

04 July 2023 at 7.00 pm
Council Chamber, Argyle Road, Sevenoaks

Published: 26.06.23

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Audit Committee

Membership:

Chairman, Cllr. Penny Cole; Vice-Chairman, Cllr. Edwards-Winser
Cllrs. Baker, Clayton, Haslam, Lindop, Malone, Robinson and Williamson

Non-voting Co-opted Members

Mo Chughtai and Lynda McMullan

Agenda

There are no fire drills planned. If the fire alarm is activated, which is a continuous siren with a flashing red light, please leave the building immediately, following the fire exit signs.

	Pages	Contact
Apologies for Absence		
1. Minutes To agree the Minutes of the meeting of the Audit Committee held on 28 March 2023, as a correct record.	(Pages 1 - 4)	
2. Declarations of Interest Any declarations of interest not already registered.		
3. Actions from Previous Meeting (if any)		
4. Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations (if any)		
5. Audit Committee Member Development	(Pages 5 - 8)	Adrian Rowbotham Tel: 01732 227153 Martin Goodman Tel: 01732227245
6. Audit Committee Terms of Reference	(Pages 9 - 16)	Adrian Rowbotham Tel: 01732 227153
7. Member Allowance Scheme Monitoring 2022-23	(Pages 17 - 32)	Martin Goodman Tel: 01732227245

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|-----|--|-------------------|---|
| 8. | Local Code of Corporate Governance | (Pages 33 - 42) | Martin Goodman
Tel: 01732227245 |
| 9. | Counter Fraud and Compliance Team Report 2022-23 | (Pages 43 - 50) | Glen Moore
Tel: 01732227471 |
| 10. | External Audit - Annual Report 2021/22 | (Pages 51 - 74) | Adrian Rowbotham
Tel: 01732 227153 |
| 11. | Statement of Accounts - Progress Update Report | (Pages 75 - 78) | Alan Mitchell
Tel: 01732227483 |
| 12. | Statement of Accounts 2022/23 - Establishment of Member Working Group | (Pages 79 - 80) | Alan Mitchell
Tel: 01732227483 |
| 13. | Internal Audit Annual Report and Opinion 2022/23 | (Pages 81 - 106) | Jennifer Warrillow
Tel: 01732227053 |
| 14. | Annual Governance Statement 2022/23 | (Pages 107 - 118) | Adrian Rowbotham
Tel: 01732 227153 |
| 15. | Review of the Effectiveness of the Audit Committee 2022/23 | (Pages 119 - 138) | Adrian Rowbotham
Tel: 01732 227153
Jennifer Warrillow
Tel: 01732227053 |
| 16. | Work Plan | (Pages 139 - 140) | |

EXEMPT INFORMATION

At the time of preparing this agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public.

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227000 or democratic.services@sevenoaks.gov.uk.

AUDIT COMMITTEE

Minutes of the meeting held on 28 March 2023 commencing at 7.00 pm

Present: Cllr. McGarvey (Chairman)

Cllr. Morris (Vice-Chairman)

Cllrs. Kitchener, Pender and Williamson

Lynda McMullan was also present.

Apologies for absence were received from Cllrs. Barnes, Brown, and London. Mo Chughtai had also given apologies for absence.

Cllr. Dickins was present via a virtual media platform that did not constitute attendance as recognised by the Local Government Act 1972.

31. Minutes

Resolved: That the Minutes of the meeting of the Audit Committee held on 24 January 2023, be approved and signed by the Chairman as a correct record.

32. Declarations of Interest

There were none.

33. Actions from Previous Meeting

There were none.

34. Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations

There were none.

35. Statement of Accounts 2020/21 - External Audit Findings Report

The Chairman welcomed Paul Cuttle from the Council's External Auditors, Grant Thornton who presented the External Audit Findings 2020/21 Report and the appendix set out in the supplementary agenda. Members were informed that the Council had since updated the financial statements and the external auditors had reviewed the changes and were happy with the proposed amendments. Paul Cuttle confirmed that an unqualified audit could be issued after finalising procedures.

Members asked questions on the timetable for the completion of the audit and the valuation of assets. There were a set of capital related technical issues that had a knock-on effect on the progress of the audit but these had since been resolved. At the time of submission of accounts in March 2022 there was also material uncertainty in valuations of some of the Council's assets due to the pandemic but this had also been resolved and assets had since been re-valued. This resolution would be reflected in the 2021/22 statement of accounts.

Resolved: That the report be noted.

36. Internal Audit Progress Report 2022/23

The Audit Manager presented the report which provided an update on the Internal Audit progress 2022/23. Since the last update, the vacancies in the Team had been filled. The Team had made progress on several audits and the Council had secured a contract with South West Audit Partnership to deliver four audits during April and May 2023 as well as a Temporary Auditor to support in delivering an additional three audits. The Audit Manager confirmed she was confident the Team would be able to complete sufficient work to support the Chief Audit Executive opinion in July 2023.

In response to a question on completed audits, the Audit Manager explained that there had been a delay to the audit plan due to staffing issues but the Partnership was contracting work on outstanding audits from 2022/23 to allow staff to begin work on the audit plan for 2023/24.

Resolved: That the report be noted.

37. Internal Audit Plan 2023/24

The Audit Manager presented the proposed Internal Audit Plan for 2023/24. This was a key component of an effective service delivery which set out a detailed risk-based planning process and the Committee was required through its Terms of Reference to consider and approve the plan each year. The Team would undertake all high priority assurance audits and approximately half of those at medium priority which would be selected each quarter based upon their risk profile at the time and availability of staff. A new set of performance indicators were also proposed to reflect the implementation of data analytics to support audit work. Some of the indicators remained the same but with different targets and some would be reported on more frequently. This was to reflect the changing skill profile of the team.

Members enquired about the Sencio audit and were advised that this related specifically to the Council's contract and lease agreement with Sencio. It was clarified that under the Council's Internal Audit Charter, the Audit Team had authority to audit the Council only and did not have the authority to perform an internal audit on Sencio.

Resolved: That the Internal Audit Plan 2023/24 be approved.

38. Internal Audit Charter

Members considered a report which presented the Internal Audit Charter 2023/24 for approval. The Council's Internal Audit Charter applied the public sector internal audit standards and detailed how internal audit would add value to the Council and the nature of the services it provided. The Audit Manager advised that there were no major changes to the Charter, however the Global Institute of Internal Auditors (IIA) were undertaking a consultation on major changes to the Standards. The new Standards would be released at the end of the 2023 calendar year and become effective 12 months after their release date. Therefore, the Committee would be asked to further review the Charter based upon the same timeline.

Members asked questions of clarification. The Audit Manager confirmed that she was considering the changes to the standards and was due to attend the Local Authority Chief Auditors Network consultation group to submit a response to the IIA.

Resolved: That the Internal Audit Charter be approved.

39. Strategic Risk Register

The Audit Manager introduced the report that provided the most recent version of the Strategic Risk Register. Since the last update one risk score had been removed regarding Covid-19 and one had been added to accommodate cost of living pressures. She advised that there were no increases in risk scores since the last quarter.

In response to a question the Audit Manager confirmed that audits looked at specific high-level controls for high-risks and would also look into the level of risk of not achieving objectives.

Resolved: That the report be noted.

40. Audit Committee - Independent Members Terms of Office

The Chief Officer - Finance and Trading presented the report which asked the Committee to consider the terms of office of the Independent Members following the expiry of their current term in May 2023. Both independent Members had indicated a willingness to continue in their roles.

Members discussed the benefits of staggered terms which would allow for greater flexibility in the membership of the Committee.

Agenda Item 1

Audit Committee - 28 March 2023

The Chairman moved from the Chair that the Terms of Office for the Independent Members be staggered.

Members discussed the motion and expressed that the staggered terms would allow a future Committee, should they wish, the ability to renew the Independent Members' terms for 4 years thereafter. This would avoid the future terms of office expiring at the same time as those of elected members and provide greater stability in the Membership of the Committee.

The motion was put to the vote and it was

Resolved: That the terms of office of the Independent Members of the Audit Committee be staggered from May 2023 and;

- a) Mo Chughtai serve as a non-voting, co-opted member for a further 2 year term until May 2025,
- b) Lynda McMullan serve as a non-voting, co-opted member for a further 1 year Term, until May 2024.

41. Work Plan

The work plan for the next meeting included the Audit Committee Terms of Reference which would assist the committee in deciding on any items to be added to the agendas of future meetings.

The work plan was noted.

The Chairman took the opportunity to confirm his imminent retirement from the Council after 20 years, and thanked Officers and Members present for their commitment & support for the audit function.

