

Governance and Audit Committee Meeting

**Grand Jury Room, Town Hall, High Street,
Colchester, CO1 1PJ
Tuesday, 05 June 2018 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

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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.

Consider and review the activities and financial performance of Colchester Commercial (Holdings) Limited and its subsidiary companies, those Council services generating income of approximately £250,000 and above, and any other partly or wholly owned company of the Council.

To receive, review and recommend Colchester Commercial (Holdings) Limited's business plans (including its subsidiary companies) annually.

To monitor, challenge and make recommendations to Cabinet regarding Colchester Commercial (Holdings) Limited and its subsidiary companies and other Council services with significant income streams.

To make recommendations to Cabinet on how it should exercise the functions flowing from its ownership of shares in Colchester Commercial (Holdings) Limited and its subsidiary companies.

To recommend the constitution and appointment of the Board of Directors of Colchester Commercial (Holdings) Limited to Cabinet.

COLCHESTER BOROUGH COUNCIL
Governance and Audit Committee
Tuesday, 05 June 2018 at 18:00

Member:

Councillor Adam Fox
Councillor Helen Chuah
Councillor Robert Davidson
Councillor Theresa Higgins
Councillor Fiona Maclean
Councillor Lorcan Whitehead
Councillor Dennis Willetts

Chairman
Deputy Chairman

Substitutes:

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

AGENDA - Part A
(open to the public including the press)

Members of the public may wish to note that Agenda items 1 to 5 are normally brief.

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.

Appointment of Directors to Colchester Commercial (Holdings) Limited 9 - 12

The purpose of this report is to nominate the names of two new nominee directors to the board of Colchester Commercial (Holdings) Limited following the resignation of two directors.

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 pecuniary interest or non-pecuniary interest.

5 **Minutes of Previous Meeting**

The Councillors will be invited to confirm that the minutes are a correct record of the meetings held on 6 March 2018 and 23 May 2018.

6 March 2018 13 - 18

23 May 2018 19 - 20

6 **Have Your Say!**

The Chairman will invite members of the public to indicate if they wish to speak or present a petition on any item included on the agenda or any other matter relating to the terms of reference of the meeting. Please indicate your wish to speak at this point if your name has not been noted by Council staff.

7 **Year End Internal Audit Assurance Report 2017-18** 21 - 26

This report summarises the performance of Internal Audit, and details the audits undertaken, between 1 October 2017 and 31 March 2018.

8 **Review of the Governance Framework and Draft Annual Governance Statement** 27 - 38

This report relates to the Council's duty to produce an Annual Governance Statement, reviewing the effectiveness of its internal control systems for the 2017/2018 financial year, for the 2017/2018 Statement of Accounts.

9 **Draft Annual Statement of Accounts 2017/18** 39 - 42

This report sets out the arrangements for the audit and approval of the Council's Draft Statement of Accounts for 2017/2018.

10 **Audit Fees 2018/19** 43 - 44

To consider and note the proposed audit fees for 2018/19.

11 **Committee on Standards in Public Life Response to Consultation on Local Government Ethical Standards** 45 - 54

The purpose of this report is to inform the Committee of the Council's response to the stakeholder consultation being undertaken by the Committee on Standards in Public Life in relation to Local

12 **Work Programme 2018-19** 55 - 58

This report sets out the current Work Programme 2018-2019 for the Governance and Audit Committee. This provides details of the reports that are scheduled for each meeting during the municipal year.

13 **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)

5 June 2018

Report of	Monitoring Officer	Author	Andrew Weavers
Title	Appointment of Directors to Colchester Commercial (Holdings) Limited		
Wards affected	N/A		

1. Executive Summary

- 1.1 The purpose of this report is to nominate the names of two new nominee directors to the board of Colchester Commercial (Holdings) Limited following the resignation of two directors.

2. Recommended Decision

- 2.1 To note that Councillor Adam Fox and Councillor Beverly Davies have resigned as nominee directors of Colchester Commercial (Holdings) Limited.
- 2.2 To recommend to Cabinet that Councillor Julie Young and Councillor Vic Flores be appointed nominee directors to the board of Colchester Commercial (Holdings) Limited.

3. Reasons for Recommended Decision

- 3.1 The Council as the shareholder of Colchester Commercial (Holdings) Limited is required to nominate up to four councillors as nominee directors. Following the resignation of two existing nominee directors the Committee is required to recommend two new councillor directors to the company board.

4. Alternative Options

- 4.1 No alternative options are presented

5. Supporting Information

- 5.1 At the Annual meeting on 23 May 2018, the Committee's terms of reference were amended to include the responsibility to act as the shareholder committee for Colchester Commercial (Holdings) Limited. As part of this role the Committee is required to recommend to Cabinet the appointment of nominee directors to the board of Colchester Commercial (Holdings) Limited.
- 5.2 Councillor Adam Fox and Councillor Beverly Davies have both resigned as nominee directors to the board of Colchester Commercial (Holdings) Limited. Appointments to the board are on a Group basis and the Labour Group have nominated Councillor Julie Young and the Conservative Group have nominated Councillor Vic Flores as their chosen nominees. Attached at Appendix 1 is a short resume of both nominees experience.

- 5.3 It is proposed that the Committee recommend to Cabinet that Councillor Julie Young and Councillor Vic Flores be nominated directors to the board of Colchester Commercial (Holdings) Limited.

6. Strategic Plan References

- 6.1 The manner in which the Council governs its business is an underpinning mechanism in the Council's Strategic Plan aims to set out the direction and future potential for our Borough.

7. Financial, Equality, Diversity and Human Rights, Consultation, Publicity, Community Safety, Health, Safety and Risk Management Implications

- 7.1 None identified.

Appendix 1

Nominee Councillor Directors to Colchester Commercial (Holdings) Limited

Labour Group

Name	Experience
Julie Young	<p>Julie Young is an experienced Councillor both on Colchester Borough Council and Essex County Council, where she led her political group. She is a former member of Essex Fire Authority and had a Local Government Association lead role on Fire, serving on the Fire Services Management committee and Fire Commission. She served on the shadow board of Colchester Borough Homes which steered through the development of this arms length management organisation and has served on the board. A passionate advocate of sprinkler systems I was pleased to influence Colchester Borough Homes and the Fire Service to work together to ensure the refurbished sheltered housing known as Enoch House included a sprinkler system.</p> <p>I have served as a school governor for over 20 years and was instrumental in the new school being commissioned known as Colchester Academy. I have also served as a board member of the Mercury Theatre.</p> <p>I have vast experience in scrutinising budgets in my role on executive scrutiny at ECC, a committee I have chaired in the past. I currently act as Chair of Licensing on Colchester Borough Council. For 5 years I served as a non-executive director of Colchester PCT, I am particularly proud that during my time there the primary care centre was opened bringing dialysis to the locality along with the walk in centre. I am a can do person who always puts my heart and soul into the roles which I take on. I hope that this gives a little information about me to demonstrate the range of my experience.</p>

Conservative Group

Name	Experience
Vic Flores	<p>Currently, I have recently taken on the role of CEO of an exciting new charity, providing temporary accommodation and ongoing support to Colchester's Homeless population.</p> <p>I lead a group of 14 volunteers and Trustees through all aspects of the operation of the organisation. Fund raising, Core funding, liaising with existing organisations and wider network of similar charities.</p> <p>After leaving Colchester Royal Grammar School I joined the RAF as a photographer/Videographer.</p> <p>In 1987 I left the RAF to start my own video production company based at the Hythe and in 1989 started working for Anglia TV as a Cameraman/Reporter.</p> <p>My production company closed in 2014 after having made over 200 programmes for Sky TV and numerous other channels worldwide.</p> <p>I was part of a pioneering network of partners that instigated the Manchester City Council Sports project that led to the Commonwealth Games and ultimately to the resettlement of Manchester City Football Club.</p> <p>My speciality was filming sports, including several World Cups and European Championships, Formula One Motor Racing, International Tennis and Squash. I am a lifelong supporter of Colchester Utd and filmed their matches for 25 Years.</p> <p>I served as a school Governor in Colchester at St Teresa's Primary School as chair of finance.</p> <p>I am a Trustee of Straight Road Community Centre Ltd.</p>

GOVERNANCE AND AUDIT COMMITTEE

6 MARCH 2018

Present:- Councillor Barlow (Chair), Councillor Chillingworth, Councillor Harris, Councillor F Maclean and Councillor Willetts

Substitutes:- Councillor Scott-Boutell for Councillor Graham

Also present:- Councillor Cory

95. Minutes

RESOLVED that the minutes of the meeting held 16 January 2018 were confirmed as a correct record.

