Chair of the Committee, prefaced the report by reminding the Committee that the Capital Programme was currently undergoing a review process which had been requested by this Committee, and this process had not yet been completed which naturally restricted which capital programmes could be advanced.

Paul Cook, Head of Finance, attended the meeting remotely to introduce the report and assist the Committee with its deliberations. The Committee heard that the ongoing comprehensive review of the Capital Programme was due to be reported to Cabinet over the coming months, and would consider the value of existing projects and what new projects would be recommended to come into the Capital Programme, and any amendments to the Programme would have an impact on the Council's Treasury Management Strategy. There would be a significant underspend on the planned expenditure on the Capital Programme.

A typographical error in the Officer's report was clarified to the Committee, and a more detailed breakdown of the forecast spend against the Housing Revenue Account would be provided to the Committee.

A committee member queried the Sustainable Warmth - Decent Homes, and the Mandatory Disabled Facilities Grants which it was noted were underspent. Was it possible to ensure that levels of expenditure were raised before year end so that this Grant funding could be utilised? Paul Cook explained to the Committee that there was a long running position with the Disabled Facilities Grant where it was felt that the regulations governing the spend of this funding were quite cumbersome and prevented dealing with grants quickly, and there was also limited flexibility on how the money could be spent. It was regrettable that grant funding was not being spent to its fullest capacity. In discussion, the Committee noted that recipients of grant funding were required to be assessed by Essex County Council ECC to determine their specific needs, and that ECC was very behind on conducting these assessments, leading to a delay in allocating funding to where it was needed.

RESOLVED that:

- The progress on the Capital Programme, the associated spend for the first three quarters of 2022/23 and the budget forecasts for future years be noted, and the RAG rating for each scheme as rated by the relevant project manager be reviewed;

354. Work Programme

The Committee considered its work programme for 2022-23.

Matthew Evans, Democratic Services Officer, attended the meeting to introduce the report, and assisted the Committee in its deliberations.

RESOLVED that:- the contents of the report be noted.

GOVERNANCE AND AUDIT COMMITTEE

13 March 2023

Present:- Councillor Paul Smith (Chair)
Councillor Dave Harris, Councillor Sam McCarthy,
Councillor Chris Pearson, Councillor Rhys Smithson,
Councillor Barbara Wood

Substitutions: Councillor Sunnucks for Councillor Naylor

Also Present:- Councillor David King

355. Honorary Alderman Eligibility Criteria

The Committee considered a report asking that it considered a proposal to amend the eligibility criteria for the conferment of the title of Honorary Aldermen of the City of Colchester on former Councillors.

Andrew Weavers, Monitoring Officer, attended the meeting to introduce the report and assist the Committee with its enquiries. The Committee was advised that there had been a typographical error in the paragraph 4.4 of the report, which stated that “the proposal was full discussed”, when it should have stated “the proposal was fully discussed”.

Alderman Bober, the Chair of the Honorary Alderman Group, attended the meeting and addressed the Committee in accordance with the Council’s Have Your Say! provisions. The Committee heard that the proposals which were contained within the report had come as a bolt out of the blue to existing Aldermen, as they had spent some time reviewing the Aldermanic Criteria themselves and believed that their approved criteria had been signed off by the Portfolio Holder. The current criteria worked well, were tried and tested, and there was no reason to alter them.

Addressing the suggested alterations to the criteria, Alderman Bober considered that the position of Leader of the Council was a political appointment by a ruling group whereas the appointment of Aldermen was linked to civic endeavour and service and not political affiliation. Although in some areas of professional or military life it was possible to make posthumous awards, it was not considered that this approach was necessary or appropriate for Aldermen who had carried out a civic duty. Alderman Bober considered that the current length of service criteria were correct, as they established the criteria for exceptional service and created a uniqueness which was special to Colchester. The changes which had been proposed to the Committee, in

the view of the current Aldermen, undermined that status, and were being proposed to pacify ex-Councillors who did not meet the current criteria, which was inappropriate.

Alderman Sir Bob Russell attended the meeting and addressed the Committee in accordance with the Council's Have Your Say! provisions. He endorsed all the points which had been made by Alderman Bober, and further considered that the proposals should not have been brought before the Committee as the views of the current Honorary Aldermen had not been sought, which was discourteous and disrespectful. The Local Government Act 1972 enabled Councils' to appoint Honorary Alderman in recognition of their service, and Colchester Council had taken the view that this appointment would be given only to those who had served as Mayor, before the criteria were relaxed to allow Councillors with at least 20 years' service, which was exceptional service, to be appointed as Aldermen. Both of these criteria were non-political, whereas the Leader of the Council was a political appointment. Alderman Sir Bob Russell also queried the source of the proposals, noting that the Committee had been advised that the 4 Group Leaders of the Council had approved the proposals, but when he has spoken to members of the Green and Liberal Democrat Groups, they had not been aware of the proposals. He called on the Committee to reject the proposals which had been placed before it.

Alderman Sonia Lewis attended the meeting and addressed the Committee in accordance with the Council's Have Your Say! provisions. She requested that the Committee consider the implications of what was being proposed, and advised the Committee that she had confirmation from the Leader of the Conservative Group at the Council that this Group was due to discuss the proposals at its meeting on 20 March 2023, and had not yet agreed them. This was at odds with the suggestion that the Aldermen had been told that Group Leaders were supportive of the proposed changes. Her personal opinion was that the requirement for 20 years' of service was perhaps slightly too long, however, at a recent Aldermen meeting, 10 Aldermen of the 11 who were present had voted against the proposals, with only 1 vote in favour of them.

Alderman Theresa Higgins attended the meeting and addressed the Committee in accordance with the Council's Have Your Say! provisions. She explained to the Committee that at the recent Aldermen, hers had been the vote in favour of the proposals. She explained to the Committee that she was also an Alderman of Essex County Council, and this title was bestowed on Councillors after 16 years, or 4 full terms of service. She considered that the proposals which were now before the Committee were as a result of some current Councillors feeling that 20 years' service was far too long, and some members of the Council would relish being an Alderman if they retired after 16 or 17 years' service. The title was a very honourable one, however, Alderman Higgins did not consider that in the future there would be many Councillors who would serve the full 5 terms of office that were currently required, and thought that the minimum length of service should be reduced to 16 years in line with the requirements of Essex County Council. She was not against giving the title of Honorary Alderman posthumously, however, she would not support awarding the title to past Leaders of the Council.

Councillor Smith, as Chair of the Committee, welcomed the comments that had been made by the Honorary Aldermen at the meeting, considering that the effort that had been made in attending the meeting to address the Committee was a very favourable reflection on the esteem in which the title of Honorary Alderman was held. He clarified that the matter had been brought before the Committee as the result of a request that he had made when he had assumed the role of the Chair of the Committee, as he was conscious that the rules had not been reviewed for a considerable period of time. It was right that the rules were periodically reviewed, particularly in the light of the reduction in the number of City Councillors which had occurred, to ensure that the rules remained relevant and met the needs of the Council. His personal view was that the length of service should be reduced in line with the reduction in the number of Councillors. He further believed that since the introduction of the Cabinet system, the role of elected Leader had been a very demanding one, and wondered whether it was appropriate to reflect that route of service as well?

A Committee member confirmed that there had been some discussion among the Labour Group about the proposed changes to the eligibility criteria at its most recent meeting, but that a clear consensus had not been reached in the Group.

The Committee noted and welcomed the comments which had been made by visiting Aldermen, and careful consideration was given to the points which had been made. In discussion, the Committee accepted that the eligibility criteria for Aldermen had been changed in the past, and it was recognised that there was no consensus among other Local Authorities, with the length of service being required by some being as short as 8 years. Given the changes which had been made to the number of Councillors who were elected each year, and potential future changes which could be made, for example in relation to ward boundaries, the Committee was satisfied that it was appropriate to recommend that the length of service required be reduced to 16 years.

The Committee expressed reservations with regard to the suggestion that former Leaders of the Council be automatically considered for eligibility, and it was suggested as a compromise that the highly demanding nature of the role of Leader be recognised in some form. It was therefore proposed that the criteria be amended to state that any Councillor who had held the role of Leader of the Council for a total combined period of at least 4 years, be considered eligible, provided that they had also served as a Councillors for a minimum of 8 years. It was not necessary for the years of service to be consecutive.

No support was offered by the Committee for the suggestion that the title of Honorary Alderman should be bestowed on qualifying Councillors posthumously.

RECOMMENDED TO COUNCIL that:

The eligibility criteria for Honorary Aldermen be amended to be:-

Former Councillors who have either:-

- i) Acquired at least 16 years' service as Members of the Council; or
- ii) Who have held the office of Mayor of the City; or
- iii) Who have held the office of Leader of the Council for a combined period of at least 4 years, and who have additionally acquired a minimum of 8 years' service as a Member of the Council.

356. Mid-Year Internal Audit Assurance Report 2022-2023

The Committee considered a report summarising the performance of Internal Audit, and detailing the audits undertaken, between 1 April and 30 November 2022.

Hayley McGrath, Corporate Governance Manager, attended the meeting to introduce the report and assist the Committee with its enquiries. An effective Internal Audit service had been provided in the first 6 months of the year by the Council's Internal Auditors TIAA, with some of the larger audits yet to be carried out as these would be used to provide assurance for the Council's statement of accounts. Of the 10 audits which had been completed, 3 had received a substantial assurance rating, the highest which could be obtained. A single audit had not received a rating, as it had been appreciated that improvements needed to be made to the system and support had been requested to review this, and provide guidance on necessary future improvements. Actions highlighted by the Council's auditors, TIAA, were set out in the report provided, but shortages of staff and other pressures had meant that not all the recommended actions had yet been completed. These actions would be completed by the end of the financial year, and would be contained in the year end report which would be presented to the Committee in June 2023. The remaining audits which had been carried out had received a reasonable assurance rating which was good, and meant that systems were operating as they should be.

In discussion, the Committee wondered whether a key man dependency risk had been included in the Risk Register? It further wondered whether conflicts of interests which may be generated by secondary employments were assessed, and whether any issues had been found. The Corporate Governance Manager confirmed that there was always a risk of dependency on individuals, particularly in technical roles, which was reflected and accounted for in the Council's Operational Risk Register. Olufolake Mustafa of TIAA, attended the meeting remotely and advised the Committee that she had carried out an audit into secondary employment of Council staff, with the purpose of the audit being to determine whether or not staff had been approved to carry on with secondary employment, and there was no conflict with their role at the Council. The results of this audit had been satisfactory, and for this reason no recommendations had been made. Fiona Roe of TIAA confirmed to the Committee that a more in-depth review of Council staff who undertook secondary employment was planned for the forthcoming year, which would tie in with planned audit work around sickness absence.