THE MEETING WAS CONCLUDED AT 8.25 PM

CHAIRMAN

AUDIT COMMITTEE MEMBER DEVELOPMENT

Audit Committee - 4 July 2023

<p>Report of: Deputy Chief Executive and Chief Officer - Finance and Trading</p> <p>Status: For Decision</p> <p>Key Decision: No</p> <p>Portfolio Holder: Cllr. Kevin Maskell</p> <p>Contact Officer: Adrian Rowbotham, Ext. 7153</p> <p>Recommendation to Audit Committee:</p> <p>(a) The member development presented at the meeting be noted.</p> <p>(b) Future member development subjects be agreed.</p> <p>(c) The Audit Committee Chairman and the Chief Officer - Finance and Trading devise a timetable of member development.</p>

Introduction and Background

- 1 The previous Audit Committee regularly reviewed the development needs of its Members and the following training was provided during the four year term:

Training Provided
Public Sector Internal Audit Standards (PSIAS)
Risk Management
Understanding Local Government Accounts
<ul style="list-style-type: none"> • Organisational Knowledge • Audit Committee Role and Function • Governance (all three subjects were provided in one session by Martin Goodman, Head of Legal and Democratic Services)
Counter Fraud and Whistle Blowing
Internal Audit and the Role of the Audit Committee
Risk Management
External Audit

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- 2 Members were asked for their views on the training, and it was concluded that it had all been useful and assisted in the workings of the committee.

Audit Committee Member Development Programme

- 3 Based on the views of the previous committee and the subject matter included in the Audit Committee's terms of reference, it is recommended that the new committee receive member development on the same subjects.
- 4 At the first meeting of the committee, Martin Goodman, Head of Legal and Democratic Services will present member development on:
 - Organisational Knowledge
 - Audit Committee Role and Function
 - Governance
- 5 It is proposed that the Audit Committee Chairman together with the Chief Officer - Finance and Training devise a timetable of member development for future committee meetings.
- 6 Each member development session will last for up to 20 minutes and be presented at the start of an Audit Committee.

Key Implications

Financial

There are no financial implications.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Appendices

None

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

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AUDIT COMMITTEE TERMS OF REFERENCE

Audit Committee - 4 July 2023

Report of: Deputy Chief Executive and Chief Officer - Finance and Trading

Status: For Consideration

Key Decision: No

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer: Adrian Rowbotham, Ext. 7153

Recommendation to Audit Committee:

Note the Audit Committee Terms of Reference (Appendix A).

Introduction and Background

- 1 At the Annual Council meeting on the 23 May 2023, Members agreed the Terms of Reference for the Audit Committee. The Terms of Reference set out the overarching roles and responsibilities of the Committee.
- 2 The Terms of Reference were previously reported to the Audit Committee on 14 July 2022. It is appropriate to include them on an annual basis to assist Members when considering other reports on the agenda.

Evaluation to Assess Whether the Committee is Fulfilling its Terms of Reference

- 3 It is recognised good practice for the Audit Committee to undertake an annual evaluation to assess whether the Committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas.
- 4 As the majority of Members on the committee are new to the committee it is not practical to gain a view as to whether the committee is fulfilling its terms of reference.
- 5 Previous Members of the committee were regularly asked for their views and decide which Member development they required.
- 6 Members will set the work plan and also agree the Member development programme which should help a view to be obtained going forward.
- 7 A separate report on the Review of the Effectiveness of the Audit Committee 2022/23 is included on this agenda.

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Key Implications

Financial

None.

Legal Implications and Risk Assessment Statement.

None.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Appendices

Appendix A - Constitution of Sevenoaks District Council - Part 6 - Audit Committee

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

PART 6 - AUDIT COMMITTEE

1. Introduction

- 1.1 The Council will appoint the Audit Committee to discharge the functions conferred by the Accounts and Audit Regulations 2015 in relation to the matters set out below and specifically to consider the Council's Financial and Governance arrangements, relating to the system of internal control and the effectiveness of internal audit, the annual governance statement; including the arrangements for the management of business risks, in compliance with Regulations 3 and 6 of the Accounts and Audit Regulations 2015 and any subsequent legislation.
- 1.2 The number of meetings and Terms of Reference of the Audit Committee may be reviewed from time to time by the Governance Committee which may report to the Council.

2. Membership of the Committee

- 2.1 All Members of the Council, except members of the Cabinet or their deputies and the Chairman of the Council, may be members of the Audit Committee. However, no Member may be involved in reviewing a decision in which he/she has been directly involved.
- 2.2 The Committee will be made up of 9 elected Members, one of which shall serve as Chairman, that follow the political proportionality of the Council. The Chairman will not be a member of any Cabinet Advisory Committee. The membership of the Committee can be found at Appendix H - Membership of Council Committees, Cabinet and Advisory Committees.
- 2.3 The Audit Committee shall be entitled to recommend to Council the appointment of up to two additional co-opted non-voting members. Any co-opted members must have the necessary technical knowledge and skills to be of value to the business of the Committee.

3. Terms of Reference of the Audit Committee

Audit Activity

- (a) To review, in collaboration with the Audit Manager, the Internal Audit Charter on an annual basis and to consider and approve any further development of the Council's Internal Audit Charter, Strategy or terms of reference such as shall be appropriate.
- (b) To consider and approve the annual internal audit plan, including a summary of internal audit activity regarding the level of assurance that it can give over the Council's internal control, corporate governance and risk management arrangements. Further, to commission work as required from both Internal and External Audit.
- (c) To consider the Audit Manager's annual report and assurance opinion.

- (d) To consider quarterly progress reports from the Audit Manager regarding the progress of the Annual Internal Plan. The Committee may request to review any individual audit report should they or the Audit Manager deem it appropriate to do so.
- (e) To consider a report on the progress of all recommendations made by internal audit and other external regulatory or review agencies.
- (f) To receive and consider the annual report on the review of the effectiveness of the internal audit function.
- (g) To consider confidential reports on investigations carried out by Internal Audit of suspected fraud; corruption or bribery allegations within the Council or its partners.
- (h) To make proper arrangements regarding the appointment of the Council's External Auditor; to consider the appointed External Auditor's annual letter, relevant reports, and the report to those charged with governance.
- (i) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- (j) To consider any external audit report resulting from the Statement of Accounts and any recommendations and comments received from the District Auditor.

Regulatory Framework

- (k) To maintain an overview of the effective development and operation of corporate governance and risk management in the Council, and to monitor compliance with statutory duties and the Council's Constitution in respect of Financial and Contract Procedure Rules.
- (l) To monitor Council policies on 'Raising Concerns at Work'; the counter-fraud and counter-corruption strategy; the Bribery Act; and the Council's complaints process; including the Council's whistleblowing arrangements.
- (m) To consider and approve the Council's Annual Governance Statement and recommend its adoption to Council
- (n) To monitor the Council's arrangements for corporate governance and if necessary to recommend actions to ensure compliance with best practice; and to also consider compliance with the Council's own and other published standards and controls.
- (o) To receive and consider reports from the monitoring officer on lawfulness and/or maladministration; to review any issue referred by the Chief Executive, a Chief Officer, or a Statutory Officer.
- (p) To monitor the implementation of the Members' Allowance Scheme.

Accounts

- (q) To review the annual Statement of Accounts. Specifically to consider whether appropriate accounting policies, including International Financial Reporting Standards, 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.
- (r) To approve the Statutory Statement of Accounts when the deadline for approval does not allow approval by full Council.
- (s) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts, and comments received from the District Auditor.

4. Audit Committee Procedure Rules

- 4.1 The Committee will conduct their proceedings in accordance with the applicable Committee protocols as specified within Section 33 of Part 2 of the Council's Constitution, and with the further Procedure Rules set out below.

Appointment of Sub-Committees/Working Groups

- 4.2 The Committee may appoint Sub-Committees or working groups. These may be appointed for a fixed period or until the next Annual Council meeting.

Procedure at Meetings of the Audit Committee

- 4.3 The Audit Committee shall consider the following business:
 - (a) minutes of the last meeting;
 - (b) declarations of interest;
 - (c) responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations; and
 - (d) the business otherwise set out on the agenda for the meeting.

Meetings of the Audit Committee

- 4.4 There shall be four ordinary meetings of the Committee in each year. In addition, other meetings may be called from time to time as and when appropriate. A meeting of the Committee may be called by the Chairman of the Committee, by a quarter of the members of the Committee or by the Chief Executive (in consultation with the Chairman or Vice-Chairman, if available) if he considers it necessary or appropriate.
- 4.5 The Audit Committee shall periodically set aside time during a meeting where any matters pertaining to the remit of the Committee may be discussed with the Audit Manager without the presence of other officers of

the Council. The Chairman of the Committee will also meet informally with the Audit Manager and other relevant officers as appropriate prior to all ordinary meetings.

