

Governance Committee

Tuesday, 23rd March, 2021, 6.00 pm

Hybrid Meeting – to be held in the Wheel Room, Civic Centre, West Paddock, Leyland PR25 1DH and Via Microsoft TEAMS

Accessible via Microsoft Teams and YouTube

This meeting will be live streamed on YouTube and can be accessed [here](#).

IMPORTANT INFORMATION – MEMBERS

Members of the Council not on Committee are now permitted to register and speak at the meeting using Microsoft Teams.

If you would like to speak please email democraticservices@southribble.gov.uk in order to register your intent to speak, ideally before 12pm on Friday 19 March 2021.

Members of the Committee and any other members who wish to attend the socially distanced meeting in person may do so at the Civic Centre. Please advise democraticservices@southribble.gov.uk in order that arrangements may be made to ensure social distancing.

Alternatively, members may dial in to the meeting using Microsoft TEAMS.

IMPORTANT INFORMATION – MEMBERS OF THE PUBLIC

Unfortunately, due to the current situation surrounding COVID19 we are unable to allow Members of the Public to speak at this meeting, these measures are temporary and will be reviewed as circumstances and the current restrictions improve.

However, written representations are being received and can be read out at the meeting with a written response provided. If you would like to make representations on any of the items below please email Democratic Services, democraticservices@southribble.gov.uk no later than 12pm on Friday 19 March 2021.

Agenda

- 1 Apologies for absence**
- 2 Declarations of Interest**

Members are requested to indicate at this stage in the proceedings any items on the agenda in which they intend to declare an interest. Members are reminded that if the interest is a Disclosable Pecuniary Interest (as defined in the Members' Code of Conduct) they must leave the room for the whole of that item. If the interest is not a Disclosable Pecuniary Interest, but is such that a member of the public could reasonably regard it as being so significant that it is likely that it would prejudice their judgment of the public interest (as explained in the Code of Conduct) then they may make representations, but then must leave the meeting for the remainder of the item.

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| 3 Minutes of the last meeting | (Pages 5 - 8) |
| Minutes of the last meeting held on Tuesday, 19 January 2021 attached for approval. | |
| 4 Annual Governance Statement - Progress Report | (To follow) |
| Report of the Director of Governance and Monitoring Officer to follow. | |
| 5 Internal Audit Plan 2021 - 2022 | (Pages 9 - 30) |
| Report of the Director of Governance and Monitoring Officer attached. | |
| 6 Key Contracts and Partnerships Framework - approach | (Pages 31 - 36) |
| Report of the Deputy Chief Executive attached. | |
| 7 Governance Committee Effectiveness Review | (Pages 37 - 56) |
| Report of the Director of Governance and Monitoring Officer attached. | |
| 8 Risk Management Strategy | (Pages 57 - 68) |
| Report of the Director of Governance and Monitoring Officer attached. | |
| 9 Local Code of Corporate Governance Update | (Pages 69 - 88) |
| Report of the Director of Governance and Monitoring Officer attached. | |
| 10 Proposed Updated Financial Procedure Rules | (To Follow) |
| Report of the Deputy Director of Finance / Section 151 officer to follow. | |

Gary Hall
Chief Executive

Electronic agendas sent to Members of the Governance Committee Councillors
Ian Watkinson (Chair), Colin Sharples (Vice-Chair), Damian Bretherton,
Christine Melia, Margaret Smith and Angela Turner

The minutes of this meeting will be available on the internet at
www.southribble.gov.uk

Forthcoming Meetings

6.00 pm Tuesday, 25 May 2021 - Wheel Room, Civic Centre, West Paddock,
Leyland PR25 1DH

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MINUTES OF GOVERNANCE COMMITTEE

MEETING DATE Tuesday, 19 January 2021

MEMBERS PRESENT: Councillors Ian Watkinson (Chair), Colin Sharples (Vice-Chair), Christine Melia, Angela Turner, Damian Bretherton, Colin Clark and Margaret Smith

OFFICERS: Gary Hall (Chief Executive), Dave Whelan (Shared Services Lead - Legal & Deputy Monitoring Officer), Victoria Willett (Service Lead - Transformation and Partnerships), Howard Anthony (Partnerships Manager), Kerry Maguire (Senior Risk and Insurance Manager), Darren Cranshaw (Shared Services Lead - Democratic, Scrutiny & Electoral Services) and Clare Gornall (Democratic and Member Services Officer)

OTHER MEMBERS AND OFFICERS: Councillors Foster and P Smith

PUBLIC: 0

73 Apologies for absence

There were none.

74 Declarations of Interest

There were none.

75 Minutes of the Last Meeting

The draft minutes of the last meeting held on 22 December 2020 were submitted for approval.

Reference was made to Minute 69 with regard to the Audit Findings 2018-19 and the planned issue of a Section 24 notice under the Local Audit and Accountability Act 2014 by the External Auditor. The Chief Executive confirmed that the said Section 24 notice had now been received and that a report detailing the Council's response and actions it intends to take would be submitted to next meeting of Full Council.

Arising from this the External Auditor also updated the Committee with regard to the Audited Statement of Accounts 2018/19, in which he confirmed that a value for money conclusion and audit opinion had been issued on 23 December 2020 and also with regard to the Audited Statement of Accounts 2019/20, which he said had been concluded on 12 January 2021 and that he had issued an audit opinion and value for money conclusion, and a Section 24 notice on that date.

RESOLVED (unanimously):

That the minutes of the meeting held on 22 December 2020 be agreed and signed as a correct record by the Chair.

76 South Ribble Corporate Risk Register 2021

The Shared Services Lead – Transformation and Partnerships, Vicky Willet, presented a report of the Deputy Chief Executive detailing an updated Corporate Risk Register 2021 which included 16 strategic risks to the Council, including existing controls and actions planned to further mitigate identified risks.

Members raised queries and made comments in relation to R08 Strategic Partnerships (particularly City Deal), R09 Agile Services (consideration post COVID 19), R10 Council's reputation, R11 Shared Services Agreements, R12 Staff Satisfaction and morale (particularly the impact of the current pandemic, homeworking and Shared Services), and R15 Data breach or action leading to complaints or ICO investigation.

Regarding staff satisfaction and morale, Ms Willet highlighted that the result of the latest survey of staff satisfaction was 78%, following work to address the issue of staff wellbeing over the last six months and this would be progressed further this year especially in light of the current pandemic. She also indicated that the Register was a 'live' document regularly reviewed by the leadership team and senior management. The next report to Committee was due after the end of the financial year. A full review and report is submitted to Committee biannually but this could be more often at the request of members. The Chief Executive also stressed that the leadership team continue to actively engage with staff and unions with regard to shared services.

With regard to Agile services and Council reputation, this relates to the ability of the Council to adapt to changing circumstances and thus impacting on customer satisfaction and effectiveness in engaging with residents. They are identified as risks to the Council if not managed effectively.

In relation to Strategic Partnerships, particularly the City Deal, the Chief Executive explained that the residual risk score has resulted in 'green' on the Action plan due the fact that the Council has mitigated the risk as well as it can in that the Council has made its position clear i.e. that it will stick to the existing financial deal.

In relation to R15 Data breach or action leading to complaints or ICO investigation, the Chief Executive explained that the risk relates to specific third party access to our systems and how the Council is looking to better share its intelligence e.g. with health partners and how the associated risks will be mitigated.

RESOLVED – (unanimously):

That the strategic risks, the controls in place and actions planned to further mitigate the strategic risks as outlined in appendix 1 to the report, be noted.

77 Insurance Brokerage Procurement

The Deputy Monitoring Officer presented a report informing members of the recent brokerage insurance procurement. The Insurance Broker contact was last procured

in 2016 which established a 2-year contract on a fixed fee basis, with the option to extend on an annual basis for a further 2 years. Both councils chose to extend the contract into years 3 and 4 with the contract coming to an end on the 31 December 2020. A procurement exercise was therefore necessary during 2020 to obtain a new contract. The report identified the successful bid as £840.00 which represented a substantial saving.

In response to a query, it was confirmed that there were 3 bids received and that the criteria weightings were 70% quality and 30% price, with additional criteria relating to due diligence. The successful bidder scored highest on quality and price. The contract would be for 2 years, with the option to extend for a further 2 years.

RESOLVED (unanimously):

That the report be noted.

78 RIPA Update

The Deputy Monitoring Officer presented a report providing a brief update to members regarding the use of the Council's powers under the Regulation of Investigatory Powers Act 2000 (RIPA).

RESOLVED (unanimously):-

That the report be noted.

Chair

Date

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Report to	On
Governance Committee	Tuesday, 23 March 2021

Title	Report of
Internal Audit Plan 2021 - 2022	Director of Governance and Monitoring Officer

Is this report confidential?	No
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Purpose of the Report

1. This report explains the content of the Internal Audit work programme for the 2021-2022 financial year which has been determined following a detailed risk assessment and consultation exercise. The Internal Audit Plan is the vehicle by which audit workload is identified and prioritised.

The main purposes of the report are to:

- Remind members of the respective roles of managers and Internal Audit to maintain a sound system of governance and internal control within the Council;
- Provide details of the Internal Audit Plan for 2021-2022 and associated performance indicators;
- Seek the Committee’s approval of the Audit Plan;
- Seek the Committee’s approval of the Internal Audit Charter;
- Highlight to the Committee the reporting arrangements for 2021-22.

The report also contains details regarding the Internal Audit Annual Opinion for 2020 – 2021.

Recommendations

2. That the Committee approve the 2021-2022 Internal Audit Plan and associated indicators.
3. That the Committee approve the Internal Audit Charter.

Corporate outcomes

4. The report relates to the following corporate priorities:

An exemplary council	x	Thriving communities	
A fair local economy that works for everyone		Good homes, green spaces, healthy places	

The Role of Management and Internal Audit

5. The responsibility for implementing a strong system of governance and internal control within the Council lies primarily with the Shared Senior Management Team. Directors and Service Leads need to ensure that they maintain effective control procedures not least because services and business systems are subject to on-going change.
6. Internal Audit is an independent appraisal function whose core objective is to evaluate and report on the adequacy of the Council's system of governance, risk management and internal control. In the main this is achieved through an annual programme of reviews, following a detailed risk assessment of audit need.

Audit Plan

7. The 2021-2022 Internal Audit Plan contains the programme of reviews for the next financial year and is shown at **Appendix A**. This has been constructed following an assessment of audit need by considering a range of factors, such as significant changes in staffing, systems and procedures, the length of time since an area was last audited and items in the Strategic Risk Register. There has also been extensive consultation within each service and by the Shared Senior Management Team which has taken an overview of audit requirements.
8. The following paragraphs summarise the individual areas that will be subject to audit coverage in 2021-2022.

Corporate

- Undertaking corporate and service level governance reviews in support of the Annual Governance Statement;
- Review and update of Anti-Fraud and Corruption Policies. Raising Officers' and Members' awareness of fraud by publishing regular fraud bulletins;
- Co-ordinating the Council's input to the National Fraud Initiative (NFI) which enables specific data on the Council's computer systems to be collated and matched with similar data from other councils / public bodies, in order to identify any potential irregularities.
- Supporting the work of the Programme Board.
- Finalising the draft Internal Audit review of the Health and Wellbeing Campus.

Risk Based Reviews of the following systems

- Council tax
- Business rates
- Sundry debtors
- ICT reviews x 2 (reviews to be determined)
- Neighbourhoods record management
- Plant inventories / contract management

- Section 106 Agreements
- Community Infrastructure Levy
- Commercial and Assets
- Leisure Centres
- Facilities and Building Management
- Safeguarding (including Prevent arrangements)
- Disabled facilities grants
- Recruitment and selection
- Payroll
- Budget monitoring and reporting
- Journals / Bank reconciliations
- Creditors
- Treasury management
- Income collection

Compliance Reviews

- Performance Management / Data Quality
- General Data Protection Regulations
- Health and Safety
- Risk Management
- Contract Procedure Rules

Project Team Support

- Revenues and Benefits aligning of processes
- Town Deal / Worden Hall

General Areas

This aspect of the Plan is to enable Internal Audit to:

- Follow-up management actions agreed in earlier audit reports;
- Respond to requests from Management for unplanned reviews
- Assist with the Lancashire wide Public Sector Internal Audit Standards peer reviews
- Complete any residual work from 2020/21
- Undertake the review of effectiveness of Internal Audit
- GRACE system administrator role
- Prepare reports for and attend the Governance Committee.

In addition to the above, the Internal Audit plan also contains time to support the additional work placed on the Authority as a result of COVID. This work will consist of providing post assurance on the Business Support grants and other payments. Internal Audit will also provide support in development of any new process to ensure effective controls are in place and operational.

Audit Days

9. The Internal Audit Plan for 2021-2022 is based on a resource of 499 audit days. This is the number of chargeable days available within the existing budget (after deducting

annual leave and other non-chargeable time) and includes both in house and bought in resource.

Reporting to Governance Committee

10. Currently, the Governance Committee receive quarterly reports from Internal Audit showing progress against the Internal Audit Plan. It is proposed to move to reporting progress 3 times per annum as shown below:

Date	Report
September	First progress report covering work completed between April and August.
January	Second progress report covering work completed between September and December
May / June	Annual report, including all completed work for the year. (NB – for the year 20-21, due to COVID impacting upon the work of internal audit during 19-20, a report will be provided of the progress of key quarter one reviews at the meeting in May 2021)

11. In addition to the above reporting regime, any Internal Audit Reports with a limited assurance rating will be issued to all members of the committee once the review has been finalised.

Internal Audit Performance Indicators

12. Following a review of the performance measures and targets maintained by Internal Audit, it is proposed that the following indicators listed below are reported to the Governance Committee and will be included in the progress reports for 2021/2022 onwards.

