



Essex County Council

Audit, Governance and Standards Committee

10:30	Monday, 16 November 2020	Online Meeting
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The meeting will be open to the public via telephone or online. Details about this are on the next page. Please do not attend County Hall as no one connected with this meeting will be present.

For information about the meeting please ask for:

Andy Gribben, Senior Democratic Services Officer

Telephone: 033301 34565

Email: democratic.services@essex.gov.uk

Essex County Council and Committees Information

All Council and Committee Meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972.

In accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, this meeting will be held via online video conferencing.

Members of the public will be able to view and listen to any items on the agenda unless the Committee has resolved to exclude the press and public from the meeting as a result of the likely disclosure of exempt information as defined by Schedule 12A to the Local Government Act 1972.

How to take part in/watch the meeting:

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Please note that an audio recording may be made of the meeting – at the start of the meeting the Chairman will confirm if all or part of the meeting is being recorded.

		Pages
1	Membership, Apologies, Substitutions and Declarations of Interests	4 - 4
2	Minutes and Matters Arising	5 - 12
3	Deferral of Completion of the External Audit of the Council's 2019/20 Statement of Accounts (report to follow)	
4	Internal Audit and Counter Fraud Progress Report	13 - 23
5	Annual Report on the work of the AGS committee	24 - 35

6	Standards: Best Practice Recommendations	36 - 42
7	Recruitment of an Independent Member to the AGS Committee (report to follow)	
8	Work Programme	43 - 44
9	Dates of Meetings To note that the next scheduled meeting will be held on Monday 22 March 2021 at 10.30am virtually via ZOOM (to be advised) and will be preceded by a private meeting for AGS members only. Members also to note proposed dates for forthcoming meetings as advised by the Chairman	

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

Agenda item 1

Committee: Audit, Governance and Standards Committee

Enquiries to: Andy Gribben, Senior Democratic Services Officer

Membership, Apologies, Substitutions and Declarations of Interest

Recommendations:

To note

1. The membership of the committee as shown below
2. Apologies and substitutions
3. Declarations of interest to be made by Members in accordance with the Members' Code of Conduct

Membership

(Quorum: 3)

Councillor G Butland
Councillor P Channer
Councillor A Davies
Councillor A Hedley
Councillor A Jackson
Councillor R Mitchell
Councillor R Moore
Councillor M Platt
Councillor K Smith
Councillor A Turrell

Chairman

Vice-Chairman

Minutes of the meeting of the Audit, Governance and Standards Committee, that was held remotely on Monday, 28 September 2020

[A recording of the meeting may be found on the ECC website.](#)

Present:

Members:

Councillor G Butland
Councillor P Channer
Councillor A Davies
Councillor A Hedley
Councillor A Jackson
Councillor R Mitchell
Councillor Dr R Moore
Councillor M Platt
Councillor K Smith
Councillor A Turrell

Also Present:

David Eagles	BDO LLP (external auditor)
Barry Pryke	BDO LLP (external auditor)

ECC Officers:

Paula Clowes	Head of Assurance
Christine Golding	Chief Accountant
Andy Gribben	Senior Democratic Services Officer (clerk to the meeting)
Vicky Hotson	Finance Team Manager
Emma Tombs	Democracy Services Manager
Paul Turner	Director, Legal and Assurance (Monitoring Officer)
Nicole Wood	Executive Director, Finance and Technology (Section 151 Officer)

1. Welcome and Introduction

Councillor Hedley welcomed those attending the meeting of the Audit, Governance and Standards Committee and in particular:

- Members of the committee and any substitutes also attending
- Representatives of the External Auditors BDO and
- Officers.

2. Remote working

Councillor Hedley reminded everyone that although members are attending the meeting remotely, they should remain engaged in the meeting, refrain from responding to emails and texts during the meeting and put all devices on silent mode.

Members were reminded to keep their microphone on mute for the duration of the meeting unless they wished to speak and to address all remarks through the Chairman.

Councillor Hedley also reminded members that the meeting was to be broadcast live over the internet and will then be publicly available on the County Council's website after the meeting. Although ECC was only making an audio recording of this meeting, Members should be aware that anyone attending this meeting, either as a panellist or an attendee, could make a video recording of all or any part of the proceedings. More details were set out in the agenda.

3. Membership, Apologies, Substitutions and Declarations of Interest

The report of Membership, Apologies and Declarations was received, and it was noted that:

1. The membership of the Audit, Governance and Standards Committee was as shown in the report.
2. No apologies had been received.
3. Declarations of Interests:
 - Councillors Davies, Hedley and Platt declared that they were members of the Essex Pensions Board.
 - Councillor Platt also declared that he was a Deputy Cabinet Member.

In response to a question, the Director, Legal and Assurance (Monitoring Officer) advised members that they need not declare interests as members of other councils.

The Chairman, Councillor Hedley reminded members that any interests must be declared during the meeting if the need to do so arose.

4. Minutes and Matters Arising

The minutes of the meeting held on Monday 6 July 2020 were approved as a correct record and signed by the Chairman.

5. Variation in the Order of Business

With the agreement of the members of the committee the Chairman varied the order of business such that the Internal Audit and Counter Fraud Progress report became the next item of business.

6. Internal Audit and Counter Fraud Progress report

The committee received a report (AGS/78/20 and appendices 1,2,3 and 4) from the Head of Assurance.

Members of the committee were advised of Internal Audit and Counter Fraud activity in relation to the 2020/21 Internal Audit Plan (approved by the Audit, Governance and Standards Committee in July 2020). It reflected the situation as at 31 August 2020.

Members noted that:

- No reports with 'no assurance' had been issued during the period.
- One audit had been completed that received limited assurance –Accounts Receivable. This report had been issued to members in full and an officer representing the service would be attending the meeting to provide an explanation and an update.
- As at 8 September 2020 there were four Critical and fifteen Major recommendations open, of which six Major recommendations had moved beyond their latest agreed due date.
- Fraud Referrals were significantly lower than the same period last year, due to the Covid-19 pandemic.
- Using the National Fraud Initiative data hub £185,054.23 had been recovered related to overpayments to Residential Care Homes.

Members also noted the appendices including:

Appendix 1 - Executive Summaries for Limited Assurance Reports;

Appendix 2 - Current assessment rationale for grading the priority of recommendations in Internal Audit reports;

Appendix 3 - Critical and Major Recommendations which are overdue for implementation as at 31 August 2020 and

Appendix 4 - Completed Assessment against the Fighting Fraud and Corruption Locally Checklist.

In response to a question, members were advised that the council's Audit Team had been invited, together with those from other local authorities, to take part in a pilot of a data-matching product that, it was hoped, working with collaboratively with banks and insurance companies, would assist in the detection of fraud. However, having failed to obtain much value from the product it had been decided not to continue with the pilot.

Members were also advised that 85% of council staff had completed their anti-fraud and corruption and anti-bribery and money laundering e-learning modules and that the target was to achieve 100%. New staff complete the e-modules as part of their induction and this progress is regularly monitored.