Work Plan

- 4.6 The Audit Committee will be responsible for setting its own Work Plan and in doing so shall take into account the wishes of all members on the Committee and in consultation with key officers of the Council.

Agenda Items

- 4.7 Any member of the Audit Committee shall be entitled to give notice to the Chief Executive that he/she wishes an item relevant to the functions of the Committee to be included on the agenda for the next available meeting of the Committee. On receipt of such a request the Chief Executive will ensure that it is included on the next available agenda and the Chairman will be informed.
- 4.8 The Audit Committee shall also respond, as soon as work plans permit, to requests from the Council and if it considers it appropriate, the Cabinet or other Committees, to review particular areas of Council activity relevant to the functions of the Committee.

Reports and Recommendations from the Audit Committee

- 4.9 Once it has formed recommendations, the Audit Committee will submit these in writing to the Chief Executive for consideration by the Cabinet, Council or the relevant Committee. Whenever possible a response to the submitted report and/or recommendations of the Committee will be formed within two months of it being submitted to the Chief Executive.

Members and Officers Attending Committee

- 4.10 In discharging its terms of reference, the Audit Committee may require any member of the Cabinet, the Chairman of a Committee, the Chief Executive, and/or any Chief Officer to attend before it to answer questions in relation to matters within their remit. For the avoidance of doubt, such a person may be required to answer questions on the Council's relationships with partner organisations, contractors and/or other public bodies, providing that person is responsible for managing that relationship as part of their duties. It is the duty of those persons to attend if so required.
- 4.11 Where any Member or Officer is required to attend the Audit Committee under this provision, the Chairman of the Committee will inform the Chief Executive. The Chief Executive shall inform the Member or Officer in writing giving at least five clear working days notice of the meeting at which he/she is required to attend. The notice will state the nature of the item on which he/she is required to attend and whether any papers are required to be produced for the Committee. Where the Committee will require the production of a report, then the Member or Officer concerned will be given sufficient notice to allow for preparation of that documentation.

- 4.12 Where the Member or Officer is unable to attend on the required date, then the Committee shall in consultation with the Member or Officer arrange an alternative date for attendance to take place as soon as practically possible.

Attendance by Others

- 4.13 In discharging its terms of reference, the Audit Committee may review the performance/governance of partner organisations, contractors and/or other public bodies. It may also invite people other than those people referred to in paragraph 4.10 to provide it with a report, address it and/or answer questions that may be appropriate to the Committee's remit.

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MEMBERS' ALLOWANCE SCHEME MONITORING 2022/2023

Audit Committee - 4 July 2023

Report of: Monitoring Officer

Status: For Consideration

Key Decision: No

This reports support the Key Aim of: The effective management of Council resources

Portfolio Holder: Cllr. Maskell

Contact Officer: Martin Goodman, ext. 7245

Recommendation to Audit Committee: That Members note the contents of this report.

Reason for recommendation: This report is further to the Committee's monitoring of the Members' Allowance Scheme' and sets out payments which have been made.

Introduction and Background

- 1 Within the terms of reference of the Audit Committee, the committee is required 'to monitor the implementation of the Members' Allowance Scheme'.
- 2 The Governance Committee is required 'to receive the recommendation of the Joint Independent Remuneration Panel and make recommendations for changing the Members' Allowance Scheme to the Council and, if required, to the Joint Independent Remuneration Panel'. This process took place during 2022/23 and allowances are currently under consideration. That process is not a matter for this Committee.

Members' Allowance Scheme - 2022/23

- 3 Members' allowances for 2022/23 will be published during the summer here: https://www.sevenoaks.gov.uk/downloads/download/32/councillor_allowance_and_expense_payments As requested by Members last year, the document appears as an appendix to this report.
- 4 Basic allowances were paid to 55 Members and one asked not to receive the full amount.
- 5 Travel expenses were claimed by 18 out of 55 Members (33%).

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- 6 An IT allowance was consolidated with the basic allowance from May 2019 and is not paid to Members.
- 7 Appendix G from the Constitution of Sevenoaks District Council containing the Members' Allowance Scheme (2022/23) is attached as an Appendix.
- 8 All Members' expenses claims are checked by Democratic Services. Under the Constitution it is for the Chief Executive or the Monitoring Officer to decide any question of interpretation.

Key Implications

Financial

The cost of the Members' Allowance Scheme is contained within the approved budget.

Legal Implications and Risk Assessment Statement

None.

Equality Assessment (Compulsory heading - do not delete)

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the Council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Conclusions

This report is for noting the operation of the scheme in the year 2022/23.

Appendices

Members' Allowances for 2022/23; Appendix G from the Constitution.
Member Allowance and Expense Payments 2022/23

Background Papers

Martin Goodman
Monitoring Officer

APPENDIX G: Members' Allowances Scheme (2022/23)

1. INTRODUCTION

The Members' Allowances Scheme is made under the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 (the 2003 Regulations) and other Regulations which may come into force from time to time.

In making this Scheme, the Council must have regard to the recommendations made by the Joint Independent Remuneration Panel.

This Scheme has effect for the financial year appertaining to the year it is introduced and continues until amended or revised.

This Scheme may be amended at any time having regard to the recommendations of the Joint Independent Remuneration Panel.

For the avoidance of doubt, where the only change to this Scheme is effected by annual updating of allowances, this Scheme shall be deemed not to have been amended.

2. STATUTORY MEMBERS' ALLOWANCES SCHEME

2.1 Basic Allowance

Every District Council Member shall be paid an annual basic allowance as set out in Schedule 1 below. It will be paid in instalments of one-twelfth on the 15th of each month, with minor adjustments where necessary to ensure that the total annual sum is correct. The allowance is subject to annual updating - see paragraph 2.8 below.

The basic allowance covers time incurred by a District Council Member in carrying out his/her ordinary duties for the Council. However, it excludes travel and subsistence allowances for approved duties which are referred to separately below. Furthermore, the Council makes available to Members a certain amount of equipment over and above the basic allowance. Again, this is referred to separately below.

2.2 Special Responsibility Allowances

An annual special responsibility allowance (SRA) will be paid to certain Members. SRAs will be paid in monthly instalments. They are not payable when a Member temporarily steps into another's role (say, when the Vice-Chairman chairs a meeting). The special responsibility allowances are set out in Schedule 1 below.

2.3 Child and Dependant Carer's Allowance

Members may claim an allowance in respect of expenses necessarily incurred in relation to the provision of care for their children and other dependants while

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carrying out approved duties. Approved duties are listed in a separate section below. Claims should be made monthly in arrears, by attaching the receipt(s) to the submitted Member's claim form and entering the amount claimed on the form. Claims will not be paid without documented receipts.

The allowance to be paid per dependent child per hour during normal daytime working hours (8am to 6pm on Mondays to Fridays) and a single maximum payment per hour as set in Schedule 1 for child care arranged outside normal working hours, accompanied by an official receipt.

The dependent adults carer's allowance will be paid up to the figure in Schedule 1 per hour for the employment of a replacement carer for whom the Member is normally a full time carer. This will also apply where the Member has to arrange care for a disabled dependent child. In either case, the definition of dependant being as set out in the Employment Rights Act 1996 (s.57A), such claims to be supported by a doctor's letter confirming that the dependant is in need of constant or specialist care/supervision; (NB Carer's allowance and the allowance payable in respect of a disabled dependent child, is not payable in respect of the same child for the same period.).

2.4 Pensionable Allowances

Statutory regulations allow local authorities to make certain allowances pensionable, but only if so recommended by their independent remuneration panel. At Sevenoaks it has been agreed that the option to allow Members to participate in the Local Government Pension Scheme should not be introduced at this time.

2.5 Renunciation of Allowances

A Member may choose to forego all or part of his/her entitlement to basic or special responsibility allowances under this scheme. If this is the case, he/she should give notice of this in writing to the Chief Executive or Monitoring Officer, stating what element of his/her allowance entitlement he/she does not wish to claim. The notice should also state whether this is for the current municipal year or the remainder of the Member's term of office - if the notice does not specify a time period then it will be assumed to mean the remainder of the term of office.

A Member not wishing to claim the expenses described in section 3 below need not give notice in writing - he/she simply does not submit any expenses claim forms.

2.6 Publicising Allowances and Expenses Paid

As soon as reasonably practicable after determining a Scheme of Allowances, a copy of the Scheme will be made available for inspection and publication will take place in accordance with the 2003 Regulations.

As soon as practicable after 1st April each year arrangements will be made for the publication of the total paid to each Member in each category of allowance specified in this Scheme, in the preceding year.