Performance Indicator	Target
% of Planned time used	90%
% of Audit Plan completed	90%
% satisfaction rating (assignment level)	90%
% of agreed actions implemented by management	90%

Internal Audit Charter

13. From 1st April 2013, the CIPFA Code of Practice for Internal Audit in Local Government 2006 was replaced by new UK Public Sector Internal Audit Standards (PSIAS). The Attribute Standard of the PSIAS “*Purpose, Authority and responsibility*” specifically requires the production of an Internal Audit Charter and for it to be periodically reviewed. The Charter was last reviewed in April 2018 and so it is now appropriate for it to be reviewed to ensure it is fit for purpose and compliant with the PSIAS.

14. The reviewed Internal Audit Charter is included at **Appendix B**.

Internal Audit Annual Report and Opinion 20/21

15. The production of an annual report including an annual opinion on the adequacy and effectiveness of the organisation's framework of internal control, governance and risk management is a requirement of the Public Sector Internal Audit Standards.
16. It has however been recognized by CIPFA that due to the significant impact of COVID on public services, that for the year 20-21, there is the potential to be a limitation of scope for the annual opinion. A limitation of scope arises where the Head of Internal Audit is unable to draw on sufficient assurance to issue a complete annual opinion. This should not be confused with an adverse opinion, which arises when sufficient work has been completed to enable the HIA to conclude that arrangements are not adequate and effective.
17. CIPFA have issued guidance aimed at authorities who may have a limitation of scope and this is attached at **Appendix C**. The guidance sets out the requirements for an annual opinion and actions which can be taken in order to try and address the limitation of scope. It also gives three potential scenarios in which a limitation of scope may apply as:
- The HIA has obtained insufficient assurance across each of the three aspects of the opinion: governance, risk management and internal control, and is therefore unable to issue an opinion
 - The HIA has obtained insufficient assurance across one of the three aspects of the opinion: governance, risk management and internal control. The limitation of scope will be restricted to that aspect only.
 - The HIA has obtained insufficient assurance across a significant subset of risk or area of operation that is material
18. As previously reported to members, the Internal Audit Team were re-deployed into the Community Hubs for a period of time which clearly impacted upon the delivery of the Internal Audit Plan for 20-21. We are however, using the actions highlighted in the guidance and using all other available sources of assurance in order to reduce the potential for a limitation of scope across the 3 aspects of the opinion.

Appendices

Appendix A Internal Audit Plan 2021-2022

Appendix B Internal Audit Charter

Appendix C CIPFA Guidance to Internal Auditors and the Leadership Team and Audit Committee of Local Government Bodies

Dawn Highton
Service Lead – Audit and Risk

Report Author:	Email:	Telephone:	Date:
Dawn Highton	dawn.highton@southribble.gov.uk	01772 625625	10/3/21

Internal Audit Plan 2021-2022	QTR	Days	Comments
CORPORATE AREAS			
Annual Governance Statement	1	20	To support the 2021 Annual Governance Statement
Anti-Fraud & Corruption	ALL	5	Review and update of probity policies
NFI	ALL	5	Submission of data for the 2021 exercise
COVID support work	ALL	52	COVID support work / grants post assurance / new processes
Programme Board	ALL	5	Preparation for and attendance at Programme Board
Health and Wellbeing Campus	1	5	Consideration/progressing draft report
CUSTOMER & DIGITAL			
Customer Services			
Council Tax	2	15	Risk based review
Business Rates	2	15	Risk based review
Sundry Debtors	2	15	Risk based review
Project support	2	5	Aligning Revs and Bens processes
ICT			
Review 1	2	15	Review to be determined - risk assessment with MIAA
Review 2	4	10	Review to be determined - risk assessment with MIAA
Streetscene / Neighbourhoods			
Neighbourhoods record management	1	15	Risk based review
Plant inventories / contract management	3	15	Risk based review
PLANNING & DEVELOPMENT			
Planning / Development Control			
Section 106 agreements	4	15	Risk based review
Community Infrastructure Levy	4	15	Risk based review
COMMERCIAL & PROPERTY			
Commercial & Assets			
Commercial and Assets	4	10	Risk based review
Leisure Centres	3	15	Risk based reievew
Facilities and Building Management	1	15	Risk based review
Project support	ALL	10	Mckenzie Arms / Worden Hall / Town Deal
COMMUNITIES			
Safeguarding (incl Prevent arrangements)	4	10	Risk based review
Disabled Facilities Grants	4	15	Risk based review

Internal Audit Plan 2021-2022	QTR	Days	Comments
TRANSFORMATION & PARTNERSHIPS			
Performance Management / Data quality	1	15	Compliance review
Recruitment and Selection	4	10	Risk based review
Payroll	3	10	Risk based review
GOVERNANCE			
General Data Protection Regulations	3	15	Compliance review
Health and Safety	3	15	Compliance review
Risk Management	4	10	Compliance review
Compliance with contract procedure rules	1	10	Compliance review
FINANCE			
Budget Monitoring and reporting	3	15	Risk based review
Journals / Bank reconciliations	3	10	Risk based review
Creditors	2/3	15	Risk based review
Treasury Management	1/2	10	Risk based review
Income collection	2	15	Risk based review
GENERAL AREAS			
Post Audit Reviews	ALL	5	Follow up of agreed actions
Contingency / Irregularities	ALL	5	Unplanned reviews / contingency
PSIAS - PEER REVIEW	ALL	5	peer reviews to commence 2021
Residual Work from 20.21	1	5	Finalise reviews
Internal Audit Effectiveness review	4	2	IA Effectiveness review
GRACE (Administrator role)	ALL	5	Administrator functions
Committee Reporting / Effectiveness Review	All	20	Preparation of reports and attendance at Governance Committees
TOTALS		499	

Internal Audit Charter

March 2021



INTERNAL AUDIT CHARTER

1.0 PURPOSE AND MISSION

- 1.1 The purpose of South Ribble Borough Council's (SRBC) Internal Audit Service is to provide independent, objective assurance and consulting services designed to add value and improve SRBS's operations. The Internal Audit Service helps SRBC accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.
- 1.2 Whilst it is the Council's responsibility to establish and maintain effective risk management and control systems, Internal Audit plays a key role in providing assurance to the Council that these systems are not only in place but are operating effectively. Any necessary action arising as a result of its work is designed to further strengthen the control environment and therefore assist with the achievement of the organisation's objectives.
- 1.3 Responsibility for and ownership of this Charter remains with the Council, however, while responsibility for its periodic review rests with the Shared Service Lead for Audit and Risk (Head of Internal Audit), final approval resides with the Audit Committee.

2.0 MISSION STATEMENT

- 2.1 "To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight"

3.0 STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDIT

- 3.1 The Charter establishes the Framework in which SRBC's Internal Audit Service operates and allows it to meet its professional obligation under the Public Sector Internal Audit Standards (PSIAS). The PSIAS encompass the mandatory elements of the Global Institute of Internal Auditors Professional Practices Framework, including its definition of Internal Auditing, Code of Ethics and international standards for the professional practice of Internal Auditing.
- 3.2 For the purposes of clarity, the terms "*Board*" and "*Senior Management*" as referred to in the PSIAS, relate to the Governance Committee and the Senior Management Team. The term "*Chief Audit Executive*" shall refer to the Shared Service Lead for Audit and Risk.
- 3.3 In carrying out its work, the Internal Audit section has regard to the seven principles of public life i.e. Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

4.0 AUTHORITY

- 4.1 The Internal Audit Section derives authority from the Governance Committee, the Council and statute (Section 151 Local Government Act 1972 and the Accounts and Audit Regulations 2015).
- 4.2 Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties and personnel pertinent to carrying out any engagement. All employees are requested to assist the Internal Audit Service in

fulfilling its roles and responsibilities. The Internal Audit Service will also have free and unfettered access to the Governance Committee.

5.0 ORGANISATIONAL INDEPENDENCE & OBJECTIVITY

- 5.1 The Shared Service Lead for Audit and Risk operationally reports on day to day matters to the Director of Governance who is also the Council's Monitoring Officer and a member of the Senior Management Team. In all other aspects, the Shared Service Lead for Audit and Risk reports to the Governance Committee.
- 5.2 Internal Audit is independent of the Council's other services and has no other executive or operational responsibilities. It is organisationally independent in the planning, operation and reporting of its work and in exceptional circumstances and at his or her discretion, the Shared Service Lead for Audit and Risk has direct access to and freedom to report in his or her name to the Chief Executive and to the Chair of Governance Committee. In addition, the Shared Service Lead for Audit and Risk also has direct access to all senior management.
- 5.3 Shared Service Lead for Audit and Risk Audit will confirm to the Governance Committee, at least annually, the organisational independence of the Internal Audit Service.
- 5.4 Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal Auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- 5.4 The Shared Service Lead for Audit and Risk is also operationally responsible for the Council's Insurance, Business Continuity, Emergency Planning functions and for the administration and development of, and reporting on, the Council's Risk Management Strategy. It is considered prudent that any internal audit engagement covering the above operational areas and the risk management framework, especially for the formation of the annual opinion on the effectiveness of the control environment, would be overseen by a third-party external to the organisation.
- 5.5 In any instances, in addition to those outlined above, where there is any real or perceived impairment to Internal Audit's independence or objectivity, assurance will also be sought from a third-party external to the organisation.

6.0 SCOPE OF ACTIVITIES

- 6.1 The PSIAS state that the provision of assurance services is the primary role of Internal Audit activity and requires the Shared Service Lead for Audit and Risk to provide an annual opinion based on an objective assessment of the adequacy of the framework of governance, risk management and control. As such, the scope of its work relates to all the Council's activities, including those operated through partnerships with other organisations.
- 6.2 The role of Internal Audit is to understand the key risks of the Council and to examine and evaluate the adequacy and effectiveness of the system of risk management and internal control as operated by the Council. Internal Audit, therefore, has unrestricted access to all activities undertaken by the Council, in order to review, appraise and report on:
- the adequacy and effectiveness of all systems of financial, operational and management control and their operation in practice in relation to the business risks to be addressed;

- the extent of compliance with, relevance of, and financial effect of, policies, standards, plans and procedures established by the Council, and the extent of compliance with external laws and regulations;
- the economy, efficiency and effectiveness with which resources are employed;
- whether operations are being carried out as planned and corporate priorities are being met;
- the extent to which assets and interests are acquired economically, used efficiently, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause and that business continuity plans exist;
- the suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information;
- the integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud, and loss of all kinds; and that the process aligns with the Council's corporate priorities;
- the various sources of assurance that are available within the areas being reviewed and the extent to which these sources are effective in mitigating the risks. This is particularly the case where services may be provided in partnership and the Shared Head of Internal Audit will decide, in consultation with all parties, whether Internal Audit will carry out work to derive the necessary assurance or rely on the assurance provided by partners;
- the follow-up action taken to remedy weaknesses identified by Internal Audit review, ensuring that good practice is identified and communicated widely;
- the operation of the Council's corporate governance arrangements;
- the operation of the Council's risk management arrangements.

6.3 The Internal Audit Service will provide consultancy advice to management on all aspects of risk and control, on best financial practice, on interpretation of Financial and Contracts Procedure Rules, and on security arrangements. In addition, the section provides support and training on the GRACE system, all aspects of counter fraud, corruption, bribery and anti-money laundering.

6.4 The Internal Audit Service will undertake special investigations in cases of suspected fraud or irregularity. Financial Procedure Rules and the Council's Anti-Fraud and Corruption Policy require the Shared Service Lead for Audit and Risk to be notified immediately of all discovered or suspected cases of fraud, corruption or other financial irregularity.

7.0 RESPONSIBILITIES

7.1 The Shared Service Lead for Audit and Risk, is responsible for: -

- managing the Internal Audit Section and determining the scope and methods of audit activity;
- ensuring that Internal Audit staff operate within current auditing standards. For local authority auditors, these are mandatory and are laid down in the UK Public Sector Internal Audit Standards (PSIAS);
- ensuring that Internal Audit staff operate within ethical standards concerning professional behaviour issued by CIPFA (Statement of Professional Practice on Ethics) and the PSIAS (Code of Ethics);

- ensuring that Internal Audit staff have an impartial, unbiased attitude and avoid conflicts of interest;
- identifying areas of operation for Internal Audit review. Developing the Annual Audit Plan based on an assessment of materiality, risk factors and previous assurance, identifying the resources required to achieve the plan;
- Ensure trends and emerging issues that could impact upon South Ribble are considered and communicated to senior management and the Audit Committee as appropriate;
- consulting and agreeing the contents of the Annual Audit Plan with Senior Managers and Senior Management Team;
- submitting the Annual Audit Plan to the Governance Committee for approval;
- implementing the approved Annual Audit Plan;
- maintaining a suitably resourced, professional audit staff with sufficient knowledge, skills and experience to carry out the audit plan; in the event that resources are insufficient through either additional work being required or a loss of staff, the Shared Service Lead for Audit and Risk shall report this with a view to seeking approval for either additional temporary resources or a report be issued to Governance Committee informing them of the shortfall in resources and seeking their approval to a reduction in the audit plan;
- Review and adjust the audit plan as necessary, in response to changes in the Council's risks, operations, programmes, systems and controls and agree any changes with the Governance Committee;
- reporting to Management on the results of audit activities, identifying and agreeing improvements where necessary;
- giving an indication of the level of assurance that can be provided to Management and Governance Committee on the results of its audit work, using the Three Lines of Defence;
- reviewing and reporting on the Council's risk management arrangements;
- reviewing the effectiveness of progress taken by Management to implement agreed actions;
- submitting audit reports to Governance Committee on an ongoing basis and then on a periodic basis submitting audit plan work progress reports, including Internal Audit performance indicators and an annual Internal Audit report to the Governance Committee. The annual report must include a statement on conformance with the PSIAS;
- providing the Audit Committee with an annual opinion of the overall adequacy and effectiveness of the Council's internal control systems, in accordance with the Accounts and Audit Regulations, and at the same time providing assurance to the S 151 officer in relation to the above systems. This opinion will be an important element of the council's review of the effectiveness of its control environment and will be used by the council to inform its Annual Governance Statement.
- reviewing and reporting on the Council's Corporate Governance Framework to the Governance Committee;

8.0 REPORTING AND MONITORING

- 8.1 A written report will be prepared and issued by the Shared Service Lead for Audit and Risk following the conclusion of each Internal Audit engagement and will be distributed as appropriate.