A Committee member was pleased to note that the focus of the audits seemed to be very operational in nature, but wondered whether real problems could be missed through focussing primarily on processes, and whether more granular detail would

be helpful in future. The Corporate Governance Manager confirmed that where any concerns had been raised, then audits would be carried out on individual systems in great detail, and Councillors were encouraged to raise any issues or concerns which they had for further examination in this way. It was intended to use internal audits in a supportive manner to help address any issues which were raised, and to encourage a collaborative and positive mindset in the authority when considering the role of Internal Audit.

It was confirmed to the Committee that the Portfolio Holder was kept fully up to date with regard to the progress against outstanding actions as a result of the recent fraud and corruption audit.

RESOLVED that:

- The internal audit activity for the period 1 April – 30 November 2022 had been reviewed and commented on.

357. Internal Audit Plan 2023/2024

The Committee considered a report requesting that it approve the proposed annual plan setting out the key areas to be covered by internal audit during the next financial year.

Hayley McGrath, Corporate Governance Manager, attended the meeting to introduce the report and assist the Committee with its enquiries. The Committee was advised that the Council employed a 5 year rolling programme of internal audits which was set at the time the Council's external contractors, TIAA, were appointed to carry out internal audit work. The programme was subject to an annual review and update to ensure that audits which had been identified previously were still appropriate to be carried out in the forthcoming financial year, or whether changes were required. For the financial year 2023/2024, the audit programme was very similar to what had been anticipated when the contract started, however, it was anticipated that the Council's new management structure would be subject to audit when it had been implemented during the year.

The Internal Audit Plan contained details of annual audits which were required to be carried out to support the Council's statement of accounts, and additionally joint audits were planned with Colchester Borough Homes (CBH), as well as audits undertaken on behalf of Colchester Commercial (Holdings) Limited (CCHL). CBH had its own internal audit programme which was delivered by TIAA under a separate contract, and some of the Council's audit days were made available to CCHL.

In discussion, the Committee wondered whether audits which were statutory or mandatory could be highlighted in the future, and was the allocated time of 15 days to complete each audit sufficient, or was there the potential for altering the programme to allow a more in-depth audits to take place? It was noted that there were a number of financial audits planned, would these be able to be completed in

the absence of a S.151 Officer at the Council? The Corporate Governance Manager confirmed that the average time dedicated to an individual audit was 15 days, but some are more in-depth, with areas of higher concern benefitting from longer audits as required. The Committee was assured that the Council's finance Officers and the systems which were in place enabled the carrying out of internal audits even with an interim S.151 Officer in post, and the Committee was assured by the Monitoring Officer that an interim s.151 Officer would be appointed in the very near future.

Fiona Roe of TIAA, confirmed to the Committee that taking more days for more in-depth audits was something that could be considered, and the Council's new management structure may facilitate this. At the present time, however, the number of days which were dedicated to audits was felt to be sufficient for the needs of each audit area.

With regard to Colchester Commercial (Holdings) Limited (CCHL), the Committee heard that the number of audit days which had been assigned to the company could be increased if need be, and work was ongoing with the interim Managing Director of the company to ascertain what future needs may be, to ensure that these were fully met.

In response to questions from a member of the Committee, the Corporate Governance Manager confirmed that audits of the balance sheets of were included in the Internal Audit programme, and that the audit days which had been assigned to CCHL could be used for their management areas as required. Wastage in the organisation was considered as part of every audit which was carried out, and any concerns raised were included as part of the report.

The Committee was impressed with the layout of the reports which are easy to interpret and understand.

RESOLVED that:

The suggested Internal Audit plan for 2023/24, as presented to the Committee, be agreed.

358. Interim Review of the Annual Governance Statement 2021/2022 Action Plan

The Committee considered a report reviewing the implementation of the actions highlighted on the 2021/22 Annual Governance Statement (AGS), which was reported to the Governance and Audit Committee in June 2022. The report included an action plan for issues to be resolved during the current financial year.

Hayley McGrath, Corporate Governance Manager, attended the meeting to introduce the report and assist the Committee with its enquiries. There had been 3 items identified in the AGS this year; procurement, external audit implications and company governance. The Committee was very well aware of the issues which had been experienced with external audits in Local Authorities across the country, and over which the Council had little control. In terms of the Council's procurement

systems, internal audit had been requested to carry out a follow-up audit and the result of this would be presented to the Committee. With regard to the governance of the Council's wholly owned companies, external reports had been generated which would be presented to the Committee, together with an action plan detailing how recommendations in the reports would be implemented.

Following concerns raised from the Committee that the Council should be more proactive in tackling the problems which had been caused by the failure of the Council's external auditors, the Committee heard that the Chair and Deputy Chair had met with other members of the Committee to complete a review of what they had thought of the problems with the external audit process. The comments which had been submitted as part of this review had been extremely unflattering, and highlighted the obvious issues which had been experienced, and it was unfortunate that the Council's external auditors, BDO, had been the poorest performing of Local Authority external auditors.

The Committee noted that the recommendations which had been made with regard to the Council's procurement systems had yet to be fully implemented, and requested that a further report was presented to it to provide assurance that this work was underway and would be completed.

RESOLVED that: -

The work undertaken to implement the current Annual Governance Statement action plan had been considered and commented on.

359. Risk Management Progress Report

The Committee considered a report which provided it with an overview of the Council's risk management activity during the period from 01 April to 30 September 2022.

Hayley McGrath, Corporate Governance Manager, attended the meeting to introduce the report and assist the Committee with its enquiries. The report which was presented to the Committee was an interim report, and an in-depth review of the Council's Risk Management progress would be presented to it at the start of the new municipal year. Changes to the Committees' work programme in this municipal year had meant that the report had been delayed, however, the most up to date Risk Register was presented to the Committee, and this had been agreed by the Council's Senior Management Team.

The attention of the Committee was drawn to what were perceived to be the current key risks, including the Council's partners and the impact which they had on the delivery of Council services, funding, cyber security, staff wellbeing and the impact of the current cost of living crisis. The new management structure of the Council was being considered from the point of view of governance and risk, and the new Senior

Leadership Board of the Council was very keen to ensure that the Council's governance programme was suitable for the future.

The Committee heard that an unannounced spot check had been carried out on the Council's Waste Services Depot by the Corporate Governance Manager and the Council's Health and Safety Officer which simulated a real Health and Safety Executive (HSE) investigation into a fatality. The process had been designed to be challenging and had been extremely useful, tying in with the Council's operational risk management processes.

Work had been undertaken to assess the insurance risk which was posed by the large scale development taking place at the Northern Gateway site. to consider what the insurance requirements were with the developers and managing agents for the site to ensure that liability and responsibility was determined, and the insurance risk properly managed.

An internal audit of the Council's risk management function had been carried out in September 2022 which had received a reasonable assurance rating, and which had generated 4 recommendations. All the recommendations had been agreed and implemented as part of the governance processes of the Council. The Council's Risk Management Strategy had been agreed by Cabinet and Full Council without amendment, and the Council's Policy Framework had been updated accordingly.

The attention of the Committee was drawn to the Council's current Strategic Risk Register which was appended to the report. The Register had been reviewed by the Council's Senior Management Team in December 2022, and two changes had been made as a result of this. The first was to risk ST4, the ongoing and recovery impacts of the Covid-19 pandemic, which had been downgraded as it was felt that should a situation similar to the pandemic occur in the future, the Council's systems and processes had been improved to the extent that the Council would be in a far better position to respond to it. The second risk which had been amended was risk CO3, financial inequality, as it was felt that the changes which had been made in the Council's Customer Team to focus on financial and employment support for customers had prevented the need for prevention crisis in many cases. It was, however, recognised that pressures caused by the current cost of living crisis had created an increased need for Council services, and the impact of this had caused the associated risk level with this to be raised from a '3' to a '4' in the Risk Register.

In response to questions from a member of the Committee, the Corporate Governance Manager explained that with regard to risk CO3, although mitigating steps which had been taken would serve to reduce the impact of the risk, the probability of the risk occurring remained unchanged which lead to its final rating. In respect of risk EF1, this had last been assessed in December 2022, since when the position had changed, and this would be considered again by the Senior Leadership Board when the Register was next considered and updated.

Councillor King, Leader of the Council and Portfolio Holder for Strategy attended the meeting, and, with the permission of the Chair, addressed the Committee. The risk which had been identified with regard to the Council's Capital Programme was of

particular importance as it represented real and continuous challenges in delivering projects of real significance to the city. Regular conversations with project managers had provided Councillor King with a great deal of assurance, and he considered that the Council's Officers were skilled at bidding for funding, and would now focus on delivering the projects which were ongoing through the review. Progress in Capital Programme was being made, and the Council's best Officers were looking at this very closely.

In discussion, the Committee enquired whether the Council would be penalised for failure to deliver capital projects on time due to clauses in contracts with third party contractors, and Councillor King confirmed that the Council was not in this position at present. The current focus was not to change the direction of projects which were currently underway, but to ensure that those projects were effectively managed, and the associated risks and issues were understood.

A Committee member wondered whether detailed appraisals of all the major items on the Council's Capital Programme items as part of its ongoing review? It had been difficult for them to obtain such appraisals, and it was considered essential for this Committee to consider these in detail. Significant risks were foreseen for the Council in regard to its foray into property development in areas such as the Northern Gateway site and the proposed garden community, and it would be useful to see the Register reflect this. In response, the Corporate Governance Manager explained to the Committee that the Council's project risk management process was separate to, and reported differently, to the Strategic Risk Register. The Council's project management process was very detailed, and consideration would be given to providing the Committee with some more information about this process in the future, which would provide more information than was contained in the Strategic Risk Register. Councillor King confirmed that a more formal process for considering the Council's project management work was something which he was currently considering, however, he reminded the Committee that good process was being applied and would go through Committees at the right stage. A Committee member suggested that it may be appropriate that the Governance and Audit Committee consider progress which was being made in respect of the Council's joint Garden Community project on an annual basis. A Committee member emphasised their concern that the Council had been placed at greater risk than other participants in the Garden Community project, and reminded the Committee that a significant risk on the Risk Register had been identified as arising from third parties and the Council's partners.

RESOLVED that:

- the Council's progress and performance in managing risk during the period from April to September 2022 be noted
- the current Strategic Risk Register had been considered and noted

360. Annual Review of Business Continuity

The Committee considered a report providing Members with an overview of the of the Council's business continuity activity for the period from 01 January 2022 to 31 December 2022.

