

Public Document Pack

JOHN WARD
Director of Corporate Services

Contact: Katherine Davis on 01243 534674
Email: kdavis@chichester.gov.uk

East Pallant House
1 East Pallant
Chichester
West Sussex
PO19 1TY
Tel: 01243 785166
www.chichester.gov.uk



A meeting of the **Corporate Governance & Audit Committee** will be held Virtually on **Monday 22 March 2021 at 2.00 pm**

MEMBERS: Mr F Hobbs (Chairman), Dr K O'Kelly (Vice-Chairman), Miss H Barrie, Mr J Brown, Mr A Dignum, Mr T Johnson, Mr D Palmer and Mr P Wilding

AGENDA

- 1 **Chairman's Announcements**
Any apologies for absence that have been received will be noted at this point.
- 2 **Approval of Minutes** (Pages 1 - 3)
The committee is requested to approve the minutes of its ordinary meeting on 18 January 2021.
- 3 **Urgent items**
The chairman will announce any urgent items that due to special circumstances are to be dealt with under the Late Items agenda item.
- 4 **Declarations of Interest**
These are to be made by members of the Corporate Governance and Audit Committee or other Chichester District Council members present in respect of matters on the agenda for this meeting.
- 5 **Public Question Time**
The procedure for submitting public questions in writing by no later than noon 2 working days before the meeting is available [here](#) or from the Democratic Services Officer (whose contact details appear on the front page of this agenda).
- 6 **Annual Audit Letter Year ended 21 March 2021 - EY** (Pages 5 - 30)
The Committee is requested to consider and note Ernst & Young LLP's Audit Planning Report for the year ending 31 March 2021.
- 7 **2020-21 Accounting Policies** (Pages 31 - 34)
The committee is requested to consider this report and approve the continued application of existing accounting policies in the preparation of the Council's 2020-21 financial statements
- 8 **Progress Report - Audit Plan 2020/2021** (Pages 35 - 71)
The committee is requested to note performance against the audit plan for 2020/21
- 9 **Budget Review Task and Finish Group Feedback**
The committee will receive an oral report on the outcomes from this review.
- 10 **Governance Review Task and Finish Group- Terms of Reference** (Pages 73 - 78)
 1. The committee are asked to agree the terms of reference for a Task and Finish group to review the Governance arrangements of the Council as attached at Appendix 1.

2. The committee are asked to appoint members to the Task and Finish group in accordance with the Terms of Reference.

11 **Exclusion of the Press and Public**

There are no restricted items for consideration.

12 **Late items**

The committee will consider any late items as follows:

- a) Items added to the agenda papers and made available for public inspection
- b) Items that the chairman has agreed should be taken as a matter of urgency by reason of special circumstances to be reported at the meeting

NOTES

1. The press and public may be excluded from the meeting during any item of business where it is likely that there would be disclosure of "exempt information" as defined in section 100A of and Schedule 12A to the Local Government Act 1972.
2. Restrictions have been introduced on the distribution of paper copies of supplementary information circulated separately from the agenda as follows:
 - a) Members of the Overview & Scrutiny Committee, the Cabinet and Senior Officers receive paper copies of the supplements (including appendices).
 - b) The press and public may view this information on the council's website [here](#) unless they contain exempt information.

NON-CORPORATE GOVERNANCE AND AUDIT COMMITTEE MEMBER COUNCILLORS SPEAKING AT THE MEETING

Standing Order 22.3 of Chichester District Council's Constitution provides that members of the Council may, with the Chairman's consent, speak at a committee meeting of which they are not a member, or temporarily sit and speak at the committee table on a particular item but shall then return to the public seating area.

The Chairman intends to apply this standing order at Overview and Scrutiny Committee meetings by requesting that members should *normally* seek the Chairman's consent in writing by email in advance of the meeting. They should do this by noon on the Friday before the Overview and Scrutiny Committee meeting, outlining the substance of the matter that they wish to raise. The word normally is emphasised because there may be unforeseen circumstances where a member can assist the conduct of business by his or her contribution and where the Chairman would therefore retain their discretion to allow the contribution without the aforesaid notice.



Minutes of the meeting of the **Corporate Governance & Audit Committee** held in Virtually on Monday 18 January 2021 at 2.00 pm

Members Present: Mr F Hobbs (Chairman), Dr K O'Kelly (Vice-Chairman), Miss H Barrie, Mr J Brown, Mr A Dignum and Mr P Wilding

Officers present: Mark Catlow, Tony Whitty, Stephen James,

56 **Chairman's Announcements**

Apologies for absence had been received from Cllr David Palmer.

57 **Approval of Minutes**

The minutes of the meeting held on 26 November 2020 were agreed as a correct record.

58 **Urgent items**

There were none.

59 **Declarations of Interest**

There were no declarations of interest relating to business to be transacted on the agenda.

60 **Public Question Time**

There were no questions submitted by Members of the Public.

61 **2021-2022 Draft Treasury Management Strategy and Policy and Investment Strategies and Capital Strategy Update**

The Chairman introduced Mr Mark Catlow to the meeting to introduce the report which included The Council's Treasury strategy and the Draft Capital Strategy. An updated Appendix, Appendix 2.A had been circulated separately which outlined an economic update provided by the Council's treasury advisor. The reports highlighted the Council's high level capital and financial intentions, providing a summary of the Council's long term investment priorities over the medium term. Members were advised a glossary of terms had also been included for reference in addition to details of the key changes from the previous year listed in Appendix 1.

The following points were highlighted:

- a. The £24m limit on total investment in Money Market Funds (MMF) was removed for 2021-22. This limit was originally introduced to recognize that MMF all make similar underlying investments and therefore increasing the total amount in these funds may not increase underlying diversification. However, as MMFs are now a key tool to manage credit and liquidity risks in the current economic climate this limit had been removed.
- b. Limit of funds invested under the same management increased from £6m (£10m for the LAPF) to £15m, being 25% of expected investment values. This was due to effects of being outside of the EU.
- c. The 'comply of explain' approach had been added to investments based on institutions being a signatory to the UN Environment Finance Initiative's (UNEFI) Principles for Responsible Banking/ Investment.
- d. It was further highlighted that both documents had been updated to reflect the Council's wider Climate Change action plan and strategy. This meant the introduction of community municipal bonds and supporting carbon reduction across the district.

In response to questions and comments from Members it was advised that:

- Following the economic difficulties faced nationally in 2018 the Council took the decision to change from funding revenue from investment income to funding capital from investment income.
- The Council would have the option to invest in Climate Change Mitigation, as set out in the report, of up to £20m.
- Preference would be given to placing investments with banks or institutions that have demonstrated significant interest in sustainability by being a signatory to the UN Environment Finance Initiative's (UNEFI) Principles for Responsible Banking/ Investment. This requirement did to apply to the UN public sector.
- The wording of the report would be amended to read "whilst ESG is a desirable objective for treasury investing, it must be ranked behind security, liquidity and yield, as dictate by statute".
- Figures detailed on page 18 provided information on forecasted cash balances.
- The Members expect that the Council's Corporate Plan priorities reflect the Environmental aspirations of the Council.

Following discussion it was RESOLVED that:

- a. the Committee considers the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Investment Strategy and relevant Indicators for 2021-22;
- b. the Committee considers the Council's Capital Strategy for 2021-22 to 2025-26;
and
- c. That the documents in 2.1 and 2.2 are recommended to Cabinet and Council for approval.

62 Internal Audit - Audit Plan Progress

The Chairman invited Mr Stephen James to the meeting to introduce the report.

An update was provided on the key changes that had taken place since the last update. It was advised that 4 points from the Audit plan had been deferred to the next year. It was also advised that the land charges audit, relating to documenting the decision making process for and charges, had been deferred. This was because there had been no changes, however an audit would take place as and when any changes did take place.

Audits that had been completed included Payroll, Council tax & NDR and HR recruitment.

The Committee agreed to note the report.

63 Exclusion of the Press and Public

It was not necessary to resolve to exclude the press and public from the meeting.

64 Late items

There were no late items.

The meeting ended at 2.52 pm

CHAIRMAN

Date:

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Chichester District Council

Annual Audit Letter for the year
ended 31 March 2020

January 2021

Page 5

Agenda Item 6

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letter.