The Internal Audit report may include management's response and corrective action taken or to be taken regarding the specific findings and recommendations. Management's response will include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented. The Internal Audit Service will be responsible for appropriate follow-up of findings and recommendations. All significant findings will remain in an open issues file until cleared. Internal Audit results will also be communicated to the Governance Committee.

9.0 PERIODIC ASSESSMENT

- 9.1 The Shared Service Lead for Audit and Risk is responsible also for providing periodically a self-assessment on the Internal Audit Service as regards its consistency with the Audit Charter (purpose, authority and responsibility) and performance relative to its Plan.
- 9.2 In addition, the Shared Service Lead for Audit and Risk will communicate to the Senior Management Team and the Governance Committee on the Internal Audit Service's quality assurance and improvement programme, including results of ongoing internal assessments and external assessments conducted at least every five years.

CIPFA Guidance to Internal Auditors and the Leadership Team and Audit Committee of Local Government Bodies

Head of Internal Audit Annual Opinions: Addressing the Risk of a Limitation of Scope

Introduction and rationale for the guidance

The impact of COVID-19 on all the public services has been considerable and for internal auditors it has raised the question of whether they will be able to undertake sufficient internal audit work to gain assurance during 2020/21. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the head of internal audit (HIA) to issue an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the public body relies on for its annual governance statement.

CIPFA recognises that local government bodies are struggling with considerable challenges and are having to make difficult decisions on how best to use their available staff and financial resources to meet critical needs. However, the professional and regulatory expectations on local government bodies to ensure that their internal audit arrangements conform with PSIAS have not changed. In this difficult situation, heads of internal audit will need to consider whether they can still issue the annual opinion or whether there will need to be a limitation of scope. A limitation of scope arises where the HIA is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the professional standards. This is an issue not only for the HIA but also for the leadership team and the audit committee who normally rely on that opinion. It may also have wider consequences for stakeholder assessments of the organisation.

While the limitation of scope will only be formally published in 2021 as part of the HIA's annual report, this guidance addresses the importance of early identification of the risk. It suggests mitigating actions to be taken now to avoid a limited scope where possible. If a limited scope does become necessary the guidance suggests possible wording to use in the report.

Status of the CIPFA guidance

This guidance is prepared by CIPFA for internal auditors working in or for local government in the UK. CIPFA is the Relevant Internal Audit Standard Setter (RIASS) for local government and works with the other UK RIASS¹ to mandate the PSIAS across the public sector. This guidance has been shared with the other RIASS and other members of the Internal Audit Standards Advisory Board including the Chartered Institute of Internal Auditors. Other sectors should look to the appropriate RIASS for guidance.

This guidance is a sector specific requirement for local government in the UK.

¹ The Relevant Internal Audit Standard Setters are: HM Treasury in respect of central government; the Scottish Government, the Department of Finance Northern Ireland and the Welsh Government in respect of central government and the health sector in their administrations; the Department of Health and Social Care in respect of the health sector in England (excluding foundation trusts); and the Chartered Institute of Public Finance and Accountancy in respect of local government across the UK.

Key requirements for local government bodies

The key requirements that heads of internal audit, leadership teams and audit committees should follow are set out below and are supported by additional explanation.

1. The HIA should plan to obtain sufficient assurance to support the annual opinion, taking into account both internal audit work and other sources of assurance. The reliance the HIA is placing on other sources of assurance should be disclosed in the overall opinion.
2. The HIA, leadership team and audit committee should review and discuss internal audit capacity where there are concerns and develop an action plan to mitigate the risk.
3. The HIA should make best use of their audit resources to maximise assurance.
4. Where the HIA considers that a limitation of scope is likely, the leadership team and audit committee should be advised promptly. The HIA should set out the likely consequences assessed and advise on remedial action to avoid a limitation of scope.
5. The HIA annual report should contain a clear explanation of any limitation of scope along with its causes and plans to address the situation going forward.
6. Where the HIA annual report and opinion contains a limitation of scope the authority should state this in the annual governance statement.

Detailed guidance to support implementation

Planning adequate assurance to support the annual opinion

Just as in more normal times the HIA should plan audit work to ensure that sufficient assurance will be available to support the annual opinion. This guidance will not go into details about risk-based audit planning but it emphasises that the professional requirements of PSIAS have not changed. It is likely that internal audit plans will be more fluid than normal as a result of the impact of the pandemic on the organisation. Head of internal audit should already have agreed new audit priorities to cover the new risks and changes from the impact of COVID-19 and that work will provide support for the annual opinion.

CIPFA recognises that the impact of COVID-19 and the capacity of the organisation to respond will vary as a result of a number of factors. Alongside direct internal audit work the HIA can also place reliance on other assurance providers, as set out in PSIAS 250. However it is important to recognise that the quality and availability of that other assurance may also be impacted adversely by the pandemic in some organisations. These factors are likely to be beyond the control of the HIA.

The factors impacting on the availability of assurance from internal audit and other sources of assurance include:

- the changing risks and impacts on the organisation itself
- whether key governance, risk management and internal control arrangements have deteriorated or been maintained
- changes to the resource base of internal audit, whether staff or budget related
- demands on internal audit for any advisory or non-audit support that will not directly support the HIA opinion
- operational disruptions that impact on the access of internal auditors to key staff, information or systems resulting in greater inefficiency and reduced outputs.

Where an organisation has adopted a comprehensive assurance framework then this may be used by the HIA to support the opinion, if those other sources of assurance are demonstrated to be robust. CIPFA's [Financial Management Code](#) (FM Code), which is applicable to all UK local government bodies, has

assurance as one of its key principles. Principle C of the FM Code clearly sets out the responsibility of the leadership team to establish and support appropriate arrangements:

The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.

The CIPFA [Statement on the Role of the Head of Internal Audit](#) also emphasises the responsibility of the leadership team for establishing wider frameworks of assurance and accountability.

Engagement between the leadership team, audit committee and HIA

The PSIAS require regular communication and engagement with the leadership team and audit committee on the development of the internal audit plan (PSIAS 2010 and 2020), its execution (PSIAS 2060) and the results of the audit engagements (PSIAS 2400). Each organisation will have its own agreed arrangements in place that will also take into account the terms of reference of the audit committee. The CIPFA [Position Statement on Audit Committees in Local Authorities and Police](#) (2018) sets out the responsibility for the audit committee to provide oversight of the independence, performance and professionalism of internal audit.

PSIAS 2030 requires the HIA to ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan. If the HIA believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, the consequences must be brought to the attention of the leadership team and audit committee promptly. The CIPFA *Statement on the Role of the Head of Internal Audit* is clear that to perform their role effectively the HIA must lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively (Principle 4).

It is the responsibility of the organisation's leadership team to provide the HIA with the resources, expertise and systems necessary to perform their role effectively. Therefore it is essential for there to be meaningful engagement between the HIA, leadership team and audit committee. If the HIA has concerns about the quantity or calibre of internal audit resources available or there are other operational barriers to the delivery of the audit plan, they should assess the impact and likely consequences for the annual opinion and work with the leadership team and audit committee to find solutions to bridge the gap.

Making effective use of internal audit resources

When delivering the risk-based audit plan the HIA, supported by the leadership team, should make every effort to make best use of available internal audit resources over the remainder of the year. Possible actions could include:

- Streamlining audit processes to increase capacity.
- Narrowing the focus of audit scopes to examine only key risks
- Filling vacant audit posts, whether permanently, on a temporary basis or buying in audit expertise from an external provider.
- Exploring opportunities for internal secondments or other support for the audit team from non-internal audit staff who can nevertheless undertake some internal audit work.
- Evaluating any requests for advisory work and prioritising assurance work and advisory work that supports the annual opinion.
- Avoiding diversion of internal audit staff on to counter fraud work, or other non-core audit work, beyond that which is already accommodated within the plan.
- Increasing communication with client services to help ensure good co-operation from client services and avoid unnecessary delays in undertaking engagements.

Where the internal audit service provides services to partner bodies or on a commercial basis then agreements in place may provide little scope to amend resourcing in the short term.

Early identification of a limitation of scope

A limitation of scope arises where the HIA is unable to draw on sufficient assurance to issue a complete annual opinion. This should not be confused with an adverse opinion, which arises when sufficient work has been completed to enable the HIA to conclude that arrangements are not adequate and effective.

There are three possible scenarios for a limitation of scope:

1. The HIA has obtained insufficient assurance across each of the three aspects of the opinion: governance, risk management and internal control, and is therefore unable to issue an opinion.
2. The HIA has obtained insufficient assurance across one of the three aspects of the opinion. The limitation of scope will be restricted to that aspect only.
3. The HIA has obtained insufficient assurance across a significant subset of risk or area of operation that is material. An example might be where there were significant engagements set out in the plan that the audit service could not complete.

Where one of these situations is a risk then the HIA should take steps to inform the leadership team and audit committee of it as soon as possible and identify the underlying reasons. As part of the discussions with the leadership team and audit committee the HIA should identify the following:

- the extent of limitation of scope that is likely
- the reasons for limitation being necessary
- remedial steps planned or sought to minimise the extent of the limitation
- consequences of not addressing the risk that a limitation of scope will impact on the opinion.

Understanding the consequences of a limitation of scope

The primary consequence is that the leadership team and those charged with governance do not receive independent assurance that the framework of governance, risk management and control is adequate and effective. Without this assurance the organisation should consider the risk of significant control weaknesses, inefficiencies or poor performance remaining unidentified. In addition, opportunities for improvement may be lost. While internal audit can only offer reasonable assurance, not a 100% guarantee, the presence of that reasonable assurance is rightly valued.

Other consequences to consider:

- The organisation will need to highlight the limitation in its annual governance statement when referring to the HIA opinion
- Where the reason for the limitation also results in significant non-conformance with PSIAS during the year, then the HIA must report that as part of the quality assurance and improvement programme (QAIP) (PSIAS 1320). The results of the QAIP must be included in the annual report (PSIAS 2450). CIPFA's view is that if the limitation of scope is so significant that the HIA cannot provide an annual opinion that fulfils the PSIAS requirement then it is likely that there are other areas of non-conformance. Taken as a whole the internal audit service may no longer conform with PSIAS.
- The internal audit team is only able to state that they conform with the PSIAS if the results of the QAIP can demonstrate that. So if the last EQA concluded that the service conformed, but this year's QAIP demonstrates that the internal audit service does not, then it cannot claim to conform with PSIAS. Non-conformance should be considered for inclusion in the annual governance statement.

- Non-conformance with the PSIAS should also be taken into account when assessing the strength of assurance and the organisation's compliance with the CIPFA FM Code.
- If the internal audit service bids for or supplies its services to other organisations or partner bodies then losing conformance with the standards may have commercial consequences.
- The organisation's external auditor may take the limitation on the audit opinion or non-conformance with PSIAS into account when reviewing overall governance arrangements under the value for money or best value scope of the external audit. Different external audit arrangements apply across the UK and audit committees may wish to discuss this matter with their local auditors to understand the consequences.
- Internal audit will have a smaller than anticipated knowledge base to support future audit planning. The HIA will need to consider the implications for planning and resources as a consequence.
- Outside bodies who may have looked to the internal audit opinion as evidence for the organisation's sound governance may draw adverse inferences from the reported opinion.

Suggested wording of the limitation

In the annual report the HIA should detail the impact of COVID-19 on internal audit and the underlying causes of the limitation of scope. It should set out steps taken to mitigate or compensate, for example where additional reliance has been placed on other assurance providers.

The PSIAS do not specify the wording to use for the opinion section within the annual report but it should be clearly linked to the PSIAS requirement of *the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control*. The suggested wordings below apply when there is a need to accommodate a limitation of scope.

Type of limitation	Suggested wording
<p>The HIA has obtained insufficient assurance across each of the three aspects of the opinion: governance, risk management and internal control, and is therefore unable to issue an opinion.</p>	<p>The results of the work carried out by internal audit, taken together with other sources of assurance, are not sufficient to support an HIA annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is a requirement of PSIAS.</p> <p>The results of internal audit work concluded during the year and a summary of where it is possible to place reliance on the work of other assurance providers is presented in the annual report but this does not result in a comprehensive opinion.</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>
<p>The HIA has obtained insufficient assurance across one of the three aspects of the opinion: governance, risk management and internal control. The limitation of scope will be restricted to that aspect only.</p>	<p>The results of the work carried out by internal audit, taken together with other sources of assurance, are not sufficient to support an HIA annual opinion on the overall adequacy and effectiveness of the organisation's framework of [specify one of governance, or risk management or control].</p> <p>The results of internal audit work concluded during the year and a summary of where it is possible to place reliance on the work of other assurance providers in respect of [governance or risk management or control] is presented in the annual report but this does not result in an opinion on this aspect.</p> <p>[The HIA can then present their opinion on the remaining two aspects required.]</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>
<p>The HIA has obtained insufficient assurance across a significant subset of risk or area of operation that is material.</p>	<p>The HIA opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is [set out opinion].</p> <p>The HIA opinion however must exclude [specify area excluded] as there is insufficient assurance available for the HIA to offer reasonable assurance.</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>

Note it is possible for the HIA to separate out their annual opinions on governance, risk management and control if it is more meaningful to do so. This might arise for example where one aspect was significantly weaker than the other.