It was further noted that by using the National Fraud Initiative data-hub it had been identified that a number of payments were still being made by the council to care homes for places of persons who were deceased and thereby £185,054.23 of overpayments had been recovered

Resolved

That the report be noted.

7. Deferral of completion of the external audit of the Council's 2019/20 Statement of Accounts

The committee received a report (AGS/76/20 and appendix A) from the Executive Director, Finance and Technology and the Chief Accountant and an explanation from David Eagles, BDO LLP, the council's external auditor.

Members were presented with a report by the Council's External Auditor, BDO LLP, on deferral of completion of the audit of the Council's Statement of Accounts for 2019/20 (comprising the work necessary to provide audit opinions on the financial statements of the Council and Essex Pension Fund and reach a conclusion on the effectiveness of the systems in place to secure value for money in the Council's use of resources).

Members were advised by David Eagles that the delay in completion of the audit was no fault of the council's, as all of the information required from the council had been provided on time and the draft accounts and working papers were of a high standard. The delay had been caused by an erosion of BDO's planned audit resource, exacerbated by the Covid-19 pandemic and delays to previous audits (including those of the NHS), that had a consequent impact on the planned timetable for completion of council's audit.

David Eagles apologised to members but hoped that they appreciated that the delay had been caused by factors beyond his control.

In response to questions, David Eagles reiterated that the delay was not, in any way, the fault of anyone at Essex County Council.

Members were also advised that, although an absolute guarantee could not be given, the external auditors anticipated that, barring any unforeseen issues, the audit work would be completed in November 2020.

It was also explained that the council was not alone in this predicament as many other local authorities throughout the UK were also experiencing similar delays to the completion of their 2019/20 external audits. However, it was noted that the statutory deadline for publication of audited accounts for 2019/20 had been extended by the Government to 30 November, and hence that the delay to this year's audit would not adversely affect the council's reputation.

Members were also advised (there being a suggestion that fees might be reduced) that the Financial Reporting Council, the policy regulator, would not support the external auditor reducing the audit fee.

Resolved

That

1. The Committee noted the reasons for deferral of completion of the external audit for 2019/20, as appended to the report.
2. The Committee agreed to move the meeting scheduled for 7 December 2020 to 16 November 2020 in order to meet BDO's revised expectations for completing their audit and for issuing their Audit Completion Reports for the Council and Essex Pension Fund for 2019/20, and to approve the Council's 2019/20 Statement of Accounts for publication.

8. The Redmond Review

The committee received a report (AGS/77/20 and appendix A) from the Executive Director, Finance and Technology and the Director, Legal and Assurance and a presentation by the Chief Accountant.

Members noted the conclusions and recommendations arising from the independent review into Oversight of Local Audit and the Transparency of Local Authority Financial Reporting (the 'Redmond Review').

In response to questions it was noted that the remuneration payable to the appointed Independent Person had been agreed by Council and would be restricted to the repayment of expenses only.

Resolved

That

1. The report and the three recommendations to local authorities be noted.
2. The Committee should ask the Chairman of the Council to receive a report on the accounts as soon as possible after the Committee has considered the annual accounts.
3. It be noted that the Council was in the process of complying with the recommendation regarding the appointment of at least one independent member, suitably qualified, to the Audit Committee.
4. It be noted that the Chief Executive, the Monitoring Officer and the Chief Financial Officer currently had the facility to meet with the Key Audit Partner at least annually.

9. Update on Accounts Receivable Audit Recommendations

The committee received a verbal update relating to the Limited Assurance Accounts Receivable Internal Audit Review, introduced by The Head of Assurance.

The Service Manager for Income Assessments in the Council's Income Collection Team, was present, she explained:

- the structure of the service,
- the scale of transactions,
- monthly workflow,
- staffing
- quality monitoring and
- the systems employed.

Members expressed the view that there were wide variations in the processes being employed to enable individuals to request services and to pay for them, and some were not sufficiently IT enabled. Digital online forms should interact with the relevant service, such that payment for a service should also trigger provision of the relevant works (e.g. a dropped kerb). The Service Manager responded by advising members that there was a programme underway to find the right digital solution and address this issue in a targeted way.

The Chairman suggested that this might be a topic of interest to a Task and Finish Group.

The Chairman also requested that the presentation be circulated to members of the committee so that they might identify further questions and correspond with her directly.

10. Counter Fraud and Corruption Strategy

The committee received a report (AGS/79/20 and appendix 1) from the Head of Assurance.

Members noted that the report to approve and adopt the new Counter Fraud and Corruption Strategy which had been reviewed following the publication of a new national strategy entitled 'Fighting Fraud and Corruption Locally'.

Members were advised of changes from the previous strategy and that the forward to the report would be added by the Cabinet Member for Finance, prior to publication.

Resolved

That the Counter Fraud and Corruption Strategy be adopted in the form shown at appendix 1 to the report.

11. Task and Finish Groups

The committee received a report (AGS/80/20 and appendix 1) from the Director, Legal and Assurance who asked members to note that Appendix 1 to the report had been erroneously omitted from the original Agenda Document Pack and a revised report including the appendix had been subsequently published and sent to members by email.

Members noted that as part of the effectiveness review undertaken in March 2020, they had agreed to introduce the use of task and finish groups. The report asked members to agree how this may be achieved by the adoption of a protocol as detailed in the appendix to the report.

At the invitation of the Chairman it was suggested that a Task and Finish Group be formed to investigate opportunities to digitalise forms and improve user payments. Councillor Mitchell suggested that work he was currently undertaking with Highways on this same matter could be extended to encompass a wider scope and fall under the remit of such a convened Task and Finish Group to look specifically at the existing manual processes for processing payments and seek a way of digitalising the workflow.

Members of the committee accepted a suggestion by the Executive Director, Finance and Technology that before members convened a Task and Finish Group to look at what might an extensive piece of work there should be an appraisal sent to them of what work was currently being undertaken, what progress was being made, the materiality of some areas and the scale of the systems employed so that there should be an appropriate scoping of the task. It was also agreed that members should adopt a strategic rather than an operational perspective.

Resolved

That

1. Agree the protocol on the use of task and finish groups as at appendix 1 to the report be agreed.
2. To establish a Task and Finish Group to scope and review the council's automated payments programme.
3. That the Chairman should seek volunteers to sit on the group in addition to the Vice Chairman

12. Work Programme

The report (AGS/81/20) was presented by the Director, Legal and Assurance. Members were reminded that the work programme was subject to regular revisions and change.

Resolved

The Work Programme was noted.

13. Date of the Next Meeting

Members noted that the next meeting of the committee would be held on Monday 16 November at 10.30am (virtually) and would be preceded by a private meeting for members of the committee only.

Chairman.....

Date.....

Report title: Internal Audit and Counter Fraud Progress Report	
Report to: Audit, Governance and Standards Committee	
Report author: Paula Clowes – Head of Assurance	
Date: 16 November 2020	For: Discussion
Enquiries to: Paula Clowes – Head of Assurance paula.clowes@essex.gov.uk	
County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 This report provides the Audit, Governance and Standards Committee with the current position regarding Internal Audit and Counter Fraud activity in relation to the 2020/21 Internal Audit Plan (approved by the Audit, Governance and Standards Committee in July 2020). It reflects the situation as at 31 October 2020.

