



Council Offices, Kiln Road,
Thundersley, Benfleet,
Essex SS7 1TF.
Tel. No: 01268 882200
Fax No: 01268 882455



Angela Hutchings
Chief Executive

AGENDA

Committee: AUDIT

Date and Time: Thursday 21st July 2022 at 7.00p.m (NB Time)

Venue: Council Chamber
N.B. This meeting will be webcast live on the internet.

Membership: Councillors Harvey (Chairman), Edwards, May, Riley and A Thornton

Substitutes: Councillors Acott, Barton-Brown, Cutler, MacLean and Thomas

Officers attending:

Lance Wosko, Financial Services Manager
Ben Brook, Strategy Policy and Performance Manager
Andrew Barnes, Head of Internal Audit
Michael Dineen, Senior Manager, Counter Fraud & Investigation Directorate

Also attending

Enquiries: Ann Horgan, Ext. 2413

PART I

(Business to be taken in public)

1. Apologies:

2. Members' Interests:

3. Minutes:

A copy of the Minutes of the meeting held on 28th April 2022 is attached.

4. Counter Fraud & Investigation Quarterly Report Q1 2022/23

Report of the Senior Manager, Counter Fraud & Investigation Directorate.

5. Internal Audit Service, Head of Internal Audit Annual Report 2021/22

Report of the Head of Internal Audit.

6. Annual Governance Statement 2021/22

Report of the Strategy, Policy & Performance Manager.

Agendas and Minutes can be viewed at www.castlepoint.gov.uk

Copies are available in larger print & audio format upon request

If you would like a copy of this agenda in another language or alternative format:

Phone: 0800 917 6564 or email translations@languageline.co.uk



When you have finished with
this agenda please recycle it.



AUDIT COMMITTEE

28TH APRIL 2022

PRESENT: Councillors Riley (Chairman), Cllr D. Blackwell, N. Drogman, P. May, A. and A. Thornton.

ALSO PRESENT: Councillor Acott and Cllr Johnson, Cabinet Member Resources.

Head of Internal Audit, Andrew Barnes, Lance Wosko, Financial Services Manager Phil Butt Counter Fraud & Investigation Directorate, Ben Brook Strategy Policy and Performance Manager, Ann Horgan Head of Governance, Loretta Hill, Governance Officer and Debbie Hanson, Associate Partner EY were also present.

APOLOGIES: Councillor Dixon

23. MEMBERS' INTERESTS

There were none.

24. MINUTES

The Minutes of the meeting held on 3rd February 2022, were taken as read and signed as a correct record.

25. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

At the Ordinary Council meeting on 23rd March 2022 Council approved the following amendment to the Committee's Terms of Reference:

- To examine and consider the financial outturn results and approve the Council's audited Statement of Accounts

Resolved – to note the amendment of the Terms of Reference.

26. UPDATE ON FINANCIAL RESULTS AND STATEMENT OF ACCOUNTS FOR 2020/21

A report was presented providing an update on the draft financial results and unaudited Statement of Accounts for 2020/21.

The Statement of Accounts was supported by a separate annexe intended to aid interpretation.

The Statement of Accounts was an important document and was subject to a robust process of scrutiny prior to approval. The draft accounts were circulated to all Members. It was recognised that the accounts and supporting notes were complex and therefore to assist Audit Committee Members in fulfilling the process of scrutiny, Officers had produced additional guidance:

Annexe A provided a summary of 2020/21 financial results for the Council's three main funds: General Fund, the Housing Revenue Account and the Capital

Programme, including details of unspent budgets carried forward to 2021/22 and comments on budget variances. The Annexe was split into 5 separate sections.

Section 2.2 of Annex A showed the year end position on the General Fund after unspent budgets approved to be carried forward was an underspend of £148k.

Section 3.2 of Annex A showed that the Housing Revenue Account (HRA) final year end position after unspent budgets approved to be carried forward was an underspend of £246k.

Section 4.2 of Annex A showed the year end position on the Capital Programme after unspent budgets approved to be carried forward was an underspend of £305k on the General Fund capital expenditure. HRA capital expenditure was underspend of £391k.

Annex A – Section 1 set out the figures behind the underspends.

Annex A – Section 2 detailed the carry forwards and budget transfers to earmarked reserves.

Members discussed and asked questions on the report and Statement of Accounts regarding the HRA budget and underspends. General Fund and the Waterside Squash Court.

Ms Hanson External Auditor presented Castle Point Borough Council's Provisional Audit Results Report year ended 31 March 2021 to 14 April 2022 to the committee.

Members were taken through the Executive Summary and provided with an update on progress.

A risk was identified in the Executive Summary regarding grant income associated with Covid-19.

Audit accounting estimates was also highlighted. The revised standard (ISA 540). required auditors to consider inherent risks associated with the production of accounting estimates.

This year's audit was conducted remotely as a result of the continuing impact of Covid and have therefore undertaken additional procedures to validate the information provided by the Council.

Although the report was completed further consideration needed to be given to an issue which might influence work on the Council's financial statements and value for money arrangements. Member asked questions on the report regarding the issue which could impact on the completion of the audit. The Audit Certificate would be issued after issuing of the Audit Opinion.

The finance team were thanked for all their support of the Audit.

Resolved:

Following scrutiny the financial results for 2020/21 and explanations of budget variances and significant items are noted together with the report on the provisional results of the External Audit.

27. MONITORING REPORT OF THE COUNCIL'S GOVERNANCE ARRANGEMENTS

The Committee received a report presenting the findings from the ongoing monitoring of the Council's governance arrangements, and reports on progress against the action plan to address governance issues as identified in the Annual Governance Statement.

The Committee 's attention was drawn to a number of matters. A new corporate plan 2021-24 was approved by Full Council in September 2021, with key actions from service plans forming part of this document. Progress of key activity in the corporate plan had been reported at Executive Management team (EMT) with an in-depth review against the corporate action plan scheduled for Corporate Management Team (CMT) in May 2022.

During 2021/22, work on some key partnerships was reported to members. For example, in September 2021, Cabinet considered a report about the Association of South Essex Local Authorities (ASELA) in relation to establishing a Joint Committee and, in November 2021, the Wellbeing Policy and Scrutiny Committee reviewed and gave feedback on a new strategy being developed by the Castle Point and Rochford Joint Health and Wellbeing Board.

For 2022/23, the work and impact of key partnerships was planned to be included in the policy and scrutiny committees' work programmes. Progress had been made implementing the recommendations from the Internal Audit of Partnerships, although these will run into the 2022/23 financial year.

An all-member briefing session in relation to the Council's budget took place in April 2022. The purpose of the briefing was to brief Members on the Council's longer term spending plans and also to commence Member engagement with work required to close the Council's budget gap from the 2023/24 financial year.

Regarding Asset Management, there were adequate routine assurance processes in place, which included programmed asset management sessions at Operational Management Team (OMT). Significant asset management issues were referred to the Strategic Asset Group.

Improvements had been undertaken to certain corporate assets during the year, these included structural repairs to Woodside Cemetery Gravediggers' office, localised roof repairs at Long Road, Canvey Island and replacement of bird netting on the roof of Kiln Road offices. A number of lease renewals had been completed.

To assist in the continuous improvement in managing health and safety, during the 2022/23 financial year, the findings and recommendations from the internal audit report dated March 2022 were to be implemented.

It was envisaged that the Procurement Bill would become law in 2023, with a 6-month implementation period to follow. A fully revised procurement toolkit setting out the new requirements and procedures to ensure compliance with the reforms would be issued next year.

Project Management training was provided on the new toolkit and workbook to OMT and others in the Council who manage projects. The focus would now shift to ensure

that the revised project toolkit and workbook were used as intended and the project boards operate effectively to keep track of project implementation.

Members had requested a breakdown of the complaints referred to in the Local Government Ombudsman Annual Review Letter for the period 1 April 2020 to 31 March 2021 previously reported to the Committee. Five were in respect of Housing of those two were referred for local resolution, one was closed after enquiries, one was given advice and one was upheld. A Council Tax complaint and Planning complaint were referred for local resolution. A complaint in respect of Environmental Services was closed after initial enquiries.

Internal Audit had agreed with senior management the terms of reference for an audit of Ethical Governance planned for the first quarter of 2022/23.

Members discussed and asked questions on the report regarding procurement in respect the list of preferred suppliers and bidding. Members asked regarding, the level of measurement of governance items deemed as Satisfactory and Good, explanation was given in this regard. The new project management toolkit was also discussed.

A Member asked a series of questions in respect of Asset Management to be recorded in the minutes. These included reporting arrangements for the Asset Management Group; procurement and reporting arrangements on progress of improvements to corporate assets; reporting procedure for lease renewals compliance with obligations to publish details of corporate land and building assets.

Resolved:

To notes the assurance provided by this report about the operation of the Council's governance framework.

28. CORPORATE RISK REGISTER UPDATE REPORT

The Committee received a report updating on risk management matters, specifically considering the Corporate Risk Register.

Key points highlighted were the risk associated with households experiencing financial difficulties as a result of pressure on family budgets and the actions being taken to address this; the requirement to revisit the risk regarding the local Plan; issues during the implementation of new Housing Management System and the risks associated with budget pressures.

Members asked questions on the report regarding the new Housing Management System. The Cabinet Member for Resources reported that currently some £24k of payments under the £150 energy rebate payment had been made.

Resolved: That the Corporate Risk Register is noted.

29. INTERNAL AUDIT: QUARTLERLY PERFORMANCE REPORT 2021/22:

The Committee received an update on progress made in delivering the Internal Audit Strategy for 2021/22.

Appendix A set out the current status of the audit work planned for the year as at 14th April 2022. There has been one further change to the audit plan since the

update provided at the last meeting with the removal of the General Ledger follow up audit.

Appendices B and C set out the high-level results of the audit work completed and reported upon since the last Audit Committee meeting.

The previous disappointing level of sickness absence had now improved. As outlined in the Strategy presented to the July 2021 Audit Committee, the team would be reporting on a more limited set of indicators this year given the amount of work that was still being contracted out.

At 14th April 2022 of the 25 jobs in the plan, including those outstanding from 2020/21 ten were complete, six were at draft report stage and nine were in progress.

Members were advised that Stakeholder surveys would recommence as the Business Support Officer had returned from redeployment dealing with Covid -19 Track and Trace. As reported at the last meeting efforts to engage an experienced Senior Auditor had been unsuccessful, however an Auditor had been engaged to complete the grant work.

Members asked questions regarding Appendix B the Implementation of the ICT Contract and Cyber Security actions. (A request was made for an index to the appendices with a list of the abbreviations for reference).

Resolved:

That Audit Committee notes the progress made in delivering the 2021/22 Internal Audit Strategy.

30. INTERNAL AUDIT: CHARTER STRATEGY AND PLAN 2022/23

The Internal Audit Charter and supporting Strategy and Audit Plan for 2022/23 was considered by the Committee.

The Charter defined the purpose, authority and responsibility of the service and was attached to the report at Appendix 1. The Strategy, at Appendix 2, outlined how the service would be delivered in line with the Charter and included the Internal Audit Plan for 2022/23 (Appendix 2a), a statement showing how audit work completed during the year would provide assurance regarding the mitigation of the council's strategic risks (Appendix 2b) and the "How We Will Work with You Statement" (Appendix 2c).

In response to questions from the Committee, it was confirmed that a report back would be made on the workforce management audit.

Resolved:

The Audit Committee approves the Charter, Strategy and Audit Plan for 2022/23

31. COUNTER FRAUD & INVESTIGATION DIRECTORATE: QUARTERLY PERFORMANCE REPORT 2021/22:

The Counter Fraud and Investigation Team was responsible for the prevention, detection and deterrence of all instances of alleged fraud and economic crime affecting the authority including allegations of fraud, theft, corruption, bribery and money laundering.

The work of the service was led by the annual Counter Fraud Strategy which had been approved following consultation with the council's services and intelligence from partners in government and policing.

A report was presented to the Committee outlining the performance of the team over the last year and proposing a new strategy and work plan to tackle counter fraud for the Council in 2022/23.

Some 40 referrals were received during the year; 36 investigations were closed with 20 active investigations in progress. The value of open investigation amounted to £574,460.

The Counter Fraud and Investigation team had been working with the revenues services dealing with assurance checks on covid grants. Collaborative working had taken place to deal with housing fraud.

The Committee was pleased to note the value and continuing contribution of the work undertaken by the Counter Fraud and Investigation team.

Resolved –

1. To note the performance of the Counter Fraud & Investigation Team over the last year.
2. To approve the Counter Fraud & Investigation Strategy and work programme for 2022/23 be approved

Chairman

AUDIT COMMITTEE

21st July 2022

**Subject: Counter Fraud & Investigation: Quarterly Performance Report
Q1**

1. Purpose of Report

To inform the Audit Committee on the progress of the Counter Fraud & Investigation work plan for the Council in 2022/23

This report will also report the statistical information in relation to the work performed by the CFI for the Council.

2. Counter Fraud Proactive Work Plan

Appendix A outlines the Counter Fraud Proactive Work Plan for this year (2022/23).

The plan is designed to increase counter fraud knowledge and work across the council as well as support the day-to-day role of the CFI.

3. Investigations

CFI work on referrals that are sent to the intelligence function highlighting criminal behaviour. It is then for CFI to identify, assess, enforce legislation that is in place to protect the Council from various types of criminal behaviour (economic). The figure for the cases CFI has dealt with in Q1 can be found below.

- 4 Fraud Alerts have been sent out to internal and external partners
- 39 Intelligence Reports have been sent to other Law Enforcement agencies assisting in their investigations.
- 2 reports of suspected fraud have been received
- 15 active investigations are currently being conducted
- The value of open investigations is £339,850

4. Contribution to Council's Aims and Priorities

Work undertaken to reduce fraud and enhance the Council's anti-fraud and corruption culture contributes to the delivery of all its aims and priorities.

CFI are always available to officers and councillors, ensuring confidentiality is maintained where the reporting of wrongdoing is disclosed. CFI will work with any department if it is believed there is wrongdoing taking place within the workplace.

Financial Implications

Proactive fraud and corruption work acts as a deterrent against financial impropriety and might identify financial loss and loss of assets.

Any financial implications arising from identifying and managing the fraud risk will be considered through the normal financial management processes.

Proactively managing fraud risk can result in reduced costs to the Council by reducing exposure to potential loss and insurance claims.

Legal Implications

The Accounts and Audit Regulations 2015 Section 3 requires that:

The relevant authority must ensure that it has a sound system of internal control which:

- *facilitates the effective exercise of its functions and the achievement of its aims and objectives*
- *ensures that the financial and operational management of the authority is effective*
- *includes effective arrangements for the management of risk.*

The work of the Directorate contributes to the delivery of this.

People Implications:

Where fraud or corruption is proven the Council will:

- take the appropriate action which could include disciplinary proceedings and prosecution
- seek to recover losses using criminal and civil law
- seek compensation and costs as appropriate.

