

# ANNUAL REPORT OF THE AUDIT & MEMBER STANDARDS COMMITTEE

Chair of the Audit & Member Standards Committee

Date:	TO BE CIRCULATED BY EMAIL
Agenda Item:	SUPPLEMENTARY ITEM 1
Contact Officer:	Rebecca Neill
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Key Decision?	NO
Local Ward Members	If any Wards are particularly affected insert the name of the Ward Members and their Ward. Ensure that the Ward Members have been consulted.

## AUDIT & MEMBER STANDARDS COMMITTEE

### 1. Executive Summary

- 1.1 This report presents the proposed Annual Report of the Audit & Member Standards Committee 2019/20 and seeks the Audit & Member Standards Committee's endorsement prior to its submission to all Councillors.

### 2. Recommendations

- 2.1 That the proposed Annual Report of the Audit & Member Standards Committee 2019/20 (**Appendix 1**) be endorsed and that the Chair of the Audit & Member Standards Committee circulate the report to all Councillors.

### 3. Background

- 3.1 Audit Committees are an important source of assurance about an organisation's arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance.
- 3.2 CIPFA recommend that Audit Committee's produce an annual report to promote the role and purpose of the Committee, account for the Committee's performance, evaluate whether the Committee is continuing to meet its terms of reference and document how the Committee adds value. The Audit & Member Standards Committee's annual report fulfilling these requirements is set out at **Appendix 1**.
- 3.3 The annual report sets out:
- An introduction from the Chair of the Committee.
  - A reminder of the Committee's terms of reference.
  - Member and Officer attendance at the Committee during the year.
  - A summary of training undertaken by Committee members.
  - A summary of the sources of assurance that the Committee received during 2019/20, notably, internal and external audit / inspection, financial management, risk management and corporate governance.

Alternative Options	1. The Council is not obliged by law to appoint an Audit & Member Standards Committee. However, this has been done in line with good governance practice and CIPFA guidance.
Consultation	1. The Audit & Member Standards Committees consultation and endorsement has been sought.
Financial Implications	1. None.
Contribution to the Delivery of the Strategic Plan	1. Operation of an effective Audit & Member Standards Committee contributes to all aspects of delivery of the Council's Strategic Plan.
Equality, Diversity and Human Rights Implications	1. None arising
Crime & Safety Issues	1. None arising
Environmental Impact	1. None arising.
GDPR/Privacy Impact Assessment	1. None required.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The Audit & Member Standards Committee is ineffective and does not fulfil the requirements of its terms of reference.	Annual reviews of committee effectiveness, work plans.	Green (tolerable).
B	The value of the Committee's work is not known to the wider Council / organisation / the public.	Promotion of the work of the Committee via the annual report process.	Green (tolerable).
C			
D			
E			

<b>Background documents</b> Audit & Member Standards Committee agendas, minutes and reports.
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<b>Relevant web links</b> <a href="https://democracy.lichfielddc.gov.uk/mgCommitteeDetails.aspx?ID=134">https://democracy.lichfielddc.gov.uk/mgCommitteeDetails.aspx?ID=134</a>
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## **Annual Report of the Audit & Member Standards Committee 2019/20**

### **1. Introduction from the Chair of the Audit Committee**

The word unprecedented is much used at present but is apt in relation to the presentation of the Annual Report of the Audit & Member Standards Committee for 2019/20. I am aware of the challenge that putting a report has become given the needs for officers to work largely from home and agree matters without meeting in person in most cases. I am therefore thankful for all members and officers who have contributed to the work of the committee over the last 12 months but particularly in recent weeks.

The Annual Report's main purpose is to allow the Council to demonstrate to residents, stakeholders and partners, the significance of the Audit & Member Standards Committee's role and the positive contribution it has made to the Council's overall governance arrangements.

It is worth highlighting that the work of the Audit Committee meetings should be visible to members of the public and, as such, until further notice in 2020/21, meetings are to be held remotely via Zoom and broadcast live on YouTube streams. Anyone interested in seeing the committee in action should contact the Council in advance of meetings.

The District Council continues with Grant Thornton UK as its External Auditor for 2020/21 but it welcomed a new Lead Engagement team during 2019/20. There is also a new shared Head of Audit, under the shared service arrangement with Tamworth Borough Council.

Both audit providers have therefore injected a fresh approach to these functions and have brought much added value through a renewed perspective. The Committee has appreciated the support and assurance they have given from these new arrangements.

Looking ahead to 2020/21, while the early programme of our work has been impacted by restrictions imposed on us by the Covid-19 crisis, the Committee has continued to operate remotely and our first virtual meeting is due to place in July 2020. There is an extensive programme of work planned, which will include seeking continuing assurance against the Council's response to Covid-19, the significant financial challenges facing us, as well as continuing to ensure the Council's overall governance framework remains fit for purpose.

Councillor Colin Greatorex,  
Chair of the Audit & Member Standards Committee 2019/20  
30 June 2020

### **2. Terms of Reference**

The terms of reference, which the Committee operated to during 2019/20, is detailed at Part 3 of the Council's constitution at the following link:

<https://democracy.lichfielddc.gov.uk/documents/s8011/Part%203%20Final%20v4.pdf>

### 3. Member and Officer Attendance

The Audit & Member Standards Committee met 3 times during the 2019/20 municipal year. The meetings due to be held on 19 March 2020 and 28 April 2020 were cancelled due to the Covid-19 lockdown restrictions.

Membership of the Audit & Member Standards Committee during the 2019/20 municipal year and their attendance is detailed at below:

Audit & Member Standards Committee Member	Date of Committee				
	24/7/19	14/11/19	5/2/20	19/3/20	28/4/20
Councillor Colin Greatorex	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Cancelled due to Covid-19 restrictions	Cancelled due to Covid-19 restrictions
Councillor Wai-Lee Ho	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Councillor Jamie Checkland	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		
Councillor Joanne Grange	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Councillor Alastair Little	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		
Councillor Steven Norman	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		
Councillor Dave Robertson	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Councillor Christopher Spruce	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Councillor Alan White	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

A number of Audit Committee Members also sat on various other Committees. There were no reports received during the year that necessitated members absenting themselves.

Senior officers from the council also attend the Audit Committee as appropriate, including the Chief Executive, Head of Finance & Procurement (Section 151), Head of Corporate Services (Monitoring Officer) and Joint Head of Audit. The External Auditor also attends.

### 4. Training & Effectiveness

Audit & Member Standards Committee receive appropriate and proportionate training. In July 2019 all Members had the opportunity to receive a tailored briefing on treasury management. A general training session for all Councillors was held in September 2019 on the role of the Committee; the internal control environment, governance, risk management and counter fraud. The Committee conducted a skills audit during a review of its effectiveness in February 2020 which will shape the onwards training and development of the Committee in 2020/21.

### 5. Sources of Assurance during 2019/20

In fulfilling its terms of reference, the business conducted by the Audit & Member Standards Committee during 2019/20 is detailed at **Appendix A** per the following themes:

- Internal Audit
- External Audit / Inspection
- Financial Management
- Risk Management
- Corporate Governance.

The Committee gained assurance in 2019/20 from these themes as follows:

## **Internal Audit**

In respect of the 2018/19 financial year, a positive Internal Audit Opinion was given from the Shared Head of Audit as follows:

'I am satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's risk management, control and governance processes.

Overall in my opinion, based upon the reviews performed during the 2018/19 financial year, the organisation has:

- adequate and effective risk management arrangements;
- adequate and effective governance; and
- has adequate and effective control processes.

Audit Committee received internal audit's performance reporting during the year indicating that the service was performing well against its performance measures.

The Council can be assured that no issues have been identified in the 2019/20 work completed which impacts materially on the overall system of internal control.

## **External Audit / Inspection**

The main responsibility of the External Auditor is to report on the council's accounts and whether the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Grant Thornton reported on the 2018/19 accounts. In Grant Thornton's Annual Audit Report, where they issued an unqualified opinion, they concluded that:

'In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and its income and expenditure for the year;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

## **Financial Management**

The Committee scrutinised the 2018/19 statement of accounts and also received assurances on the Council's financial management arrangements (e.g. treasury management, prudential indicators) from the Head of Finance & Procurement (Section 151). The Committee also received regular Internal Audit progress reports, including a number giving assurance on financial management and controls during the period (e.g. payroll, treasury management, VAT).

## **Risk Management**

The Committee has received quarterly updates on the Council's risk management arrangements via review of the corporate risk register. This included oversight and constructive challenge on risks such as a failure to respond to changing demographics; risks surrounding economic growth; financial resources not being sufficient to support all of our planned priorities; our capacity to deliver the outcomes

required in the strategic plan; failure to meet our governance / statutory obligations; ICT related risks; the impact of stakeholder strategies on our strategic plan and failure to manage a major incident.

The risk environment has ultimately transformed in the wake of Covid-19 and this will dominate risk management arrangements going forward in 2020/21. The Council will also be aligning its strategic risks to the new Strategic Plan as well as introducing the 3 lines of defence model to risk management activities.

## **Corporate Governance**

The annual governance statement (AGS) and review of effectiveness for the 2018/19 financial year, concluded that the effectiveness of the system of internal control was fit for purpose overall.

The Committee also:

- undertook a review of its own effectiveness in line with CIPFA good practice and confirmed that it continued to meet its terms of reference. The Committee also reviewed its skills. Consideration was given to whether appointing an independent person was necessary but the Committee concluded that it had sufficient skills and experience in the existing membership to be able to conduct its business effectively.
- received assurances on updates on the Council's contract procedure rules, GDPR / data protection, rules of confidentiality;
- received the annual report of the Monitoring Officer and Exceptions and Exemptions to Procedure Rules; and
- approved the refreshed risk management policy.

Regular updates on the adequacy of the council's counter fraud arrangements were also taken.

## **6. Conclusion**

The Committee has been able to confirm that there were no areas of significant duplication or omission in the systems of governance in the authority that had come to the Committee's attention during 2019/20 that were not being adequately resolved.

Through members receiving this report, the role and purpose of the Committee has been promoted and it has demonstrated that the Committee has continued to perform, meet its terms of reference and added value. This work will continue in 2020/21 with the Committee's refreshed work programme.

## Summary of Audit &amp; Member Standards Committee Work Plan by Assurance Theme 2019/20

Meeting Date	Report	Assurance Theme				
		Internal Audit	External Audit / Inspection	Financial Management	Risk Management	Corporate Governance
24/7/19	Annual Treasury Management Report			<input checked="" type="checkbox"/>		
	Statement of Accounts			<input checked="" type="checkbox"/>		
	External Audit – Audit Findings		<input checked="" type="checkbox"/>			
	Annual Report of Internal Audit	<input checked="" type="checkbox"/>				
	Risk Management Update				<input checked="" type="checkbox"/>	
	Counter Fraud					<input checked="" type="checkbox"/>
	Contract Procedure Rules Overview					<input checked="" type="checkbox"/>
14/11/19	Mid-Year Treasury Management Report			<input checked="" type="checkbox"/>		
	Internal Audit Progress Report	<input checked="" type="checkbox"/>				
	Risk Management including Refresh of Risk Policy				<input checked="" type="checkbox"/>	
	GDRP / Data Protection					<input checked="" type="checkbox"/>
	Rules of Confidentiality					<input checked="" type="checkbox"/>
	Annual Report of the Monitoring Officer					<input checked="" type="checkbox"/>
	Annual Audit Letter		<input checked="" type="checkbox"/>			
	Certification Work for LDC for Year Ending 31 March 2019		<input checked="" type="checkbox"/>			
5/2/20	Treasury Management Statement and Prudential Indicators			<input checked="" type="checkbox"/>		
	Internal Audit Progress Report	<input checked="" type="checkbox"/>				
	Risk Management Update				<input checked="" type="checkbox"/>	
	Annual Report on Exceptions and Exemptions to Procedure Rules					<input checked="" type="checkbox"/>
	Review of the Effectiveness of Audit & Member Standards Committee					<input checked="" type="checkbox"/>
	Audit Committee Progress Report		<input checked="" type="checkbox"/>			

# INTERNAL AUDIT ANNUAL REPORT (INCLUDING Quarter 4 PROGRESS REPORT)

Finance, Procurement, Customer Services and Revenues & Benefits

Date: **To be circulated by email**

Agenda Item: Supplementary Item no 2

Contact Officer: Rebecca Neill

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Key Decision? **NO**

Local Ward Members If any Wards are particularly affected insert the name of the Ward Members and their Ward. Ensure that the Ward Members have been consulted.



**AUDIT &  
MEMBER  
STANDARDS  
COMMITTEE**

## 1. Executive Summary

- 1.1 This report comprises Internal Audit's Annual Report, including results for the quarter to 31 March 2020 (**Appendix 1**).

## 2. Recommendations

- 2.1 To note Internal Audit's Annual Report, including results for the quarter to 31 March 2020.

## 3. Background

- 3.1 The Annual Report for Internal Audit details the work completed during 2019/20. The purpose of this report is to express an opinion of the soundness of the governance, risk management and control environment and highlight any controls issues relevant for inclusion in the Annual Governance Statement. The overall opinion for the financial year is summarised below.

'On the basis of our audit work, our opinion on the council's framework of governance, risk management and internal control is adequate in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work. These matters have been discussed with management, to whom we have made recommendations. All of these have been, or are in the process of being addressed'.

- 3.2 No specific issues have been highlighted through the work undertaken by internal audit during the year. No matters of fraud or irregularity have been reported during the year.

Alternative Options	1. N/A
Consultation	1. N/A
Financial Implications	1. The audit service has been delivered within budget during the year.
Contribution to the	1. Delivery of the audit plan contributes to all aspects of the District Council's



Delivery of the Strategic Plan	Strategic Plan.
Equality, Diversity and Human Rights Implications	1. No equality, diversity or human rights implications arising from this report.
Crime & Safety Issues	1. None arising.
Environmental Impact	1. None arising.
GDPR/Privacy Impact Assessment	1. None required.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Significant / high risk systems of internal control fail and go un-addressed.	The audit planning process ensures that audit resources are directed to areas of most significance / highest risk.	Green (tolerable).
B			
C			
D			
E			

<b>Background documents</b> Audit & Member Standards Committee routine reports, internal audit reports
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<b>Relevant web links</b>
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Internal Audit Annual Report (including Quarter 4 Progress Results)  
June 2020



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- 03 Annual Opinion**
- 04 Follow Up**
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- 02 Implementation Reviews and the Status of Agreed Management Actions**
- 03 Assurance and Recommendation Classifications**

If you have any questions about this report, please contact Rebecca Neill, Head of Audit [rebecca.neill@lichfielddc.gov.uk](mailto:rebecca.neill@lichfielddc.gov.uk)

The matters raised in this report are the ones that came to our attention during our internal audit work. While every care has been taken to make sure the information is as accurate as possible, internal audit has only been able to base these findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be needed. This report was produced solely for the use and benefit of Lichfield District Council. The council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpreted, amendment and/or modification.

## **01 INTRODUCTION**

### **BACKGROUND**

This report comprises Internal Audit's Annual Report, including results for the quarter to 31 March 2020.

### **SCOPE AND PURPOSE OF INTERNAL AUDIT**

The Accounts and Audit Regulations 2015 require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

This opinion forms part of the framework of assurances that is received by the council and should be used to help inform the annual governance statement. Internal audit also has an independent and objective consultancy role to help managers improve risk management, governance and control.

Our professional responsibilities as internal auditors for the period ending 31 March 2020 are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board.

### **ACKNOWLEDGEMENTS**

We are grateful to the directors, heads of service, service managers and other staff throughout the council for their help during the period.

## **02 INTERNAL AUDIT WORK UNDERTAKEN**

The internal audit plan for 2019/20 was considered and approved by the Audit & Member Standards Committee at its meeting in March 2019. The plan was for a total of 36 audits.

Four audits (property investment strategy, LA trading company, contracts procurement and mobile phones) were postponed during the year at management's request due to imminent system changes. No further changes to the plan were made in the last quarter.

The audit findings of each review, together with recommendations for action and the management response are set out in our detailed reports. A summary of the reports we have issued during the year is included at **Appendix 01**. Progress against the plan is reported in section 5.

## **03 ANNUAL OPINION**

### **SCOPE OF THE OPINION**

In giving our audit opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide the council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at our opinion, we have taken the following matters into account:

- The outcomes of all audit activity undertaken during the period.
- The effects of any material changes in the organisation's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Whether there have been any resource constraints imposed upon us which may have impinged our ability to meet the full internal audit needs of the organisation.
- What proportion of the organisation's internal audit needs have been covered to date.

## **INTERNAL AUDIT ANNUAL OPINION**

On the basis of our audit work, our opinion on the council's framework of governance, risk management and internal control is adequate in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work. These matters have been discussed with management, to whom we have made recommendations. All of these have been, or are in the process of being addressed.

## **SPECIFIC ISSUES**

No specific issues have been highlighted through the work undertaken by internal audit during the year.

## **FRAUD & IRREGULARITY**

No matters of fraud or irregularity have been reported during the year.

## **CONSULTANCY & ADVICE**

The audit team may be requested by managers to undertake consultancy and advice on governance, risk management and internal control matters. The following pieces of work were undertaken during the year:

- Review of Anite Sundry debtors system; museum acquisitions, disposal and loan policy; revised mileage claim system; and guide to the acquisition and disposal of physical assets.
- Advice on housing repair grant procedures and cashiering processes.

## **04 FOLLOW UP**

The Audit & Member Standards Committee agreed a change to the system for follow up of audit recommendations at the last Committee (February 2020) due to be implemented in the new financial year 2020/21. These will be reported on in the quarter one progress update. A summary of our follow up results from 2019/20 is detailed in **Appendix 02**.

## 05 PERFORMANCE OF INTERNAL AUDIT

### Compliance with professional standards

We employ a risk-based approach in planning and conducting our audit assignments. Our work has been performed in accordance with PSIAS (confirmed via a self-assessment for 2019-20).

### Conflicts of interest

There have been no instances during the year which have impacted on our independence that have led us to declare any interest.

### Performance of internal audit

### Internal audit quality assurance

To make sure the quality of the work we perform, we have a programme of quality measures which includes:

- Supervision of staff conducting audit work.
- Review of files of working papers and reports by managers.
- Regular meetings of our networking groups, which issue technical and sector updates.

### Performance Measures

Internal audit's main performance measures at the year-end were as follows:



To achieve at least 90% of the plan by the end of the financial year – at the year-end we achieved 100%.



To achieve a target customer satisfaction score of 4 – at the year-end we achieved 4.3, so above target.



To achieve a target of 90% of recommendations made to be agreed – at the year-end we achieved 97%.



To achieve a 76% implementation rate of recommendations implemented and partially implemented on follow up – at the year-end we achieved 86%.