Building a better
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Contents

		Page
Section 1	Executive Summary	3
Section 2	Purpose and Responsibilities	7
Section 3	Financial Statement Audit	10
Section 4	Value for Money	17
Section 5	Other Reporting Issues	19

Appendices

Appendix A	Audit Fees	22
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Page 6

Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



Section 1

Executive Summary

Page 7

Executive Summary

We are required to issue an annual audit letter to Chichester District Council (the Council) following completion of our audit procedures for the year ended 31 March 2020.

Covid-19 had an impact on a number of aspects of our 2019/20 audit. We set out these key impacts below.

Area of impact	Commentary
Impact on the delivery of the audit	
▶ Changes to reporting timescales	As a result of Covid-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities. We worked with the Council to deliver our audit in line with the revised reporting timescale.
Impact on our risk assessment	
▶ Valuation of Property Plant and Equipment and Investment Properties	The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Council's internal valuer. We consider that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures on the valuation of property, plant and equipment and investment properties.
▶ Disclosures on Going Concern	Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the council would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Council's actual year end financial position and performance.
Impact on the scope of our audit	
▶ Information Produced by the Entity (IPE)	We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems. We undertook the following to address this risk: <ul style="list-style-type: none">• Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and• Agree IPE to scanned documents or other system screenshots.
▶ Consultation requirements	Additional EY consultation requirements concerning the impact on auditor reports. The changes to audit risks and audit approach changed the level of work we needed to perform.

Executive Summary (cont'd)

The tables below set out the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's:	
▶ Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2020 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
▶ Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Page 9

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Executive Summary (cont'd)

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	The Council is below the specified audit threshold of £500m. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 6 November 2020
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 27 November 2020

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Kevin Suter
Associate Partner
For and on behalf of Ernst & Young LLP

Section 2

Purpose and Responsibilities

Page 11



Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2019/20 Audit Results Report to the 26 November 2020 Corporate Governance and Audit Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities

Responsibilities of the Appointed Auditor

Our 2019/20 audit work has been undertaken in accordance with the Audit Plan that we issued on 19 March 2020 and our subsequent Audit Plan update that we issued on 12 June 2020 to take into account the impact of the Covid-19 pandemic. It is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2019/20 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £500m. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit

Page 14



Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 27 November 2020.

Our detailed findings were reported to the 26 November 2020 Corporate Governance and Audit Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Misstatements due to fraud or error</p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>We obtained a full list of journals posted to the general ledger during the year, and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested a sample of journals that met our criteria and tested these to supporting documentation.</p> <p>We did not identify any material weaknesses in controls or evidence of material management override.</p> <p>We did not identify any instances of inappropriate judgements being applied.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.</p> <p>We did not identify any inappropriate journal entries.</p>
<p>Risk of fraud in revenue and expenditure recognition</p> <p>Auditing standards also required us to presume that there is a risk that revenue and expenditure may be misstated due to improper recognition or manipulation.</p>	<p>We documented our understanding of the controls relevant to this significant risk and considered they have been appropriately designed.</p> <p>Tested the appropriateness of journal entries recorded in the general ledger between revenue and capital codes.</p>
<p>We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund. This would result in funding expenditure that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.</p>	<p>Amended our sample sizes when testing capital additions and Revenue expenditure funded from capital under statute (REFCUS) to reflect the existence of this risk.</p> <p>Agreed samples to source documentation to ensure the classification was reasonable.</p> <p>Our testing did not identify any material misstatements from capitalising revenue spend and REFCUS.</p>

Financial Statement Audit (cont'd)

Significant Risk	Conclusion
<p>Valuation of investment properties and property, plant and equipment (PPE)</p> <p>The fair value of Investment Properties and PPE represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and market fluctuations. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. This impact is expected to affect Investment Properties and PPE valued at Existing Use Value (EUV) as the valuation basis for these properties are linked to recent market transactions. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Council's internal valuer.</p>	<p>We have reviewed the instructions and data provided to the valuer by the Council. We identified no issues.</p> <p>We have reviewed the classification and valuation methods used. We identified no issues.</p> <p>For PPE, we considered the annual cycle of valuations and confirmed that assets have been valued within a 5 year rolling programme as required by the Code.</p> <p>For PPE, we reviewed assets not subject to valuation in 2019/20 and confirmed that the remaining asset base was not materially misstated.</p> <p>We reviewed the scope and relationship of the valuer to the Council and identified no issues.</p> <p>We were satisfied that disclosures in the accounts were appropriate concerning the material uncertainty.</p> <p>Our review of accounting entries at period end and those journals made in processing valuation adjustments did not identify any issues.</p> <p>We reviewed inputs obtained from EYRE, our internal specialists on asset valuations for Investment Properties and PPE which confirmed that the assumptions used, including those related to Estimated Rental Values/yields were appropriate for Investment Properties and EUV calculations for PPE.</p> <p>We did identify a property that was duplicated in the asset register. Two properties were previously valued separately but since redevelopment the rent has been combined. Due to an oversight, one of the separate valuations was incorrectly carried forward resulting in a £493k overstatement of PPE</p>

Financial Statement Audit (cont'd)

Other financial statement risk	Conclusion
<p>Pension liability valuation</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by West Sussex County Council.</p> <p>The Council's pension fund surplus is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2020 the net pension asset totalled £20,876k.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We obtained assurances from the auditors of West Sussex County Council Pension Fund that the information supplied to the actuary in relation to Chichester District Council was accurate and complete.</p> <p>We have assessed and are satisfied with the competency and objectivity of the Council's actuaries: Hymans Robertson.</p> <p>We have reviewed the work of the actuaries. We challenged the actuarial valuation and found no indication of management bias in this estimate.</p> <p>Our review of accounting entries at period end and those journals made in processing valuation adjustments did not reveal any instances of management intention to misreport the financial position.</p> <p>We identified an adjusting event after reporting date relating to the McCloud judgement. The Council contacted the actuary for an updated IAS 19 report and amended the accounts. The new IAS 19 report also took into account the updated fair value of plan assets resulting in a further increase in the net pension asset of £561k.</p>
<p>Going concern</p> <p>The Council prepares its accounts on the assumption that it will continue as a going concern. The current and future uncertainty over government funding and loss of income as a result of Covid-19 increases the need for the Council to revisit its financial planning and undertake an updated detailed assessment to support its going concern assertion. From an audit perspective, the auditor's report going concern concept is a 12-month outlook from the approval of the accounts, rather than the balance sheet date. So, for the 2019/20 statements, for example, we needed to see evidence of an assessment up to and including November 2021.</p>	<p>We reviewed the proposed going concern disclosures for inclusion in the financial statements and the Council's forecast cash flows.</p> <p>The key issues we reflected on for our assessment relate to a combination of the Council's liquidity and its level of General Fund reserves. Management's assessment demonstrated that reserves should be maintained above the minimum level set by the s151 officer for the foreseeable future, and the Council will have access to sufficient working capital.</p> <p>The Council updated its disclosures in the accounts to reference these factors and we were satisfied that the revised disclosure sufficiently disclosed the key elements of management's assessment and no material uncertainties exist.</p>

Financial Statement Audit (cont'd)

Other financial statement risk

NDR Appeals valuation

The Non Domestic Rates Appeals Provision is a material balance in the financial statements which requires a number of assumptions and judgements.

In addition, in previous years we have identified errors above our audit differences threshold.

Conclusion

We reviewed the NDR Appeals provision calculation and confirmed that the calculation was accurate.

We considered the work performed by the Council expert, Analyse Local and understood the assumptions used in their calculation. We reviewed the assumptions, methods and models used by management's specialist. We identified no issues.

We ensured the Council has amended the provision appropriately for any Business Rate reliefs awarded and performed post year-end review of appeals settled to ensure the revised rateable value and effective date of the appeal was in line with the provision. Our post year-end review of appeals settled identified no issues.