2. Recommendation

- 2.1 That the report be noted.
- 2.2 Members to consider whether they wish to invite an appropriate officer to the next meeting to provide an update on the limited assurance audit for Energy Invoice Process.

3. Key Issues

- 3.1 The following matters are of particular note:
- No reports with ‘no assurance’ have been issued during the period
 - One audit has recently been completed that received limited assurance – Energy Invoice Processes.
 - As at 31 October 2020 there were 4 Critical and 14 Major recommendations open, of which 3 Major and 39 Moderate recommendations have moved beyond their latest agreed due date.
 - Although the Counter Fraud Team experienced a reduction in the number of referrals received during the first few months of the pandemic, we are now experiencing a return to near normal levels.

4. Details of Internal Audit and Counter Fraud Activity

4.1 Final Internal Audit Reports Issued

- 4.1.1 When Internal Audit issues a report it gives an overall assurance rating which is either ‘Good’ ‘Satisfactory’ ‘Limited’ or ‘No’ Assurance. Two final

reports have been issued since the meeting of the Audit, Governance and Standards Committee in September 2020:

- Whistleblowing policies and procedures - Satisfactory Assurance
- Energy Invoice Processes - Limited Assurance

The Executive Summary of the limited assurance audit is included in Appendix 1. In accordance with their usual requirements, Members should consider whether they would like an appropriate officer to attend the next meeting to provide an update on progress implementing the recommendations.

In addition, we have completed the review of the Department for Transport Integrated Capital Grant Claim with no issues identified.

4.2 Implementation of Internal Audit Recommendations

- 4.2.1 Whenever any recommendations are made in an audit report, Managers are asked to agree what activity they will undertake to address the recommendations and to agree timescales for implementation.
- 4.2.2 Progress on the implementation of recommendations is monitored by the Internal Audit service.
- 4.2.3 Critical or Major recommendations which have not been implemented within the agreed timescale are reported to the Audit, Governance and Standards Committee. Outstanding recommendations are provided to Functional Leadership Teams (FLT) quarterly.
- 4.2.4 As at 31 October 2020 there were 4 Critical, 14 Major and 90 Moderate recommendations open, of which 3 Major and 39 Moderate recommendations have moved beyond their latest agreed due date. See Appendix 3 for further detail on the overdue Major recommendations.
- 4.2.5 The current assessment rationale for grading the priority of recommendations made and the level of assurance (audit opinion) for each individual audit review is attached at Appendix 2.

4.3 Counter Fraud Activity

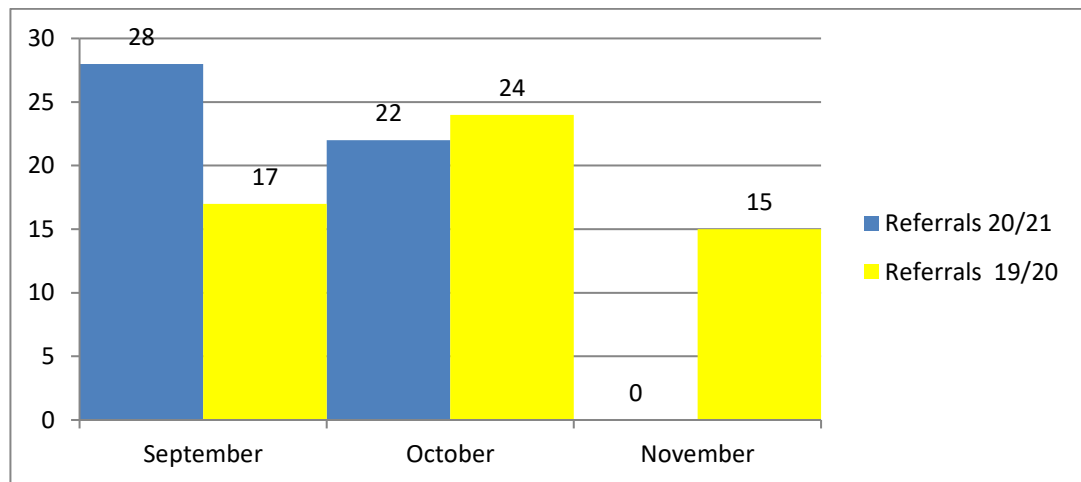
- 4.3.1 The Counter Fraud Team has a remit to prevent, detect and investigate fraud. This includes proactive work utilising data matching and analytical work. In some cases we will pursue sanction through the civil or criminal courts and where possible seek to recover lost/stolen monies.

Fraud Referrals

- 4.3.2 During the two month period 1 September 2020 to 31 October 2020, 50 referrals were received (including blue badge referrals). The table below shows how this compares to the three month reporting period last year (September to November 2019) and demonstrates that the number of referrals

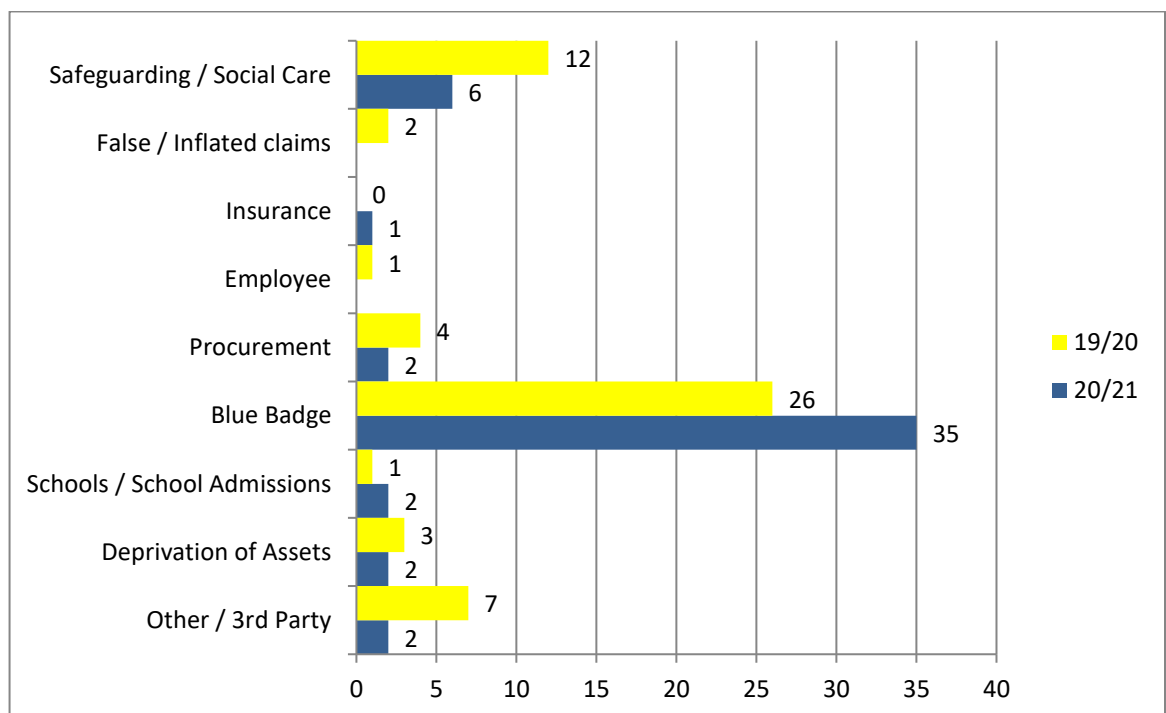
received this year is comparable with the numbers received last year (56 referrals were received during the reporting period September to November last year, a 3 month reporting period). Although the Counter Fraud Team experienced a reduction in the number of referrals received during the first few months of the pandemic, we are now experiencing a return to near normal levels.

