

**REPORT OF THE CHAIRMAN OF THE GOVERNANCE & ETHICS COMMITTEE****GOVERNANCE & ETHICS COMMITTEE ANNUAL REPORT 2021/22****Purpose of the Report**




1. To report to the County Council the work of the Governance & Ethics Committee in 2021/22 and the intended areas of focus for the current year.

**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.
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 fourth annual report.

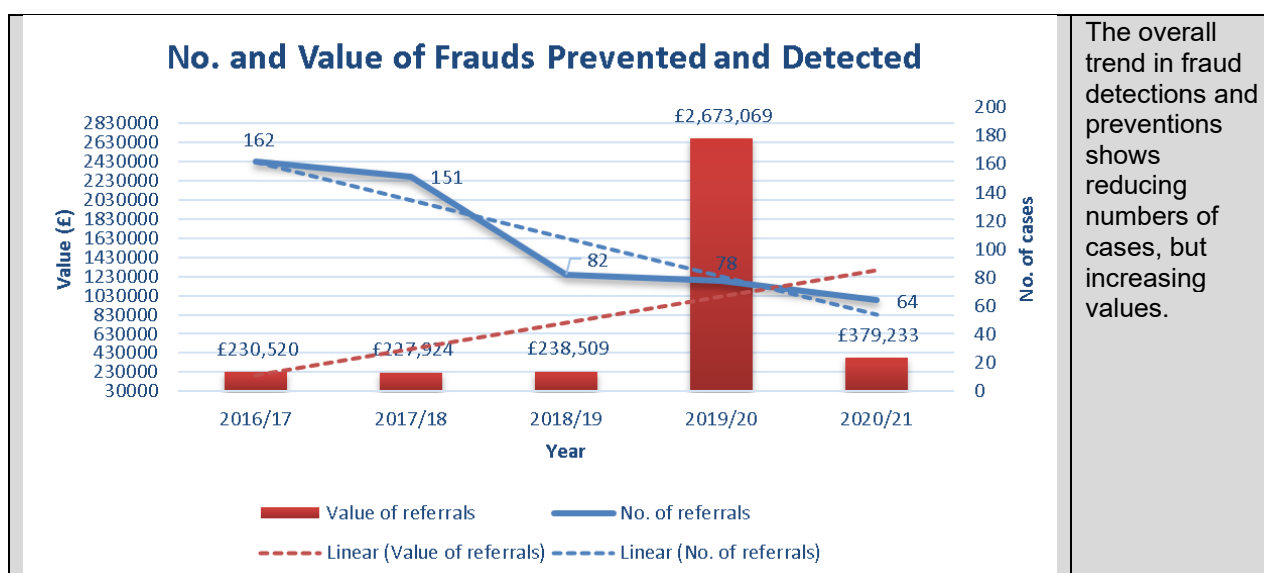
***Achievements against the Committee's terms of reference***

5. **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 an area of concern, as the implementation rate for Priority 1 recommendations has seen a decline compared with previous years. Whilst acknowledging the continuing impact the pandemic has had on services' capacity to meet the agreed implementation dates in all cases, most notably in Adults' Social Care and Public Health, the Committee began stepping back up its emphasis on inviting senior managers to committee meetings to provide verbal updates on progress. This will need to continue in the current year to drive agreed improvements through to implementation.

 Limited assurance  <b>REASONABLE ASSURANCE</b> Risk levels are acceptable  Substantial assurance	The Head of Internal Audit provided a consistent and satisfactory opinion on the Council's arrangements across governance, risk management and control.
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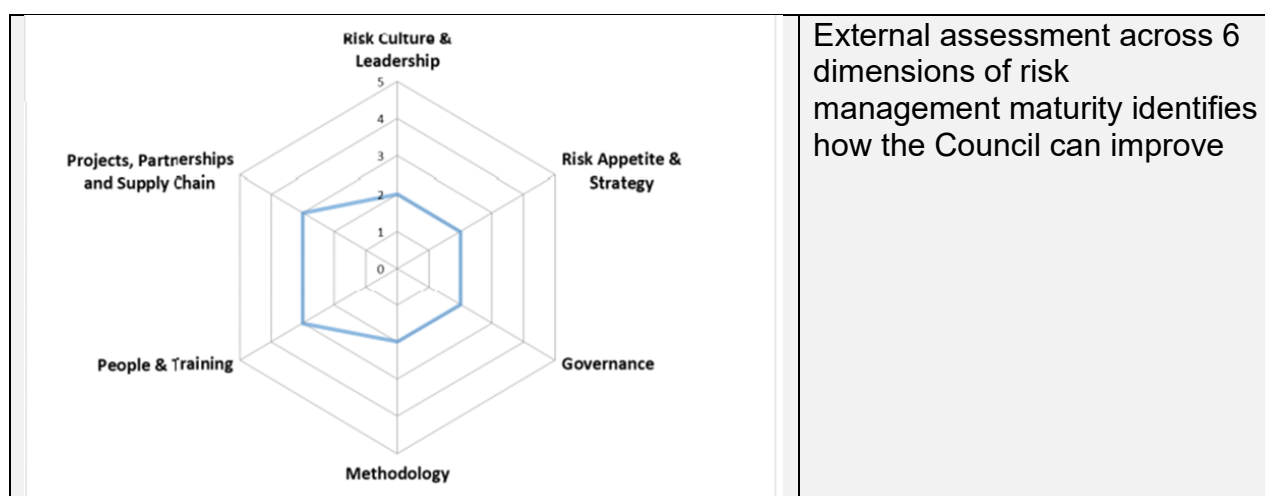
The Committee has been similarly supportive of the work of the Council's external auditors, again receiving updates on progress with the annual audit, and confirming an appropriate response from management to the findings and recommendations reported.