Ensuring there is a robust plan for future years

The HIA, leadership team and audit committee should work together to ensure that internal audit will be sustainable in 2021/22 and onwards. Specifically, they should ensure that the HIA can develop a risk-based plan that will support the annual opinion. Regular reporting and monitoring should take place to ensure that achievement of the plan is on track.

Where the organisation has identified weaknesses in any assurance arrangements beyond internal audit then the leadership team should develop appropriate improvement plans and the audit committee should monitor these regularly.

For further information please contact Diana Melville, Governance Advisor CIPFA

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**Approved by the Public Financial Management Board, CIPFA
19 November 2020**

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Report to	On
Governance Committee	Tuesday, 23 March 2021

Title	Report of
Key Contracts and Partnerships Framework - approach	Deputy Chief Executive

Is this report confidential?	No
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Purpose of the Report

1. To consider the proposed approach for the development of the Key Contracts and Partnerships Framework and to consider the next steps outlined.

Recommendations

2. To approve the approach for the development of the Key Contracts and Partnerships Framework and next steps.

Reasons for recommendations

3. As part of the South Ribble Annual Governance Statement there is an action to develop a Key Contracts and Partnerships Framework. The recommended approach will ensure a fit for purpose, robust and streamlined framework to monitor and performance manage key contracts and partnerships.

Other options considered and rejected

4. The alternative is South Ribble Borough Council does not have a Key Contracts and Partnerships Framework in place however this could create inconsistencies in the approach to contract management and scrutiny, limiting the overall level of assurance and opportunities to ensure strong performance.

Corporate outcomes

5. The report relates to the following corporate priorities: *(tick all those applicable)*:

An exemplary council	x	Thriving communities	
A fair local economy that works for everyone		Good homes, green spaces, healthy places	

Background

6. As part of the South Ribble Annual Governance Statement there was an action to develop a Key Contracts and Partnerships Framework to ensure effective monitoring of key contracts and partnerships to demonstrate and evidence that they are delivering effective, efficient and economic services providing best value for the council.

Proposed approach

7. The council is involved in many contracts and partnerships, with many different partners. The aim of the framework would be to differentiate the level of governance and risk management that needs to be applied based on the following considerations:
 - There is significant impact on the delivery of the council's strategic objectives
 - There is a large reliance on the proposed partner to deliver core services
 - There is significant financial value
 - The scale of human and other resources involved is large
 - The length/timescales of the commitment are significant
 - There is a significant degree of risk

Monitoring

8. To ensure that existing contracts and partnerships are closely monitored, it is proposed that the framework will set out a range of controls and measures. These safeguard the success of the contracts and partnerships and ensure that they achieve the Council's priorities and goals outlined in the Corporate Strategy. Where key partners already have strong governance and reporting arrangements in place then the key partnership reporting should not duplicate these but instead provide greater visibility.
9. It is proposed that a performance update on key partnerships will be taken through Cabinet annually. This will include the following:
 - The performance of the Council's key contracts and partnerships against targets set for the current year;
 - Any emerging issues including whether contracts are on budget;
 - A financial assessment of key partners strength and stability; and
 - An update on the changes to our key partnerships.
10. This formal monitoring should supplement ongoing contract management and monitoring at a service level through operational meetings, board meetings and updates to executive members as general good practice.

Adding new contracts and partnerships

11. During procurement of any new services / contracts and establishing a partnership, it should be considered by the contract manager and director if the contract and / or partnership falls under the remit of a key partnership. They should refer to the Key Partnerships Framework and Transformation and Partnerships for advice at this point.

12. If it is agreed that it does fall under the remit, any proposal to enter into a new key contract or partnership would be brought through with the annual update to Cabinet and should demonstrate the following:
- The partnerships impact on the Council's priorities;
 - Consideration of the Council's exposure to risk and the potential liabilities including financial risk
 - Any insurable risks and clarify responsibility and ownership;
 - Governance and risk management arrangements, including terms of reference for the partnership; and
 - Partnerships also need to demonstrate that they are fit for purpose, demonstrate value for money and have added value.
13. Following approval to establish a new key contract or partnership, control measures and governance arrangements should be set out in an agreement or contract. This should cover:
- Aims and objectives
 - Roles and responsibilities
 - Decision making procedures
 - Code of conduct
 - Risk management
 - Equality and diversity monitoring
 - Anti-Fraud and corruption
 - Data quality
 - Safeguarding adults and children
 - Sustainable procurement and local spend
 - Business continuity arrangement
 - Dispute prevention and resolution controls
 - Exit strategies

Proposed key contracts and partnerships

14. The following have been identified as the key contracts and partnerships for South Ribble Borough Council. These have been identified in conjunction with Directors and Service Leads and are based on the criteria set out above.

Proposed contract / partnership	Purpose	Value – per annum	Reasoning
Communities			
Select Move partnership	Choice based lettings partnership and allocations policy – part of this is commissioning CIVICA as the software provider for the housing register and homeless database	£9k	<ul style="list-style-type: none"> • There is significant impact on the delivery of the council's strategic objectives • Delivery of core services
Customer and Digital			
Capita	Key supplier of revenues and benefits software and associated services, including managed system support for the council.	£100k approx.	<ul style="list-style-type: none"> • Delivery of core services • Significant degree of risk • Significant financial value

IDOX	Key supplier, providing the council with support for ICT, Democratic and Licensing services.	£250k approx.	<ul style="list-style-type: none"> • Delivery of core services • Significant degree of risk • Significant financial value
FCC Environment	To deliver the waste contract, providing a waste and recycling collection service.	£1.9m	<ul style="list-style-type: none"> • Delivery of core services • Significant financial value • Scale of human and other resources involved is large • The length/timescales of the commitment are significant • Significant degree of risk
Firmstep	To deliver the CRM, TMS, single sign on technology.	£58k	<ul style="list-style-type: none"> • Delivery of core services • Significant degree of risk
Planning and Development			
Local plan partnership – SRBC CBC and Preston	To develop and deliver the local plan for 2023.	N/A	<ul style="list-style-type: none"> • Scale of human and other resources involved is large • The length/timescales of the commitment are significant • Significant degree of risk
Preston, South Ribble and Lancashire City Deal	To deliver infrastructure investment in Central Lancashire.	N/A	<ul style="list-style-type: none"> • There is significant impact on the delivery of the council's strategic objectives • Significant degree of risk
Policy and Governance			
Civica	Provides a core financials system software licence and maintenance.	£64k	<ul style="list-style-type: none"> • Delivery of core services • Significant degree of risk
Lancashire County Council	Provides the payroll and expenses services.	£23k	<ul style="list-style-type: none"> • Delivery of core services • Significant degree of risk

Next steps

15. The following table outlines the next steps:

Action	Date
Governance Committee approval of key partnerships and approach	23 March 2021
Drafting of framework	April 2021
Governance – approval of Key Partnerships Framework	25 May 2021
Executive Cabinet – approval of Key Partnerships Framework	June TBC

Comments of the Statutory Finance Officer

16. N/A

Comments of the Monitoring Officer

17. N/A

CHRIS SINNOTT
DEPUTY CHIEF EXECUTIVE

Report Author:	Email:	Telephone:	Date:
Rebecca Aziz-Brook (Transformation & Change Team Leader)	Rebecca.Aziz- Brook@chorley.gov.uk	5348	10.03.2021

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Report to	On
Governance Committee	Tuesday, 23 March 2021

Title	Report of
Governance Committee Effectiveness Review	Director of Governance and Monitoring Officer

Is this report confidential?	No
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Purpose of the Report

1. To evaluate the Council's compliance with the Chartered Institute of Public Finance & Accountancy (CIPFA) guidance, "Audit Committees – Practical Guidance for Local Authorities and Police 2018".
2. To present a revised Terms of Reference for members' consideration.
3. To present details of the review of the self-assessment of good practice contained within the guidance.
4. To put forward proposals to address recommendations in relation to developing members' skills and knowledge.

Recommendations

5. That the Committee:
 - (a) Notes the report;
 - (b) Considers the updated Terms of Reference prior to submission at full council for approval;
 - (c) Considers and comments on the self-assessment of good practice and the subsequent actions;
 - (d) Accepts the proposals in relation to developing members' skills and knowledge.

Corporate outcomes

6. The report relates to the following corporate priorities: *(tick all those applicable)*:

An exemplary council	X	Thriving communities	
A fair local economy that works for everyone		Good homes, green spaces, healthy places	

Background to the report

7. The purpose of the Governance Committee is to provide those charged with governance, independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.
8. CIPFA have issued “Audit Committees – Practical Guidance for Local Authorities and Police 2018”. This sets out the functions, operations, roles and responsibilities of audit / governance committees in local authorities and represents best practice.
9. A key aspect of the guidance is evaluating and developing the Committee’s effectiveness. The guidance states that “the committee’s effectiveness should be judged by the contribution it makes to and the beneficial impact it has on the authority’s business. Evidence of effectiveness will usually be characterised as influence, persuasion and support. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership are essential requirements for delivering effectiveness.”

SELF ASSESSMENT OF GOOD PRACTICE

10. The guidance incorporates a Self-Assessment of good practice which has been completed and details of the assessment are included at **Appendix A**.
11. The self-assessment contains the following areas for improvement:

TERMS OF REFERENCE

12. The CIPFA guidance incorporates a model terms of reference. A comparison with the current ToR was undertaken and identified that there are only minor amendments required and that the Governance Committee is already operating in line with the model terms of reference. The amendments are highlighted in red at **Appendix B**

SKILLS & KNOWLEDGE

13. CIPFA’S guidance acknowledges that there is a range of knowledge and experience that Members can bring to the Committee to enable it to perform effectively. It emphasises that there are core areas of knowledge that are beneficial for all Committee Members to have.
14. Contained within the guidance, is a Knowledge and Skills framework, which allows Members to carry out a self-assessment and this is shown at **Appendix C**. The purpose of the self-assessment is to ensure that members are fully equipped to meet the requirements of the best practice guidance and terms of reference of the Committee.

15. It is the intention to issue this self-assessment to all Members of the committee in the coming weeks. The results will be collated by Internal Audit and shared with the Chair of the Governance and will be used to identify any specific training needs for the Committee and to inform the Member Development Programme in 2021-22 and beyond.

16. Other improvements identified for consideration include:

Self-Assessment	The self-assessment will be completed and be presented to the Governance Committee annually.
Independent Person	The Committee should consider the appointment of an independent person to support its work. The appointment of an independent person was also included in Sir Tony Redmond's review of financial reporting and auditing in local government, however at this stage, the recommendations are still under review and the guidance from CIPFA regarding the appointment of an independent person may change.
Feedback	A short survey will be developed by the Service Lead Audit and Risk in conjunction with the Chair and issued to key stakeholders to obtain feedback on the work of the Governance Committee.

Background documents

Practical guidance for Local Authorities and Police 2018 edition

Appendices

Appendix A Self-Assessment of Good Practice March 2021

Appendix B Revised Terms of Reference

Appendix C Skills and Knowledge self-assessment.

Dawn Highton
Service Lead – Audit and Risk

Report Author:	Email:	Telephone:	Date:
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South Ribble Borough Council – Self Assessment of Good Practice March 2021

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement. Where an audit committee has a high degree of performance against the good practice principles, then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

	Good practice questions	Yes	Partly	No	Comments	Actions
Audit committee purpose and governance						
1	Does the authority have a dedicated audit committee?	x			Governance Committee takes on the functions of an Audit Committee	N/A
2	Does the audit committee report directly to full council? (applicable to local government only)	x			The Governance Committee provide regular reports presented to full Council (6 reports in last calendar year).	N/A
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?		x		See comments in body of report.	Governance Committee to consider revised Terms of Reference
4	Is the role and purpose of the audit committee understood and accepted across the authority?	x			The role and purpose of the Governance Committee form part of member training. The terms of reference for the Governance Committee form part of the Council's Constitution (part 2D – Governance Committee).	N/A
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	x			The Governance Committee provide assurance on the adequacy of internal control, risk management and the integrity of financial reporting and the annual governance processes.	
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?		x		The self-assessment of good practice has been completed for 2021.	The self-assessment will be undertaken and presented to the committee annually

	Good practice questions	Yes	Partly	No	Comments	Actions
	Functions of the committee					
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?					
	<ul style="list-style-type: none"> • Good governance 		x		See comments in body of report.	Governance Committee to consider revised Terms of Reference
	<ul style="list-style-type: none"> • Assurance framework, including partnerships and collaboration arrangements 		x		See comments in body of report.	
	<ul style="list-style-type: none"> • Internal audit 		x		See comments in body of report.	
	<ul style="list-style-type: none"> • External audit 		x		See comments in body of report.	
	<ul style="list-style-type: none"> • Financial reporting 	x			Included within current Terms of Reference	N/A
	<ul style="list-style-type: none"> • Accountability Arrangements 		x		See comments in body of report.	Governance Committee to consider revised Terms of Reference
	<ul style="list-style-type: none"> • Risk management 	x			Included within current Terms of Reference	N/A
	<ul style="list-style-type: none"> • Value for money or best value 	x			Included within current Terms of Reference	N/A
	<ul style="list-style-type: none"> • Counter fraud and corruption 	x			Included within current Terms of Reference	N/A
	<ul style="list-style-type: none"> • Supporting the ethical framework 			x	See comments in body of report.	Governance Committee to consider revised Terms of Reference
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?		x		The self-assessment of good practice has been completed for 2021.	The self-assessment will be undertaken and presented to the committee annually