Property Implications

Properties could be recovered through the investigation of housing tenancy fraud or assets recovered as a result of criminal activity. This action will benefit the authority by means of returning housing stock to those in need or gaining the assets of those who seek to profit from their criminal behaviour.

It was unfortunate that during the Pandemic a number of 'Abandonment' referrals could not be progressed, however the CFI will maintain records of these and will conduct 'day of actions' in the coming months.

Consultation / Equalities Impact Assessment:

None

Risk Assessment

Failure to operate a strong anti-fraud and corruption culture puts the Council at risk of increased financial loss from fraudulent or other criminal activity.

Although risk cannot be eliminated from its activities, implementing these strategies will enable the Council to manage this more effectively.

Value for Money

An effective counter fraud and investigation service should save the Council money by reducing the opportunities to perpetrate fraud, detecting it promptly and applying relevant sanctions where it is proven.

The Council contribute to the overall budget of the CFI at Thurrock Council by a yearly contribution. This is the cost equivalent of 1 FTE; however this then allows access to the vast resources and skill sets held at CFI Thurrock, including Digital Forensic Investigators, Financial Investigators as well as Senior and Strategic management roles.

Community Safety Implications and Environmental Impact:

None

Recommendations

The Audit Committee:

- **The Audit Committee notes the performance of the Counter Fraud & Investigation team to date.**
- **The Audit Committee notes the progress of the proactive work plan for 2022/23**

Background Papers

- Fighting & Corruption Fraud locally, the Local Government Fraud Strategy
- Crowe Whitehall & Clarke Annual Fraud Indicator 2017

Appendices

- Appendix A: Counter Fraud Proactive Work Plan 2022/23

Report Author: Michael Dineen, Strategic Lead for Counter Fraud & Investigation.

Counter Fraud & Investigation



See it.



Report it.



Stop it.

Work Plan 2022/23



Proactive Work Plan 2022/23

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
Council-wide	Training of high risk areas in counter fraud measures Ensure understanding of the threats posed to those areas. To be tailored to the areas and ongoing support offered via a Single Point of Contact with CFI. This is on the proactive work plan every year and will continue to be a regular feature in the work the CFI completes	June 2022 To May 2023	This is being planned by officers and a timetable of training will be created for the remaining part of the year.	Phil Butt	
Council-wide	Review all relevant policies concerning fraud aspects Ensuring that all hold the most up to date legislative information as well as ensuring best practice is always adhered to.	Jan 2023	Ongoing	Michael Dineen	
Council-wide	Targeting POCA and Civil Legislation to maximise effect on criminal behaviour Ensure that CFI utilise the appropriate legislation to maximise the effects on criminals and ensure that our vision of protecting the public purse is adhered to by promoting this work.	June 2023	Ongoing	Roger Noakes	
Housing	Proactive High Risk Housing Project To work with the Housing department and local police hubs to complete at least 3 proactive operations in areas of high-risk housing.	June 2023	To be planned by the officers with a timetable of activity to be delivered by next Q.	Phil Butt	

AUDIT COMMITTEE

21st July 2022

Subject: Head of Internal Audit Annual Report 2021/22

1. Purpose of Report

1.1 To provide for the 2021/22 financial year:

- the rationale for and an audit opinion on the adequacy and effectiveness of Castle Point Borough Council's (the Council's) risk management, control and governance processes
- a statement on conformance with the UK Public Sector Internal Audit Standards (the Standards) and the results of the Quality Assurance and Improvement Programme.

2. Background

2.1 The Head of Internal Audit's Annual Report and Opinion provides the Council with an independent source of evidence regarding both the design of its risk management, control and governance framework and how well it has operated throughout the year.

2.2 The opinion is predominantly based upon the audit work performed during the year as set out in the risk based Audit Plan discussed with the Executive Management Team and approved by the Audit Committee.

2.3 As outlined in the Internal Audit Charter, audit coverage is determined by prioritising the significance of the Council's activities to its ability to deliver its Priorities, Objectives and Targets. This is done:

- using a combination of Internal Audit and management risk assessments (including those set out in risk registers)
- in consultation with some service managers, Heads of Service and the Strategic Director, Resources to ensure the work is focused on key risks.

2.4 Periodic discussions are then held with the Strategic Director, Resources to:

- reflect on the original risk profile and work planned
- determine whether any changes are required to it or the Audit Plan.

2.5 Organisationally, this reflects a mature approach to operating an internal audit function.

2.6 All individual audit reports are discussed with the relevant Service Managers and Heads of Service or Strategic Directors before being finalised.

2.7 The opinion and summary findings from audit reviews are reported to Directors, Managers and the Audit Committee throughout the year.

3 Head of Internal Audit Opinion for the year ended 31 March 2021

- 3.1 The Council continued to operate risk management, control and governance arrangements, despite the challenges posed by the impact of the Covid-19 pandemic throughout the year. The Council is facing increasing financial pressure that it is working to address, caused by the impact of the pandemic, exacerbated by the inflation and cost of living challenges, all of which are impacting on the financial position.
- 3.2 The work of the Good Governance Group and results of the audits completed continue to confirm that:
- corporate business management processes remain generally well designed and, in some areas, work is underway to update or strengthen them further
 - there is inconsistency in terms of application, across some services that still needs to be addressed.
- 3.3 During the year the Council continued to be impacted by the ongoing Covid-19 pandemic. The Council's response held up well, coordinating a wide range of resources from a range of diverse sources to provide the support, response, and management of the community to meet the requirements of the Borough as it went through, and then emerged from, different periods of lockdown during the year. Significant changes remained in place over the operations of the Council, including most staff working remotely. There remains work to be done as the situation continues to evolve and there will be further challenges as the Borough and the Council works on recovery from the pandemic and addressing the impact of inflation and the cost of living on both the Council itself and the residents of the Borough. The Council is preparing to deliver and meet the multiple challenges ahead.
- 3.4 Following the sad passing of the Chief Executive in March 2021, the Council continued to function in his absence, but this stretched the capacity of management. As a result, the Council utilised the services of an interim Chief Executive while making a decision about how to deliver the role in the future. Since the end of the year this has now been resolved with a new permanent Chief Executive appointed and arriving, to end the period of uncertainty and enhance the capacity of management to deliver the objectives of the Council.
- 3.5 With regards to the assurance provided by audit work undertaken, the results of the work indicate that for the design of the Council's risk management arrangements satisfactory assurance can be provided in, although the Risk Management Policy Statement and Strategy is due to be reviewed and refreshed, but partial assurance in respect of operation, as there is a need for further embedding of the arrangements within the services so that there is increased understanding of the need to capture the conversations about risk that are happening, to provide increased visibility, transparency and accountability for decision making around the risks that sit below those on the corporate risk register. The design and operation of internal control can be provided with satisfactory assurance, but issues have been highlighted in respect of the application of governance framework as operated for the year indicating that this requires improvement before it can be considered to be satisfactory overall, therefore partial assurance is provided for the year. Work to improve elements of the governance framework is being undertaken, as reflected in the Annual Governance Statement.
- 3.7 Therefore, the remainder of this report should be read within this context.

- 3.8 No issues have come to my attention this year, other than those already disclosed, that I believe need including in the Council's Annual Governance Statement.
- 3.9 Internal Audit is subject to a formal, independent review of its compliance with professional standards every five years. External audit relies on the work internal audit complete on financial systems where it is relevant to its audit of the Council's financial statements.
- 3.10 The basis for forming this opinion is an assessment of:
- the design and operation of the underpinning governance and assurance framework
 - the range of individual opinions arising from risk based and other audit assignments that have been reported during the year, taking into account the relative significance of these areas
 - whether management properly implement actions arising from audit work completed, to mitigate identified control risks within reasonable timescales
 - any other assurance available from independent sources.
- 3.11 The Head of Internal Audit has not reviewed all risks and assurances relating to the Council's activities in coming to his opinion.

4. Supporting Commentary

- 4.1 **Appendix A** summarises the audit opinions issued this year. **Appendix B** summarises the status of the delivery of the Audit Plan for 2021/22.
- 4.2 **Appendix C** and **D** set out the high-level results of the audit work completed and reported upon since the last Audit Committee meeting in April 2022.
- 4.3 The following paragraphs then:
- summarise findings from all the work completed this year
 - highlight the key areas requiring improvement
 - summarise how other independent assurance has been used to support the opinion.
- 4.4 Where necessary, actions have been agreed with services to improve the arrangements where there is scope for improvement in control issues identified during the audits.

Managing the Business

- 4.4 The **Good Governance Group** continued to operate efficiently and effectively, in that it had:
- a Terms of Reference agreed by the Executive Management Team that required it to ensure:
 - the Council maintains arrangements that are fit for purpose and comply with good practice requirements
 - that sufficient assurance is available throughout the year to support the production of the Annual Governance Statement
 - it has an appropriate membership of senior officers responsible for maintaining the main corporate business management processes that are then applied at service level.
- 4.5 It continued to deliver its work programme during the year which ensured key tasks were completed, and involved:
- robustly challenging Manager Assurance Statements for 2021/22 before signing off the assessments and the action required to improve these business management arrangements
 - critically evaluating a summary of service assessments of these arrangements, as contained in the Manager Assurance Statements.
- 4.6 Therefore it is possible to place reliance on the conclusions drawn from this work, which are summarised in the audit opinion above.
- 4.7 The Strategy, Policy & Performance Manager continued to produce regular reports on the operation of the Council's **key business management arrangements**. These were presented to and challenged by the Executive Management Team and the Audit Committee. No significant concerns were reported, but opportunities to strengthen or develop arrangements were highlighted in the year as they arose.
- 4.8 The processes outlined above remain key elements of the Council's assurance framework and continued to provide evidence of the effective design and operation of its business management arrangements.
- 4.9 In the previous year an external provider reported on their high level assessment of the Council's **risk management** arrangements which concluded that risk management is taking place in accordance with expectations across the Council, although there is further work to be done to fully embed this to drive value from the process and help inform decision making at all levels of the Council. Steps are being taken to enhance arrangements. The understanding of risk was assessed as sound at both corporate and service levels.
- 4.10 The Council continued to maintain a Corporate Risk Register that was reported to the Executive Management Team each quarter and the Audit Committee twice a year. Heads of Service were required to identify key risks in their service plans, which were reviewed by the Strategy, Policy & Performance Manager.
- 4.11 However during the last year the management of the corporate risks did not manage to prevent the crystallisation of risks in respect of the Housing Management System and the Local Plan.

- 4.12 A piece of advice and support work was completed on the **Project Management Framework and Toolkit**. This focused on the revisions that had been made to strengthen the key project management processes following the audit work completed in 2020/21.
- 4.13 The Toolkit provides guidance to project management practitioners within Castle Point on how projects should be undertaken, and the Workbook is the single location to document all key aspects of the project through its lifecycle. These documents are well aligned and provide a simplified set of documents focused on the key areas required for effective project management.
- 4.14 These documents cover many of the areas a project management framework should include and have been improved and addressed many of the points raised in the 2020/21 work including: providing definitions on how projects should be classified; rationalising the document suite into just two key documents to make them more user-friendly; and improved reporting on the status of projects.
- 4.15 Work has continued to further strengthen the new Framework and Toolkit, using feedback from this audit and lessons learned from the Housing Management System Project Implementation (see below):
- Enhancing descriptions of key project management roles and developing the terms of reference for the project boards
 - Extending the Project Management Toolkit and Workbook in the following project management areas: planning; assumptions; dependencies; risks; change control; communications and the engagement plan
 - Introducing templates and guidance on budget and benefits management processes including the tracking of the delivery of benefits
 - Defining the Gateway / Go-Live process assessing parameters which should be met in order to proceed to the next project phase and the related governance and approval processes
- 4.16 Since the audit completed in December 2021, Project Management training has been rolled out and delivered to members of the Operational Management Team and other officers. The training covered understanding of the new Framework and the practical utilisation of the new Toolkit.
- 4.17 A further piece of work is planned within the 2022/23 audit plan to assess how the Project Management Framework and Toolkit is being applied and is working in practice across the organisation.
- 4.18 The **Workforce Management** audit looked at the arrangements the Council has in place to ensure it has an effective workforce, with the right skills and level of knowledge in place to deliver the Council's vision, priorities and objectives.
- 4.19 At the time of the audit, the Council had limited arrangements in place to strategically appraise the organisational workforce needs, and to plan effectively for how any gaps in skill can be addressed to ensure corporate goals can be met, for example through training or recruitment.
- 4.20 In many areas, such as performance management and succession planning, effective template documentation is in place, but needs to be rolled out and used consistently across the organisation, meaning potential issues have the opportunity to be identified and addressed at the earliest opportunity.
- 4.21 Job evaluation has not been conducted, although the Council has been working with the LGA and trade unions to introduce this which will allow for roles to be

fully assessed and appropriately graded. Further issues were identified relating to Senior Manager pay arrangements, and a separate audit is underway to review these.

- 4.22 Increasing Member's oversight of workforce matters such as those outlined above will allow them to fulfil their governance responsibilities and receive assurances over how the organisation will continue to meet its changing priorities and the increasing challenges being experienced by all local authorities.
- 4.22 The work undertaken on the **handover and implementation of the ICT contract** to provide timely assurance that the handover to, and mobilisation of, the implementation of the new ICT contract was being effectively managed to ensure a smooth transfer of services, was finalised, following initially being reported during 2020/21. The work had been timed to fit around the deadlines for the handover to the incoming service provider.
- 4.22 Feedback to address issues regarding the handover was discussed with and addressed by officers as the handover and mobilisation was progressing. This covered:
- Appending outstanding items to a risk register and RAG rating the items
 - Identifying mitigating actions for each item
 - Considering placing the payment for the final month of service on hold
 - Seeking immediate confirmation of those employees who intend to transfer
 - Identifying mitigating actions for each staff member in the event that they do not transfer.
- 4.23 This assisted the Council with achieving a successful transition to the new contractor for what is a critical underlying support service to enable the effective functioning of the Council.

Service Delivery Risks

- 4.23 A key objective for Internal Audit is to give a view on whether the Council's risk management and control processes are robust enough to enable services to effectively contribute to the delivery of its Corporate Priorities, Objectives and Targets. The remainder of the report therefore, structures the audits undertaken of services areas under the Corporate Priorities they help deliver so this connection can be made.

ENVIRONMENT

- 4.24 The Council effectively adapted its arrangements around the **Health and Safety (H&S) of Employees** and developed specific Covid-19 risk assessments to use alongside their regular H&S assessments, to ensure Council offices remained Covid-19 secure.