96. Audit Plan for year ending 31 March 2018

Steve Heath, Finance Manager, Kevin Suter, Associate Partner at Ernst and Young and Dan Cooke, Audit Manager, Ernst and Young attended the meeting to introduce the report. The report requests that the Committee reviews the contents of the Audit Plan for the year ending 31 March 2018.

Kevin Suter, highlighted that the report summarises the assessment of the key financial statement and value for money risks facing the Council. With regard to the financial opinion, Kevin Suter informed the Committee of the significant risks and other financial statement risks that are included in the report. Kevin Suter noted that the risks included were similar to those previously brought to the attention of the Committee. The focus was on the risk of fraud expenditure recognition and ensuring that capital and revenue expenditure originated from the correct area. Kevin Suter also highlighted the risk of management overrides, and those areas where estimation techniques and specialists are used by the Council, which includes Property, Plant and Equipment valuation, as well as Pensions. As part of this process the auditors would look at the qualifications of the experts used by the Council to provide the estimation.

Kevin Suter informed the Committee that due to changes in the internal reporting of the Council, with amendments made to the service headings used in the comprehensive income and expenditure, a restatement will be required which will look at previous year's figures.

With regard to value for money responsibilities, an assessment was made and no risks were identified. Further monitoring of value for money will continue until the end of the year and if anything is found the Committee will be notified at the next opportunity.

Kevin Suter also provided the Committee with an update on the audit timeline, which is

required to close earlier next year. Whilst Colchester Borough Council had already been working to the timeline, this will require other local authorities to do the same. This will mean that Ernst and Young will require information in advance, attempting to remove work from the peak period at the end of the year. This particular risk has been highlighted to all colleagues, regardless of existing work undertaken. Kevin Suter confirmed that it is expected that the Statement of Accounts will come to the Committee at the July 2018 meeting.

A member of the Committee questioned whether external factors, such as the situation at Northamptonshire County Council, impact the approach to the audit process. Kevin Suter stated that the Northamptonshire situation represented the extreme end of risks that have been previously identified. This is not something that is applicable to Colchester Borough Council due to the previous achievements in the level of savings and the reasonable assumptions made. Kevin Suter confirmed that the audit process would continue up to the end of the year, focusing on the budget and would also be a factor when considering the audit plan.

RESOLVED that the contents of the Audit Plan for year ending 31 March 2018 be reviewed.

97. Internal Audit Plan 2018/19

Andrew Weavers, Monitoring Officer, and Alan Woodhead, Mazars, presented the report. The report requests that the Committee consider and agree the suggested internal audit plan for 2018/19.

Andrew Weavers informed the Committee that the Council is required to maintain a five year audit plan, with an annual plan agreed with management about the specific areas covered during the next financial year. The annual plan is then provided to the Committee for approval.

Andrew Weavers stated that the internal audit contract provides for 325 auditing days per year, and that the plan has been agreed by the performance management board. The plan also includes 15 days of auditing for significant contracts and 25 days for IT processes, which will be allocated during the year. Andrew Weavers also noted that, whilst Mazars also audit Colchester Borough Homes, there is only one joint audit which is housing rents.

Responding to a question regarding the criteria used to establish the number of days required, Alan Woodhead confirmed that there are a number of audits which have set requirements for audit days this is set by the Government. Other areas are managed in an overall cycle across the authority and applied in consultation with management.

A Committee member questioned whether there were links between the number of audit days allotted to each service and the risks identified in the Council. Alan Woodhead confirmed that the risk register is considered when discussions are held and this is reflected in the fact that a number of key risks are financial.

RESOLVED that the suggested Internal Audit Plan for 2018/19 be agreed.

98. Financial Monitoring Report

Councillor Cory, Portfolio Holder for Resources, and Darren Brown, Finance Manager, introduced the Financial Monitoring Report for April to December 2017. The report requests

that the Committee consider the financial performance of General Fund Services and the Housing Revenue Account for the first nine months of 2017/18 and to note the forecast budget overspend of £44,000 on the General Fund.

Councillor Cory provided the Committee with a brief summary of the budget, highlighting the budget overspend, areas where income has not been as high as expected as well as those areas where income has exceeded the targets. Councillor Cory provided Committee members with assurance that the budget is regularly discussed at budget group meetings. Councillor Cory also referenced the recent bad weather and stated that the impact of this on the budget, in relation to waste collection, events and car park income, was being assessed.

Darren Brown stated that the General Fund is showing a net overspend against services of £59,000. This figure includes an underspend in certain areas, as well as less income than anticipated in others. Darren Brown confirmed that the level of overspend had reduced since the previous reporting, which is due to technical corporate savings.

Darren Brown confirmed that where income targets were not reached, budgets have been amended for next year to reflect this. An end of year report will be brought to the Scrutiny Panel in June, which will provide an updated figure following final adjustments and expenditure and income checks.

With regard to the Housing Revenue Account, Darren Brown stated that this is showing a net underspend of £656,000. The HRA is currently forecast to be on budget, as any underspend occurring will be reinvested in the housing capital programme.

A Committee member requested additional information on the reduction in the amount of rental income being lost. Darren Brown stated that the £293k increase in income represents just less than 1% of the total income budget. Darren Brown explained that this is due to less properties being empty than anticipated as well as a quicker turnaround of properties between tenants.

In response to a query about whether there was resilience in the budget for bad weather, Darren Brown confirmed that there are balances within the general fund that can be used for these one off occurrences. Councillor Cory also highlighted that within the zones and waste teams there are inbuilt budgets for sickness, and further work will be done to assess the impact of the weather on the budgets. It was acknowledged that given the late onset of the winter, there is less time for the budget to adjust to the added demands and that the impact would be assessed. Ann Hedges stated that she expected that services would be able to absorb the additional cost pressures. A further query was raised regarding why budgets are not set high to deal with this. Councillor Cory highlighted that as budgets become tighter, they are reviewed over the years so that where they are not spent, they are reduced. Councillor Cory also highlighted the reliance on a greater level of commercial income rather than government grant.

Committee members commended the hard work of officers during the recent cold spell.

RESOLVED that;

- a) the financial performance of General Fund Services and the Housing Revenue Account for the first nine months for 2017/18 be considered.
- b) That the forecast overspend of £44k on the General Fund be noted.

99. Capital Expenditure Monitor 2017/18

Steve Heath, Finance Manager, and Councillor Mark Cory, Portfolio Holder for Resources, introduced the Capital Expenditure Monitor 2017/18. The report requests that the Committee review the level of capital; spending during the first nine months of 2017/18, and forecasts for future years.

Steve Heath informed the Committee that the report provides details of capital expenditure from the first nine months of the year, which had totalled £10.9m so far, or 52% of the projected spend for the year. Steve Heath explained to the Committee that this was a similar total to previous years. This is due to the nature of the capital programme and because the housing investment programme does not accrue until the end of the financial year.

Steve Heath also highlighted that the 2018/19 budget report had been approved by the Council at its meeting on 21 February, which included a number of alterations to the Capital programme.

A member of the Committee questioned why the Oak Tree Community Centre Roof project, which is completed was rated as an amber project. In response, Steve Heath stated that it was categorised as amber due to the overspend on the project. Further capital spending was allocated to the project following the underspend on the waste collection strategy.

A further query was asked about when the Distillery Lane and Haven Road sewage infrastructure would be upgraded to reduce the risk of flooding. Councillor Cory stated that he had seen the plans and that the project was advancing, however as it is an Essex County Council scheme it depends on their timescales.

RESOLVED that the level of capital spending during the first nine months of 2017/18 and forecast for future years has been reviewed.

100. Disclosure and Barring Checks for Councillors

Andrew Harley, Equality and Safeguarding Co-ordinator, introduced the Disclosure and Barring Checks for Councillors report. The report recommends that the Council continues with its current approach of not requiring or seeking Disclosure and Barring Checks for Councillors.

Andrew Harley confirmed that this issue had been brought to the Committee for consideration following a request from a Committee member. Andrew Harley stated that following further research of this issue and analysis of what other Councils do, it would not be advisable for the Council to undertake enhanced DBS checks. Andrew Harley also confirmed that there is no legal basis for which the Council can require basic or enhanced checks for Councillors. In addition to this it was noted that the work within the ward undertaken by Councillors is not a regulated activity.