2.7 Suspension of Allowances

Any Member/Co-optee who is suspended or partially suspended from his/her responsibilities or duties as a Member of the Council in accordance with legislation or regulations that may come into force from time to time may have his/her allowances withdrawn for the period of any suspension.

Where any payment allowance under this Scheme has already been made in respect of any period during which a Member/Co-optee is suspended or partially suspended or ceases to be a Member or Co-optee of the Council or is in any other way not entitled to receive the allowance in respect of that period the Council may require that such allowance or part of as relates to any such period be repaid to the Council.

2.8 Annual Updating

Members' allowances except for travelling expenses are updated annually in line with the National Joint Council for Local Government Services pay award.

3. **PAYMENT OF EXPENSES**

3.1 Approved Duties

Members/Co-optee members may claim reimbursement of travel, subsistence, Child and Dependent Carer's Allowance and conference expenses incurred whilst undertaking an approved duty. No expenses claimed more than three months after they were incurred will be paid.

Attendance at any of the following is an approved duty:

- (a) The attendance at a meeting of the District Council or of any committee or sub-committee or Working Group of the District Council, or of any body to which the Council make appointments or nominations, or any committee or sub-committee of such a body (If the outside organisation will pay travel and/or subsistence costs, then the Member should claim against that organisation and cannot claim from the District Council.);
- (b) The attendance at any meeting, the holding of which is authorised by the District Council, or a committee or sub-committee of the District Council, or a joint committee of the District Council and one or more local authority within the meaning of section 279(1) of the 1972 Act, or a sub-committee of such a joint committee provided that: -
 - (i) where the authority is divided into two or more political groups, it is a meeting to which members of at least two groups have been invited, or
 - (ii) if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited;
- (c) the attendance at a meeting of any association of authorities of which the District Council is a member

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- (d) the attendance at a meeting of the executive (Cabinet) or a meeting of any of its committees;
- (e) the attendance at pre-meeting briefings by Chairmen and Vice-Chairmen of Committees;
- (f) the performance of any duty in pursuance of any standing order made under section 135 of the 1972 Act requiring a Member or Members to be present while tender documents are being opened;
- (g) the performance of any duty in connection with the discharge of any function of the District Council by or under any enactment and empowering or requiring the District Council to inspect or authorise the inspection of premises (including site visits for planning matters); and
- (h) the attendance of any pre-arranged meetings with Officers relating to issues within the Members' responsibilities. This would encompass Portfolio Holder briefings etc. In the event of any question of interpretation, the Chief Executive, or, in his absence, the Monitoring Officer, will decide.
- (i) The attendance at meetings, training or other events where the Member is an official Council representative or requested to attend by the Leader, relevant Cabinet Member or Chief Officer.

Further Clarification of Approved Duties:

In-house training and development seminars including Members' Induction, Staff Induction and service-specific seminars

Conferences or seminars arranged by a Chief Officer.

Expenses will not be paid for attendance at national and regional bodies if the Member was not appointed to the organisation or event by the District Council.

Travel and subsistence allowances for co-opted and lay/expert members of committees and panels will be paid, at the same level as for elected Members.

Schedule 2 sets out tables of examples of what are approved duties. In specific cases not covered by this schedule Members should contact the Democratic Services Team. A decision will be made by the Chief Executive or the Monitoring Officer and the table updated accordingly

3.2 Travelling, Subsistence and other Expenses

Travelling Allowances

Travelling allowances are payable in accordance with the HMRC maximum tax free allowance from time to time:

Per mile up to and including 10,000 miles	45 pence
Over 10,000 miles	25 pence

Electric Vehicle Mileage is paid at HMRC rates, currently 5 pence per mile

Bicycles:

20 pence per mile tax free as per HMRC’s maximum tax free allowance for claims.

Motorcycles:

24 pence per mile tax free as per HMRC’s tax free allowance for claims.

Public Transport:

Authorised journeys taken using public transport should be reimbursed at the cost of standard travel.

Travelling allowances may be claimed by Members for attendance at meetings of the bodies or for the purposes listed in 3.1 above.

Car sharing is encouraged by the Council for duties involving more than one Member. Any claim should be made by the vehicle driver only.

Travel by taxi should only be used in exceptional circumstances and, if it is necessary, should involve more than one Member if possible.

3.3 Subsistence Expenses and Council Refreshments

- A Member may claim reimbursement of subsistence costs incurred personally while on approved duties. The latter are described at a separate section below. In order to qualify for reimbursement:
- the Member must be away from his/her usual residence for a minimum of four hours (this time period applying only to the time spent in travel to and from, and attendance at, the approved duty outside the District)
- there must be no meal provided at the approved duty, either by the Council or any other organiser for the event
- claims will only be reimbursed for subsistence purchased in the close vicinity of a local event, or in the vicinity of, or whilst travelling to or from, an event more distant.
- the Member should attach a receipt to his/her expenses claim form to show that a meal was purchased (and the amount paid will be the amount incurred and shown on the receipt up to the maximum limit shown below).

The rates payable are set annually when the annual pay award is agreed. They are currently as set out in the table below.

Subsistence type	Details	Payment amount
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Lunch allowance	Covers the period from 12 noon to 2 p.m.	£9.86
Evening meal allowance	For a period of absence ending after 7 p.m.	£12.21
Absence overnight	To cover hotel and associated expenses - but note that, in these cases, the Council will book and pay for hotel accommodation directly (see 'conferences' at separate section below)	£79.82 (increased to a maximum of £91.04 in certain circumstances, e.g. for meetings in London and for LGA meetings)

If a meal is taken on a train, this is taken to relate to the subsistence allowance which it most closely equates to (i.e. lunch or evening). The above conditions still apply.

The Council may provide refreshments for 'approved duty' meetings which last over the lunchtime period or which start between 4.30 p.m. and 6 p.m.

The District Council requires that Members ensure that any overnight stay bookings for approved duties and conferences are made by Council Officers. The Council will then pay for the cost of the accommodation and breakfast. Lunch and evening meal costs up to the subsistence amounts shown above and travel will be claimable.

3.6 Child and dependant carer's allowances

Members may claim an allowance (set out in Schedule 1 below) for the use of childminders, babysitters or other sitters for dependants while carrying out approved duties. See section 2.3 above for details. Claims must be supported by receipts for payments made.

3.7 ICT and other equipment

Members are securely able to access all Council information and communications from any internet access point, including a home computer, through the Members' Electronic Portal. In order to recognise that part of the cost of provision of such equipment is for the performance of Members' duties, Members may make claim for the following financial support:

- (a) In exceptional circumstances where a Member is unable to afford the purchase cost of a suitable computer the Council would consider assisting the Member by advancing a lump sum which would then be recovered via repayments from this allowance;
- (b) where a Member has been provided with a Council funded computer, no allowance will be paid; and

- (c) all such allowances are subject to tax along with Basic and Special Responsibility Allowances in the normal way.

3.8 Claims procedure

Claims for travel, subsistence and dependant carer's allowances must be made each month using the Members' claim form. Members can either submit a claim in writing or on-line. If any Member wishes to submit claims on-line, he/she is required to sign a 'request to submit forms via e-mail' and return it to the Head of Legal & Democratic Services or Democratic Services Team Leader so that a members' claim form can be sent electronically for completion. All claims must be received by the Democratic Services Team by the twentieth day of the month. This is essential as they must be verified and approved by the twenty third day of the month in time for the monthly payroll run on the fifteenth of the following month. Any claims received after these dates will be paid on the subsequent pay run.

Members should ensure that they submit claims each month as claims stretching back over several months may be delayed owing to the increased difficulty of verifying them. Claims over 3 months old will not be paid. All claims to be finalised within one month of the start of the financial year.

The claim form must include receipts for all expenses claimed other than car mileage, and must be signed by the Member to declare that he/she is entitled to all amounts claimed and has not already been reimbursed for these amounts by the Council or any other organisation. For those claims submitted electronically, all relevant receipts must also be submitted to support the claim.

If a Member wishes to reclaim tax paid on subsistence allowances, he/she must provide relevant receipts to HMRC. If a Member applies for benefit, he/she must declare any allowances and expenses received from the Council on his/her application form.

Should it ever arise that the Council incurs expenditure on behalf of a Member's spouse or partner, then a debtor's account will be sent to the Member to recover all additional costs and a copy of the accounts will be placed with the file of payments to Members.