- 4.25 The H&S Policy and Strategy have been reviewed, and at the time of the audit were due to be submitted to Executive Management Team and the Interim Chief Executive for endorsement and adoption. There would be further benefit in developing departmental specific H&S policies, informed by departmental risk assessments, consultation with staff, job specific good practice and lessons learned.
- 4.26 Management continue to receive regular updates on H&S performance issues through the monthly Operational Management Team (OMT) meetings. These updates highlight any Reporting of Injuries, Diseases and Dangerous Occurrence Regulations 2013 (RIDDOR) incidents, incident trends and lessons learnt within the Council, as well as highlighting any cases of interest from outside the organisation, such as relevant prosecutions by the Health and Safety Executive. This helps to raise H&S awareness among managers, in turn reducing the likelihood of H&S incidents and associated financial, operational or reputational consequences.
- 4.27 While lessons learned are captured and reported on, there would be benefit in introducing a documented process to ensure any actions arising have been fully and effectively implemented.
- 4.28 The Council is continuing to develop its **Climate Change and Carbon Reduction** agenda and incorporates its climate objectives within its corporate plan and annual service plans. Further embedding these objectives within other key policies and strategies, such as procurement and asset management will help to embed the climate agenda into all of the Council's activities.
- 4.29 A working group meet regularly and are implementing an action plan covering service areas with the greatest associated level of carbon emissions due to the nature of their operations. Further refining the targets and timelines for delivery against each action will help to demonstrate progress made.
- 4.30 There is no dedicated resource or expertise within the Council to support or oversee the climate priorities which may impact how climate activities are prioritised and delivered. Areas of the action plan that are struggling to progress tend to be where there is a lack of technical expertise within the organisation. While officers would not be expected to hold this knowledge, it is important that they are supported to acquire this through training, or from external sources.
- 4.31 A lack of central budget for climate activity also makes progress in the area difficult, with activities being funded through existing service level budgets or grants where available. The action plan is not costed currently, which makes it difficult to understand the cost vs. benefit of activities, and the impact the actions have on other budgets.
- 4.32 The Council is closely engaged with external stakeholders and over time, this will become increasingly essential to supporting the Council's work towards its climate goals. Progress is reported periodically to Cabinet, but there would be benefit in introducing a specified EMT sponsor for climate, in order to provide clear leadership on the climate agenda, further drive development and ensure accountability over delivery.

- 4.33 During 2021/22, the Council has been reviewing options around its **Waste and Recycling Services** with an options appraisal being completed by WRAP. The report considers alternative arrangements for kerbside waste and recycling across Castle Point, with a view to improving service efficiency and increasing environmental benefits.
- 4.34 The options explored by WRAP have been shared and discussed with Members through the Environment Policy and Scrutiny Committee and the intention is for their recommendations to be presented to Cabinet in due course.
- 4.35 Ahead of any final decisions, there is a need for a number of further actions to be considered. This includes:
- Readjusting the baseline modelled option to reflect the current costs of delivering the service
 - Giving further consideration to the potential risks, costs and benefits of:
 - Doing nothing, for example, considering the lifecycle of the existing collection lorries, their ongoing maintenance requirements and the impact on service delivery that may come with an aging fleet of vehicles
 - The more operational and lower-level detail on the various modelled options eg. the storing of wheeled bins before they are provided to residents
 - How the Council's wider corporate objectives are considered, such as climate related priorities eg. exploring the use of electric collection vehicles.

HOUSING AND REGENERATION

- 4.18 Further work on the **Housing Management System (HMS) Project Implementation** was undertaken. This followed on from the work completed in 2020/21 by reviewing the implementation and application of robust project processes to support delivery of the HMS system. A number of key project processes remained outstanding, including issue clarification and resolution, control and quality management processes and insufficient resource planning with clarity on project team roles and responsibilities. Project resource restraints were cited as the reason for these drifting.
- 4.19 Advice and support was also provided to the Project Sponsors to aid their understanding and challenge of the information provided to them at key project decision points as the project continued. This feedback included the:
- quality and completeness of the Data Migration Strategy, which was found to need further clarity on roles and responsibilities and increased exploration of the controls in place to ensure completeness, accuracy, correctness and quality of the data migration processes
 - completeness and achievability of the different iterations of the project plans, giving consideration to known assumptions, issues, dependencies and resource constraints, in order to establish a clear and viable critical path to go live
 - view on the performance and quality of deliverables from third parties and management of those contracts, while supporting the project sponsors exploration of alternative delivery models.

- 4.20 Once the decision had been made to pause the project, a Lessons Learned session was facilitated with key internal project stakeholders to capture and agree as a group any learning from the project. Key findings from this included:
- insufficiently detailed system requirements at the project outset
 - an overestimation of the system's 'out of the box' capabilities
 - insufficient internal resource to support the project (time and expertise)
 - over reliance on suppliers and absence of performance management mechanisms to manage these relationships effectively
 - poor project planning and a failure to challenge assumptions effectively
- 4.21 A lessons learned log has been developed, capturing these findings along with their impact and recommended actions to be considered. The Strategy, Policy and Performance Manager also attended the session and will incorporate relevant points within the Council's Project Management Framework and Toolkit, which will help to strengthen the organisational approach to future projects.

A COMMERCIALY AND DEMOCRATICALLY ACCOUNTABLE COUNCIL

- 4.24 Feedback was provided in an advice and support capacity on the **Planning Improvement Peer Challenge** action plan that had been developed to address the recommendations made in the Local Government Association (LGA) Peer Review, undertaken in April 2019.
- 4.25 The action plan largely addressed the recommendations made, with a few areas where further coverage would be beneficial. In some cases, further clarity was needed on what the desired outcome was of the action – this will aid the Council in assessing whether the actions have achieved what was intended and identify any further actions that may be required.
- 4.26 A number of areas within the action plan were seen to have been implemented, including continued progression of the Local Plan, the introduction of the Local Plan Delivery Board to allow Member input and information sharing, and increased development of the Development Management Committee and its members.
- 4.27 During the course of Covid-19, it was found that the member oversight and monitoring of the action plans. implementation had lapsed. Due to the time that has now passed, it was recommended that:
- evaluating progress made to date to address the LGA recommendations
 - reviewing and updating the action plan
 - implement revised governance arrangements to ensure the pace and direction of change has appropriate oversight, monitoring and oversight
 - plan for the LGA to revisit Castle Point and undertake an independent follow up on the progress against the original report.

HEALTH AND COMMUNITY SAFETY

- 4.41 Work to assess the effectiveness of arrangements to ensure the Council's strategic **Partnerships** enable effective joint working and support the delivery of the Council's corporate priorities and objectives found that the Council work with a number of partners to deliver the required services to the borough which either are not delivered directly by the Council or are more effectively delivered alongside partners. These partners and the way the Council work with them is vital in delivering the Council's corporate priorities as well as wider community, environment and infrastructure enhancements across the South Essex area.
- 4.42 Management has created a Partnership Framework and Toolkit to aid staff in establishing new and assessing current partnerships. This defines the various categories of partnerships and is aligned to the principles of good governance in partnerships as set out in the publication *Delivering Good Governance in Local Government: Framework (CIPFA/SoLACE 2016)*. A partnership register has also been created capturing key information regarding the current partners the Council works with.
- 4.43 Following consultation with Corporate Management Team (CMT) in January 2020, the Partnership Framework and Toolkit was rolled out to Operational Management Team (OMT) in February 2020. This audit identified potential enhancements to provide greater consistency and direction that management should implement before formally communicating the refreshed partnership governance arrangements more widely. These recommendations will also embed such partnership considerations into existing arrangements, such as the procurement and annual service planning processes, to trigger when and how to assess a new or current partnership.
- 4.44 In order to consider how well the partnership arrangements were operating in practice, a deep dive review of a selection of partnership arrangements from across the Council was undertaken to assess how each was structured, being monitored and reported on. As a result recommendations have been identified including to:
- improve the individual partnership working environments such as the formalising of partnership outcomes (eg. via SLA's, especially where there is a financial element) applicable to the partner and defining where such updates will be reported / escalated to
 - provide examples to aid the enhancement of the Partnership Framework and Toolkit for elements such as reporting and exit arrangements.
- 4.45 Management has made progress in developing partnership governance arrangements that were not previously in place but recognise that further work is needed to embed working practices that will help provide efficient and effective arrangements to support the delivery of the corporate priorities, with partners seen as a key part of that.

Key Financial Systems

- 4.48 Two key financial systems were reviewed this year to ensure they:
- were designed to prevent and / or detect material financial errors
 - had been in place during the year and therefore could be relied on when producing the Council's Statement of Accounts.
- 4.49 Overall, high assurance was obtained over the **income receipting and banking system** and satisfactory assurance was obtained over the **general ledger accounting** system.

Implementing Action Plans

- 4.50 Once reports are agreed and finalised, they are issued along with the agreed action plans to Management who monitor their implementation via Departmental Management Team meetings.
- 4.51 Internal Audit only revisited and retest action plans where a partial or minimal assurance opinion was given. Management closed down agreed actions in reports with high and satisfactory audit opinions once they were satisfied they had been properly dealt with. Internal Audit has been working with departments to enhance this process, to enable management to be able to more effectively check that appropriate evidence is presented when agreed actions are to be signed off.
- 4.52 Follow up work undertaken by internal audit provided high assurance over the implementation of recommendations previously made in respect of the **accounts receivable system** and partial assurance over the implementation of recommendations previously made in respect of the **accounts payable** system.

Grant Claims

- 4.53 It was possible to certify that money spent under the **Disabled Facilities Capital Grant** Determination, was in line with the grant terms and conditions.
- 4.54 We have worked with the Council to deliver the evidence requirements for the **Interreg Go Trade Grant** provided by the EU and to provide the necessary assurances to the EU over the Council's use of that money.
- 4.55 Work is currently being finalised on the Covid-19 **Test and Trace Support Payments**. The arrangements implemented by the Council to manage the process from application through to payment was sound. We have also worked with the Council to deliver **Covid-19 Support Business Rates Grants, Post Payment Assurance** to confirm the Small Business Grant, Retail Hospitality and Leisure, and Discretionary Grant Fund grants have been awarded in accordance with the terms and conditions of the grant.

5. Compliance with Professional Standards

Head of Internal Audit Opinion

- 5.1** *The Institute of Internal Auditors assessed the in-house team as fully meeting most of the Standards, as well as the Definition, Core Principles and the Code of Ethics in October 2017 (classified as "Generally Conforms", the highest rating).*

Good assessments were achieved in relation to:

- *reflection of the Standards*
- *focus on performance, risk and adding value*
- *the quality assurance and improvement programme.*

Needs improvement assessments were given in relation to:

- *coordinating and maximising assurance*
- *the efficiency of its operations.*

- 5.2** Preparations are now being made for the next round of external quality assessment.

Resourcing

- 5.3** Since the last Head of Internal Audit's annual report to the Audit Committee there has been further change within the team. The auditor left the team in August 2021 which impacted the delivery of the planned audit work as the audit they were involved in had to be picked up and completed by the Audit Manager, and those works planned for later in the year had to be re-allocated.
- 5.4** Therefore, as at 11 July 2022 that leaves the team with six vacancies out of ten posts. The salaries of the vacant posts are being used to fund audit resource brought in from suitable accountancy firms to assist with delivery of the audit plan. A recruitment exercise undertaken in the autumn of 2021 did not result in a successful appointment, despite using a more specialist support from Hays.
- 5.5** In December 2021 the internal audit team engaged with the Learning and Development Team to facilitate a session to apply the team's analytical thinking to the current position of the internal audit team and the expected requirements of the internal audit service into the future, as this continues to evolve both at an industry level and at a local level. An action plan was discussed to assist with the development and delivery of the most appropriate team model, utilising the financial resources available. Work to deliver this is ongoing.
- 5.6** The expected requirements of the internal audit service into the future continue to evolve and the impact of Covid-19 is causing further consideration to take place. There is a growing requirement for better collaboration between risk functions (risk management, internal audit, compliance and other risk functions) as organisations evolve to embrace the fourth industrial revolution as part of their response to the covid-19 pandemic and the impact of that. Risk functions are being expected to be active participants, helping to achieve and protect the value of the organisation. Risks are becoming increasingly complex and interconnected, and without close risk function collaboration it is possible that blind spots to risk will arise for key stakeholders in the organisation that can then impact on strategic, financial and operational initiatives.

- 5.7 The remainder of this report needs to be considered within this context.

Audit Plan 2021/22

- 5.8 The original target was to deliver 100% of the Audit Plan by mid-May so that the Head of Internal Audit Annual Opinion could be included in the Council's Annual Governance Statement, which ordinarily has to be produced by 31 May. In the event, as a result of the impact of the Covid-19 pandemic the MHCLG revised the deadline so that this became 31 July 2022. As reported in **Appendix B** most pieces of audit work had all of the audit work delivered, although not all of the reporting had been completed and finalised. To date, 20 pieces of work had the audit work fully delivered, although not all of the reporting had been completed and finalised, four pieces of work are still work in progress.
- 5.9 **Appendix B** shows the status of the Audit Plan which is a comparison of actual audit work completed against work planned at the start of the year.

Other Performance Indicators

- 5.10 As much of the work this year has continued to be resourced through framework contracts, a more limited set of performance indicators have been reported upon.
- 5.11 Sickness absence during 2021/22 was very low, equating to an average of 0.4 days per FTE.
- 5.12 Stakeholder surveys are designed to assess compliance with some of the less tangible elements of the UK Public Sector Internal Audit Standards (the Standards). Only one stakeholder surveys has been completed for 2021/22 because of the impact of covid-19 and the redeployment of the Business Support Officer to assist with Southend Council's track and trace team. The Business Support Officer returned to the Audit team in April 2022 and stakeholder surveys will re-commence for all future audits as the work completes.
- 5.13 For the stakeholder survey completed, a score of 100% was given. The respondent confirmed that internal audit had a good knowledge of the service area and effectively explained where actions were required to improve the arrangements in place.

Service Management Arrangements

- 5.13 An assessment was also completed of the team's compliance with the Council's governance arrangements requirements as set out in the Manager Assurance Statements. All were high or satisfactory, where they were applicable. Actions have been developed to further strengthen arrangements in some areas.

Quality and Improvement Programme

- 5.14 I can confirm that I have maintained an appropriate Quality and Improvement Programme (QAIP) during the year for the in-house team or work undertaken by contractors when being managed by the in-house team. As required by the Standards, this consisted of:
- on-going supervision and review of individual audit assignments completed by in-house staff or contractors working to in-house staff

- reporting on a limited set of performance targets to the Audit Committee each quarter (for all work done including that of the external supplier)
 - reviewing the results of the independent external assessment of compliance with the Standards which is required at least every five years and ensuring that the resultant action plan continues to be delivered.
- 5.15 I have received assurance from the external suppliers used that where they have undertaken work using their own audit approach, this is also compliant with the Standards.
- 5.16 **Appendix E** summarises the results of the independent external assessment of compliance against each element of the Standards, updated to reflect the developments that the team have made since the most recent independent external assessment.
- 5.17 **Appendix F** sets out the remaining actions that still need to be implemented arising from the:
- Head of Internal Audit's assessment of compliance as reported in the Annual Report presented to the Audit Committee
 - independent external review.
- 5.18 A key focus for the team has been to ensure internal audit files and its audit approach complies with the requirements of the General Data Protection Regulations.
- 5.19 Senior management has chosen not to implement the Standard relating to the appointment and removal of the Head of Internal Audit as the Council's normal HR practices would already mitigate this perceived potential risk.