## APPENDIX 01: SUMMARY OF INTERNAL AUDIT WORK UNDERTAKEN IN 2019/20

Audit	Level of Assurance	Executive Summary	Recommendation		
			High	Medium	Low
Data Protection / Data Quality (GDPR)*	Limited	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	7	7	
Application Controls *	Limited	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	0	14	
Members / Officers Allowances *	Substantial	Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.	0	1	
Strategic Housing *	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	0	9	
Homelessness *	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	0	14	
Transparency Code *	Limited	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	5	10	
IT Service Desk *	Substantial	Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.	0	4	
Scheme of Delegation*	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely	0	4	

Audit	Level of Assurance	Executive Summary	Recommendation		
			High	Medium	Low
		and effectively however there are some control weaknesses but most key controls are in place and operating effectively.			
Joint Working / SLA	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	0	5	
VAT	Substantial	Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.	0	3	
RIPA	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	0	10	
Ethics	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	1	12	
Street Cleansing	Substantial	Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.	0	2	
Council Tax	Substantial	Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.	0	3	
Housing Benefits Memorandum of Agreement	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	0	1	
Sundry Debtors	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely	1	2	



Audit	Level of Assurance	Executive Summary	Recommendation		
			High	Medium	Low
		and effectively however there are some control weaknesses but most key controls are in place and operating effectively.			
Health and Safety	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	0	12	
IT Governance	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	0	6	
Parks Management	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	1	10	
Countryside and Biodiversity	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively	0	4	0
Leisure Contract	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively	0	3	0
Taxi Licences	Adequate	Audit are pleased to be able to report adequate assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively	0	7	3
Performance Management	Substantial	Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.	0	4	1

Audit	Level of Assurance	Executive Summary	Recommendation		
			High	Medium	Low
CRM application	Reasonable	While there is a basically sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.	0	8	3
Spatial Planning Policy	Reasonable	While there is basically a sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.	1	3	0
Safeguarding Inc. Modern Slavery	Reasonable	While there is basically a sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.	1	7	1
Cyber Security	Reasonable	While there is a basically sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied. We have concluded with an overall reasonable opinion to reflect the improvements in control since our last audit of cybersecurity in 2017, especially in the areas of governance and user training. However, this is a borderline opinion as we have identified key risks in three technical areas which has resulted in them being given limited assurance. The ICT Manager has assured us that the one high priority recommendation will be addressed by June 2020.	1	10	7
Equalities	Substantial	There is a robust framework in place for the Council to treat customers, employees and residents fairly and equally regardless of their lifestyle or characteristics. There is an equality and diversity policy for staff, additional working guidance on the Council's intranet and there is a training programme for staff and members. An annual Equality Statement is published which demonstrates how the Council seeks to fulfil the requirements of the Equality Act 2012, specifically the public sector duty.	0	2	3

Audit	Level of Assurance	Executive Summary	Recommendation		
			High	Medium	Low
		Recognition of any adjustments required for staff is identified through the recruitment process and through managerial referral. Some risks were identified which need to be addressed including ensuring equality impact assessments are in place for all service/ policy changes and that accessibility audits be completed for all Council owned premises. Some minor improvements were identified in terms of a review of information available when booking facilities and ensuring maintenance of hearing loop equipment.			
Legal Compliance	Reasonable	From 1 January 2020 a new shared service 'the Southern Staffordshire Legal Service' was launched which included the three councils, Lichfield, Tamworth and South Staffordshire, the later acting as the host authority. As this is a relatively new partnership arrangement data availability has been reduced and audit testing therefore limited. However, we can report that the Partnership is backed by a formal Strategic Partnership Agreement and is overseen by a Governance Board with agreed terms of reference and a partnership governance manual has also been developed. The revised service was approved as a key decision through Cabinet and changes to the legal service have been communicated to staff through briefings and further guidance is held on the intranet. Although we understand that processes are still embedding and will evolve some risks have been identified which need to be addressed in particular relating to strengthening the monitoring and review of the service provision. Although meetings have been held by the Governance Board, formal information, such as performance reports, budget monitoring reports, customer feedback etc. has not been provided to allow effective monitoring. Access to the case management system (IKEN) would also aid independent monitoring by the democratic and legal clerks.	0	4	1
Tourism	Reasonable	The Council is marketing and promoting Lichfield District and highlights well what the City and District can offer to tourists and businesses. The need to generate more income throughout the district was identified	1	3	0

Audit	Level of Assurance	Executive Summary	Recommendation		
			High	Medium	Low
		<p>through The Economic Growth Service and Marketing Plan. Emphasis on marketing a targeted audience using Social Media (Facebook, Instagram &amp; Twitter), the Visit Lichfield Website, What's On Guides and Tours has meant the Council are viable when promoting the district. Advertising through featured listings on the Visit Lichfield Website and car park notice boards has been a new initiative this year.</p> <p>The District has been promoted further through funds from the Lichfield Business Improvement District (BID) a statutory initiative to improve business and commercial activity and raise awareness of the benefits of operating within Lichfield, for the last five years, with 2020 being the final year.</p> <p>The Tourism department work to support the Lichfield District Tourism Association (LDTA) and are also in the process of rolling out the Group Travel Partnership (GTP). The Councils support offers secretariat and monitoring of the finances (also proposed for the GTP).</p> <p>Some risks were identified which need to be addressed. The Council needs to ensure that contingency arrangements are in place after the current BID ends (June 2020) should the BID not be re-elected. Also, the informal service arrangements between the Council and the LDTA and GTP would benefit from formalising in a service level agreement.</p>			
Civil Contingencies	Reasonable	<p>Overall, the Council is in a good place to manage risks arising from a serious disruption to its activities.</p> <p>There is a robust framework in place. The partnership with the Civil Contingencies Unit is effective and well managed. Business impact assessments; and emergency and business continuity plans are comprehensive and up to date in most services. A robust training programme is also in place and a test of arrangements, with lessons learned, is undertaken on a regular basis.</p> <p>Some risks were identified which need to be addressed in terms of tightening arrangements for off-site storage of equipment which may be needed in the event of an incident and the housekeeping of certain</p>	1	1	6

Audit	Level of Assurance	Executive Summary	Recommendation		
			High	Medium	Low
		continuity related documents. The major risk area for management attention is in terms of ensuring a local IT disaster recovery plan is in place.			
Property Leases and Charges	Limited	<p>The review has highlighted that the management of the leases, the asset list, rent reviews, deed records, charges to residential properties where LDC owns the freehold and property inspection processes (including ensuring LDC's health and safety obligations are met) all require attention. It is, however, acknowledged that management are aware of many of the issues and are working to address them. Management action, including prompt implementation of the recommendations within this report, should reduce the risks in this area.</p> <p>Some good practice was noted in control of access / amendment to the asset list, checks being completed on potential tenants and processes for the collection of rent and management of arrears.</p>	7	0	0
Community Safety	Reasonable	<p>Overall there are good controls in place to manage the risks of operating the Community Safety Partnership. Funding is allocated in line with priorities, there is an annual action plan in place, actions are being delivered and performance is monitored and reported.</p> <p>Some risks were identified in the process for allocating funding by the Community Safety Partnership, however it is noted that this is due to the limited timescales between notification of the funding, approval and the start of the year.</p>	0	3	1
People Strategy and Workforce Development	Reasonable	<p>The People Strategy is the overarching document which sets out what the council wants to accomplish and why, the Workforce Development Plan, an appendix to the Strategy, details how this will be done.</p> <p>The People Strategy and Workforce Development Plan and supporting projects have been well consulted on, reviewed and approved. The communication to staff has been good.</p> <p>There are a few weaknesses identified in relation to links between the strategy and plans and the action plans used to monitor progress.</p>	0	2	0

Audit	Level of Assurance	Executive Summary	Recommendation		
			High	Medium	Low
Affordable Housing	Substantial	<p>There is a robust framework in place for the Council to identify and provide affordable housing on development sites. The need for affordable housing has been identified through consultations, viability and needs assessments. The threshold number of dwellings where affordable housing is required and the percentage of new dwellings to be affordable is stated in the Local Plan Strategy and is updated annually in the Authority Monitoring Report. There is sufficient guidance from the Council for developers to be aware of these requirements when making a planning application, also offering pre-application advice if required. The Housing Strategy Team will consult and advise on planning applications deemed over the 15 dwelling threshold. The number of completions is received from the Registered Providers each quarter and this figure is fed into the Finance Money Matters report. Annually, a Local Authority Housing Statistics return is made which is used by government to calculate the New Homes Bonus. Income due from the New Homes Bonus has been received in 2019/20.</p> <p>Some risks were identified which need to be addressed including considering a pro-active review of the planning portal by Housing Strategy to confirm all applications above the threshold for affordable housing are consulted on and the introduction of a more enhanced monitoring process to ensure that all affordable housing is delivered in accordance with the approval.</p>	0	1	1
CCTV	Reasonable	<p>Overall the Council has a good system of control in place to manage the risks of operating the CCTV systems and ensuring compliance with the Code of Practice.</p> <p>The Town Centre (Public Static) CCTV system is well controlled and managed, with a good working relationship between the operators Axis and the police. The CCTV fleet system has comprehensive procedures and all viewings of recorded images are appropriately approved. The Council House CCTV is well controlled and authorisation is sought before footage</p>	0	15	1

Audit	Level of Assurance	Executive Summary	Recommendation		
			High	Medium	Low
		<p>is viewed. The Code of Practice is current and is a comprehensive document.</p> <p>Some risks were identified during the audit which require attention. For example, due to a change in management at Axis, there is a need to finalise the operations manual and enable administrator access to the two systems at the Control Room. Improvements to the CCTV fleet system should include a review of the set-up of the system and the enhancement of the functionality to provide transparency through audit trail reporting. Monitoring and viewing recorded footage should occur regularly as per the Code. At the Council House there is a need for additional signage to identify camera locations. The Code of Practice needs updating with correct contact details and an annual report will require publishing at some point on the Council's website, currently delayed due to Covid-19 priorities.</p>			
Committee Reporting	Substantial	<p>The Council is in the process of implementing the new system Modern.Gov. This system will publish council papers, agendas, minutes and decision notices through a searchable library. An officer interface will provide template reports, timescales for publishing, version control and approval. The Democratic Services Team use part of this system with a corporate roll out planned this year. For this reason, testing for this audit has been completed on current processes.</p> <p>As it stands there is a robust framework in place for the creation, approval and reporting of committee reports within the Council. The annual calendar of meetings is decided and reports to be presented to the Committee are agreed within a Work Programme or Forward Plan. Approval is through the Heads of Service and Leadership Team. Reports are published on the website in accordance with the set timescales.</p> <p>One risk was identified of low priority where the incorrect report template was used. Whilst the use of standard templates on Modern.Gov will address this risk, until it is rolled out, it is important that reports follow the correct format to ensure completeness and consistency in governance</p>	0	0	1

Audit	Level of Assurance	Executive Summary	Recommendation		
			High	Medium	Low
		processes. Implementation of this recommendation in the action plan will enhance procedures and address the risk.			
Disabled Facilities Grant Assurance	Assurance Opinion	Confirmation that the Logasnet return for 2018/19 DFG Grant expenditure was accurate for the cases examined.	N/A		
Pensions	Assurance Opinion	Confirmation that employer administration processes, have been carried in all cases examined and checked and that information and contributions passed over to the Pension Fund are accurate and in accordance with the LGPS 2013.	N/A		
National Fraud Initiative Assurance	Compliance	Compliance work against data matches.	N/A		

\* relate to 2018/19 planned audits finalised during 2019/20



## Appendix 02: Implementation Reviews and the Status of the Agreed Management Actions

First Implementation Review Area	Revised Opinion	High			Medium		
		Fully Implemented	Partially Implemented	Not Implemented	Fully Implemented	Partially Implemented	Not Implemented
Treasury Management	✔ Substantial					1	
H&S Enforcement – Environment Health	✔ Adequate	1	1		4	3	
Project Management	✔ Adequate					4	2
Capital Accounting	✔ Substantial					2	
Lichfield Connects	✔ Substantial						1
NNDR	✔ Substantial				2	1	
Corporate Policies	✔ Adequate				1		5 *
Accounting and Budgetary Control	✔ Substantial				1		
Proms	✔ Adequate	1	1		8	1	1
Customer Complaints	✔ Substantial	1		1	8		2 (1*)

First Implementation Review Area	Revised Opinion	High			Medium		
		Fully Implemented	Partially Implemented	Not Implemented	Fully Implemented	Partially Implemented	Not Implemented
Street Cleansing	✔ Substantial				2		

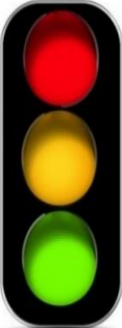
Second Implementation Review Area	Revised Opinion	High			Medium		
		Fully Implemented	Partially Implemented	Not Implemented	Fully Implemented	Partially Implemented	Not Implemented
Car Parking	✔ Substantial				2		
S106/CIL	✔ Adequate		1		1	1	
Economic Development	✔ Substantial					1	
Building Control	✔ Substantial				7	1	
Civil Contingencies/ Business Continuity	✔ Substantial				4		2
Development Management	✔ Substantial				2	1	
Payroll	✔ Substantial	1					

Second Implementation Review Area	Revised Opinion	High			Medium		
		Fully Implemented	Partially Implemented	Not Implemented	Fully Implemented	Partially Implemented	Not Implemented
Tourism/ TIC	✔ Substantial				3		
Freedom of Information	✔ Substantial				4		
Safeguarding (Mental Capacity Act)	✔ Substantial				2	1	
Casuals/ self employed	✔ Substantial				3		
H&S Enforcement – Environment Health	✔ Substantial	1			3		
Homelessness	✔ Substantial				2		

\*recommendations no longer relevant i.e. system changes / compensatory controls now in place.

### Appendix 03: Assurance and Recommendation Classifications

Overall Audit Assurance Opinion	Definition
Substantial	There is a sound system of internal control designed to achieve the organisation's objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.
Limited	Weaknesses in the system of internal controls are such as to put the organisation's objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied.
No	Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area.

Priority	Definition
	High priority recommendation representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
	Medium priority recommendation representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
	Low priority (housekeeping) recommendation highlighted opportunities to implement a good or better practice, to add value, improve efficiency or further reduce the organisation's exposure to risk.

# INTERNAL AUDIT PLAN, CHARTER & PROTOCOL 2020/21

Finance, Procurement, Customer Services and Revenues & Benefits

Date: **To be circulated**

Agenda Item: Supplementary Item no. 3

Contact Officer: Rebecca Neill

Tel Number: 01543 308030

Email: [rebecca.neill@lichfielddc.gov.uk](mailto:rebecca.neill@lichfielddc.gov.uk)

Key Decision? **NO**

Local Ward Members If any Wards are particularly affected insert the name of the Ward Members and their Ward. Ensure that the Ward Members have been consulted.



**AUDIT &  
MEMBER  
STANDARDS  
COMMITTEE**

## 1. Executive Summary

1.1 To consider the 2020/21 proposed internal audit plan, charter and protocol (**Appendix 1**).

## 2. Recommendations

2.1 To consider the 2020/21 proposed internal audit plan, charter and protocol (**Appendix 1**).

2.2 To endorse in principal the proposal to extend the shared arrangements with Tamworth Borough Council (TBC) as set out within section 4 of Appendix 1 for a one year trial basis.

## 3. Background

3.1 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes (Public Sector Internal Audit Standards (PSIAS)).

3.2 The Audit & Member Standards Committee's consideration and approval of an effective audit plan, charter and protocol is an important element in providing assurance to the organisation that arrangements are in place to provide an independent and objective opinion on the adequacy of the internal control environment.

3.3 The initial plan, charter and protocol was due to be presented to the March 2020 Audit & Member Standards Committee. While the initial report was circulated to the Committee, the Committee was cancelled due to Covid-19 restrictions. The plan at Appendix 1 has been updated to allow for the changing assurance needs arising from the current Covid-19 situation and work has been progressing against this plan by the audit team.

3.4 The refreshed charter is an appendix to Appendix 1. Changes, which have been highlighted, are mainly to account for the change in the audit follow up process. The refreshed protocol is also appended to Appendix 1. Changes, which have been tracked, are mainly to account for the changes to assurance opinions and recommendation ratings (agreed at the last Audit & Member Standards Committee) and a refreshed suite of KPI's for 2020/21.

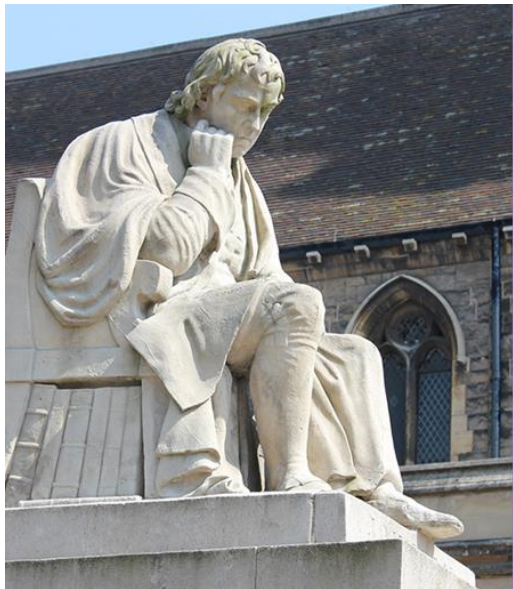
<b>Alternative Options</b>	1. Alternative options are set out in section 4 of Appendix 1.
<b>Consultation</b>	1. Leadership team, which includes the Council's Section 151 Officer, have been consulted on the plan and proposal to extend shared arrangements on a one year trial basis. The Portfolio holder and external auditor have also been consulted and endorse the approach.
<b>Financial Implications</b>	1. The plan is deliverable within budget. 2. The proposal to extend shared arrangements on a one year trial basis is estimated to save the Council between £20k-£25k.
<b>Contribution to the Delivery of the Strategic Plan</b>	1. Delivery of the audit plan contributes to all aspects of the Strategic Plan.
<b>Equality, Diversity and Human Rights Implications</b>	1. No equality, diversity or human rights implications arising from this report.
<b>Crime &amp; Safety Issues</b>	1. None arising.
<b>Environmental Impact</b>	1. None arising.
<b>GDPR/Privacy Impact Assessment</b>	1. None required.

	<b>Risk Description</b>	<b>How We Manage It</b>	<b>Severity of Risk (RYG)</b>
A	Significant / high risk systems of internal control fail and go un-addressed.	The audit planning process ensures that audit resources are directed to areas of most significance / highest risk.	Green (tolerable).
B	The audit plan is unachievable.	Available resources have been considered and optimised; and there is a continuous review process in place to monitor plan delivery. Regular updates are provided to Audit & Member Standards Committee.	Green (tolerable)
C			
D			
E			

<b>Background documents</b> Accounts and Audit Regulations 2015 Financial Procedures Rules
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<b>Relevant web links</b>
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Internal Audit  
Draft Audit Plan, Charter & Protocol 2020/21  
June 2020



# Contents

- 01 Introduction**
- 02 Audit Planning**
- 03 Internal Audit Plan 2020/21**
- 04 Joint Working**
- 05 Charter**
- 06 Protocol**

## Appendices

- 01 Detailed Plan 2020/21**
- 02 Internal Audit Charter**
- 03 Internal Audit Protocol**

If you have any questions about this report, please contact Rebecca Neill, Head of Audit [rebecca.neill@lichfielddc.gov.uk](mailto:rebecca.neill@lichfielddc.gov.uk)

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed. We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Lichfield District Council accepts no responsibility and disclaims all liability to any third party who purports to use or reply for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.



## 01 INTRODUCTION

### BACKGROUND

This report sets out the Draft Internal Audit operational plan for Lichfield District Council (LDC) for discussion and endorsement by the Audit & Member Standards Committee. The purpose of this plan is to identify the work required to achieve a reasonable level of assurance to be provided by Internal Audit in compliance with the Code of Practice for Internal Audit.

The fundamental role of Internal Audit is to provide senior management and the Audit Committee with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work in accordance with an annual operational plan as endorsed by the Audit Committee.

### 02 Audit Planning

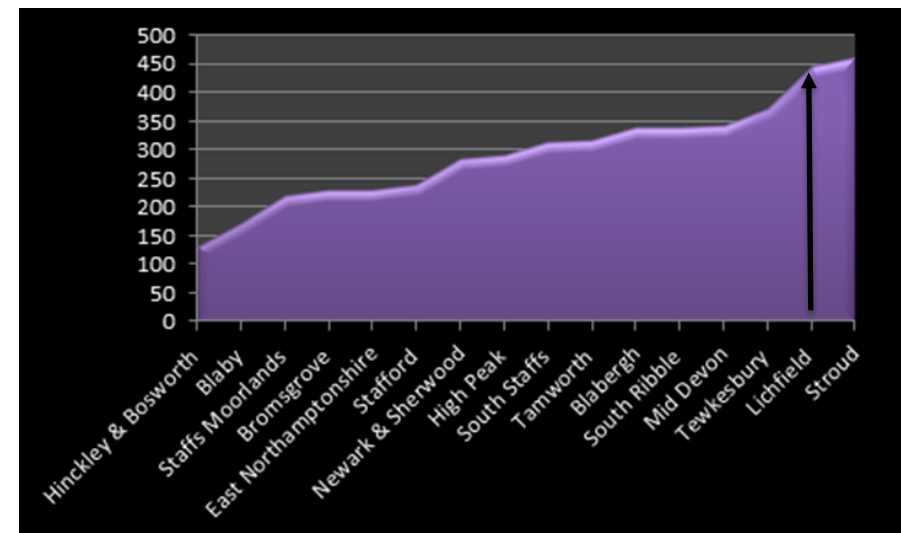
As part of the planning for 2020/21, the proposed plan of work has been developed based on:

- **Key risks and priorities** – the plan for 2020/21 is based on an analysis of strategic and operational risks; strategic objectives; internal control and governance processes and other factors which may affect the year ahead, including any changes within the external environment and the sector.
- **Covid-19** – Due to the significant impact of Covid-19 on the Council's operations, it has been considered appropriate to allocate a proportionate of time to address assurance needs as and when they arise, in response to the crisis and subsequent recovery / restoration. This will be kept under

constant review and any proposed changes reported to the Committee as part of routine quarterly progress reports.