Financial Statement Audit (cont'd)

Other key findings

Conclusion

Audit differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

We highlight the following misstatements greater than £0.077m identified during the course of our audit which management corrected:

- A misclassification of £263k between short term and long term creditors;
- An understatement of short term debtors of £100k relating to items on the debtors reconciliation which were not cleared at year-end;
- An understatement of the Net Pension Asset of £251k as a result of an adjusting event after reporting date relating to the McCloud judgement
- An understatement of the Net Pension Asset of £561k to take into account the updated fair value of plan assets resulting in an increase in the Net Pension Asset
- A correction to the 2018/19 comparator figures of £32,955k in relation to Note 25 Grant Income - Grants credited to services. The disclosure note was restated for 2018/19 to include the subsidy contribution the Council receives from the DWP towards its housing benefit expenditure; and
- Some minor misstatements in disclosures

Audit differences

Management chose not to correct the following misstatements as they were not material and had no impact on the overall financial statements:

- £493k overstatement of PPE in relation to a duplicate valuation of Plot 20/21 Quarry Lane

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £1.536m (2019: £1.502m), which is 75% of gross revenue expenditure reported in the draft accounts of £76.83m.</p> <p>We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	<p>We agreed with the Corporate Governance and Audit Committee that we would report to the Committee all audit differences in excess of £0.077m (2019: £0.075m)</p>

Page 20

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits.
- ▶ Related party transactions.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

Section 4

Value for Money



Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Government bodies' response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019-20 VFM arrangements conclusion.

We did not identify any significant risks in relation to these criteria. We therefore issued an unqualified value for money conclusion on 27 November 2020.



A blurred background image of a business meeting. Several people in professional attire are gathered around a wooden conference table, looking at documents. A woman with blonde hair is in the foreground, resting her chin on her hand and looking thoughtfully at the papers. Other people's hands and arms are visible, some pointing at the documents. The scene is brightly lit, suggesting an indoor office environment with large windows in the background.

Section 5

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes.

The Council is below the specified audit threshold of £500mn. Therefore, we were not required to perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2019/20 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Corporate Governance and Audit Committee on 26 November 2020. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Other Reporting Issues (cont'd)

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive audit approach and have therefore not tested the operation of controls.

Appendix A

Audit Fees

Page 26

Audit Fees

Our final fee for 2019/20 has been impacted by a range of factors which has resulted in additional work as reported in our Audit Results Report.

Description	Final Fee 2019/20 £	Planned Fee 2019/20 £	Scale Fee 2019/20 £	Final Fee 2018/19 £
Total Audit Fee – Code work	37,799	37,799	37,799	38,708
Scale Fee Rebasings: Changes in work required to address professional and regulatory requirements and scope associated with risk (see page 25)	23,869			N/A
Revised proposed scale fee	61,668	37,799	37,799	38,708
Additional work required for going concern and Covid-19 considerations (see Note 1)	1,960			
Additional work required for PPE valuation (see Note 2)	6,339			
Additional specific one-off work required to audit prior year restatements (see Note 3)	1,545			
Total Audit Fee	71,512	37,799	37,799	38,708
Non-audit work – Claims and returns	TBC**	19,879	n/a	19,879

Audit Fees (cont'd)

Note 1

To review management's assessment and additional disclosures that were required in relation to going concern and our internal consultation process undertaken to ensure that events and conditions in relation to the going concern assumption are adequately disclosed.

Note 2

To engage EY Real Estate, our internal property specialists, to review a sample of valuations of investment properties and EUV assets.

Note 3

To audit the restatement of prior year figures in relation to changes to the internal reporting structure which affected the Comprehensive Income and Expenditure Statement, the Expenditure and Funding Analysis and the related notes to the accounts. There was also a prior year restatement in relation to the subsidy contribution the Council receives from the DWP towards its housing benefit expenditure which was not disclosed under Grant Income – Grants credited to services.

These additional fees in note 1, 2 and 3 have been agreed with the Director Corporate Services and is subject to approval by the PSAA.

**Our fees for the work on the Housing Benefit Subsidy claim will be finalised after the completion of the work, due by 31 January 2021 but our planned fee includes £9,500 in relation to the level of extended testing we are expecting to undertake based on errors identified in the prior year. The HBAP process requires us to undertake extended testing in the current year based on cumulative knowledge and experience, referred to as CAKE testing.

Audit Fees (cont'd)

Scale Fee Rebasing: Changes in work required to address professional and regulatory requirements and scope associated with risk

Janet Dawson, our Government & Public Sector Assurance Lead, wrote to all Chief Finance Officers and Audit Committee (or equivalent) chairs on 11 February 2020 on the subject of the sustainability of UK local public audit. Amongst other issues her letter stated that we did not believe the existing scale fees provide a clear link with both a public sector organisation's risk and complexity, and the audit profession's context for cost and fee increases, including the attractiveness of audit, investment in technology, innovation and the regulatory environment.

Around the same time, PSAA consulted on its 2020/21 audit fees ([PSAA fee consultation](#)), discussing the challenging environment, new standards and regulatory requirements. They noted an appropriate forum for fee discussions from these impacts would be between the auditor and Chief Financial Officer, to take place as soon as possible as part of planning discussions for 2019/20 audits.

The subsequent review by Sir Tony Redmond ([Redmond Review](#)) has also highlighted that audit fees in the local authority sector have dropped significantly at the same time that audit fees in other sectors have significantly risen, and that no assessment of the amount it would cost to audit each local authority based on their level of audit risk has been made in the past ten years due to the methods applied by the Audit Commission and then PSAA. As such there is no guarantee that the fee paid by each local authority accurately reflects the risk profile or amount of audit work required for their external audit.

To address these issues we undertook an analysis of the changes in professional and regulatory requirements since our last tender to PSAA was submitted, and any other known changes in audit risk. For instance, where applicable, significant commercial property investments, creation of joint ventures, subsidiaries and other similar arrangements.

We identified the proposed fee rebasing under the headings of:

- Changes in risk;
- Increased regulatory requirements; and
- Client readiness and ability to support a technologically enabled audit.

As requested by PSAA, we discussed this with management on 4 June 2020 (delayed from March 2020 due to the impact of the coronavirus pandemic)

We did not reach agreement. While management recognised many of these pressures and can see how they are reflected in the changes in the audit work, their view was that this is a decision for PSAA.

Having not reached agreement, and in light of managements comments, we will now submit the proposed rebasing to PSAA for their review and decision. We would like to thank management for their contribution to this debate and the positive manner in which they engaged with us, although we did not reach agreement

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ED None

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Chichester District Council

Corporate Governance and Audit Committee

22 March 2021

2020-21 Accounting Policies

1. Contacts

Report Authors:

Mark Catlow, Group Accountant

Tel: 01243 521076 E-mail: mcatlow@chichester.gov.uk

David Cooper, Group Accountant

Tel: 01243 5234733 E-mail: dcooper@chichester.gov.uk

2. Recommendation

The committee is requested to consider this report and approve the continued application of existing accounting policies in the preparation of the Council's 2020-21 financial statements.

3. Background

- 3.1. In following the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting (the Code), the Council complies with the requirements of International Financial Reporting Standards (IFRS) except where CIPFA has agreed that departures from these standards are necessary and permissible in the context of local government, or to comply with the statutory framework that the sector is subject to.
- 3.2. The Code specifies the principles and practices required to prepare a Statement of Accounts which gives a true and fair view of the financial position and transactions of a local authority.
- 3.3. The Code is reviewed continuously and is normally updated annually. The 2020-21 Code has been developed by the CIPFA/LASAAC Local Authority Code Board and has effect for financial years commencing on or after 1 April 2020.

4. Changes to the Council's 2020-21 financial statements and accounting policies

- 4.1. In common with 2019-20, no material new or amended standards have been introduced into the 2020-21 Code although there are a number of routine updates which are listed in Appendix 1.
- 4.2. The Council's existing accounting policies, last approved by the Committee in July 2020, continue to be a suitable basis for preparing the 2020-21 financial statements.

4.3. The only update proposed is to the Council's definition of materiality, which is presently

"An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view."

4.4. It is proposed this is updated to be:

"An item would be considered material to the financial statements if, through its omission, misstatement, obscuring or non-disclosure, it could reasonably be expected to influence the decisions of the users of these financial statements and therefore no longer show a true and fair view"

The update reflects latest guidance on the risk of masking key financial information, for example by presenting linked information in separate parts of the financial statements or including excessive detail.