Note: The reporting period for this report is reduced to 2 months due to the usual December meeting being brought forward to November.



Types of Referrals

4.3.3 The bar chart below demonstrates the type of referrals received, with a comparison to the referrals received last year.



Internal Data Matching

4.3.4 The Counter Fraud team now includes a Data and Intelligence Specialist. Data matching / analytical work has been completed during the 2 month period in the following areas:

- Adult social care – an analysis of care packages to identify where domiciliary and residential care packages overlap and may not have been fully closed down on the system – testing is currently underway.

Essex Council Tax Data Matching Initiative

4.3.5 The Council is supporting an Essex-wide data matching project that involves all councils providing data to ensure that income received from council tax is maximised. ECC provides data sets to support the data matching which is now undertaken on a monthly basis and the Counter Fraud Team provides support to districts in dealing with the output. Total cumulative savings recorded as at 26 October 2020 (from July 2017) are **£2,005,956**.

National Fraud Initiative Data Matching Exercise and NFI Fraud Hub

4.3.6 The National Fraud Initiative is a biennial exercise overseen by the Cabinet Office. This is a mandatory exercise which all public sector bodies participate in, submitting prescribed data sets to the Cabinet Office to facilitate a national data matching exercise to be completed. The Counter Fraud Team have submitted all required datasets to the Cabinet Office during the beginning of October 2020. Matches are scheduled to be returned for investigation during February and March 2021.

4.3.7 In addition to the mandatory data matching, the Counter Fraud Team subscribed to the NFI Fraud Hub in March 2020. Discretionary data matching is permitted on an ad hoc basis, using the same prescribed data sets as submitted as part of the national exercise. Data sets relating to Adult Social Care and Pensions have been uploaded and matched to the mortality listing. These matches have been investigated and where ECC had not been notified of the respective death, records have been updated and further payments have been prevented. This reduces the reputational damage to ECC by making payments after the date of death and also trying to pursue monies paid in error.

Note – the Cabinet Office are currently investigating the legislation regarding patient data. We are unable to submit adult social care datasets for matching purposes pending the results of this review.

Data in relation to ECC Pensions continues to be submitted on a monthly basis and resultant matches sent to the ECC Pension Team for investigation

/ suspension. Since the last Committee report a further **136** matches have been forwarded and are in the process of being reviewed.

Fraud Awareness Training

4.3.8 At present, *81.4% of all ECC staff have completed the e-learning modules relating to:

- Anti-fraud and corruption
- Anti-bribery and money laundering.

**Note – several exemptions have been granted to ECC staff who do not have access to the intranet and e-learning modules, for example School - Crossing Patrol staff and peripatetic music tutors.*

Outcomes

4.3.9 During the period 1 September to 31 October 2020, the following outcomes and sanctions have been achieved:

Outcome Type	1 September to 30 November 2019	1 September to 31 October 2020
Prosecutions	1	0
Written / Verbal Warning	1	0
No fraud established	5	3
Phishing / Referred to third party	1	2
Blue Badges – Misuse letter issued	3	4
Blue Badges - Seized	17	2
ASC - Financial recovery	1	2
ASC - PB terminated	3	1
ASC – payment stopped / reduced	2	1
Other - Recovery of funds	0	1
*Other	6	1

**Other outcomes include:*

- *Referrals to the Deputyship Team where Power of Attorney not in place,*
- *Revision of financial assessments where non-disclosure of assets or deprivation of assets identified,*
- *Additional guidance & support provided where potential misuse of personal budgets,*

Financial Recoveries

4.3.10 In addition to the savings identified during the data matching exercise, this period, the following financial outcomes have been achieved:

Financial Recovery	1 September to 1 December 2019	1 September to 1 November 2020
	£	£
In recovery	1,421.90	53,675.48
Monies actually recovered	5,934.72	38,064.27
Potential future losses prevented	59,683.00	61,805.73
Estimated losses (unproven)	18,183.00	4,231.68
Total case value	85,222.62	157,777.16

The future losses prevented mainly related to personal budgets (adult social care) which have been reduced or terminated during the year due to fraud or misrepresentation of circumstances, such as care needs have been overstated, misuse of funds, deprivation of assets. Future losses are estimated as the annual value of a personal budget (i.e. the cost to ECC if the personal budget had continued to be paid until the next social care review).

- 4.3.11 Notional savings of £1,150 have also been identified as 2 expired blue badges have been taken out of circulation, each badge being attributed a value of £575 (figure determined by the Cabinet Office).

5. Financial Implications

- 5.1 There are no financial implications as the Internal Audit and Counter Fraud activity 2020/21 will be met within existing resources.

6. Legal Implications

- 6.1 Internal Audit is an important way in which councillors can be assured that the Council is using its resources effectively and that the Council is discharging its fiduciary duties concerning taxpayers' money. It helps services to design systems which have appropriate controls and also helps identify and respond to breaches if they occur. This report seeks to update the Audit, Governance and Standards Committee on the activities of the Council's Internal Audit and Counter Fraud service for the purposes of providing further assurance.

7. Equality and Diversity Implications

- 7.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act.
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. Equality and diversity matters have been considered in the production of the progress report.

8. List of Appendices

- Appendix 1 Executive Summary – Limited Assurance Report
- Appendix 2 Current assessment rationale for grading the priority of recommendations in Internal Audit reports.
- Appendix 3 Critical and Major Recommendations which are overdue for implementation as at 31 October 2020

9. List of Background Papers

Internal Audit reports

Review of Energy Invoice Processes 2019/20

Final Internal Audit Report

Audit Plan Ref: PPH8

Audit Opinion:
Limited Assurance

Date Issued: 6 October 2020

Function: Place and Public Health

Audit Sponsor: Karen Williams, Head of Finance, Place and Public Health





Distribution List: **Karen Williams**; Head of Finance, **Graham Everard**; Senior Finance Business Partner, **Sara Morrish**; Assistant Accountant, **Tom Day**; Head of Commercial Development, **Paul Crick**; Director of Performance, Investment and Delivery, **Fleur Summers**; Category and Supplier Relationship Specialist, **Chris Bandy**; Estates Manager, **Sarah Golder**; Mitie Bureau Manager, **Natasha Irani-Goldsmith**; Category & Contract Assistant Manager **Yvonne Mennel**; Category & Contract Manager, **Susan Barker**; Cabinet Member for Customer, Communities, Culture and Corporate