- **Reference to previous assurance work** – a review of the outcome of previous audit and assurance work undertaken and where assurance is now required again.
- **Level of resources** – the level of resource required to deliver an assurance opinion have been reviewed via benchmarking with similar council's. This review (table 1) currently identifies the Council as a relative outlier, out-turning at 447 audit days in 2019/20 (average of the group is 296 days). All peers where information was available, were reporting either a reasonable / substantial/ satisfactory / generally sound overall assurance opinion.

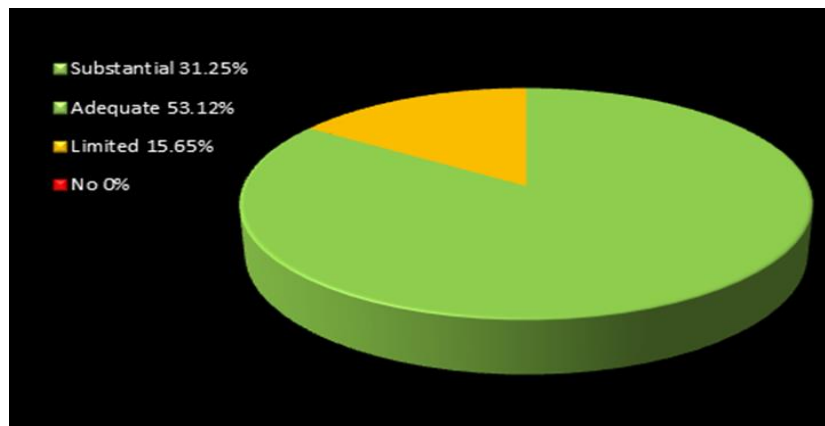
**Table 1: Peer Comparison 2019/20 Audit Days**



The Council's internal control environment is stable (an adequate assurance opinion has been given for the last 2 years) and the fraud / irregularity incidence and risk has

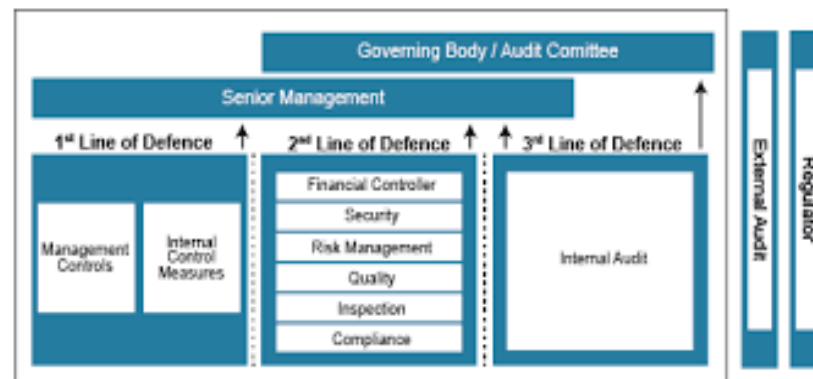
been low. The 2020/21 draft plan has therefore been produced based on a level of resources that maximises effectiveness by directing audit resources to the highest risk areas and one which is competitive with peers.

**Table 2: LDC’s Audit Assurance 2018-2020**



- Agile approach** – our approach to the plan is one where we will respond to the changing assurance need, by having a level of contingency, enabling us to change the focus of the audits should the Council’s organisational priorities or strategic risks change.

Internal audit’s strategy is based upon a three lines of defence model of assurance:

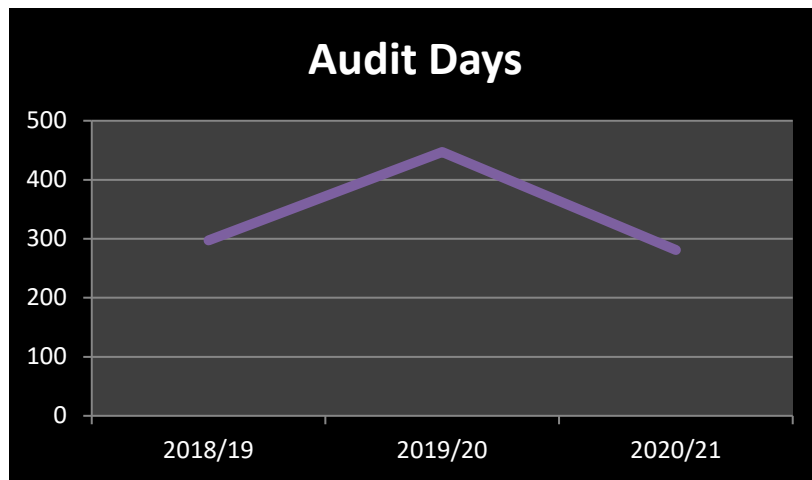


Internal Audit seeks to identify assurances provided through the first and second lines of defence and selects the most appropriate method for obtaining assurance to support the Shared Head of Internal Audit’s opinion and the Council’s governance requirements.

### 03 Internal Audit Plan

The detailed audit plan at **Appendix 01** sets out the assurance requirement in terms of core financial systems; strategic and operational risk; ICT; governance, fraud and other assurance. The draft plan is for a total of 286 days and in particular seeks to provide assurance over areas of higher risk.

While it is noted that the overall number of days has reduced when compared to the 2019/20 plan, the 2020/21 plan is more in line with the 2018/19 plan and comparable with peers in similar organisations. A renewed focus on strategic risk and what matters most, makes the reduction possible without diluting the assurance that the Council receives from Internal Audit.



#### 04 Joint Working

LDC and Tamworth Borough Council (TBC) currently operate under a shared agreement which shares the management of the service (the provision of TBC's Head of Audit & Governance). This is in line with the Memorandum of Understanding between both Council's which sets out each other as a preference when considering shared services.

Auditors remain separate to this agreement, operating within their legacy organisations.

The outcome of the audit planning process this year has led to a reduction in audit days at both Councils. For LDC, the reduction in audit days required has resulted in an excess of auditor resources. For TBC, they have needed to bring in auditor resources during 2019/20 due to difficulties in recruiting internal audit staff.

Under the current draft plan resource requirements, the additional days at LDC could be utilised by TBC, under an extension to the

existing shared arrangement with TBC. This would have the following benefits:

- ☺ Better staff learning and development, with exposure to peer sharing of good practice.
- ☺ Synergies across both Council's in terms of audit practice.
- ☺ Greater resilience across both Councils to address demand.
- ☺ Potential cost savings to both organisations (initial figures suggest LDC could save @ £20-£25k).

The Audit & Member Standards Committee are requested to endorse in principal, the proposal to extend the shared arrangements on a one year trial basis, with a review at the year end. Success would be measured against feedback from key stakeholders (including respective managers, leadership teams and Audit Committees) and delivery against KPI's.

TBC and LDC's leadership teams as well as the external auditor have endorsed the proposal. LDC's audit staff have been informally consulted and have indicated a willingness to undertake shared duties.

If the proof of concept is not endorsed then other options are:

- Additional audit days would need to be added to the plan (from operational, lower risk areas).
- Auditor resources within the team would need to be reviewed.

#### 05 Charter

The refreshed charter is at **Appendix 2**. Changes, which have been highlighted, are mainly to account for the change in the audit follow up process.

## **06 Protocol**

The refreshed protocol is at **Appendix 3**. Changes, which have been tracked, are mainly to account for the changes to assurance opinions and recommendation ratings (agreed at the last Audit & Member Standards Committee) and a refreshed suite of KPI's.

**APPENDIX 01: DETAILED AUDIT PLAN 2020/21**

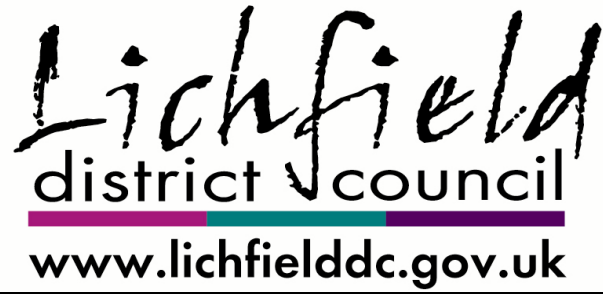
Assurance Required	Audit	Scope	Planned Days	Total Days	Proposed Quarter
Core Financial Systems	Creditors	Risk based review covering the adequacy and effectiveness of controls around creditor payments, including supplier set up / amendment, requisitioning / ordering, receipting and approvals.	10		Q1-Q2
	Capital Accounting	Risk based review of the capital accounting systems focusing on completeness, accuracy and compliance with appropriate accounting standards.	5		Q1-Q2
	Payroll	Risk based review of payroll, including adequacy and effectiveness of controls around the systems for starters, leavers, amendments, deductions, overtime and expenses.	10		Q1-Q2
	Procurement	Risk based review of procurement, including strategy, targets and testing a sample of recent material procurements to ensure compliance with contract procedure rules / OJEU etc.	10		Q1-2
	NNDR	Risk based review of NNDR controls, including review of taxable properties; billing; discounts, exemptions, disregards and reliefs; income is correctly accounted for and recorded; arrears are promptly and efficiently pursued; refunds and write-offs are controlled.	10		Q3
	Housing & Council Tax Benefits	Standard risk based review of housing and council tax benefit systems using CIPFA control matrices. To include a review of the adequacy and effectiveness of the	12		Q4

Assurance Required	Audit	Scope	Planned Days	Total Days	Proposed Quarter
		application of the Citizens Access System at management's request.		77	
	Capital Strategy	Risk based review of delivery of the Council's capital strategy and associated programme management delivery controls.	10		Q1-2
	Income Management	Risk based review of the Council's income streams and systems of internal control governing completeness and accuracy of accounting.	10		Q1-2
Strategic & Operational Risks	Strategic Risk Register <i>Under Review TBC</i>	Risk based review of the adequacy and effectiveness of the controls in place to mitigate the Council's strategic risks. This is to be confirmed following the production of the new strategic risk register based on the new corporate plan.	25	80	Q1-Q4
	Risk Management	Review of the adequacy of the Council's risk management systems.	10		Q3
	Covid-19 Risks	'Flash' audits of dynamic risks arising from the Council's Covid-19 response. To include continuity and recovery arrangements, business grants, new funding, staff well being, governance, financial, productivity. This audit will compliment other strategic and operational risk and ICT audits on the plan which will be looked at with a 'Covid-19 risk lens'.	30		Q1-Q4
	Management of Property (LA Trading Company)	Risk based review of the Council's controls in place for managing property and the Council's assurance regarding the operation and risks surrounding the LA Trading Company.	5		Q1-Q2
	Planning	Risk based review of systems of internal control for planning (using CIPFA control	10		Q2

Assurance Required	Audit	Scope	Planned Days	Total Days	Proposed Quarter
		matrices), to include applications, appeals, fee management.			
ICT	ICT Backup and Recovery	A review of how data and applications are backed up. This areas has not been previously audited in any detail.	10	20	Q2
	Remote Working	A risk based review giving assurance over the adequacy of the Council's ICT operations with the shift towards remote working arising from Covid-19 crisis	10		Q3
Governance, Fraud & Other Assurance	Pensions	Assurance statements to Staffordshire County Council	5	109	Q3
	Disabled Facilities Grant		5		Q2
	Housing Benefit Memorandum of Understanding	Assurance statement to enable the Chief Finance Officer sign off to DWP.	4		Q3
	Counter Fraud	Work to support the mitigation of fraud risk, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations.	10		Q1-Q4
	Annual Audit Opinion	Production of the Annual Audit Opinion.	3		Q2
	Follow Up of Recommendations	To follow up all no and limited assurance reports and all high priority recommendations.	30		Q1-Q4
	Management and Planning	Management, planning and assurance reporting to Leadership Team and Audit & Member Standards Committee.	30		Q1-Q4
	Ad hoc / Consultancy / Contingency	Contingency allocation to be utilised upon agreement of the Chief Finance Officer.	10		Q1-Q4
	Risk Management	Supporting the Council's risk management systems.	12	109	Q1-Q4
				286	







**INTERNAL AUDIT  
CHARTER**



**March 2020**

### Revision History

Revision Date	Version Control	Summary of changes
23/12/15	1.01.01	1 <sup>st</sup> draft
06/03/17	1.01.02	Annual review
29/01/18	1.01.03	Annual review
15/02/2019	1.01.04	Annual review
12/02/2020	1.01.05	Annual review

### Approvals

Name	Title	Date
Audit & Member Standards Committee	Committee Approval	
Diane Tilley	Leadership Team Approval	19.2.20
Anthony Thomas	Head of Finance & Procurement	19.2.20
Rebecca Neill	Head of Internal Audit	12.2.20

### Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

### Distribution

The document will be available on the Intranet and the website.

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## 1 Definition of Internal Auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes (IIA – UK & Ireland).

The internal audit service will comply with the Public Sector Internal Auditing Standards (PSIAS) as adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA). The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Definition of Internal Auditing;
- Code of Ethics; and
- International Standards for the Professional Practice of Internal Auditing (including interpretations and glossary).

The mandatory core principles for the Professional Practice of Internal Auditing are:

- Demonstrate integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives, and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk based assurance
- Is insightful, proactive, and future-focused
- Promotes organisational improvement.

This Charter will be periodically reviewed in consultation with senior management and the board. Changes to the International Professional Practice Framework will be incorporated as and when they occur.

The following posts will be designated as shown below in order to comply with the PSIAS.

<b>Post</b>	<b>Designation</b>
Audit & Member Standards Committee	Board
Leadership Team	Senior Management
Chief Executive	Head of Paid Service
Head of Internal Audit	Chief Audit Executive

The Chief Audit Executive will report conformance to the PSIAS in the annual report to the Board.

## **2 Mission Statement of Internal Audit**

To enhance and protect the authority's values by providing risk-based and objective assurance, advice and insight.

## **3 Purpose and Statutory Requirements**

The internal audit activity will evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach. The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organisation;
- Ensuring effective organisational performance management and accountability;
- Communicating risk and control information to appropriate areas of the organisation; and
- Coordinating the activities of and communicating information amongst the board, external and internal auditors and management.

In addition, the other objectives of the function are to:

- Support the Head of Finance & Procurement to discharge their s151 duties of the Local Government Finance Act 1972 by maintaining an adequate and effective Internal Audit service;
- Contribute to and support the Authority's objectives of ensuring the provision of and promoting the need for, sound financial systems; and
- Investigate allegations of fraud or irregularity to help safeguard public funds.

Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2015 which state in respect of Internal Audit that:

*"A relevant authority must 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 work of Internal Audit forms part of the assurance framework, however, the existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

## **4 Objectives**

The Chief Audit Executive's responsibility is to report to the Board on its assessment of the adequacy of the entire control environment.

It does this by:

- Providing assurance, which is risk based and objective and relevant (Internal Audit's primary role) to the Council and its management on the quality of the Council's operations, whether delivered internally or externally, with particular emphasis on systems of risk management, control and governance. Assurance to third parties will be provided where specific internal audit resources are allocated to the area under review (e.g. pension contributions).
- Providing consultancy services to internal and external delivered services. Consultancy services are advisory and insightful in nature and will be performed at the specific request of the organisation with the aim to improve governance, risk management and control.
- Providing counter fraud and corruption services to include investigating fraud; increasing awareness of the counter-fraud responsibilities at all levels within and outside the Council; further embedding and supporting the effective management of fraud risk within the Council; setting specific goals for improving the resilience against fraud and corruption through the support of counter-fraud activities across the Council; and minimising the likelihood and extent of loss through fraud and corruption.

### **5 Role and Scope of Work**

The scope on internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's risk management, control and governance processes as well as the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. This includes:

- Evaluating the reliability and integrity of management and financial information processes and the means used to identify, measure, classify, and report such information;
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation;
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Evaluating the effectiveness and efficiency with which resources are employed;
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;
- Evaluating the potential occurrence for fraud as part of the audit engagements;
- Monitoring and evaluating governance processes;
- Monitoring and evaluating the effectiveness of the organisation's risk management processes;

- Monitoring the degree of coordination of internal audit and external audit;
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organisation;
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan;
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters to the Board;
- Evaluating specific operations at the request of management, as appropriate;
- Support management upon the design of controls at appropriate points in the development of major change programmes.

With regard to Risk Management, internal audit will carry out individual risk based engagements to provide assurance on part of the risk management framework, including the mitigation of individual or groups of risks.

Internal audit operate in an advisory capacity to:

- Report upon the level of risk maturity and scope for improvement;
- Facilitate the identification and assessment of risks;
- Coach management in responding to risks.

The CAE is responsible for:

- Developing the corporate risk management strategy in liaison with the Leadership Teams and Service Units;
- Promoting support and oversee its implementation across the Council;
- Monitoring and review the effectiveness of the risk management strategy;
- Assisting with the identification and communicate risk management issues to Units;
- Advising Corporate and Unit management teams on strategic and operational implications of risk management decisions;
- Supporting Corporate and Unit management teams in their liaison with any external partners when identifying and managing risk in joint projects.

With regard to Counter fraud activity, internal audit will carry out the following activities:

- Provide assurance on the adequacy of counter fraud arrangements
- Evaluate counter fraud reporting
- Review the implementation of the counter fraud strategy
- Evaluate preventative and detective controls
- Review control weaknesses that led to the fraud
- Review of the fraud risk assessment
- Provide support in the ethical and anti-fraud and corruption culture
- Share learning

- Champion the development of counter fraud capability
- Receive whistleblowing referrals
- Use data analytics to identify fraud
- Review of NFI matches
- Lead on a fraud and corruption risk assessment
- Develop the counter fraud and corruption strategy
- Undertake investigations

### **6 Proficiency and Due Professional Care**

The internal audit activity will govern itself by adherence to The Institute of Internal Auditors mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the Core Principles of the Internal Standards for the Professional Practice of Internal Auditing. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to Lichfield District Council's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

Job descriptions and person specifications for each post within Internal Audit Services define the appropriate knowledge, skills and experience and are reviewed periodically.

Personal Development Reviews will be completed in accordance with the Council's policy. Staff will be supported to fulfil training and development needs identified in order to support their continuous professional development programme.

Internal Auditors will exercise due professional care by considering the:

- Extent of work needed to achieve the engagement's objectives with detailed Terms of Reference (including consultancy engagements);
- Relative complexity, materiality or significance of matters to which assurance procedures are applied;
- Adequacy and effectiveness of governance, risk management and control processes;
- Probability of significant errors, fraud, or non-compliance; and
- Cost of assurance in relation to potential benefits.

Where gaps exist in knowledge and skills in the formation of internal audit plans, the CAE can engage specialist providers of Internal Audit Services.

Internal Audit staff will be suitably supervised and work will be reviewed by a senior member of staff.



## **7 Authority**

The Internal Audit service, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of Lichfield District Council's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit service in fulfilling its roles and responsibilities.

## **8 Organisation**

The Chief Audit Executive will report functionally to the Board and administratively (i.e. day to day operations) to the Head of Finance & Procurement.

The Board will receive performance reports on the internal audit function on a quarterly basis.

## **9 Independence and Objectivity**

The internal audit service will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or reporting content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

Regular review of the placement/location of Internal Audit team members will be completed to ensure independence, taking into account the consultancy work individual internal auditors have performed when completing assurance engagements. Internal auditors will not provide assurance in areas where they have been involved in advising management.

The internal audit service will also have free and unrestricted access to the Head of Paid Service and the Board.

The Chief Audit Executive will confirm to the Board, at least annually, the organisational independence of the internal audit activity.

## **10 Internal Audit Plan**

At least annually, the Chief Audit Executive will submit to Senior Management and the Board an internal audit plan for review and approval.

The internal audit plan will be developed based on prioritisation of the audit universe using a risk-based methodology, which takes into account, results from previous audits, stakeholders expectations, feed back from Senior Managers, objectives in strategic plans and business plans, the risk maturity of the organisation (including managements response to risk), and legal & regulatory requirements. The use of other sources of assurance and the work required to place reliance on them will be highlighted in the audit plan.