Hayley McGrath, Corporate Governance Manager, attended the meeting to introduce the report and assist the Committee with its enquiries. The Committee heard that the Council's business continuity was an internal process designed to ensure that the Council was able to continue to deliver key services in the light of an unexpected internal event. It was closely related to the Council's emergency planning function, which was the Council's ability to respond to an incident outside the Council but within the city boundaries.

There was no constitutional requirement for the Committee to consider the Council's business continuity plans, however, it was considered good practice that the Committee was asked to consider these as part of the Council's risk management process. The Committee was invited to consider the report which had been presented to it, and to endorse the Business Continuity Strategy for 2023. The Council's current focus was ensuring that each service area had robust plans in place, which had been tested and reported to the Council's senior management team. In the event of a major incident taking place, the Council's services had been divided up into critical and non-critical services, and these were set out in the Appendices to the Strategy.

An e-learning course was being prepared for all staff to help them understand relevant business continuity requirements and what their role would be in delivering services. In-person training had been delivered to Helpline staff on business continuity and emergency response procedures, as the role played by Helpline out of normal business hours would be critical to the Council's initial response to an incident.

In discussion, the Committee requested that the wording in Appendix 1 to the Strategy detailing Member roles and responsibilities for business continuity be amended to read "recommended by Officers", as opposed to "determined by Officers", and requested that consideration be given to an alternative wording for the phrase "united approach to recovery" as it considered that it may not always be possible politically for Councillors to present a wholly united approach. The Committee was, however, pleased to note the inclusion of Members in the Strategy and wondered whether it would be useful to include Cabinet in any future tabletop exercises designed to test the Strategy.

In response to a question from the Committee, the Corporate Governance Manager confirmed that the Council's response to the Coronavirus pandemic had served to demonstrate how flexible and adaptable the organisation was. In general, the Council's initial approach and business continuity had been very good, with swift adoption of home working and online meetings, and the greatly accelerated roll out of new software to facilitate this. Although it was accepted that it would always be possible to improve performance, the continuation of Council services at a time when

many other Councils had ceased to provide similar services demonstrated the Council's dedication to supporting communities through business continuity.

The Committee considered that the Council had responded very well to the pandemic, and Officers should take credit for this. It further considered that the success of the response should be brought forward in the Strategy as this would serve to offer assurance to Councillors that should another major incident occur, the Council was well placed to respond to it effectively.

RESOLVED that:

- the Business Continuity Strategy for 2023 be endorsed.

361. Work Programme

The Committee considered its work programme for 2022-23.

Matthew Evans, Democratic Services Officer, attended the meeting to introduce the report, and assisted the Committee in its deliberations.

RESOLVED that:- the contents of the report be noted.

GOVERNANCE AND AUDIT COMMITTEE

HEARINGS SUB-COMMITTEE

30 March 2023

Present:- Councillor Paul Smith (Chair)
Councillor Chris Pearson, Councillor Rhys Smithson,

Substitutions:

Also Present:- Councillor Jowers, Councillor Laws

364. Appointment of Chairman

REESOLVED that: Councillor Smith be appointed Chair for the meeting.

365. Code of Conduct Complaint

The Sub-Committee considered a report requesting that it determine a Code of Conduct complaint.

Andrew Weavers, Monitoring Officer, attended the meeting to present the report and assist the Sub-Committee with its enquiries. The Sub-Committee was requested to determine whether or not the complaints that had been received in respect of the conduct of Councillor Moore were sufficiently serious to have been deemed to have breached Colchester City Council's (the Council) Members Code of Conduct. The Sub-Committee was requested to carefully consider the report which had been provided by the Monitoring Officer, together with the report which had been provided by the independent Investigating Officer, the supplementary information which had been provided by Councillor Moore, the defence case and evidence bundle which had been submitted by Councillor Moore's representative and the representations which were to be made at the meeting.

Councillor Laws attended the meeting, and with the permission of the Chair, addressed the Sub-Committee. He spoke highly of Councillor Moore, who was well respected in within the Conservative Group, and was diligent and professional in the way that she conducted herself. As the Conservative Group Leader on the Council, it was his responsibility to not only consider the welfare of individual Councillors, but also the welfare of the image of the Conservative Party as a whole, and it was within his powers to withdraw the party whip from Councillors if he considered it was necessary to do so. Having taken a close interest in the progress of the complaints

he confirmed to the Sub-Committee that at no point had he considered that it was necessary or appropriate to withdraw the whip from Councillor Moore, and he was happy to continue to support her.

Councillor Moore was invited to make comments on the contents of the report which had been presented by the Monitoring Officer, and she advised the Sub-Committee that she had not been appraised of the contents of the third and fourth complaints which had been made against her, and felt that she was therefore hampered from addressing these properly. She asserted that she was not guilty of breaching the Members Code of Conduct.

Councillor Smith, in his role as Chair of the Sub-Committee, reminded all parties that the Sub-Committee was in no sense a Court of Law, but was meeting as a Council body.

Nick MacBeath, the independent Investigating Officer, attended the meeting remotely to present his report and assist the Sub-Committee with any enquiries. The Sub-Committee heard that Mr MacBeath had been commissioned to undertake an independent review of 4 complaints which had been received on behalf of the Council, after these complaints had been considered by the Monitoring Officer and the appointed Independent Person as warranting further investigation. Mr MacBeath advised the Sub-Committee that he was an impartial person, not from the area who had not worked for the Council before, and he was qualified to undertake the investigation. Mr MacBeath's report set out his understanding of the facts which had been presented to him, and the conclusion that he had drawn, and his conclusion had been that the Code of Conduct had been breached. In response to an enquiry from a Member of the Sub-Committee, Mr MacBeath confirmed that he had been employed by TIAA for 24 years, and was a senior manager. He had carried out various roles during this time across numerous sectors including local government, housing, the National Health Service and was suitably qualified to undertake these reviews.

Councillor Moore introduced Dr Martin Parsons to the Sub-Committee, who was to represent her during the hearing. Dr Parsons requested that it be minuted that it was contended that a significant portion of Councillor Moore's defence was that it was not handled properly by the Monitoring Officer, and it was therefore not appropriate that the Monitoring Officer should be in the room during the hearing, or give advice to the Sub-Committee. Dr Parsons acknowledged that the Chief Executive had disagreed with this contention and he had accepted this.

The Sub-Committee heard that the complaints received concerned muppets, which were endearing children's television characters, comments made by Councillor Moore in relation to her fellow Councillors, and to questions asked of a Town Councillor at a Town Council meeting as to whether complaints had been made on behalf of a political organisation, or in a personal capacity.

The Sub-Committee was also asked to bear in mind that Councillor Moore was an opposition politician, and it was the job of opposition politicians to scrutinise, criticise and challenge members of the party in power, which was what she had done.

Anything which undermined the constitutional role of opposition politicians was damaging to democracy. At no time had Councillor Moore breached any of the Nolan Principles which underpinned the Council's Code of Conduct.

The Sub-Committee was advised that it was required to decide 3 things:

1. Did Councillor Moore actually breach the Council's Code of Conduct?
2. Was it lawful for the Council to accept and investigate the complaints which had been made?
3. Did the Council investigation fully follow its own procedures and fully follow the requirements set down by United Kingdom Law and international Human Rights Conventions?

If the answer to any one of these questions was 'no' that it was suggested that the case against Councillor Moore had to be dismissed. It was the contention of Dr Parsons that the answer to all 3 questions was 'no'.

According to the Council's own arrangement for dealing with complaints, a complaint which was trivial in nature should not be investigated further, and Dr Parsons considered that the use of the term 'muppets' was commensurate with comments made by national politicians when in opposition which were considered to be wholly acceptable.

The Sub-Committee heard that it was considered that the complaints which had been made were vexatious, in that they had been made by a Town Councillor who led a local campaign group and who had opposing political views to Councillor Moore. The language of the complaints was vexatious and, at times, very insulting to Councillor Moore. A member of the Sub-Committee clarified that although the complainant was a Town Councillor, it was clear from the report that the complaint had been made in a personal capacity, and this was noted by the Sub-Committee.

Dr Parsons considered that the complaint was also clearly politically motivated, and that it should have been clear to the Monitoring Officer that the complaint had been made by a Councillor, as the Monitoring Officer was under a duty to maintain a register of all elected Councillors within their district, and should therefore have known this. The Sub-Committee was careful to draw the distinction between what an Officer should have known, and what they were able to discover, and reminded Dr Parsons that care was to be taken when discussing Officers, who were not able to defend themselves.

Dr Parsons considered that the Code of Conduct had to be interpreted in two ways; firstly the Localism Act 2011 set out the 7 principles of good governance on which the Code of Conduct states it is based. And not one of these principles had been breached by what Councillor Moore had been accused of. Secondly, S.6 of the Human Rights Act stated that every public authority must act in a way that is consistent with the Human Rights Act 1998, which incorporated the European Convention on Human Rights. Therefore, nothing within the Code of Conduct could conflict with the European Convention on Human Rights. The Comments which Councillor Moore made were legally protected by Article 10 of the Human Rights Act, which stated that everyone had freedom of expression, subject to some limited legal

restrictions. In Dr Parson's opinion, the only one of these restrictions which could be relevant to the complaints was the requirement to protect the rights and reputations of others. There was no suggestion that Mr Wood's rights had been breached, and Dr Parsons argued that in accordance with the Defamation Act 2013, his, or anyone else's, reputation had not been either.

Prior to the hearing, the Monitoring Officer had distributed a stated case to all parties to the hearing; R (on the application of) Benjamin Dennehy v London Borough of Ealing. Referring to the judgement in this case, Dr Parsons advised the Sub-Committee that political expression attracted a higher degree of protection than expressions made in a personal capacity, as politicians laid themselves open to close scrutiny of their words and deeds. The Sub-Committee further heard that the blog which had been the subject of the stated case which had been referenced, was racist in its nature and content and was clearly reprehensible, whereas the comments made by Councillor Moore bore no relationship to them.

The Sub-Committee noted the points made by Dr Parsons and sought clarification on whether or not Councillor Moore had been acting in a personal capacity or as part of her role as a Councillor, as it had been consistently stated in the defence bundle produced that she had been acting in a personal capacity. Councillor Moore confirmed that she had written her articles as a Councillor, however, she considered that it was clear that the articles contained her personal comments on events at the Council as she saw them.

Dr Parsons advised the Committee that a general principle in English law in determining what constituted an offence to do with speech, was that intention had to be proven in any regulation of speech.

