

REPORT OF THE CHAIRMAN OF THE GOVERNANCE & ETHICS COMMITTEE

GOVERNANCE & ETHICS COMMITTEE ANNUAL REPORT 2019/20

Purpose of the Report

1. To report to the County Council the work of the Governance & Ethics Committee in 2019/20.

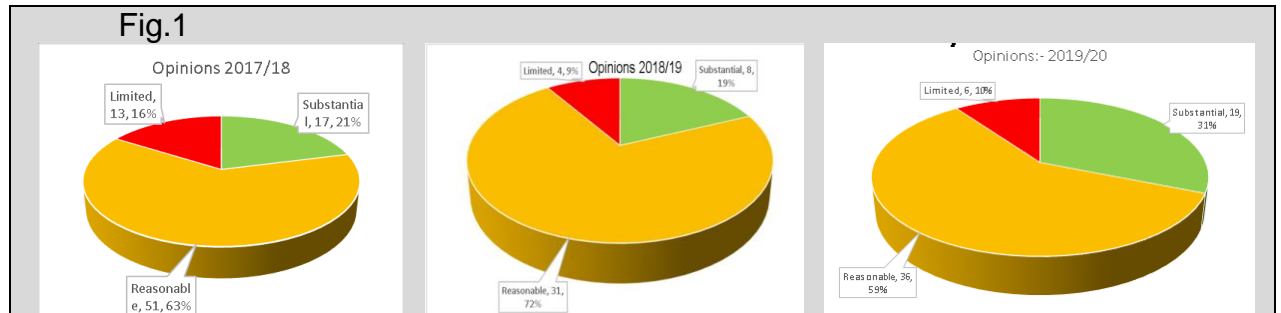
Information

2. The Governance & Ethics Committee was established following the County Council elections in May 2017, and it held its first meeting in June 2017. It is comprised of 11 County Councillors who meet 8 times per year.
3. The Committee's terms of reference are set out in the County Council's constitution. It is serviced regularly by professional officers working mostly in the Chief Executive's Department in the key functional areas of finance, internal audit, legal and democratic services, information management and corporate risk management. The Committee's role subsumed that of the former Audit Committee and it now extends further to incorporate wider responsibilities, for example relating to codes of conduct and dealing with alleged breaches of the codes.
4. At its meeting in July 2018, the Committee agreed to implement an annual report on how effectively it has discharged its key roles and responsibilities. This is the Committee's second annual report and it also sets out proposed priorities for the Committee in 2020/21.
5. The work of the Committee was unaffected by COVID-19 in 2019/20. The Committee's final meeting of the year was completed in early March 2020, just prior to the imposition of national lockdown restrictions. However, the suspension of the Council's Committee schedule from late March 2020 is having an inevitable impact on the Committee's work in the current financial year. This will compress the work of the Committee for the remainder of the year, and will necessitate careful prioritisation of its coverage in 2020/21.

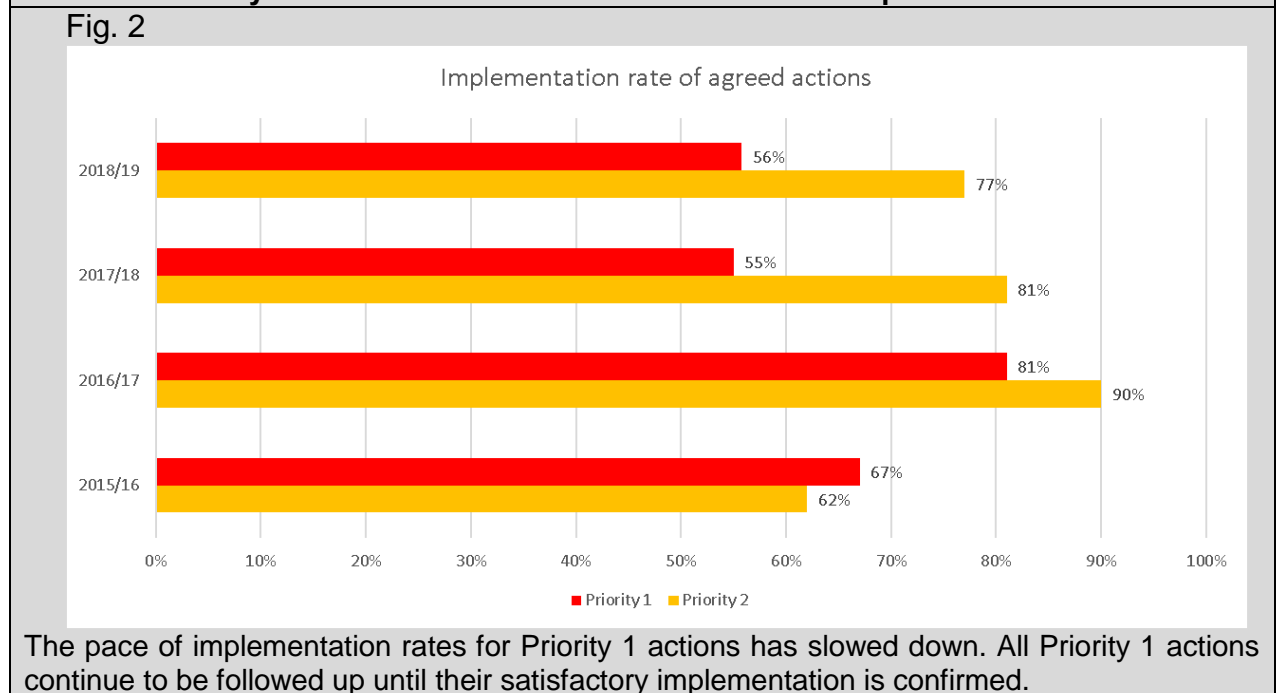
Achievements against the Committee's terms of reference