Contingency time will be built in to the annual audit plan to allow for any unplanned work. This will be reported on in accordance with the internal reporting process to the Board.

Approval will be sought from the Board for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement. The Audit Plan balances the following requirements:

- the need to ensure the Audit Plan is completed to a good practice level (currently at least 90% of planned audits required are deliverable in the year);
- the need to ensure core financial systems are adequately reviewed to provide assurance that management has in place proper arrangements for financial control;
- the need to appropriately review other strategic and operational arrangements, taking account of changes in the authority and its services and the risks requiring audit review;
- the need to have uncommitted time available to deal with unplanned issues which may need to be investigated e.g. allegations of financial or other relevant irregularities, or indeed specific consultancy. (NB there are separate guidelines over circumstances in which Internal Audit may and may not get involved in such investigations or consultancy, and further reference to this is made within the corporate Counter Fraud and Corruption Strategy and guidance);
- to enable positive timely input to assist corporate and service developments.

A joint working arrangement with External Audit will be sought such that Internal Audit resources are used as effectively as possible.

### **11 Reporting and Monitoring**

A written report will be prepared and issued by the Chief Audit Executive following the conclusion of each internal audit engagement and will be distributed as appropriate with executive briefing reports issued in accordance with the Internal Audit Protocol.

The final internal audit report will include management's response and corrective actions in regard to the specific findings and recommendations. It will also include a timetable for anticipated completion of action to be taken.

The Internal Audit service will be responsible for following up all high priority recommendations and those arising from overall no and limited assurance reports to ensure that management have implemented them in the agreed timescales. It is management's responsibility to ensure that the agreed actions for medium and low priority actions are implemented. All outstanding recommendations will be monitored.

Results of audit follow up will be communicated as appropriate and a summary of the results will be reported to Senior Management and the Board.

Where significant risk exposures and control issues, including fraud and governance issues, are identified, they will be reported to the Board.

### **12 Quality Assurance and Improvement Programme**

The Internal Audit activity will maintain a quality assurance and improvement programme that covers all aspects on the Internal Audit activity. The programme will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the International Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Chief Audit Executive will periodically report to the Board on the internal audit service purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.

In addition, the Chief Audit Executive will communicate to Senior Management and the Board on the internal audit service's quality assurance and improvement programme, including results of ongoing internal assessments and improvement plans and external assessments. External assessments will be conducted at least every five years by a professionally qualified and experienced assessor.

The improvement plan resulting from the internal and external assessments will be reported to and monitored by the Board.

Signed by

Chief Audit Executive (Head of Internal Audit)

Chairman of the Board (Chair of the Audit & Member Standards Committee)

**APPENDIX 3**



**INTERNAL AUDIT  
PROTOCOL**



**March 2020**

### Revision History

Revision Date	Version Control	Summary of changes
23/12/15	1.01.01	1 <sup>st</sup> draft
06/03/17	1.01.02	Annual review
29/01/18	1.01.03	Annual review
15/02/2019	1.01.04	Annual review
12/02/2020	1.01.05	Annual review

### Approvals

Name	Title	Date
Audit & Member Standards Committee	Committee Approval	
Diane Tilley	Leadership Team Approval	19.2.20
Anthony Thomas	Head of Finance & Procurement	19.2.20
Rebecca Neill	Shared Head of Internal Audit	12.2.20

### Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

### Distribution

The document will be available on the Intranet and the website.

## LICHFIELD DISTRICT COUNCIL

### INTERNAL AUDIT PROTOCOL

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# INTERNAL AUDIT PROTOCOL

## Introduction

The purpose of this protocol is to:

- Ensure a consistent approach is adopted to undertaking audit work;
- Establish a guide for management on timescales and responsibilities for dealing with internal audit reports issued;
- Ensure a consistent approach is adopted when dealing with internal audit reports within the Authority;
- Document the way in which reports are discussed with managers and the action required when replies are not received;
- Demonstrate to the Authority's external auditors that managers deal with Internal Audit work in an appropriate manner; and
- Ensure all necessary monitoring and reporting of Internal Audit work against the Annual Audit Plan is carried out.

The responsibilities of Officers and Members mentioned in this protocol are detailed in Appendix A.

## Planning an Audit

Each year an annual ~~audit plan~~ ~~Audit Work Programme~~ is produced based on a ~~an Internal Audit Risk Assessment~~ detailing the audit areas to be reviewed during the year. The ~~Audit Work Programme~~ audit plan, including timings, will be discussed and agreed with the relevant Head of Service/~~Director~~ at the commencement of the new financial year.

For each audit, a brief should be prepared, discussed and agreed with relevant manager. This will normally require discussion with the relevant Head of Service, unless otherwise instructed, to ensure attention is focussed on areas of greatest risk or concern. Managers are encouraged to raise areas of concern/additional areas with the Auditor, but cannot dictate which areas will or will not be reviewed, as this responsibility lies with the ~~Audit Manager~~ Shared Head of Internal Audit.

The brief should establish the objectives, scope and timing of the assignment and its resource and reporting requirement and agreed with the relevant manager/~~director~~.

Where agreement cannot be reached, the ~~Audit Manager~~ Shared Head of Internal Audit shall decide whether this should be pursued at a more senior level including raising the matter with the relevant ~~Director~~ Head of Service, the Chief Executive or the S151 Officer.

If agreement is still not forthcoming, the matter will be raised with the Audit & Member Standards Committee Chairman.

## Audit Approach

Audit work should be undertaken using a risk-based audit approach.

At each stage of the audit, auditors should consider what specific work needs to be conducted and evidence gathered to support an independent and objective audit opinion.

During the course of the audit, key issues should be brought to the attention of the relevant manager to enable them to take corrective action and to avoid surprises at the reporting stage.

All audit work will be subject to an appropriate internal quality review process.

## Interim Reports

Interim reports are sent at the discretion of the ~~Audit Manager~~ Shared Head of Internal Audit.

An interim report on an assignment may be sent where appropriate, for example:-

- a) where a matter arises which requires immediate action by management (e.g. serious weakness in control, evidence of fraud);
- b) where an assignment is unusually lengthy or extends over a long time period.

Any interim report made verbally to management shall be confirmed as soon as possible ~~by a written report/memo in writing~~.

## Report Presentation

All assignments will be reported as a formal report with an executive summary.

## Report Content

The Public Sector Internal Audit Standards (PSIAS) state that:

*"The basic aims of every internal audit report should be to:*

- *Give an opinion on the risk and controls of the area under review, building up to the annual audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;*
- *Prompt management to implement the agreed actions for change leading to improvement in the control environment and performance: and*
- *Provide a formal record of points arising from the audit and, where appropriate, of agreements reached with management, together with appropriate timescales."*

The final internal audit report includes the agreed ~~a~~ Action plan, which details the audit recommendations, priority, management response, officer responsible and timescale for implementation.



All reports will contain a scope and objectives and the internal audit observations of the assignment, together with the overall opinion on the adequacy of the internal control environment.

For each audit carried out Internal Audit arrives at a conclusion that assesses the level of assurance that can be placed on the system of internal control being reviewed in one of four categories. The category reflects the assessment of the robustness of the internal control environment with an opinion on whether the actual controls in place are being consistently applied. The categories of assurance are detailed in the table below.

Category	Category Description
Substantial Assurance	<p>Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.</p> <p><u>There is a sound system of internal control designed to achieve the organisation's objectives. The control processes tested are being consistently applied.</u></p>
Adequate Reasonable Assurance	<p>Audit are pleased to be able to report reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.</p> <p><u>While there is a basically sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.</u></p>
Limited Assurance	<p>It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.</p> <p><u>Weaknesses in the system of internal controls are such as to put the organisation's objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied.</u></p>
No Assurance	<p>It is with some concern that Audit has to report no assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are not in place or are failing.</p> <p><u>Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area.</u></p>

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In addition, the recommendations made in internal audit reports (action plans) have been placed into one of three categories, namely, high, medium and low. The definitions are as below:

Recommendation Priority	Definition
High	High priority recommendation representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
Medium	Medium priority recommendation representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
Low (Housekeeping)	Low priority (housekeeping) recommendation highlighted opportunities to implement a good or better practice, to add value, improve efficiency or further reduce the organisation's exposure to risk.

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High (Red) priority recommendations will be made if one of the following criteria is met:

1. Adversely affects the Annual Governance Statement;
2. Results in significant loss of funds or assets;
3. May lead to service delivery failures which could adversely affect the Council's reputation;
4. Shows non compliance with statutory requirements, the Council's Constitution, Codes or Policies and or any Cabinet approved initiatives;
5. Changes the effectiveness of key controls;
6. Significant opportunity exists for real gains in processing efficiency;
7. Poor cost controls or potential for significant savings and/or revenue generation;
8. Significant impact environmentally, socially or economically.

All other recommendations that do not meet the above criteria will be classed as Medium (amber) priority recommendations unless they are low risk (green). Low risk recommendations will be included as discussion points in the draft report but excluded from the final report.

In this context 'risk' may be viewed as the chance, or probability, of one or more of the Council's objectives not being met. It refers both to unwanted outcomes that might arise, and to the potential failure to realise desired outcomes.

## Consultations

Findings may be discussed 'informally' with managers, during the course of the audit, where it is appropriate to do so. Although alterations to procedures may be made as a result of these discussions, the finding and recommendation will still be included in the internal audit report.

When an audit assignment has been carried out, the auditor shall draft a report showing the matters arising. Draft reports should be reviewed and their findings discussed with the ~~Audit Manager~~/Principal Auditor / Shared Head of Internal Audit.

Following conclusion of the ~~Audit Managerial Review~~quality review, the draft report will be submitted to the relevant Head of Service and Manager of the Service.

A meeting will be arranged between the Auditor and the Manager. (The relevant Head of Service will be notified of the exit meeting date and they may attend if they so require).

The purpose of such meetings is to discuss the report, correct any factual inaccuracies and formulate a set of agreed/practical recommendations and management actions.

NB Recommendations made will not be amended unless further information has been provided which satisfies the auditor that this is appropriate.

The final decision regarding the content of the report lies with the ~~Audit Manager~~ Shared Head of Internal Audit.

The ~~a~~Action plan should be updated with the results of the manager meeting (i.e. timescale for implementation, management response and officer responsible).

Any areas of disagreement between the Auditor and Management that cannot be resolved by discussion should be recorded in the action plan and the residual risk highlighted. Those areas giving rise to significant risks that are not agreed should be brought to the attention of the relevant ~~Director~~Head of Service, the Chief Executive or the S151 Officer, and if necessary with Audit & Member Standards Committee.

### **Finalisation of Report**

The final report shall be prepared after management consultation and a final Managerial review will be undertaken.

### **Management Sign Off Of Report**

It must be stressed that no amendments to the detail of the report will be made at this point, as it is assumed that these would have been identified at the consultation stage. The exception to this would be amendments to the management responses.

If management require any amendments to the management responses included in the audit report, then they are required to notify the Auditor within one week of the report being issued.

If no response is received within this period, it will be assumed that management are happy with the report and as such the report will be formally issued to the relevant officers and members, as per this protocol.

In circumstances where extensions to the one week requirement have been requested, individual Auditors shall keep a record to monitor responses received from management to ensure timely issue of all audit reports.

The Principal Auditor shall be informed if any reports are unduly delayed. Should this be the case, they should usually be followed up in accordance with the following timetable:

No response after 1 week	Written reminder to Manager by auditor
No response after 2 weeks	Final written reminder to Manager by the Principal Auditor / <del>Audit Manager</del> <u>Shared Head of Internal Audit</u> , (copy to relevant <u>Head of Service</u> <del>Director</del> )

Where management responses are not forthcoming after a further week, despite reminders having been issued, the ~~Audit Manager~~ Shared Head of Internal Audit shall decide whether this should be pursued at a more senior level including raising the matter with the relevant ~~Director~~ Head of Service, the Chief Executive or the S151 Officer.

If a response is still not forthcoming after a further week, the matter will be raised with the Audit & Member Standards Committee Chairman.

### Customer Satisfaction Questionnaire

The purpose of the Customer Satisfaction Questionnaire (CSQ) is to seek the Manager's view/perceptions of the quality of audit work carried out.

~~A CSQ shall be sent by the Audit Manager to Managers for all planned audit work~~

The CSQ will be sent electronically, following the issue of the final audit report, to the Manager.

The CSQ should be completed and returned to the ~~Audit Manager~~ Principal Auditor.

The Shared Head of Internal Audit ~~Audit Manager~~ shall review all completed CSQs received and shall arrange for any appropriate action to be taken following liaison, as necessary, with the auditor and/or manager.

Any CSQ which are not returned will be followed up and verbal feedback obtained if necessary.

### Report Distribution

Reports will be distributed electronically as follows:

- the relevant Manager
- the appropriate Head of Service
- ~~the appropriate Director~~
- the Chief Executive

the S151 Officer – executive brief only unless there are financial implications or limited/no assurance, then the whole report  
the appropriate Cabinet member  
the Audit & Member Standards Committee  
the External Auditor

The Audit Manager Shared Head of Internal Audit is copied into the e-mail of all final reports issued to ensure that performance information is recorded.

Where it is felt, by the Audit Manager Shared Head of Internal Audit, that the findings pose significant risks to the Council, the covering email to the Audit & Member Standards would indicate a potential need for Audit & Member Standards Committee involvement.

Occasionally, Internal Audit is required to undertake investigations of fraud or corruption within the Council or other work commissioned by the Chief Executive as Head of Paid Service. In these instances the distribution of reports, as detailed above will not apply. Instead, only the Chief Executive, the Monitoring Officer, the S151 Officer and the HR Manager will receive a copy of the report.

## Risk Registers

Any findings/recommendations identified as 'high risk' should be added to the relevant ~~service/departmental~~ risk register. This is the responsibility of the risk register owner.

## Follow Up Reviews

Follow up reviews ~~ordinarily~~ will be carried out by audit staff for all no and limited overall assurance reviews and for all high priority audit recommendations, approximately 6 months after the final audit report was issued. The purpose of this work is to establish the implementation of key recommendations ~~(high and medium risk) as per the final audit report/action plan.~~ The follow up will deal with those items expected to have been implemented in-line with proposed timescales indicated by the Auditee when the report was originally finalised.

On the basis of this work, auditors may conclude that –it is planned to provide management with a short report on the action taken since the final report was issued.– It will also provide a summary of the action taken based on the following recommendations have been:

- Fully Implemented
- Partially Implemented
- Not Implemented
- On-going
- Recommendation Superseded

A monthly routine report will be produced for Heads of Service detailing the status of all outstanding audit recommendations and a summary will be reported to the

~~Audit & Member Standards Committee as part of Internal Audit's routine performance report. draft report will be issued to the Manager and Head of Service detailing the outcome of the follow up review together with an updated action plan and a revised overall audit opinion.~~

- ~~— If management require any amendments to the management responses included in the follow up, then they are required to notify the Auditor within one week of the report being issued.~~
- ~~— If no response is received within this period, it will be assumed that management are happy with the report and as such the report will be formally issued to the relevant officers and members, as per this protocol.~~
- ~~— In circumstances where extensions to the one week requirement have been requested, individual Auditors shall keep a record to monitor responses received from management to ensure timely issue of all follow-ups.~~
- ~~— The Principal Auditor shall be informed if any reports are unduly delayed. Should this be the case, they should usually be followed up in accordance with the final report timetable for responses.~~
- ~~— Implementation review reports will be distributed as per the finalised audit reports.~~

~~Where it is found that the recommendations in overall no and limited assurance reports have not been satisfactorily implemented or there there are hHigh pPriority recommendations still outstanding at the first follow up (6 months), this willmay be pursued at a more senior level including raising the matter with the relevant Head of ServiceDirector, Chief Executive or the S151 Officer, and if necessary with the Audit & Member Standards Committee. In addition these issues will be reported in the quarterly progress report of Internal Audit, which will be presented to the Audit & Member Standards Committee. A report of high risk recommendations not implemented will be reported to the Leadership Team on a quarterly basis.~~

~~Where it is found that some recommendations are outstanding, a second and final follow up review will be undertaken in 3 months time. Management will be expected to accept the risk of any outstanding recommendations at this time. Any recommendations still outstanding will be included in the quarterly progress report of Internal Audit, which will be presented to the Audit Committee.~~

### **Progress Report to the Chief Executive, S151 Officer and Audit & Member Standards Committee**

The Audit Manager Shared Head of Internal Audit shall produce a progress report on the work of Internal Audit, as a whole, which will tie in with the Audit & Member Standards Committee meeting cycle. This will be a summary of performance against annual audit plan objectives.

The purpose of the report is to highlight variations from the agreed aAnnual pPlan and the reasons why these were necessary. It should also comment on the general level of work undertaken during the quarter together with summarised details of work of major reviews and investigations carried out.

Performance indicators shall be calculated and noted in the report. These are:

- ~~a) % of plan achieved;~~
- ~~b) % of recommendations made in audit reports that have been agreed;~~
- ~~c) % of recommendations implemented at the time of follow up;~~
- ~~d) Customer Satisfaction on Customer Satisfaction Questionnaires;~~

<u>KPI</u>	<u>Description</u>
<u>a) Achieve the annual audit plan</u>	<u>90% of audits in the annual plan to be completed to draft report stage within 15 working days of the 31 March of each year.</u>
<u>b) Effective completion of audit work</u>	<ul style="list-style-type: none"> <li><u>i) 100% of draft reports are issued within 6 weeks of commencement of work.</u></li> <li><u>ii) 100% of closure meetings conducted within 5 days of completion of audit work.</u></li> <li><u>iii) 100% draft reports to be issued within 10 working days of closure meeting.</u></li> </ul>
<u>c) Recommendations implemented</u>	<ul style="list-style-type: none"> <li><u>i) 100% of all high priority actions are implemented at follow up.</u></li> <li><u>ii) All no and limited assurance reports have a revised assurance rating of substantial or reasonable on follow up.</u></li> </ul>
<u>d) Customer satisfaction</u>	<u>Achieve an average score of 4 or more.</u>
<u>e) Add value</u>	<u>Quantify added value by actual / estimated valuations of system improvement recommendations.</u>

Regular meetings will be held between the Chief Executive, S151 Officer and the ~~Audit Manager Shared Head of Internal Audit~~ to discuss the progress report, corporate audit matters arising and significant areas of risk.

### **Annual Report to the Audit & Member Standards Committee**

The ~~Audit Manager Shared Head of Internal Audit~~ shall prepare a written report to those charged with governance timed to support the Annual Governance Statement.

The ~~Audit Manager Shared Head of Internal Audit~~'s Annual Report to the Audit & Member Standards Committee must: -

- a) include an opinion on the overall adequacy and effectiveness of the Council's control environment;
- b) disclose any qualifications to that opinion, together with the reasons for the qualification;
- c) present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- d) draw attention to any issues the ~~Audit Manager Shared Head of Internal Audit~~ judges particularly relevant to the preparation of the Annual Governance Statement;

- e) compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and targets; and
- f) comment on compliance with the Public Sector Internal Audit Standards and communicate the results of the internal audit quality assurance programme.

A copy of the Annual Audit Report will be sent to the External Auditor and Leadership Team for information.



## APPENDIX A

### RESPONSIBILITIES OF OFFICERS AND MEMBERS IN RELATION TO THE INTERNAL AUDIT PROTOCOL

#### Managers

- Agree audit brief before any audit work commences.
- Receive draft internal audit reports from the auditor.
- Attend meeting with the auditor to discuss draft internal audit report, correct any factual inaccuracies and formulate a set of agreed/practical recommendations/management actions.
- Confirm agreement to the action plan, which details management's response and timescales for recommendations to be implemented within a week~~5 working days~~.
- Receive final internal audit report.
- Ensure recommendations are implemented in line with the agreed action plan ~~and where appropriate, updated on Pentana.~~
- Complete and return the Customer Satisfaction Questionnaire to the Principal Auditor ~~Audit Manager~~ detailing their view/perception of the quality of audit work carried out.
- Update service/departmental risk registers with high risk recommendations.
- Receive Limited and No Assurance Follow Up Review reports detailing the progress made towards implementation of recommendations made in ~~the~~ agreed action plans.