Other Disclosures

- 5.20 As required by the Standards, I can confirm that the Internal Audit service has:
- operated in a manner that maintains its organisational independence throughout the year
 - been able to determine the scope of reviews, perform the work and report on its findings without interference neither has there been any inappropriate resource limitations imposed upon it.

6. Issues for the Annual Governance Statement

- 6.1 No matters have come to my attention this year, other than those already disclosed, that I believe need including in the Council's Annual Governance Statement.

7. Corporate Implications

Financial Implications

- 7.1 The Audit Plan was delivered within approved budgets.

Legal Implications

- 7.2 The Council is required, by the Accounts and Audit Regulations 2015 (the Regulations) Section 5, to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Standards require that the Head of Internal Audit to report on compliance with this annually to the Audit Committee. This report satisfies this requirement.

Human Resources and Equality Implications

Human Resources

- 7.3 People issues that were relevant to delivering the Audit Plan were raised in the quarterly performance reports.

Equality Implications

- 7.4 The relevance of equality and diversity was considered during the initial planning stage of every audit before the Terms of Reference were agreed.
- 7.5 Any significant changes in the Charter and Strategy would also be subject to assessment.

IT and Asset Management Implications

- 7.6 There are no Asset Management Implications as a result of this report. Any IT implications are set out in the relevant audit reports issued.

8. Links to Council's Aims and Priorities

- 8.1 Audit work contributes to the delivery of all Council Priorities, Objectives and Targets.

9. Timescale for Implementation

- 9.1 This annual audit opinion relates to the 2021/22 financial year.

10. Risk Factors

- 10.1 Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that there are inadequacies in the governance, risk management and control arrangements which may impact of the Council's ability to deliver its corporate objectives.

Recommendation

The Audit Committee notes the Head of Internal Audit's Annual Report for 2021/22.

Background Papers

- The Accounts and Audit Regulations 2015
- UK Public Service Internal Audit Standards
- CIPFA: Local Government Application Note for the UK Public Sector Internal Audit Standards.

Appendices

Appendix A	Assurance Summary 2021/22
Appendix B	Internal Audit Plan 2021/22 as at 8 th July 2022
Appendix C	Opinions and Themes (Minimal)
Appendix D	Opinions and Themes (Other Audits)
Appendix E	Summary Assessment of Compliance with UK Public Sector Internal Audit Standards 2021/22
Appendix F	Compliance with the UK Public Sector Internal Audit Standards 2021/22 Action Plan as at 8 th July 2022

Report Author: Andrew Barnes, Head of Internal Audit

Appendix A: Assurance Summary 2021/22

Audit Plan Areas	Level of Assurance				
	High	Satisfactory	Partial	Minimal	No Opinion
Managing the Business				<ul style="list-style-type: none"> • Workforce Management 	<ul style="list-style-type: none"> • Implementation of the ICT Contract • Project Management
Managing Service Delivery Risks		<ul style="list-style-type: none"> • Health and Safety (Employees) 	<ul style="list-style-type: none"> • Partnerships 	<ul style="list-style-type: none"> • Corporate Estates and Asset Management (draft) 	<ul style="list-style-type: none"> • Planning Improvement Peer Challenge • Housing Management System Project Implementation • Climate Change and Carbon Reduction • Waste and Recycling Services
Key Financials	<ul style="list-style-type: none"> • Income Receipting and Banking (draft) 	<ul style="list-style-type: none"> • General Ledger (draft) 	<ul style="list-style-type: none"> • 		<ul style="list-style-type: none"> •

Appendix A: Assurance Summary 2020/21

Audit Revisited	Action Implementation Level				
	High	Satisfactory	Partial	Minimal	No Opinion
Implementing action plans	<ul style="list-style-type: none"> Accounts Receivable 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Accounts Payable 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">

Grant Claims	Level of Assurance	
	Unqualified	With Qualification
	<ul style="list-style-type: none"> Disabled Facilities Capital Grant Determination Interreg Go Trade 	

Appendix B: Internal Audit Plan 2021/22

Dept	Service Activity	Fraud risk	Status as at 11 July 2022
Managing the Business			
All Aims			
C&D	Implementation of the ICT Contract (2020/21) To assess the adequacy of arrangements in place to ensure the handover to and implementation of a new ICT contractor ensures continuity of service and minimal disruption to the Council.	No	Completed February 2022.
CS	Ethical Governance To assess the suitability of arrangement to ensure the Council's operations, conduct and leadership is aligned to required ethical standards and associated good practice, to enable ongoing public confidence in the local authority.	Yes	Work in progress.
All	Workforce Management To assess the effectiveness of arrangements to ensure the Council has an effective workforce with the right skills and level of knowledge, being appropriately managed to deliver the Council's vision, priorities and objectives for high quality services to residents.	No	Completed June 2022
All	Senior Management Pay and Conditions To assess the adequacy of arrangements to ensure that senior management are effectively recruited, pay and conditions are properly governed, applied consistently and administered appropriately.	Yes	Work in progress.

Appendix B: Internal Audit Plan 2021/22

Dept	Service Activity	Fraud risk	Status as at 11 July 2022
All	Business Continuity and Response to Covid-19 To assess the effectiveness of the Council's response to the Covid-19 pandemic in ensuring minimal disruption to staff and service delivery, and revisit the work undertaken in 2019/20 to confirm the areas identified have been suitably addressed.	No	Work in progress.
C&D	Cyber Security: Incident Management To assess the effectiveness of arrangements in place to quickly identify a Cyber Security incident and the suitability of planned strategic and technical responses following an attack.	Yes	Work in progress.
Managing Service Delivery Risks			
Aim: A Commercial and Democratically Accountable Council			
CS	Corporate Estate and Asset Management (Property) To assess the arrangements in place to ensure assets within the Council estate are effectively managed in order to support delivery of the Council's duties, vision, priorities, objectives and plans for the borough.	Yes	Draft report produced.
Aim: Health and Community Safety			
All	Partnerships (2020/21) To assess the effectiveness of arrangements to ensure the Council's strategic partnerships enable effective joint working and support the delivery of the Council's corporate priorities and objectives.	Yes	Completed January 2022.
SD, MO	Safeguarding (2019/20) To assess whether the Council has robust arrangements in place to discharge its statutory responsibilities with regard to safeguarding and promoting the welfare of adults and children in accordance with the statutory requirements.	No	Work in Progress.

Appendix B: Internal Audit Plan 2021/22

Dept	Service Activity	Fraud risk	Status as at 11 July 2022
Aim: Environment			
Env	Health and Safety (2020/21) To assess the robustness of the arrangements in place to ensure health and safety risks within the workplace are effectively and efficiently identified, assessed, responded to, and reported against, in line with legislation.	No	Completed March 2022.
Aim: Housing and Regeneration			
H	Fire Safety To assess the adequacy of arrangements in place to ensure fire safety within residential properties is proactively and effectively managed in order to reduce the risk of harm to residents.	No	Draft report being produced.
Key Financial Systems: All Aims			
Res	Income Receipting and Banking (2020/21) To assess whether the key controls effectively prevent or detect material financial errors, on a timely basis, so that this information can be relied upon when producing the Council's Statement of Accounts.	Yes	Draft report with the business.
Res	General Ledger (2020/21) To assess whether the key controls effectively prevent or detect material financial errors, on a timely basis, so that this information can be relied upon when producing the Council's Statement of Accounts.	Yes	Draft report with the business.
<i>Implementing Action Plans</i>			
R	General Ledger To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service.	Yes	Removed from the audit plan.

Appendix B: Internal Audit Plan 2021/22

Dept	Service Activity	Fraud risk	Status as at 11 July 2022
All	Accounts Receivable (2020/21) To confirm that actions agreed have been effectively implemented and embedded into the day to day operation of the service.	Yes	Completed October 2021.
All	Accounts Payable (2020/21) To confirm that actions agreed have been effectively implemented and embedded into the day to day operation of the service.	Yes	Completed October 2021.
Grant Claims			
C&D	Test and Trace Support Payment Scheme To certify that, in all significant respects, the terms and conditions attached to the grant have been complied with.	Yes	Work in progress.
E	Green Homes Grant To certify that, in all significant respects, the terms and conditions attached to the grant have been complied with.	Yes	Work in progress.
E	Disabled Facilities Grant To certify that, in all significant respects, the terms and conditions attached to the grant have been complied with.	Yes	Completed October 2021.
P&P	Interreg Go Trade Grant To certify that, in all significant respects, the terms and conditions attached to the grant have been complied with.		Completed September 2021.

Appendix B: Internal Audit Plan 2021/22

Dept	Service Activity	Fraud risk	Status as at 11 July 2022
Advice and Support Work			
Aim: A Commercial and Democratically Accountable Council			
All	Project Management Framework and Toolkit Provide advice, support and challenge over the design of the revised project management framework and the effectiveness of its rollout and implementation within the organisation.	Yes	Completed December 2021.
Res	Knightswick Centre (2020/21) To provide advice, support and challenge over the contract management arrangements being developed to ensure the Knightswick Centre is well managed and remains financially viable.	Yes	Draft report being reviewed.
P&P	Planning Improvement Peer Challenge (2020/21) To provide advice, support and challenge over the arrangements in place to address the recommendations of the April 2019 Peer Review.	Yes	Completed and feedback provided December 2021.
Aim: Housing and Regeneration			
H	Housing Management System Project Implementation To provide independent advice and support to the Project Sponsors in their understanding and challenge of the information / project documentation presented to Project Board, at key project decision points. To monitor the ongoing implementation / application of robust project processes to ensure the new Housing Management System is fully operational within the intended timeframes as well as achieving the expected benefits.	Yes	Completed May 2022.

Appendix B: Internal Audit Plan 2021/22

Dept	Service Activity	Fraud risk	Status as at 11 July 2022
------	------------------	------------	---------------------------

Aim: Environment			
-------------------------	--	--	--

E	Climate Change and Carbon Reduction To provide advice and support around the arrangements currently being developed to enable the Council to work effectively towards delivering its aims of carbon reduction and increased energy efficiency within the borough.	No	Completed July 2022.
E	Waste and Recycling Services To provide advice, support and challenge as service delivery options are explored, to ensure cost, environmental performance and compliance with the expected outcomes of the Government's Resource & Waste Strategy are suitably considered.	Yes	Complete and feedback provided January 2022.

Managing Delivery of the Audit Plan			
--	--	--	--

	Audit Planning and Resourcing		
	Managing Audit Plan Delivery		
	Reporting to Executive Management Team and Audit Committee		

Appendix A: Internal Audit Plan 2021/22

Audit Activities	Resource allocation
Managing the Business	32%
Managing Service Delivery Risks	17%
Key Financial Systems	3%
Grant Claims	8%
Advice and Support	25%
Managing Delivery of the Audit Plan	15%
Total	100%
Total Council Audit Plan Days	209

The days required to revisit and retest action plans from previous reports are included under each heading.

Analysis Over Departments		
R	Resources	3%
CS	Corporate Services	9%
P&P	Place and Policy	0%
C&D	Customer and Digital	12%
E	Environmental	14%
H	Housing	18%
All	Cross cutting	29%
All	Managing Delivery of the Audit Plan	15%
	Total	100%

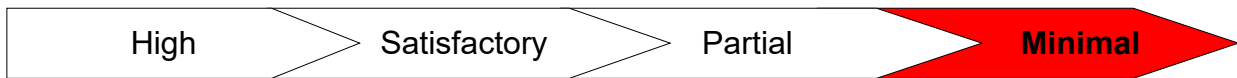
Appendix A: Internal Audit Plan 2021/22

Risk Watch List	
C&D	Cyber Security Arrangements
C&D	Business Rates
C&D	Council Tax
C&D	CRM Project
CS	Leases and Licences of Council Property
E / CS	The Paddocks
E	Food Premises Inspections
E	Private Sector Housing
H	Compliance with Construction, Design and Management Regulations
H	Housing Allocations
H	Sustainability of the Housing Revenue Account
H	Housing Rent Collection and Arrears Management
H	Management of Void Properties
H	Implementation of Health and Safety Legislation Post Grenfell
R	Procurement
R	Contract Management
P&P	Building a Safer Future
P&P	Regeneration Partnerships
P&P	Regeneration Project Delivery
P&P	Building Control
P&P	Community Infrastructure Levy and S106 Payments
All	Data Strategy
All	Council Commercialisation
All	Performance Management
All	Governance Arrangement for Grant and State Aid Funding

These are other potential audits that may be considered for inclusion in the Audit Plan during the year should resources permit or the risk profile change.

Appendix C: Opinion and Themes

Assurance



Workforce Management

Objective

To assess the effectiveness of arrangements to ensure the Council has an effective workforce with the right skills and level of knowledge, being appropriately managed to deliver the Council's vision, priorities and objectives for high quality services to residents.

Themes

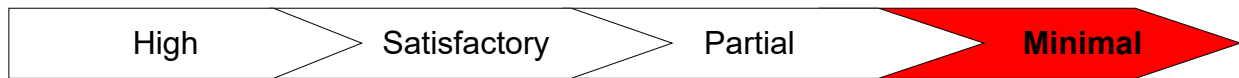
As part of this review, we noted various opportunities for improvement in relation to the council's workforce management arrangements. In particular, the council can maximise its chances of achieving its strategic and operational goals by applying strategic workforce planning, whereby the council identifies its workforce needs based on its corporate goals and compares these needs against the skillsets present in the current workforce. Officers within the council recognise the relatively low level of maturity in the workforce management process and are motivated to make improvements.

Our findings should be interpreted in the context of the relatively small size of the council. We would therefore not expect the same level of Strategic Human Resources management as at a much larger organisation. However, there are significant benefits to oversight of workforce matters at a strategic level. Our detailed findings are summarised below:

- There is no formal workforce planning in place providing strategic oversight of workforce matters. This could be addressed through an annual Strategic Workforce Review, which would identify skill gaps in the council's workforce and produce a plan to address this, for example through training or recruitment.
- There is limited buy-in to the performance management process. The council plans to address this through a new approach to performance management, replacing the annual appraisal with regular one-to-ones.
- There is very limited central awareness of the training received by staff. Training is key for ongoing professional development, and central oversight enables the council to utilise skills available in the overall workforce more effectively. To support this, the council needs to log training completion within its HR system.
- Very limited succession planning has taken place in the last three years at the council. A focussed approach should be taken, completing succession planning for key staff in order to minimise disruption in case these individuals leave.
- Job evaluation has not been conducted, including mapping responsibilities of different roles to assess their relative value. This is a key process, as the council may be open to legal challenge if there is not a documented rationale for the relative worth of roles. Separate from this audit, the council is working with the Local Government Association and trade unions to conduct job evaluation.

Appendix C: Opinion and Themes

Assurance



- There has been limited scope for review of workforce matters by members, as they should in line with their governance role. To aid this:
 - an annual Workforce Plan attached to the Corporate Plan will enable Councillors to take a strategic workforce view
 - A personnel committee should be introduced, allowing members direct oversight over HR matters, including recruitment, pay and conditions.