The Sub-Committee heard that one of the most important Supreme Court cases in the previous few years was the Director of Public Prosecutions v Zeigler and others, and this case specifically concerned Article 10 of the European Convention on Human Rights. The Court ruled that when a public authority was seeking to restrict or place a sanction on someone's freedom of speech, a very specific proportionality assessment was required to be carried out, and this assessment had been produced in the defence bundle in order to assist the Sub-Committee. As far as Dr Parsons could tell, the Council had not undertaken this assessment, and in his opinion the failure to carry out this assessment made the continuance of the complaint unlawful.

Dr Parsons also considered that there had been a number of other failures on the part of the Council to follow specific procedures:

1. The Code of Conduct defined complaints in a number of ways, including distinguishing whether or not a complaint had been made by a Councillor, Officer or member of the public. It was contended that this distinction was significant, and was made to assist Officers in determining whether or not a complaint was politically motivated and should therefore be treated as vexatious. It was considered that the assertion contained within the Officer's report that the complaint was made in a private capacity even though the complainant was a Town Councillor was a misuse of the Code of Conduct. At the least, a Councillor making a complaint in a personal

capacity needed to declare the fact that they were a Councillor to avoid a potential conflict of interest.

2. A failure to assess whether it could be reasonably predicted by the Councillor that what had been complained about could actually be a breach of the Code of Conduct. The Sub-Committee considered whether the use of the term 'muppets' used in the article written by Councillor Moore had been intended to refer to lovable television characters, or had been used to infer that the person or persons referred to as muppets were ignorant and stupid. Councillor Moore stated that the fact that she had written "elect muppets, get a comedy show" demonstrated that she had intended to refer to the television characters in a humorous manner, and was not aware of an alternate, more insulting, meaning of the word muppets. She considered that use of words in the English language changed so frequently that it was difficult to keep abreast of their changing meanings, and she had not intended to cause offence. Councillor Moore accepted that it may be interpreted that she had intended to refer to others as stupid and ignorant, but that this needed to be proven. A member of the Sub-Committee considered that in their opinion, given the tone of the rest of the article, they considered that on balance it was possible to believe that Councillors Moore's intention had been to refer to others as ignorant and stupid, although a different interpretation was possible. Dr Parsons drew the attention of the Sub-Committee to remarks which had been by Sir Kier Starmer, Leader of the Opposition, when he likened Boris Johnson and Liz Truss to comedians, and considered that as no censure would be expected in this example of normal political discourse, none was appropriate here.

3. A repeated failure to weigh up the evidence. It was suggested to the Sub-Committee that as soon as it became evident that Mr Wood was also a Town Councillor, the complaint should have been re-assessed. Although the Officers' report states that Mr Wood had made his complaint in a private capacity, there was no evidence to support that contention, or that this had been considered. It was suggested to the Sub-Committee that it was evident from the content of the complaints that they were politically motivated.

4. A failure to include in the Monitoring Officer's report a list of the agreed and not agreed facts and the corresponding evidence, which was required by the Code of Conduct.

5. A failure to ensure that the independent Investigating Officer was suitably qualified to deal with these complaints and political matters. Given the nature of the complaints, it was suggested that significant experience of high levels of local government would have been required to properly assess the complaints.

At the request of Councillor Moore, and with the consent of the Chair, Matthew Evans, Democratic Services Officer, read 3 letters to the Sub-Committee, which had been submitted as part of the defence bundle. Although the identity of the writer of the first of the letters had been withheld due to their fear of intimidation from the complainant, the Sub-Committee was assured that this identity was known and the letter was not from an anonymous source. The second letter was from Councillor Kevin Bentley who offered his strong support for Councillor Moore, considering that

she acted with integrity and respect at all times .The third letter was from Peter Clements, a resident of Mersey who was supportive of Councillor Moore and requested that the Sub-Committee dismiss the complaints.

Councillor Jowers attended the meeting, and, with the Consent of the Chair, addressed the Sub-Committee. He advised the Sub-Committee that West Mersea Town Council was not a political Council in the way that some Parish Council's were, but rather was made up of strong minded local people such as Councillor Moore and Councillor Wood, and that sometimes debate could become robust. He questioned where the line for unacceptable behaviour lay, and wondered whether this was down to the individual as to whether offence was taken, suggesting that he could have taken offence on a number of occasions over the years if he had so wished. He believed that there had to be an element of knockabout in interactions between Councillors, and while he would not personally have used the term 'muppets', he did not believe that this had been intended to cause offence, and had been intemperate as opposed to insulting. Councillor Moore was an excellent Councillor and in the opinion of Councillor Jowers, the last thing that she would do would be to use offensive language, and the use of the term 'muppets' had been in a humorous manner, albeit with a slight edge. He reminded the Sub-Committee that Councillor Moore had already apologised for her remarks and did not consider that it was appropriate that matters had reached this stage in proceedings. Following questioning from the Sub-Committee, Councillor Jowers confirmed that Mersea Town Council was political, but not on traditional party lines, and that anyone standing for election as an independent or local party was acting in the political arena.

In response to an enquiry from the Sub-Committee, Councillor Moore clarified that she had apologised to all Colchester City Councillors by way of an email which had been sent to them all, and this would have included Councillors that she was supposed to have been rude about.

6. Dr Parsons made reference to the Investigating Officer's report, and considered that it had made repeated, and unsubstantiated, assertions that the complaints had been 'clearly made in a private capacity', and this claim was not accepted by Councillor Moore. There had been a failure of the Independent Investigator to consider the impact on democracy of his recommendations, and Dr Parsons considered that it was not appropriate to censure opposition politicians for criticising the ruling party in a democratic county. The Investigating Officers report had treated the Code of Conduct complaint as though it had been an employment matter, when Councillor Moore had not been acting in a professional capacity but rather in a political capacity, which allowed her greater freedom of expression than someone acting in the course of their profession.

7. Dr Parsons advised the Sub-Committee that he considered that there were specific issues with all of the complaints which had been received. With regard to the first complaint, it was suggested that the heading for the article which made reference to Colchester Borough Council, had in fact been inserted by the magazine editor, and not by Councillor Moore, and this was therefore not evidence that she

was writing in an official capacity as the complainant suggested. It was suggested in the Investigating Officer's report that there could be a perception that the article was written in an official capacity, but the Code of Conduct made no reference to the element of 'perception'. With regard to the second complaint, Dr Parsons considered that the Council's complaint procedure provided for details of the complaint to be disclosed to the press on enquiry, and therefore the complaint could not be regarded as confidential. The Investigating Officer's report acknowledged that there was nothing in the Code of Conduct which required a complaint to be treated in confidence, and it was not considered that Councillor Moore had therefore breached the Code of Conduct in this regard. In respect of the third complaint, it was suggested to the Sub-Committee that Councillor Moore's conduct at the meeting of West Mersea Town Council could only be counted as intimidation if there was clear evidence that it had been intimidating, and there had been no mention of intimidation in any of the complaints that had been made. It was Dr Parson's contention that all the complaints which had been made were political in nature, and Councillor Moore's questions at the Town Council meeting had been entirely in accordance with the Nolan Principles. Moreover, Councillor Moore had felt that she had to ask questions in public as she had been afraid of approaching Mr Wood in private.

Councillor Moore addressed the Sub-Committee, and made reference to the fact that she was dyslexic and, as such, tended to think in word metaphors and often created amusing images. She had not been shown copies of the third and fourth complaints which had been received before being interviewed by the Independent Investigator, and therefore was not in a position to properly respond to these. This was a serious lapse on behalf of the Council, and anything contained in these complaints should therefore not be considered. The 4 complaints were motivated by a combination of hatred and politics and should be dismissed on these grounds alone. At the meeting of Mersea Town Council, she had been the subject of such disparaging comments that a member of the public who had been present took the time to call at her home later that evening to check whether she was alright. Her use of the phrase 'honest and true' had been questioned, however, this was a quotation from a poem entitled 'The Honest and True Boys', which was about keeping up best standards in life. The depiction of life at the Council and her reference to the 'Camp Grenada' song had been in no way insulting, which would be apparent to anyone familiar with the music. It was always her intention to entertain and inform when writing articles for Mersea Life, which was circulated to 10,000 people, and in 8 years the complainant had been the only person to ever object to her humour; it had never been her intention to offend her fellow Councillors. No mention had been made of the hate filled, misogynistic and ageist language which had been directed against her by the complainant, and about which she had made a complaint. As a practising Christian, she was not in the habit of trying to intimidate people, and did not consider that asking a question in a public forum in order to establish the truth was attempting intimidation.

In response to a question from the Sub-Committee, Councillor Moore confirmed that her use of the phrase 'murkier goes on' had simply mean cloudy and unclear as opposed to bad. She was unable to account for the interpretations which were paced

upon her words, but had always written her articles as a Councillor who was expressing her own personal view. Councillor Moore had used the term 'squeamish' after hearing several opposition Councillors say that they did not have the stomach for voting for the proposed Local Plan, and considered that this meant that they had been squeamish, and did not consider that this term was offensive. She had been advised that some Councillors had indicated that they had found the article amusing. The Sub-Committee considered that the element of perception of the meaning and use of language was important, as well as the intention behind the use of language. Councillor Moore confirmed that her articles were always intended to be a humorous look at elements of Council life with the aim of encouraging people to read them as part of a public service, and considered that the nature of humour was that it was always open to interpretation.

Turning to the expression of 'honest and true' that had been used by Councillor Moore, the Sub-Committee considered that there could be an existing public perception that Councillors could be open to bribery, particularly when it came to planning matters; was Councillor Moore aware of this perception? Councillor Moore again explained that the words had come from a poem encouraging high standards in life, although she conceded that her use of the phrase 'enough honest and true' Councillor's could generate the perception that there were some Councillors who were not honest and true. A member of the Sub-Committee confirmed that when they had read the article, their perception had been that Councillor Moore was implying that some Councillors were not honest and true, which could be damaging to the Council as a whole as it referenced a negative public perception of Councillors.

The Sub-Committee considered the events which had taken place at the meeting of Mersea Town Council, and Councillor Moore explained that she had simply asked questions of Councillor Wood at that meeting to attempt to understand the motive behind the complaints which had been made against her. Her language had not been intimidating, and she was under no obligation to keep the details of the complaints confidential. At no point had the meeting of the Town Council been suspended by its Chair due to disorderly conduct. Councillor Moore confirmed that she believed that she had, at all times, acted in accordance with the Nolan Principles, and had accounted for her actions to the public. She considered that the making of 4 Code of Conduct complaints against her in the space of 6 weeks was vexatious.