Andrew Harley highlighted that the legislation does allow for basic checks to be undertaken, however this only shows unspent convictions and would have limited value. Whilst Councils can introduce this as a policy there is no clear framework for its introduction. There is also no clear framework for enforcement of the policy.

Committee members welcomed the report and research, but raised some concerns around

inconsistencies in application of DBS checks. Councillors highlighted that as school governors they are required to have checks, but as District Councillors checks are not required even though there maybe interactions with vulnerable residents. Officers confirmed that whilst District Councillors are not required to have checks those County Councillors with certain responsibilities are required to undertake checks.

Committee members also voiced concerns that if Councillors were to undertake basic checks, this would only provide information about spent convictions. Officers confirmed that advanced checks could not be requested by Councillors.

It was suggested that that issue about DBS checks could be raised as part of the Governance and Audit Committees response to the consultation on local government ethical standards.

A Committee member also suggested that as part of safeguarding training for Councillors it could include risk and risk management of situations.

RESOLVED that;

- a) the Council continues with its current approach of not requiring or seeking Disclosure and Barring Checks for Councillors.

101. Committee on Standards in Public Life Consultation on Local Government Ethical Standards

Andrew Weavers, Monitoring Officer, introduced the report on the Committee on Standards in Public Life Consultation on Local Government Ethical Standards. The report requests that the Committee consider the consultation questions contained in the paper and to delegate authority to the Chairman in consultation with the Group Spokesperson to agree the Council's response.

Andrew Weavers informed the Committee that the Chairman had requested that this issue be added to the agenda. The consultation is not a government consultation but one conducted by the Committee on Standards of Public Life.

The current ethical standards regime were brought in in 2012 and have not been reviewed since. Following this consultation, the information would then be passed on to the government, however there is no guarantee that there is time to implement the changes.

It is proposed that a stakeholder consultation takes place, covering 19 questions which are set out in the appendix to the report. The questions cover a variety of areas in relation to ethical standards. The consultation also looks to seek views on how to improve standards as well as whether Councillors had experience any intimidation and how this could be improved.

Andrew Weavers highlighted that the closing date for the consultation is 18 May, which doesn't fit into the current Committee dates. It was therefore suggested that following the circulation of a questionnaire to all members, the Chairman and Group Spokespersons be consulted on the response that will be provided.

Members of the Committee welcomed the report and the proposal for consulting members. It was suggested that the closing date for responses from Councillors should be moved to 12 April to ensure that views are collected prior to the election. The Committee also agreed

that responses from Councillors would be anonymised to ensure that Councillors can provide full feedback.

It was also suggested that the issue of DBS checks for Councillors could be included in the response, and that a copy of the response be included in the agenda for the first meeting of the Governance and Audit Committee in the next municipal year.

RESOLVED that authority be delegated to the Chairman in consultation with the Group Spokespersons to agree the Council's response.

102. Work Programme 2017-18

Jonathan Baker, Democratic Services Officer, introduced the Work Programme 2017-18. The report requests that the Committee note the contents of the Work Programme.

The Committee were informed that the next meeting of the Governance and Audit Committee would take place in the next municipal year in June. Dates for the meetings are published online through the Committee management system. In addition to the meetings scheduled for next year, it is likely that a Statement of Accounts briefing will be scheduled during the week commencing 25 June 2018.

The Chairman thanked the Committee and Officers for work during the year.

RESOLVED that the Work Programme 2017-18 be noted.

GOVERNANCE AND AUDIT COMMITTEE

23 MAY 2018

Present:- Councillor Fox (Chair), Councillor Chuah, Councillor Davidson, Councillor Higgins, Councillor F Maclean, Councillor Whitehead and Councillor Willetts

103. Appointment of Chairman

RESOLVED that Councillor Fox be appointed Chairman for the ensuing municipal year.

104. Appointment of Deputy Chairman

RESOLVED that Councillor Chuah be appointed Deputy Chairman for the ensuing municipal year.

05 June 2018

Report of	Assistant Director of Policy & Corporate	Author	Hayley McGrath
Title	Year End Internal Audit Assurance Report 2017/18		508902
Wards affected	Not applicable		

1.0 Executive Summary

- 1.1 This report summarises the performance of Internal Audit, and details the audits undertaken, between 1 October 2017 and 31 March 2018.
- 1.2 The audit plan consists of a mix of regularity, systems and probity audits, and reports are generated for all audits carried out. This report has been designed to show:
 - Summary information concerning audits finalised in the period receiving a 'Full' or 'Substantial' assurance rating and more detailed information on those audits receiving a 'Limited' or 'No' assurance rating.
 - The effectiveness of the Internal Audit provider in delivering the service
- 1.3 The key messages are:
 - An effective internal audit service was provided during the 2017/18 financial year.
 - The Creditors, Housing Benefits, National Non Domestic Rates (NNDR) and Security of Premises (Leisure World) audits have achieved a 'full' assurance rating.
 - The assurance rating for the Payroll audit has increased to substantial.
 - Only one limited assurance report was issued – Security of Premises (Hollytrees)
 - Two priority 1, thirty seven priority 2 and eleven priority 3 recommendations have been made. All recommendations have been accepted by management.
 - There is good progress made in implementing and verifying outstanding recommendations.

2.0 Recommended Decision

- 2.1 To review and comment on:
 - Internal audit activity for the period 01 October 2017 – 31 March 2018
 - Performance of internal audit by reference to national best practice benchmarks.

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 Summary of Audits Finalised During the Period

During the period 1 October 2017 to 31 March 2018 a total of nineteen audits have been finalised. No audit opinion was given for one audit, Waste Key Performance Indicators (KPI's). There was no previous audit against which a change of level could be assessed in two of the audits. Three audits increased in assurance rating, and three decreased. Ten audits remained at the same level.

Audit	Assurance Level	Change in Level	Priority of Recommendations			Agreed
			1	2	3	
302 - Grounds Maintenance	Substantial	N/A	0	4	1	5
313 - Waste KPIs	N/A	N/A	0	1	0	1
316 - Council Tax	Substantial	►	0	3	0	3
317 - Housing Benefit	Full	►	0	0	0	0
318 - Benefits Overpayments	Substantial	►	0	3	0	3
319 - Leisure World Cash up	Substantial	▼	0	1	0	1
320 - Creditors	Full	▲	0	0	0	0
321 - Treasury management	Substantial	►	0	1	1	2
323 - Debtors	Substantial	▼	0	2	2	4
325 - Payroll	Substantial	▲	0	4	1	5
326 - Corporate Governance & Scrutiny	Substantial	►	0	2	3	5
327 - Security of Premises Leisure World	Full	▲	0	0	0	0
328 - General Ledger	Substantial	►	0	3	1	4
329 - Museums Merged Service	Substantial	►	0	2	1	3
330 - NNDR	Full	►	0	0	0	0
331 - Parking	Substantial	►	0	7	0	7
332 - Leisure World	Substantial	►	0	3	1	4
336 - Castle Cash Up	Substantial	►	0	1	0	1
337 - Security of Premises Hollytrees Museum	Limited	N/A	2	0	0	2

5.2 Use of Audit Resources:

	Days	%
Audit days delivered April – September 2017	123	38
Audit days delivered October 2017 – March 2018	156	48
Audit days remaining	47	14
	326	100%

5.2.1 The audit days remaining relate to Homelessness and Housing Advice; Housing Register and Allocations; Waste Management; Financial Assistance Policy; and Licensing for Taxis which have been carried over to 2018/19 at the request of management. The balance of the days to delivery relate to end of year work including the finalisation of draft reports.

5.3 Status of all recommendations as at 31 March 2018:

5.3.1 Following the completion of each audit, a report is issued to management, incorporating recommendations for improvement in controls and management's response to those recommendations.

5.3.2 The table below provides a breakdown of the outstanding recommendations as at the 31 March 2018.

	Outstanding Recommendations That Are:			
Date	Implemented & Verified	Awaiting Verification	Not Due	Overdue
31/03/18	108	101	36	0

5.3.3 Progress in following up recommendations has continued throughout the period with revised lists of recommendations provided to the Assistant Directors to enable them to confirm that they have been implemented and for Internal Audit to verify.

5.3.4 Priority continues to be given to those awarded a higher priority rating and/or those that have been outstanding the longest, and work continues with management to arrange for them to be verified and cleared down.

5.3.5 Of the 101 recommendations that are awaiting verification 48 of them relate to IT audits. Internal audit have received updates from Corporate ICT who are currently working through the recommendations to ascertain whether the recommendations can be closed down.