As part of this work, we also identified issues for further consideration in respect of senior management pay arrangements. A separate Senior Management Pay and Conditions Internal Audit review has been commenced and will be reported to Audit Committee once concluded.

Number of actions agreed: 10

Appendix D: Other Audits and Grant Claims

Housing Management System Project Implementation

Objective and Approach

Our work had the following objectives:

- To provide independent advice and support to the Project Sponsors in their understanding and challenge of the information / project documentation presented to Project Board, at key project decision points
- To monitor the ongoing implementation / application of robust project processes to ensure the new Housing Management System is fully operational within the intended timeframes as well as achieving the expected benefits.

Our approach to providing independent advice and support included:

- Reviewing key project documents and providing management comments and advice to the Project Sponsors
- Observing key project activities and attending Project Board meetings
- Monitoring the implementation of the actions previously agreed by the project.

The outputs of this work were a mix of informal feedback, comments directly within documentation and a series of audit memos summarising our work.

Themes

Following the original audit focusing on the project management of the Housing Management System during 2020/21, Internal Audit have continued to provide advice, support and challenge to the Project Sponsors during 2021/22. This has been achieved through regular informal feedback sessions with the Sponsors, comments directly within documents (such as project plans) and formal Audit Memos. This work has covered the following areas:

- Observation of Project Board meetings between June and December 2021, including reviewing the reporting information presented to the meetings, in order to determine whether the information was relevant, timely and allowed the board to make informed decisions
- Review of the data migration approach, specifically the roles and responsibilities within the process and the arrangements in place to ensure the completeness, accuracy and quality of the data migration
- Providing scrutiny over the project plans, including whether plans included all required activities, assumptions, issues and dependencies, while being appropriately resourced, to establish a clear and viable critical path to go live
- Supporting the project to scope an external review of the project, and provide our knowledge and findings from the audit to the help inform that review
- Attending discussions with partners to discuss alternative delivery methods, and providing feedback to Project Sponsors on these
- Facilitation of a lessons learnt exercise with key internal project stakeholders to capture any learning from the project, and sharing of key lessons with the Council's Strategy, Policy and Performance Manager to help strengthen the organisational approach to future projects.

Appendix D: Other Audits and Grant Claims

Climate Change and Carbon Reduction

Objective

To provide advice and support around the arrangements currently being developed to enable the Council to work effectively towards delivering its aims of carbon emission reduction and increased energy efficiency within the borough.

Themes

Effective delivery of the Climate Action Plan is essential to the Council achieving a lower level of Carbon Emissions which will not only provide benefit to the Council directly but to the environment of the wider borough.

In this audit, we assessed overall governance and financial arrangements for the Climate Action Plan, the technical capabilities of officers to carry out the plan, and resource arrangements for plan delivery. We identified that the plan itself sets a level of ambition with regards to lowering carbon emissions at the Council and across the borough.

We identified seven areas where further action will help to strengthen the Council's response to Climate Change:

- more clearly defining specific targets against the areas of the plan so that the Council can more actively monitor and oversee delivery of the action plan
- having one key sponsor of the plan at both an Officer and Cabinet level
- consider the appointment of a Climate Change Manager or engagement of a Climate Change expert, with the technical expertise to advise individuals across relevant areas of the plan. Further to this, the Council should explore the possibility of creating a Climate Change Advisory group or similar governance platform, which would include industry experts who operate locally to act as "critical friends" in the operational delivery of the plan
- provide basic carbon accounting training to officers that undertake baselining exercises for the Council to aid the understanding of Scope 1, 2, and 3 emissions
- explore the possibility of requesting that all current and future Third-Party Contractors report their emissions data to the Council and enhance procurement processes to incorporate this information more formally into the procurement approach
- continue to apply for available grant funding to reduce the financial pressures associated with the plan's delivery. We further recommend that there is a budget set at a corporate level for the plan's delivery and a detailed costing developed for the actions identified in the action plan to enhance the understanding of the financial pressures
- consider developing a staff forum to enable staff engaged with climate change at all levels of the Council to contribute and bring best practice to the ongoing work of the Council.

Number of actions agreed: 12

Appendix E Summary Assessment of Compliance with UK Public Sector Internal Audit Standards 2021/22

Ref	Standard	Generally Conforms	Partial Conforms	Does Not Conform	N/A
Ref	Definition of Internal Auditing				
Ref	Code of Ethics	✓			
1	Integrity	✓			
2	Objectivity	✓			
3	Confidentiality	✓			
4	Competence	✓			
Ref	Attribute Standards				
1000	Purpose, Authority and Responsibility	✓			
1010	Recognising Mandatory Guidance in the Internal Audit Charter	✓			
1100	Independence and Objectivity	✓			
1110	Organisational Independence	✓			
1111	Direct Interaction with the Board	✓			
1112	Head of Internal Audit Roles Beyond Internal Auditing	✓			
1120	Individual Objectivity	✓			
1130	Impairments to Independence or Objectivity	✓			
1200	Proficiency and Due Professional Care	✓			
1210	Proficiency	✓			
1220	Due Professional Care	✓			
1230	Continuing Professional Development	✓			
1300	Quality Assurance and Improvement Programme	✓			
1310	Requirements of the Quality Assurance and Improvement Programme	✓			
1311	Internal Assessments	✓			
1312	External Assessments	✓			

Appendix E Summary Assessment of Compliance with UK Public Sector Internal Audit Standards 2021/22

Ref	Standard	Generally Conforms	Partial Conforms	Does Not Conform	N/A
1320	Reporting on the Quality Assurance and Improvement Programme	✓			
1321	Use of Conforms with the International Standards for the Professional Practice of Internal Auditing	✓			
1322	Disclosure of Non-conformance	✓			
Ref	Performance Standards				
2000	Managing the Internal Audit Activity	✓			
2010	Planning	✓			
2020	Communication and Approval	✓			
2030	Resource Management	✓			
2040	Policies and Procedures	✓			
2050	Coordination and Reliance		✓		
2060	Reporting to Senior Management and the Audit Committee	✓			
2070	External Service Provider and Organisational Responsibility for Internal Audit	✓			
2100	Nature of Work	✓			
2110	Governance	✓			
2120	Risk Management	✓			
2130	Control	✓			
2200	Engagement Planning	✓			
2201	Planning Considerations	✓			
2210	Engagement Objectives	✓			
2220	Engagement Scope	✓			
2230	Engagement Resource Allocation	✓			
2240	Engagement Work Programme	✓			

**Appendix E Summary Assessment of Compliance with
UK Public Sector Internal Audit Standards 2021/22**

Ref	Standard	Generally Conforms	Partial Conforms	Does Not Conform	N/A
2300	Performing the Engagement	✓			
2310	Identifying Information	✓			
2320	Analysis and Evaluation	✓			
2330	Documenting Information	✓			
2340	Engagement Supervision	✓			
2400	Communicating Results	✓			
2410	Criteria for Communicating	✓			
2420	Quality of Communications		✓		
2421	Errors and Omissions	✓			
2430	Use of 'conducted in conformance with the International Standards for the Professional Practice of Internal Auditing'	✓			
2431	Engagement Disclosure of Non-conformance	✓			
2440	Disseminating Results	✓			
2450	Overall Opinions	✓			
2500	Monitoring Progress	✓			
2600	Resolution of Senior Management's Acceptance of Risks	✓			
	TOTAL OUT OF 64	62	2	0	0

Appendix F: Compliance with UK Public Sector Internal Audit Standards Action Plan (CPBC version) as at 11th July 2022

Action required	Current status	Date
Attribute Standards		
1100 Independence and Objectivity		
<i>1111 Direct Interaction with the Board</i>		
Re-establish annual Audit Committee performance assessments in line with good practice.	<p>New good practice guidance was published in May 2018. Good practice workshops were undertaken in September 2018.</p> <p>At some point, an assessment of compliance with it should be produced. This can then be considered as part of a wider review of the Council's governance and assurance framework.</p>	HoIA, Ongoing
1200 Proficiency and Due Professional Care		
<i>1230 Continuing Professional Development</i>		
Continue with the recruitment programme for professional audit staff.	<p>Further changes to the team during 2021/22 mean there are six vacant posts, the salaries of these are currently being used to fund audit resource brought in from suitable accountancy firms to assist with delivery of the audit plan.</p> <p>In December 2021 the internal audit team engaged with the Learning and Development Team to facilitate a session to apply the team's analytical thinking to the current position of the internal audit team and the expected requirements of the internal audit service into the future, as this continues to evolve both at an industry level and at a local level. An action plan was discussed to assist with the development and delivery of the most appropriate team model, utilising the financial resources available. Work to deliver this is ongoing.</p>	HoIA, Ongoing

Appendix F: Compliance with UK Public Sector Internal Audit Standards Action Plan (CPBC version) as at 11th July 2022

Action required	Current status	Date
Performance Standards		
2000 Managing the Internal Audit Activity		
<i>2040 Policies and Procedures</i>		
<p>Refresh the Audit Manual and supporting forms to reflect:</p> <ul style="list-style-type: none"> updates in the Standards current working practices any issues arising from the independent external assessment. 	<p>Some of this work is still in progress. It will take longer than anticipated to complete due to the changes in the senior management team.</p> <p>Work is also needed to update the Audit Manual to ensure the audit approach is compliant with the General Data Protection Regulations (GDPR) and reflects the actual procedures now followed by the team.</p>	AMs, Ongoing
<i>2050 Co-ordination and Reliance</i>		
<p>Work has been undertaken to develop the “other assurance” element of the audit risk assessments, particularly with regard to business management processes, as part of the annual audit planning cycles.</p> <p>Request that the Good Governance Group (GGG):</p> <ul style="list-style-type: none"> makes this a work stream using all the intelligence it currently has reconsiders the practicalities of building "assurance" into the risk management process as part of the update of the framework currently being undertaken. 	<p>Work with the GGG to integrate all its intelligence into the audit risk assessment.</p>	HolA, Ongoing

Appendix F: Compliance with UK Public Sector Internal Audit Standards Action Plan (CPBC version) as at 11th July 2022

Action required	Current status	Date
2100 Nature of Work		
2110 Governance		
Assess whether an ethical governance audit should be included in 2018/19 Audit Plan.	An ethical governance audit is included in the 2021/22 audit plan, and the work for this is currently underway. Findings will be reported to Audit Committee in the normal way once the audit has concluded.	HolA, Ongoing
2400 Communicating Results		
2410 Criteria for Communicating		
Reassess the reporting templates as part of updating the Audit Manual, to see how underlying issues with the Council's governance arrangements could be highlighted.	This is still work in progress.	AMs, Ongoing
2431 Engagement Disclosure of Non-Conformance		
Consider updating the Audit Manual with a small section covering this particular situation and referencing PS2431.	This is still work in progress. It will take longer than anticipated to complete due to the changes in the senior management team. In addition, a prompt will be included in the reporting template to ensure any incidents of non-conformance have been considered and managed in line with audit manual guidance.	AMs, Ongoing

Appendix F: Compliance with UK Public Sector Internal Audit Standards Action Plan (CPBC version) as at 11th July 2022

Action required	Current status	Date
2500 Monitoring Progress		
Introduce the process for management to provide the Audit Committee with this assurance for reports with high and satisfactory audit opinions.	This work has been placed on hold due to the Business Support Officer's redeployment to the Covid-19 response within Southend Borough Council. The Business Support Officer and Head of Internal Audit will continue to work on this project with Council officers that operate the recommendations database to identify an automatic reporting process.	BSO and HOIA, Ongoing
Finalise the arrangements for reporting to Audit Committee on management sign off of action plans for audit reports with high or satisfactory opinions.		
Design the content and format of a report to go to Audit Committee that shows the progress made by services in addressing agreed actions, for each live audit report.		

Key:

- HoIA, Head of Internal Audit
- AM, Audit Manager
- BSO, Business Support Officer

AUDIT COMMITTEE

21st July 2022

Subject: Annual Governance Statement 2021/22

Report author: Ben Brook - Strategy, Policy and Performance Manager

1. Purpose of Report

- 1.1 To present the Annual Governance Statement for 2021/22 to the Committee.

2. Background

- 2.1 The responsibility for ensuring that there is a sound approach to governance, risk management and control rests with the Council. It is required to report on this annually via its Governance Statement which is published with the financial statements.
- 2.2 In order to do this, the Council should seek regular assurance that its systems are functioning effectively. It should also ensure that the controls in place are effective in managing significant risks in the way that it would expect.
- 2.3 The Council has delegated responsibility for monitoring and reporting on the adequacy and effectiveness of its governance, risk management and controls to the Audit Committee.
- 2.4 Therefore, the Committee is required to satisfy itself that the Annual Governance Statement is consistent with its view on the Council's systems based upon the assurance presented to it throughout the year.

3. Report

- 3.1 The Annual Governance Statement is attached as Appendix 1.

4. Corporate Implications

a. Financial implications

Financial reporting including budgetary management is one of the key assurance processes reported on in the Annual Governance Statement

b. Legal implications

The [Accounts and Audit Regulations 2015](#) section 6 states that:

- (1) A relevant authority must, each financial year—
 - (a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and
 - (b) prepare an annual governance statement;
- (2) If the relevant authority referred to in paragraph (1) is a Category 1 authority, following the review, it must—
 - (a) consider the findings of the review required by paragraph (1)(a)
 - (i) by a committee; or
 - (ii) by members of the authority meeting as a whole; and
 - (b) approve the annual governance statement prepared in accordance with paragraph (1)(b) by resolution of—
 - (i) a committee; or
 - (ii) members of the authority meeting as a whole.
- (3) [Makes reference to Category 2 authorities – not relevant to Castle Point Borough Council which is Category 1]
- (4) The annual governance statement, referred to in paragraph (1)(b) must be—
 - (a) approved in advance of the relevant authority approving the statement of accounts in accordance with regulations 9(2)(b) or 12(2)(b) (as the case may be); and
 - (b) prepared in accordance with proper practices in relation to accounts

c. Human resources and equality implications

Workforce management is one of the key assurance processes reported on in the Annual Governance Statement. There are no direct equality implications although the assurance process of *Consultation and engagement* covers the need to consult, especially when considering changes to or cessation of council services.

d. Timescale for implementation and risk factors

Failure to operate robust governance arrangements can potentially lead to poor management, performance, stewardship of public money, public engagement and ultimately, poor outcomes for citizens and service users. It increases the risk that corporate priorities will not be delivered.

Recommendations:

The Committee approves the Annual Governance Statement 2021/22 and, subject to any further amendments from external audit, approves its inclusion in the financial statements for 2021/22.