4.5. Continuing established practice, the accounting policies and disclosure notes presented in the Council's Financial Statements will focus on avoiding excessive detail to prevent obscuring key messages. In practice this means that;

(a) For accounting policies, only those that are material to a reader's interpretation of the accounts will be included.

(b) For disclosure notes, unless the note is qualitatively material (see paragraph 4.6 or required by statute, the note will not be prepared or will be replaced by a shorter text disclosure

4.6. In determining if a disclosure note contains material information or not, both qualitative and quantitative aspects of materiality will be considered. There appears to be no reason to alter the Council's present quantitative materiality level of £1,000,000 for the total of any income, expenditure, assets or liabilities disclosed in a single note.

4.7. Similarly, there continue to be a number of disclosures that, even though they involve relatively small sums, are considered to be of heightened interest to readers and therefore will be retained. These disclosures are considered to be qualitatively material and are proposed as:

(a) Members' allowances

(b) Officers' remuneration

(c) External Audit Costs

(d) Related Parties

(e) Termination benefits

(f) Market risk exposure for Financial Instruments

(g) Investment property income and expenditure

4.8. This year, reflecting an emphasis in the Code on presenting information clearly, similar items and information will be presented together as far as possible in the financial statements, helping users understand the entire financial picture presented without having to search through multiple pages.

5. Resource and legal implications

5.1. The Council is required by the Accounts and Audit Regulations to comply with CIPFA's Code of Practice for Local Authority Accounting in preparing its accounts.

6. Consultation

6.1. Not applicable

7. Community Impact and Corporate Risks

7.1. None

8. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		X
Climate Change and Biodiversity		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X
Other		X

9. Appendices

9.1. Key accounting changes to the 2020-21 Code

10. Background Papers

10.1. None.

Appendix 1

Key changes to the 2020-21 Code

The key accounting changes affecting the Council's financial statements are:

- Amendments to implement and emphasise the application of Amendments to IAS 1 and IAS 8: Definition of Material. This emphasises the importance of ensuring that material information is not obscured for users
- Implementation of Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement, including reference to materiality requirements
- Reference to arrangements for the application of accounting standards arising as a consequence of the United Kingdom's withdrawal from the European Union
- Legislative amendments including those relating to investments in specified pooled investment funds that are measured at fair value through profit or loss (FVPL)
- Clarification and minor amendments relating to financial instrument disclosures

Chichester District Council
CORPORATE GOVERNANCE & AUDIT COMMITTEE

22nd March 2021

Progress Report – Audit Plan 2020/2021

1. Contacts

Report Author:

Stephen James – Internal Audit & Corporate Investigations Manager

Tel: 01243 534736

E-mail: sjames@chichester.gov.uk

2. Recommendation

2.1 That the committee notes performance against the audit plan for 2020/21.

3. Update on Audit Plan 2020/2021

- 3.1. Discussions were held with the Divisional Manager and the Licensing Manager about the Private Hire and Taxi Licensing audit. The service is currently embedding new procedures and a new policy is due to be taken to Council for approval. Due to this it has been agreed that the audit will be postponed to a future audit plan to allow for embedding of the new processes.
- 3.2. Corporate Debt Recovery was originally in the audit plan as a full audit but this has since been changed to a follow-up review. It has been agreed that the Corporate Debt Recovery follow-up audit will also be postponed to 2021/22 due to the impact the current COVID situation has had on the Council actually being able to take any debt recovery action.
- 3.3. The current audit plan therefore now comprises 19 full reviews and 3 follow-ups.
- 3.4. As at 22nd March 2021, 8 audit reports have been issued as final (36%), 2 audits are at draft report stage (9%), and 6 are work in progress (27%).
- 3.5. The audit reports issued as final since the last committee meeting are:
- Creditors
 - Debtors
 - Destruction of IT equipment
 - Asset Management
 - DBS Renewals

3.6. Results of the audits are contained in appendix one. There have been no audits given a 'No Assurance' rating and no critical exceptions have been raised.

4. Audit plan 2021/22

4.1 The audit plan for 2021/22 has been prepared and considers risk value and system complexity. Due to the impact of COVID and other issues on staff resources in 2020/21 the plan for 2021/22 comprises a number of audits carried forward from the 2020/21 plan. It is envisaged that a large proportion of the audit work will be to undertake the Key Financial Systems work. The remaining time will be taken up with annual activity and audits that are high risk, or have not been audited before.

5. Background

5.1. Not Applicable

6. Outcomes to be Achieved

6.1. Not Applicable

7. Proposal

7.1. Not Applicable

8. Alternatives Considered

8.1. Not Applicable

9. Resource and Legal Implications

9.1. Not Applicable

10. Consultation

10.1. Not Applicable

11. Community Impact and Corporate Risks

11.1. Not Applicable

12. Other Implications

<i>Are there any implications for the following?</i>		
	Yes	No
Crime & Disorder:		√
Climate Change and Biodiversity:		√
Human Rights and Equality Impact:		√
Safeguarding and Early Help:		√
General Data Protection Regulations (GDPR):		√
Health and Wellbeing:		√
Other (Please specify):		√

13. Appendices

13.1. Audits completed since the last committee report.

13.2. IT destruction final audit report.

13.3. Creditors final audit report

13.4. Audit plan for 2021/22

14. Background Papers

13.1 None

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Audits completed since the last Committee meeting (18th January 2021)

Audit title	Critical Risk	High Risk	Medium Risk	Low Risk	Total no of Exceptions	Overall Assurance level	Summary
Creditors	0	1	1	1	1	Limited Assurance	<p>The high risk exception raised related to a high percentage of purchase orders being raised retrospectively (54% during April to October 2020).</p> <p>The medium risk exception related to invoices being paid late and the potential late payment charges that CDC could face.</p>
Destruction of IT Equipment	0	2	3	0	5	Limited Assurance	<p>The 2 high risk exceptions related to:</p> <ul style="list-style-type: none"> • Lack of records being kept to confirm that decommissioned equipment has been wiped of all data • Lack of separation of duties within the decommissioning process <p>The 3 medium risk exceptions related to:</p> <ul style="list-style-type: none"> • Retired equipment not always being removed from the IT inventory • Record keeping for income generated from sales of equipment • Rebates not always being claimed from the recycling contractor

Audit title	Critical Risk	High Risk	Medium Risk	Low Risk	Total no of Exceptions	Overall Assurance level	Summary
Debtors	0	0	2	2	4	Reasonable Assurance	<p>The 2 medium risks exceptions related to:</p> <ul style="list-style-type: none"> • Separation of duties when processing transactions • Timeliness of invoices being authorised by services <p>The 2 low risk exceptions related to:</p> <ul style="list-style-type: none"> • Timeliness, review and authorisation of reconciliations • The suspense account not being fully cleared each financial year
Asset Management	0	0	0	0	0	Assurance	<p>No issues were found during testing relating to the audit objectives, which were:</p> <ul style="list-style-type: none"> • There is a comprehensive asset register in place including but not exclusively plant and equipment, Capital, Asset Replacement Programme and Land and Buildings. • The Asset Management Module is updated to be current for final accounts. • Revaluations are completed as per the CIPFA Code and the Terms of Engagement between Financial Services and Estates.

Audit title	Critical Risk	High Risk	Medium Risk	Low Risk	Total no of Exceptions	Overall Assurance level	Summary
							<ul style="list-style-type: none"> The Asset Register is reconciled to the General Ledger and signed off.
DBS Renewals	0	0	0	0	0	Assurance	<p>No Issues were found during testing relating to the audit objectives, which were:</p> <ul style="list-style-type: none"> To ensure that procedures set out timescales for frequency of DBS renewals. To ensure that monitoring is carried out when DBS checks are due for renewal. To ensure that renewal action is taken in a timely basis. To ensure that the date of checks is carried out to enable expiry dates to be monitored. Checks with a positive result are reviewed and action taken where appropriate.