5.4 Performance of Internal Audit 2017/18 to date – Key Performance Indicators (KPIs):

KPI	Target	Actual
<i>Efficiency:</i>		
Percentage of annual plan completed (to at least draft report stage)*	100%	100%
Average days between exit meeting and issue of draft report	10 max	5.5
Average days between receipt of management response and issue of final report	10 max	1
<i>Quality:</i>		
Meets CIPFA Code of Practice – per Audit Commission	Positive	Positive
Results of Client Satisfaction Questionnaires (Score out of 10)	7.8	None Received
Percentage of all recommendations agreed	96%	100%

* excluding audit days that have been deferred / delayed at the request of management.

5.4.1 The key performance indicators show that the internal audit provider is successfully meeting or exceeding the standards set.

5.5 Colchester Borough Homes Limited

5.5.1 Colchester Borough Homes Limited has its own agreed audit plan which is administered by Mazars Public Sector Internal Audit Limited, who are also the Council's auditors. The coverage of the plan, and the scope of the audits, is decided by Colchester Borough

Homes Limited and in general the audits do not affect the systems operated by the Council.

5.5.2 However, there are a few audits that, whilst they are carried out for either Colchester Borough Homes Limited or the Council, have a direct relevance and impact on the other organisation and in these circumstances it is appropriate that the results of the audit are reported to both organisations. These are known as joint audits.

5.5.3 The Housing Rents and Service Charge audits have been completed. Housing Rents retained a substantial assurance rating with two priority 2 recommendations. Service Charges increased to a substantial assurance rating, also with two priority 2 recommendations.

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 Other Standard References

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

Key to Assurance Levels

Assurance Gradings

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

Assurance Level	Evaluation and Testing Conclusion
Full	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.
Substantial	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.
No	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Recommendation Gradings

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

Priority Level	Staff Consulted
1	Major issue for the attention of senior management and the Governance and Audit Committee.
2	Important issues to be addressed by management in their areas of responsibility
3	Minor issues resolved on site with local management.

Summary of Audits with a Limited Assurance Rating:

337 – Security of Premises (Hollytrees Museum)	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	2	Limited	2	0	0	2

Scope of Audit: This review examined the following areas:

- Security of premises.

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- Staff should be reminded of the importance of checking visitors ID when visiting the Museum. Where appropriate, visitors should be escorted whilst on the premises to help ensure that they are only able to access areas of the building that they need to. Once the purpose of the visit has been concluded, the visitor, should be escorted from the premises. (1)
- Restricted areas should be should be securely locked where appropriate. (1)

Governance & Audit Committee

Item
8

05 June 2018

Report of	Assistant Director of Policy & Corporate	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, reviewing the effectiveness of its internal control systems for the 2017/2018 financial year, for the 2017/2018 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 2014) including the review of effectiveness of the internal control arrangements.
- 2.2 To approve the Annual Governance Statement for 2017/18.

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 (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.

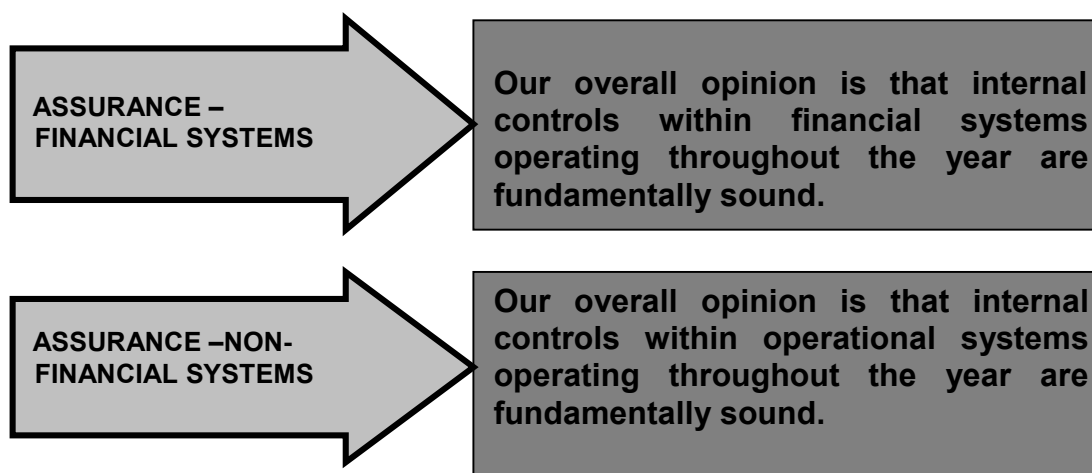
5.0 Background Information

- 5.1 Colchester Borough Council has adopted a Local Code of Corporate Governance based on the 2016 CIPFA and SOLACE guidance document – Delivering Good Governance in Local Government. The purpose of the AGS is to review compliance with the seven principles of good governance outlined in the guidance and contained in Colchester'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 it is a requirement that the Council reviews the effectiveness of internal control and this is primarily evidenced by the Head of Internal Audit Report produced by the Council's Internal Audit provider, Mazars. A copy of the report is available as a background paper. The key statement from this report is detailed below:-

2017/18 Year Opinion

Internal Control

From the Internal Audit work undertaken in compliance with the PSIAS (Public Sector Internal Audit Standards) in 2017/18 it is our opinion that we can provide **Substantial Assurance** that the system of internal control in place at Colchester Borough Council for the year ended 31 March 2018 accords with proper practice, except for the significant control environment issues as documented in the detailed report. The assurance can be further broken down between financial and non-financial systems, as follows:



- 5.4 The overall summary from the report states:
'We have noted an improvement in Colchester Borough Council's control environment during the audit year. During the 2017/18 year, 28 (90%) of internal audit projects were rated 'full/substantial assurance' compared with 21 (73%) in the prior year. We have noted a decrease in the number of internal audit projects rated 'limited assurance' from eight (27%) to three (10%). There were no 'nil assurance' audits this year.'
- 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 2016/17.
 - 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 (2012).
- 5.6 The AGS for 2017/2018 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 on 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 Other Standard References

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

Appendices

Appendix 1 – The Annual Governance Statement for 2017/2018

Appendix 2 – The Annual Governance Statement Action Plan for 2018/2019

Background Papers

Head of Internal Audit report for the year ended 31 March 2018.

COLCHESTER BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Scope of responsibility

Colchester Borough 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. Colchester Borough 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, Colchester Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and 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.

Colchester Borough Council has approved and adopted a 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 Borough Council, Rowan House, 33 Sheepen Road, Colchester, CO3 3WG.

This statement explains how Colchester Borough Council has complied with the code and also meets the requirements of regulations 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 authority is directed and controlled. Which in turn directs the activities through which it accounts to, engages with and leads the community. It enables the authority 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 Colchester Borough 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 governance framework has been in place at Colchester Borough Council for the year ended 31 March 2018 and up to the date of approval of the annual accounts.

Elements of the Framework

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

- **The Strategic Plan** – which identifies and communicates the authority'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 authority's governance arrangements and includes:
 - Defining and documenting the roles and responsibilities of the executive, nonexecutive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.
 - Reviewing and updating standing orders, standing financial instructions, 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 Members/officer Relations
 - Media Protocol
 - Operational Protocol relating to Administration Arrangements
 - 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 (2012)
- **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'.
- **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 members training 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.
- **A partnership strategy** that ensures that the quality of the Council's partnerships are improved and that all partnerships, both current and proposed, add value.
- **Treasury management practices and policies**

The Strategic Finance Manager has continued to hold the post of the Section 151 Officer for Colchester Borough Council during the year. The arrangements in place ensured that Colchester Borough 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 (2012).

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT:

Review of effectiveness

Colchester Borough 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 authority 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 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 (2010)*
- **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 authority, 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 partnership register** that records the details of all of the partnerships that the Council is involved in.
- **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 course of the review are highlighted in the table at the end of the statement.

Effectiveness of Other Organisations

The Council owns two companies, Colchester Borough Homes (CBH) which was created in 2003 and Colchester Community Stadium Limited (CCSL) that was created in 2007. 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 weakness identified during the year that are required to be included in this statement.

A review of the management arrangements for CCSL was carried out as part of the preparation of this statement. Whilst CCSL is an 'arms length' company it is still necessary for the Council to ensure that it operates effectively to ensure that it can make the necessary loan repayments to the Council and that the Council's asset, the stadium, is adequately protected. There were no significant control weakness identified during the year that are required to be included in this statement

The Council is the lead partner in a joint museum service with Ipswich Borough Council. Due to the nature of the arrangement, the joint museum service conducts its own annual governance review which includes an assessment of internal control. Therefore it is not intended to include any details relating to this service within this statement.