A member of the Sub-Committee enquired whether Councillor Moore felt that she had treated other members of the Council with respect through her articles and her comments, and Councillor Moore stated that her comments had been humorous but not disrespectful.

The Sub-Committee invited Nick MacBeath to provide any additional comments on his report, and he gave his opinion that the debate of the evening had illustrated that different people interpreted things differently, and that the complainant had been offended by the content of Councillor Moore's articles, which had given rise to the investigation.

On behalf of Councillor Moore, Dr Parsons gave a summing up of the defence to the Sub-Committee. He considered that what was of importance when the Sub-Committee was making its deliberations was consideration of the bigger picture.

The supposed breaches of the Code of Conduct which Councillor Moore was accused of had arisen because she had used the term 'muppets' to refer to unnamed members of her political opponents, she had referred to Councillors who had avoided voting on a particularly important and potentially controversial issue as 'squeamish', and she had asked questions in a public meeting which were in accordance with the Nolan Principles. It had been demonstrated that West Mersea Town Council was political, although not along traditional party lines, Councillor Moore had used humour to deal with difficult topics, and as an opposition Councillor it had been appropriate for her to make the comments that she had. The Sub-Committee was warned against setting a precedent which would stifle proper democratic debate in the future.

The Sub-Committee heard that Councillor Moore had not been made aware of the third and fourth complaints, and there was a clear principle set out in Article 6 of the European Convention on Human Rights which required that someone facing an accusation must be told promptly and given time to prepare their defence. This opportunity had been denied to Councillor Moore, who had still not received the full text of the third complaint, and on those grounds alone this complaint should be dismissed.

There had been no identifiable victim of the complaints, and Councillor Moore had apologised to all City Councillors for any offence which she may have caused. She had at no time acted in contravention of the Nolan Principles, and had merely used humour to soften political observations which she had made. Freedom of speech was protected as a fundamental human right, and could only be restricted by the protection of the rights and reputations of others, however, no victim had been identified and no criteria for defamation in English law had been reached.

It was Dr Parson's contention that the complaints which had been made were clearly politically motivated, and had to a situation in which Councillor Moore had felt that she had suffered harassment, ill treatment and victimisation to the extent that she had decided to step down from her role as a City Councillor.

If Councillor Moore was not able to clear her name tonight she would be forced to consider applying for a Judicial Review on the grounds that:

- The Council did not follow corporate procedure
- The Council did not follow an interpretation which was compatible with European Convention on Human Rights
- The Council did not undertake the proportionality assessment that was required to restrict freedom of speech

Dr Parsons advised the Sub-Committee that in his view the costs of a Judicial Review would not be awarded to a public body even if it were to win, and he estimated that forcing Councillor Moore to go down this route would therefore cost

the Council approximately £500,000 of public money, and generate significant negative publicity for the authority.

Councillor Moore could also consider suing the Council in the County Court for harassment and the distress that this had caused her, as since July procedure had repeatedly failed to be complied with and it was considered that on this basis she would have a strong case to apply for significant damages and costs.

The Sub-Committee was asked to consider 3 questions:

1. Did Councillor Moore trivial and minor actions actually breach the Council's Code of Conduct?
2. Was it lawful for the Council to accept and investigate the complaints which had been made?
3. Did the Council investigation fully follow its own procedures and fully follow the requirements set down by United Kingdom Law and international Human Rights Conventions?

If the answer to any one of these questions was 'no', then Dr Parson's contended that the complaints must be dismissed. He exhorted the Sub-Committee not to force Councillor Moore to make an application to the High Court, and he could envisage headlines in the Daily Mail criticising the Council for wasting money on defending the decision taken by the Sub-Committee, if it were to find that Councillor Moore had indeed breached the Code of Conduct.

As required by the Hearing Sub -Committee Procedure Rules the Sub-Committee announced its preliminary findings to the hearing:

Following careful deliberations, the Governance and Audit Hearings Sub-Committee has carefully considered the alleged breaches of the Council's Code of Conduct which were contained in the Investigating Officer's report, and considered that the Member's Code of conduct has been breached in respect of:

Section 3(1), not treating others with respect,
Section 4(a), by disclosing confidential information relating to the complaints which was known or reasonably ought to have been known to be confidential.

It was considered that the Code of Conduct had not been breached in respect of:

Section 3(3)(c) attempting to intimidate the complainant.

In reaching its decision, the Hearings Sub-Committee has given careful consideration to the proportionality test provided for in Article 10 of the European Convention on Human Rights.

It is considered that the language used by Councillor Moore in her articles could reasonably be considered to be sufficient to cause offence, and that Councillor Moore should have reasonably been aware that the disclosure of the details of the complainant in a public forum were contrary to the provisions of the Code.

Before considering what actions, if any, the Sub-Committee would recommend that Full Council consider taking, Councillor Moore was invited to make representations as to whether action should be taken or what form any action should take. Councillor Moore commented that as she had already apologised to any Councillors who may have been offended, she did not see that any other course of action was necessary.

Following further deliberation, and having taken consideration of the representations made by Councillor Moore, the Sub-Committee has decided that it will:

1. Report its findings to Full Council
2. Recommended to Full Council that Councillor Moore be issued with a reprimand
3. Recommend that Councillor Moore be given additional training on adherence to the Code of Conduct

The Hearings Sub-Committee further recommends to Full Council that training in respect of Code of Conduct compliance be offered to all elected members within the city boundaries.

Following further deliberations, the Sub-Committee made the following final decision:

RESOLVED that:

1. The Governance and Audit Hearings Sub-Committee, in consultation with the Independent Person appointed to assist it, carefully considered the alleged breaches of the Council's Members' Code of Conduct which were contained in the Investigating Officer's report, and considered that the following sections of the Members' Code of Conduct had been breached:
 - Section 3(1), not treating others with respect.
 - Section 4(a), disclosing confidential information relating to the complaints which was known or reasonably ought to have been known to be confidential.
2. It was, however, considered that the Code of Conduct had not been breached in respect of:
 - Section 3(3)(c) attempting to intimidate the complainant.
3. In reaching its decision, the Sub-Committee carefully considered the evidence placed before it, contained in the Monitoring Officers reports, the supplementary information provided by Councillor Moore, the bundle provided by Councillor Moore's representative and the representations made during the hearing. In addition, each alleged breach of the Code was considered in the light of the proportionality test established in case law in regard to Article 10 of the European Convention on Human Rights (Freedom of Expression) .

4. The Sub-Committee concluded that the language that Councillor Moore had used to describe fellow Councillors in more than one article which she had written for the publication 'Mersea Life' was disrespectful. The Sub-Committee was particularly concerned by the use of the term 'muppets', and the suggestion that Councillors who did not attend a meeting to vote were 'squeamish'. The Sub-Committee also considered that the reference which had been made to some Councillors being 'honest and true' carried the very clear implication that other Colchester City Councillors were not honest and true and was therefore publicly disparaging to Councillor colleagues, thereby constituting a breach of the Code of Conduct.
6. The Sub-Committee considered that Councillor Moore's attendance at a West Mersea Town Council meeting, and subsequent public questioning of the complainant, although extremely poorly judged, did not constitute an attempt to intimidate the complainant, and therefore there was no breach of the Code of Conduct in this regard.
7. The Sub-Committee, initially did conclude that by naming the complainant and by revealing details of the complaint made against her in a public forum (i.e. The West Mersea Town Council meeting), Councillor Moore had disclosed information which it could reasonably be assumed that she should have known was confidential, resulting in a breach of the Code of Conduct.
8. However, upon further consideration of this aspect of the complaint, the Sub-Committee noted that the complainant had not requested that his name be treated as confidential. Whilst it would have been reasonably expected that Councillor Moore would have kept the details of the complainant and the of the complaint itself confidential whilst under investigation, the Sub-Committee noted that the Council's Localism Arrangements did not explicitly state that a councillor must treat details of a complaint made against them as confidential. Therefore, the Sub-Committee reflected that on balance whilst it initially had found that Councillor Moore had breached section 4(a) of the Code of Conduct it was felt that the revealing of details of the complaint and identifying the complainant in a public forum amounted to a breach of section 3(1) of the Code of Conduct.
8. Accordingly, the Sub-Committee considered that the following section of the Members' Code of Conduct had been breached:
 - Section 3(1), not treating others with respect.
9. The Sub-Committee considered that the Code of Conduct had not been breached in respect of:
 - Section 3(3)(c), attempting to intimidate the complainant.

- Section 4(a), disclosing confidential information relating to the complaints which was known or reasonably ought to have been known to be confidential.

10. Following further deliberation, and having taken consideration of the representations made by Councillor Moore at the hearing, the Sub-Committee decided that the following actions were proportionate to the breach of the Code of Conduct:

1. Report its findings to Full Council
2. Recommended to Full Council that Councillor Moore
 - (a) be issued with a reprimand; and
 - (b) be given additional training on adherence to the Code of Conduct

11. The Sub-Committee further recommends to Full Council that training in respect of Code of Conduct compliance be offered to all elected members within the city boundaries.

GOVERNANCE AND AUDIT COMMITTEE

24 May 2023

Present:- Councillor Dave Harris, Councillor Alison Jay, Councillor Sara Naylor, Chris Pearson, Councillor Paul Smith, Councillor William Sunnucks

Substitutions:

Also Present:-

366. Appointment of Chair

RESOLVED that: Councillor Pearson be appointed as the Chair for the forthcoming municipal year.

367. Appointment of Deputy Chair

RESOLVED that: Councillor Smith be appointed as Deputy Chair for the forthcoming municipal year.

Governance and Audit Committee

Item
7

20 June 2023

Report of

The Corporate Governance Manager

Author

Hayley McGrath
508902

Title

Head of Internal Audit Annual Report 2022/23

Wards
affected

Not applicable

1.0 Executive Summary

1.1 The report set out in appendix 1 summarises the findings of the Internal Audit function for the financial year 2022/23.

1.2 The key messages from the report are:

- The Internal Audit contractor was able to ensure that an effective internal audit service was provided during the 2022/23 financial year.
- Eighteen audits were completed during the year.
- Six audits (33%) achieved a substantial assurance rating (previously full assurance), compared to twelve last year (63%).
- There were no limited assurance ratings, compared to two (10%) last year.
- One urgent recommendation was made, compared to three last year.

2.0 Recommended Decision

2.1 To review and comment on:

- Internal audit activity for the period 1 April 2022 to 31 March 2023.

3.0 Reason for Recommended Decision

3.1. The Accounts and Audit Regulations 2015 require that 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. Internal audit is a key element of the Council's corporate governance framework. Robust implementation of audit recommendations gives assurance to members and management that services are operating effectively, efficiently and economically and in accordance with legislative requirements and professional standards.