	Good practice questions	Yes	Partly	No	Comments	Actions
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	x			The Governance Committee is responsible for ensuring effective scrutiny of the Treasury Management Strategy and associated activities.	N/A
10	Where coverage of core areas has been found to be limited, are plans in place to address this?		x		See comments in body of report.	Governance Committee to consider revised Terms of Reference
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	x			The Governance Committee does have any decision-making powers in relation to its audit functions.	N/A
Membership and support						
12	<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> • Separation from the executive • An appropriate mix of knowledge and skills among the membership • A size of committee that is not unwieldy <p>Consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement).</p>		x		<p>No member of the Cabinet may sit on the Governance Committee.</p> <p>All members of the committee receive training following their appointment to the Committee on their roles. Recent training has been provided for all members on 'Checks and Balances' and 'Ethical Decision Making'</p> <p>Governance Committee consists of 7 elected member</p>	<p>Skills and Knowledge to be assessed.</p> <p>Consider the appointment of an independent person</p>
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council or the PCC and chief constable as appropriate for the organisation?			N/A	An independent person has not been appointed for the Governance Committee.	N/A
14	Does the chair of the committee have appropriate knowledge and skills?		x		Skills and knowledge to be assessed	See Action 12

	Good Practice Questions	Yes	Partly	No	Comments	Actions
15	Are arrangements in place to support the committee with briefings and training?	x			Briefings will be held with the Chair/Deputy Chair of the Governance Committee prior to each meeting. All members of the committee receive training following their appointment to the Committee on their roles. Recent training has been provided for all members on 'Checks and Balances' and 'Ethical Decision Making'.	N/A
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?		x		Skills and knowledge of the Governance Committee to be assessed	See Action 12
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	x			External Audit, the Chief Executive, Director of Governance regularly attend Governance Committee meetings. The newly appointed Service Lead – Audit & Risk will also attend meetings.	N/A
18	Is adequate secretariat and administrative support to the committee provided?	x			All meetings are attended by a member of the Democratic Services who support the Committee with their secretariat and administrative needs. All agendas and minutes of the meetings are published on the Council's website.	N/A
Effectiveness of the committee						
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			x	The Committee has not obtained feedback on its performance from those interacting with it or relying on its work	Short survey to be developed and issued to key stakeholders to obtain feedback
20	Are meetings effective with a good level of discussion and engagement from all the members?	x			Good levels of discussion evidenced in the committee meeting minutes and via recordings of meetings available publicly on YouTube.	N/A

	Good Practice Questions	Yes	Partly	No	Comments	Actions
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	x			Internal Audit provide summaries of their findings and non-implementation of agreed actions are reported on an exception basis. Senior officers regularly attend committee meetings to present reports on subject matters appropriate for the committee.	N/A
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	x			Good levels of discussion evidenced in the committee meeting minutes and via recordings of meeting available publicly on YouTube in relation to governance, risk and control.	N/A
23	Has the committee evaluated whether and how it is adding value to the organisation		x		The Committee has not evaluated how it is adding value to the organisation, this can be added to the short survey to key stakeholders.	Short survey to be issued to key stakeholders to obtain feedback
24	Does the committee have an action plan to improve any areas of weakness?			x	Self-assessment contains actions for improvements	N/A
25	Does the committee publish an annual report to account for its performance and explain its work?	x			General reports of the Governance Committee meetings are regularly provided to Council. This will include the results of the Self-Assessment	N/A

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Part 2D – Governance Committee

1. Governance Committee

Statement of Purpose

1. Governance Committee is a key component of South Ribble Borough Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
2. The purpose of our Governance Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of South Ribble Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.
3. To take an overview of the Council's constitution and assist the Monitoring Officer in reviewing the constitution to ensure it is current and meets the purpose set out in Article 1.

2. Membership

- (a) **Political Balance.** The Governance Committee is required to have proportional political balance in accordance with the provisions of the Local Government & Housing Act 1989.
- (b) **Membership.** 7 Members. No member of the Cabinet may sit on the Governance Committee
- (c) **Chairing the Governance Committee.** Chairman and Vice Chairman appointed by the Council at the first business meeting of the new municipal year. In the absence of the both the Chairman and Vice Chairman a Chairman for the meeting may be appointed by the Committee. Any permanent replacement of the Chairman or Vice Chairman requires full Council approval.
- (d) **Liaison with Scrutiny.** The Chairman of the Governance Committee will liaise with the Chairman of the Scrutiny Committee to ensure effective co-ordination of Scrutiny and Governance. An outline of how the joint areas of responsibilities between the Committees are to be met to avoid duplication and gaps is shown in Protocol 9 in Part 5C

3. Terms of Reference

South Ribble Borough Council
Extract from Council Constitution (extracted 09/03/21)

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Governance, Risk and Control

1. To periodically review the council's corporate governance arrangements against the CIPFA/SOLACE good governance framework, ~~and consider annual governance reports and assurances.~~ **including the ethical framework and consider the local code of governance.**
2. To approve the Annual Governance Statement and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
3. To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
4. To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
5. To monitor the effective development and operation of risk management in the council.
6. To monitor progress in addressing risk-related issues reported to the committee.
7. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
8. To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
9. To monitor the counter-fraud strategy, actions and resources.

***To review the governance and assurance arrangements for significant partnerships or collaborations.**

Internal Audit

10. To approve the Internal Audit Charter.
11. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
12. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
13. To approve significant interim changes to the risk-based internal audit plan and resource requirements.

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14. To make appropriate enquiries of both management and the ~~Head of Shared Assurance Services~~ **Service Lead – Audit & Risk** to determine if there are any inappropriate scope or resource limitations.

***To consider any impairments to independence or objectivity arising from additional roles of responsibilities outside of the head of internal audit. To approve and periodically review safeguards to limit such impairments.**
15. To consider reports from the ~~Head of Shared Assurance Services~~ **Service Lead – Audit & Risk** on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
 - b) Regular reports on the results of the Quality Assurance and Improvement Programme.
 - c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
16. To consider the ~~Head of Shared Assurance~~ **Service Lead – Audit & Risk** Annual report:
 - a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.
 - b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.
17. To consider summaries of specific internal audit reports as requested.
18. To receive reports outlining the action taken where the ~~Head of Shared Assurance~~ **Service Lead – Audit & Risk** has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
19. To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

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20. To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.
21. ~~To support the development of effective communication with the Head of Shared Assurance.~~

***To provide free and unfettered access to the Governance Committee Chair for the Service Lead – Audit & Risk, including the opportunity for a private meeting with the Committee.**

External Audit

***To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.**

22. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
23. To automatically refer any external auditor's report that has received a qualified opinion for consideration at the next available Full Council meeting.
24. To consider specific reports as agreed with the external auditor.
25. To comment on the scope and depth of external audit work and to ensure it gives value for money.
26. To commission work from internal and external audit.
27. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial Reporting

28. To approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
29. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
30. To take an overview of the Council's Treasury Management Strategy.

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Accountability Arrangements

31. To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.

***To report to Full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.**

32. To take an overview of the Council's constitution and assist the Monitoring Officer in reviewing the constitution to ensure it is current and meets the purpose set out in Article 1.

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Audit & Standards Committee Knowledge & Skills Self-Assessment

Assessment scores:

N/A = not applicable

1 = hardly ever/ poor

3 = most of the time/ satisfactory

2 = occasionally/ inadequate

4 = all of the time/ good

	N/A	1	2	3	4
Core Areas of Knowledge & Skills					
1. Organisational knowledge					
I have an overview of the governance structures of the authority and decision - making process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have knowledge of the organisational objectives and major functions of the authority.					
2. Governance Committee role and functions					
I have an understanding of the committee's role and place within the governance structures. I am familiar with the committee's terms of reference and accountability arrangements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have knowledge of the purpose and role of the Governance Committee.					
3. Governance					
I have knowledge of the seven principles of the CIPFA/Solace Good Governance Framework and the requirements of the Annual Governance Statement (AGS).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have knowledge of the local code of governance.					
4. Internal Audit					
I am aware of the key principles of the Public Sector Internal Audit Standards and the Local Government Application Note.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have knowledge of the arrangements for the delivery of the internal audit service in the authority and how the role of the head of internal audit is fulfilled.					
5. Financial management and accounting					
I have an awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. I have an understanding of good financial management principles and knowledge of how the organisation meets the requirements of the role of the Chief Financial Officer, as required by the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. External Audit					
I have knowledge of the role and functions of the external auditor and who currently undertakes this role. I have knowledge of the key reports and assurances that external audit will provide.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I know about the arrangements for the appointment of auditors and quality monitoring undertaken.					

	N/A	1	2	3	4
Core Areas of Knowledge & Skills					
7. Risk management					
I have an understanding of the principles of risk management, including linkage to good governance and decision making. I have knowledge of the risk management strategy of the organisation. I have an understanding of risk governance arrangements, including the role of members and the Governance Committee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Counter-fraud					
I have an understanding of the main areas of fraud risk the organisation is exposed to. I have knowledge of the principles of good fraud risk management practice in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014) and knowledge of the organisation's arrangements for tackling fraud.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Values of good governance					
I have knowledge of the seven Principles of Public Life. Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff and knowledge of the whistleblowing arrangements in the authority.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Treasury Management					
I am aware of the assessment tool for reviewing the arrangements "Effective Scrutiny of Treasury Management" The key areas of knowledge are: regulatory requirements; treasury risks; the organisation's treasury management strategy; the organisation's policies and procedures in relation to treasury management.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Strategic thinking & understanding of materiality					
I am able to focus on material issues and overall position rather than being side tracked by detail.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Questioning and constructive challenge					
I am able to frame questions that draw relevant facts and explanations. I challenge performance and seek explanations while avoiding hostility or grandstanding.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Focus on improvement					
I ensure there is a clear plan of action and allocation of responsibility.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Ability to balance practicality against theory					
I am able to understand the practical implications of recommendations to understand how they might work in practice.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Clear Communications skills and focus on the needs of users					
I support the use of plain English in communications, avoiding jargon and acronyms etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Core Areas of Knowledge & Skills

16. Objectivity

I am able to evaluate information on the basis of evidence presented and avoid bias or subjectivity

N/A	1	2	3	4
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Report to	On
Governance Committee	Tuesday, 23 March 2021

Title	Report of
Risk Management Strategy	Director of Governance and Monitoring Officer

Is this report confidential?	No
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Purpose of the Report

1. The Risk Management Strategy was last updated and presented to the Audit Committee in April 2018. This has now been reviewed and updated and demonstrates how the Council is seeking to ensure that the management of risk becomes embedded and at the centre of its days to day work.

Recommendations

2. That Members consider and approve the updated Risk Management Strategy.

Corporate outcomes

3. The report relates to the following corporate priorities: *(tick all those applicable)*:

An exemplary council	X	Thriving communities	
A fair local economy that works for everyone		Good homes, green spaces, healthy places	

Information

4. The Risk Management Strategy sets out how the Council goes about managing the potential opportunities and threats which it faces in pursuit of its objectives. It is important to recognise that risk management is not about avoiding risks, rather it is about how an understanding of the nature of risk and how it can help the Council make more informed decisions in order to maximise the efficiency of our services.
5. The Strategy contains a description of the legal requirements with regard to risk management, as contained within the Accounts and Audit Regulations 2015, and how risk management is at the centre of all the Council's various business

processes. It explains how the risk management framework operates through the identification, assessment, recording and monitoring stages through to the reporting of risks, ensuring this is an ongoing cyclical process with clear roles and responsibilities for all concerned.

6. The Risk Management Strategy will continue to be kept under review to take account of changing legislation, government initiatives, best practice and experience gained within the Council.
7. The revised Risk Management Strategy is contained at **Appendix A**.

Appendices

Appendix A – Risk Management Strategy

Dawn Highton

Service Lead – Audit and Risk

Report Author:	Email:	Telephone:	Date:
Dawn Highton	dawn.highton@southribble.gov.uk	01772 625625	9/3/21

Risk Management Strategy

MARCH 2021



WORKING TOGETHER

INTRODUCTION

Welcome to the Risk Management Strategy, refreshed in March 2021. The aim of the Strategy is to improve strategic and operational risk management throughout the Council. Effective risk management allows the Council to:

- have increased confidence in achieving its corporate objectives
- mitigate threats to acceptable levels
- take informed decisions about exploiting opportunities
- ensure that it gets the right balance between rewards and risks
- improve its partnership working arrangements and corporate governance

Effective risk management will help to ensure the Council maximises its opportunities and minimises the impact of the risks it faces, thereby improving its ability to deliver its core objectives and improve outcomes for its residents.

This strategy explains the approach to strategic and operational risk management, and the framework that it will operate to ensure that it arranges its risks effectively.

RISK MANAGEMENT: OBJECTIVES

We are exposed to risk both in terms of threats to service provision and from missed opportunities. It is essential that we can demonstrate to our residents that we are fully considering the implications of risk as we plan and deliver services to the community.

Like all organisations, the Council exists to achieve its objectives which are set out in our Corporate Plan. Risk management can help us achieve these goals by fully considering the opportunities and barriers that we may encounter. Our aim is to use strategic risk management as a tool for continuous improvement and to make effective use of the Council resources.

In addition, the Council must also ensure operation and delivery of services, the health and safety of its service users, employees and the public at large. This Risk Management Strategy supports continuing change including partnership working and alternative methods of service delivery and provides a structured and focused approach to managing them.

Effective risk management also helps services focus on what actions can be taken to deal with future events. Risk management can help the Council plan to deal with the scale and speed of changes in Government policy and financial challenges. Having assessed risk and planned for the known challenges also means that when the unanticipated or unexpected arise, as they no doubt will, there is greater management and Member capacity across the Council to respond quickly and effectively.