The North Essex Parking Partnership was created on 1 April 2011, with Colchester Borough 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.

The Council has a comprehensive partnership strategy and maintains a detailed register of the partnerships that it participates in. The strategy defines what a partnership is and details the governance arrangements that should be in place for all partnerships, both present and new. It also provides a mechanism for improving the effectiveness of the partnerships.

Internal Audit Opinion

From the work undertaken in 2017/18, Internal Audit has provided satisfactory assurance that the system of internal control that has been in place at the Council for the year ended 31 March 2018 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.

Significant Governance Issues

The review of the effectiveness of the governance and internal control arrangements has identified some areas where actions are required to ensure that the authority 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 reporting process.

No.	Issue	Action
1.	<p>Security of premises / information. During the security audit of one Council building, that is open to the public, access was gained to private office areas. During the year the ICT team also carried out two random tests of data security - one on-line based, involving a spam email to which several officers responded and one building security related, with a non-employee being able to access offices and paper files unchallenged. With the changes to the General Data Protection Regulations due to come into force at the end of May 2018, it is essential that the Council ensures that all buildings and data are robustly protected, both physically and virtually.</p>	<p>The internal audit report and the ICT assessment both identified for improvement. These included physical changes such as re-setting building access cards, issuing role specific lanyards (such as contractor and visitor) and ensuring a robust signing in procedure for visitors, as well as virtual changes such as password changes. These were accompanied by a comprehensive awareness programme for all staff. During 2018/19 further assessments need to be conducted to ensure that these changes have been embedded and are effective.</p>
2.	<p>Contract Management The Council has a number of ongoing contract arrangements and makes a number of decisions during any year for new or additional services. Contract procedures are in place, however, it is essential that all staff are aware of processes and these are followed and documented appropriately.</p>	<p>During the year there is a planned internal audit of contract arrangements and also the opportunity will be taken to build this issue into other relevant audits. Promotion of contract management rules and responsibilities will also been carried out during the year.</p>
3.	<p>Project Management With the ambitious digital challenge programme and major investment activities there have been challenges to the delivery of certain projects. Steps have been put in place to improve project management through additional governance and monitoring. However, given the importance of this area, it continues to be recognised as an issue.</p>	<p>During 2018/19 training programmes will continue to be run to provide staff with relevant project management skills. In addition, the new commercial company arrangements produced will result in revised governance arrangements for the management of economic growth projects. Post implementation reviews and "lessons learned" exercises will be carried out to ensure issues can be embedded into future project management exercises.</p>
4.	<p>Financial Management The challenging financial climate and the need to continually look to new ways of working means staff need to have access to financial information and relevant training to support them in carrying out their duties.</p>	<p>During 2018/19 all budget managers will receive financial training to reinforce the importance of budget management and support to develop financial management skills. Budget management systems and processes will also be reviewed.</p>

We have been advised on the implications of the result of the review of the effectiveness of the governance framework, by the Governance & 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:

.....
Leader of the Council

.....
& Chief Executive

on behalf of Colchester Borough Council

DRAFT
Colchester Borough Council
Annual Governance Statement – Action Plan for 2018/19

Significant Internal Control Issues – Relating to 2017/18 Financial Year

No.	Issue	Action	Due Date	Responsible Officer	How this Issue was Identified
1.	<p>Security of premises / information. During the security audit of one Council building, that is open to the public, access was gained to private office areas. During the year the ICT team also carried out two random tests of data security - one on-line based, involving a spam email to which several officers responded and one building security related, with a non-employee being able to access offices and paper files unchallenged. With the changes to the General Data Protection Regulations due to come into force at the end of May 2018, it is essential that the Council ensures that all buildings and data are robustly protected, both physically and virtually.</p>	<p>The internal audit report and the ICT assessment both identified for improvement. These included physical changes such as re-setting building access cards, issuing role specific lanyards (such as contractor and visitor) and ensuring a robust signing in procedure for visitors, as well as virtual changes such as password changes. These were accompanied by a comprehensive awareness programme for all staff. During 2018/19 further assessments need to be conducted to ensure that these changes have been embedded and are effective.</p>	On-going throughout the year	Assistant Director of Policy & Corporate	Internal Audit & ICT testing.
2.	<p>Contract Management The Council has a number of ongoing contract arrangements and makes a number of decisions during any year for new or additional services. Contract procedures are in place, however, it is essential that all staff are aware of processes and these are followed and documented appropriately</p>	<p>During the year there is a planned internal audit of contract arrangements and also the opportunity will be taken to build this issue into other relevant audits. Promotion of contract management rules and responsibilities will also been carried out during the year.</p>	On-going throughout the year	Senior Management Team	Internal Audit and Senior Management Team

No.	Issue	Action	Due Date	Responsible Officer	How this Issue was Identified
3.	Project Management With the ambitious digital challenge programme and major investment activities there have been challenges to the delivery of certain projects. Steps have been put in place to improve project management through additional governance and monitoring. However, given the importance of this area, it continues to be recognised as an issue.	During 2018/19 training programmes will continue to be run to provide staff with relevant project management skills. In addition, the new commercial company arrangements produced will result in revised governance arrangements for the management of economic growth projects. Post implementation reviews and “lessons learned” exercises will be carried out to ensure issues can be embedded into future project management exercises.	On-going throughout the year	Assistant Director of Policy and Corporate	Senior Management Team
4.	Financial Management The challenging financial climate and the need to continually look to new ways of working means staff need to have access to financial information and relevant training to support them in carrying out their duties.	During 2018/19 all budget managers will receive financial training to reinforce the importance of budget management and support to develop financial management skills. Budget management systems and processes will also be reviewed.	On-going throughout the year	Assistant Director of Policy and Corporate	Senior Management Team

5 June 2018

Report of	Assistant Director, Policy & Corporate	Author	Steve Heath ☎ 282389
Title	Draft Annual Statement of Accounts 2017/18		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report sets out the arrangements for the audit and approval of the Council's Draft Statement of Accounts for 2017/2018. The main dates to note are as follows:
- The deadline for the draft accounts to be certified by the Responsible Financial Officer is 31 May. This was achieved on 24 May.
 - The final accounts audit is expected to run from 21 May to 8 June.
 - The accounts are open for public inspection from Tuesday 29 May to Monday 9 July.
 - The pre-audit revenue and capital outturn results will be reported to the Scrutiny Panel on 12 June.
 - The External Auditor will report their findings to this Committee on 10 July.
 - The deadline for approving and publishing the audited accounts is 31 July.
 - Confirmation of the publication of the accounts will be reported to the Committee on 4 September.

2. Recommended Decision

- 2.1 To consider this report relating to the pre-audit Statement of Accounts for 2017/18.
- 2.2 To consider the proposal for a separate internal briefing session for the Committee prior to the scheduled meeting for approval of the audited accounts of 10 July 2018.

3. Reason for Recommended Decision

- 3.1 This report notifies the Committee of the main deadlines, and background information relating to the statutory requirement of approving the audited Statement of Accounts.

4. Alternative Options

- 4.1 Not applicable.

5. Statement of Accounts 2017/18

- 5.1 The Accounts and Audit (England) Regulations 2015 made a number of changes relating to the audit of local public bodies that are effective from the accounts for 2017/18. These include the following:
- The deadline for the draft accounts to be certified by the Responsible Financial Officer to be brought forward from 30 June to 31 May.
 - The deadline for approving and publishing the audited accounts to be brought forward from 30 September to 31 July.
- 5.2 The draft accounts for 2017/18 have now been compiled, and they were certified by the Responsible Financial Officer on 24 May 2018, which is in accordance with the new statutory deadline. It is suggested good practice to publish the draft Statement of Accounts on the Council's website, in line with the Government's policy of increased transparency. The draft accounts can be accessed via the link below:
- <https://www.colchester.gov.uk/info/cbc-article/?catid=annual-reports&id=KA-01764>
- 5.3 The Statement of Accounts for 2017/18 has been prepared using the International Financial Reporting Standards (IFRS) based Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, and the Service Reporting Code of Practice 2017/18. The key areas of the Statement of Accounts, including the main financial statements are explained in the annex to this report.
- 5.4 Authorities are required to report based on the way in which they operate and manage services. This allows a clear link to be made between the final outturn that will be reported to the Scrutiny Panel on 12 June and the audited financial statements.
- 5.5 The final accounts audit commenced on 21 May, and is expected to have been completed by 8 June. The External Auditor will report to the meeting of this Committee on 10 July. The report will detail the findings of the final accounts audit, address any matters arising out of the audit and comment on the proposed audit opinion on the accounts. The Responsible Financial Officer must re-certify the presentation of the annual accounts before Member approval is given.
- 5.6 The Council aims to have secured Member approval and published the accounts with the audit opinion and certificate prior to the new deadline of 31 July. Confirmation of the published statement, including the Auditors' opinion, would then be reported to the meeting of the Committee on 4 September 2018.
- 5.7 As has been the case in prior years, it is proposed that an internal briefing session for Members is arranged to take place prior to the Committee of 10 July 2018 where Members will be asked to approve the certified accounts. It is important that all Members sitting on the Committee on this date attend this briefing. The session will seek to explain the purpose of the main statements, and provide a broader understanding of the contents of the accounts and the Auditors' report. This, in turn, should enable those Members approving the accounts to be satisfied that the presentation appears appropriate, and that the accounts are consistent with other financial information provided. Members are requested to advise of any particular areas of concern in advance so they can be addressed within the session.