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Destruction of IT equipment 2020/21

FINAL REPORT

Louise Northcott

19th February 2021

Distribution List: John Ward (Director for Corporate Services), Joe Mildred (Divisional Manager Business Support), Daniel Bramley (ICT Development Manager), Tim Hoath (ICT Desktop Support Assistant)

Contents	Page
1) Executive Summary:	
i) Introduction	3
ii) Overall audit opinion	4
iii) Summary of findings	4 - 7
2) Exceptions raised	
i) Key for risk rating of exceptions	8
ii) Detailed exceptions	9 - 13

1) Executive Summary

i) Introduction

This audit was carried out as part of the agreed audit plan for the 2020/21 financial year. Audit testing has been restricted to areas that have been assessed as high risk by Internal Audit.

As at November 2020 the total IT inventory comprised 4033 items of equipment which includes monitors, laptops, mobile phones, printers, servers and other ancillary items. The Authority does not have a high level of IT items requiring disposal on an annual basis. Between September 2018 and October 2019 134 items of IT equipment were sent to an approved contractor for recycling.

During the past 2 years the IT Manager has implemented a new initiative whereby IT equipment that is due for replacement can be sold to members of staff to generate some income for the Authority. In the period September 2018 to October 2019 one batch of IT equipment was sold, in July 2019, which resulted in an income of £2,000 for CDC.

Audit testing has been carried out on the following objectives to ensure that:

- Policies and procedures relating to destruction of laptops are in place and have been approved
- Disposal of equipment is in compliance with the policies and procedures
- Equipment awaiting destruction is held securely and all data is fully removed
- Equipment is destroyed by the contractor in line with the terms of the contract and is certificated by the contractor

ii) Overall audit opinion

The overall audit opinion is based solely on testing carried out and discussions held during the course of the audit.

	Levels	Description/Examples
	No Assurance (Critical Risk Exceptions)	Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit
→	Limited Assurance (High Risk Exceptions)	Control weaknesses or risks were identified which pose a more significant risk to the Authority
	Reasonable Assurance (High or Medium Risk Exceptions)	Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority
	Assurance (Low Risk/Improvement Exceptions)	No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority

Page 46

iii) Summary of findings

Objective 1: To ensure that policies and procedures relating to destruction of laptops are in place and have been approved – Assurance

No exceptions were raised as a result of testing under this objective.

The Asset Replacement Programme 20/21 to 24/25 sets out the annual laptop budget for the 5 year period. The ICT Development Manager confirmed that equipment is replaced on a 5 year rolling schedule. Equipment is under warranty for 3 years and can be made to last through upgrades and replacement parts until the 5 year stage.

The ICT Infrastructure Policy paragraph 6.7 sets out that 'equipment that is to be reused or disposed of must have all of its data and software erased/destroyed'. The policy is dated June 2018. The Information Security Officer confirmed that the policy is currently under review.

A copy of the Equipment Disposal Workflow 2018 was provided by the ICT Development Manager. Although this covers the process at a high level, a review of the workflow confirmed that there is no detailed procedure in place setting out the steps for decommissioning equipment. This was discussed with ICT Desktop Support Assistant who confirmed that the workflow is to be expanded into a detailed procedure by the end of 2020/21.

Objective 2: To ensure that disposal of equipment is in compliance with the policies and procedures - Limited Assurance

1 high risk and 2 medium risk exceptions were raised as a result of audit testing under this objective.

As noted above the Equipment Disposal Workflow document does not set out the detailed steps or a checklist to be followed when decommissioning an item of IT equipment and no records are kept to confirm that data has been wiped from the equipment. See EX 2.1 for the detailed findings.

The Equipment Disposal Workflow document shows that an external company approved under the Waste Electrical & Electronic Equipment Regulations 2013 (WEEE) should be contacted to take equipment away. The ICT Development Manager and the ICT Desktop Assistant also confirmed that they are aware that an approved company has to be used to dispose of WEEE.

The ICT Development Manager and the ICT Desktop Support Assistant confirmed that the ICT Service Desk Assistant provides cover for disposal of equipment. Ultimately there are no set deadlines within which IT equipment has to be disposed of. The only pressure is if the storage facility is getting too full. The ICT Desktop Development Manager can also provide cover for the ICT Desktop Support Assistant in the absence of the ICT Service Desk Assistant.

The ICT Desktop Support Assistant confirmed that the inventory is updated whenever there is movement in equipment e.g. leaver, new equipment, recycling. The ICT Desktop Support Assistant provided details of items collected for recycling between September 2018 and October 2019 and the ICT Development Manager provided a Track-it report of all retired equipment. A sample of equipment collected for recycling was taken and tested to the retired equipment spreadsheet to confirm that the equipment has

been updated as retired. Of the 15 items tested, 2 were not shown in the inventory as having been retired. See EX 2.2 for full details.

The ICT Desktop Support Assistant confirmed that himself, the ICT Development Manager and the ICT Manager take payment from staff for laptop sales. No receipts are given for the money taken. Testing of the 2019 sale of laptops found some issues relating to the amount taken and management checks of the income recorded. See EX 2.3 for full details.

Objective 3: To ensure that equipment awaiting destruction is held securely and all data is fully removed- Limited Assurance

1 high risk exception was raised as a result of audit testing under this objective.

The ICT Desktop Support Assistant confirmed that items to be recycled are relocated to the paper store. The Facilities Manager confirmed that the only officers with access to the space are the 5 caretakers. ICT also have a key which is kept in a key safe and only ICT staff know the code to this. Equipment to be reused or sold is held in the ICT store room. The ICT room is locked at the end of each working day and a metal door is bolted shut over it. Metal shutters are pulled down over the external office windows and the server room is bolted shut too.

The ICT Desktop Support Assistant confirmed that he checks items in the paper store every 2 months to ensure that no items have gone missing. No evidence is retained to confirm this as any discrepancies are looked into and locations updated directly into Track-it.

Discussion with the ICT Development Manager confirmed that there is no real separation of duties within the decommissioning process. See EX 3.1 for full details.

Objective 4: To ensure that equipment is destroyed by the contractor in line with the terms of the contract and is certificated by the contractor- Reasonable Assurance

1 medium risk exception was raised as a result of audit testing under this area.

A copy of the most recent agreement with Stone group was obtained from the ICT Development Manager. A review of this confirmed that it had been signed by both parties.

Testing confirmed that a WEEE certificate of disposal was provided by Stone group for all 3 collections since September 2018.

The ICT Desktop Support Assistant confirmed that the majority of equipment sent for recycling is damaged or faulty. Stone group carry out tests on the equipment and give them a quality rating which determines whether CDC is eligible for a payment for the equipment. Stone group have a Fair Market Value document which sets out how much the rebates are for different types of equipment depending on their quality rating. Of the last 3 collections only 1 had equipment of sufficient quality to attract a rebate of £205. It was confirmed by Finance that this rebate had not in fact been reclaimed by CDC. See EX 4.1 for full details.

Overall assurance level – Limited Assurance

2 high risk and 3 medium risk exceptions were raised as a result of the audit testing carried out. Therefore Internal Audit can give limited assurance that the area is of low risk to the Authority.

Key for risk rating of exceptions:

Priority Level	Description
Critical Risk	<p>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the organisation’s objectives in relation to:</p> <ul style="list-style-type: none">▪ The efficient and effective use of resources▪ The safeguarding of assets▪ The preparation of reliable financial and operational information▪ Compliance with laws and regulations <p>And corrective action needs to be taken immediately.</p>
High Risk	<p>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not “show stopping” but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</p>
Medium Risk	<p>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</p>
Low Risk - Improvement	<p>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</p>

EX 2.1 – Sign off of decommissioned laptops	
Risk rating: High	
Findings	
<p>The Equipment Disposal Workflow document does not set out the detailed steps or a checklist to be followed when decommissioning an item of IT equipment. The ICT Desktop Support Assistant confirmed that all equipment is taken back to factory settings and data wiped before being transferred to the paper store or the IT store. However, there are no records kept to confirm the process that has been followed for each decommissioned piece of IT equipment. Therefore it was not possible to test whether decommissioned equipment had been wiped before being recycled or reused.</p>	
Risks and consequences	
<p>If there are no detailed procedures setting out how to decommission equipment then there is a risk that a key step is missed and the data is not removed from the laptop.</p> <p>If there is no checklist or document to complete confirming that data has been wiped from the laptop then there is a risk that laptops are overlooked and data is not removed.</p> <p>This could mean that personal and sensitive information could get into the public domain and breach data protection legislation. This could result in the Authority being fined by the ICO. There could also be an impact on CDC's reputation.</p>	
Agreed action	Officer responsible and by when
<ol style="list-style-type: none"> 1. Introduction of 'end-of-life' checklist & improved asset full lifecycle recording in new TrackIt system. 2. Introduction of independent verification process to confirm data wipe on all end of life assets. 3. Explore options for more secure 'warehousing' of end of life assets prior to disposal. 	ICT Development Manager – April 6 th 2021