This Strategy outlines how the Council is taking on its responsibility to manage risks and opportunities using a structured and focused approach.

WHAT IS RISK MANAGEMENT?

Risk management can be defined as:

“Risk management is the logical and systematic method of identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process in a way that enables organisations to minimise losses, maximise opportunities and achieve their objectives.”

Risk management is a strategic tool and is an essential part of effective and efficient management and planning. Risk management is also an essential part of CIPFA’s Delivering Good Governance in Local Government Framework. The Framework requires the Council to make a public assurance statement annually, on amongst other areas, the Council’s risk management strategy, process and arrangements. As required by the Accounts and Audit Regulations 2015 the assurance statement is disclosed in the Annual Governance Statement and is signed by the Leader of the Council and the Chief Executive.

RISK MANAGEMENT APPROACH

The Council seeks to embed risk management into its culture, processes and structure to ensure that opportunities are maximised. The Council will seek to encourage managers to identify, understand and manage risks, and learn how to accept the right risks. Adoption of this strategy must result in a real difference in the Council’s behaviour.

The Council is prepared to take cautious risks to achieve its corporate objectives and enhance the value of the services it provides to the community. Its aims are to:

- Ensure risk management is integrated into the culture of the Council.
- Ensure appropriate risk taking is encouraged, particularly to respond to opportunities arising.
- Anticipate and respond to changing social, environmental and legislative needs, pressures or constraints, as well as changes in the internal environment.
- Manage risk in accordance with best practice including integration with performance and financial management including partnership arrangements.
- Improve performance and efficiency and in particular minimise injury, damage and losses and make effective use of resources.
- Protect the Council’s assets, reputation and operational capacity.

These aims will be achieved by:

- Maintaining clear roles, responsibilities and reporting lines for risk management.
- Raising awareness of the need for risk management by all those connected with the Council's delivery of services.
- Gaining commitment from all members and employees, to ensure risk is managed within a consistent framework.
- Ensuring that risk management is explicitly considered in all decision making by, incorporating links to all key decision points e.g. committee reports, delegated decisions, project management and partnership agreements.
- Considering risk in all the Council's key planning processes.
- Providing opportunities for shared learning on risk management across the Council and with our business partners.
- Reinforcing the importance of effective risk management as part of the everyday work of members and employees.
- Providing adequate assurance for the management of risk to support the Annual Governance Statement.

RISK MANAGEMENT PROCESS

Implementing the strategy involves identifying, analysing, managing and monitoring risks, this process is outlined below and summarised in Appendix 1.

Risk Identification

The GRACE (Governance, Risk Assessment and Control Evaluation) system has been adopted for use within the Council to enable the completion of risk registers at all levels including the Strategic Risk Register, Service Risk Registers, projects, key procurements, partnerships and processes.

Risks and opportunities can be identified at any time and should be included within GRACE. There are numerous ways in which risks and opportunities can be identified, including networking, articles / newsletters, training courses as well as discussions at team meetings and 1-2-1s.

In addition, GRACE contains a large database of model risks and controls in the Profile Library which users can scroll through to identify any which may be relevant to their areas of activity.

Risk Recording

The Council maintains registers for different types of risks:

Strategic risk register – This contains the high-level risks of the Council. It is owned and maintained by the Council's Senior Management Team and is kept under continuous review and is regularly presented to the Governance Committee and Cabinet.

Operational/Service risk registers – These include service, business planning, project, partnerships and process risks. These are assigned to specific Directors, Assistant Directors, and Service Leads who have overall responsibility for their maintenance and continuous review on the GRACE system. They can allocate individual risks to risk owners who must decide upon and monitor appropriate actions.

The specific information to be recorded in GRACE is as follows:

Risk description – this requires an understanding of the legal, social, political and cultural environment in which the Council operates as well as a sound understanding of the Council’s corporate and operational objectives i.e. those factors which are critical to the success of the Council, as well as threats and opportunities.

Risk Owner – a nominated person who is responsible for evaluating and responding to any individual risks allocated to them.

Assessment of Risk (Gross Risk Score) – having identified areas of potential risk, they need to be systematically and accurately assessed. The process requires managers to assess the likelihood and potential impact of a risk event occurring and scored according to the matrix below:

Impact	4	Major	4	8	12	16
	3	Serious	3	6	9	12
	2	Minor	2	4	6	8
	1	Insignificant	1	2	3	4
			1	2	3	4
		Rarely	Unlikely	Likely	Highly Likely	
		Likelihood				

The following tables provide assistance in assessing the likelihood and impact of risks and will enable the risk owner to determine the Gross and Residual risk score from the matrix.

Likelihood Definitions:

1 – Rarely	Highly unlikely, but it may occur in exceptional circumstances. It could happen but probably never will.
2 - Unlikely	Not expected, but there’s a slight possibility it may occur at some time
3 – Likely	The event might occur at some time as there is a history of casual occurrence and / or similar organisations
4 – Highly Likely	It is almost certain the event will occur as there is a history of frequent occurrence and / or similar organisations

Impact Definitions:

1 - Insignificant	Minimal financial loss. No or only minor personal injury. Systems unavailable for less than an hour. Possible impact, but manageable locally by Managers. No reputational impact. No legal action.
2 - Minor	£1000 - £25,000 financial impact manageable within service budget. Minor injury requiring medical treatment. Systems unavailable for most of a day. Possible impact but manageable locally by Director. Possible negative customer complaints with low level adverse media coverage. Legal action possible but unlikely and defensible.
3 - Serious	£25,000 - £100,000 financial impact manageable within Directorate budget but requiring approval for virement or additional funds. Possible hospitalisation with long-term injury or long-term sick. Systems unavailable for more than 1 day. Expected impact, but manageable within existing Directorate contingency plans. Adverse national media coverage. Negative customer complaints. Legal action expected. Breaches of Codes of Practice, Professional Ethics. Non-Compliance with regulation/standards or local procedures resulting in disciplinary action.
4 - Major	£100,000+ financial impact not manageable within existing funds and requiring Member approval for virement or additional funds. Death/life threatening or long-term illness or multiple injuries. Systems unavailable for multiple days. Serious impact felt across more than one Directorate. Adverse and extended media coverage. Legal Action almost certain and difficult to defend. Non-compliance with law resulting in imprisonment.

Existing Control Measures – any controls or measures that reduce the likelihood or impact of a risk.

Residual Risk Score – this risk score which takes account of any existing control measures in place (see above matrix).

Risk Categories – risks should be assigned to one of the categories listed below:

- **Strategic** – risks impacting upon the achievement of the corporate objectives and priorities;
- **Financial** – risks associated with financial planning and control;
- **Human Resources** – risks associated with recruiting, retaining and motivating staff & developing skills;
- **Environmental** – risks related to pollution, noise or energy efficiency;
- **Information** – risks related to information held;
- **Legal / regulatory** – risk relating to legal / regulatory requirements;
- **Operational** – risks relating to operational activity;
- **Partnership / Contractual** – risk relating to the failure of partners / contractors or the contract itself;
- **Physical** – risk related to fire, security, accident prevention & health and wellbeing;
- **Reputational** – risk relating to the reputational risk to the Council;
- **Technological** – risks associated with technology.
- **Fraud** – risks associated with fraud and corruption

Control Strategy – in broad terms there are four main options for responding to risks which remain within the organisation.

Terminate - this involves the Council in terminating the cause of the risk or, opting not to take a current or proposed activity because it believes it is too risky.

Tolerate - this is where the cost of action outweighs the benefit that results from the proposed action. Alternatively, no further action can be taken and the risk is accepted with any potential financial loss being highlighted.

Transfer - this involves transferring liability for the consequences of an event to another body. This can occur in two forms. Firstly, legal liability may be transferred to an alternative provider under contractual arrangements for service delivery. Secondly, transferring some or all the financial risk to external insurance companies may reduce the costs associated with a damaging event.

Treat - this is dependent on implementing projects or procedures that will minimise the likelihood of an event occurring or limit the severity of the consequences should it occur.

The target risk score therefore may be the same or lower than the residual risk score and reflects the level of risk the Risk Owner is willing to accept (see above matrix).

Risk Actions – where further treatment of the risk is deemed necessary then the Risk Owner will determine the course of action to be taken. The action to manage risk needs to be appropriate, achievable and affordable. The impact expected if no action is taken should be considered against the cost of action and the reduction of the impact. For opportunities, the benefit gained in relation to the cost of action should be considered.

RISK MONITORING

Individual risks are reviewed in accordance with GRACE parameters depending upon the level of risk:

Red risks	3 months
Amber risks	6 months
Green risks	12 months

The Corporate Governance Group will monitor risk reviews and implementation of actions to ensure they are being undertaken and risks considered in a timely manner. Slippages in risk reviews / non implementation of actions will be escalated to Directors.

The overall risk management system is reviewed by Internal Audit as part of their annual audit work plan. In accordance with the Public Sector Internal Auditing Standards the Chief Audit Executive's (Shared Service Lead – Audit and Risk) Annual Report is required to provide an opinion based on an objective assessment of the framework of governance, risk management and control.

Risk management assurance will also be published in the Council's Annual Governance Statement.

RISK TRAINING

Training and raising awareness are an important means of ensuring risk management is embedded within the culture of the organisation. Every individual will encounter risk at some level, whether strategic or operational and we all have a responsibility for ensuring risks are well managed. It is therefore important that a range of training opportunities are available for employees and members.

The Audit and Risk Service is responsible for ensuring training (including refresher training) and awareness raising is periodically undertaken. Training may range from use of the Learning Hub to individual one to one training.

RISK REPORTING

The Strategic Risk Register is continuously monitored by the Council's Senior Management Team and regularly reported to Governance Committee and Cabinet.

Service Risk Registers and those in relation key projects, procurements, partnerships and processes are monitored by Directors, Assistant Directors and Service Leads.

GRACE has also enabled a risk-based approach to internal auditing by engaging service departments in the self-assessment of their own system risks via the completion of on-line risk registers prior to the commencement of audits. System/process risks are reported as part and parcel of ongoing Internal Audit work.

Finally, all Committee reports, Cabinet decisions taken under delegated powers and corporate projects, including partnership agreements include the consideration and control of the risks associated with the actions proposed.

ROLES & RESPONSIBILITIES FOR RISK MANAGEMENT

The following describes the roles and responsibilities that members and officers will play in introducing, and embedding the risk management process: -

The Council will approve the Constitution including the system of corporate governance which incorporates risk management arrangements.

The Governance Committee will, in accordance with the Terms of Reference, continuously review the Risk Management Strategy and monitor the effective development and operation of risk management in the Council; and will monitor progress in addressing risk related issues reported to the committee.

The Chief Executive has overall responsibility for risk management in conjunction with the Council's insurers for supporting risk management.

The Section 151 Officer will, through the Internal Audit Service, provide assurance to the Council on the whole system of internal control, including risk management.

Audit and Risk Service in line with their responsibilities for the Council's corporate governance arrangements will lead the risk management initiative and 'champion' risk management by supplying advice and data to Directors.

Internal Audit, as part of its role in providing assurance to the Section 151 officer, will review the implementation and effectiveness of the system of risk management. An annual report will provide independent opinion on the adequacies of risk control and the Council's corporate governance arrangements and also risk management is included within the review of the Annual Governance Statement. Internal Audit will act as a centre of expertise, providing support and guidance as required and will collate risk information and prepare reports as necessary to both the Leadership Team, and the Governance Committee. The Internal Audit work plan is focused on the key risks facing the Council and during all relevant audits, it challenges the content of risk registers.

Internal Audit will periodically arrange for the independent review of the Council's risk management process and provide an independent objective opinion on its operation and effectiveness.