6. Strategic Plan References

- 6.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2017/18.

7. Publicity Considerations

- 7.1 The accounts are open for public inspection from Tuesday 29 May to Monday 9 July to meet our legal duties. These dates are shown on the Council's website and can be accessed in the document at the bottom of the page of the link below:

<https://www.colchester.gov.uk/info/cbc-article/?catid=annual-reports&id=KA-01764>

- 7.2 Staff will be available to provide information and respond to questions during this period. The local press also usually take the opportunity to view the accounts and information will be provided as appropriate.

8. Financial Implications

- 8.1 The approval of the Statement of Accounts meets a statutory requirement for financial reporting and is an important part of the process to demonstrate accountability in the use of public funds.
- 8.2 The Scrutiny Panel and Governance and Audit Committee received periodic financial reports during the course of the financial year. The pre-audit revenue and capital outturn results for the financial year 2017/18 will be considered by the Scrutiny Panel on 12 June 2018.

9. Other Standard References

- 9.1 Having considered consultation, equality, diversity and human rights, community safety, health and safety and risk management implications, there are none that are significant to the matters in this report.

Background Papers

None

Key Areas of the Statement of Accounts

Movement in Reserves Statement

This statement is a summary of the movements in the year on the different reserves held by the Council. The reserves are analysed into 'usable reserves' and 'unusable reserves'. Usable reserves are those that can be applied to fund expenditure or reduce local taxation. Unusable reserves include a number of adjustments that reflect the difference between the requirements of proper accounting practices and the statutory arrangements for the setting of Council Tax and Housing Rents.

Comprehensive Income and Expenditure Account

This statement consolidates all the gains and losses experienced by the Council during the financial year as a result of incurring expenditure on its major functions, and generating income from the Collection Fund and from Central Government. The total of this account shows the increase/decrease in the net worth of the Council, which agrees to the movement on the Total Net Assets shown on the Balance Sheet.

Balance Sheet

This statement summarises the Council's financial position at the year end. It shows assets and liabilities that the Council holds or has accrued with other parties. These are matched by the reserves available to the Council, which fall into two categories – usable and unusable.

Cash Flow Statement

This statement summarises the cash flows that have taken place into and out of the Council's bank accounts over the financial year. It separates the flows that have occurred as a result of the Council's operations, those flows arising from investing activities and those flows attributable to financing decisions made by the Council.

Expenditure and Funding Analysis

This shows how annual expenditure is used and funded from resources (e.g. government grants, rents, Council Tax and Business) by the Council in comparison with those resources consumed/earned by the Council in accordance with generally accepted accounting practices. It allows a clear link to be made between the final outturn that will be reported to Members, and the Comprehensive Income and Expenditure Account.

Housing Revenue Account Income and Expenditure Statement

This statement reflects the requirement to account separately for income and expenditure relating to the assets held by the Council for the purposes of housing. It shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The increase or decrease on the HRA balance on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.


Collection Fund Accounts

These accounts show the amounts involved in the collection and distribution of Council Tax and Non-Domestic Rates. The year end balances are distributed across the Balance Sheets of the Billing authority, Government and Precepting authorities.

Group Accounts

These accounts bring together the financial position of the Council and its interest in Colchester Borough Homes Limited and Colchester Community Stadium Limited.

5 June 2018

Report of	Assistant Director, Policy & Corporate	Author	Steve Heath
Title	Audit Fees 2018/19		 282389
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report advises of the change in external auditors from Ernst & Young to BDO, which will be effective from the 2018/19 financial year.
- 1.2 The proposed 2018/19 scale fee is £48,188, which is within the budgeted amount.
- 1.3 It should be noted that the current auditors, Ernst & Young, are undertaking work on the 2017/18 accounts, and are scheduled to present their Audit Results Report to the Committee on 10 July 2018.

2. Recommended Decision

- 2.1 To consider and note the proposed audit fees for 2018/19.

3. Reason for Recommended Decision

- 3.1 The Accounts and Audit Regulations require the Council to review the proposed audit approach and scope for the 2018/19 audit.
- 3.2 To ensure that the audit is aligned with the Committee's service expectations.

4. Alternative Options

- 4.1 None.

5. Background Information

Appointment of auditor from 2018/19

- 5.1 For audits of accounts from 2018/19, Public Sector Audit Appointments Limited (PSAA) was responsible for appointing an auditor to principal local government and police bodies that had chosen to opt into its national auditor appointment arrangements. Colchester Borough Council opted into this arrangement.
- 5.2 On 14 December 2017, the PSAA board approved the appointment of BDO LLP as the external auditor of Colchester Borough Council for a period of five years, covering the accounts from 1 April 2018 to 31 March 2023.

Audit Fees 2018/19

- 5.3 The attached fee letter confirms the auditor's proposed fees and work for the 2018/19 financial year.
- 5.4 It should be pointed out that the work relating to the certification of grants and returns do not form part of this proposal, and will be subject to separate agreements. This includes work on the housing benefits subsidy claim and the housing pooling return.

6. Strategic Plan References

- 6.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2018/19.

7. Financial implications

- 7.1 The Fees Letter proposes a scale fee of £48,188 for work on the 2018/19 accounts.
- 7.2 PSAA set the 2018/19 fee scale on the basis that fees for all opted-in bodies were reduced by 23% from the 2017/18 fees. This includes the cost savings achieved in the audit procurement, as well as economies that PSAA is making in its own operating costs.
- 7.3 The fee reduction does not mean there will be a change in the scope, volume or quality of audit work required. Auditors must undertake sufficient work to comply with the requirements of the Code of Audit Practice, the Local Audit and Accountability Act 2014, relevant professional standards, and their contractual obligations to PSAA.
- 7.4 The scale fee is below the amount budgeted in the 2018/19 financial year. This position will be kept under review during the year, particularly regarding fees for the certification work, as well as any proposed variations to the scale fees. Any projected variances will be reported to Members as part of the quarterly revenue monitoring reports.

8. Publicity Considerations

- 8.1 The notice of appointment of the auditor from 2018/19 was added to the Council's website in March 2018, and is available via the following link:

<http://www.colchester.gov.uk/article/11905/External-Audit-Arrangements>

9. Other Standard References

- 9.1 Having considered consultation, equality, diversity and human rights, health and safety, community safety and risk management implications, there are none that are significant to the matters in this report.

Appendices

BDO Fee Letter 2018/19

Governance and Audit Committee

Item
11

05 June 2018

Report of	Monitoring Officer	Author	Andrew Weavers
			 282213
Title	Committee on Standards in Public Life Response to Consultation on Local Government Ethical Standards		
Wards affected	N/A		

1. Executive Summary

- 1.1 The purpose of this report is to inform the Committee of the Council's response to the stakeholder consultation being undertaken by the Committee on Standards in Public Life in relation to Local Government Ethical Standards.

2. Recommended Decision

- 2.1 To note the Council's response to the stakeholder consultation by the Committee on Standards in Public Life in relation to Local Government Ethical Standards.

3. Reasons for Recommended Decision

- 3.1 To inform the Committee on Standards in Public Life of the Council's views on the questions posed in their consultation paper.

5. Background Information

- 5.1 At its meeting on 6 March the Committee considered a paper on the stakeholder consultation being undertaken by the Committee on Standards in Public Life in relation to Local Government Ethical Standards.
- 5.2 It was agreed that we would undertake a survey of all councillors and a response to the consultation questions would be finalised by the Chairman in consultation with the Group Spokespersons as the closing date for responses was 18 May 2018.
- 5.3 A total of 12 councillors responded to the survey and those responses were used to inform the response to the Committee on Standards in Public Life's consultation which is attached to this report at Appendix 1.