#### Heads of Service

- Agree audit brief before any audit work commences.
- Receive draft internal audit reports from the auditor.
- Attend meeting with the auditor and manager, if they deem it necessary, to discuss draft internal audit report, correct any factual inaccuracies and formulate a set of agreed/practical recommendations.
- Receive notification from Audit Manager Shared Head of Internal Audit if responses to internal audit reports are not forthcoming.
- Receive notification if an unacceptable response is received from management to internal audit reports.
- Receive notification if management have not signed off the action plan to any audit report.
- Receive final internal audit report
- Receive Follow Up Review reports detailing the progress made towards implementation of recommendations made in the agreed action plan.
- Receive notification, during the year, of any major service issues arising. Examples of such issues are those, which the Audit Manager Shared Head of Internal Audit considers to be significant, i.e. frauds, irregularities or fundamental problems in their service area.
- Attend annual audit meeting with Audit Manager~~the Shared Head of Internal Audit~~, if required. The purpose of these meetings is to discuss the audit work carried out, to ascertain client satisfaction with the audit service and maintain good relations between the service area and audit.

- To attend the Audit & Member Standards Committee where finalised audit reports are followed up and reported as being ~~reported where the assurance levels limited~~ or below, or where high priority recommendations have not been implemented in order for the Committee to ask any questions it may deem appropriate.

### Chief Executive/~~Directors~~

- Receive copy of the relevant final internal audit reports.
- Receive copy of final internal audit report relating to any investigation of fraud or corruption within the Council or any work commissioned by the Chief Executive, as Head of Paid Service.
- Receive notification from ~~Audit Manager~~ the Shared Head of Internal Audit if responses to internal audit reports are not forthcoming.
- Receive notification if an unacceptable response is received from management to internal audit reports.
- Receive notification if management have not signed off the action plan to any audit report.
- Receive notification if management have failed to implement any high priority recommendations at the first follow up ~~review~~.
- Receive progress reports, which highlight variations from the agreed ~~a~~Annual ~~p~~Plan and the reasons why these were necessary. It should also comment on the general level of work undertaken during the quarter together with summarised details of work of major reviews and investigations carried out. The report should be received within one month of the end of the quarter.
- Attend regular meetings with the ~~Audit Manager~~ Shared Head of Internal Audit.
- Receive the annual audit report.

### S151 Officer

- Receive copy of final internal audit reports – executive brief only unless there are financial implications or limited/no assurance, then the whole report.
- Receive copy of final internal audit report relating to any investigation of fraud or corruption within the Council or any work commissioned by the Chief Executive, as Head of Paid Service.
- Receive notification from ~~Audit Manager~~ the Shared Head of Internal Audit if responses to internal audit reports are not forthcoming.
- Receive notification if an unacceptable response is received from management to internal audit reports.
- Receive notification if management have not signed off the action plan to any audit report.
- Receive notification if management have failed to implement any high priority recommendations at ~~the first~~ follow up ~~review~~.
- Receive progress reports, which highlight variations from the agreed ~~a~~Annual ~~p~~Plan and the reasons why these were necessary. It should also comment on the general level of work undertaken during the quarter together with summarised details of work of major reviews and investigations carried out.
- Attend regular meetings with the ~~Audit Manager~~ Shared Head of Internal Audit.
- Receive the annual audit report.

### Monitoring Officer

- Receive copy of the final internal audit report where it is felt that the findings pose significant governance risks to the Council.

### HR Manager

- Receive copy of final internal audit report relating to any investigation of fraud or corruption within the Council or any work commissioned by the Chief Executive, as Head of Paid Service which involve employees.

### External Auditor

- Receive individual audit reports, together with agreed action plans, throughout the year.
- Receive Limited and No Assurance Follow Up Review reports detailing the progress made towards implementation of recommendations made in the agreed action plan.
- Receive the annual audit report.

### Leader

- Receive copy of the final internal audit report where it is felt that the findings pose significant risks to the Council, or where findings relate to more than one service.

### Cabinet Members

- Receive copy of final internal audit reports relating to their portfolio.
- Receive Follow up Review reports detailing the progress made towards implementation of recommendations made in the agreed action plan.

### Audit & Member Standards Committee

- Receive individual audit reports, together with agreed action plans, throughout the year.
- Receive Follow up Review reports detailing the progress made towards implementation of recommendations made in the agreed action plan.
- Receive notification if management do not respond to internal audit reports.
- Receive notification if an unacceptable response is received from management to internal audit reports.
- Receive notification if management have not signed off the action plan to any audit report.
- Receive notification if management have failed to implement ~~any~~ high priority recommendations at ~~the first~~ follow up or where a no or limited overall assurance opinion review has not been assessed as being substantial or reasonable on follow up review and the second follow up review.
- Opportunity to request an audit report to be taken to the next appropriate Committee at which the relevant Director/designated officer would attend in order to answer any questions that may be raised.
- Opportunity to use the audit report as a catalyst to a specific piece of work to be undertaken

- Receive progress reports, based on the individual audit reports issued within the period.
- Receive the annual audit report.

# PUBLIC SECTOR INTERNAL AUDIT STANDARDS / QUALITY ASSURANCE & IMPROVEMENT PROGRAMME



Cabinet Member Finance & Democratic

Date:	CIRCULATED TO THE COMMITTEE BY EMAIL
Agenda Item:	Supplementary item no. 4
Contact Officer:	Rebecca Neill
Tel Number:	01543 308030
Email:	<a href="mailto:rebecca.neill@lichfielddc.gov.uk">rebecca.neill@lichfielddc.gov.uk</a>
Key Decision?	NO
Local Ward Members	If any Wards are particularly affected insert the name of the Ward Members and their Ward. Ensure that the Ward Members have been consulted.

## AUDIT & MEMBER STANDARDS COMMITTEE

### 1. Executive Summary

- 1.1 To report to the Audit & Member Standards Committee on Internal Audit's compliance with the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP).

### 2. Recommendations

- 2.1 That the Committee notes Internal Audit's compliance with the PSIAS (Appendix 1); and the QAIP (Appendix 2).

### 3. Background

- 3.1 The PSIAS has been in place since April 2013. Internal Audit's compliance with the PSIAS is required under the Accounts & Audit Regulations 2015. The PSIAS require that Internal Audit comply with professional best practice and assess themselves against the requirements on an annual basis and that an External Quality Assessment (EQA) should be completed at least every 5 years.
- 3.2 An EQA was last completed in 2017 and was reported to this Committee. The next EQA is not due until 2022. An overview of current compliance with the PSIAS is attached at **Appendix 1** which shows that Internal Audit operations have been self-assessed as being compliant with this code. Confirmation has also been obtained on conformance against the PSIAS from third parties who have delivered audit engagements on behalf of the Council.
- 3.3 Part of the requirement of the PSIAS is for the Shared Head of Audit to develop a QAIP. Under the QAIP, quality should be assessed at both an individual audit engagement level as well as a broader operational level. A well-developed QAIP is to ensure that quality is built in to, rather than on to, the way Internal Audit operates.
- 3.4 The QAIP should conclude on the quality of the Internal Audit activity and lead to recommendations for appropriate improvements. It is an evaluation of:

- conformance with Definition of Internal Auditing, the Code of Ethics and the Standards;
- the adequacy of the Internal Audit activity's charter, goals, objectives, policies and procedures;
- the contribution to the organisation's governance, risk management and control processes;
- completeness of coverage of the entire audit universe;
- compliance with applicable laws, regulations, and government or industry standards to which the Internal Audit activity may be subject;
- the risks affecting the operation of the Internal Audit activity itself;
- the effectiveness of continuous improvement activities and adoption of best practices; and
- whether the Internal Audit activity adds value, improves the organisation's operations, and contributes to the attainment of objectives.

3.5 Attached as **Appendix 2** is the Quality Assurance & Improvement Programme (QAIP), which has been brought forward from last year. Minor changes have been highlighted on the document. No actions have been carried forward from last year's QAIP and while continuous improvement has been undertaken during 2019/20 (i.e. clarification of assurance opinions, approach to follow up), these has been within the scope of the PSIAS. Any further improvements planned will be in line with the PSIAS and so no actions are required at this year's review.

Alternative Options	1. None.
Consultation	1. The Council's Section 151 Officer has been consulted on the PSIAS and QAIP.
Financial Implications	1. None, not otherwise covered from existing Internal Audit budgets.
Contribution to the Delivery of the Strategic Plan	1. Delivery of an effective internal audit contributes to all aspects of the Council's Strategic Plan.
Equality, Diversity and Human Rights Implications	1. None arising
Crime & Safety Issues	1. None arising
Environmental Impact	1. None arising.
GDPR/Privacy Impact Assessment	1. None required.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Significant / high risk of non compliance with the PSIAS which leads to non compliance with the Accounts & Audit Regulations 2015.	Regular review of the QAIP to ensure full compliance with the PSIAS.  External Quality Assessment against the standards every 5 years and annual self-assessment.	Green (tolerable).
B			
C			

## Background documents

PSIAS

## Relevant web links

<https://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

## Public Sector Internal Audit Standards Compliance Overview

### Mission Statement, Definition of Internal Auditing and Code of Ethics

Mission Statement & Definition of Internal Auditing



Integrity



Objectivity



Confidentiality



Competency



### Performance Standards

#### 1000 – 1322 Attribute Standards

#### 1000 – 1110 Purpose, Authority and responsibility

Purpose, Authority, and Responsibility









Recognising Mandatory Guidance in the Internal Audit Charter










1110 – 1130 Independence and Objectivity

Organisational Independence	
Independence and Objectivity	
Direct Interaction with the Board	
Chief Audit Executive Roles Beyond Internal Auditing	
Individual Objectivity	
Impairment to Independence or Objectivity	

1210 – 1230 Proficiency and Due Professional Care

Proficiency	
Due Professional Care	
Continuing Professional Development	

1300 – 1322 Quality Assurance and Improvement Programme (QAIP)

Quality Assurance and Improvement Programme (QAIP)	
Requirements of the Quality Assurance and Improvement Programme	

Internal Assessments



External Assessments



Reporting on the Quality Assurance and Improvement Programme



Use of Conforms with the International Standards for the Professional Practice of Internal Auditing



Disclosure of Non-conformance



## 2000 – 2600 Performance Standards

### 2000 – 2060 Managing the Internal Audit Activity

Managing the Internal Audit Activity



Planning



Communication and Approval



Resource Management



Policies and Procedures



Coordination



Reporting to Senior Management and the Board



### 2070 External Service Provider and Organisational Responsibility for Internal Audit

External Service Provider and Organisational Responsibility for Internal Audit



2100 – 2130 Nature of Work

Nature of Work



Governance



Risk Management



Control



2200 – 2240 Engagement Planning

Engagement Planning



Planning Considerations



Engagement Objectives



Engagement Scope



Engagement Resource Allocation



Engagement Work Programme



2300 – 2340 Performing the Engagement

Performing the Engagement



Identifying Information



Analysis and Evaluation



Documenting Information



Engagement Supervision



#### 2400 – 2440 Communicating Results

Communicating the Results



Criteria for Communicating



Qualities of Communications



Errors and Omissions



Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"



Engagement Disclosure of Non-conformance



Disseminating Results



#### 2450 Overall Opinions

Overall Opinions



2500 Monitoring Progress

Monitoring Progress



2600 Communicating the Acceptance of Risks

Communicating the Acceptance of Risks



## Internal Audit Quality Assurance & Improvement Programme

### 1 Introduction

Internal Audit's Quality Assurance Improvement Programme (QAIP) is designed to provide reasonable assurance to the various stakeholders (the Board, Senior Management, the External Auditor and Operational Managers etc) that Internal Audit:

- conforms with the Definition of Internal Auditing, the Code of Ethics and the Standards;
- has an adequate Internal Audit Activity's Charter, Goals, Objectives, Policies and Procedures;
- contributes to the organisations governance, risk management and control processes;
- has complete coverage of the audit universe;
- complies with applicable laws, regulations and other standards that the internal audit activity may be subject to;
- has identified the risks affecting the operation of the internal audit activity itself;
- has an effective continuous improvement activity in place and adopts best practice; and
- adds value to improve the organisations operations and contributes the attainment of the organisations objectives.

The Chief Audit Executive (CAE), who at the Council is the **Shared Head of Internal Audit with Tamworth Borough Council**, is ultimately responsible for the QAIP, which covers all types of Internal Audit activities, including consultancy and those engagements delivered by a third party. The QAIP must include both internal and external assessments. Internal assessments are both ongoing and periodical and external assessments must be undertaken at least once every five years.

The QAIP is reviewed on an annual basis.

### 2 Internal Assessments

Internal Assessments are made up of both ongoing reviews and periodic reviews.

#### Ongoing reviews

Ongoing reviews provide assurance that the processes in place are working effectively to ensure that quality is delivered on an audit by audit basis. This includes continuous monitoring of:

- Engagement planning and supervision (preapproval of the audit scope, innovative best practices, budgeted hours, and assigned staff).
- Standard working practices (including working paper procedures, sign off, report review, checklists to ensure that the audit process has been followed).
- Feedback from other clients and stakeholders.
- Analysing performance metrics to measure audit plan completion and stakeholder value.

### Periodic reviews

Periodic assessments are designed to assess conformance with Internal Audit's Charter, the Standards, Definition of Internal Auditing, the Code of Ethics, the quality of the audit work and supervision, policies and procedures supporting the internal audit activity, the added value to the organisation and the achievement of performance standards.

Periodic assessments will be conducted through:

- Working paper reviews for conformance to the definition of Internal Auditing, the Code of Ethics, the Standards, and internal audit policies and procedures
- Self-assessment of the internal audit activity with objectives established as part of the QAIP components – Governance, Professional Practice and Communication
- Review of internal audit performance measure and benchmarking of best practices. Periodic activity and performance reporting to the board and other stakeholders as deemed necessary.
- Annual self-review of conformance to the PSIAS.

The periodic self assessment should identify the quality of ongoing performance and opportunities for improvement and to check and validate the objectives and criteria used in the QAIP. The self assessment will be completed on an annual basis and the results reported to the Board and Senior Management.

### **3 External Assessment**

The External Assessment will consist of a broad scope of coverage that includes the following:

- Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, and internal audit's Charter, plans, policies, procedures, practices, and any applicable legislative and regulatory requirements.
- Expectations of Internal Audit as expressed by the Board and Senior Management.
- Integration of the Internal Audit activity into the governance process.
- The mix of staff knowledge, experiences, and disciplines, including use of tools and techniques, and process improvements.
- A determination whether Internal Audit adds value and improves the Council's operations.

An external assessment will be conducted every five years by a qualified, independent assessor from outside the Council. The assessment will be in the form of a full external assessment, or a self-assessment with independent external validation. The format of the external assessment will be agreed with the Board.

### **4 Assessment scale**

The scale to assess the level of conformance of the Internal Audit activity with the standards is as follows:

Generally Conforms/Partially Conforms/Does Not Conform.  
(IIA Quality Assessment Manual Scale).

### **5 Reporting on the Quality Programme**

Internal Assessments – reported to the Board and Senior Management on an annual basis. The internal assessment report will be accompanied by a written action plan in response to significant findings and recommendation contained in the report.

External Assessments – reported to the Board and Senior Management. The external assessment report will be accompanied by a written action plan in response to significant findings and recommendations contained in the report.

Follow up – The CAE will implement appropriate follow up actions to ensure that recommendations made in the reports and action plans developed are implemented in a reasonable timeframe.

<b>Quality Assurance &amp; Improvement Programme</b>			
<b>Ongoing Monitoring of Performance</b>			
<b>Activity</b>	<b>Frequency</b>	<b>Responsibility</b>	<b>Reporting</b>
Review of the audit universe	Annual	Shared Head of Audit	N/A
Identification of risks affecting the operation of the Internal Audit Service	Quarterly	Shared Head of Audit	N/A
Review of audit engagements	Each engagement	Shared Head of Audit / Principal Auditor. Where audit engagements are delivered by a third party, their Quality Review processes will be used, with all final reports requiring sign off from Shared Head of Audit.	N/A
Progress against the audit plan	Quarterly	Shared Head of Audit / Principal Auditor	Quarterly report to Audit & Member Standards Committee
Progress against Key Performance Indicators	Quarterly	Shared Head of Audit / Principal Auditor	Quarterly report to Audit & Member Standards Committee
Discuss performance of internal audit activity	Monthly	Shared Head of Audit and Head of Finance & Procurement	Annual report to Audit & Member Standards Committee
Customer survey/questionnaire	For each engagement	Shared Head of Audit / Principal Auditor	Annual report to Audit & Member Standards Committee
Review of Internal Audit Charter, policies & procedures	Annual	Shared Head of Audit	Annual report to Audit & Member Standards Committee



Personal Development Review	Annual	Appropriate line manager	Documentation to HR
Continuous improvement activity and adoption of best practice	Continuous	Shared Head of Audit / Principal Auditor	Annual report to the Audit & Member Standards Committee
Identification of added value to the authority's operations	Continuous	Shared Head of Audit / Principal Auditor	Annual report to the Audit & Member Standards Committee
<b>Periodic Self Assessments</b>			
Self assessment against the Public Sector Internal Audit Standards (PSIAS)	Annual	Shared Head of Audit	Annual report to the Audit & Member Standards Committee
Compliance with applicable laws, regulations and other standards that the Internal Audit activity may be subject to	Continuous review	Shared Head of Audit	Report to Audit & Member Standards Committee when applicable
Benchmarking review of Internal Audit Services	When practical	Shared Head of Audit	Report to Audit & Member Standards Committee
<b>External Assessments</b>			
Assessment against the PSIAS	Every 5 years	Shared Head of Audit and external reviewer	Report to the Audit & Member Standards Committee

# REGULATION OF INVESTIGATORY POWERS ACT 2000

Cabinet member for Regulatory , Housing and Health, Cllr Angela Lax

CIRCULATED TO THE COMMITTEE VIA EMAIL

Contact Officer: Christie Tims, Monitoring Officer  
Tel Number: 01543 308002  
Email: Christie.tims@lichfielddc.gov.uk  
Key Decision? NO  
Local Ward Members Full Council  
Supplementary item no. 5



## AUDIT & MEMBER STANDARDS COMMITTEE

### 1. Executive Summary

- 1.1 The Council's Code of Practice for carrying out surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) specifies that yearly reports will be taken to the Audit & Member Standards committee to demonstrate to elected members that the Council is complying with its own Code of Practice when using RIPA.

### 2. Recommendations

- 2.1 That the Audit & Member Standards Committee note the RIPA monitoring report for the last financial year.

### 3. Background

- 3.1 The RIPA Code of Practice produced by the Home Office in April 2010 and updated in January 2016 introduced the requirement to produce reports to elected members to demonstrate that the Council is using its RIPA powers appropriately and complying with its own Code of Practice when carrying out covert surveillance. This requirement relates to the use of directed surveillance and covert human intelligence sources (CHIS).
- 3.2 The Council has not used directed surveillance in the current financial year. In fact there have been no applications under RIPA for 9 years.
- 3.3 There have also been no authorisations for the use of CHIS.