Resolution required**Background Papers:**

- Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Delivering Good Governance in Local Government - Framework.
- Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Guidance Note for English Authorities
- The CIPFA Finance Advisory Network, The Annual Governance Statement, meeting the requirements of the Accounts and Audit Regulations 2003, Incorporating Accounts and Audit (Amendment) (England) Regulation 2006, Rough Guide for Practitioners.
- The Accounts and Audit Regulations 2015
- Delivering Good Governance in Local Government Framework 2016

Castle Point Borough Council

Annual Governance Statement 2021/22

1 Scope of Responsibility

- 1.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.
- 1.2 In discharging this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 Castle Point Borough Council has approved and adopted a Local Code of Governance, which is consistent with the principles of the *CIPFA/SOLACE Delivering Good Governance in Local Government: Framework*, around which the details presented in section 4 are structured. A copy of the Council's Code is on our website at <https://www.castlepoint.gov.uk/local-code-of-corporate-governance> or can be obtained from the Strategy, Policy and Performance Manager by e-mail bbrook@castlepoint.gov.uk or by phone on 01268 882220.
- 1.4 This annual governance statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

2 The Purpose of the Governance Framework

- 2.1 The governance framework comprises the vision, culture and values, systems and processes and structure by which the Council is organised, directed and controlled as well as its activities through which it is accountable to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The framework needs to be flexible to ensure it meets the needs of the changing landscape in which local government operates.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to the Council delivering its priorities and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.
- 2.3 The system of internal control is based on an ongoing process designed to:
 - identify and prioritise the risks to the delivery of the Council's priorities and objectives;
 - evaluate the likelihood and potential impact of those risks being realised; and
 - manage them efficiently, effectively and economically.
- 2.4 The governance framework has been in place at Castle Point Borough Council for the year ending 31 March 2022 and up to the date of approval of the Statement of Accounts.

3 The Council's Governance Framework

- 3.1 The governance framework ensures that the Council's priorities and objectives are effectively promoted and progressed through its corporate governance arrangements and business processes. The key business processes in the governance framework are as follows:
 - Consultation and Engagement
 - Business Planning and Strategy, including Partnerships
 - Financial Planning, Reporting and Budgetary Control, including Value for Money

- Asset Management
- Risk Management
- Health and Safety
- Business Continuity
- Performance Management
- Workforce Management
- Data Quality
- Information Governance
- Procurement
- Project Management
- Complaints
- Ethical Governance, including Anti-Fraud and Corruption, and Whistleblowing

3.2 These areas form the main sources of assurance to be considered in any review of the internal control environment. In support of the review process, the Local Code of Governance sets out further detail to be reviewed in each area before an opinion on the effectiveness of the system of internal control can be expressed.

3.3 The Strategy, Policy and Performance Manager has been given the responsibility for overseeing the implementation and monitoring of the Code, through a process which includes:

- two reports over the financial year to Executive Management Team (EMT) and to the Audit Committee which set out:
 - weaknesses identified in the governance arrangements;
 - any corrective action necessary to resolve concerns identified; and
 - progress against the actions to address key governance issues identified in the previous year's Annual Governance Statement
- an annual review of the governance framework supported by manager assurance statements certified by service managers and reviewed and certified by Directors / Heads of Service
- a year-end review of key governance business processes with a nominated officer informing the assessments presented below in 3.5
- an annual report – this Annual Governance Statement – to EMT and the Audit Committee on the adequacy of governance arrangements.

3.4 The Council has in place a Good Governance Group, comprising officers, including the Head of Internal Audit, responsible for the implementation and monitoring of key governance business processes. The group provides a challenge to the operation of the processes and a sense check of individual assessments in the manager assurance statements of core governance processes for which they are responsible. Some of their findings and further work have been incorporated into the views expressed in this governance statement. Each business process is subject to an overall assessment by the Good Governance Group according to one of four assessments:

- High (majority or all requirements being met),
- Satisfactory (significant proportion greater than 50% of requirements are met),
- Partial (Some requirements are met but less than 50%);
- Minimal (very few requirements are met).

3.5 A summary of the key findings for each business process is set out in the table below and further detail relating to the findings is incorporated into the review of effectiveness set out in section 4:

Key Governance Business Process	Assessment
Consultation and Engagement	Satisfactory
Business Planning and Strategy, including Partnerships	Partial
Financial Planning, Reporting and Budgetary Control including Value for Money	High
Asset management	Satisfactory
Risk Management	Satisfactory
Health and Safety	Satisfactory

Business Continuity	Partial
Performance Management	Satisfactory
Workforce Management	Partial
Data Quality	Satisfactory
Information Governance	Satisfactory
Procurement	Satisfactory
Project Management	Partial
Complaints	Satisfactory
Ethical Governance, inc. Anti-Fraud & Corruption and Whistleblowing	Satisfactory

- 3.6 The Council's key governance and business processes are also subject to audit on a risk basis. This work forms part of the evidence base in support of the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's risk management, control and governance framework.

4 Review of Effectiveness

- 4.1 Castle Point Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies.
- 4.2 The Internal Audit service also produce reports throughout the year on a range of subject areas, that support provision of an opinion on the adequacy and effectiveness of the Council's risk management, control and governance framework. These reports are considered when reviewing the effectiveness of the framework, with audit findings taken into account and reflected in the assessments presented in the table above.
- 4.3 During the review of the operation of the framework for 2021/22, the governance group found that in several areas whilst the core business processes were in place, the application of those processes was not always consistent across the different areas of the Council's business. This is set out in more detail for specific processes in the following sections.
- 4.4 This part of the report is structured around the core principles of the *CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016 Edition)* with any reference to the key governance business processes – as summarised in section 3 – in bold text to allow for easy referencing.

CIPFA Core Principle A: Behave with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- 4.5 An assessment of **ethical governance** has been undertaken and the arrangements have been assessed as Satisfactory.
- 4.6 The Council has Codes of Conduct for Members and Staff contained within the Council's Constitution. The Code of Conduct for Members makes specific reference to the Seven Principles of Public Life (the "Nolan Principles"), was developed by an Essex-wide legal partnership and has been adopted by a number of councils across Essex. A new Model Councillor Code of Conduct, developed by the Local Government Association (LGA), will be incorporated into a revised version of the Constitution for approval in the autumn 2022.
- 4.7 As a condition of office, all Members are required to sign an undertaking that they will observe the Code of Conduct. There is a requirement to re-sign this undertaking when there are any major revisions to the Code as well as on election or re-election. In 2021, new Councillors received training in the importance of ethical governance and the existence of the Code as part of their induction. This was repeated for new Members elected in the May 2022 elections, with a specific focus on Development Management Committee and training in the use of social media. When the new LGA

Code of Conduct is formally adopted by the Council, full training on the new code will be rolled out to all members.

- 4.8 The Constitution also includes the requirement for the Council to appoint a Review Committee which has a role that includes promoting and maintaining high standards of conduct and behaviour as well as hearing any complaints referred for breaches of the Code. The Council has appointed two Independent Persons (and is looking to appoint two more, to form a pool of four) who must be consulted before the Council makes a finding as to whether a Member has failed to comply with the Code of Conduct.
- 4.9 Key corporate documents relating to staff conduct are in place. The Council has an established set of organisational values. These values can be found in the Council's Corporate Plan which is available at <https://www.castlepoint.gov.uk/council-strategies-and-policies>. The Code of Conduct for Staff sets out policies and expectations for staff conduct. It is published on the Intranet and a copy is issued to every new starter in their induction pack. The Council's annual appraisal template includes a record of whether any declarations of interest have been made by staff during the year. Where there is a suspected case of staff misconduct, arrangements are in place to investigate such potential breaches. The number of investigations into alleged staff misconduct has remained low in 2021/22 (3 investigations in 2021/22, the same number as in 2020/21).
- 4.10 An audit of Ethical Governance has been scoped and will commence in the first quarter of 2022/23.
- 4.11 The Council ensures access to its [complaints policy](#) and [whistle blowing procedures](#) by publishing these on the Council's website. Easy access to these is important as the raising of a complaint or concern is a key part of the process, and without which an investigation cannot take place.
- 4.12 A new e-learning package for countering fraud, bribery, corruption and money laundering was launched in September 2019 and is completed by all staff. Counter Fraud and Investigation services continue to be provided by Thurrock Council with a member of the team regularly attending Operational Management Team (OMT), raising awareness of their work across a wider range of managers. A programme of work was in place during the year and progress in delivering the programme is presented to EMT and Audit Committee. The value of suspected fraud against the Council investigated during 2021/22 was £574,460. The value of detected fraud in the Castle Point Borough over 2021/22 was £66,000.
- 4.13 Further to the easing of Covid-19 restrictions over the financial year, the team was able to recommence work that had been put on hold and flagged for follow-up. A high-profile piece of work was carried out with the Housing Service which involved a joint visit to one of the Council's blocks of flats to undertake twenty-four tenancy audits, resulting in the issuing of an Anti-Social Behaviour Contract and the identification of a new housing fraud investigation. Work continued in 2021/22 carrying out 127 enhanced fraud checks on the range of grants made available by Government in response to the pandemic. Despite the speed of administration of over 4,800 Covid-related business grants totalling £25m, very low levels of potential fraud have been identified.

CIPFA Core Principle B: Ensure Openness and Comprehensive Stakeholder Engagement

- 4.14 The Council has the core requirements for **Customer Engagement and Consultation** in place and has been assessed as Satisfactory.
- 4.15 Corporate guidance requires the results of any customer engagement or consultation activities to be considered as part of the service planning process. Individual services undertake consultation on a range of areas. For example, the Housing Department undertakes routine satisfaction surveys following repairs and maintenance on Council-owned properties. Leisure Services undertake regular feedback from customers and use software to calculate a "Net Promoter Score" which gives an indication of how likely existing customers are to recommend the leisure centres to other people. The Leisure service was winner of *National Team of the Year at the National Fitness Awards 2021* and won *Regional Centre of the Year for the London region at the UK Active Awards*, both reflecting not only quality of provision but high levels of customer satisfaction.

- 4.16 The priorities and objectives in the Council's new Corporate Plan 2021-24, were subject to a public consultation exercise concluding in April 2021 which showed high levels of support from those who completed the survey. The same consultation also included questions about satisfaction with Council services, the results of which were published in the Corporate Plan which was adopted by Council in September 2021.
- 4.17 A consultation was held over a four-week period from the beginning of November to the beginning of December 2021 on the Draft Community Infrastructure Levy (CIL) Charging Schedule. A range of individuals, statutory consultation bodies, other local authorities and businesses in the Council's consultation database were written to directly about the consultation, together with a public notice in the local newspaper and publication through the Council's social media channels. There were no issues raised through the consultation that required any amendment to be made to the Draft CIL Charging Schedule. In February 2022, the Council made the decision to submit the Draft CIL Charging Schedule for examination.
- 4.18 The Council also has a consultation toolkit available for services to use and this is set out in the 'How it Works' guidance. The Council ensures it involves staff in any appropriate decisions and elicits their views on issues. For example, a monthly staff forum meets to discuss and agree any issues important to staff. A number of employee consultations were held over 2021/22, including to gather views on working arrangements, general health and wellbeing, and to begin engagement around the financial challenges that the Council faces from 2023/24 onwards.
- 4.19 The Council ensures its services provide clear expectations for service users and members of the public through a set of service standards known as the "Customer Promise" which is published on the Council's website <https://www.castlepoint.gov.uk/customer-promise>.
- 4.20 Compliance with processes around the handling of **Complaints** has been assessed as Satisfactory. There is a complaints policy in place and complaints are managed in accordance with this policy. Work undertaken on the website has improved signposting to the organisation best placed to respond to the complaint, depending on which service the complainant has an issue with. Recording of complaints in a consistent manner and sharing of learning from complaints is something which requires some development as the current database tool is difficult to access and use. The Local Government Ombudsman Annual Review Letter for the period 1 April 2020 to 31 March 2021 reports there was one upheld decision. There was 100% compliance with Ombudsman recommendations. The Local Government Ombudsman received six complaints in total and made eight decisions of those four were referred to the Council for local resolution. Two were closed with no action required and one where advice was given. Members requested a breakdown of the complaints. Five were in respect of Housing of those two were referred for local resolution, one was closed after enquiries, one was given advice and one was upheld. A Council Tax complaint and Planning complaint were referred for local resolution. A complaint in respect of Environmental services was closed after initial enquiries. The review letter for 2021/22 is expected in July 2022 but at the time of publication of this report has not yet been received. The Council also undertakes an annual self-assessment of complaints handling to ensure compliance with the Housing Ombudsman Complaints Handling Code as well as to learn from complaints and improve processes.
- 4.21 All public meetings are [broadcast live](https://www.castlepoint.gov.uk/agendas-minutes-library) and recorded so that members of the public can engage in Council-business without leaving their homes. Agendas and minutes of meetings are made available on the website <https://www.castlepoint.gov.uk/agendas-minutes-library>.
- 4.22 The Council works closely with partners on joint objectives. For example, with the Castle Point & Rochford Health and Wellbeing Board and the Community Safety Partnership, both of which have membership from a range of stakeholders. The Council remains an active member of the Association of South Essex Local Authorities (ASELA), a partnership of seven neighbouring councils that have come together to promote growth and prosperity in the region.

CIPFA Core Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits

- 4.23 The Council's new Corporate Plan 2021-24 was developed jointly with Cabinet and EMT as well as through engagement with the Council's Scrutiny Committees and a public consultation on priorities

and objectives. The Corporate Plan was formally adopted by Council in September 2021 and sets out a high-level vision for the area with four corporate priorities: Economy & Growth; People; Place; and Environment. The plan complies with a number of good-practice requirements, including defined and measurable outcomes which have been reported to Cabinet over the year in the quarterly Corporate Performance Scorecard.

- 4.24 The Council is committed to working in partnership with all other South Essex authorities to develop the South Essex 2050 partnership with ambitions that include Regeneration, Economic Infrastructure, Transport, Housing and Quality of Life. A Memorandum of Understanding is in place; a prospectus for growth and recovery was submitted to government in July 2021; and a decision was made by Cabinet in September 2021 for the Council to become a member of the ASELA Joint Committee in accordance with S101 of the Local Government Act.