4.0 Alternative Options

4.1 None.

5.0 Background Information

- 5.1 At the end of each financial year the audit provider produces a 'Head of Internal Audit Report'. This is the overall assurance rating for the Council and is the evidence that supports the assessment of the internal control in the Annual Governance Statement.

The report for 2022/23 states 'TIAA is satisfied that, for the areas reviewed during the year, Colchester City Council has reasonable and effective risk management, control and governance processes in place.'

- 5.2 Each audit is given one of four assurance ratings – substantial, reasonable, limited and no – that indicates how well the system controls are working. The assurance rating is determined primarily by the number and level of recommendations made, which are classed as urgent, important or routine. The table in appendix 2 explains the assurance and recommendation levels in more detail.

6.0 Strategic Plan Implications

- 6.1 The audit plan has been set with due regard to the identified key strategic risks to the Council and the objectives of the strategic plan to be vibrant, prosperous, thriving and welcoming. Therefore, the audit work ensures the effectiveness of the processes required to achieve the strategic objectives.

7.0 Risk Management Implications

- 7.1 The failure to implement recommendations may have an effect on the ability of the Council to control its risks and therefore the recommendations that are still outstanding should be incorporated into the risk management process.

8.0 Environmental and Sustainability Implications

- 8.1 There are no environmental or sustainability implications as a result of this report.

9.0 Other Standard References

- 9.1 There are no direct Publicity, Financial, Consultation, Equality, Diversity, Human Rights, Community Safety or Health and Safety implications as a result of this report.

Colchester City Council

Internal Audit Annual Report

2022/23

May 2023

Internal Audit Annual Report

Introduction

This is the 2022/23 Annual Report by TIAA on the internal control environment at Colchester City Council. The annual internal audit report summaries the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control. This report is designed to assist the Council in making its annual governance statement.

Our approach is based on the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and incorporate the Public Sector Internal Audit Standards (PSIAS). In 2022, TIAA commissioned an External Quality Assessment (EQA) of its internal audit service. The independent EQA assessor was able to conclude that TIAA 'generally conforms to the requirements of the Public Sector Internal Audit Standards and the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF)'. 'Generally conforms' is the highest rating that can be achieved using the IIA's EQA assessment model.

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards. Our work also complies with the IIA-UK Professional Standards.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, Colchester City Council has reasonable and effective risk management, control and governance processes in place.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by the Colchester City Council from its various sources of assurance.

Internal Audit Planned Coverage and Output

The 2022/23 Annual Audit Plan approved by the Governance and Audit Committee was for 300 days of internal audit coverage in the year.

During the year there was one change to the Audit Plan and this change was approved by the Chief Executive.

The planned work that has been carried out against the plan and the status of work not completed is set out at Annex A.

There was one extra day required for the additional audit (S106 Stanway Parish review) as this was done using carried forward days. The review was requested by the Chief Executive.

Assurance

TIAA carried out 19 reviews of the 23 reviews (20th review to commence in May/June 2023 and three could not be carried out due to staffing issues within the Council). The reviews were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve the Council's objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	6	12
Reasonable Assurance	12	5
Limited Assurance	0	2
No Assurance	0	0

- *The 19th Audit is an advisory review therefore no assurance is provided.*

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2022/23. The numbers in brackets relate to 2021/22 recommendations.

Urgent	Important	Routine
1 (3)	29 (19)	21 (20)

Audit Summary

Control weaknesses: There were one area reviewed by internal audit where it was assessed that the Council is yet to carry out a proper assessment of its fraud and corruption risks and have not carried out assessments against the Fighting Fraud Corruption Locally Strategy 2020 (FFCL 2020). Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted.

Recommendations Made: We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed			
Governance Framework	0	8	3
Risk Mitigation	0	3	0
Compliance	1	17	16
Delivery			
Performance Monitoring	0	1	1
Sustainability	0	0	0
Resilience	0	0	1

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
1 (5)

Independence and Objectivity of Internal Audit

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

Performance and Quality Assurance

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	100%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	100%
Compliance with Public Sector Internal Audit Standards	100%	100%

Release of Report

The table below sets out the history of this Annual Report.

Date Draft Report issued:	16 th May 2023
---------------------------	---------------------------

Annexes

Annex A

Actual against planned Internal Audit Work 2022/23

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Human Resources and Payroll	Assurance	10	10	Reasonable	
Waste Management	Assurance	10	10	Reasonable	
Risk Management Framework	Assurance	12	12	Reasonable	
IT Virtual environment (New way of working)	ICT	12	0	N/A	ICT audits could not be carried out due to staffing issues.
Environmental Health	Assurance	10	10	Reasonable	
CCHL / CBC contract management and governance	Assurance	12	12	Reasonable	Draft Report issued
Accounts Receivable (Debtors) – Cash Management	Assurance	12	12	Substantial	
Homelessness/Allocations	Assurance	12	12	Substantial	
Safeguarding	Assurance	12	12	Reasonable	
Fraud and Corruption	LCFS	12	12	Advisory review	
Corporate Health and Safety	Assurance	12	12*	N/A	The Health and Safety Manager left the Council and Audit was postponed to May/June 2023
Conflict of interest (Staff working with other employers)	Assurance	12	12	Substantial	
Cyber Security	ICT	10	0	N/A	ICT audits could not be carried out due to staffing issues.
Helpline and use of CCTVs	Assurance	10	10	Reasonable	
Museums - Merged Services	Assurance	12	12	Substantial	
Parking Services Income / Partnership	Assurance	12	12	Reasonable	
Events Management	Assurance	10	10	Reasonable	

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Key Financial Control (Including key controls from Council tax and NNDR, Housing benefit)	Assurance	20	20	Substantial	
Leisure World	Assurance	12	12	Reasonable	
Carbon Reduction	Assurance	12	12	Reasonable	
Right to Buy (Joint with CBH)	Assurance	10	10	Substantial	Draft Report issued
Allocation for CCHL	Assurance	18	0	N/A	*CCHL Governance changes affected scheduling of audits
S106 Expenditure Stanway Parish	Assurance	10	10	Reasonable	*Contingency days used
Follow-up	N/A	10	10		
Annual Planning	N/A	3	3		
Annual Report	N/A	2	2		
Audit Management	N/A	11	11		
Total Days		300	260*	<ul style="list-style-type: none"> Days to be reconciled and changes reflected in the 23/24 amended Annual plan. 	

Key to Assurance Levels

Assurance Gradings

Internal Audit classifies internal audit assurance over four categories, defined as follows:

Assurance Level	Evaluation & Testing Conclusion
Substantial	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Recommendation Gradings

Internal Audit categorises recommendations according to their level of priority as follows:

Priority level	Definition
1. Urgent	Fundamental control issue on which action should be taken immediately.
2. Important	Control issue on which action should be taken at the earliest opportunity.
3. Routine	Control issue on which action should be taken.
OEM – Operational Effectiveness Matter	Items that would be best practise / improvements, but do not impact on the effectiveness of the controls.

Governance & Audit Committee

Item
8

20 June 2023

Report of	Corporate Governance Manager	Author	Hayley McGrath 508902
Title	Review of the Governance Framework and Draft Annual Governance Statement		
Wards affected	Not applicable		

1.0 Executive Summary

This report relates to the Council's duty to produce an Annual Governance Statement, that reviews the effectiveness of the Council's internal control systems for the 2022/2023 financial year, which is required for the 2022/2023 Statement of Accounts.

2.0 Recommended Decisions

- 2.1 To consider and note the review of the Council's compliance with the seven principles of good governance (CIPFA International Framework: Good Governance in the Public Sector 2016) including the review of effectiveness of the internal control arrangements.
- 2.2 To approve the Annual Governance Statement for 2022/23.

3.0 Reasons for Recommended Decisions

- 3.1 Regulation 3 of the Accounts and Audit Regulations 2015 states that:
'A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.'
- 3.2 Regulations 6(1) and (2) go on to place a requirement on the Council to conduct a review of the effectiveness of its system of internal control at least once a year, and to report the findings to this committee. Following the review, the committee must approve an Annual Governance Statement (AGS), prepared in accordance with proper practices in relation to internal control.
- 3.3 The review of the system of internal control assesses the Council's compliance with the seven principals of good corporate governance, set out in the 2016 CIPFA / SOLACE guidance – Delivering Good Governance in Local Government, and the effectiveness of the policies and procedures that make up the Council's governance framework. The process also produces a management action plan to address any identified weaknesses.
- 3.4 CIPFA's proper practice requires the Chief Executive and the Leader of the Council to sign the AGS. They must be satisfied that the document is supported by reliable evidence and accurately reflects the authority's governance and control arrangements.

4.0 Alternative Options

- 4.1 None.

5.0 Background Information

5.1 Colchester Borough Council has adopted a Local Code of Corporate Governance based on the 'Delivering Good Governance in Local Government' guidance. The purpose of the AGS is to review compliance with the seven principles of good governance outlined in the guidance and the Council's Local Code of Corporate Governance.

5.2 The seven principles of Corporate Governance are:

- Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Principle 2: Ensuring openness and comprehensive stakeholder engagement.
- Principle 3: Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Principle 4: Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Principle 5: Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Principle 6: Managing risks and performance through robust internal control and strong public financial management.
- Principle 7: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

5.3 As part of the governance review the Council has to demonstrate the effectiveness of its internal control arrangements, and this is primarily evidenced by the Head of Internal Audit Report, produced by the Council's Internal Audit provider, TIAA. A copy of the report is available as a background paper. The key statement from this report is detailed below: -

From the Internal Audit work undertaken in compliance with the PSIAS (Public Sector Internal Audit Standards) in 2022/23, **TIAA is satisfied that, for the areas reviewed during the year, Colchester Borough Council has reasonable and effective risk management, control and governance processes in place.**

5.5 In addition, the further steps taken in producing the AGS have been as follows: -

- A full review of the Council's code of corporate governance including detailed assessment of evidence supporting each principle.
- Assurance assessments relating to key areas of governance and control have been completed by senior management.
- Consideration of risk management issues.
- Detailed follow up of issues with relevant managers to provide evidence of controls in place.
- Review of the action plan from the Annual Governance Statement for 2021/22.
- Review of the implementation of recommendations made by Internal Audit.
- Review of issues raised in External Audit reports, principally the Annual Audit Letter.
- Assessment that the financial arrangements comply with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2016).

5.6 The AGS for 2022/23 is attached at appendix 1. The format of the statement takes into account both the mandatory pro-forma contained within CIPFA's proper practice guidance, together with subsequent examples of best practice.