Alternative Options	Obligations arising under RIPA for the authority are statutory therefore the only option is compliance.
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Consultation	None.
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Financial Implications	Support for the RIPA obligations and functions are met from existing budget and existing staff resources.
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Contribution to the Delivery of the Strategic Plan	A good council.
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<p><b>Equality, Diversity and Human Rights Implications</b></p>	<p>The recording of applications, authorisations, renewals and cancellations of investigations using covert surveillance techniques or involving the acquisition of communications data is covered by the Regulation of Investigatory Powers Act 2000. The Regulation of Investigatory Powers Act was introduced to regulate existing surveillance and investigation in order to meet the requirements of Article 8 of the Human Rights Act. Article 8 states: Everyone has the right to respect for his private and family life, his home and his correspondence, there shall be no interference by a public authority with the exercise of this right except such as in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the Country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others. RIPA investigations can only be authorised by a local authority where it is investigating criminal offences which (1) attract a maximum custodial sentence of six months or more or (2) relate to the sale of alcohol or tobacco products to children. There are no risk management or Health and Safety implications.</p>
<p><b>Environmental Impact</b></p>	<p>None arising from this report.</p>
<p><b>Crime &amp; Safety Issues</b></p>	<p>The recommendation(s) will impact (positively) on our duty to prevent crime and disorder within the District (Section 17 of the Crime and Disorder Act, 1988). The legislation requires the Authority to record and monitor all RIPA applications, keep the records up to date and report yearly to a relevant Committee.</p>

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Failure to obtain RIPA authorisation or comply with RIPA	Regular training and keeping records of authorisation.	Green
<p><b>Background documents</b></p>			
<p><b>Relevant web links</b></p>			

# THE ANNUAL GOVERNANCE STATEMENT 2019/20

Cabinet Member for Finance and Democracy

Date:	22 July 2020 – Additional Work Programme
Agenda Item:	Precirculated via email to all
Contact Officer:	Anthony Thomas
Tel Number:	01543 308012
Email:	anthony.thomas@lichfielddc.gov.uk
Key Decision?	NO
Local Ward Members	All wards Supplementary item no. 6



## AUDIT AND MEMBER STANDARDS COMMITTEE

### 1. Executive Summary

- 1.1 Regulation 6 of the Accounts and Audit (England) Regulations 2015 requires that 'a relevant authority must, each financial year conduct a review of the effectiveness of the system of internal control required by regulation 3, and prepare (and approve) an Annual Governance Statement'.
- 1.2 Best practice (Chartered Institute of Public Finance and Accountancy's (CIPFA) publication 'Audit Committees Practical Guidance for Local Authorities and Police'), recommends that the review of the internal control system and the production of the Annual Governance Statement be reviewed and subsequently endorsed by an appropriate committee. This publication recommends this to be a core function carried out by Audit Committees.
- 1.3 This report, therefore, presents the Annual Governance Statement for 2019/20 for approval. This Statement is based on the Local Code of Corporate Governance for 2019/20 that was approved by the Committee in April 2019.
- 1.4 It also presents a Local Code of Corporate Governance for 2020/21 for approval.
- 1.5 This report was previously circulated to Members of Audit and Member Standards Committee for approval. Since then Section 6, 'Reflecting the Challenges from Coronavirus', has been updated to reflect changes that have occurred since 31 March 2020.

### 2. Recommendations

- 2.1 It is recommended that the Audit and Member Standards Committee approves the Annual Governance Statement that will form part of the 2019/20 Statement of Accounts (**APPENDIX A**).
- 2.2 It is also recommended that the Local Code of Corporate Governance for 2020/21 be approved (**APPENDIX B**).

### 3. Background

- 3.1 Lichfield District Council is responsible for ensuring that its business is conducted in accordance with legal requirements and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

- 3.2 The Council has a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 3.3 In discharging this responsibility, Lichfield District Council is also responsible for ensuring that there is a sound system of governance (incorporating the system of internal control) and maintaining proper arrangements for the governance of its affairs, which facilitate the effective exercise of its functions, including the management of risk.
- 3.4 The governance framework 'Delivering Good Governance in Local Government' was produced during 2016 by CIPFA/SOLACE (Society of Local Authority Chief Executives and Senior Managers). The framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the principles contained within the framework. The seven core principles are as follows:
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
  - Ensuring openness and comprehensive stakeholder engagement
  - Defining outcomes in terms of sustainable economic, social and environmental benefits
  - Determining the interventions necessary to optimise the achievement of the intended outcomes
  - Developing the entity's capacity, including the capability of its leadership and the individuals within it
  - Managing risks and performance through robust internal control and strong public financial management
  - Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 3.5 The Annual Governance Statement should therefore be focused on outcomes and value for money and relate to the authority's vision for the area. It is based on the core principles above which form the basis of the Local Code of Governance for 2017/18 which was approved by Audit (and Member Standards) Committee. It is a valuable means of communication. It enables the authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.
- 3.6 The Annual Governance Statement should be signed by the Leader and the Chief Executive.

#### **Review of the System of Internal Control**

- 3.7 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. Its role is to provide independent assurance to the council that systems are in place and operating effectively.
- 3.8 In order to demonstrate the effectiveness of internal control, Internal Audit have completed the following actions all of which have been reported to Audit (and Member Standards) Committee:
- Carrying out a self-assessment of compliance with the Public Sector Internal Audit Standards (PSIAS)
  - Completing an on-going assessment to identify and evaluate risks (this forms the Audit Plan)

- Reporting upon performance indicators collected in respect of the Internal Audit Service
- Undertaking a self-assessment of the effectiveness of the Audit (and Member Standards) Committee
- Having in place a Quality Assurance and Improvement Programme
- Undertaking an annual self-assessment against the CIPFA Role of the Head of Internal Audit.

### Process for the Completion of the Annual Governance Statement at Lichfield District Council

3.9 Evidence was collected from a number of sources:

- The views of Internal Audit, reported to Audit and Member Standards Committee through regular progress reports, and the Annual Internal Audit Opinion
- An annual review of the effectiveness of Internal Audit
- The views of our external auditors, regularly reported to Audit (and Member Standards) Committee through regular progress reports, the Annual Audit Letter and Annual Governance Report
- The activities and operations of Council Service Areas whose Heads provide written assurance statements using an Internal Control Checklist
- The views of Members (Chairmen and Vice Chairmen and Leader of the Minority Group) using a Members' Questionnaire
- The Risk Management Process, particularly the Strategic Risk Register
- Performance information is reported to Cabinet and Overview and Scrutiny Committees.

3.10 This information was then collated and an early draft Statement produced and circulated to key officers (including the S151 Officer, Monitoring Officer and Internal Audit Manager) for comment.

3.11 These comments were incorporated into the document. The Statement was reviewed by Leadership Team at its meeting on 10 April 2020, and it was once again updated and sent to the External Auditors for comment.

3.12 The final draft version of the Annual Governance Statement for 2019/20 is now presented to Audit (and Member Standards) Committee for approval at **APPENDIX A**.

3.13 This Statement will then be signed by the Leader and Chief Executive and will ultimately form part of the 2019/20 Statement of Accounts.

3.14 The Annual Governance Statement can be updated up to the date of the signing of the Statement of Accounts.

3.15 The Best Practice Framework recommends developing and maintaining an up to date local code of governance and the one proposed for 2019/20 is shown at **APPENDIX B**.

Alternative Options	The alternative option is not to produce an Annual Governance Statement for 2019/20 which would result in the Council being in breach of its statutory obligations.
Consultation	Consultation has taken place with Leadership Team, S151 Officer, Monitoring Officer and Internal Audit.

Financial Implications	There are no direct financial implications from the production of the AGS.
Contribution to the Delivery of the Strategic Plan	The Annual Governance Statement has some connection to all areas within the Strategic Plan 2016-20.
Equality, Diversity and Human Rights Implications	There are no equality, diversity and human rights implications.
Crime & Safety Issues	There are no crime and safety issues.
Environmental Impact	There are no environmental impact.
GDPR/Privacy Impact Assessment	It has not been necessary to undertake a Privacy Impact Assessment.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The Annual Governance Statement is not produced in line with best practice, the CIPFA code and IFRS.	The Annual Governance Statement will form part of the Statement of Accounts that is audited by our external auditors.	Green

**Background documents**  
Delivering Good Governance in Local Government 2016 (including Guidance Notes)  
Audit Committees Practical Guidance for Local Authorities and Police

**Relevant web links**

<b>Section 1</b>	<b>Scope of Responsibility</b>
<b>Section 2</b>	<b>Purpose of the Governance Framework</b>
<b>Section 3</b>	<b>The Governance Framework</b>
<b>Section 4</b>	<b>Annual Review of the Effectiveness of the Governance Framework</b>
<b>Section 5</b>	<b>Update on Significant Governance Issues 2018/19</b>
<b>Section 6</b>	<b>Reflecting the Challenges from Coronavirus</b>

### **Section 1: Scope of Responsibility**

Lichfield District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and 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, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements (known as a Governance Framework) for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has adopted a Code of Corporate Governance (“the Code”), which is consistent with the principles of the CIPFA (Chartered Institute of Public Finance and Accountancy)/SOLACE (Society of Local Authority Chief Executives) Framework ‘Delivering Good Governance in Local Government’ (2016). This Code was agreed by Audit and Member Standards Committee in April 2019.

This statement explains how the Council has complied with the Code. It also meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

### **Section 2: Purpose of the Governance Framework**

The Governance Framework comprises the systems, processes, culture and values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads its communities. It enables the Authority 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 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 achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of Internal Control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Framework has been in place at Lichfield District Council for the year ended 31 March 2020 and up to the date of approval of the Statement of Accounts.



### Section 3: The Governance Framework


The key elements of the systems and processes that comprise the Council’s Governance Framework are summarised in our seven Core Principles. These are discussed below.

**A Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law**

We have an Audit and Member Standards Committee which has responsibility for promoting and maintaining high standards of conduct by Councillors and Members, ensuring that they observe the Members’ Code of Conduct. The Code of Conduct is supported by training and development programmes for Members. Indeed, training was provided to District Councillors on the Members Code of Conduct and constitutional matters in May 2019 as part of the induction day for Members following the May election.

The Council’s Monitoring Officer reports any complaints and their outcomes to the Audit and Member Standards Committee.

The Council has adopted arrangements under which allegations of misconduct are investigated and under which decisions on allegations can be made. They arrangements are regularly reviewed, and any amendments made by the Council are reflected in the Council’s Constitution. The number of complaints in 2019/20 compared with 2018/19 is shown below:

	Area	2018/19	2019/20	Trend
<b>Member Complaints</b>	3	3	→	

The relatively low number of complaints regarding behaviour demonstrates that the standards are understood and adhered to. Of the three, two were resolved by other action and the third, following initial investigation, was resolved informally.

Communication on standards of behaviour is also facilitated through the Council’s Employee Liaison Group, with regular meetings with representatives of employees through which we have built sound management-employee relationships.

The ethos of the Paid Service is that officers serve all of the Council. Issues associated with the development of the Governance Framework are regularly discussed by Leadership Team at their meetings.

Communicating the expected standards to employees is undertaken through leading by example by managers from the top (which is a specific requirement in the job description of the Chief Executive, Assistant Chief Executive, Directors and Heads of Service), discussion and training, and a supportive management environment which makes clear to customers that unacceptable behaviour towards employees will not be tolerated.

The Council has a Code of Conduct for employees which was approved by Employment Committee on 9 February 2017, Full Council on 21 February 2017 and updated on 8 February 2018. A copy can be found on the Authority’s Intranet. This Code sets out the principles, behaviours and standards expected of employees in a single document.

The purpose of the Code is to:

- Support the effective operation of the Council’s business and wellbeing of its employees
- Assist the Council’s employees to perform effectively by ensuring the rules and standards of the organisation are clearly communicated

- Guide the Council's employees in their dealings with the public, elected Members and other members of staff.

The Code is supported and reinforced by our three core organisational values that all our staff and Members work towards. These are:

- Put customers first
- Improve and innovate
- Have respect for everyone.

They have been embedded into the Strategic Plan that took effect from 1 April 2016, and also within the new Strategic Plan 2020-24 that comes into effect on 1 April 2020 (see Core Principle C).

In order to reinforce the 'put customers first' value, the Council has a 'Customer Promise' which sets out the corporate standards that customers can expect in our dealings with them and, equally, how customers should treat our staff.

The Code of Conduct is supported by a range of Human Resources policies and procedures, including:

- Disciplinary Policy and Procedure
- Grievance Policy and Procedure (incorporating bullying and harassment)
- Attendance Management and Sickness Policy and Procedure
- Performance Management Policy and Procedure
- Managing Relationships at Work Policy.

In August 2019, the Council agreed a People Strategy and Competency Framework to underpin and support its Strategic Plan over the next four years. The People Strategy sets out how the Council as a business plans to attract, engage, empower and reward its staff so that it will continually have a workforce that can successfully deliver its ambitions, meet new challenges and drive opportunities to enable business growth. Its aim is to ensure that the Council has a skilled and aligned workforce which is crucial to delivering its priorities, objectives and the Strategic Plan.

The Strategy will be formally reviewed on an annual basis to ensure that it remains 'fit for purpose', and that the priorities it sets out are the right ones for the Council, its employees and most importantly the people of Lichfield District. As part of the People Strategy, the Council has developed a Workforce Development Plan. Workforce Planning is about:

- The link between the Council's strategies and its people plans
- Identifying the future skills and competencies needed to deliver new and improved services
- A knowledge of the current workforce
- A comparison between present and future skills and competencies and identifying any gaps
- Developing strategies and plans to eliminate those gaps.

The Workforce Development Plan will be reviewed on an annual basis in line with the annual update of Service Plans (Core Principle C).

Within the People Strategy the Council has also adopted an Employee Wellbeing Policy that demonstrates the Council's commitment to supporting staff and the types of support that will be available. As part of this, the beginning of 2020, saw the start of a monthly campaign of various topics relating to health and well-being, planned in line with national and international campaigns (for example, obesity, alcohol, heart and circulation, mental health, stress, healthy eating, etc). This was launched with a well-being day held in January 2020, supported by various organisations relating to mental health, cancer support, sports and physical activity and health and safety. There were also interactive activities together with awareness sessions and briefings.

## APPENDIX A


The Council has also produced a Mental Health Action Plan, in line with the recommendations of the Stevenson/Farmer review, to ensure our employees' ability to 'thrive' at work. It has also been raising awareness of mental health issues for all employees and providing training sessions and resources for managers to undertake 'wellness action plan' discussions with all staff, training sessions for staff to help build resilience and creating a team of mental health first aiders.

In addition, it has pledged to the Mind 'Time for Change' initiative, with awareness sessions held in February 2020.

During 2019/20, the Council has been working to ensure that all its policies around managing attendance, behaviour and respect support its aims to promote a positive culture for wellbeing. This is still work in progress but it is hoped that this will be completed in the near future.

The Council's Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful and fair. The role of the Section 151 Officer also ensures legality as well as financial prudence and transparency in transactions. The S151 Officer role is discussed in more detail under Core Principle F.

Under the 2015 Care Act, the Council has a legal responsibility to safeguard, promote well-being and protect children and vulnerable adults. The Authority has a Safeguarding Policy which sets out specific responsibilities and how to spot potential abuse and report concerns. In addition, each Service Area has a safeguarding lead, and training and awareness sessions are carried out for all staff, not just those who come into contact with children and vulnerable adults as part of their role. The number of referrals in 2019/20 compared with 2018/19 is shown below:

	Area	2018/19	2019/20	Trend
	<b>Concerns Raised</b>	13	19	↑
	<i>Related to:</i>			
	<i>Children</i>	6	4	↓
	<i>Adults</i>	7	15	↑
	<b>Formal Referrals</b>	7	5	↓

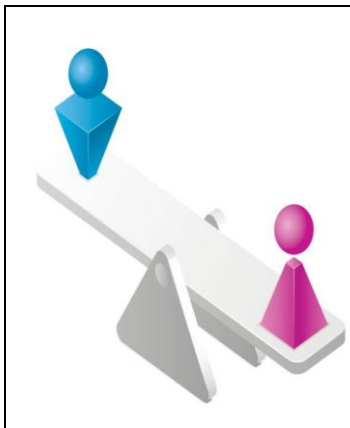
The reduction in concerns raised relating to children reflects the reduced direct contact with children since transferring our leisure centres to Freedom Leisure in February 2018. In 2019/20, a number of the adult referrals related to the same individuals and in one case this was escalated. Of the 5 taken forward as formal referrals, all were passed on to other services or fell below the threshold for safeguarding concerns.

The Council also has a Public Sector Equality Duty under the Equality Act 2010. As part of this we produce an annual Statement showing how we are meeting our obligations. This Statement also helps our customers, staff, the Equality and Human Rights Commission, regulators and other interested parties to assess our equality performance and our compliance with equality legislation. The latest Statement was published on 31 January 2020 and can be found on the Council’s website.

The Council has an Equality and Diversity Policy which was approved by Full Council in 2018. There is also a ‘handy’ guide to help both Members and officers to understand equality, diversity and inclusion and how these apply in the workplace. The guide contains a number of useful real life examples and, as with the Policy, can be found on the Council’s intranet.

The Council publishes a gender pay gap report in line with a new legal requirement for all public sector bodies. This report shows the difference between the average earnings of men and women expressed as a percentage of men’s earnings.

Used to its full potential, gender pay gap reporting may identify the levels of equality in the workplace, female and male participation, and how effectively talent is being maximised. The gender pay gap figures for 2019/20 compared with 2018/19 are shown below:



Area	2018/19	2019/20	Trend
<b>Gender Pay Gap (Mean)</b>			
Lichfield	7.30%	8.48%	↑
National	14.19%	14.05%	↓
<b>Gender Pay Gap (Median)</b>			
Lichfield	0%	0%	→
National	11.89%	15.88%	↑

The figures reported are year in arrears, the position for 2018/19 as at 31 March 2019 which will be officially published July 2020. The National figures are taken from the base data on the ‘.gov.uk’ website

We have identified the reasons for the gender pay gap: a significant number of our female staff are working part time, resulting in lower pay overall. In addition, the waste service traditionally attracts a larger percentage of male employees, hence we employ a higher number of men in the middle quartile displacing more women in the lower and lower middle quartiles which otherwise would have been balanced.

In March 2020, the Tactical Coordinating Group on Coronavirus was set up to implement an effective response to COVID 19 in Lichfield district. The Group will work together to prioritise the continued delivery of essential services in order to support our communities, businesses staff and elected members and other key stakeholders. It will also manage the ongoing response to preserve life, minimise disruption to communities businesses and services and inspire trust and confidence of all.

During 2019/20, the Council was considering investing in Imperial Retail Park, Lichfield. However, in late March, a decision was made not to go ahead with this investment. This decision was made following the Government’s budget which brought with it a review of the Public Works Loan Board (PWLb), followed closely by advice from CIFPA. Leadership Team considered all of this guidance and agreed that the changes meant that the Council would be unable to borrow, as planned, to fund this investment. Had we continued to proceed we would leave ourselves at risk from potential sanctions which, at worst, could include having our annual accounts qualified or being required to dispose of the asset. Other funding options were considered and discussed with Cabinet on 17 March, but we were unable to find a suitable solution and therefore withdrew the offer and ceased the purchase.

## B Ensuring Openness and Comprehensive Stakeholder Engagement

The Council is part of a number of external partnerships which provide support to its strategic agenda. These include the Stoke and Staffordshire and the Greater Birmingham and Solihull Local Enterprise Partnerships (LEP), county and regional waste partnerships, and housing and community safety partnerships. There is currently a national review of LEPs. Until the Government make a decision (which is not due to be implemented until 2020 at the earliest) we have opted to stay in both. This we feel is most beneficial to securing economic growth in our District. For 2019/20, we were also part of the Staffordshire and Stoke on Trent Business Rate Pilot.

We are committed to working collaboratively with a range of other partners including the County Council, education, health, housing, business, police, fire and the voluntary and community sector to achieve what is needed for our District. The Lichfield District Board brings together key strategic decision makers from each of the partner organisations to support this. We also work closely and support the voluntary, business and community sectors, to maximise the huge contribution they make to the quality of life of local communities and residents.

As part of our use of partnership working, from time to time partners are invited to attend Overview and Scrutiny Committee meetings to facilitate discussions about shared priorities and the impact of plans and service delivery on local residents.

There are a number of other arrangements in place for securing customer feedback. We consult with our community using the most appropriate research and communication tools available.

In the spring of 2019, the Council invited local residents, with an interest in the future development of the Birmingham Road site, to a public event in order to share progress on the project so far and to hear about the short-term plans for the site. It included presentations from officers and gave the opportunity to talk to key Council Members and officers. Around 300 people attended and all were given the opportunity to give their views on the potential development mix. The public event followed a round table event involving the Council's cross-party Member task group and key organisations, such as Lichfield City Council and Lichfield Bid.

Further public consultation took place between 6 January and 3 February 2020 over the draft masterplan for this site and the City centre. This consultation took place using a number of mediums (including an App). We had **141** individual detailed responses to this exercise and approximately **1,000** people attended a two day exhibition held at St Mary's.

During 2019/20 there has been extensive consultation over the new Strategic Plan 2020-24. There was a stakeholder session that was attended by Lichfield BID, Chamber of Commerce, South Staffordshire College, Freedom Leisure, Sport England, the Voluntary Sector, Staffordshire County Council and the Police. Consultation also took place with residents of the District via focus groups. All feedback including that from Member task groups and staff focus groups was evaluated reviewed and contributed to the final version of the Plan.