CIPFA Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

- 4.25 Further to the threat of intervention from central government due to lack of progress with the development of its Local Plan, progressing the draft Castle Point Local Plan remained a top priority in 2021/22. Full Council approved the draft Local Plan for Regulation 19 consultation on 22 October 2019. The plan was submitted for examination in public on the 2 October 2020. The Council also approved the Local Development Scheme (LDS) in November 2020. The Council received the Inspector's report in March 2022 which found that the Plan is sound, with modifications. The Inspector's findings were reported to Ordinary Council on 23 March 2022, with the recommendation to adopt the Plan. The Council voted not to adopt the Plan and Council agreed that a report be made back in the event of non-adoption. Although not in the 2021/22 financial year, the Council took the decision to withdraw the Plan at its meeting on the 15 June 2022. All work on the Plan, therefore, ceases in compliance with the Act and Regulations, and the Plan has been withdrawn from the Council's website. In addition, staff and the Development Management Committee have been advised that the Plan is no longer a material consideration in determining planning applications. Preparatory work has started on a new Plan and the governance of that will be reported in the 2022/23 Annual Governance Statement.
- 4.26 The Council faces significant financial challenges and needs to pursue actions to reduce net operational spend over the coming years and increase income substantially. Whilst the budget set in February 2021 for 2021/22 was balanced, the impact of the Covid-19 pandemic created significant financial pressures. Although these were substantially mitigated by support grants from Government, the ongoing impact of Covid-19 means that the Council has not fully returned to pre-Covid levels in all its areas of service. These and the ongoing cost of living financial pressures continue to place Council budgets under significant pressure. The 2022/23 budget has been set and work continues to address forecast budget gaps. Longer-term, it will be necessary to pursue a programme of transformation which will include organisation restructuring and service reviews, maximising the use of estate and assets, utilising new technology to transform working practices and procedures, procurement, and exploring ways of securing greater income. Work being undertaken to close the budget gap will continue to be monitored. Nevertheless, it should be noted that **Financial Reporting, including Budgetary Management** is assessed as High level of compliance, so the Council has good control over its finances.
- 4.27 The assessment of the Council's **Project Management** arrangements is Partial. Assurance processes were subject to further development work over 2021/22, further to an advisory audit that was conducted in August and September 2021, looking at the new project management toolkit and workbook which was developed in response to an earlier audit, recommending a comprehensive revision of project documentation alongside training to raise awareness and improve consistency of approach to project management. Over three days in March 2022, training was provided on the new toolkit and workbook to OMT and others in the Council who manage projects. The focus now shifts to ensure that the revised project toolkit and workbook are used as intended and that the project board operates effectively to keep track of project implementation. The Council experienced significant challenges in implementing a project to deliver a new housing management system (HMS). The project experienced multiple failings from its inception, including assumptions made about the existing IT system, the level at which Council requirements were set out, unrealistic project planning timeframes and insufficient budget. On this last point about budget, it did not cover all

known costs and significant assumptions needed to be made to determine future spend with any certainty, resulting in a decision to abandon the project and safeguard the Council from further substantial costs without any certainty around project delivery. The decision to cease was made swiftly once the full implications of continuing with the project were known. A lessons learnt exercise has been carried out to ensure that risk of failure of similar projects is minimised and this will be brought to Cabinet later in the municipal year. However, and in spite of this isolated incident, good progress has been made in this area over 2021/22.

- 4.28 The approach to **Business Continuity** (BC) has been assessed as Partial. An internal audit on business continuity arrangements within the Council was completed in September 2020. This provided partial assurance over the arrangements in place and identified areas of best practice for the Council to develop, which have now been incorporated into the Council's business continuity activities. Revised service-level business impact analysis and response plan templates have been produced to further improve usability, clarity and outcomes involving a BC incident. A corporate generic business continuity response plan exists, which has recently been subject to full review and revision, as part of a three-year cycle. The subject of business continuity is incorporated into the quarterly risk management sections of OMT meetings. Improvements to the telephony and IT systems that allowed the Council to quickly implement new arrangements following lockdowns over the 2020/21 financial year have provided additional resilience over 2021/22 when, for example, employees were unable to come to the office to work because of positive Covid test. The Council's emergency planning and business continuity framework document produced in 2018, describes how the Council will go about meeting its duty to be suitably prepared for dealing with emergencies and disruptions to the organisation's ability to deliver its critical services to the public. This will continue to be updated and revised to reflect any lessons learnt, including the changes needed to deal with the Covid emergency. The Council's Joint Emergency Planning Officer (JEPO) changed three times over 2021/22 which had some impact on the quality of BC plans, although an exercise planned for Business Continuity Week at the beginning of 2022/23 will kick start renewal of plans, supported by training. An audit of BC arrangements is being undertaken but has not yet concluded. However, any actions arising from the audit will be added to the action plan at the end of this governance statement in time for the first governance monitoring report in the autumn.
- 4.29 The Council's **Business Planning** process has been assessed as Partial. A review of the manager assurance statements demonstrated that most services assessed themselves as having satisfactory or high compliance. The business planning processes have been mainly complied with and this included a challenge of individual service plans that was fed back to service managers for further action. Although there remains some inconsistency in quality, service plans for 2022/23 are in place for most service areas, with implementation from April 2022. There is a clear alignment between actions in service plans and the priorities and objectives in the new corporate plan, helped by the design of the template. However, the production of plans took longer in 2021/22 and many were finalised later than usual. The reasons for this are being explored and may relate to the template that service managers are required to use. The service planning process is an area for improvement and included in the table of actions at the end of this AGS. The Corporate Performance Scorecard for 2021/22 remains broadly similar to that in 2019/20 although now includes more longer-term measures than in previous years to reflect some of the outcomes set out in the corporate plan. The Council's policy framework operates satisfactorily; policies and strategies continue to be refreshed by services, although some updates are overdue. A register of policies and strategies is in place, updated annually and reported to Cabinet in October. The policy framework is set out in the Policy Framework and Budget Setting report which went to Cabinet and Council in February 2022. The list of policies and strategies on the Council's website has been tidied up and re-ordered, making it easier for people to locate and download key policies and strategies that the Council has in place.

CIPFA Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

- 4.30 The 2018 Corporate Peer Challenge report recognised strong officer leadership and stated: "CPBC is led by strong senior managerial leadership. This is recognised by many, including senior influential figures from external partners, who see the Council as a professional and well-respected organisation". The report also noted that "Positive officer and member relationships have also been identified as a key factor for past success". However, it is also considered that more is required with

regular briefings on key issues and the developing vision for the area as well as issues of importance for members to allow them to ask questions.

- 4.31 Leading up to the report to Cabinet in September 2021 about the Council becoming a member of the ASELA Joint Committee, briefing sessions were held with each of the political groups to engage all Members in this important partnership for the Council. Engagement with members also took place through two sessions (in May and July 2021) with the Council's Scrutiny Committees to inform the development of the new Corporate Plan 2021-24. Towards the end of the financial year, in February and March 2022, two workshops were held with members to support the development of a submission to the Local Government Boundary Commission for England on the number of Councillors as part of a review being undertaken by the Commission of the Council's electoral arrangements.
- 4.32 The information needs of members to effectively develop policy and make decisions is also considered, and reports to Cabinet included considerable detail in some areas, for example: Draft CIL Charging Schedule; development of a Climate Action plan; ASELA Joint Committee; Local Council Tax Scheme; Public Spaces Protection Order; and Budget and Policy Framework for 2022/23.
- 4.33 The Council uses partnerships to good effect to increase its capacity. The Council is a lead member of the Joint Castle Point and Rochford Health and Wellbeing Board and Community Safety Partnership. The Leader and representatives from EMT continued as active members of the Association of South Essex Local Authorities (ASELA), a partnership of seven neighbouring councils that have come together to promote growth and prosperity in the region. Senior officers are leading workstreams in the South Essex 2050 emerging vision for future growth and the delivery of the programmes. The Council is also actively involved in the Regeneration Partnership and Opportunity South Essex.
- 4.34 Building on the excellent work across local government, health and the community and voluntary sectors in response to Covid-19, the first meeting of the "Improving Life Chances Partnership" took place in March 2022 which has an aim to support those in parts of the Borough with fewer opportunities to improve their educational attainment and skills levels to access better paid jobs. The work of this partnership is expected to continue into 2022/23 and is linked to central government's Levelling Up policy.
- 4.35 The Council is successful in obtaining grant funding to pursue projects that will result in better outcomes for local people. Recent and current examples include:
- £168k Welcome Back Fund to support business post-Covid, including a "Choose Local" campaign to encourage people to spend their money with local businesses
 - £2.3 million grant from the Department for Business, Energy and Industrial Strategy (BEIS) under the Green Homes Grant Local Authority Delivery (LAD) scheme, to provide external wall insulation on 200 homes at Kings Park Village, Canvey Island.
 - A further £2.5m grant from BEIS under the Home Upgrade Grant (HUG) scheme, to continue insulation upgrades at Kings Park Village. This scheme provides an enhanced ('dual measure') offer to customers (both external wall and underfloor insulation included) across an additional 150 homes.
 - £1m grant funding for local energy efficiency measures within Castle Point as part of the LAD2 scheme, awarded via a joint Essex funding bid, coordinated by the SE Energy Hub and operated on our behalf by Warm Works.
- 4.36 Partnership assurance processes have been subject to further development work in the 2021/22 financial year. A partnership strategy and framework is now in place; this gives guidance to those considering setting up new partnerships and advice on how to ensure that existing partnerships continue to be effective. During 2021/22, work on some key partnerships was reported to members. For example, in September 2021, Cabinet considered a report about the Association of South Essex Local Authorities (ASELA) in relation to establishing a Joint Committee and, in November 2021, the Wellbeing Policy and Scrutiny Committee reviewed and gave feedback on a new strategy being developed by the Castle Point and Rochford Joint Health and Wellbeing Board.

- 4.37 For 2022/23, the work and impact of key partnerships is planned to be included in the policy and scrutiny committees' work programmes. Progress has been made implementing the recommendations from the Internal Audit of Partnerships, although these will run into the 2022/23 financial year.
- 4.38 The Monitoring Officer is responsible for the maintenance of the Constitution and for reviewing its relevance and effectiveness. Any significant changes to the Constitution are approved by full Council following consideration of a report made by the Chief Executive.
- 4.39 Decisions made by the Cabinet may be called-in (in accordance with the procedure for a Call-in, which is shown in the Overview and Scrutiny Procedure Rules) by the Scrutiny Committee. A decision made by Cabinet is published within 4 working days of the Cabinet meeting and can be called-in for consideration by the Scrutiny Committee within 5 working days of the publication by either the Chairman of the committee or by three committee members.
- 4.40 The Constitution sets out the responsibilities for Scrutiny Committee, Policy and Scrutiny Committees and the Audit Committee. The Audit Committee's role includes an overview of the governance arrangements and it received monitoring reports on its effectiveness. In addition, the committee also considered the corporate risk register. The new Audit Committee Chairman received an induction from the Head of Internal Audit. Additional training is provided to meet identified needs and every agenda to the committee includes any relevant publications to help with good practice in governance awareness.
- 4.41 **Workforce management** has been assessed as having a Partial level of compliance. The Council has effective recruitment and retention arrangements and provides a corporate programme of training to ensure staff skills are further developed to improve the capacity of the Council and the continued development of staff. In 2021/22, the Council participated for the first time in Leading Greater Essex, a 12-month leadership development programme, bespoke to the needs and ambitions of Essex. The Council continues to fund those wishing to pursue professional and academic qualifications relevant to their job alongside more generic training. The Council has signed up to *Working Well*, a programme of workplace-based wellbeing training courses offered through a service commissioned by Essex County Council. A new Employee Assistance Programme was commissioned towards the end of 2021/22 and went live on 1 April 2022, allowing employees to access support about wellbeing, family matters, debt management and illness. The Council also makes use of online training platforms particularly for induction and training in health and safety arrangements. However, as a result of the disruption caused by Covid-19, managers have fallen out of the discipline of undertaking formal appraisals and compliance with this has fallen in 2021/22. An audit of workforce management which concluded in April 2022 identified a number of gaps which will be addressed through the development of a Workforce Management Plan over 2022/23.
- 4.42 The organisation continues to ensure that there is leadership capacity, bringing in new people where a gap exists and re-assigning people to new posts where there is a business need to do so. The Council operated under an Interim Chief Executive from September 2021 until the end of March 2022. A further Interim Chief Executive was engaged in April 2022 to accelerate the recruitment process which has now concluded with the appointment of a new permanent Chief Executive, formally approved by Annual Council in May 2022.

CIPFA Core Principle F: Managing risks and performance through robust internal control and strong public financial management

- 4.43 Core **Performance Management** arrangements are in place and are Satisfactory, this includes the operation of a database to produce performance information for all services, with performance scorecard reports of measures linked to the priorities and objectives in the new corporate plan produced every quarter and presented to Cabinet. There is some variance in the comprehensiveness of performance information and in the robustness of target setting as although this is reviewed and challenged when compiling performance indicators from service plans for the new financial year, decisions on selection of indicators and target setting ultimately rest with the service managers. However, there are some strong examples of high compliance with performance management processes in the housing and revenues & benefits service areas, and in other areas such as leisure and community services where performance information has been used to inform decision making

and deliver improvements in performance levels. The service plans include performance indicators for both council-run services as well as for services provided on the Council's behalf by contractors or partners. These indicators are updated at least quarterly and are reviewed annually as part of the service planning process.

- 4.44 A new look corporate risk register was developed by the Corporate Management Team (CMT) in March 2021 and presented to Audit Committee in April 2021. The risk register continues to be in place and is reported to the Audit Committee and CMT in full twice a year, although updates are made to the register as and when risks change, or new risks emerge. Risks have been identified as part of the development of service plans for 2022/23 and risks get escalated to the corporate risk register should the identified issue be considered significant. The Head of Internal Audit met with Directorate Management Teams over 2020/21 and into 2021/22, and attended CMT in June 2021 to better understand the organisation's approach to **Risk Management**; whilst there is evidence of understanding risks and how to manage these, further work is needed to ensure consistency across the organisation and to ensure that managers and services are engaged in the arrangements to assist them with the appropriate management of the risks faced by those services. Risk management benefitted from the insurance tender in 2021/22 as it drove some re-assessment of risks, engaging more people in the discipline of managing risks. Overall, arrangements are assessed as Satisfactory.
- 4.45 As an employer the Council continues in its aim to meet its statutory **Health and Safety** duties and to achieve this employs a 'competent person'. The 'competent person', who as the corporate health and safety lead maintains an overview of Council arrangements and provides analysis on current management performance, attending OMT to highlight areas of concern. Significant health and safety issues are raised to the EMT. Compliance with health and safety processes has been assessed as Satisfactory. Although no significant/major corporate health and safety failings have been identified during the previous 12 months, and completion rates of the health and safety online training modules remain high, the health and safety lead has continued to work with managers and staff in ensuring that high quality advice is provided wherever necessary, ensuring that lessons are learnt from incidents. To assist in the continuous improvement in managing health and safety, the corporate health and safety lead will implement, during the 2022/23 financial year, the findings and recommendations from the internal audit report dated March 2022:
- The development of departmental specific Health and Safety Policies including detailing all roles and responsibilities;
 - Simplification of the incident reporting system; and
 - Implementation of a documented process to ensure lessons learned have been implemented
- 4.46 To deliver against its priorities and objectives, the Council has a number of assets at its disposal, from IT equipment and information assets through vehicles, plant and machinery to buildings and land assets, which are now captured by services in a new section of service plans introduced as optional for 2020/21 and mandatory for 2021/22 onwards. Overall, compliance with **Asset Management** processes is assessed as Satisfactory. There are programmed asset management sessions at OMT. Significant asset management issues are referred to the Strategic Asset Group. Limited building maintenance works were carried out on various corporate assets during the year and lease renewals were completed with a range of organisations operating from Council-owned buildings or land. The Corporate Asset Management Plan and the Housing Asset Management Plan both contain progress in asset management activities and plans which contribute towards the short-medium- and long-term aims and objectives of the Council in relation to asset management. The asset list was comprehensively updated in 2022 to inform asset valuation so the Council now has more reliable measurements for floor areas of buildings and areas of land owned. A biennial programme of planned repairs and maintenance is in place for corporate buildings. Funding provision has been earmarked and completion of all works is planned within the lifetime of the current medium-term financial forecast.
- 4.47 All ITC-related assets – including infrastructure such as servers, network equipment etc – are managed as part of the Council's contract with an external provider. The Council owns a small fleet of vehicles and runs a vehicle maintenance workshop to carry out ongoing checks, servicing and repairs. We look to replace these vehicles with new vehicles every seven to eight years and are exploring options for electric vehicles at the point of renewal.