Assurance Opinion	No	Limited	Satisfactory	Good
		X		

Number of Issues	Critical	Major	Moderate	Low
		1	6	

Audit Objective	Key Messages	Direction of Travel
<p>To assess whether there are efficient and effective energy invoice processes to ensure that all invoices paid on behalf of Essex County Council are appropriate to the volume of energy used, the supply contract terms and all other requirements, to minimise future instances of incorrect payments and missing payments and improve service delivery.</p> <p>Scope of the Review and Limitations</p> <p>The scope of the review is specified within the agreed Terms of Reference.</p> <p>This review covered the financial year 2019/20 up to January 2020.</p> <p>We were unable to complete the final billing test to check that bills are not paid for dates after the property disposal date, due to unavailable information.</p>	<p>This review was requested by Finance due to concern over The Bureau's energy invoice processes and accuracy; specifically paying for appropriate sites and paying the correct amount.</p> <p>One major issue has been identified relating to energy profile audits.</p> <p>It is acknowledged that during the audit the service were proactive in making improvements to some processes.</p> <p>The majority of the fieldwork took place in January and February 2020, however due to COVID-19 and delays in receiving information the draft report was not issued until June 2020.</p>	<p>This area has not been the subject of a previous audit review.</p>

Current assessment rationale for grading the priority of recommendations in Internal Audit reports

Risk rating	Assessment rationale
 Critical	<p>Critical and urgent in that failure to address the risk could lead to one or more of the following occurring:</p> <ul style="list-style-type: none"> ▪ Significant financial loss (through fraud, error, poor value for money) ▪ Serious safeguarding breach ▪ Life threatening or multiple serious injuries ▪ Catastrophic loss of service ▪ Failure of major projects ▪ Critical Information loss leading to Information Commissioner's Office (ICO) referral ▪ Reputational damage – Intense political and media scrutiny i.e. front-page headlines, television coverage. ▪ Possible criminal, or high profile, civil action against the Council, Members or officers. ▪ Intervention by external agencies <p>Remedial action must be taken immediately</p>
 Major	<p>Major in that failure to address the issue or progress the work would lead to one or more of the following occurring:</p> <ul style="list-style-type: none"> ▪ High financial loss (through fraud, error, poor value for money) ▪ Safeguarding breach ▪ Serious injuries or stressful experience requiring medical treatment, many work days lost. ▪ Significant disruption to service (Key outcomes missed, some services compromised. Management action required to overcome medium term difficulties) ▪ Major Information loss leading to internal investigation ▪ Reputational damage – Unfavourable external media coverage. Noticeable impact on public opinion. ▪ Scrutiny required by external agencies <p>Remedial action must be taken urgently</p>
 Moderate	<p>Moderate in that failure to address the issue or progress the work would lead to one or more of the following occurring:</p> <ul style="list-style-type: none"> ▪ Medium financial loss (through fraud, error or poor value for money) ▪ Significant short-term disruption of non-core activities ▪ Scrutiny required by internal committees. ▪ Injuries or stress level requiring some medical treatment, potentially some work days lost ▪ Reputational damage – Probable limited unfavourable media coverage. <p>Prompt specific action should be taken</p>
 Low	<p>Low in that failure to address the issue or progress the work would lead to one or more of the following occurring:</p> <ul style="list-style-type: none"> ▪ Low financial loss (through error or poor value for money) ▪ Minor errors in systems/operations or processes requiring action or minor delay without impact on overall service delivery schedule. Handled within normal day to day routines. ▪ Reputational damage – Internal review, unlikely to have a wider impact. <p>Remedial action is required</p>
Assurance Level	Description
Good	Good assurance – there is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to achieving those objectives. Recommendations will normally only be of Low risk rating. Any Moderate recommendations would need to be mitigated by significant strengths elsewhere.
Adequate/Satisfactory	Adequate/satisfactory assurance – whilst there is basically a sound system of control, there are some areas of weakness, which may put the system/process objectives at risk. There are Moderate recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any Major recommendations relating to part of the system would need to be mitigated by significant strengths elsewhere.
Limited	Limited assurance – there are significant weaknesses in key areas in the systems of control, which put the system/process objectives at risk. There are Major recommendations or a number of moderate recommendations indicating significant failings. Any Critical recommendations relating to part of the system would need to be mitigated by significant strengths elsewhere.
No	No assurance – internal controls are generally weak leaving the system/process open to significant error or abuse or reputational damage. There are Critical recommendations indicating major failings

Overdue Critical and Major Internal Audit Recommendations as at 31 October 2020

Audit Review Title	Function	Recommendation	Latest Target Date	Last Status Update	Owner	Rating
GDPR Compliance (1920 CC16)	Corporate and Customer	Training Completion	14/09/20	Update as at 4 August 2020: eLearning modules have now been revised and our previous three modules have now been reduced to one slightly longer course. This course is designed to give the basic Information Governance training for all. This is also supported by further IG 'playlists' that can be accessed through My Learning. Anything more detailed will be communicated to targeted audiences. The eLearning modules have now been updated on the My Learning site, however we are now waiting for confirmation from Learning and Development when communication will be sent to staff regarding recertification. There have been delays with this action due to Covid-19, as much resource from IG and Learning and development had to be pulled.	Information Security Business Officer	Major
Major Incident Management Follow Up (1920 CD3)	Finance and Technology	Improving the governance over major incidents through reporting	30/09/20	Update as at 27 August 2020: Work ongoing, expected shortly.	Chief Operations Officer Technology Services	Major
Accounts Receivable (1920 CC1 AR)	Finance and Technology	Management Information does not help compliance with the Collection Strategy and prioritise activity	31 July 2020	None provided; audit finalised in July 2020. The Service Manager came to AGS Committee in September 2020 to discuss this audit review as it received Limited Assurance overall.	Service Manager, Income	Major

Report title: Annual Report of the Audit Governance and Standards Committee	
Report to: Audit, Governance and Standards Committee	
Report author: Paul Turner, Director, Legal and Assurance	
Date: 16 November 2020	For: Approval
Enquiries to: Paul Turner, Director, Legal and Assurance paul.turner@essex.gov.uk Paula Clowes – Head of Assurance paula.clowes@essex.gov.uk	
County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 This report asks the Audit Governance and Standards committee to review and approve the Annual Report of the Audit Governance and Standards Committee, attached at appendix 1, prior to it being presented to Full Council in December 2020.

2. Recommendation

- 2.1 That the Audit Governance and Standards Committee review and approve the Annual Report of the Audit Governance and Standards Committee, prior to it being presented to Full Council in December 2020.

3. Background

- 3.1 As part of the review of its effectiveness the Audit Governance and Standards Committee agreed to produce an annual report to be presented to Full Council outlining its purpose, role and the activities that it has undertaken throughout the preceding financial year.
- 3.3 CIPFA's Position Statement: Audit Committees in Local Authorities and Police states that Committees should 'report regularly on its work to those charged with governance, and at least annually report an assessment of their performance. An annual public report should demonstrate how the committee has discharged its responsibilities'.