Extensive consultation also took place over the future of Friary Grange Leisure Centre. Discussions were held with Friary school, Staffordshire County Council, Lichfield Swimming Club, Freedom Leisure and residents. Cabinet Members attended a public meeting at Curborough Community Centre with residents and users. In October 2019, a special meeting of the Cabinet was held at Lichfield Garrick Theatre in response to a petition to keep the Leisure Centre open, that received approximately 11,000 signatures.

Consultation also took place during 2019/20 over the new Local Plan that will shape how the District will be developed up to 2040. Various drop in sessions have been held for local people to see the draft 'Local Plan Preferred Options' document, meet the planners and to find out what it means for the District. At the last consultation, **1,083** individuals made **1,883** separate comments.

The Council endeavours to be open and transparent about its decisions. The current Leader in particular has emphasised that the Council must be seen to be as open and transparent as possible in its decision making and operation. To ensure maximum transparency, reports containing confidential information are split into confidential and non-confidential sections. Furthermore, when reports have to be considered in private an explanation is provided on the agenda.

However, the Council also needs to ensure that it gets the balance right between transparency and maintaining appropriate levels of confidentiality. A report on the Rules of Confidentiality was approved by Audit and Member Standards Committee in November 2019. This outlined the Council's legal obligations in ensuring that what must, or ought to, remain private is kept private, and what must be disclosed. It also outlined the approach to determining whether information should be kept private.

The Council maintains a website for customers. In May 2019, a more modern version was launched that works from the same software package as our digital forms to make it easier to manage the digital platforms and interactions with customers. The overall look of the website was not changed significantly as we know that customers find the old site easy to use – indeed the 'old' website has in previous years been rated **4** out of **4** stars in the national review of local government websites, putting us in the top **9%** of local government websites and **4%** of districts and boroughs. It has also been awarded the maximum of 4 stars from the Society for IT Practitioners in the Public Sector, SOCITM's, Better Connected review of our on-line waste processes.

The Council manages a number of social media streams including Facebook and Twitter. In addition, we maintain a suite of supporting websites that help underpin the Council's strategic ambitions, including tourism destination website Visit Lichfield and service specific websites including Southern Staffs Building Control. The Council also has a website to keep residents and stakeholders up to date on plans for the development of the Birmingham Road Site.

The Council's Contact Centre is the first contact point for customers/citizens. The Centre is a significant component in the distribution of information to residents and visitors, and for capturing information from customers to inform service development.

In addition to the twice yearly 'LDC News' publication, the Council also publishes newsletters for different sectors, for example, a quarterly Historic Parks newsletter for visitors to the parks.

We are committed to being open and transparent about how we work, our decision-making processes and the services we provide. As part of this commitment we are increasing the amount of data that we make available publicly so that residents are able to hold us to account better. This data has been published under the INSPIRE and Transparency regulations.

We have used the Government's Code of Recommended Practice for Local Authorities on Data Transparency, which recommends the datasets councils should make available as a minimum, as a starting point for deciding what information we should make available. We have so far released **45** data sets on the Government's Data website which are maintained and updated on a daily, weekly or monthly basis depending on the dataset.

We have also used feedback and requests made under the Freedom of Information Act 2000 to identify additional datasets for publication. Examples include council tax bandings by property; commercial empty properties; hackney carriages private hire vehicles; planning S106 agreements; solar panel locations; car parks; public conveniences. We will continue to increase the number of datasets that we make available over time, where resources and capacity permit and there is a clear public demand for the information. At least 30% of requests we receive are repeat requests. We therefore have an online web section on our website – [www.lichfield.gov.uk/foi](http://www.lichfield.gov.uk/foi). This section contains information that we regularly receive requests for.

The Council has signed up to the local digital declaration, which provides us with access to national projects and support and will ensure that we:

- Design services that best meet the needs of citizens
- Challenge the technology market to offer the flexible tools and services we need
- Protect citizens' privacy and security
- Deliver better value for money.

In 2020, the Council was awarded a 'Gold Award' in recognition of the way it manages its address information database. The Gold Award is only given to authorities that have consistently reached and maintained the highest standards in national tests on data excellence, and is an outstanding achievement.

The award was presented by GeoPlace LLP, which is a public sector limited liability partnership between the Local Government Association (LGA) and Ordnance Survey. GeoPlace see the awards as a reward for the impressive and extensive personal commitment to constantly improving the quality of addressing data.

This data on land, property, street and address information connects different services and gives local communities and individuals a view of the services available to them. Without this data, our nation’s most essential services could not operate effectively or efficiently. This is particularly important at this time as accurate addressing enables the prompt provision of support for vulnerable people, enabling social services to see which households need help.

This is why the Gold Award is so important. It is recognition of the hard work and skill that goes into maintaining a constantly changing dataset – delivering tangible results directly back into the community.


Data protection laws were strengthened in May 2018 with the introduction of the General Data Protection Regulations (GDPR) which replaced and built on the principles contained in the 1998 Data Protection Act. GDPR requires all organisations to have tighter control of the way they manage their personal data. Fines for breaches will be up to 20 million Euro, and fines for failing to keep records will be up to 10 million Euro.

In order to ensure that the Council complies with GDPR various work streams have been completed including: reviewing and auditing current practice; checking consents and privacy notices; reviewing contractual terms with suppliers; meeting with all officers who process personal data; creating a policy for GDPR; updating subject access requests procedures; training staff.

One of the requirements of GDPR is to appoint a Data Protection Officer (DPO). The role of the DPO is to oversee the Council’s compliance with GDPR and to provide advice in relation to the law. The Assistant Director Democratic and Regulatory Services at South Staffordshire District Council acts as this Council’s DPO, working closely with Lichfield’s Head of Corporate Services.

The Council has a customer feedback scheme for the public to make complaints, comments and compliments, and constructive criticism which is used to improve services. The Complaints Charter provides guidance to staff on the Council’s complaints process. Members are provided with monitoring reports on a six monthly basis in addition to reports being presented annually to Audit and Member Standards Committee.

The number of complaints and compliments for 2019/20 compared with 2018/19 is shown below:

	Area	2018/19	2019/20	Trend
	Complaints	119	77	↓
Compliments	107	113	↑	
Ombudsman Complaints	7	11	↑	
Ombudsman Complaints Upheld	1	1	→	
Whistleblowing Reports	0	0	→	

Members are provided with monitoring reports on a six monthly basis in addition to reports being presented annually to Audit and Member Standards Committee.

Some examples of areas that have improved in response to customer complaints are:

- Joint Waste Service where new online forms to report missed bins have been introduced
- Revenues and Benefits as a result of over 80 new online forms which means more information is publicly available and customers can self-serve
- Housing Services – application for home repair assistance grants - website has been updated with improved grant and contact information now available
- Planning - training provided in validating planning applications to make the system more efficient

There were no whistleblowing reports during 2019/20 (nor during 2018/19).

### **C Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits**

Lichfield District Council has a clear vision in the form of the Strategic Plan 2016-20, which was approved by Full Council in February 2016, and can be found on our website. This is a formal statement of the Authority's purpose and intended outcomes, and it provides the basis for the Council's overall strategy, planning and other decisions.

It has become increasingly important that we are clear on where we need to allocate our resources, and that we are focussing on the things that will make the biggest impact and difference. The Strategic Plan also focuses on those outcomes that are known to reduce demand and dependency on the Council's services (and the wider public purse).

The Evidence Base for the Strategic Plan produced for the Council by the Staffordshire Intelligence Hub, highlighted that the three key things that enable people to live fulfilling and independent lives are:

- Being in employment
- Staying active and healthy
- Having somewhere safe and affordable to live.

Council consultation on these themes demonstrated a broad agreement to these being the areas that the Council should focus on and resulted in the following priority outcomes being identified:

- A vibrant and prosperous economy
- Healthy and safe communities
- Clean, green and welcoming places to live.

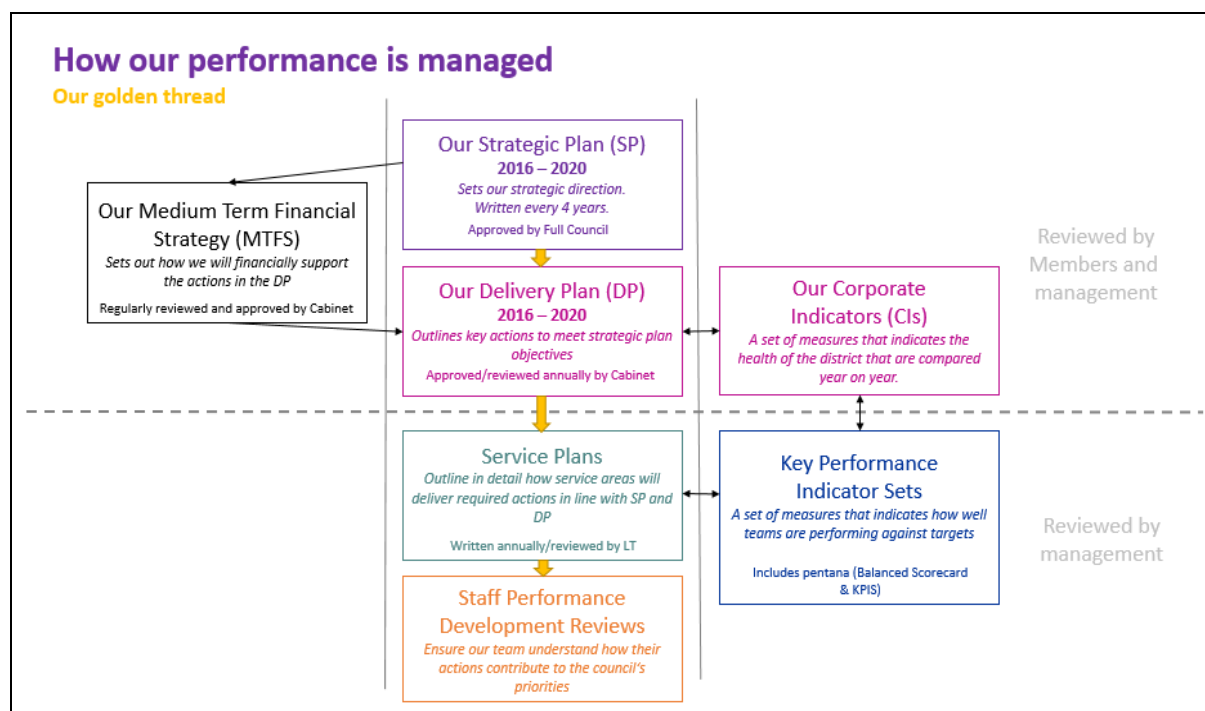
The Plan shows clearly the contribution the Council will make to the achievement of each priority outcome through its own direct delivery of services and activity. It also states where we will seek to influence and encourage partners and stakeholders to act, and how communities can help to achieve the outcomes.

In addition, the Plan makes clear how the Council will actively explore and pursue new ways of delivering services so that they can be delivered more efficiently and effectively, resulting in a fourth priority outcome:

- A Council that is 'Fit for the Future'.



The Strategic Plan not only sets out our strategic direction but also provides the context for our performance monitoring. The performance framework is shown in the diagram below:



The Council’s Delivery Plan 2018-20 provides a direct link to the Council’s Strategic Plan. It contains only those actions that are strategic in nature or are of cross-departmental importance. By bringing together actions in this way, the Delivery Plan also helps to highlight any resource implications and ensures corporate prioritisation takes place in a more coordinated way.

The Delivery Plan also captures the performance the Council has delivered so far against the aspirations set out in the Strategic Plan, then maps out the activity that will take place over the period 2018-20.

Actions are mapped directly back to commitments and aspirations in each of the Council’s priorities in the Strategic Plan. They are also linked to each Head of Service and team service plans in addition to individual staff members’ PDR targets. The Delivery Plan also seeks to highlight how actions relate to the Council’s F4F programme and commercialisation themes. Overall there are **36** commitments and **82** actions within the Plan.

Officers responsible for the Delivery Plan and Service Plan actions update the Pentana system to ensure that the latest performance on each individual action is registered in a central location, ensuring that the Council’s officers and Members can access real-time performance monitoring.

The Delivery Plan is reviewed on an ongoing basis by Leadership Team and progress reported on a six-monthly basis to Cabinet. A full year Delivery Plan Performance update report is taken to Cabinet in the July following the financial year end. It is also shared with the Chairs of the Council’s four Overview and Scrutiny Committees through the Overview and Scrutiny Co-ordinating Group.

Since April 2019, performance reporting has taken place in line with reporting on the Council’s Medium Term Financial Strategy to allow informed discussions around the impact of budgetary pressures on performance to take place.

A new Strategic Plan for 2020-24 has been developed during 2019/20, following extensive consultation and review by Member, staff, stakeholder and resident focus groups.

The key priority outcomes that the Plan aims to achieve are:

- **Enabling people** - to help themselves and others; to collaborate and engage with us; to live healthy and active lives
- **Shaping place** - to keep it clean, green and safe; to protect our most valuable assets; to make sure sustainability and infrastructure needs are balanced

- **Developing prosperity** – to encourage growth; to enhance the District for visitors; to invest in the future
- **A good Council** – that is financially sound, transparent and accountable; is innovative and customer focussed; has respect for everyone.

This new Strategic Plan was approved by Full Council on 18 February 2020, and will come into operation on 1 April 2020.

Following the agreement of the high level Strategic plan outcomes, work was undertaken by Leadership Team and Cabinet to identify the top priority issues that needed to be addressed to ensure these are achieved over the next 12 - 18 months. These priorities have formed the basis of the Delivery plan for 2020/21 and the annual service plans.

The Council has a Local Plan that covers the period 2008-29, that seeks to encourage sustainable development within the Lichfield District area, and includes policies on a number of key themes, including sustainable communities, infrastructure, homes for the future, economic development and enterprise, and healthy and safe communities. The Plan will therefore help to make sure the District is developed in the right way, including building the right number and types of houses, developing the right kind of shopping and recreational facilities, getting the right office and industrial spaces, creating opportunities for local jobs to be nurtured and protecting our wildlife, landscapes and heritage.

Progress reports on the implementation of the Local Plan are presented to Overview and Scrutiny Committee in addition to Cabinet.

The Planning and Compulsory Purchase Act 2004 introduced the requirement for local planning authorities to prepare and maintain a Local Development Scheme (LDS). The LDS is a project plan that sets out a timetable for the production of a new or revised Development Plan Documents (such as the Local Plan, any made Neighbourhood Plans and any other supporting documents, such as supplementary planning documents) by the publishing council.

The Council updated its LDS during 2019/20 to identify a revised timetable for preparing the Local Plan that shapes how the District will be developed up to 2040 (to be adopted in February 2022). This updated version was considered by Economic Growth, Environment and Development (Overview and Scrutiny) Committee in June 2019 and approved by Cabinet in September 2019.

As part of sustainable development, local authorities have to introduce a planning charge known as the Community Infrastructure Levy (CIL). The CIL is designed to act as a tool for local authorities to help deliver infrastructure to support the development of their area. The CIL Charging Schedule sets out the rate of levy the Council will charge those types of development that are eligible to contribute towards infrastructure provision. The District Council's CIL was adopted on 13 June 2016.

CIL Regulation 123 is the requirement for a published list of infrastructure projects or types of infrastructure that the Charging Authority (the District Council) intends will be, wholly or partly, funded by CIL. The Council adopted a Regulation 123 list at the same time as adopting the CIL charging schedule. In March 2019, Cabinet approved the Council's first allocation of CIL funding (**£300,000** in total) to **5** projects. The Strategic CIL pot currently available for allocation stands at approximately **£340,000**.

A key consideration for the Council going forward is the proposed requirement for charging authorities to replace their Regulation 123 Lists with Infrastructure Funding Statements. These statements will explain how the spending of any forecasted income from both CIL and Section 106 planning obligations over a five year period will be prioritised. We are required to develop an Infrastructure Funding Statement by no later than 31 December 2020.

The Council is promoting Neighbourhood Plans the adoption of which will, in addition to guiding future development, enable parish areas to receive a share of the financial benefits of development that comes from the CIL, and also allow them to set their own priorities for its investment. In 2019/20 there were no Neighbourhood Plan referendums (compared with 5 in 2018/19).

During 2017/18, following a lengthy procurement process, it was decided to outsource the operational delivery of our leisure centres both in Burntwood and Lichfield to Freedom Leisure. The Council works with Freedom to ensure that all incoming benefits are utilised effectively to ensure a geographical spread of opportunity

throughout the District and ultimately to improve health and wellbeing. The contract with Freedom is monitored both operationally and financially by the Leisure Implementation Panel that was originally formed to oversee the transition from Council managed to operational handover to Freedom, which took place on 1 February 2018.

#### **D Determining the Interventions Necessary to Optimise the Achievements of the Intended Outcomes**

The Strategic Plan 2016-20, discussed above, sets out the opportunities and challenges we face, the needs of the community, the Council's aspirations, our focus, and our priorities covering the life of this Council.

To fund the Strategic Plan, the Council prepares a Medium Term Financial Strategy (MTFS). This covers how we will use our reserves, our investments, the approach to Council Tax, and how we will deploy our capital. It also looks over the medium term at the cost pressures we are likely to face and how these could be financed. The Strategic Plan must drive the Financial Strategy. The MTFS relevant for 2019/20 is the MTFS 2018-23. This was approved by Cabinet and Full Council in February 2018.

The Revised Budget for 2019/20 was approved by Full Council in February 2020 as part of the MTFS for 2019/20.

The Council has a Capital Strategy which was approved In February 2019 by Full Council. The Capital Strategy provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services together with an overview of how associated risk is managed and the implications for future financial sustainability. It forms part of the Council's integrated revenue, capital and balance sheet planning. It provides a framework for managing the Council's capital programme.

Lichfield District Council has a statutory duty to set a balanced budget in the first year of the five year MTFS, and to set out proposals to balance the further financial years 2020-23. The Chief Finance Officer has a statutory duty to ensure that the figures provided for estimating and financial planning are robust and will stand up to audit scrutiny. The Council is also required to set Prudential Indicators for Capital Expenditure, financing and Treasury Management.

Money Matters Reports are presented at three, six and eight month intervals to Cabinet and Briefing Notes to Overview and Scrutiny Committee, and financial projections are updated in these reports.

Since 2013/14, there have been significant changes in local government finance ranging from the Localisation of Council Tax Support, wider welfare reforms and local retention of an element of Business Rates. These changes have introduced additional financial risks such as a major proportion of the Council's funding being dependent on the level of Business Rates growth or decline.

As a result of these ongoing changes, the Council has implemented plans and strategies to manage these financial risks, for example the Fit for the Future Programme introduced in May 2013. This transformation programme has been used to manage the change needed across the Council and its services in order to meet the challenges facing local government finances and to bridge the predicted revenue funding gap.

Since its introduction the Programme has helped to identify a range of service improvements and deliver significant savings through a range of measures, including reductions in non-priority areas, changes to service standards, transferring assets and introducing or increasing charges for some services. It has also supported the delivery of the outcomes described within the Strategic Plan 2016-20 and helped to prepare for the 2020-24 Strategic Plan.

#### **E Developing the Entity's Capacity, Including the Capacity of its Leadership and the Individuals Within it**

The Council has a Constitution which can be found on our website. This sets out how the Council legally operates, how formal decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution went through a thorough review during 2017/18 as it was felt that it needed updating in order to reflect recent changes in legislation and also to make it easier to navigate. As a result an updated Constitution was approved by Full Council in May 2018.


The Constitution consists of seven parts: Summary and Explanation, Articles, Responsibility for Functions, Rules of Procedure, Codes and Protocols, Councillors' Remuneration Scheme and Governance Structure.

## APPENDIX A

The document also identifies the roles and responsibilities of Member and officer functions, with clear delegation arrangements and protocols for decision making and communication. For example, the statutory roles for the Head of Paid Service, the Chief Financial Officer (Section 151 Officer) and the Monitoring Officer. Reference is made to the scrutiny role of the Opposition, whereby the latter is responsible for challenging and holding the Controlling Group to account. The Constitution also contains the protocol for officer/Member relations. This is reviewed and amended on a regular basis.

The Council's Constitution is updated as and when changes are needed to be made with the Cabinet Member for Legal & Regulatory submitting recommendations to Full Council.