6. **Appendix 1** presents a matrix of the key business dealt with by the Committee, mapped against each of its roles and responsibilities set out in the County Council Constitution. There are a number of notable achievements, summarised as follows:
 - a) **Internal control framework:** the Committee has maintained its strong focus on supporting the work of Internal Audit, and it has received regular assurance from the service regarding the effectiveness of the Council's arrangements for governance, risk management and control. The follow-up of Internal Audit's recommendations has been flagged as a potential area of concern, as the implementation rate for Priority 1 recommendations has seen a

decline compared with previous years. The reasons for this are often concerned with the complexity of the improvements being implemented, resulting in a slower than anticipated pace of delivery rather than a lack of commitment to the changes. The Committee renewed its resolve to drive agreed improvements through to implementation, continuing its practice of receiving both written and verbal updates to the Committee from senior managers.



The proportion of 'limited assurance opinions issued by Internal Audit has reduced slightly in the past three years, and there were more showing a 'substantial' level of assurance in the past year. The Head of Internal Audit's rolling opinion has remained steady over this time: **'...a satisfactory level of internal control continues to be in operation in the Council.'**

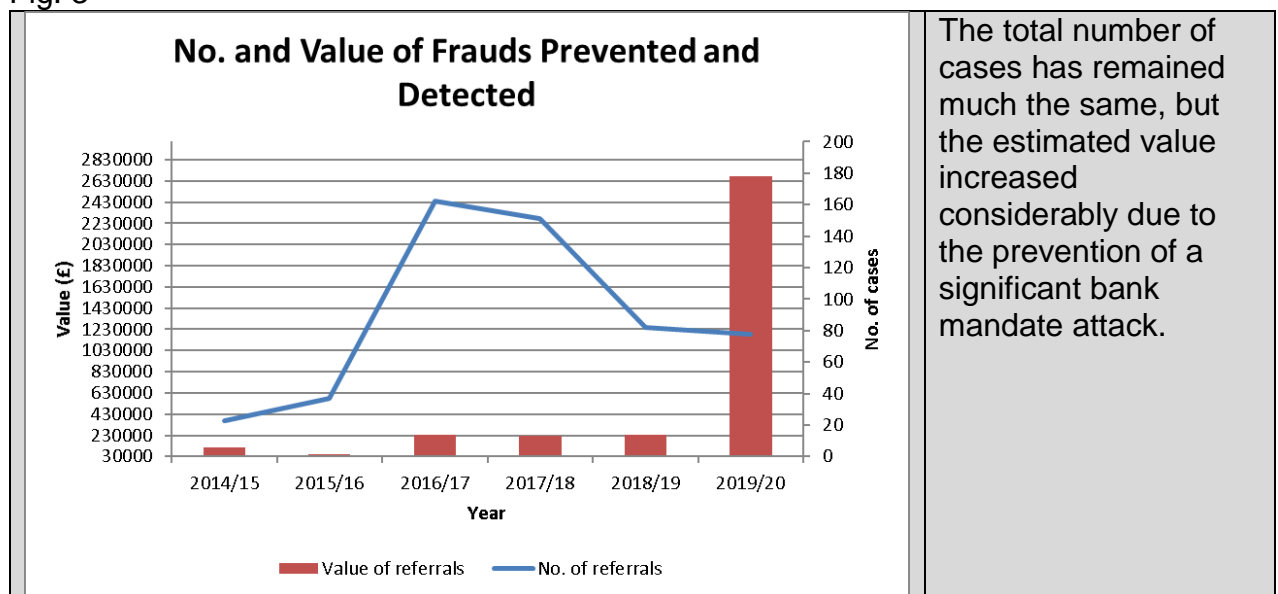


The Committee has been similarly supportive of the work of the Council's external auditors, again receiving updates on progress with the annual audit, and confirming an appropriate response from management to the findings and recommendations reported.