4. GUIDANCE FOR OFFICERS IN RESPECT OF PAYMENT TO MEMBERS

All Officers must adhere to the above scheme when verifying and making payments to Members. The Head of Legal & Democratic Services or Democratic Services Team Leader must verify all Member claims prior to passing them for payment taking particular note of Schedule 2. The Finance Team will maintain a file of payments to Members. For all payments under the Members' Allowances Scheme, this must show the name of the recipient, together with the amount and nature of each payment. It is open for inspection free of charge by electors in the area, who may copy any part of it.

The scheme also applies to Officers incurring expenditure on a Member's behalf - if an Officer spends more than the prescribed limits shown above for a Member's

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travel and/or subsistence then *the Officer cannot claim the excess, but must bear the cost personally*. If an Officer wishes to make a claim for Member travel and/or subsistence, he/she must complete an employee travel and subsistence expenses claim form in the usual way, but stating clearly which Member(s) were paid for, and the details of the payment (cost, time of day incurred) which will allow it to be checked against the prescribed subsistence scheme. A copy must be sent immediately to the Finance Team for recording in the file of payments to Members.

If any other issue of payment to a Member arises, other than one covered by the above Members' allowance scheme or a normal service issue, then prior written approval should be obtained from the Chief Executive or Monitoring Officer.

When a department arranges any seminar, conference, course or visit which will incur costs on behalf of a Member, the lead officer must liaise with the Chief Finance Officer to ensure that only permitted expenditure is incurred. The lead Officer of the event should keep a list of Members attending an approved event, and forward it immediately afterwards to the Head of Legal and Democratic Services or Democratic Services Team Leader and the Finance Team to ensure that any subsequent Member claims for travelling and/or subsistence can be verified.

Tours outside the Sevenoaks District may be arranged by the relevant department. They will still require formal committee/cabinet approval and adequate budgetary provision. Any overnight stop, unless paid for directly by the Council, and any lunch or evening meals purchased for the Members involved must adhere to the subsistence rates shown above. If air tickets are reserved, the cheapest rate of public air travel must always be used.

Any proposed payment or commitment of civic funds must be referred to the Chief Executive or Monitoring Officer for prior approval. These Officers must ensure all payments so made remain within budgeted levels of expenditure, and that any payments to or on behalf of Members are recorded in the file of payments to Members.

Schedule 1**Members Allowances 2021/22**

With effect from the commencement of the municipal year
2021/22

Description of Allowance	2021/22	
	Allowance per Member	
	£	
Basic Allowance (all Members)	5,715	
<u>Special Responsibility Allowances:</u>		
Cabinet Chairman (Council Leader)	20,910	
Deputy Leader	12,546	
Cabinet members	7,319	
Deputy Cabinet Members	1,673	
Opposition Group Leaders:	282	per Group Member
Liberal Democrats (3 Members)	846	
Independents (3 Members)	846	
<u>Chairmen</u>		
Advisory Committees (x7)	2,614	
Audit	2,614	
Community Infrastructure Levy (CIL) Spending Board	2,614	
Development Control	5,228	
Governance	2,614	
Health Liaison Board	2,614	
Licensing	2,614	
Scrutiny	2,614	
Sevenoaks Joint Transportation Board	2,091	
Standards	1,673	
<u>Vice-Chairmen</u>		
Advisory Committees (x7)	0	
Audit	0	
Community Infrastructure Levy (CIL) Spending Board	0	
Development Control	1,046	

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Governance	0
Health Liaison Board	0
Licensing	0
Scrutiny	0
Sevenoaks Joint Transportation Board	0
Standards	0
<u>Committee Members</u>	
Development Control members	523
Licensing Committee members	141
<u>Other</u>	
Standards co-optees	502
Child Care (p/h/p/child max)	8.00
Dependent Carers (p/h max)	17.00

Schedule 2

Members' Allowance Scheme - Approved Duties Specific Examples

- Attendance at a meeting of Council
- Attendance at a meeting of Cabinet (all Members)
- Attendance at a meeting of any Committee/Sub-Committee/Working Group/Board/Hearing of which you are a Member (attendance at Committee meetings as an observer is not considered an approved duty, the only exception to this being meetings of the Cabinet).
- Attendance at a meeting of any outside organisation that you are appointed to by the Executive or the Council
- Attendance at any Development Control Meeting and Development Control Site Meeting as agreed by the Chairman or Vice-Chairman of Development Control, if you are a member of Development Control or a local member for the ward concerned
- Attendance of any other site visit approved by Council, the Executive or any Committee/Sub-Committee/Working Group/Board/Hearing, if you are a member of the relevant body
- Attendance by a member of the Executive at any Committee/Sub-Committee/Working Group/Board/Hearing that is discussing matters within that member's Portfolio
- Attendance at any meeting organised by Officers of the Council to which at least two political groups have been invited
- Attendance at any training session organised by Officers of the Council to which the Member has been invited
- Attendance at any service-specific seminar organised by Officers of the Council to which the Member has been invited
- Attendance at any Conference or Seminar where prior agreement has been made by a Chief Officer of the Council
- Attendance at pre-meeting briefings by Chairman/Vice-Chairman of Committees/Sub-Committees/Working Groups/Boards/Hearings
- Attendance of members of the Executive at Briefing meetings
- Attendance of a member of the Executive that is required to attend a tender opening
- Attendance at any meeting pre-arranged by Officers of the Council relating to issues within the Member's responsibilities

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<u>2022-23</u>	Basic	Special	Travel	Ancillary	IT	Civic	Carer's	Independants	Total
NAME	Allowance	Responsibility	Expenses	Expenses	Allowance	Expenses	Allowance	Allowance	Payments
		Allowance							Made 2020-2021
L. ABRAHAM	£ 6,142.08	£ 151.08	£ 207.45	£ -	£ -	£ -	£ -		£ 6,500.61
Mrs S ANDREWS	£ 6,142.08	£ -	£ -	£ -	£ -	£ -	£ -		£ 6,142.08
L BALL	£ 6,142.08	£ 1,798.08	£ -	£ -	£ -	£ -	£ -		£ 7,940.16
C BARNES	£ 6,142.08	£ -	£ 163.80	£ -	£ -	£ -	£ -		£ 6,305.88
J BARNETT	£ 6,142.08	£ 561.96	£ 57.60	£ -	£ -	£ -	£ -		£ 6,761.64
K BAYLEY	£ 6,142.08	£ 1,798.08	£ -	£ -	£ -	£ -	£ -		£ 7,940.16
K BONIN	£ 6,132.60	£ 150.78	£ -	£ -	£ -	£ -	£ -		£ 6,283.38
C BROWN	£ 6,142.08	£ 2,810.04	£ -	£ -	£ -	£ -	£ -		£ 8,952.12
J CANET	£ 6,142.08	£ 151.08	£ -	£ -	£ -	£ -	£ -		£ 6,293.16
B CARROLL	£ 3,574.67	£ 1,046.81	£ -	£ -	£ -	£ -	£ -		£ 4,621.48
A CHEESEMAN	£ 6,142.08	£ 561.96	£ -	£ -	£ -	£ -	£ -		£ 6,704.04
G CLACK	£ 6,142.08	£ 2,810.04	£ -	£ -	£ -	£ -	£ -		£ 8,952.12
A CLAYTON	£ 6,142.08	£ -	£ -	£ -	£ -	£ -	£ -		£ 6,142.08
Mrs P COLE	£ 6,142.08	£ -	£ 72.00	£ -	£ -	£ -	£ -		£ 6,214.08
P COLE	£ 6,142.08	£ 561.96	£ 100.80	£ -	£ -	£ -	£ -		£ 6,804.84
Mrs S COLEMAN	£ 98.04	£ 29.04	£ 44.10	£ -	£ -	£ -	£ -		£ 171.18
Mrs B COLLINS	£ 6,142.08	£ 2,807.80	£ -	£ -	£ -	£ -	£ -		£ 8,949.88
Mrs G DARRINGTON	£ 6,142.08	£ -	£ 46.80	£ -	£ -	£ -	£ -		£ 6,188.88
P DARRINGTON	£ 6,142.08	£ 561.96	£ 210.60	£ -	£ -	£ -	£ -		£ 6,914.64
M DICKINS	£ 6,142.08	£ 13,485.00	£ -	£ -	£ -	£ -	£ -		£ 19,627.08
Mrs L DYBALL	£ 6,142.08	£ 7,866.96	£ 462.42	£ 71.20	£ -	£ -	£ -		£ 14,542.66
J EDWARDS-WINSER	£ 6,142.08	£ 560.63	£ -	£ -	£ -	£ -	£ -		£ 6,702.71
A EYRE	£ 6,142.08	£ 2,810.04	£ -	£ -	£ -	£ -	£ -		£ 8,952.12
P FLEMING	£ 6,142.08	£ 22,473.96	£ -	£ -	£ -	£ -	£ -		£ 28,616.04
Mrs M FOSTER	£ 6,142.08	£ -	£ -	£ -	£ -	£ -	£ -		£ 6,142.08
Mrs M FOTHERGILL	£ 6,142.08	£ -	£ -	£ 225.88	£ -	£ -	£ -		£ 6,367.96
Mrs J GRIFFITHS	£ 6,142.08	£ -	£ 165.87	£ -	£ -	£ -	£ -		£ 6,307.95
J GRINT	£ 6,142.08	£ 2,809.07	£ -	£ -	£ -	£ -	£ -		£ 8,951.15
Mrs L HARRISON	£ 6,142.08	£ 2,460.29	£ 130.50	£ -	£ -	£ -	£ -		£ 8,732.87
R HOGARTH	£ 6,142.08	£ 561.96	£ -	£ -	£ -	£ -	£ -		£ 6,704.04
Mrs C HUDSON	£ 6,142.08	£ 561.96	£ -	£ -	£ -	£ -	£ -		£ 6,704.04
Mrs A D HUNTER	£ 6,142.08	£ 349.75	£ 851.85	£ 30.30	£ -	£ 11,671.03	£ -		£ 19,045.01
D KITCHENER	£ 6,142.08	£ 909.00	£ -	£ -	£ -	£ -	£ -		£ 7,051.08
A LAYLAND	£ 6,142.08	£ 69.95	£ 404.55	£ -	£ -	£ 5,033.12	£ -		£ 11,649.70
J LONDON	£ 3,546.24	£ 2,241.48	£ -	£ -	£ -	£ -	£ -		£ 5,787.72
K MASKELL	£ 6,142.08	£ 7,866.96	£ -	£ -	£ -	£ -	£ -		£ 14,009.04
Mrs M McARTHUR	£ 6,142.08	£ 7,866.96	£ 234.00	£ -	£ -	£ -	£ -		£ 14,243.04