- b) **Assurance mapping:** This continued to provide important intelligence for the Committee in determining where it may require additional assurance in the following year. Work progressed to develop further the content and frequency of continuous assurance feeds to the Committee around the Council's key governance processes, to complement the annual mapping exercise.
- c) **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. 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.



- d) **Annual Statement of Accounts and Annual Governance Statement:** The Committee received and approved these Statements for 2020/21 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.

- e) **Risk Management:** The Committee received six-monthly updates on corporate risk management, including the outcome of an external review of the Council's arrangements. This identified scope to strengthen the Council's framework, and the Committee agreed an action plan for improvement.



- f) **Councillors' Divisional Funds:** A member working group was established to consider proposals for the review of the Councillors' Divisional Fund policy and procedures. This followed receipt of an internal audit report on its operation. The working group reported its findings and recommendations at the close of the year, which were accepted by the Committee.
- g) **Local Government Ombudsman Reports and Complaints:** The Committee continued its 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.
- h) **Expenditure review programme:** At the start of the year, the Chairman and Vice-Chairman liaised with Service Committee Chairs to consider a programme of expenditure reviews, to be led by the Vice-Chair of this Committee. A Member-led review of Children's Services expenditure commenced during the summer, initiated by the Finance Committee. This was incorporated into the Governance & Ethics Committee's programme, and the Vice-Chairman of Governance & Ethics Committee participated in this first review. The next scheduled Governance & Ethics Committee review, of Adults' Day Services, was necessarily delayed due to the ongoing pressures of the pandemic for the Adults Department. However, this review was underway at the close of the year.
6. The Committee has made appropriate use of the range of powers delegated to it under the terms of the Constitution, as summarised below:

Delegated power	Summary of activity
<b>Decision- making</b>	Decisions have been taken at each Committee meeting in relation to the areas of activity within the Committee's remit
<b>Performance review</b>	Periodic updates of the service delivered by Internal Audit



Delegated power	Summary of activity
	In relation to Internal Audit  Progress against the Annual Governance Statement Action Plan
Review of officers' decisions	Annual scrutiny of decisions taken by officers to waive financial regulations
Consultation responses	Considered the Council's response to district level governance and electoral reviews

### ***Member training***

7. A programme of induction training was delivered for all members of the Committee, following the elections in May 2021. This was focussed on furnishing the refreshed membership of the Committee with the knowledge it needs to perform its important role in the Council's governance framework.

### ***Priorities for 2022/23***

8. The impact of the Council's adoption of the Cabinet/Scrutiny model of governance needs to be assessed for the Governance & Ethics Committee. Once any implications for its remit have been determined, a planned schedule of assurance over the course of the year will map out the reports the revised Committee will require to meet its remit.
9. It is proposed that key priorities for the Committee in 2022/23 should embrace a blend of its core duties as set out in the Council's Constitution, along with training and developmental activities to help maintain a high degree of focus on governance and ethical values in the Council. The following are potential priorities in 2022/23 for Members to discuss:

	<b>Member training</b> <ul style="list-style-type: none"> <li>➤ Understanding the role of the Committee in the context of the new Cabinet/Scrutiny model of governance</li> <li>➤ Risk management concepts and their application using a case study approach, following full implementation of the Council's revised process for risk management</li> <li>➤ Links with other county and regional audit committees</li> <li>➤ Participation at regional and national conferences and seminars</li> <li>➤ Introduction of more regular and targeted briefing sessions with key officers</li> </ul>
	<b>Core business</b> <ul style="list-style-type: none"> <li>➤ Statement of accounts</li> <li>➤ External audit plans and outcomes</li> <li>➤ Internal Audit plans, outcomes and implementation of recommendations</li> <li>➤ Counter-fraud – with a particular emphasis on the key, external threats and the Council's processes for recovering losses</li> <li>➤ Oversight of complaints and Ombudsman reports – to continue the transparent approach adopted to date</li> <li>➤ Information governance</li> <li>➤ Corporate risk management</li> <li>➤ Member conduct</li> </ul>

**Promoting strong governance and sound ethical values**

- Reviews of significant areas of Council expenditure
- Continuation 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

**Other Options Considered**

10. 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**

11. 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**

12. 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.

13. 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 the achievements of the Governance and Ethics Committee in 2021/22 be noted and the intended areas of focus for 2022/23 be endorsed.

**Councillor Philip Owen**

**Chairman of the Governance & Ethics Committee**

**For any enquiries about this report please contact:**

Marjorie Toward  
Service Director – Customers, Governance &  
Employees

Nigel Stevenson  
Service Director – Finance, Infrastructure &  
Improvement

**Constitutional Comments (EKH 22/03/2022)**

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

**Financial Comments (SES 18/03/2022)**

15. 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