6. Standard References

- 6.1 There are no particular references to the Strategic Plan; publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety or risk management implications.



Colchester Borough Council,
33 Sheepen Road,
Colchester,
CO3 3WG

Policy and Corporate

Review of Local Government Ethical
Standards
Committee on Standards in Public Life
GC:07
1 Horse Guards Road
London ,SW1A 2HQ

Contact Andrew Weavers
Phone 01206 282213
Email andrew.weavers@colchester.gov.uk
Your ref
Our ref AW
Date 14 May 2018

By email: public@public-standards.gov.uk

Dear Sir or Madam

Review of Local Government Ethical Standards: Stakeholder Consultation Response

This response has been agreed by Colchester Borough Council's Governance and Audit Committee following a consultation of all Borough Councillors.

a. Are the existing structures, processes and practices in place working to ensure high standards of conduct by local councillors? If not, please say why.

1. It is broadly considered that the existing structures, processes and practices in place within the Borough Council do ensure that high standards of conduct are maintained by councillors. However there remains the concerns that there are no real consequences in relation to breaches of the Code of Conduct as the legislation does not permit the use of sanctions – only recommendations.
2. The Borough Council's process is administered by the Monitoring Officer, who will always advise and who will measure any situation against the Borough Council's agreed Localism Act 2011 Arrangements.
3. Concerns had been raised about the need for "member to member" protocols. Some so called "political banter" is actually bullying. Occasionally there appears to be very little respect shown by some councillors to others in opposing parties which makes it very difficult to have a meaningful and constructive dialogue.
4. Overall councillors of Colchester Borough Council behave well and in our experience any misdemeanours have not been so serious that they cannot be dealt with by the current system.

b. What, if any, are the most significant gaps in the current ethical standards regime for local government?

5. It is considered that one of the most significant gaps is in relation to councillor to councillor respect for each other this especially online which can amount to bullying. It is felt that there can be too much emphasis on gaining political points at the expense of another member, trying to belittle other councillors.



INVESTOR IN PEOPLE

6. The Borough Council is aware of the changing role of social media and is delivering press and social media training for councillors. This is important to ensure all councillors are aware that they not only represent their residents, their political party but also the council 'corporate'. Social media should be used carefully to ensure ethical standards are not breached and action taken against those who publish inappropriate comments.
7. The most significant gap is the lack of the ability to apply any binding sanctions of a member that has found to have breached the Code of Conduct. This is particularly true of more serious allegations; for example bullying where a sanction is required i.e. suspension for an appropriate period of time to act as a form of a deterrent. This is true where a political groups does not deal with it.

Codes of Conduct

c. Are local authority adopted codes of conduct for councillors clear and easily understood? Do the codes cover an appropriate range of behaviours? What examples of good practice, including induction processes, exist?

8. It is felt that the Borough Council's code of conduct is clear and is easily understood but councillors should have regular reminders. The code of conduct could be extended to specially cover conduct in the Council Chamber. Again concerns are raised regarding the fact that the code has no binding sanctions to deal with inappropriate behaviours especially in relation to the use of social media. It is felt that there needs to be clarity around the use of social media in councillor's private lives and how it can impact on their role as a councillor.

d. A local authority has a statutory duty to ensure that its adopted code of conduct for councillors is consistent with the Seven Principles of Public Life and that it includes appropriate provision (as decided by the local authority) for registering and declaring councillors' interests. Are these requirements appropriate as they stand? If not, please say why.

9. The Borough Council has adopted a Code of Conduct which is consistent with the seven principles of public life. The code also includes appropriate provisions for registering and declaring Disclosable Pecuniary Interests and pecuniary and non-pecuniary interests which broadly seem to be understood and work in practice. However (apart from Disclosable pecuniary Interests) there are no binding sanctions for failing to declare pecuniary and non-pecuniary interests.

Investigations and decisions on allegations

e. Are allegations of councillor misconduct investigated and decided fairly and with due process?

10. The Borough Council in accordance with the Localism Act 2011 has adopted "Arrangements" for dealing with councillor complaints and keeps this under annual review. However due to the abolition of the former statutory Standards Committee by the Localism Act 2011 regime, the process has the danger of becoming political.

Appendix A

11. However it is felt that allegations of councillor misconduct investigated in accordance with the Borough Council's Arrangements are decided fairly and with due process by both the Borough Councils' Monitoring Officer and the Governance and Audit Committee which deals with complaints. However again despite the robustness of the process the lack of binding sanctions can cause an issue.

i. What processes do local authorities have in place for investigating and deciding upon allegations? Do these processes meet requirements for due process? Should any additional safeguards be put in place to ensure due process?

12. The Borough Council, in accordance with the Localism Act 2011 adopted "Arrangements" for dealing with councillor complaints. This process is published on the Borough Council's website and is transparent and visible which is its strength. It is generally felt that any referral follows a clear process which ensures everyone is aware of the procedures. Concerns have been raised regarding the lack of independence input in the current regime unlike under the pre Localism Act arrangements which ensured that there was much more emphasis on independence by having Independent Members in the majority on the Standards Committee.
13. We do not believe that any further safeguards are required. However as mentioned above more information and guidance regarding the use of social media would be beneficial.

ii. Is the current requirement that the views of an Independent Person must be sought and taken into account before deciding on an allegation sufficient to ensure the objectivity and fairness of the decision process? Should this requirement be strengthened? If so, how?

14. The Borough Council's Independent Persons work very closely the Monitoring Officer particularly in the initial assessment stage of any allegation and their opinions are respected. However their role could be strengthened by them having a stronger role at any hearings. The current legislation only provides for them to be consulted but not able to vote. Under the previous statutory Standards Committee which had an independent chair, the independent members were able to vote and also brought impartiality to the proceedings.

iii. Monitoring Officers are often involved in the process of investigating and deciding upon code breaches. Could Monitoring Officers be subject to conflicts of interest or undue pressure when doing so? How could Monitoring Officers be protected from this risk?

15. It is considered that Monitoring Officers need to be independent and apolitical and should be protected by their terms and conditions. The Borough Council has an agreed Monitoring Officer protocol in its Constitution which affords this.
16. In a situation where a Monitoring Officer was under a conflict of interest, we would expect him/her to raise it with the Chief Executive, who may take other action for example involve a Monitoring Officer from another Council via a reciprocal arrangement

Sanctions

f.

f. Are existing sanctions for councillor misconduct sufficient?

17. The Localism Act 2011 when it repealed the Local Government Act 2000 councillor conduct provisions repealed the ability for binding sanctions to be imposed. This included the ability to suspend a councillor from office for up to 6 weeks. This provision was used sparingly and only in the most serious of allegations of misconduct.

Appendix A

18. It is considered that the current level of recommendations (as opposed to sanctions) are not sufficient to deal with the more serious allegations of misconduct. This is partly true regarding recommendations made to Parish Council's who can simply choose to ignore any recommendations made to them.
 19. The lack of proper sanctions also causes concerns to the public who see that there are no real consequences to a breach of the code of conduct and that it is not worth them making a complaint because at the end of the process nothing of significance will happen to the councillor.
- i. What sanctions do local authorities use when councillors are found to have breached the code of conduct? Are these sanctions sufficient to deter breaches and, where relevant, to enforce compliance?**
20. As mentioned above there are no binding sanctions imposed on councillors who are found to have breached the code of conduct. It is generally not considered that these are sufficient to deter breaches and where relevant to enforce compliance. At the Borough Council these recommendations would be made by a Hearings Sub-Committee of the Governance and Audit Committee which the relevant full council may or may not agree to endorse. Any actions recommended should be proportionate and commensurate with the circumstances of the particular case.
 21. The current actions available under the Borough Councils "Arrangements" are:
 - (a) Report its findings to Council (or to the Parish Council) for information;
 - (b) Recommend to Council (or to the Parish Council) that the councillor be issued with a formal censure or be reprimanded
 - (c) Recommend to the councillor's Group Leader (or in the case of un-grouped councillors, recommend to Council or to Committees) that the councillor be removed from any or all Committees or Panels of the Council;
 - (d) Recommend to the Leader of the Council that the councillor be removed from the Cabinet, or removed from particular Portfolio responsibilities;
 - (e) Instruct the Monitoring Officer to (or recommend that the Parish Council) arrange training for the councillor;
 - (f) Recommend to Council to remove (or recommend to the Parish Council that the councillor be removed) from all outside appointments to which he/she has been appointed or nominated by the Council (or by the Parish Council);
 - (g) Recommend to Council to withdraw (or recommend to the Parish Council that it withdraws) facilities provided to the councillor by the Council, such as a computer, website and/or email and internet access; or
 - (h) Recommend to Council to exclude (or recommend that the Parish Council exclude) the councillor from the Council's Offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Panel meetings.
- ii. Should local authorities be given the ability to use additional sanctions? If so, what should these be?**
22. Further to above it is submitted that local authorities should be able to suspend councillors for a maximum period in specified circumstances which could be set out in legislation. This could be supplemented by an appropriate appeal process.

g. Are existing arrangements to declare councillors' interests and manage conflicts of interest satisfactory? If not please say why.