P McGARVEY	£ 6,142.08	£ 2,810.04	£ 351.18	£ 4.00	£ -	£ -	£ -	£ 9,307.30
S McGREGOR	£ 6,142.08	£ -	£ 132.75	£ -	£ -	£ -	£ 6,274.83	
Mrs D M MORRIS	£ 6,142.08	£ -	£ -	£ -	£ -	£ -	£ 6,142.08	
Mrs C NELSON	£ 6,142.08	£ -	£ -	£ -	£ -	£ -	£ 6,142.08	
J OSBORNE-JACKSON	£ 3,654.04	£ 334.40	£ 215.10	£ 662.10	£ -	£ -	£ 4,865.64	
Mrs D PEARSALL	£ 6,142.08	£ 2,460.29	£ -	£ -	£ -	£ 188.46	£ 8,790.83	
G PENDER	£ 6,129.83	£ -	£ -	£ -	£ -	£ -	£ 6,129.83	
A PETT	£ 6,142.08	£ 1,122.71	£ -	£ -	£ -	£ -	£ 7,264.79	
MRS E PURVES	£ 6,142.08	£ 1,144.89	£ -	£ -	£ -	£ -	£ 7,286.97	
S RAIKES	£ 6,142.08	£ 561.96	£ -	£ -	£ -	£ -	£ 6,704.04	
S REAY	£ 6,142.08	£ 1,796.44	£ -	£ -	£ -	£ -	£ 7,938.52	
Mrs I ROY	£ 6,142.08	£ 104.57	£ -	£ -	£ -	£ -	£ 6,246.65	
Mrs J THORNTON	£ 6,142.08	£ 7,866.96	£ -	£ -	£ -	£ -	£ 14,009.04	
Mrs R WATERTON	£ 6,142.08	£ 150.78	£ 179.01	£ -	£ -	£ -	£ 6,471.87	
N WILLIAMS	£ 6,489.56	£ 492.02	£ -	£ -	£ -	£ -	£ 6,981.58	
G WILLIAMSON	£ 6,142.08	£ 5,611.50	£ -	£ -	£ -	£ -	£ 11,753.58	
Miss E BULFORD	£ 5,475.38	£ -	£ -	£ -	£ -	£ -	£ 5,475.38	
R STREATFEILD	£ 4,902.39	£ 387.96	£ -	£ -	£ -	£ -	£ 5,290.35	
TOTALS	£ 322,538.43	£ 113,539.16	£ 4,030.38	£ 993.48	£ -	£ 16,892.61	£ 457,994.06	
Independants								
Mrs E JACKSON	£ 479.04		£ -	£ -			£ 479.04	
J LINEHAN	£ 999.96		£ -	£ -			£ 999.96	
M CHUGHTAI	£ 683.91		£ 28.80	£ -			£ 712.71	
TOTALS	£ 324,701.34		£ 4,059.18				£ 2,191.71	

LOCAL CODE OF CORPORATE GOVERNANCE

Audit Committee - 4 July 2023

Report of: Monitoring Officer

Status: For Consideration

Key Decision: No

Portfolio Holder: Cllr. Maskell

Contact Officer: Martin Goodman, ext. 7245

Recommendation to Audit Committee:

- (a) That the Local Code of Corporate Governance set out in the Appendix be re-adopted;
- (b) That the Monitoring Officer continue to be authorised to maintain and amend the Local Code of Corporate Governance in line with good practice.

Reason for recommendation: The Committee agreed on 26 September 2017 that it would be good practice for the Committee to approve the Local Code of Corporate Governance once at the beginning of each electoral cycle.

Introduction and Background

- 1 The current Local Code of Corporate Governance was adopted by the Audit Committee on 26 September 2017. It was agreed at that time that it would be good practice for the Committee to approve the Local Code once at the beginning of each electoral cycle. The Code was re-adopted on 18 July 2019.
- 2 Since that time there has been no reason to revise the Local Code other than to reflect updates to the Council Plan. This report accordingly seeks re-adoption of the ongoing document with the necessary minor changes.

The Framework

- 3 International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) defines governance in the following way: *Governance comprises the arrangements put in place to ensure that intended outcomes for stakeholders are defined and achieved.*
- 4 It is recommended that authorities should test their governance structures and partnerships against the principles contained in the 'The Framework'

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(Delivering Good Governance in Local Government: Framework (2016) (CIPFA/SOLACE, 2016)) by developing and maintaining a Local Code of Corporate Governance including arrangements for ensuring ongoing effectiveness.

- 5 'The Framework' has not been revised since the Local Code was adopted in 2017. However, from time-to-time it will be necessary for the Local Code to be amended in line with best practice and it is accordingly the Monitoring Officer is authorised to undertake such revisions as necessary.

Other Options Considered and/or Rejected

No other options were considered as this report made pursuant to the adopted good practice of the Audit Committee.

Key Implications

Financial

None.

Legal Implications and Risk Assessment Statement

It is recognised that the Local Code need not necessarily be represented in one single document and could instead be made up of a number of codes or documents. To that end a named and adopted Local Code in the form presented in the Appendix is not legally required. However, the reputational risks and risk to good governance of not updating the Local Code in the light of the Internal Audit recommendations are considered significant enough to require this report. There is a low risk to adopting the Local Code set out in the Appendix.

Equality Assessment (Compulsory heading - do not delete)

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the Council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Conclusions

The amended Local Code should be adopted and the Monitoring Officer retain the authority to keep it up to date.

Appendices

Local Code of Corporate Governance.

Background Papers

None.

Martin Goodman
Monitoring Officer

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Local Code of Corporate Governance

1.0 Introduction

1.1 Sevenoaks District Council is committed to the principles of good corporate governance and wishes to confirm its ongoing commitment and intentions through the development, adoption and continued maintenance of a Local Code of Corporate Governance. Therefore this document sets out and describes the Council's commitment to corporate governance. It identifies the arrangements that have been made and will continue to be made, to ensure its effective implementation and application in all aspects of the Council's work.

2.0 Corporate Governance?

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

2.2 International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) defines governance in the following way: *Governance comprises the arrangements put in place to ensure that intended outcomes for stakeholders are defined and achieved.*

2.3 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.

2.4 The Council recognises that effective local government relies upon the public establishing and maintaining a level of confidence with both elected Members and Officers of the Council.

2.5 Setting high standards of self-governance provides a clear and demonstrable lead to both our existing and potential partners.

3.0 The 'Governing Body'

3.1 The governing body of an organisation has overall responsibility for directing and controlling that organisation. In local government the governing body is the full council or authority. In England, the Local Government Act 2000 introduced new governing structures for all local councils, clarifying responsibility for making decisions and establishing a scrutiny role. The Localism Act 2011 amended the provisions relating to Executive Arrangements and allowed local authorities to return to decision-making by committees if they so resolved.