4. Summary

- 4.1 The report will provide Full Council with the following:
 - Committee Membership
 - Terms of Reference and Purpose of the Committee
 - Details of the Committee's work during the financial year 2019/20
 - Outcome of the Effectiveness Review

5. Financial Implications

- 5.1 There are no financial implications.

6. Legal Implications

- 6.1 The Audit Governance and Standards Committee is a key way in which the Council provides assurance that it is providing value for money and has proper systems of control. Without effective assurance Councillors will not know that the Council is effectively carrying out its statutory duties. Whilst the production of an annual report is not a legal requirement it is considered best practice and provides assurance that the Committee is fulfilling its function effectively.

7. Equality and Diversity Implications

- 7.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. Equality and diversity matters have been considered in the production of the progress report.

8. List of Appendices

Appendix 1: Draft Annual Report of the Audit Governance and Standards Committee

9. List of Background Papers

- CIPFA's Position Statement: Audit Committees in Local Authorities and Police

Audit, Governance and Standards Committee

DRAFT

Annual Report 2019/20

Foreward by the Chairman of the Committee



I present to you this annual report which provides an overview of the Audit, Governance and Standards Committee's activity and achievements during the financial year 2019/20. In line with the Chartered Institute of Public Finance and Accountancy's Practical Guidance for Audit Committees (2018 edition), it serves to demonstrate how the Committee has discharged its responsibilities.

Councillor Terry Cutmore was Chairman of the Committee from 12 October 2017 until he passed away on 1 April 2020. I was the Vice Chairman for the entirety of the period referenced to in this report. I was appointed

Chairman by the Council on 14 July 2020. On behalf of all Members of the committee I would like to pay tribute to the work of Councillor Cutmore for his leadership, friendship and the encouragement he gave to all of us who had the opportunity to work with him

This report demonstrates the continued good work of the Committee in providing an independent overview of the Council's governance arrangements. This role includes detailed consideration of the work of external audit, internal audit and counter fraud, plus robust scrutiny and challenge of the Council's financial performance and, through our Standards role, the approach the Council takes in upholding standards and investigating any complaints made about Members.

During 2019/20 the Committee met four times (and once in March 2020 for a "virtual conversation" due to Covid-19) and it is pleasing to note that, among the highlights, were unmodified financial accounts and use of resources opinions from our external auditors for both the Council and Essex Pension Fund; and a positive conclusion on the Council's internal control, governance and risk management arrangements from our Internal Auditors.

I would like to express my thanks to those officers and Members who have supported the achievements of the Committee during the year.

*Councillor Anthony Hedley,
Chair of Audit, Governance and Governance Committee*

November 2020

Introduction

The Council established the Audit, Governance and Standards Committee (the Committee) in October 2017; its functions incorporate those undertaken by the former Audit Committee as well as the responsibilities of the previous Standards Committee.

In January 2020 the Committee undertook its first Effectiveness Review, in line with recognised best practice. As part of that process the Committee committed to provide an annual report to Full Council outlining how it has discharged its responsibilities during the preceding financial year and to provide assurance to the Council that it is fulfilling its key objectives. This is the first such report.

Membership

During the 2019/20 financial year the Committee comprised of ten elected Members. Membership was made up of seven Conservative Members, one Labour, one Liberal Democrat and one independent. Committee members were as follows:

- Councillor Cutmore (Conservative), Chairman (until April 2020)
- Councillor Hedley (Conservative), Vice Chairman 2019/20, now Chair
- Councillor Channer (Conservative), Committee Member
- Councillor Davies (Labour), Committee Member
- Councillor Erskine (Conservative), Committee Member
- Councillor Mitchell, (Conservative), Committee Member
- Councillor Moore (Conservative), Committee Member
- Councillor Platt (Conservative), Committee Member 2019/20, now Vice Chairman
- Councillor Smith (Non-aligned Group), Committee Member
- Councillor Turrell (Liberal Democrats), Committee Member

Terms of Reference and Purpose

The terms of reference for the Committee are included in the Council's Constitution and extracted in full at Appendix 2.

The Committee is a key component of the authority's governance framework. It provides independent assurance, to Members and the public, on the adequacy of the Council's risk management framework, internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

The Committee monitors internal and external audit activity, reviews and comments on the effectiveness of the Council's regulatory framework and reviews and approves the Council's annual statements of accounts.

Section 151 of the Local Government Act 1972 requires the Council to "make arrangements for the proper administration of its financial affairs". The Council's Section 151 Officer is key to discharging these requirements but to be truly effective,

she requires an effective audit, governance and standards committee to provide support and challenge, as well as an adequate and effective internal audit.

The Committee brings many benefits:

- ✓ Demonstrates how good governance supports the authority in achieving its corporate objectives
- ✓ Reinforces the importance and independence of internal and external audit and supports an effective relationship between the two
- ✓ Provides additional assurance through the process of independent review and challenge
- ✓ Increases emphasis and awareness of internal control, governance and risk management
- ✓ Promotes anti-fraud and anti-corruption arrangements
- ✓ Promotes, develops and upholds high standards and ethics for Members

The Work of the Committee

The Committee has a Work Plan designed to cover its responsibilities, appropriately timed, over the financial year. Agendas for the meetings are published on the Council's website no later than 5 working days before each meeting. All Committee meetings are open to the public and are audio broadcast.

During 2019/20, the Committee met four times (and once in March 2020 for a “virtual conversation” due to Covid-19)

All the Committee agenda papers, minutes and audio recordings are available on the Council's website:

https://cmis.essex.gov.uk/essexcmis5/Committees/tabid/161/ctl/ViewCMIS_CommitteeDetails/mid/679/id/161/Default.aspx

In addition, the Standards Sub Committee met once during the year on 24 July 2019, with elected Members Councillor Channer and Councillor Turrell in attendance. The agenda papers and minutes are available on the Council's website: [Standards Sub Committee Meeting July 2019](#)

During the course of the year, the Committee has undertaken work covering the full range of its responsibilities. A full list of reports considered is at appendix 2 with key activities are outlined below.

Financial Statements and Accounts

The Committee has responsibility for reviewing, on behalf of the Council, the Council's Annual Statement of Accounts. They have specific responsibility to consider whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

The Committee's Activity in 2019/20:

- Considering a report from the Section 151 Officer and the Chief Accountant on the process for compiling the Council's and the Essex Pension Fund's financial statements for the year ended 31 March 2019, prior to the Committee's approval of the financial statements at the meeting in July 2019.
- Considering and approving the Annual Governance Statement (a statutory document that explains the processes and procedures in place to enable the Council to carry out its functions effectively). The statement (and action plan to address any significant governance issues identified) is produced following a comprehensive review of the Council's governance arrangements, including an annual self-assessment by each Executive Director.

External Audit

The Committee is responsible for receiving external audit plans, reports about the effectiveness of the Council's financial and operational arrangements and for considering the Annual Audit and Inspection Letter. They are further responsible for reviewing, commenting on and monitoring these and providing advice to the Cabinet and Council where the Committee believes appropriate.