23. It is considered that the existing arrangements regarding the declaration of councillors interests and manage conflicts of interests are broadly satisfactory. The register of councillor's interests is published on the Borough Council's website and is transparent. The DCLG guidance has also been provided to all councillors and the Monitoring Officer and Democratic Services officers will always provide advice to councillors where any concerns are raised.

i. A local councillor is under a legal duty to register any pecuniary interests (or those of their spouse or partner), and cannot participate in discussion or votes that engage a disclosable pecuniary interest, nor take any further steps in relation to that matter, although local authorities can grant dispensations under certain circumstances. Are these statutory duties appropriate as they stand?

24. Councillors are required by The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 to register and declare Disclosable Pecuniary Interests of both themselves and their spouse and/ or partner. It is considered that these are statutory duties are appropriate as they stand.

ii. What arrangements do local authorities have in place to declare councillors' interests, and manage conflicts of interest that go beyond the statutory requirements? Are these satisfactory? If not, please say why.

25. It is councillor's responsibility to ensure that their register of interests is up to date. The Monitoring Officer will ensure that all new councillors receive as part of their induction training on registering and declaring interests. It is not the role of the Monitoring Officer to police the register of interests but to provide advice to councillors when issues or concerns arise. An annual reminder is considered sufficient for this purpose.

Whistleblowing

h. What arrangements are in place for whistleblowing, by the public, councillors, and officials? Are these satisfactory?

26. The Borough Council has an agreed Whistleblowing Policy which is reviewed annually by the Borough Council's Governance and Audit Committee and is considered fit for purpose. The Policy is published on the Borough Council's website and the process and protections are clearly stated.

Improving standards

i. What steps could local authorities take to improve local government ethical standards?

27. Local Authorities themselves should ensure that their councillors are adequately trained on ethical standards and that their policies are regularly reviewed. The Borough Council's Governance and Audit Committee undertakes an annual review of the Code of Conduct and the "Arrangements" to ensure that both are fit for purpose and will recommend changes where appropriate.
28. Local Authorities need to ensure that all of their councillors are regularly trained on ethical standards issues.

29. Social media will continue to have an impact on ethical standards and it is an area that Local Authorities need to ensure that their councillors are adequately trained in and the implications it can have on the reputation of the office of councillor but also their political party and Authority.

j. What steps could *central government* take to improve local government ethical standards?

30. The Local Government Act 2000 standards regime required councillors to sign up and agreed to be bound by the code of conduct. The Localism Act 2011 regime does not require a member to sign up and agree to be bound by the code of conduct and by implication the seven Nolan Principles. If the law was changed to require councillors to do this it may assist their understanding of the importance of ethical standards,

Intimidation of local councillors

k. What is the nature, scale, and extent of intimidation towards local councillors

31. Intimidation can take various forms. However one area where it seems to be increasing is via social media. Twitter in particular can sometimes incite 'keyboard warriors' which is often generated by a minority of residents some of whom see it as a game with no consequences as a degree of anonymity is provided or borderline incidents from other councillors.
32. Councillors have the ability to block persons on social media but experience shows that people tend to be politer in person than on line. Prevalent on social media and unpleasant is where councillors are subject to constant hounding including verbal abuse, threatening behaviour, constant emails bordering on harassment (with no protection for councillors), being accused of being corrupt taking bribes, late night phone calls and physical violence.
33. Public life in general has got angrier and councillors are subject to this anger as are others in public life. Some of the intimidation comes for a lacking of understanding of what a member does. Apathy and lack of interest in voting is common until a particular issue arises which affects them.

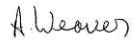
i. What measures could be put in place to prevent and address this intimidation?

34. In order to address intimidation issues the law would require strengthening and particularly around social media. However this has to be balanced with the right to freedom of expression. There is push to make social media companies nationally take more of a role in monitoring and limiting intimidatory behaviour on line which would be of benefit to both councillors and the public.
35. As a start political parties need to encourage their activists to consider their behaviour and language used on social media particularly towards councillors of opposing parties. The political parties should work together to try and eliminate this and to have arrangements in place to deal with it if and when it occurs.
36. If the intimidation amounts to harassment then the matter needs referring to the police who can deal with it appropriately. There should be protocols in place between the Local Authorities and the police for referring these types of cases easily and consistently which provides adequate protection.

Appendix A

We hope that these comments will be of assistance to the Committee in its work and look forward to reading its findings in due course.

Yours sincerely,

A handwritten signature in cursive script that reads "A Weavers".

Andrew Weavers
Strategic Governance Manager & Monitoring Officer

Governance and Audit Committee

Item
12

5 June 2018

Report of	Assistant Director of Policy and Corporate	Author	Jonathan Baker ☎ 282207
Title	Work Programme 2018-19		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report sets out the current Work Programme 2018-2019 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 Committee's Work Programme for 2018-19.

3. Alternative Options

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

4. Background Information

- 4.1 The Governance and Audit Committee deals with the approval of the Council's Statement of Accounts, audit, other miscellaneous regulatory matters and standards.
- 4.2 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.

5. Standard References

- 5.1 There are no particular references to publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety or risk management implications.

6. Strategic Plan References

- 6.1 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.
- 6.2 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 2018-19

Meeting date / Agenda items
Governance and Audit Committee - 5 June 2018
Governance and Audit Committee briefing – 31 May 2018
<ol style="list-style-type: none"> 1. 2018/19 Audit and Certification Fees letter 2. Draft Annual Statement of Accounts 2017/18 3. Year End Internal Audit Assurance Report 2017/18 4. Review of the Governance Framework and Draft Annual Governance Statement 5. Committee on Standards in Public Life Consultation on Local Government Ethical Standards Response
Governance and Audit Committee - 10 July 2018
Governance and Audit Committee briefing – 3 July 2018
<ol style="list-style-type: none"> 1. Annual Statement of Accounts 2017/18 2. 2017/18 Year End Review of Risk Management 3. Review of Meetings and Ways of Working Update
Governance and Audit Committee - 4 September 2018
Governance and Audit Committee briefing – 28 August 2018
<ol style="list-style-type: none"> 1. Local Government and Social Care Ombudsman Annual Review 2017/18 2. Publication of Annual Statement of Accounts 2017/18 3. Financial Monitoring Report – April to June 2018 4. Capital Expenditure Monitor 2018/19 5. Colchester Borough Homes Annual Report and Governance Statement
Governance and Audit Committee - 30 October 2018
Governance and Audit Committee briefing – 23 October 2018
<ol style="list-style-type: none"> 1. Annual Audit Letter 2. Mid-Year Internal Audit Assurance Report 2018/19 3. Treasury Management – Half Yearly Update 4. Health and Safety Policy and Annual Report 5. Review of the Council's Ethical Governance Policies 6. Review of the Members' Code of Conduct and the Council's "Arrangements" 7. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Officers 8. Review of Local Code of Corporate Governance 9. Income and Debt Policy 10. Equality and Safeguarding Annual Update 11. Member/Officer Protocol Review

Governance and Audit Committee - 15 January 2019
Governance and Audit Committee briefing – 8 January 2019
<ol style="list-style-type: none"> 1. Certification of Claims and Returns – Annual Report 2017/18 2. Interim Review of the Annual Governance Statement Action Plan 3. Risk Management Progress Report 4. Annual Review of Business Continuity
Governance and Audit Committee - 5 March 2019
Governance and Audit Committee briefing – 26 February 2019
<ol style="list-style-type: none"> 1. Audit Plan for year ending 31 March 2019 2. Financial Monitoring Report 3. Capital Expenditure Monitor 2018/19 4. Internal Audit Plan 2018/19