The Council has a training plan for Members which is developed and monitored by the Employment Committee. The number of training events during 2019/20 compared with 2018/19 is shown below:


	Area	2018/19	2019/20	Trend
	<b>Member Training Events</b>	6	15	↑

The areas covered included safeguarding, an introduction to the planning process, an introduction to overview and scrutiny, commercialisation, charring meetings, regularity and licensing committees, and equality and diversity.

Members were also given extensive advice regarding pre-determination in relation to petitions and also in relation to planning. A specific session was held for the District Planning Committee where the issues relating to pre-determination and dual-hatted Members (those who also sit on Planning Committee at Parish level) were clarified.

The Chief Executive and Directors are set their performance targets annually. These are based on the delivery of the Delivery Plan and the business risks anticipated for the year. Senior politicians appraise the Chief Executive's performance against these targets and the Chief Executive appraises the Directors. As part of this process development needs and solutions are identified and agreed.

Performance Development Reviews (PDRs) are carried out for employees and training needs are identified as part of this process. The importance of the PDR process for the Council continues to be highlighted by the Chief Executive. The rate of completed PDRs for 2019/20 decreased significantly on the previous year. The figures are shown below:

	Area	2018/19	2019/20	Trend
	<b>Performance Development Reviews (September)</b>	66.5%	12.4%	↓
	<b>Performance Development Reviews (March)</b>	89.0%	52.0%	↓

The decrease in completed PDRs compared with 2018/19 is due to a number of factors, including resourcing gaps as a result of illness and vacant posts and a delay in launching the new PDR approach following the approval of the People strategy in 2019. A new PDR approach is currently being tested and will be a focus for 2020/21 with the aim of seeing a substantial improvement in the number of PDRs promptly completed.

A structured e-learning programme is available which greatly enhances the learning and development opportunities for a large cross-section of employees. Areas covered include fraud awareness and equalities. During 2019/20, cyber security and GDPR training was added to the e-learning programme.

The Council seeks to ensure that its employees are kept up to date with issues affecting the Council, for instance, performance is communicated through regular emails called 'Key Messages from Leadership Team' as well as regular Managers' Briefings. There are also individual team meetings and the staff newsletter Team LDC.

### **F Managing Risks and Performance through Robust Internal Control and Strong Public Finance Management**

The Council has a Risk Management Policy, and managers are trained in the assessment, management and monitoring of risks. This Policy was reviewed and refreshed during 2019/20, and approved by Audit and Member Standards Committee in November 2019.

The Corporate Risk Register is produced by assessing the risk factors that could potentially impact on the Council's ability to deliver its Strategic Plan. This assessment ensures that we have measures in place to control the potential risks to our business objectives. Risks are judged on their likelihood of occurrence and their potential impact. These are monitored by Members and Senior Officers and reported on three times a year to Audit and Member Standards Committee.

There are currently 8 risks that have been identified as having a potential impact on the ability to deliver the Strategic Plan. Of these risks, 1 has been identified as a significant: the availability of sufficient financial resources to support the Council's planned priorities. The Council is continually working to mitigate and reduce this risk. However, it is unlikely to reduce to below significant until the Government has made clear their plans for the future funding of local government and the settlement for a four year period is known.

All reports requiring a decision include a risk assessment section.

The Council continues to manage and monitor the effectiveness of its health, safety and insurance management system. In May 2019, the annual Health and Safety Performance Report was presented to Leadership Team and Employment Committee. This report is a statistical snapshot of accidents and insurance claims, in addition to providing a review of the corporate health and safety training programme, detailing changes to operating procedures and emerging challenges. A Health, Safety and Insurance Service Plan is produced and this identifies areas which could be developed to ensure that the Council remains legal and compliant with good practice. Monitoring of the Service Plan objectives is undertaken by the Head of Corporate Services.

The Council has an 'Acceptable Use Policy' for IT (adopted during 2018/19). The purpose of the Policy is to ensure that all computer systems and networks owned or managed by the Council are updated in an effective, safe, ethical and lawful manner, and it is the responsibility of every computer user to know these requirements and to comply with them. The Policy applies to every person authorised to access the Council's IT equipment, systems or networks, including: employees, agency staff, consultants, contractors, partners, external secondees and volunteers.

The Council's Contract Procedure Rules and Financial Procedure Rules form part of the Governance Framework. These are the rules set by the Council to regulate its internal procedures for the conduct of its business, in addition to how it spends money and records transactions. They form part of the Council's Constitution. Any amendments to them are subject to approval by Full Council.

Financial Procedure Rules were last updated in 2015 in line with CIPFA's publication 'Financial Regulations, A Good Practice Guide for an English Modern Council'. Contract Procedure Rules were updated in 2016 following a number of changes to procurement guidelines, processes and best practice (for example, the Public Contracts Regulations 2015). These were approved by Audit and Member Standards Committee in January 2017. The Contract Procure Rules were approved by Audit and Member Standards Committee in March 2017, and a copy can be found within the Constitution. Both documents are reviewed on an ongoing basis to ensure that they remain fit for purpose.

The Head of Finance and Procurement is designated as the Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972.

In April 2016, CIPFA/SOLACE issued an updated application note on the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Council complies with these requirements as detailed below. The Chief Financial Officer is:

- A key member of the Leadership Team

- Actively involved in, and able to bring influence to bear on, all material business decisions to ensure alignment with the Authority's financial strategy
- The lead for 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
- Professionally qualified and suitably experienced
- Able to lead and direct a finance function that is resourced to be fit for purpose.

During 2019/20, the Chief Financial Officer continued to provide effective financial management in accordance with the financial procedures and rules set out in the Constitution.

Maintenance of an effective system of both internal and more detailed financial control is the agreed responsibility of Directors, Heads of Service and Service Managers, who are responsible for managing their services within available resources, in accordance with agreed policies and procedures, and to support the sustainable delivery of strategic priorities in the Strategic Plan and maintain statutory functions. Elements include:

- Monthly review of budgetary control information by budget holders and Heads of Service to compare expected to actual performance and to forecast going forward
- Formal budgetary monitoring reports are reviewed with budget holders and Heads of Service at three, six and eight months. These look at actual performance and provide forecasts going forward
- Money Matters reports are produced at three, six and eight months and are reviewed by Leadership Team and reported to Overview and Scrutiny, Cabinet and Full Council.

The financial information produced is both reliable and timely and is available in an understandable and useful format to actively support informed decision making and performance management arrangements and thus the delivery of strategic priorities.

In December 2019, CIPFA introduced a Financial Management Code. The driver for this was the exceptional financial circumstances faced by local authorities, having revealed concerns about fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future. The Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. For the first time it sets out the standards of financial management for local authorities.

Whilst the statutory local authority budget setting process continues to be on an annual basis, a longer term perspective is essential if local authorities are to demonstrate their financial sustainability. Hence one of the objectives of the Code is to support organisations to show that they have the leadership, capacity and knowledge to be able to plan effectively.

The underlying principles that inform the Code have been developed in consultation with senior practitioners from local authorities and associated stakeholders. Each local authority must demonstrate that the requirements of the Code are being satisfied. This is a collective responsibility of elected Members, the CFO and their professional colleagues in the Leadership Team.

The Financial Management Code is to be applied from 1 April 2020, with the first year, 2020/21, being a shadow year where local authorities should be able to demonstrate they are working towards full implementation for the first full year of compliance in 2021/22.

We have an Audit and Member Standards Committee that is independent of the Executive and accountable to the governing body. This provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment. We ensure that its recommendations are listened to and acted upon.

As part of the annual Audit Plan, Internal Audit completed fraud awareness and proactive fraud work in accordance with fraud risks identified, adhering to the CIPFA Code of Practice for Managing the Risk of Fraud. The conclusion of this work for 2019/20 is that the Authority has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Over the last couple of years changes have been made to the way our Overview and Scrutiny function operates. Examples of these changes include the greater use of briefing papers and lighter agendas. Various Task and Finish Groups with commencement dates throughout the year have also been established. A Coordinating Group has been set up that agreed that all work should be to aid Cabinet Members and Heads of Service meet their targets.

### **G Implementing Good Practices in Transparency, Reporting and Audit to Deliver Effective Accountability**

We have an effective in-house Internal Audit function with direct access to Members and which reports to the Chief Finance Officer. This service provides assurance with regard to governance arrangements and its recommendations are acted upon. For 2019/20, Internal Audit continued to operate in accordance with the Public Sector Internal Audit Standards.

An annual review of the effectiveness of the system of Internal Audit is undertaken by the Internal Audit Manager based on the Public Sector Internal Audit Standards and using feedback from Directors, Heads of Service, the Section 151 Officer, Managers and External Audit.

The review of Internal Audit for 2019/20 concluded that the Authority's Assurance Arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit 2010. The Internal Audit Manager fulfils this role and is professionally qualified.

In February 2020, the Audit and Member Standards Committee approved changes to the system of Internal Audit follow up procedures in order to enable the Committee to use their time to focus on areas of highest risk. It also approved changes to the definitions of overall assurance opinion and recommendation ratings in order to improve clarity.

Our External Auditors carry out reviews of our internal control arrangements when working with us throughout the year. They have not reported any weaknesses in their updates to Audit and Member Standards Committee during 2019/20.

The more recent phase of the F4F Programme focussed on transforming the way the Council operates, including how it interacts with its customers and making sure the way the organisation is structured and organised is effective, productive and better aligned with the priority outcomes that are set out in the Strategic Plan. Looking at how demand for services can be reduced or managed and how service users can access services and information in ways that costs the Council less (channel shift) are important elements of this. Decisions about where to spend will need to become more evidenced based, so that reduced resources can be targeted on those areas and communities who need them most.

#### **Section 4: Annual Review of the Effectiveness of the Governance Framework**

We have a legal responsibility to conduct an annual review of the effectiveness of our Governance Framework, including the system of internal control. The outcomes of the review are considered by Audit (and Member Standards) Committee (which is charged with final approval of this statement).

The review is informed by:

- The views of Internal Audit, reported to Audit and Member Standards Committee through regular progress reports, and the Annual Internal Audit Opinion
- An annual review, carried out by the Audit Manager, of the effectiveness of Internal Audit (as required by Regulation 6(3) of the Accounts and Audit Regulations 2015)
- The views of our External Auditors, regularly reported to Audit and Member Standards Committee through regular progress reports, the Annual Audit Letter, the Informing the Audit Risk Assessment document, the Audit Findings Report and the Audit Plan
- The views of the Head of Paid Service (Chief Executive), Monitoring Officer, Section 151 Officer
- The activities and operations of Council Service Areas whose Heads provide written assurance statements using an Internal Control Checklist

- The views of Members (Chairmen and Vice Chairmen and Leader of the Minority Group) using a Members' Questionnaire
- The Risk Management Process, particularly the Corporate Risk Register
- Performance information reported to Cabinet, Council and Overview and Scrutiny Committees

### Conclusion of the Review

We consider the Governance Framework and Internal Control environment operating during 2019/20 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact.

For 2019/20 no significant weaknesses in Governance or Internal Control were highlighted.

### Section 5: Update on Significant Governance Issues 2018/19

The system of Governance (including the system of Internal Control) can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated.

The review highlighted no areas as representing a significant weakness in Governance or Internal Control during 2018/19.

### Section 6: Reflecting the Challenges from Coronavirus

The Annual Governance Statement assesses governance in place during 2019/20, so the majority of the year will be unaffected by coronavirus. The conclusion in Section 4 above that governance is fit for purpose during 2019/20 has been based on normal operations.

However, coronavirus will have impacted on governance during March 2020, and this section will therefore be updated before the Annual Governance Statement is published to reflect the impact of the COVID-19 pandemic on governance, and a second conclusion on the adequacy of governance arrangements during this period will be included to make clear the impact.

The impact on governance can be seen under the following broad categories:

#### Impact on business as usual in the delivery of services

Social distancing measures have had a significant impact on the Council's governance arrangements.

MHCLG laid regulations before Parliament in April 2020 to provide flexibility in relation to local authority and police and crime panel meetings held between 4 April 2020 and 6 May 2021. These regulations provide for remote access to meetings of local authorities by members of a local authority and by the press and public. The regulations also enable local authorities to hold and alter the frequency and occurrence of meetings without requirement for further notice and they also dis-apply provisions requiring local authorities to hold annual meetings.

Given the fundamental importance of local democracy, openness and transparency, accountability and the overarching responsibility to serve the public interest Lichfield District Council has put arrangements in place to hold meetings virtually, allowing elected members to fully engage in taking key decisions and allow for public participation.



### Areas of activity as part of the national response to coronavirus and any governance issues arising

The Council has and continues to work on its Recovery Plan. It is difficult to predict what actions will be needed over the next months and possibly years. There are impacts that will need to be addressed, for instance the Council's role in dealing with local outbreaks of Covid-19, the Government's test, track and trace and our role in it.

Environmental Health leads are working across Staffordshire with Public Health to meet the Government's expectations on the part of the plan that will need to be addressed locally. Sufficient resources to meet these demands and support the economy to restart and carry out our usual regulatory duties is a key concern. Funding is being made available to upper tier authorities across the country to put these plans in place.

The Council's Economic Development team is working with partners across the County and the Local Enterprise Geography to try to address the increase in unemployment levels that have occurred as a result of Covid-19, but it is anticipated that unemployment will continue to rise over the next few months. The long-term impact of the lockdown on the job market, the retail economy, and the housing market are very hard to predict and the Council will continue to monitor them carefully over the next few months to make sure we understand the evidence and that we make the right interventions where we are able to.

### The funding and logistical consequences of delivering the local government response

The ongoing COVID-19 pandemic has already had a significant impact on local council finances, the effects of which will continue through the current period of lockdown and beyond. The financial impact will be due to both unforeseen but necessary, expenditure and reduced income from fees and charges, Council Tax and Business Rates.

The overall impact is very difficult to predict especially identifying which financial impacts are cash flow (temporary) and which are budgetary (permanent) in nature. Therefore at this early stage, the financial impacts related to income are assumed to be those of a budgetary nature.

The impact will also vary by area, dependent on factors such as geography, demographics, services delivered and the nature of the local economy. However to a large extent, it will depend on how quickly the national and local economies return to normal levels of activity.

To offset the additional financial pressures being faced by Local Government, the Government has provided additional funding of **£3.8bn**. This funding has been provided in three tranches (although this Council was not eligible for tranche 3 funding because it was related to the additional costs for Social Care) during 2019/20 and 2020/21 It is unclear at this stage whether this funding will be sufficient to offset all of the financial pressures and Local Government continues to lobby for further funding to be made available.

### Assessment of the longer term disruption and consequences arising from the coronavirus pandemic

It is essential that the Council focuses on the likely impact that the crisis, and its aftermath, will have on income levels both now and potentially into the future.

The COVID-19 crisis is likely to be long-lasting and far reaching, affecting more than one financial year. It could be difficult for councils to reduce their spending back to pre-crisis levels and income streams will not necessarily bounce back quickly, especially if the local economy is in recession.

This means that the assumptions underlying later years in the MTFs will almost certainly need to change, making the 'funding gap' for 2021/22 and beyond larger and are likely to include:

- Strategic partnerships where the funding levels agreed by the Council were based on assumptions made prior to the COVID-19 pandemic.
- Business Rates income projections due to collection rates, growth, appeals, empty properties relief and other reliefs.
- Council Tax income projections due to collection rates, growth and Local Council Tax Support.
- Income projections for sales, fees and charges including car parking and property rentals.
- Transformation and savings projects especially where they are focussed on income generation.

The Resolution Foundation has projected a reduction in long run GDP compared to the trend of between **3%** (3 months) and **7%** (12 months) depending on the length of the lockdown.

The application of these scenarios to the sales, fees and charges budget in 2020/21 (excluding investment income) would result in a reduction in income of **£250,000** or **£600,000** per annum.

### Some Positive Outcomes for the Council

The pandemic has not been totally without some positive outcomes for the Council, for example:

- We have demonstrated the ability to respond and change at pace where needed, something that can be further develop in the future to adapt and deliver change across the Council and its communities
- The Council's staff have shown the ability to rapidly change mind-set and culture, thereby demonstrating we can deliver services successfully through a virtual front-door and work both flexibly and remotely
- The pandemic has highlighted the current position in regards to the resilience and integrity of our ICT infrastructure, whilst also demonstrating areas for future attention in order to optimise the new normal
- It has shown the need for a modern office design, providing the catalyst to make changes which people are accepting of, without the normal change curve and inherent tensions
- Finally it has shown our ability to communicate with emotion and personality, and the positive impact this can have for our communities, for example, the positive response to our bin tag and social media campaign to assure our residents and businesses

Once the crisis is over, the Council will conduct a review of the lessons to be learned from its response. If this takes place before the Annual Governance Statement is approved, its findings will be included within the Statement.

**Diane Tilley**  
Chief Executive

**Councillor Douglas Pullen**  
Leader of the Council

**LICHFIELD DISTRICT COUNCIL  
CODE OF CORPORATE GOVERNANCE 2020/21**

## **Introduction**

Good Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, culture and values by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

## **Our Commitment**

Lichfield District Council is committed to upholding the highest possible standards of good corporate governance, as good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the Council, and ultimately good results. Good governance flows from shared values, culture and behaviour and from sound systems and structures.

During 2016/17, an updated Framework was produced by CIPFA/SOLACE entitled 'Delivering Good Governance in Local Government 2016'. The main principle underpinning the development of this new Framework is the fact that local government is developing and shaping its own approach to governance taking account of the environment in which it now operates. The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance.

Furthermore, the focus on sustainability and the links between governance and public financial management are crucial for now and for the future. Local authorities have responsibilities to more than their current electors and they must take account of the impact of current decisions and actions on future generations.

This Framework consists of seven Core Principles and it is proposed that it is these that the Code of Corporate Governance for Lichfield District Council 2020/21 is based.

The seven Core Principles are as follows:

<b>A</b>	<b>Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law</b>
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<p><i>'Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and Government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.'</i></p>
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## **Outcomes**

***We develop, communicate and embed codes of conduct, defining standards of behaviour for Members and officers to ensure they exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance, and that are respectful of laws and regulations.***

*Our policies seek to ensure Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated which assists in protecting the reputation of the organisation.*

*We underpin personal behaviour with ethical values and ensure they permeate all aspects of the organisation's culture and operation, and are respectful of the rule of law.*

## **B Ensuring Openness and Comprehensive Stakeholder Engagement**

*'Local government is run for the public good. Organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.'*

### **Outcomes**

*We make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. If a decision is to be kept confidential we provide justification for this decision.*

*We ensure that communication methods are effective and that members and officers are clear about their roles with regards to community engagement.*

*We engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.*

## **C Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits**

*'The long-term nature and impact of many of local government's responsibilities meant that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.'*

### **Outcomes**

*We consider and balance the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.*

*We ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options, thus ensuring that best value is achieved however services are provided.*

*We measure the quality of services for users, ensuring they are delivered in accordance with our objectives and that they represent the best use of resources and that Council Tax payers and service users receive excellent value for money. We do this through the Performance Management Framework.*

## **D Determining the Interventions Necessary to Optimise the Achievements of the Intended**

### Outcomes

*'Local Government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.'*

### Outcomes

***We inform medium and long term resource planning by drawing up realistic estimates of revenues and capital expenditure aimed at developing a sustainable funding strategy.***

***We ensure that the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved whilst optimising resource usage.***

***We ensure the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.***

### **E      Developing the Entity's Capacity, Including the Capacity of its Leadership and the Individuals Within it**

*'Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.'*

### Outcomes

***We ensure that the Leader and Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority.***

***We develop the capabilities of the Members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental risks by ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirement is available and encouraged.***

***We hold staff to account through regular performance reviews which take account of training or development needs.***

**F Managing Risks and Performance through Robust Internal Control and Strong Public Finance Management**

*'Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.'*

*A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.*

*It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.'*

**Outcomes**

***We recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making.***

***We ensure that well-developed financial management is integrated at all levels of planning and control.***

***We ensure that there is an effective scrutiny function in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made.***

**G Implementing Good Practices in Transparency, Reporting and Audit to Deliver Effective Accountability**

*'Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both External and Internal Audit contribute to effective accountability.'*

**Outcomes**

***We ensure that recommendations for corrective action made by Internal and External Audit are acted upon.***

***We write and communicate reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensure that they are easy to access and interrogate.***

***We welcome peer challenge, reviews and inspections from regulatory bodies and implement recommendations.***