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- 3.2 Executive arrangements must include one or more overview and scrutiny committees through which non-executive councillors can question and challenge the policy and performance of the executive and promote public debate. Local authorities also have the General Power of Competence empowering them to act as an individual generally may.
- 3.3 Elected Members are collectively responsible for the governance of the council.

The full council's responsibilities include:

- agreeing the council's constitution comprising the key governance documents including the executive arrangements and making major changes to reflect best practice;
- agreeing the policy framework including the community strategy and other key strategies;
- agreeing the budget.

The executive is responsible for:

- proposing the policy framework and key strategies;
- proposing the budget;
- implementing the policy framework and key strategies.

- 3.4 The Chief Executive advises councillors on policy and necessary procedures to drive the aims and objectives of the authority. The Chief Executive is Head of Paid Service and leads a management team consisting of senior managers. The Chief Financial Officer (who is s.151 officer), Monitoring Officer and other senior managers are responsible for advising Members on all relevant issues including legislative, financial and policy considerations.
- 3.5 Sevenoaks District Council currently consists of 54 elected Members. The Council operates a Leader and Cabinet system with six Cabinet Members. Members carry their own portfolios in line with the Council's key aims. In addition there is a statutory Scrutiny Committee along with a number of statutory and regulatory committees (such as the Development Control Committee, Licensing Committee and Standards Committee). The Council's Governance Committee has terms of reference generally relating to the good governance of the Council, for example it is required to advise on amendments to the Constitution.
- 3.6 The Council has appointed an Audit Committee to discharge the functions conferred by the Accounts and Audit Regulations 2015. It is established to do this in compliance with Regulations 3 and 6 of the Accounts and Audit Regulations 2015. It has a wide auditing remit including approval of the Annual Governance Statement.

3.7 The Cabinet is advised by a number of Advisory Committees which have no executive power.

4.0 The Principles of Corporate Governance

4.1 The District Council positively recognises and accepts the following seven core principles of good governance, as identified in Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE, 2016):

- *Core principle 1 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;*
- *Core principle 2 - Ensuring openness and comprehensive stakeholder engagement;*
- *Core principle 3 - Defining outcomes in terms of sustainable economic, social and environmental benefits;*
- *Core principle 4 - Determining the interventions necessary to optimise the achievement of the intended outcomes;*
- *Core principle 5 - Developing the entity's capacity, including the capability of its leadership and the individuals within it;*
- *Core principle 6 - Managing risks and performance through robust internal control and strong public financial management;*
- *Core principle 7 - Implementing good practices in transparency, reporting and audit to deliver effective accountability.*

4.2 The Council accepts that in order to comply with these principles, it must undertake to ensure that systems and processes are continually monitored and reviewed and are kept up to date.

4.3 The Council accepts that good corporate governance can only be achieved if effective leadership is demonstrated through the Council providing a vision for its community and leading by example in its decision making and other processes and actions. Members and Officers must at all times also conduct themselves in accordance with high standards of conduct.

5.0 Council Plan

5.1 The Council is determined to ensure Sevenoaks District Council is an organisation that each and every one of its residents and businesses can be proud of.

5.2 The Council's Vision is to be a 'Seriously Different Council' with five themes built on wellbeing, excellence, value for money and innovation:

- Environment: Protecting the very special environment of the District;
- Economy: Supporting businesses and residents through the transition ahead;
- Housing: Providing the right homes for the future of the District;

Agenda Item 8

- Community Safety: Continuing to work with our communities and partners; and
- Public Health: Delivering first class health prevention services in our District.

5.3 Central to the Council's success is its belief in customer service and the empowerment of its staff. 'The customer is anyone who isn't me' is everyday language and known by all of the staff.

5.4 The Council trusts staff to take decisions, to take informed risks and to innovate. It does not look to blame, but instead focus on what can be done differently next time. This approach has allowed the Council to reduce its budgets and workforce whilst seeing improvements in productivity, performance and satisfaction with services.

6.0 Openness and Reporting

6.1 The Council reaffirms its commitments in this Local Code of Corporate Governance to:

- (a) Ensure that the Local Code of Corporate Governance is made available and communicated to all Members and Officers and is available for inspection by the public;
- (b) Designate a senior Officer as responsible for overseeing, implementing, monitoring and reviewing the operation of the Local Code of Corporate Governance;
- (c) Report annually in the Annual Governance Statement on compliance with the Code and any changes that may be necessary to maintain it and ensure its effectiveness. This will include any recommendations made by recognised external bodies such as external auditors;
- (d) Where appropriate develop an Action Plan to identify and review areas of the Code where further work is required, and make the necessary arrangements to ensure it is undertaken.
- (e) Provide annual statements in key corporate documents on how the Council is complying with the Code, including how it has maintained the effectiveness of its corporate governance arrangements during the year and any planned changes for the forthcoming year.
- (f) Ensure that actions identified in any Corporate Governance Action Plan which is developed will receive full consideration within the budget setting process.

7.0 Commitments

7.1 The Council also reaffirms its previous commitment to ensure that the principles of corporate governance will be applied in all aspects of its corporate activities and in particular:

- Sevenoaks District Council will welcome constructive challenge as an opportunity to learn and improve performance. It may come from a variety of forms - external audit, regulatory, inspection, peer review, commissioned consultants or input from other high-performing authorities;
- Sevenoaks District Council will support good practice for political parties to identify the future skills base and type of representation needed for politicians and, using appropriate selection methods, to take steps to fill these gaps when seeking candidates for election and for succession planning;
- Sevenoaks District Council will support good practice for new chief executive and leader pairings to consider how best to establish and maintain effective communication.
- Sevenoaks District Council will support good practice for Members and Officers to reject offers of hospitality, such as invitations to sporting events, from firms that the authority is contracting with, or may contract with in the future;
- Although scrutiny generally looks at issues and policies once they are in place scrutiny should also take place at the policy development stage. Sevenoaks District Council will aim to achieve this;
- Sevenoaks District Council will support good practice for political parties to appraise the performance of those that are elected and put in place training and development programmes to fill any skills gaps and also for future politicians;
- Sevenoaks District Council will support good practice for appraisals of the Chief Executive's performance to be externally validated;
- Sevenoaks District Council, as a local authority, is well placed to understand and respond to particular challenges within the local community. By bringing together key representatives from community, religious and political groups they can encourage debate on such issues as integration and policing and focus on shared values.

8.0 Compliance with the Principles

8.1 The Council may choose to adopt and adhere to an Action Plan which sets out the extent to which the Council is complying with the principles of Good Governance and provides for areas of improvement.

8.2 Such a document is to be based on the principles and sub principles set out in the Framework.

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COUNTER FRAUD & COMPLIANCE TEAM REPORT 2022/23

Audit Committee - 4 July 2023

Report of: Deputy Chief Executive and Chief Officer Customer and Resources

Status: For Consideration

Key Decision: No

This report supports the Key Aim of Effective Delivery of Council Plan

Portfolio Holder: Cllr. Maskell

Contact Officer(s): Glen Moore, Ext. 7471

Recommendation to Audit Committee:

That Members note the work of the Counter Fraud & Compliance Team carried out during the year ended 31 March 2023.

Reason for recommendation: The Audit Committee is required to review the work of the Counter Fraud & Compliance Team

Introduction and Background

- 1 The Counter Fraud & Compliance Team is the authority's counter fraud resource in relation to external fraud matters.
- 2 Sevenoaks District Council will not tolerate fraud and corruption in the administration of its responsibilities and is committed to providing the best value for money
- 3 The Counter Fraud & Compliance Team co-ordinates the Council's participation in government led counter fraud initiatives as well as devising pro-active exercises designed to protect Council revenues and resources.

Summary of Key Issues in the Report

- 4 A summary of the key activities of the Counter Fraud & Compliance Team during 2022/23.
- 5 A summary of future plans for 2023/24

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Key Implications

Financial

Not applicable.

Legal Implications and Risk Assessment Statement.

The Council is required to have effective counter fraud arrangements in place in order to safeguard public funds and prevent the pursuance of crime. The Counter Fraud & Compliance Team will contribute towards the council's fraud prevention initiatives.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Conclusions

This report sets out the work conducted by the Counter Fraud & Compliance Team during 2022/23. Members are requested to note the report and the plans for the future.

Appendices

Appendix A - Counter Fraud & Compliance Team End of Year Report 2022/23

Background Papers

None

Jim Carrington-West

Deputy Chief Executive and Chief Officer Customer and Resources

Counter Fraud & Compliance Team 2022/23 – End of Year Report

1. Introduction

This report is to update the Audit Committee on the work undertaken by the Counter Fraud & Compliance Team for the year ending 31 March 2023.