The Committee's Activity in 2019/20:

- Considering the audit plan presented by the external auditors.
- Reviewing and scrutinising the Audit Completion Report and Annual Letter that provided an unmodified opinion on the Group and the Council's Financial Statements and on the Essex Pension Fund's.
- Considered the unqualified use of resources conclusion (a positive opinion on the Council's arrangements for securing economy, efficiency and effectiveness).
- Providing effective challenge to the external auditors as appropriate and gained assurance from the reports and updates provided during the year.

Internal Audit and Counter Fraud

The Committee is responsible for receiving reports from the Council's Internal Auditors on the outcome of audit reviews and investigations and the implementation of recommendations, including the annual report and Opinion of the Chief Audit Executive.

The Committee's Activity in 2019/20:

- Reviewing and commenting on the Internal Audit and Counter Fraud Plan for 2019/20 prior to endorsing the Plan for delivery.
- Monitoring the delivery of the Internal Audit and Counter Fraud Plan via quarterly update including outcomes of individual audits
- Monitoring implementation of major and critical internal audit recommendations;
- Considering the annual report from the Head of Assurance, in her role as Chief Audit Executive giving a 'Satisfactory Assurance' annual audit opinion for 2018/19 (reported at the meeting in June 2019).

- Monitoring counter fraud activity and the progress / outcomes of investigations.
- Agreeing the updated Internal Audit Charter.

Governance and Risk Management

The Committee is responsible for considering the Council's arrangements for corporate governance and risk management and advise on any action necessary to ensure compliance with best practice.

The Committee's Activity 2019/20

- Approving the revised Risk Management Strategy in order to promote effective risk management as a key component of good corporate governance. Committee were pleased to note that the new strategy is simpler and more focussed and reflects a risk maturity assessment undertaken by PwC. The Committee ensured that the strategy was fit for purpose and in line with current best practice.
- Reviewing activity under the Regulation of Investigatory Powers Act 2000 to ensure that members have oversight of how the Council is exercising its statutory powers to carry out some surveillance activity for law enforcement purposes. At present the Council does not use these powers, but the Code of Practice requires members to have oversight of this area.
- Reviewing the register of gifts and hospitality.

Effectiveness Review

The Chartered Institute of Public Finance and Accountancy (CIPFA) states that it is best practice for the Committee to regularly review its performance and effectiveness. At the January 2020 committee meeting it was resolved that an effectiveness review be carried out supported by CIPFA.

Accordingly, a CIPFA facilitator sent a questionnaire to all committee members and interviewed the Chair, a member of the committee and a number of ECC officers, including the Executive Director for Corporate and Customer Services, the Section 151 Officer, the Monitoring Officer and the Head of Assurance. He also listened to audio recordings of the committee's meetings.

On 9 March 2020 a workshop took place facilitated by CIPFA and eight members attended. An Action Plan was produced of agreed actions for adoption at the next committee meeting. Given the number of actions in the Plan and that the implementation of some of them will need detailed consideration by the Committee, it was proposed to phase in the actions over the next year or so.

Key items in the Action Plan include:

- A pre-meeting before every Committee meeting so that Members can plan lines of enquiry
- Briefings before each meeting on subjects of importance and interest to the Committee

- Each covering report on the Committee's agenda to include a summary of key points
- An annual skills audit to be undertaken by the Committee
- The addition of a co-opted independent member of the Committee
- An effectiveness review to be undertaken annually
- Short term working groups to look at particular topics in detail
- Production of an annual report on the Committee's activities to Full Council
- Services which receive a 'No Assurance' Internal Audit opinion to be automatically invited to attend Committee and services which receive a 'Limited Assurance' audit will be considered for invitation by the Chairman.

Members' Professional Development

Continued professional development is key to the effective operation of the Committee. Being effective means having well informed Members able to confirm to the Council that the right processes are in place to give confidence that the authority's financial stewardship and overall governance arrangements can be relied upon. Briefings enable members of the Committee to be kept up to date on the latest developments in the areas of governance, risk and internal control as well as other activities of the Council. During 2019/20 members were kept up to date via CIPFA newsletters and adhoc updates from officers on matters of interest. As part of the Effectiveness Review a formal briefings will take place before meetings of the committee .

Audit, Governance Standards Committee - Terms of Reference

As per Article 8 of The Council's Constitution:

Membership: Ten Members

No member of the Cabinet may be appointed to the Committee or any of its Sub-Committees

Purpose

1. To review the Council's Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
2. To receive and approve the Council's Annual Governance Statement ensuring that it reflects the Council's governance arrangements.
3. To receive and approve the Final Accounts, Memorandum and the Report to those charged with Governance from the External Auditors.
4. To consider the Annual Audit and Inspection Letter from the External Auditors and to provide such advice and comments on the Letter to the Cabinet and Council as the Committee believes appropriate.
5. To receive the internal and external audit plans and comment on these plans, including the extent to which they provide value for money.
6. To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit is actively promoted.
7. To receive reports from the Council's Internal Auditor on the outcome of audit reviews and investigations and the implementation of recommendations, including the annual report of the Head of Internal Audit.
8. To receive any reports from the External Auditor about the effectiveness of the Council's financial and operational arrangements and monitor Management's response to the issues raised by External Audit.
9. To monitor the effectiveness of the Council's Financial Regulations, and Procurement Procedure Rules and recommend changes to Council.
10. To approve and monitor the effectiveness of strategies for anti-fraud and corruption, whistle blowing and any legislation relating to the regulation of investigatory powers.

11. To consider the Council's arrangements for corporate governance and risk management, and advise on any action necessary to ensure compliance with best practice.
12. To advise the Council on the local Code of Conduct for members and to promote, develop and maintain high standards of conduct by members and co-opted members of the Council.
13. To keep the Code of Member Conduct under review and recommend changes to the Code or the Constitution to support high standards of Conduct.
14. To grant dispensations under Section 33 of the Localism Act 2011 and under the Code of Member Conduct to councillors and co-opted members.
15. To approve processes for considering complaints that any Councillor or Co-opted Member has failed to comply with the Code of Conduct.
16. To create one or more sub-committees as required to receive and consider allegations of misconduct of elected members, to take further oral and written evidence, adjudicate and make recommendations to the Leader of the Council and others.
17. To make arrangements for the appointment of Independent Persons under the provisions of the Localism Act 2011.
18. To make arrangements for training of Members relating to standards issues.

Standards Sub-Committee – Terms of Reference

Membership: Between 3 and 5 members of the Council appointed by the Monitoring Officer in consultation with the Chairman of the Audit, Governance and Standards Committee and the Leaders of relevant political groups in accordance with the political balance rules.

1. To exercise any of the Committee's powers with respect to decisions about individual complaints about breaches of the Code of Member Conduct.