Role of the Chief Financial Officer

- 4.48 The Section 151 Chief Financial Officer (CFO) occupies a key position in the Council, managing the Councils' finances and ensuring that resources are used wisely to secure positive results.
- 4.49 In order to support the post holder in the fulfilment of their duties and ensure that the Council has access to effective financial advice, in 2010 the Chartered Institute of Public Finance and Accounting (CIPFA) issued a Statement on the Role of the Chief Financial Officer (CFO) in Local Government, most recently updated in 2016. The statement sets out how the requirements of legislation and professional standards should be fulfilled by CFOs in the carrying out of their role and includes five key principles that define the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them. These statements are set out below
- 1) The CFO in a local authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.
 - 2) The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy.
 - 3) The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
 - 4) The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.
 - 5) The CFO in a local authority must be professionally qualified and suitably experienced.
- 4.50 The Council has the necessary arrangements and procedures in place which ensure that these principles are either directly complied with or, where not directly complied with, there are alternative procedures in place so that the necessary outcomes and objectives are still achieved, and suitable controls are in place. For example, the CFO is a member of the leadership team (EMT) and reports directly to the Chief Executive.

CIPFA Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

- 4.51 The processes for **Information Governance** are in place and compliance is Satisfactory. Guidance has been incorporated into the 'How it Works' document, which is updated annually. Arrangements are led by the Solicitor to the Council and include a number of policies ranging from a clear desk policy and document retention policy to guidance on privacy of data and when data is clearly public. Information asset registers are also in place for services. Managers are also required to follow the data security breach management procedure in the event of a data breach, although the number of incidents is small with just one during 2021/22. The Solicitor to the Council continues to ensure compliance with the General Data Protection Regulations (GDPR) which came into force in May 2018, although as announced in the Queen's Speech in May 2022 there is to be a new Data Reform Bill, the development of which the Council will follow to ensure that we are able to remain compliant with the new requirements. The GDPR online annual training module was also updated with the latest developments, including an update on key legal personnel and how to report or obtain assistance in order to improve staff understanding of GDPR. Reminders were sent out to all staff due a refresher to undertake the training. Information Governance is a regular agenda item at OMT. An audit of cyber security is being undertaken that is indicating there is a lack of clarity over roles and responsibilities for cyber security that does cause risk that the arrangements are not as robust as they could be. An action plan will be put in place once the audit work is complete.

- 4.52 Compliance with **Procurement** processes is Satisfactory. The Council has a comprehensive procurement toolkit and strategy and associated governance processes which have been subject to an annual review by the Solicitor to the Council. The arrangements are proving to be effective, and officers use the expertise provided by the Essex Procurement Hub to help develop invitation to tenders for a range of services and to quantify savings from procurements compared to budgeted costs. Procurement training is given to OMT. Service plans are used, alongside the contracts register to create a register of planned procurement showing timescales and expected resource requirements. Some contract management training was provided during the 2021/22 financial year and further training on effective procurement practices will be delivered over the 2022/23 financial year. The insurance re-tender was a good example of effective procurement as the exercise was very comprehensive and resulted in the Council refining its insurance needs which led to a premium that was less than that budgeted for. The Procurement Bill *Transforming public procurement* was formally introduced in the Queens speech in May 2022. It is envisaged that the Procurement Bill will become law in 2023, with a 6-month implementation period to follow. A fully revised toolkit setting out the new requirements and procedures to ensure compliance with the reforms will be issued next year. Some development work is planned for early 2022/23 as there has been an increasing number of procurements going through as exceptions to policy and there is a tendency to roll forward contracts where possible.
- 4.53 Compliance with requirements around **Data Quality** is assessed as Satisfactory. Guidance on the importance of data quality requirements was set out in the 'How it Works' document and communicated to all managers. Systems are designed in some areas to ensure data quality requirements are considered, for example, the operation of a detailed performance management framework in the Housing Services, and systems for revenues and benefits. Although there is no evidence of poor data quality, there is a risk of variations in the implementation of the approach as there are different systems for a variety of services, with some operating under a nationally set framework and others operating local frameworks. To provide further assurance in this area, training was provided to OMT in March 2021, with a reminder of the content of the training sent to OMT in March 2022.

Internal Audit

- 4.54 The annual risk-based audit plan was prepared in consultation with Heads of Service, EMT and the Audit Committee. The audit plan was delivered with reports issued to senior managers at the conclusion of each audit highlighting internal control weaknesses identified and the actions required to address them. Recommendations were also reviewed to ensure they were implemented properly, by the due date. A performance report was taken to EMT and the Audit Committee at each of its meetings, although these were reduced in number because of the impact of the pandemic. The Head of Internal Audit annual report and opinion was also considered by the Audit Committee and included an assessment of compliance with relevant professional standards. The Head of Internal Audit's annual opinion for 2021/22 states:
- 4.55 "The Council continued to operate risk management, control and governance arrangements, despite the challenges posed by the impact of the Covid-19 pandemic throughout the year. The Council is facing increasing financial pressure that it is working to address, caused by the impact of the pandemic, exacerbated by the inflation and cost of living challenges, all of which are impacting on the financial position.
- 4.56 The work of the Good Governance Group and results of the audits completed continue to confirm that:
- corporate business management processes remain generally well designed and, in some areas, work is underway to update or strengthen them further
 - there is inconsistency in terms of application, across some services that still needs to be addressed.
- 4.57 During the year the Council continued to be impacted by the ongoing Covid-19 pandemic. The Council's response held up well, coordinating a wide range of resources from a range of diverse sources to provide the support, response, and management of the community to meet the requirements of the Borough as it went through, and then emerged from, different periods of lockdown during the year. Significant changes remained in place over the operations of the Council,

including most staff working remotely. There remains work to be done as the situation continues to evolve and there will be further challenges as the Borough and the Council works on recovery from the pandemic and addressing the impact of inflation and the cost of living on both the Council itself and the residents of the Borough. The Council is preparing to deliver and meet the multiple challenges ahead.

- 4.58 Following the sad passing of the Chief Executive in March 2021, the Council continued to function in his absence, but this stretched the capacity of management. As a result, the Council utilised the services of an interim Chief Executive while making a decision about how to deliver the role in the future. Since the end of the year this has now been resolved with a new permanent Chief Executive appointed and arriving, to end the period of uncertainty and enhance the capacity of management to deliver the objectives of the Council.
- 4.59 With regards to the assurance provided by audit work undertaken, the results of the work indicate that for the design of the Council's risk management arrangements satisfactory assurance can be provided – although the Risk Management Policy Statement and Strategy is due to be reviewed and refreshed – but partial assurance in respect of operation, as there is a need for further embedding of the arrangements within the services so that there is increased understanding of the need to capture the conversations about risk that are happening, to provide increased visibility, transparency and accountability for decision making around the risks that sit below those on the corporate risk register. The design and operation of internal control can be provided with satisfactory assurance, but issues have been highlighted in respect of the application of the governance framework as operated for the year, indicating that this requires improvement before it can be considered to be satisfactory overall. Therefore, partial assurance is provided for the year. Work to improve elements of the governance framework is being undertaken, as reflected in the Annual Governance Statement.
- 4.60 Therefore, the remainder of this report should be read within this context.
- 4.61 No issues have come to my attention this year, other than those already disclosed, that I believe need including in the Council's Annual Governance Statement.”
- 4.62 Internal Audit is subject to a formal, independent review of its compliance with professional standards every five years.

Audit Committee

- 4.63 The Audit Committee consists of a chairman and four other members. The committee's role is to provide independent assurance to Council on the adequacy of the risk management framework and associated internal control environment and the integrity of the financial reporting and governance processes.

External Audit

- 4.64 External Audit is undertaken by EY (the business name of Ernst & Young Global Limited) and their work includes:
- providing an opinion on the financial statements, including whether they provide a true and fair view of the financial position at the end of the year and the expenditure and income for the year, and that they have been properly prepared in accordance with relevant legislation and applicable accounting standards;
 - reviewing and providing a conclusion of the arrangements in place to secure value for money.
- 4.65 Where the auditor identifies weaknesses in the Council's arrangements or significant deficiencies in internal controls, these are highlighted in the final report to the Audit Committee.

External Inspections

- 4.66 There were no external inspections carried out in 2021/22 to report in this Annual Governance Statement.

Progress against Recommendations Identified in last year's Annual Governance Statement

4.67 The table below sets out the actions identified and an assessment of progress. Starting in 2020/21, progress on implementation of these actions has been reported to Audit Committee as part of the governance monitoring report.

Number	Issue	Action 2021/22	Date of implementation	Responsible officer	Update on progress
1.	Improve the organisation's understanding of the effectiveness of partnership working	Develop and introduce reporting mechanisms on key partnerships to members and senior managers Implement recommendations from the Internal Audit of Partnerships	Mar 2022 [some actions due in 2022/23]	Strategy, Policy and Performance Manager	<p>During 2021/22, the work of some key partnerships was reported to members (e.g. ASELA and Castle Point and Rochford Health and Wellbeing Board).</p> <p>For 2022/23, reporting on the work of key partnerships is planned to be included in the policy and scrutiny committees' work programmes.</p> <p>At the time of writing, progress has been made implementing the recommendations from the Internal Audit of Partnerships and these will continue into the 2022/23 financial year.</p> <p><i>[roll forward to 2022/23 action plan]</i></p>
2.	Address awareness and training needs for project management	Develop and deliver a training programme for Operational Management Team (OMT) and others in the Council who manage projects	Nov 2021 [delayed to March 2022]	Strategy, Policy and Performance Manager	<p>Over three days in March, training was provided to OMT and others in Council who manage projects.</p> <p>The focus now shifts to ensure that the revised project toolkit and workbook are used as intended and that project boards operate effectively to keep track of project implementation.</p> <p><i>[action complete]</i></p>

Number	Issue	Action 2021/22	Date of implementation	Responsible officer	Update on progress
3.	Coordination of procurement activity to plan required resources to undertake this procurement	Procurement training	Sep 2021	Senior Resilience and Procurement Officer	<p>Service plans and the Contracts Register were used to identify planned procurements and provide Legal information required to ensure capacity.</p> <p>Whilst some online training was offered during the Covid lockdown, other planned training was delayed.</p> <p>Due to the continuing homeworking arrangements, a new area within the intranet has been created to collate and publish procurement training. When updated, an email has been circulated to OMT for information and awareness. Further face-to-face training will be organised in due course, but it is envisaged that online training will be provided to bridge gaps in knowledge.</p> <p><i>[action complete]</i></p>
4.	Resurrect formal monitoring of the implementation of the corporate action plan	Re-introduce the highlight reporting at CMT against key corporate objectives and twice-yearly in-depth reviews of the corporate action plan which is established	Aug 2021	Strategy, Policy and Performance Manager	<p>Progress of key activity in the corporate plan has been reported - albeit on an ad hoc basis - throughout the year at Executive Management Team (EMT).</p> <p>In 2022/23, the focus will be on the delivery of a programme of activity to help close the budget gap identified from 2023/24 onwards.</p> <p><i>[action complete]</i></p>

Number	Issue	Action 2021/22	Date of implementation	Responsible officer	Update on progress
5.	Local Plan adoption	Progress the Local Plan through examination stage to formal adoption	Subject to revised LDS	Head of Place and Policy	Although not in the 2021/22 financial year, the Council took the decision to withdraw the Plan at its meeting on the 15 June 2022 (see paragraph 4.25 for further details about the Local Plan in 2021/22) <i>[action complete]</i>
6.	PPDP value and compliance	Review the PPDP process to ensure it brings value to individual performance management and compliance is in place for all services	Jan 2022 [Delayed to Jan 2023]	Human Resources Manager	A revised approach to PPDPs has been drafted and is subject to further work and consultation to refine and then implement in the New Year. <i>[roll forward to 2022/23 action plan]</i>
7.	Improve the organisation's understanding and application of good risk management	Update the Risk Management Policy and Strategy and implement the remaining areas of focus identified in the health check of risk management	Jan 2022 [Delayed to Sept 2022]	Head of Internal Audit	Progress has been delayed but work will be undertaken to deliver by the end of September 2022. <i>[roll forward to 2022/23 action plan]</i>
8.	Improve the organisation's approach to information governance	Implement the recommendations from the Zurich Municipal review of Data & Information Governance	Mar 2022	Solicitor to the Council	Date Retention policy was updated June 2021. GDPR refresher training course updated in order to address issues identified in the report. Reminders sent to all staff to complete training where due. <i>[action complete]</i>

Key governance issues

4.68 The following are the key governance issues that have been identified:

	Issue	Action 2022/23	Date of implementation	Responsible officer
1.	Improve the organisation's understanding of the effectiveness of partnership working	Develop and introduce reporting mechanisms on key partnerships to members and senior managers Implement recommendations from the Internal Audit of Partnerships <i>[rolled forward from last year]</i>	Sep 2022	Strategy, Policy and Performance Manager
2.	PPDP value and compliance	Review the PPDP process to ensure it brings value to individual performance management and compliance is in place for all services <i>[rolled forward from last year]</i>	Jan 2023	Human Resources Manager
3.	Improve the organisation's understanding and application of good risk management	Update the Risk Management Policy and Strategy and implement the remaining areas of focus identified in the health check of risk management <i>[rolled forward from last year]</i>	Sep 2022	Head of Internal Audit
4.	Raise compliance with service planning requirements	Review of the service plan template and process. Further engagement with service managers in lead up to and throughout the service plan development period. <i>[new action]</i>	Jan 2023	Strategy, Policy and Performance Manager
5.	Address any issues raised as part of the audit of business continuity	Implement audit actions Note: At time of publication of this statement, the audit is being finalised – timescales for implementation of	TBC	Senior Resilience and Procurement Officer

		actions will be included in the governance monitoring report in the autumn		
6.	Address any issues raised as part of the audit of cyber security	Implement audit actions Note: At time of publication of this statement, the audit is being finalised – timescales for implementation of actions will be included in the governance monitoring report in the autumn <i>[new action]</i>	TBC	ICT Manager
8.	Simplify the process for recording and managing complaints	Create a simpler and more accessible recording and monitoring tool and review complaints process	Sep 2022	Head of Governance

5 Conclusion

- 5.1 This statement has been considered by the governance group of officers as well as EMT and is considered an accurate reflection of the Council's governance arrangements. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Councillor Dave Blackwell
Leader of the Council
July 2022

Ms. Angela Hutchings
Chief Executive
July 2022