EX 2.2 – Maintaining the IT inventory	
Risk rating: Medium	
Findings	
Of the 15 items tested from the recycling documents to the Track-it retired equipment report, 2 were not shown as having been retired. This was queried with the ICT Desktop Support Assistant who confirmed that one of the items had not been updated on the inventory at the point of collection and one item he was unable to account for.	
Risks and consequences	
If the inventory is not kept fully up to date then it is not possible to know the total IT assets, whether they are active or retired, who they have been allocated to or where they are located.	
This could lead to items going missing or being misappropriated which could have an impact on the Authority's finances.	
Agreed action	Officer responsible and by when
<ol style="list-style-type: none"> 1. Introduction of improved asset full lifecycle recording. 2. Introduction of independent verification process to confirm data wipe on all end of life assets. 	ICT Development Manager – April 6 th 2021

EX 2.3 – Recording income for sold IT equipment	
Risk rating: Medium	
Findings	
<p>The ICT Desktop Support Assistant confirmed that himself, the ICT Development Manager and the ICT Manager take payment from staff for laptop sales. No receipts are given for the money taken although a spreadsheet is kept by the ICT Desktop Support Assistant showing who has purchased a laptop or other item of equipment, but this record does not show how much has been paid.</p> <p>Income from the laptop sales are handed over to Finance, who provide a receipt. A copy of the receipt for laptops sold in 2019 was obtained. Based on the sale value of items there should have been £1,840 worth of sales but the receipt is for £2,000.</p> <p>There is also no check carried out by an officer outside of the process to confirm that the income taken to Finance matches the sale spreadsheet.</p>	
Risks and consequences	
<p>If there is not a clear record of how much income has been taken then there is no way for a reconciliation to be undertaken to ensure that the amount paid to Finance is the entire income received.</p> <p>Income could be misappropriated or lost and without a reconciliation this would not be identified.</p>	
Agreed action	Officer responsible and by when
<ol style="list-style-type: none"> 1. New TrackIt system 'retired' list to be used as stock record. 2. Introduction of improved asset full lifecycle tracking & recording. 	ICT Development Manager – April 6 th 2021

EX 3.1 – Separation of duties	
Risk rating: High	
Findings	
Separation of duties within the decommissioning process was discussed with the ICT Development Manager. He confirmed that currently there is no real separation of duties as mostly it is one officer who deals with the process from start to finish.	
Risks and consequences	
Items could be taken out of active use and misappropriated for the officer's own private use or they could be sold onto a non-CDC officer without it being noticed.	
Agreed action	Officer responsible and by when
Introduction of new separation of duties process.	ICT Development Manager – April 6th 2021

<p>EX 4.1 – Claiming of rebates for recycled IT equipment Risk rating: Medium</p>	
<p>Findings</p> <p>Of the last 3 collections only 1 had equipment of sufficient quality to attract a rebate. The value of this rebate was £205. It was confirmed by Finance that this rebate had not in fact been reclaimed by CDC. This was discussed with the ICT Development Manager who stated that CDC did send over a completed rebate form to Stone group but omitted to put the bank account details on the form. Time passed and the rebate was not followed up by either party. The deadline for claiming was 4/12/2019. The ICT Development Manager has spoken to Stone group about this rebate and they have agreed to honour the payment amount so CDC can still reclaim it.</p> <p>The Equipment Workflow procedure also currently does not cover the process for claiming for a rebate.</p>	
<p>Risks and consequences</p> <p>If rebates are missed or not claimed then this will have an impact on the Authority's finances.</p>	
<p>Agreed action</p> <p>The rebate process is going to be included in the new workflow procedure.</p> <p>The ICT Development Manager will monitor to make sure that any rebates claimed are received.</p> <p>The ICT Development Manager has spoken to Stone group about this rebate and they have agreed to honour the payment amount so CDC can still reclaim it.</p>	<p>Officer responsible and by when</p> <p>ICT Development Manager – From the beginning of April 2021</p>

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Creditors 2020/21

FINAL REPORT

Louise Northcott and Samantha Perris

3rd February 2021

Distribution List: - John Ward (Director for Corporate Services), Helen Belenger (Divisional Manager Financial Services), Mark Catlow (Group Accountant Income & Payments), Carol Towner (Income and Payments Manager).

Contents	Page
1) Executive Summary:	
i) Introduction	3
ii) Overall audit opinion	4
iii) Summary of findings	4 - 7
2) Exceptions raised	
i) Key for risk rating of exceptions	8
ii) Detailed exceptions	9 - 13

1) Executive Summary

i) Introduction

This audit was carried out as part of the agreed audit plan for 2020/21 financial year. Audit testing has been restricted to areas that have been assessed as high risk by Internal Audit.

The Council's Financials System Civica is used to manage payment for supplies and services. During the period 07/08/19 to 07/07/2020 the system was used to pay approximately 18,780 invoices, grant payments and credit notes with a net value of £170,973,552.

Audit testing has been carried out on the following objectives to ensure that:

- There are comprehensive procedure notes for both Income & Payments and service users to reduce the risk of errors and inconsistency across the council
- Orders are raised in compliance with Council procedures
- Payments are made within the statutory 30 days, duplicate payments are identified before payment is made and monthly reconciliations take place
- There is effective segregation of duties for raising and authorising orders
- New suppliers added to the financial system are supported by relevant documentation

ii) Overall audit opinion

The overall audit opinion is based solely on testing carried out and discussions held during the course of the audit.

	Levels	Description/Examples
	No Assurance (Critical Risk Exceptions)	Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit
→	Limited Assurance (High Risk Exceptions)	Control weaknesses or risks were identified which pose a more significant risk to the Authority
	Reasonable Assurance (High or Medium Risk Exceptions)	Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority
	Assurance (Low Risk/Improvement Exceptions)	No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority

Page 60

iii) Summary of findings

Objective 1: To ensure that there are comprehensive procedure notes for both Exchequer and service users to reduce the risk of errors and inconsistency across the council– Assurance

No exceptions were raised as a result of testing under this objective.

There is guidance on the Financials Webpage on the Intranet on how to use the purchasing part of Civica. The guidance document (Civica Purchasing User Guidance and Civica Creditors User Guide) was reviewed as part of the audit. It was confirmed that both documents were updated October and November 2019

A copy of the Accounts Payable procedures was provided by the Income & Payments Manager. These were updated and finalised in October 2020.

Objective 2: To ensure that orders are raised in compliance with Council procedures - Limited Assurance

One high risk exception has been raised as a result of testing under this objective.

The Income & Payments Manager runs a monthly payment performance report showing how many purchase orders are raised retrospectively. A sample was obtained for evidence. In January 2020 CDC implemented a 'No Purchase Order number No Pay' policy to attempt to address the issue with purchase orders being raised retrospectively. Testing found that this issue still seems to be occurring. A high risk exception was raised relating to this. See EX 2.1 for full details.

A report was run from Civica for all the purchase orders that were made between August 2019 to August 2020. The approver list of April 2020 was obtained from the Financials page which is on the Intranet. A sample of 50 purchase orders was tested to the approver list to ensure that they had been approved by an authorised officer on the approval list, and that the authoriser limit was higher than the value of the purchase order. No issues were found during this testing. None of the purchase orders tested were of high enough value to need authorisation by 2 officers.

Objective 3: To ensure that payments are made within the statutory 30 days, duplicate payments are identified before payment is made and monthly reconciliations take place - Reasonable Assurance

One medium risk exception and one low risk exception were raised as a result of testing under this objective.

The monthly payment performance report run by the Income & Payments Managers also shows how many invoices are paid on time, how many are not paid within the statutory 30 days and what the potential late payment charges could be. Testing in Civica found that as at 22/9/20 £847.14 had been paid in 2019/20, £255.72 for 2020/21 and £130 had also been put in Civica as a commitment for 2020/21. However, CDC could have been liable for further charges had these been enforced by the supplier. See EX 3.1 for full details.