- b) **Development of the internal audit function:** The Committee approved a proposal for the restructure of the Internal Audit service and, as part of this, it was particularly pleased to support the establishment of an apprenticeship scheme to develop the next generation of internal auditors for the Council. The revised structure was implemented, and the recruitment process progressed through the pandemic period with the result that the Council's first two Internal Audit Apprentices have now been appointed.

- c) **Assurance mapping:** this initiative developed further in 2019/20, following the Committee’s decision to both retain the activity and to expand its scope. Two new areas of governance were added last year, and the Committee will receive the assurance from this work as soon as possible following resumption of its meeting schedule. It is expected that this area of activity will provide a key steer for where additional assurance needs to be provided to the Committee each year. Work is in hand to develop further the content and frequency of assurance feeds to the Committee around the Council’s key governance processes, to complement the annual mapping exercise.
- d) **Counter-fraud:** the Committee considered the Annual Fraud Report and a six-monthly update, which continued to evidence that the incidence of fraud in the Council is low. Nonetheless, the Committee reinforced the zero tolerance approach where issues have arisen, and continued to encourage all staff and stakeholders to voice concerns wherever reasonable suspicions arise. The Committee has maintained oversight of the Council’s pro-active counter-fraud programme, with particular attention given in 2019/20 to the relative strength of the Council’s cyber security set-up. The annual reports for the Council’s Whistleblowing scheme and the use of the Regulation of Investigatory Powers Act 2000 added further insight in this area.

Fig. 3



- e) **Annual Statement of Accounts and Annual Governance Statement:** The Committee received and approved these Statements for 2018/19 in accordance with the statutory timescales. The Committee received regular updates during the year on progress against the Annual Governance Statement’s action plan, and it approved the annual refresh of the Local Code of Corporate Governance.
- f) **Standards of conduct and transparency:** The Committee considered progress with the review of the Council Constitution, and it agreed a way forward to address the points of discussion this raised. The six-monthly process to review councillors’ use of resources and application of their Divisional Funds was retained (incorporating sample testing carried out

by Democratic Services). Independent persons have been appointed, received training and attended meetings of the Committee. Showing near prescience of events to unfold, the Committee considered a pre-pandemic report on transparency and streaming of meetings. Options were agreed to take this forward when the pandemic hit and prompted these actions to press forward with added pace.

- g) **Information Governance:** The Committee has received regular updates on progress with the Information Governance Improvement Programme, which is the Council’s two-phase response to the changes necessitated by the enactment of the General Data Protection Regulations in May 2018. Continuing six-monthly updates have been agreed.
- h) **Local Government Ombudsman Reports and Complaints:** The Committee has taken a firm stance to be transparent in its approach to considering issues arising from service users’ complaints about Council services. All decisions of the Ombudsman are scheduled for consideration by Committee at each meeting as the reports are received throughout the year. The relevant senior officers are invited to attend, where appropriate, to advise of actions taken where complaints have been upheld. Complaints received and dealt with through the Council’s own arrangements have also been considered on a periodic basis, and the Committee approved a refresh of the corporate complaints procedure.
7. An aspect of the Committee’s remit for which no assurance was received during the year was risk management. Due to the incidence of emergency planning and response events, it did not prove possible for progress reports and planned training for Members on this topic to be delivered by the Place Department Team responsible for this area. As signalled to Members in the course of the governance update reports in 2019/20, responsibility for risk management has now moved to the Chief Executive’s Department’s Assurance Group. It is anticipated that this will bring the opportunity for refreshed co-ordination with other assurance work delivered to the Committee by this Group.
8. The Committee has made appropriate use of the full range of powers delegated to it under the terms of the Constitution, as summarised below:

Delegated power	Summary of activity
Decision- making	Decisions have been taken at each Committee meeting in relation to the areas of activity within the Committee’s remit
Policy development	Options for developing Council policy have been considered and progressed in relation to: <ul style="list-style-type: none"> • The Council’s Constitution • Transparency and streaming of meetings
Performance review	Periodic updates of the service delivered by Internal Audit In relation to Internal Audit Self-assessment of the Council’s arrangements for cyber security against National Audit Office guidance Progress against the Information Governance Improvement Plan Progress against the Annual Governance Statement Action Plan

Delegated power	Summary of activity
Review of officers' decisions	Annual scrutiny of decisions taken by officers to waive financial regulations
Consultation responses	Approved the response to a Government consultation on the financial transparency of Local Authority maintained schools
Staffing restructures	Review and approval of the proposed restructure of: <ul style="list-style-type: none"> • Internal Audit • Democratic Services

9. There have been no sub-committee meetings to investigate alleged breaches of the Councillors' Code of Conduct.

Member training and self-assessment

10. The Committee engaged with a self-assessment of its own effectiveness against the Institute of Internal Auditors' Guidance for Audit Committees. This identified two actions concerning the assurance the Committee receives from its Internal Audit service: to address persistent resourcing challenges in the service; and to develop a strategic audit plan to complement the 4-monthly, termly plans. Both of these actions were taken forward during the year.