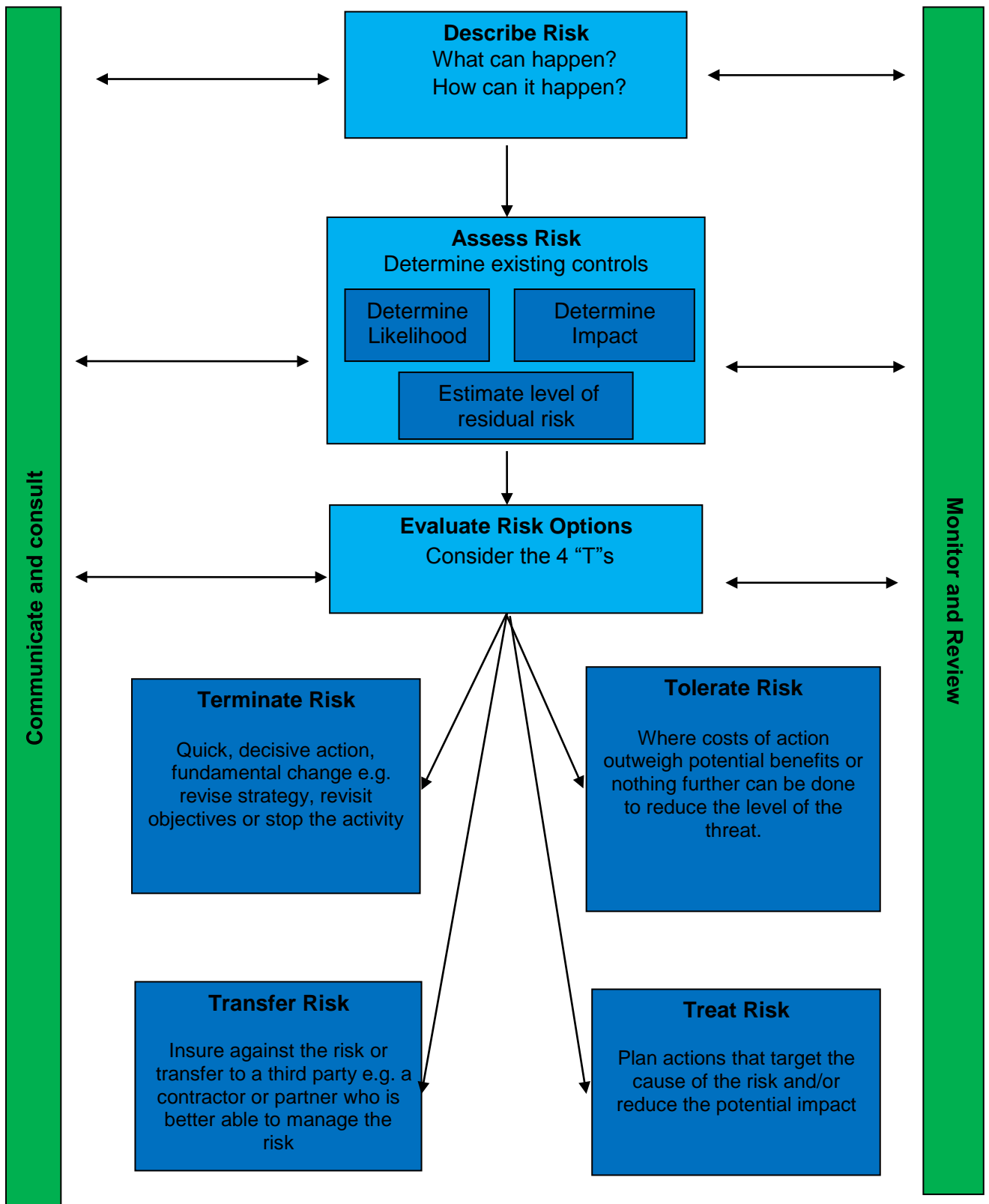
Senior Management Team will consider and evaluate those risks contained within the Strategic Risk Register, likely to have a significant impact on the Council's objectives.

Directors/Assistant Directors and Service Leads will identify and manage risks in their service areas. With their own teams they will identify and evaluate the risks associated with service improvement and those risks which may prevent them from achieving their service objectives.

Project / Procurement Managers have a responsibility to ensure that the risks associated with their projects / procurements are identified, recorded on GRACE and regularly reviewed as part of the project management process and provide assurance about the management of those risks.

Partnerships – client officers have a responsibility to ensure that risks are identified, owned, recorded on GRACE are reviewed and shared with all relevant partners and ultimately to provide assurance that those risks are being managed.

Employees' responsibility for managing risk is not restricted to any one person or group of specialists. All employees have a responsibility to manage risk effectively in their job and report opportunities, threats and risks to their Directors and undertake their duties within risk management guidelines. Those officers involved in decision-making should also explicitly consider the implications of risk management and document their findings appropriately.



Report to	On
Governance Committee	Tuesday, 23 March 2021

Title	Report of
Local Code of Corporate Governance Update	Director of Governance and Monitoring Officer

Is this report confidential?	No <i>delete as applicable</i>
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(N.B. Numbering should follow on consecutively. Formatting such as 1.2, 1.2.1 etc. will not be permitted)

Purpose of the Report

1. To inform members of updates to the Local Code of Corporate Governance and seek approval of the proposed amendments.

Recommendations

2. Members approve the Local Code of Corporate Governance attached at appendix A to this report.

Reasons for recommendations

3. The Council's Local Code of Corporate Governance required updating to reflect changes to Council documents and organisation structure. The amended document incorporates these changes and ensures that the Local Code remains relevant and a clear and correct statement of our governance framework.

Other options considered and rejected

4. To not update the Local Code was rejected as it would be an incorrect statement of the Councils governance arrangements.

Corporate outcomes

5. The report relates to the following corporate priorities: *(tick all those applicable)*:

An exemplary council	X	Thriving communities	
A fair local economy that works for everyone		Good homes, green spaces, healthy places	

Background to the report

6. The "Local Code of Corporate Governance" (the Local Code) sets out and describes the Council's commitment to corporate governance and identifies the arrangements that have been developed and maintained to enable the transparent and fair delivery of the Council's work. Each year the Council prepares an annual governance statement which tests the internal control environment against our Local Code. The Local Code is an important document which provides the framework for our compliance with good governance standards.
7. The framework "Delivering Good Governance in Local Government" was first published by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) late in 2007. This framework has been reviewed by CIPFA and Solace in 2015 and a revised framework published in spring 2016. It details 7 core principles which should form the basis for each council's Local Code. These principles are set out below.
 - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
 - Ensuring openness and comprehensive stakeholder engagement
 - Defining outcomes in terms of sustainable economic, social and environmental benefits
 - Determining the interventions necessary to optimize the achievement of the intended outcomes
 - Developing the entity's capacity, including the capability of its leadership and the individuals within it
 - Managing risks and performance through robust internal control and strong public financial management
 - Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
8. Each principle is supported by behaviours which demonstrate compliance.
9. The Local Code considers each of the Principles and the sub-behaviours commits the Council to complying with them and then provides evidence which demonstrates this compliance.
10. The evidence is made up of corporate documents, policies, strategies and procedures. As several the documents have been changed or refreshed it is important to review the Local Code to ensure it is up to date. This is particularly so as it will be used to test against to consider the council's governance environment. If the Local Code is incorrect then demonstrating compliance will be very difficult.

Risk

11. The risk is assessed in the body of the report.

Comments of the Statutory Finance Officer

12. There are no financial implications in this report.

Comments of the Monitoring Officer

13. Contained in the body of the report.

Appendices

Appendix A – Local Code of Corporate Governance

Chris Moister
Director of Governance

Report Author:	Email:	Telephone:	Date:
Chris Moister (Director of Governance)	chris.moister@southribble.gov.uk	01257 515160	15 March 2021

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SOUTH RIBBLE BOROUGH COUNCIL
LOCAL CODE OF CORPORATE GOVERNANCE
MARCH 2021

South Ribble Borough Council

Local Code of Corporate Governance

1. Introduction

The "Local Code of Corporate Governance" (the Local Code) sets out and describes the Council's commitment to corporate governance and identifies the arrangements that have been developed and maintained to enable the transparent and fair delivery of the Council's work. Each year the Council prepares an annual governance statement which tests the internal control environment against our Local Code. The Local Code is an important document which provides the framework for our compliance with good governance standards.

2. Background

The framework "Delivering Good Governance in Local Government" was first published by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) late in 2007. This framework has been reviewed by CIPFA and Solace in 2015 and a revised framework published in spring 2016,. It details 7 core principles which should form the basis for each council's Local Code. These will be considered below.

3. What is Corporate Governance?

Each local authority operates through a governance framework. It is a system that sets out how we manage our obligations and behaviours and how we make decisions. For the purpose of this Local Code, South Ribble Borough Council has accepted the definition of Corporate Governance as stated within the CIPFA/SOLACE document entitled "Delivering Good Governance in Local Government", as follows:-

"Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, and cultures and values, by which local authorities are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities".

South Ribble Borough Council recognises that effective local government relies upon establishing and maintaining the public's confidence in both the elected Members and officials, which then underpins the credibility and confidence in the services that we provide. Good governance should focus on outcomes for residents and service users.

South Ribble Borough Council seeks to encourage the values of good governance to both our existing and potential partners through the promotion of these behaviours and by providing a clear and demonstrable lead.

4. South Ribble Borough Council's Corporate Strategy

The Council's vision is:

“A healthy and happy community, flourishing together in a safer and fairer borough that is led by a council recognised for being innovative, financially sustainable and accountable”.

The Council's corporate priorities are:

- **An exemplary council**
- **Thriving communities**
- **A fair local economy that works for everyone**
- **Good homes, green spaces and healthy places**

All the activities and work the council undertakes and delivers should be capable of being traced into the corporate priorities and the delivery of our vision. This ensures that residents can be clear as to why we are undertaking our works and making these decisions.

The priorities set the what and the corporate projects the how.

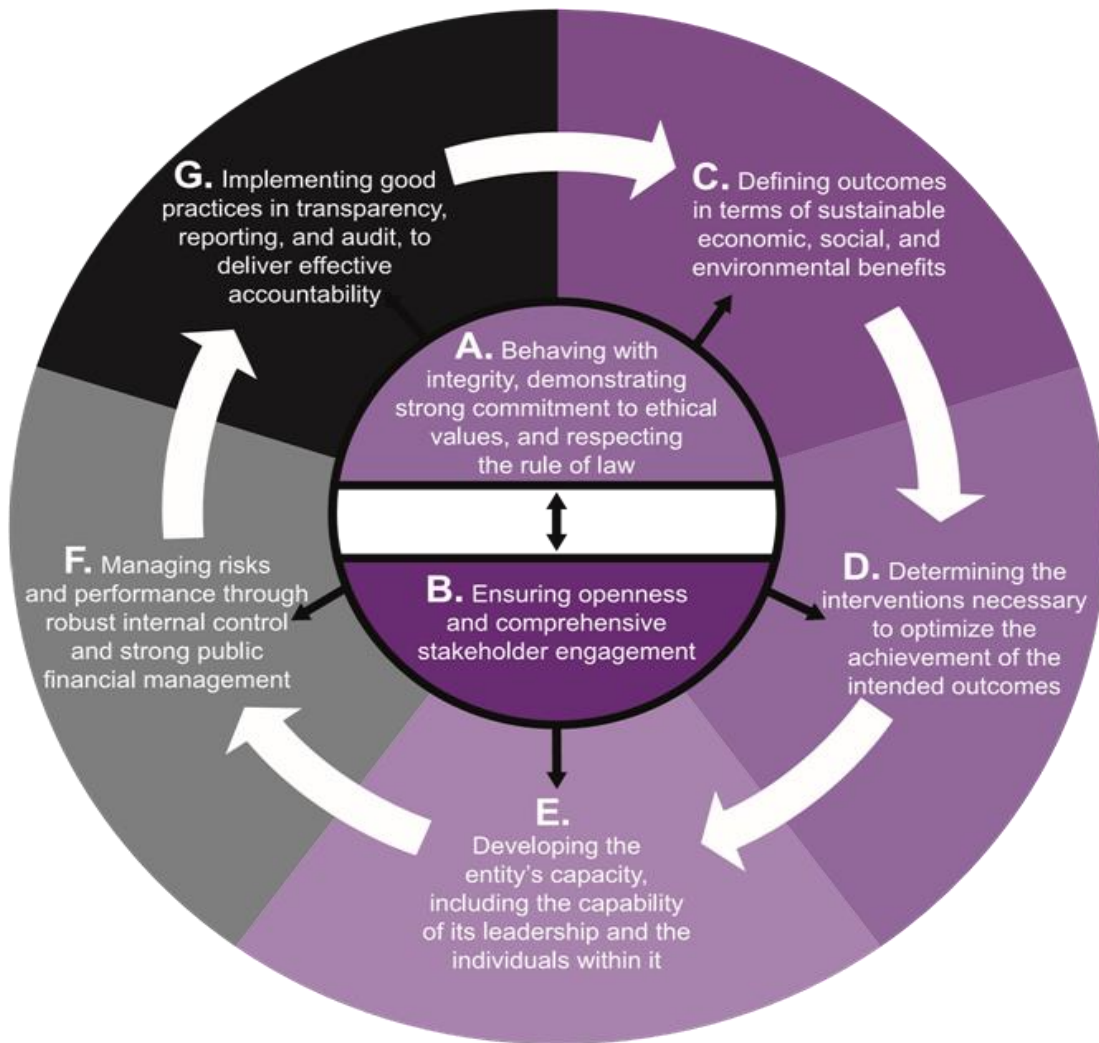
Also important for corporate governance, the corporate plan provides measures against which delivery can be assessed.

5. Framework for the Local Code

The following seven **core principles** are taken from the International Framework: Good Governance in Public Sector (CIPFA/IFAC 2014). Good governance means:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimize the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

The diagram below, illustrates how the principles relate to each other.



In order to demonstrate a strong governance environment we have to demonstrate how we comply with these principles. The following tables set out the councils approach and processes which evidence compliance.

A. Good governance means behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

We will:

**Behave with integrity Demonstrate strong commitment to ethical values;
Respect the rule of law;**

In order to achieve this we will:

Evidence

ensure that the Council's leadership sets a tone for the Council by creating a climate of openness, support and respect;

Corporate Strategy
Constitution

ensure that standards of conduct and personal behaviour expected of members and officers, of work between them and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols;

Standing Orders
Ethical Procurement / Contract Procedure Rules
Code of Conduct for Members
Standards Complaints Procedure

maintain arrangements to ensure that members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice;

Declarations of Interests and register of interests for officers and members
Provision of ethical governance training
Staff Induction

maintain shared values including leadership values for both the organisation and employees reflecting public expectations, and communicate these with members, officers, the community and partners;

Organisational Development Strategy
Staff Recruitment Policy
Job/Descriptions and Specifications
Continuing Professional Development

ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness;

Performance Management
Anti-Fraud and Corruption and Whistleblowing Policies
Minutes of meetings showing declarations of interest
Open Cabinet system

maintain an effective standards committee;

Report Templates requiring s151 and MO comments
Scrutiny of ethical decision making
Key Partnership Framework (being developed)

use the Council's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council;

in partnering arrangements agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.