Financial Statements and Accounts	<ul style="list-style-type: none"> • Council's Statement of Accounts for 2018/19 • External auditor's Audit Completion Reports for 2018/19 for both ECC and Essex Pension Fund • A report on two recent consultations relating to the external audit framework • External Audit Plans for ECC and Essex Pension Fund for 2019/20
Governance	<ul style="list-style-type: none"> • Reviewed the Council's Annual Governance Statement for 2018/19 • Members' gifts and hospitality for April 2018 to March 2019 • Approved Revised Risk Management Strategy • Regulation of Investigatory Powers Act 2000: Review of Activity
Standards	<ul style="list-style-type: none"> • Approved the revised Procedure for the Investigation and Hearing of Complaints against Members • Considered an issue of potential non-compliance with the ECC Code of Conduct for Members (sub-committee meeting)
Internal Audit	<ul style="list-style-type: none"> • Annual Internal Audit Plan for 2020/21 • Adopted the updated Internal Audit Charter • Reviewed the Chief Audit Executive's Annual Report and Opinion for 2018/19 • Quarterly Progress Reports on IA activity • Quarterly progress reports on Recommendation Tracking • Received specific updates from Heads of Service on Internal Audit reviews receiving Limited or No Assurance
Counter Fraud	<ul style="list-style-type: none"> • Annual Counter Fraud Plan for 2020/21 • Quarterly progress reports on counter fraud activity • Adopted the updated Counter Fraud and Anti Bribery Strategy • Adopted the Anti Bribery Policy • Adopted the Anti-Money Laundering Policy • Received a presentation on cyber fraud • Adopted the Prosecution and Sanctions Policy

AGS/85/20	
Report title: Standards: Best Practice Recommendations	
Report to: Audit, Governance and Standards Committee	
Report author: Paul Turner, Director, Legal and Assurance	
Date: 16 November 2020	For: Approval
Enquiries to: Paul Turner, paul.turner@essex.gov.uk	
County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 This report asks the Committee to consider the draft progress report to the Committee on Standards in Public Life.

2. Recommendation

- 2.1 Agree the draft response as at appendix 1.

3. Background

- 3.1 In January 2019 the Committee on Standards in Public Life published a report on standards in local government. The report made a number of recommendations.
- 3.2 Most of the recommendations were addressed to central government. One key recommendation – the development of a national model code – was addressed to the Local Government Association. Some recommendations were addressed to local authorities.
- 3.3 On 30 September 2020 the Committee on Standards in Public Life wrote to the Council to ask a ‘progress report’ on the adoption of its recommendations. The Council’s draft progress report is at appendix 1.
- 3.4 The recommendations fall into a number of categories:
 - Recommendations which do not apply to ECC – for example recommendations relating to parish councils. Parish council standards issues are the responsibility of the district council.
 - Recommendations which ECC already had in place
 - Recommendations which ECC has implemented since the recommendation was made (for example asking an independent person to review every complaint).

- Recommendations which will be addressed as part of the adoption of a model code when recommended by the Local Government Association.
- Recommendations which ECC is in the process of implementing but which requires time – such as that relating to the reporting of companies in the annual governance statement – which requires liaison with the companies.
- Recommendations which ECC cannot really implement. For example, one recommendation is that we should publish of the expected length of an investigation. Since ECC typically has around one investigation annually, it is difficult to give any meaningful indication about this.

3.5 Members are asked to consider the draft response, ask questions and decide whether or not they are content with it.

3.6 It should be noted that the Committee on Standards in Public Life have said that they will publish the response of every local authority on their website.

3.7 It should also be noted that central government have not yet responded to the recommendations addressed to them which, are in many ways, far more significant than those recommendations which the committee addressed to local authorities.

4. Financial Implications

4.1 This report has no financial implications.

5. Legal Implications

5.1 The Committee on Standards in Public Life has no statutory powers and is not required to implement these recommendations. Its recommendations should be taken seriously.

6. Equality and Diversity Implications

6.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual

orientation. Equality and diversity matters have been considered in the production of the progress report.

7. List of Appendices

Appendix: Draft response to the Committee on Standards in Public Life

8. List of Background Papers

None.

Committee on Standards in Public Life local government ethical standards 15 best practice recommendations

1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

Progress: Essex County Council already had a prohibition on bullying and harassment which we felt was well understood and not in urgent need of review. However, if such a provision is included in a national model code then we shall adopt it.

2: Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation, and prohibiting trivial or malicious allegations by councillors.

Progress: Essex County Council has a low number of complaints and no notable number of trivial or malicious allegations by councillors. Accordingly it was felt that there is no urgent need for such a provision. However, if such a provision is included in a national model code then we shall adopt it.

3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

Progress: The Code of Conduct was last reviewed in 2019. We do not generally seek the views of the public or community organisations in a review. We can consider this at the point of the next review. It should be noted that this recommendation will only encourage councils to depart from the model code to be recommended by the Local Government Association.

4: An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

Progress: The Code of Conduct forms part of the Council's Constitution which is a key working document and is published on the website and linked to from the 'complaint about a councillor' webpage. The Council's website is available from all ECC libraries including that at County Hall.

5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

Progress: The register of gifts and hospitality is published in real time on each councillors' webpage and is published in full annually as a report to the Audit, Governance and Standards Committee.

6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.

Progress: The guidance on considering complaints already had such criteria but they have been reviewed to make them simpler. These are published on the website.

7: Local authorities should have access to at least two Independent Persons.

Progress: Essex County Council has always had access to two independent persons.

8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

Progress: Essex County Council adopted this process in March 2019.

9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

Progress: Essex County Council already followed this practice before the recommendation was made.

10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

Progress: Essex County Council provides such guidance which includes a timescale for hearings. Given the low number of complaints and the correspondingly low

number of investigations it is not meaningfully possible to publish an estimated timescale for investigations.

11: Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.

Progress: This recommendation is not relevant to Essex County Council which does not have responsibility for the conduct of parish councils or parish councillors.

12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

Progress: This recommendation is not relevant to Essex County Council which does not have responsibility for the conduct of parish councils or parish councillors.

13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

Progress: Essex County Council has the budget and the facility to allow investigations to be undertaken externally and for external advisors to the committee in appropriate cases.

14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement, and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness, and publish their board agendas and minutes and annual reports in an accessible place.

Progress: The draft 2019/20 statement includes some information about companies etc. This is being reviewed and developed for the 2020/21 Annual Governance Statement.

15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

Progress: Senior Officers meet regularly with political group leaders and others to discuss constitutional issues. This includes the possibility of discussing any standards issues which may arise.

Meeting	Topic	Author	Notes
22 March 2021	Internal Audit and Counter Fraud progress report	Paula Clowes, Head of Assurance	
	Arrangements for the closure of the 2020/2021 Accounts	Nicole Wood, Executive Director, Finance and Technology and Christine Golding, Chief Accountant.	
	2020/21 Audit Plans for Essex County Council and the Essex Pension Fund	Nicole Wood, Executive Director, Finance and Technology	
	Regulation of Investigatory Powers Act 2000 - review of activity on use of Directed Surveillance and Covert Human Intelligence Sources (CHIS)	Paul Turner, Director, Legal and Assurance	
	Updating of Risk Management Strategy 2017-2021	Paula Clowes, Head of Assurance	Annual report
	Approval of annual Internal Audit and Counter Fraud Plan for 2021/22	Paula Clowes, Head of Assurance	

Annual skills and knowledge self-assessment

To determine where skills and knowledge need to be enhanced on an annual basis

Paul Turner, Director,
Legal and Assurance

No later than this
(March 2021)
meeting.