It was confirmed by the Group Accountant (Income & Payments) that the Covid situation had a direct impact on timeliness of payment of invoices during early Spring and Summer 2020. This was due to the fact that EPH was closed and the Council had to

manually input invoices into its financial system as automated scanning of invoices was not available. This inevitably increased invoice processing times for a short period until processes could be amended to account for the sudden shift to working from home.

The Income and Payments Manager confirmed that an Incomplete Voucher report is run on a weekly basis and is sent to relevant officers within CDC. Evidence was obtained which confirmed this.

The Income and Payments Manager also confirmed that a report is sent to senior management on a monthly basis which shows any invoices that are still unmatched within the division. An email was obtained from the Financial Services Divisional Manager which confirmed this.

The Income and Payments Manager stated that a report on duplicate invoices is run twice a week. These are the saved on Accountancy Services s:drive. A sample of 20 reports between August 2019 and August 2020 was tested to confirm if there had been any duplicate payments made and if any action been taken to address this. 1 duplicate payment was identified on the report and evidence was obtained to confirm that action had already been taken.

A report was run from Civica showing all invoices in dispute as at 22/9/20. There are currently 63 uncanceled invoices in dispute. This was discussed with the Income & Payments Manager. She confirmed that disputed invoices are generally cleared off or cancelled in Civica during the year as the disputes are resolved. They are also cleared off at year end. She confirmed that the year-end process for 19/20 did not happen due to the Covid situation but these will be addressed no later than the year-end process for 2020/21.

Creditor reconciliations are undertaken by the Trainee Assistant Accountant on a monthly basis and signed off by the Group Accountant. All reconciliations carried out between August 2019 and September 2020 were reviewed. Issues were found relating to information on who carried out the reconciliation, when done and whether they were authorised. A low risk exception has been raised to reflect this. See EX 3.2 for full details.

Objective 4: To ensure that there is effective segregation of duties for raising and authorising orders - Assurance

No exceptions were raised as a result of testing under this objective.

A report was run from Civica on all purchase orders made from August 2019 to August 2020. A sample of 50 was tested to ensure that the authorised officer was different to the person who raised the order. There wasn't a need for a second approver as none of the purchase orders tested had any large value. There were no issues found from this testing.

Objective 5: To ensure that new suppliers added to the financial system are supported by relevant documentation - Assurance

No exceptions were raised as a result of testing under this objective.

A report was run from Civica detailing all the new suppliers that were added between August 2019 and August 2020. For all of the new suppliers there should be a new supplier form. A sample of 20 new suppliers was tested on Civica to confirm that there was sufficient supporting information. The creator of the suppliers tested was different to the authoriser and the details on the form matched those on Civica.

Overall assurance level – Limited Assurance

One high, one medium and one low risk exception was raised as a result of audit testing. Therefore Internal Audit can give limited assurance that the Creditors processes being followed are of low risk to the Authority.

Key for risk rating of exceptions:

Priority Level	Description
Critical Risk	<p>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the organisation’s objectives in relation to:</p> <ul style="list-style-type: none">▪ The efficient and effective use of resources▪ The safeguarding of assets▪ The preparation of reliable financial and operational information▪ Compliance with laws and regulations <p>And corrective action needs to be taken immediately.</p>
High Risk	<p>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not “show stopping” but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</p>
Medium Risk	<p>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</p>
Low Risk - Improvement	<p>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</p>

EX 2.1 – Purchase orders continuing to be raised retrospectively**Risk rating: High****Findings**

The Income & Payments Manager runs a monthly payment performance report showing how many purchase orders are raised retrospectively. For 19/20 the average percentage of purchase orders raised retrospectively was 58%.

For the period April to October 2020 this average percentage was 54%. This is split across the Directorates as follows:

Directorate	Number of PO's raised retrospectively	Total number of PO's	Percentage
Corporate Services	299	659	45%
Growth and Place	352	866	41%
Housing and Communities	873	1237	71%
Planning and Environment	118	277	43%
Strategic Leadership Team	19	25	76%
Total	1661	3064	54%

Risks and consequences

By placing the order with the supplier before formal budget approval has been given in Civica this circumvents the budget approval process. There may not be the budget available and this could lead to overspends. This is not good financial management and also contravenes the Authority's Standing Orders.

Financial authorisation had not been provided before the order was placed which could result in delays in payment of the invoices without a valid PO number attached.

EX 3.1 – Potential late payment charges that could have been made	
Risk rating: Medium	
Findings	
<p>Under the Late Payment of Commercial Debts (Interest) Act 1998 Section 1.1 'It is an implied term in a contract to which this Act applies that any qualifying debt created by the contract carries simple interest. Under Section 5A (3) The obligation to pay interest in respect of a qualifying debt shall be treated as part of the term implied by Section 1.1 in the contract creating the debt'. Therefore any late payment charges incurred by CDC should be paid over to the supplier as part of the terms of the contract. The Income & Payments Manager confirmed that late payment charges are usually only paid if CDC is invoiced for them, which does not appear to be in the spirit of the Act. The Act does not set out a time limit for claiming interest on late payments so suppliers could come back at any point to claim these payments.</p> <p>The Income & Payments Manager confirmed that monitoring is carried out on what CDC should be paying out in late payment charges. A review of the 19/20 payment performance reports found that for 19/20 the potential charge was £25,569. For April to October 2020 the total potential charge was £38,371.03. It was not possible to tell from the information extracted from Civica by Income & Payments whether any of the invoices were in dispute.</p> <p>For the 11 month period 7/8/19 to 7/7/20 payments made totalled £170,993,552. The potential late payment charge is 0.03% of this total.</p>	
Risks and consequences	
<p>If CDC does not pay invoices within the statutory 30 days or raise a dispute with the supplier then there could be an impact on the Authority's finances.</p> <p>If all suppliers requested payment of interest on all late payments, however old, then this could have a significant impact on the Authority's finances.</p> <p>There could also be an impact on the Authority's reputation if it becomes known as a habitual late payer.</p>	
Agreed action	Officer responsible and by when
<p>During spring and early summer 2020, the Council had to manually input invoices into its financial system as automated scanning of invoices was not available following the closure of EPH. This inevitably increased invoice processing times for a short period until we could amend our processes to account for</p>	

<p>the sudden shift to working from home.</p> <p>In normal circumstances the Council's financial system is set up to immediately pay invoices where there is a three-way match between purchase order, goods received notification and invoice.</p> <p>Notifications (and reminder emails) are sent to service departments when the Council's Accounts Payable system has not been able to fully complete the payment process. It is the responsibility of service departments to investigate and resolve any issues. Once issues are resolved the Council's accounts payable system will automatically pay the invoice.</p> <p>DMs will be reminded about the processes that must be followed, and that this will be reinforced through a CMT meeting where DMs and Directors will be given the same reminder of their responsibilities</p>	<p>Divisional Managers – immediately</p> <p>Finance/ s.151 officer – April 2021</p>
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EX 3.2 – Completion of reconciliations	
Risk rating: Low	
Findings	
All reconciliations carried out between August 2019 and September 2020 were reviewed.	
It was not possible to tell for 1 of the 12 reconciliations tested who had completed the reconciliation, when it had been completed or whether it had been reviewed and authorised.	
It was not possible to tell for 1 reconciliation when it had been carried out.	
Risks and consequences	
If the completed by section of the reconciliation is not filled out then it is not possible to tell whether it has been undertaken by an appropriate officer who is outside of the creditors function.	
If reconciliations are not completed in a timely manner then it may be harder to resolve discrepancies.	
If reconciliations are not reviewed or signed off as authorised then it is not possible to confirm that adequate oversight of the function is in place.	
Agreed action	Officer responsible and by when
The reconciliation should be completed within 30 days of the month end and certified within 45 days of month end where possible, but no later than 60 days.	Group Accountant (Revenue and Capital)– from date of audit

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Individual Audit Plan for 2021 - 2022	
Audits for 2021/22 and Other Chargeable Work	657