5.7 The AGS includes a table showing significant internal control issues and planned actions to address these. A more detailed action plan is set out within this report at Appendix 2. The AGS should be an ongoing assessment and therefore a review of the progress

against the recommendations will be reported to the Committee later in the financial year.

6.0 Strategic Plan Implications

- 6.1 The achievement of the strategic plan requires a sound system of governance to ensure the effective delivery of services. Therefore, improving on existing governance arrangements will help to ensure that the strategic plan objectives can be achieved.

7.0 Risk Management Implications

- 7.1 Risk Management is a fundamental part of the Governance process and a failure to implement the action plan may have an effect on the ability of the Council to control its risks. Therefore, the actions should be incorporated into the risk management process.

8.0 Environmental and Sustainability Implications

- 8.1 There are no environmental or sustainability implications as a result of this report.

9.0 Other Standard References

- 9.1 There are no direct Publicity, Financial, Consultation, Equality, Diversity, Human Rights, Community Safety or Health and Safety implications as a result of this report.

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Appendices

Appendix 1 – The Annual Governance Statement for 2022/23

Appendix 2 – The Annual Governance Statement Action Plan for 2023/24

Background Papers

Head of Internal Audit report for the year ended 31 March 2023.

COLCHESTER CITY COUNCIL DRAFT ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

Scope of responsibility

Colchester City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The Council is also responsible for ensuring that any companies owned by the Council, and any jointly operated services, also have proper arrangements in place for the governance of their affairs.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on the Council website at www.colchester.gov.uk or can be obtained from Colchester City Council, Rowan House, 33 Sheepen Road, Colchester, CO3 3WG.

This statement explains how the Council has complied with the code and meets the requirements of PART 2 regulation 6(1)(a) and (b) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT:

The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. Which in turn directs the activities through which it accounts to, engages with and leads the community. It 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.

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 ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Council's governance framework has been in place during the year ended 31 March 2023 and up to the date of the approval of the annual accounts.

Elements of the Framework

The framework consists of comprehensive processes that each ensure that the Council complies with the principals of good governance. These include:

- **The Strategic Plan** – The Strategic Plan for 2023-26 – A City fit for the Future – was issued in January 2023. This identifies and communicates the Council's vision of its purpose and intended outcomes for citizens and service users. This is supported by an action plan that is updated annually.
- **The Strategic Risk Register** – which reflects the objectives of the Strategic Plan and identifies the implications for the Council's governance arrangements.
- **The Constitution** - This is the fundamental basis of the Council's governance arrangements and includes:
 - Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.
 - Reviewing and updating procedure rules, financial procedure rules, a scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken.
 - The Policy Framework, which includes the documents relating to Corporate Governance, including:
 - The Local Code of Corporate Governance.
 - A risk management strategy detailing processes and controls required to manage risks.
 - The Anti-Fraud and Corruption Policy
 - The Ethical Framework which includes documents relating to standards of conduct and good practice which include:
 - A code of conduct which defines the standards of behaviour for all Members.
 - Planning procedures Code of Practice
 - Protocol on Member/Officer Relations
 - Media Protocol
 - Monitoring Officer Protocol
 - Chief Finance Officer Protocol
 - Resources Protocol
 - A whistle blowing policy for receiving and investigating complaints from the public and staff.
 - Gifts and Hospitality Guidance
- **The Chief Finance Officer Protocol** sets out the responsibilities to conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2016).
- **The operation of a Governance and Audit Committee** which undertakes the core functions of an audit committee, as identified in CIPFA's document 'Audit Committees – Practical Guidance for Local Authorities and Police'. It also acts as the 'client' committee scrutinising the performance of Colchester Commercial (Holdings) Limited and its subsidiary companies.
- **The operation of a Scrutiny Panel** to ensure that the actions of the Cabinet accord with the policies and budget of the Council, monitor the financial performance of the Council, link spending proposals to the Council's policy priorities and review progress and to review decisions of the Cabinet via the call-in procedure.
- **A performance management system** for all officers that identifies key objectives and development needs.

- **A member training and development programme.**
- **A communications strategy** which establishes clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- **Treasury management practices and policies**

The post of the Section 151 Officer for Colchester City Council is held by the Strategic Finance Manager. The arrangements in place ensured that the Council's financial management arrangements conformed with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2016).

The CIPFA Financial Management Code was published in May 2020, a full self - assessment against the code was due to be carried out in 2022/23, however it was not completed during the year, but an initial review has not identified any significant issues which would affect the Council's financial sustainability.

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT:

Review of effectiveness

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 senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Internal Audit Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates including the Local Government and Social Care Ombudsman, the Information Commissioner's Office, Equal Opportunities Commission, Lexcel, Investors In People, the Vehicle Inspectorate, DEFRA, East England Tourist Board and the Office of Surveillance Commissioners.

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 systems and risk areas. The Council's Internal Audit Service arrangements conform to the governance requirements and core responsibilities of the *CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019)*. The services' compliance with the Public Sector Internal Audit Standards has been independently assessed and verified.
- **An embedded reporting system** for both internal and external audit issues that ensures that senior managers and members are fully briefed on key issues, which includes regular reporting to the Governance and Audit Committee.
- **A comprehensive risk management process** that ensures the key risks across the Council, both operational and strategic, are captured and reported to senior officers and Members.
- **The reports of the Chief Financial Officer** to Members and the senior management team including financial assessments of key projects and decisions.
- **Reporting of key performance issues** to the Scrutiny Panel.
- **A comprehensive budget monitoring process** that is reported monthly to senior managers.
- **A defined Monitoring Officer role** which sets out responsibility for ensuring all decisions comply with statutory requirements and are lawful.

The significant control issues found during the review are highlighted in the table at the end of the statement. It should be noted that all Internal Audit reviews carried out during the year achieved either a 'Substantial' or 'Reasonable' assurance level.

Peer Challenge

The Council's current Chief Executive took up their post at the beginning of the 2022/23 financial year and requested a Peer Challenge from the Local Government Association. The review was carried out in September 2022 and the team were asked to review the five core peer challenge areas of local priorities and outcomes, organisational and place leadership, governance and culture, financial planning and management and capacity for improvement. They were also requested to review transformation and organisational development, and regeneration and growth.

The key highlights from the challenge were:

- With the opportunities afforded by their plans for growth, the new Member and Officer Leadership team and, most crucially, city status, the City Council and Colchester, the place is on the cusp of something great.
- Colchester City Council has good self-awareness and understands the communities it serves and the economy across the borough.
- Colchester has an incredible heritage and culture offer that competes nationally and Colchester City Council has worked hard over the years to develop resilient and productive relationships and partnerships to ensure this heritage and cultural offer can thrive.
- Colchester City Council is driven and has a strong desire for achievement and delivery, with fantastic people, including staff, councillors, and partners.

The report also identified 8 key recommendations as follows:

1. Focus on city status. Use this as an opportunity to galvanise partners, improve the borough's economic and cultural strength and raise the voice of Colchester.
2. Get a firmer grip on the capital programme – manage all risks and improve planning to ensure there is appropriate strategic finance, programme and project capacity and the resources to deliver.
3. Co-design a compelling and longer-term place-based narrative/city vision to define Colchester for the future.
4. Strengthen political and officer 'leaders of place' roles and look beyond Colchester – map anchor institutions, partners and stakeholders.
5. Review priorities and projects and refocus on delivering 'Brilliant Business as Usual' and strengthen corporate resources.
6. Strongly consider whether changing the election cycle will help achieve goals, ambitions and deliver improved services for Colchester's communities.
7. Better define with staff what 'hybrid working' means for Colchester Borough Council and provide a clear definition. Also, clarify how the new Colchester Borough Council's values will be designed and embedded, communicating to staff how these define the Council and will help achieve Colchester's ambition.
8. Commission an independent review of Colchester Commercial (Holdings) Limited, and its subsidiaries, also undertake an internal review of Colchester Borough Homes Limited to assess whether the companies are realising the benefits they were established to deliver.

It should be noted that during their first year in post the Chief Executive has reviewed the management structure of Colchester City Council. The initial changes, restructuring the executive management level, creating a Senior Leadership Board, were implemented

during the year. This created three Strategic Directors, alongside the Chief Executive, Chief Operating Officer and an Executive Director. The Senior Leadership Team also includes the Managing Director of Colchester Commercial (Holdings) Limited, the Chief Executive of Colchester Borough Homes Limited and the North East Essex Alliance Director, providing a more cohesive approach to decision making, to ensure that the outcomes are the most appropriate for the city as a whole.

The second part of the restructure, appointment of Heads of Service, to complete the Senior Leadership Team will be effective from 7 June 2023. The results of this restructure will be monitored and reported as part of next year's governance review.

Effectiveness of Other Organisations

The Council owns five companies:

- Colchester Borough Homes Limited (CBH) which was created in 2003,
- Colchester Commercial (Holdings) Limited (CCHL), and its three subsidiary companies –
 - Colchester Amphora Trading Limited,
 - Colchester Amphora Energy Limited and
 - Colchester Amphora Housing Limited.

As these are limited companies there is no requirement for them to produce Governance Statements in this format. However, it is recognised by the Council, that it is essential for these companies to operate effective governance procedures to ensure appropriate and cost-effective service provision and protection of Council assets.

Whilst CBH is an 'arms-length' company it is still necessary for the Council to ensure that it operates effectively to ensure that it provides an effective and economical service to housing tenants and that the Council's asset, the housing stock, is adequately protected. CBH have produced their own annual governance review that has been shared with the Council. There were no significant control weaknesses, identified by Colchester Borough Homes, during the year that are required to be included in this statement. However, the peer challenge recommended a review of the company, and an independent review was carried out in January 2023. This provided assurance that the current governance and operation of the company is sound and fit for purpose. There were recommendations raised to ensure more effective collaborative working and understanding, and a detailed action plan has been put in place to take this work forward.

The CCHL group was created to enable a more commercial approach to be taken to delivering revenue generating Council services and to develop innovative options for new services in the future. Whilst the CCHL group are operating in a commercial environment, and therefore can take a different approach to service delivery, they are still delivering services on the Council's behalf. Therefore, it is necessary to ensure that it operates effectively to deliver the best possible outcomes for the Council. The activities of CCHL are monitored through the Council's Internal Audit programme and reported to the Council's Governance and Audit Committee. The Annual Governance Statement last year identified the need to review the company effectiveness, and this was echoed in the Peer Review report. This resulted in two independent reviews of the companies during the 2022/23 year, which were reported to the Council's Governance and Audit Committee.