Compliance with Statutory Guidance
 Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government
 Self-Reporting to regulatory bodies

B. Good governance means ensuring openness and comprehensive stakeholder engagement

We will:

Be Open;

Engage comprehensively with institutional stakeholders;

Engage stakeholders effectively, including individual citizens and service users;

In order to achieve this we will:

Evidence

ensure that the Council's vision is delivered through the corporate plan and that it is clearly consulted, articulated and disseminated to all key stakeholders

Annual Report
 Annual Governance Statement
 Freedom Of Information/Environmental Information Act publication scheme

ensure that clear channels of communication are in place to enable the Council to engage with all sections of the community effectively and put in place monitoring arrangements to ensure effective operation;

Online Council Tax Information
 Authorities Values

consider all stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required; These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands;

Website
 Council Meeting Minutes
 Publication of Executive Member Decisions
 Publication process for Key Decisions
 Pro-Forma Report templates

hold meetings in public unless there are good reasons for confidentiality;

Comments of SFO and MO

maintain a clear policy that supports consultation and engagement with the public and service users including an appropriate feedback mechanism for those consultees to demonstrate what has changed as a result;

Council meeting calendar
 Use of Consultation Feedback / as highlighted by CIPFA – has the approach to consultation changed during covid for both residents and employees (see last line above)

publish an annual performance plan giving information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users;	Resident Survey Communications Strategy Record of stakeholders with whom the council should engage and for what purpose Record of public consultations Evidence based decision making Use of social media
Scrutiny Committee to have clear responsibilities including accountability for external and community aspects;	
produce regular reports on the activity of the scrutiny function;	
ensure that the Council as a whole is open and accessible to the community, service users and its employees. That it is committed to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality where it is proper and appropriate to do so;	
maintain a clear policy on how employees and their representatives are consulted and involved in decision making.	

C. Good governance means defining outcomes in terms of sustainable economic, social, and environmental benefits	
We Will: Define outcomes; Provide sustainable economic, social and environmental benefits;	
In order to achieve this we will:	Evidence
promote and review the Council's purpose and vision;	Community engagement and involvement Corporate Strategy Monitoring Reports to Cabinet Project Management Performance Management Framework Risk Management and Grace System Capital Investment is structured to achieve appropriate life spans and adaptability for future use or that resources are spent on optimizing social economic and environmental wellbeing
review on a regular basis the Council's governance arrangements;	
foster effective relationships and partnerships with the public, private, community and voluntary sectors;	
ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties;	
decide how the quality of service for users is to be measured and make sure that the information needed to regularly review service quality is available;	
put in place effective arrangements to enable continuous improvement;	

decide how value for money is to be measured and make sure that the Council or partnership has the information needed to review value for money and performance effectively;	Medium Term Financial Strategy
measure the impact of policies, plans and decisions on the community and its environment.	Record of decision making and supporting materials Reporting / register of environmental data Statement of Accounts and EA value for money opinion Corporate Priority – Community Wealth Building Equality Impact Assessments Key Partnership Framework in development

D. Good governance means determining the interventions necessary to optimise the achievement of the intended outcomes	
We Will:	
Determine interventions; Plan interventions; Optimise the achievement of intended outcomes;	
In order to achieve this we will:	Evidence
Ensure that there are on-going discussions between members and officers on the information needs of members to ensure considered and robust decision making	Members Briefings Standing Orders Options Appraisals Medium Term Financial Strategy
Ensure members understand what information they may ask for and associated timescales;	Council calendar of meetings Communication Strategy
Ensure that our Scheme of Delegation is fit for purposes and is complied with	Key Partnership Framework in development Risk Management Framework
Ensure that accurate and detailed records of all decisions are maintained together with supporting material	Project Management Toolkit Performance Management Framework
Ensure (wherever practicable) that decision makers are advised appropriately on all available options	Senior Management Team Corporate Strategy
Have a robust Financial strategy	Community Wealth building and social value - corporate priority Ethical procurement / contract procedure rules

Have a robust Corporate Risk Register	
Ensuring that the social value dimension is covered by any major procurement exercise that is carried out; ensuring that up to date and accurate advice is contained within our procurement guidance documents	
Wherever appropriate develop and report on Key Performance Indicators for service areas and report against them	
E. Good governance means developing the council’s capacity, including the capability of its leadership and the individuals within it	
We Will:	
Develop the council’s capacity;	
Develop the capability of the council’s leadership and other individuals;	
In order to achieve this we will:	Evidence
provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis;	Organisational Development Plan Job Descriptions
ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council;	Officer PDP’s Access to update courses and information briefings on new legislation Induction – both officers and members
assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively;	HR policies Staff forums Clear statement of roles and responsibilities and how they will be put into practice
develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed;	CE Performance Appraisal (member led) Arrangements for succession planning Member Briefings

ensure that effective arrangements are in place for reviewing the performance of Cabinet and other committees and their membership and agreeing action to address any training or development needs;
ensure that effective arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council;
ensure that career structures are in place for members and officers to encourage participation and development.
In order to achieve our aims we will detail within the Constitution:
a clear statement of the respective roles and responsibilities of the Cabinet and of each cabinet member individually and the authority's approach towards putting this into practice;
a clear statement of the respective roles and responsibilities of each committee, elected members generally and of senior officers;
a clear statement of the role of Scrutiny including overview of Council activity and responsibility for holding Cabinet to account.
a scheme of delegation and reserve powers including a formal schedule of those matters specifically reserved for collective decision by full Council taking account of relevant legislation, and ensuring that it is monitored and updated when required;
a chief executive responsible and accountable to the authority for all aspects of operational management;
a protocol to ensure that the leader and chief executive share a clear understanding of their roles and objectives;
a senior officer (the S151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control;
a senior officer (the monitoring officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with;
protocols to ensure effective communication between members and officers in their respective roles;
we will also:

Member PDPS
Scheme of delegation reviewed regularly in the light of legal and organizational changes
Standing Orders reviewed on a regular basis
Efficient systems and technology used for effective support
Peer reviews
Community Hubs

set out terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective member remuneration panel;
ensure that effective mechanisms exist to monitor service delivery;
ensure that the organisation’s vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated;
when working in partnership we will:
ensure that members are clear about their roles and responsibilities (both individually and collectively) to the partnership and to the authority;
ensure that there is clarity about the legal status of the partnership;
ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.

F. Good governance means managing risks and performance through robust internal control and strong public financial management	
We will:	
Manage risk; Manage performance; Have robust systems of internal control; Manage data; Provide strong public financial management;	
In order to achieve this we will:	Evidence
maintain an effective scrutiny function which encourages constructive challenge and enhances the Council’s performance overall and that of any organisation for which it is responsible;	Performance Management Framework Publication of agendas and minutes of meetings

maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based;	Evidence of improvements as a result of scrutiny
maintain arrangements to safeguard members and employees against conflicts of interest and processes to ensure that they continue to operate in practice;	Council Meeting Calendar
develop and maintain an effective audit / governance committee which is independent of the executive and scrutiny functions, and responsible for the Council's governance and control matters;	Budget Monitoring Reports
ensure that a senior officer with responsibility for internal audit champions best practice and provides an objective opinion on all aspects of governance, risk management and internal control;	Member Development
ensure that the Council maintains an effective, transparent and accessible complaints process;	Financial standards and guidance
ensure that those making decisions whether for the Council or a partnership are provided with information that is fit for the purpose; i.e. relevant, timely and gives clear explanations of technical issues and their implications;	Financial Regulations and standing orders
ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately;	Effective internal audit service is resourced and maintained
ensure that risk management is embedded into the culture of the Council, with members and managers at all levels recognising that risk management is part of their jobs;	Internal & External Audit Plan
ensure that effective arrangements for whistleblowing are in place to which officers and all those contracting with or appointed by the authority have access;	Internal audit charter
observe all relevant legislative requirements and restrictions placed upon the Council, but strive to utilise the legislative powers to the full benefit of the community;	Internal & External Audit Reports
comply with both the specific requirements of legislation and the general responsibilities placed on the Council by public law;	Annual Governance Statement
	Risk Management Strategy and use of GRACE
	Anti Fraud and Corruption Strategy and Fraud Response plan
	Whistleblowing policy
	Audit Committee complies with best practice / Governance Committee effectiveness review
	Information Security framework
	Designated Data Protection Officer and Senior Information Risk Officer
	Data Protection Policies and Procedures
	Data sharing agreements
	Data Sharing Register
	Data Processing Agreements
	Data quality procedures and reports
	Data validation procedures

observe all the requirements of general law, and in particular integrate the key principles of good administrative law – rationality, legality and natural justice – into procedures and decision-making processes;

G. Good governance means implementing good practices in transparency, reporting, and audit to deliver effective accountability

We will:

Implement good practice in transparency;
Implement good practices in reporting;
Provide assurance and effective accountability;

In order to achieve this we will:

maintain a user friendly and up to date Website

ensure that the Council’s vision is delivered through the corporate plan and that it is clearly consulted, articulated and disseminated to all key stakeholders

maintain a clear policy that supports consultation and engagement with the public and service users including an appropriate feedback mechanism for those consultees to demonstrate what has changed as a result;

ensure that the Council as a whole is open and accessible to the community, service users and its employees. That it is committed to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality where it is proper and appropriate to do so;

wherever possible use plain English when writing reports

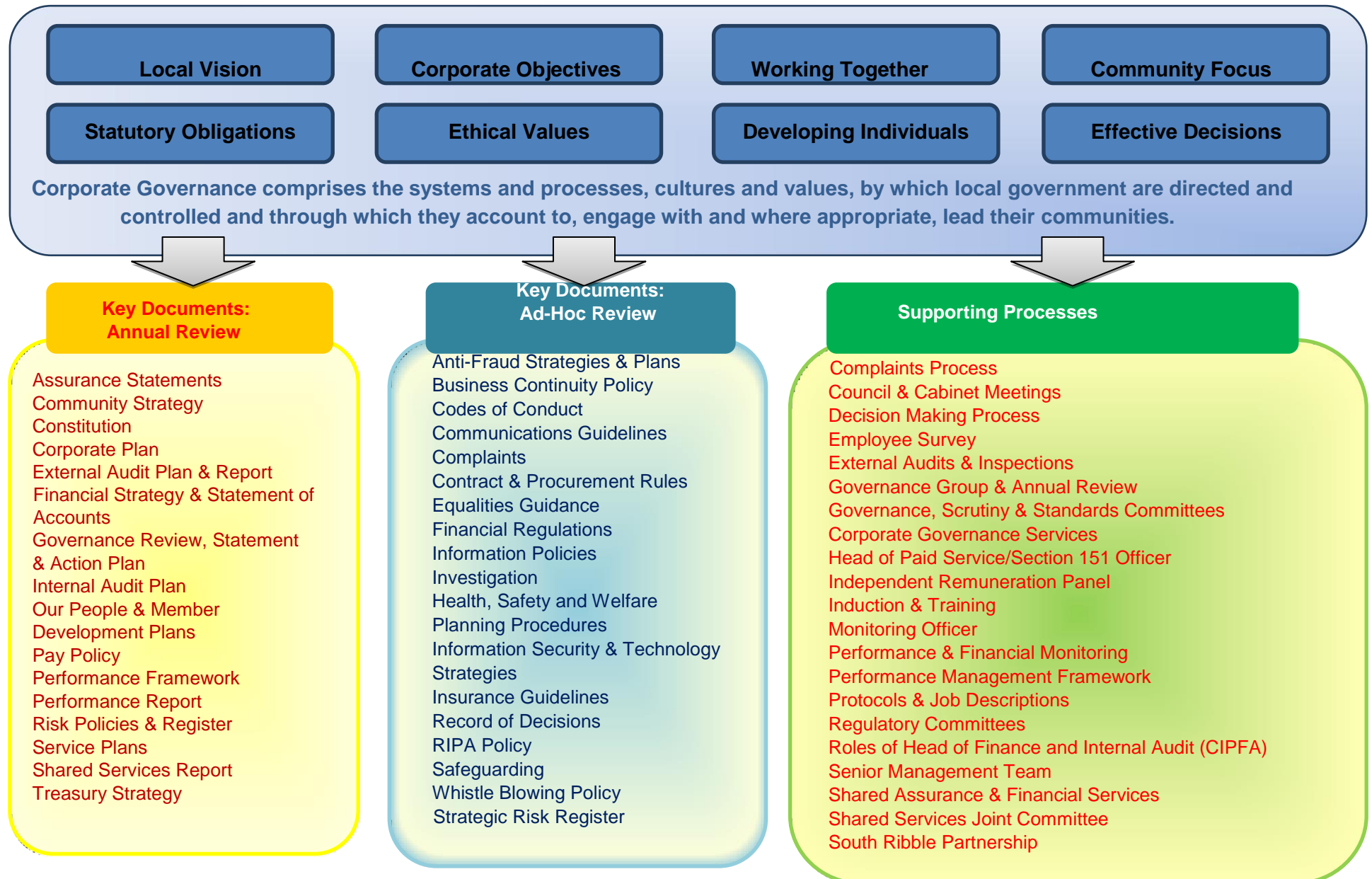
An annual report to council on performance, value for money and the use of resources – such report to be approved and owned by Senior Management Team and members

Evidence

Website
 Annual Report
 annual financial statements
 Annual Governance Statement
 Compliance with CIPFA’s Statement of the Role of the Head of Internal Audit
 Compliance with Public Sector Internal Audit Standards
 Recommendations have informed positive improvement
 Community strategy
 Compliance with the Transparency Code
 Corporate Governance Group

Provide Annual financial statements
Provide Annual Governance Statement
Demonstrate how positive improvements have followed on from any external audit recommendations
Compliance with CIPFA's Statement on the Role of the Head of Internal Audit
Compliance with Public Sector Internal Audit Standards
Have an effective and robust Community Strategy

SOUTH RIBBLE BOROUGH COUNCIL CORPORATE GOVERNANCE FRAMEWORK
Principles, Statutory Obligations and Corporate Objectives



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