Audits Carried Forward from 2020 - 2021 Plan	Audit Days
Dog Control	5
RIA and Deposit bonds	10
Contract Register - contract management	5
Monitoring of S106/CIL monies across CDC	10
Use of B&B accommodation instead of Westward House	5
Car Park Income Collection & reconciliation	5
	40

New Audits for 2021 - 2022	Audit Day:
HR New process - Shortlisting & recording of assessment information	5
CCS Management of vehicle spares	5
Parks: Inspection & monitoring of park equipment	10
Selection of contractors - checking of insurance and whether CHAS accredited, monitoring of compliance	5
Building Control processes including generation of new income for CDC	10
Grants & Concessions - discretionary grants	10
New Homes Bonus	10
Succession Planning	5
Fixed Penalty notices	5
Inventory for items loaned to staff working from home due to Covid (IT and chairs/foot rests) to include leavers	10
Test and trace payments	10
Discretionary Housing Payments	10
Refunds across CDC	5
	135

Key Financial Systems Audits for 2021-2022	Audit Day:
Cash and Bank	10
Council Tax (to include debt recovery and write offs)	20
Creditors	7
Debtors	5
Housing Benefits and Council Tax Reduction to include o/p recovery and PMQA	20
NDR (to include debt recovery and write offs)	20
Payroll (inc travel & subsistence)	10
Targeted testing to feed into KFS reports	30
	122

Annual Activity	
Planning and Control (Audit planning and reviews)	10
Universe	10
Meetings/discussions with EY	1
Committee reports and representation	10
Corporate Advice	5
NFI	5
AGS and Evidence	20
Contingency	45
Public Sector Internal Audit Standard (PSIAS)	5
Follow Ups:	15
Corporate Debt Recovery	
Credit card usage	
Destruction of IT equipment	
Days for 20/21 audits not completed by 31/3/21	15
	141

Chargeable Work Total	438
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Non Chargeable Work	
Management (inc Fraud & training new staff)	30
Administration	17
Investigations shadowing	5
Elections	0
Performance and Appraisals	3
Training	20
General Meetings	16
Annual Leave & Bank holidays	124
Sickness	5
Non Chargeable Work Total	220

Total 658
Unallocated 0

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Chichester District Council

Corporate Governance and Audit Committee

DATE: 22 March 2021

Governance Review - Terms of Reference

Contacts

Report Author

John Ward – Director of Corporate Services

Telephone: 01243 534805 E-mail: jward@chichester.gov.uk

1. Recommendation

1.1. The committee are asked to agree the terms of reference for a Task and Finish group to review the Governance arrangements of the Council as attached at Appendix 1.

1.2. The committee are asked to appoint members to the Task and Finish group in accordance with the Terms of Reference.

2. Background

2.1. In January Council considered a motion regarding the future governance arrangements, and resolved:

This Council resolves to establish an Officers and Members Working Group to review the operational model of the Council. The Working Group shall review the Centre for Governance and Scrutiny's 'Rethinking Council Governance for the 20s' paper and consider how to:

- maximise councillor involvement in decision making
- build upon the experience of the Recovery Groups to promote consensual working
- offer continued financial acumen
- provide a strong role for scrutiny and governance
- ensure speed of decision making
- provide open and accountable democracy
- make the most of opportunities to work effectively with residents and local partners

The politically balanced working group, led by Corporate Governance, will commence once the current effects of Covid have finished with the aim to report to Council in the 2021/22 Council year with agreed recommendations to be introduced at the Council's 2022 Annual Meeting.

Recognising that a change from a 'Leader and Cabinet' model of governance to a formal Committee System is complex, resource-intensive and undesirable given our circumstances, the Working Group will make recommendations that could be introduced to deliver a 'best of both worlds' 'Hybrid' model.

2.2. Previously the Council had also committed to conduct a review of the timing of meetings, with any changes to be introduced for the new Council following the

2023 elections. It is felt appropriate that this issue is considered by the same Task and Finish group.

2.3. In addition, it would be an opportune time for the T&F group to consider some broader issues regarding the running of council meetings, including whether to hold hybrid meetings when permitted to do so, the scheme of delegation to officers and members, and other aspects of running a meeting such as public questions and questions to the executive.

3. Outcomes to be Achieved

3.1. To complete the review of governance as agreed at Council, and make appropriate recommendations on any proposed changes to come into effect from May 2022.

3.2. To ensure that committee and council meetings continue to run as effectively as possible, and make recommendations regarding improvements that could be implemented either from May 2022, or sooner if appropriate.

3.3. To review the timing of meetings and make recommendations in time for the new Council commencing May 2023.

4. Proposal

4.1. The T&F group should meet three or four times during 2021 to complete their review, or more frequently if necessary. Recommendations to be reported in time for implementation for May 2022, and May 2023 with regards to timing of meetings.

4.2. The T&F group shall be politically balanced, and be led (chaired) by this committee, as agreed at Council. The number of members of the group should ideally be no greater than 6. Alternatively the committee itself (8 members) could take on the role.

The make-up of the group would be as follows:

Total Membership	Conservative	Liberal Democrats	Independent Group	Minority Groups
6	3	2	1	nil

4.3. As a result of the political balance report considered by Council in November last year, the Independent Group had to forego their entitlement to a seat on this committee, so as to maintain their overall allocation of committee seats. The group is however, entitled to a seat on the T&F group.

4.4. All group leaders will be asked to confirm their intent to take up a position on the T&F group, and to make nominations. In the event that more than one or more minority groups wish to take a seat, that can only be facilitated by another group relinquishing their entitlement.

5. Alternatives Considered

5.1. The review of governance arrangements is required by resolution of Council. It is appropriate to combine other elements at this time, although they could be

considered separately if members wished.

6. Resource and Legal Implications

6.1. No additional resources will be required to conduct this review. Recommendations emanating from the T&F group will be assessed for any resource implications.

7. Consultation

7.1. The scope limits the review to hybrid models of governance only, and does not include a change to committee or mayoral systems which may have necessitated public consultation. Members may feel it appropriate to undertake a limited consultation exercise regarding timing of meetings. The T&F group will report to CGAC, who will in turn advise Council.

8. Community Impact and Corporate Risks

8.1. The review should enhance decision making and transparency, while ensuring appropriate public engagement in local democracy.

8.2. Any governance changes must be carefully considered and implemented to minimise risk to the authority.

9. Other Implications

	Yes	No
Crime and Disorder		✓
Biodiversity and Climate Change Mitigation		✓
Human Rights and Equality Impact		✓
Safeguarding and Early Help		✓
General Data Protection Regulations (GDPR)		✓
Health and Wellbeing		✓
Other		✓

10. Appendices

10.1. Draft Terms of Reference – Appendix 1.

11. Background Papers

11.1. None

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GOVERNANCE REVIEW
TERMS OF REFERENCE AND SCOPING

Review Topic	To Review the operational model of the Council.
Membership (and Chairman)	A politically Balanced working group of no more than six members, led by the Corporate Governance and Audit Committee. Chaired by a member of CGAC
Terms of Reference	To review the operational model of the Council. The committee will make recommendations to: <ul style="list-style-type: none"> • maximise councillor involvement in decision making • build upon the experience of the Recovery Groups to promote consensual working • offer continued financial acumen • provide a strong role for scrutiny and governance • ensure speed of decision making • provide open and accountable democracy • make the most of opportunities to work effectively with residents and local partners
Scope	To consider and make recommendations on: <ul style="list-style-type: none"> • The introduction of a hybrid model of governance. • The timing and frequency of meetings. • The potential to introduce hybrid meetings (online and face to face), if and when the law permits. • To consider the scheme of delegation to members and officers. • To review the different elements of Council meetings (public questions, questions to the Executive etc).
Outside of Scope	<ul style="list-style-type: none"> • Consideration of the Committee system. • Consideration of the Mayoral system.
Review Period	To conclude during 2021/22. Implementation from May 2022 Annual Council (except timing of meetings to be implemented from May 2023).
Officer support	Directly supported by: John Ward, Nick Bennett, Democratic Services Officers. Other input by CMT & SLT
Frequency of Meetings	Every 2 months. 3 or 4 meetings
Report back to	CGAC January 2022 and March 2022 Council. Or CGAC October 2021 and November 2021 Council