Colchester City Council also leads two joint (with other local authorities) services:

- Colchester & Ipswich Museums Service (CIMS)
- North Essex Parking Partnership (NEPP)

The Council is the lead partner in the Colchester & Ipswich Museum Service. Due to the nature of the arrangement, the joint museum service conducts its own annual governance review which includes an assessment of internal control. No issues relating to the partnership were highlighted during the Therefore, it is not intended to include any details relating to this service within this statement.

The North Essex Parking Partnership was originally created on 1 April 2011, and the agreement was renewed on 01 April 2022, with the Council as the lead partner. The partnership conducts its own annual governance review which includes an assessment of internal control. Therefore, it is not intended to include any details relating to the service within this statement.

Internal Audit Opinion

From the work undertaken in 2022/23, Internal Audit has provided reasonable assurance that the system of internal control that has been in place at the Council for the year ended 31 March 2023 accords with proper practice. This is excepting any details of significant internal control issues as documented hereafter. It is also the opinion of Internal Audit that the Council's corporate governance framework complies with the best practice guidance on corporate governance issued by CIPFA/SOLACE.

Review of Actions from 2021/22 Statement

There were three actions included in the Annual Governance Statement for 2021/22:

- Procurement
- External Audit Implications
- Company Governance

The recommendations from the procurement audit in 2021/22 are being implemented and will continue to be monitored through the internal audit process.

The external audit of the 2020/21 accounts has still not been completed. Pressure is still being applied on the auditors to deliver the accounts, but no firm timescale has been received from them. This is not an issue specific to Colchester City Council, and it is liaising with other authorities who are experiencing the same issues.

Following the Local Government Association corporate Peer Review, two specific external reviews of CCHL were undertaken. The reviews have highlighted some issues that have resulted in the creation of an action plan, overseen by senior Colchester City Council officers. Progress is being regularly reported to the Governance and Audit Committee.

It is considered that the actions undertaken in respect of the procurement issue are sufficient to provide assurance that this area does not need to be included in the action plan for 2022/23. However due to the potential impacts relating to the external audit of the accounts and the company governance arrangements, these items should remain on the action plan for 2022/23.

Conclusion & Significant Governance Issues

Overall, the control arrangements in place during the 2022/23 financial year have been effective and were appropriate. However, the review has identified some areas where actions are required to ensure that the Council continues to provide appropriate and cost-effective services. The issues and action plans are shown in the table below. These will be monitored and reviewed via the Internal Audit review process during 2023/24.

No.	Issue	Action
1.	Implementation of the Colchester Borough Homes Independent Review Recommendations Work is already underway on implementing the recommendations that were made in the external report. However, it is appropriate that the review is highlighted on the Annual Governance Statement action plan for 2022/23, to ensure that the momentum of the delivery of the recommendations is maintained.	The result of the independent review will continue to be implemented and monitored, with regular reporting to the Governance and Audit Committee during 2023/24.
	The CIPFA Financial Management Code Colchester City Council is facing extreme pressures from the impacts of the external financial climate. A delay in completing the self-assessment could mean that opportunities to strengthen financial arrangements are miss	Completion of the self-assessment against the code.
2.	External Audit Implications – Carried forward from 2021/22 Whilst the Council cannot control the delivery of the external audit of the accounts, The Use of Resources assessment (that provides detail on areas of suggested improvement) for 2020/21 has still not been received. The failure of the External Audit contractor to deliver a timely service in assessing the Council's accounts could potentially mean that a financial governance issue is not resolved, and ultimately may impact on external assessment and partner challenge.	Pressure will continue to be applied on the External Auditors to deliver the reports. This is an issue that is affecting many authorities currently, and the Council will continue to monitor national actions relating to external audit delivery.
3.	Company Governance – Carried forward from 2021/22 The Council's holding company, Colchester Commercial (Holdings) Ltd, has now been operating for four years. It is therefore appropriate that the governance arrangements for the company are reviewed to ensure that they are operating as anticipated, in particular financial governance processes. This includes systems in place at the company, including financial management and reporting, as well as board responsibilities and skill set.	The results of the independent reviews of CCHL will continue to be implemented by the 'Shareholder Team', made up of the Interim Managing Director of CCHL and senior council officers, and monitored with regular reporting to the Governance and Audit Committee during 2023/24.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework, by the Governance and Audit Committee, and we propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

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Leader of the Council

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Chief Executive

on behalf of Colchester City Council

DRAFT
Colchester Borough Council
Annual Governance Statement – Action Plan for 2023/24

Significant Internal Control Issues – Relating to 2022/23 Financial Year

No.	Issue	Action	Due Date	Responsible Officer	How this Issue was Identified
1.	Implementation of the CBH Independent Review Recommendations Work is already underway on implementing the recommendations that were made in the external report. However, it is appropriate that the review is highlighted on the AGS action plan for 22/23, to ensure that the momentum of the delivery of the recommendations is maintained	The result of the independent review will continue to be implemented and monitored, with regular reporting to the Governance & Audit Committee during 2023/24.	31/03/24	Executive Director, Place	Governance Review
2.	The CIPFA Financial Management Code CCC is facing extreme pressures from the impacts of the external financial climate. A delay in completing the self assessment could mean that opportunities to strengthen financial arrangements are missed.	Completion of the self assessment against the code.	31/12/23	Director of Finance	Governance Review

No.	Issue	Action	Due Date	Responsible Officer	How this Issue was Identified
	<p>External Audit Implications – Carried forward from 2021/22</p> <p>Whilst the Council cannot control the delivery of the external audit of the accounts, The Use of Resources assessment (that provides detail on areas of suggested improvement) for 20/21 has still not been received. The failure of the External Audit contractor to deliver a timely service in assessing the Council's accounts could potentially mean that a financial governance issue is not resolved, and ultimately may impact on external assessment and partner challenge.</p>	<p>Pressure will continue to be applied on the External Auditors to deliver the reports. This is an issue that is affecting many authorities currently, and the Council will continue to monitor national actions relating to external audit delivery.</p>	<p>On-going</p>	<p>Director of Finance</p>	<p>Governance Review</p>
	<p>Company Governance – Carried forward from 2021/22</p> <p>The Council's holding company, Colchester Commercial Holdings Ltd, has now been operating for four years. It is therefore appropriate that the governance arrangements for the company are reviewed to ensure that they are operating as anticipated, in particular financial governance processes. This includes systems in place at the company, including financial management and reporting, as well as board responsibilities and skill set.</p>	<p>The results of the independent reviews of CCHL will continue to be implemented by the 'Shareholder Team', made up of the Interim Chief Executive of CCHL and senior council officers, and monitored with regular reporting to the Governance and Audit committee during 2023/24.</p>	<p>31/03/24</p>	<p>Chief Operating Officer</p>	<p>Governance Review</p>

Governance and Audit Committee

Item
9

20 June 2023

Report of	Assistant Director Corporate and Improvement Services	Author	Matthew Evans ☎ ext. 8006
Title	Work Programme 2023-2024		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report sets out the current Work Programme 2023-2024 for the Governance and Audit Committee. This provides details of the reports that are scheduled for each meeting during the municipal year.

2. Recommended Decision

- 2.1 The Committee is asked to note the contents of the Work Programme for 2023-2024.

3. Reason for Recommended Decision

- 3.1 The Work Programme of this Committee is kept under review throughout the municipal year to ensure that business is progressed and Members have the opportunity to review upcoming agenda items.

4. Alternative Options

- 4.1 This function forms part of the Committee's Terms of Reference and, as such, no alternative options are presented.

5. Background Information

- 5.1 The Governance and Audit Committee deals with the approval of the Council's Statement of Accounts, audit, other miscellaneous regulatory matters and standards.
- 5.2 The Committee's Work Programme will evolve as the Municipal Year progresses and items of business are commenced and concluded. At each meeting the opportunity is taken for the Work Programme to be reviewed and, if necessary, amended according to current circumstances.

6. Standard References

- 6.1 There are no particular references to publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health

and safety, environmental and sustainability implications or risk management implications.

7. Strategic Plan References

- 7.1 Governance is integral to the delivery of the Strategic Plan's priorities and direction for the Borough as set out under the four themes of growth, responsibility, opportunity and wellbeing.
- 7.2 The Council recognises that effective local government relies on establishing and maintaining the public's confidence, and that setting high standards of self-governance provides a clear and demonstrable lead. Effective governance underpins the implementation and application of all aspects of the Council's work.

WORK PROGRAMME 2023-24

Governance and Audit Committee
Meeting date / Agenda items -
Governance and Audit Committee - 20 June 2023
<ol style="list-style-type: none"> 1. Year End Internal Audit Assurance Report 2022/2023 2. <u>Review of the Governance Framework and Draft Annual Governance Statement</u>
Governance and Audit Committee - 25 July 2023
<ol style="list-style-type: none"> 1. 2022/2023 Revenue Outturn 2. 2022/2023 Year End Review of Risk Management
Governance and Audit Committee - 12 September 2023
<ol style="list-style-type: none"> 1. Colchester Borough Homes Annual Report and Governance Statement 2. Revenue Monitoring Report – April to June 2023/24 3. Capital Expenditure 2022/2023 Outturn, and Capital Expenditure and Review summary 22/23

Governance and Audit Committee - 17 October 2023

1. Local Government and Social Care Ombudsman Annual Review 2022/2023
2. Health and Safety Policy and Annual Report
3. Treasury Management Report 2022/2023
4. 2023/24 Capital Monitor Q1 and Q2

Governance and Audit Committee – 28 November 2023

1. Colchester Commercial Holdings Limited – Annual Report
2. Overview of the Council's Procurement Policy
3. Review of the Council's Ethical Governance Policies
4. Annual Review of the Members' Code of Conduct and the Council's Localism Act "Arrangements"
5. Review of Local Code of Corporate Governance
6. Review of Member/Officer Protocol
7. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Employees
8. Revenue Monitoring Report – July to September
9. Capital Monitoring Report – July to September
10. Treasury Management – Half Yearly Update

Governance and Audit Committee - 16 January 2024

1. Interim Review of the Annual Governance Statement Action Plan
2. Risk Management Progress Report
3. Mid-Year Internal Audit Assurance Report 2023/2024
4. CCHL Half-Year Performance Report
5. Annual Review of the Council's Companies' Business Plans
6. Annual Review of Business Continuity

Governance and Audit Committee - 5 March 2024

1. Internal Audit Plan 2024/2025
2. Revenue Monitoring Report – October to December
3. Capital Monitoring Report – October to December
4. Financial Monitoring Report