11. A planned training item on the day-to-day work of Internal Audit was delivered jointly by staff from the Internal Audit service and from the Business Services Centre. This gave Members an insight into the current approach to audit assurance, whilst also highlighting an approach currently being progressed jointly between the two teams to the concept of continuous assurance. It is hoped the Committee will see this come to fruition in 2020/21.

12. The Committee is helping to progress the Member Engagement Programme, which includes the training and development offer for all County Councillors. During the period covered by the report GDPR/Information Governance training was provided for members. Following discussion at Full Council and Personnel Committee it has been agreed that all elected members will undertake equalities training, including unconscious bias training. This is being scheduled for November. Social Media workshops are also being developed for elected members during the Autumn/Winter. Work has also begun to develop proposals for the Members Induction Programme, which will include mandatory training such as training for Planning and Pensions Committees.

Priorities for 2020/21




13. The impact of the pandemic on the work of the Committee in 2020/21 has been significant. With a compressed agenda for the remainder of the year, it is important for the Committee to ensure its agendas are well prioritised and scheduled. This will ensure the Committee receives the key assurance it requires as the Council works through its recovery and renewal phase.

14. Assurance mapping is a key plank in the Committee's sources of assurance for fulfilment of its remit. The annual report from this activity in 2019/20 is to be reported to the Committee in October 2020, and it will make proposals for its continued development and use in 2020/21 and beyond. Key themes for suggested development will be:

- Areas of focus - proposing a close alignment with the Council's risk management process

- Nature of assurance feeds – to complement the annual process with the establishment of continuous assurance feeds within the Council.

15. It is proposed that key priorities for the Committee in 2020/21 should embrace a blend of its core duties as set out in the Council’s Constitution, along with developmental activities to help maintain a high degree of focus on governance and ethical values in the Council. It should also be a priority for the Committee to carry out appropriate training and development activities for its members, to ensure all feel suitably skilled and confident in carrying out the important role they play in the Council’s governance framework. The following are potential priorities in 2020/21 for Members to discuss:

	<p>Core business</p> <ul style="list-style-type: none"> ➤ Statement of accounts ➤ External audit plans and outcomes ➤ Internal Audit plans, outcomes and implementation of recommendations ➤ Counter-fraud – with a particular emphasis on the key, external threats and the Council’s processes for recovering losses ➤ Oversight of complaints and Ombudsman reports – to continue the transparent approach adopted to date ➤ Information governance ➤ Corporate risk management ➤ Member conduct
	<p>Promoting strong governance and sound ethical values</p> <ul style="list-style-type: none"> ➤ Expansion of assurance mapping ➤ Arrangements for determining the Council’s risk appetite ➤ Reviewing the Council’s ethical framework ➤ Regular updates of the Annual Governance Statement ➤ Self-assessments against best practice guidance for governance and ethics ➤ Annual report to Full Council
	<p>Member training</p> <ul style="list-style-type: none"> ➤ Risk management concepts and their application using a case study approach ➤ Links with other county and regional audit committees ➤ Participation at regional and national conferences and seminars ➤ Introduction of more regular and targeted briefing sessions with key officers ➤ Equalities training ➤ Social media training ➤ Future induction training to include mandatory training

Other Options Considered

16. The Committee agreed the implementation of an annual report of its activities at its meeting in July 2018. No other options were considered.

Reason for Recommendation

17. To provide assurance to the Council that the Governance & Ethics Committee is delivering against the terms of reference for the Committee, as set out in the Constitution.

Statutory and Policy Implications

18. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

The remit of the Governance & Ethics Committee is to direct and receive assurance that the Council is meeting many of the issues identified above. Its work since establishment in May 2017 has addressed many of the above.

RECOMMENDATION

- 1) That Council considers the achievements of the Governance & Ethics Committee and endorses its intended areas of focus for the coming year.

Councillor Bruce Laughton
Chairman of the Governance & Ethics Committee

For any enquiries about this report please contact:
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Constitutional Comments (EKH 24/09/2020)

19. This report is appropriate to be considered by the County Council.

Financial Comments (RWK 28/09/2020)

20. There are no specific financial implications arising directly from the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All