2. Background

The Counter Fraud & Compliance Team is based within the Revenues & Benefits Section at Argyle Road and has been part a shared service with Dartford Borough Council for over 12 years.

As outlined in the Council's Counter Fraud & Corruption Strategy the team consists of officers trained to investigate instances of fraud & financial irregularity and assist the authority in reviewing external related fraud matters.

Sevenoaks District Council is part of the Kent Fraud Hub, called the Kent Intelligence Network (KIN), which strives to utilise the latest techniques and technology to identify fraud & error within local authority databases.

3. Counter Fraud work programmes 2022-23

Cost of Living Support Payments

This is the third year in a row that local authorities have been asked by central government to co-ordinate the distribution of funds to support varying groups within society in relation to differing national emergencies.

For the past two years local authorities have supported the distribution of funds relating to the support of local businesses, but during 2022-23 our attention was turned to support for the cost of living crisis.

In April 2022, the government announced a package of support for local residents in relation to spiralling energy costs, one of which was the Council Tax Energy Rebate (CTER) award. CTER consisted of a £150 payment one-off payment to most households in Council Tax bands A to D (as long as they occupied the property on the 1st April as their sole or main residence). As local authorities hold all data in relation to Council Tax payers it was a natural choice to seek assistance from local Council Tax Sections across the country in relation to the distribution of this funding.

The table shows a breakdown of the payments distributed by Sevenoaks District Council:

	Number of awards	£
Funding paid direct into a bank account	21,997	3,299,550
Funding paid into a Council Tax a/c	5,715	857,250
Totals	27,712	4,156,800

The CTER package was designed to get money direct into energy payers' bank accounts so they could have direct access to it and utilise it in the most appropriate way. In the majority of cases Council Tax was paid via Direct Debit and so a verified bank account was easily identifiable, however, thousands of tax payers used alternative methods to pay their bills meaning that bank account details were unknown. Therefore it was necessary to set up an application process whereby tax payers could apply and supply appropriate bank details at the same time.

Naturally any monetary scheme is prone to fraud, therefore, the Counter Fraud & Compliance Team's main role within this exercise was checking the validity of the bank details provided. It was imperative that the local authority could be confident that the money was going to the correct tax payer and not to an impostor pretending to be that person. Overall the team had to check over 7,500 applications to ensure their validity and prevent fraud.

In February 2023, the government announced two more energy payment support schemes. The first, called the Energy Bills Support Scheme Alternative Fund (EBSSAF) was for energy consumers who had not already received their £400 EBSS payments. These are the consumers who do not have a direct relationship with an electricity supplier as such had not had their rebates paid through direct credits onto their electricity accounts.

The second, called the Alternative Fuels Payment Alternative Fund (AFPAF) concerned a £200 support payment to those energy consumers who heated their homes via an alternative fuel method, for example, heating oil.

Local authorities have assisted central government vetting applications for both schemes by confirming the authenticity of applications against Council Tax databases. The Counter Fraud Team, drawing upon its experience of previous support fund schemes, has taken a lead role in this exercise to reduce the burden of work on frontline Revenues staff.

Business Rates

The Counter Fraud Team, supported by referrals received from the Kent Intelligence Network, has been able to support the Council by highlighting discrepancies within the Business Rates database, which when resolved, have resulted in an increase in Business Rates revenue for the authority.

These exercises include identifying commercial properties which have not registered themselves for the payment of Business Rates and identifying registered businesses who are incorrectly claiming reliefs such as Small Business Rates Relief.

The table below shows the results of our work in the last three years:

	2020/21	2021/22	2022/23
Number of cases Adjusted	25	21	39
Increase in tax yield (£)	306,317	329,479	303,753
Increase in net revenue (£)	236,704	225,641	142,708

Council Tax

In the 2021/22 report to the committee it was confirmed that the Counter Fraud & Compliance Team had, in collaboration with all of the other Kent local authorities, procured a new credit data-matching tool to check the validity of the authority's 15,000+ Council Tax Single Person Discount awards.

The new technology became operational in May 2022 and the team have been working hard to set-up new procedures and processes to obtain the best results.

The following results have been achieved by the team over the past three years:

	2020/21	2021/22	2022/23
Number of cases Adjusted	148	177	133
Increase in tax yield (£)	216,269	213,466	149,401
Increase in net revenue (£)	216,269	213,466	149,401

Housing Benefit

Local authorities administer Housing Benefit on behalf of the Department for Work & Pensions (DWP), although Housing Benefit fraud is investigated by DWP fraud investigators.

When local authority investigation officers review the claims made by Council Tax Reduction recipients there is a high probability that those same claimants are also receiving help with their rent, i.e. Housing Benefit.

Sevenoaks District Council has an active Service Level Agreement with the Department for Work & Pensions which allows collaborative joint working between the two Counter Fraud departments.

The table below shows that impact of local authority investigations on Housing Benefit claims over the last three years:

	2020/21	2021/22	2022/23
Number of Housing Benefit claims adjusted	5	7	2
Value of Housing Benefit Removed (£)	39,605	33,744	25,972

4. Cost Benefit Analysis 2022/23

The table below compares the cost of the Counter Fraud & Compliance Team in 2022/23 with the financial benefits derived from the savings attained in counter fraud exercises they conducted on behalf of the local authority. Assumptions are made with respect to uncollectable elements in respect of Council Tax and Housing Benefit overpayments. The comparison shows a surplus of £62,481.

	Total £	SDC Element £	
Section 1 Expenditure			
Gross Expenditure - Partnership with DBC	204,566	93,993	Costs of the Counter Fraud & Compliance Team are split with Dartford BC.
External contributions from Major Preceptors	(100,947)	(50,474)	From Kent CC, Kent Fire & Rescue as they are major beneficiaries
Net Expenditure - Partnership with DBC	103,619	43,519	
Section 2 Fraud discovered (SDC):			
Council Tax Investigations	(149,401)	(16,434)	SDC receive 11%
Housing Benefit Overpayments	(25,972)	(10,389)	SDC receive additional subsidy of 40% of overpayments discovered

Business Rates (net)	(142,708)	(57,083)	SDC receive up to 40%
Total	(318,081)	(83,906)	
Section 3 Adjustments (SDC):			
Future savings/Deterrent Factor		(24,234)	Assume a 104-week future benefit element of which SDC receives 11%. See (a) below.
Uncollected Estimate (HB)		3,117	Assume 30%. See (b) below.
Uncollected estimate (Council Tax)		279	Assume 1.7% as Council Tax collection rate is 98.3% (in year)
Uncollected estimate (Business Rates)		1,256	Assume 2.2% as Business Rates collection rate is 97.8%
Total Adjustments		(22,094)	
Net Cost/(Surplus)		(£62,481)	

- (a) External funding organisations allow us to record a 104-week future benefit element. This is an assumption that the fraud/error would have continued for an average of 104 weeks after the intervention of the Fraud & Compliance Team.
- (b) We are assuming a non-recovery rate of 30% in HB overpayments, 1.7% in Council Tax and 2.2% in Business Rates related savings.

5. Future Developments

Plans for 2023/24 include increasing the amount of joint working investigations conducted with the Department for Work & Pensions and expanding the use of the new data-matching tool for Council Tax Discounts.

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EXTERNAL AUDIT - ANNUAL REPORT 2021/22

Audit Committee - 4 July 2023

Report of: Deputy Chief Executive and Chief Officer - Finance & Trading

Status: For Consideration

Key Decision: No

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer: Adrian Rowbotham, Ext. 7153

Recommendation to Audit committee:

That the report be noted.

Introduction and Background

- 1 Grant Thornton would like to present the Auditor's Annual Report 2021/22 (Appendix A).

Key Implications

Financial

None.

Legal Implications and Risk Assessment Statement

None.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

Please read the Net Zero committee report guidance note on inSite before choosing an option)

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The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Appendices

Appendix A - Grant Thornton Auditor's Annual Report 2021/22

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

Auditor's Annual Report on Sevenoaks District Council

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2021/22

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Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2021/22 is the second year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	Conclusion
Financial sustainability	Improvement recommendation identified because of the Council's reliance on reserves and the need to rebuild them.	No significant weaknesses in arrangements identified, but improvement recommendation made.
Governance	Improvement recommendation raised due to the non-inclusion of non-financial information when reporting financial data.	No significant weaknesses in arrangements identified and no improvement recommendations made.
Improving economy, efficiency and effectiveness	Improvement recommendation raised due to the need to develop procurement KPIs. We also note the prior year recommendation relating to a procurement strategy has not been implemented.	No significant weaknesses in arrangements identified, but improvement recommendation made.



Financial sustainability

We have not identified any indications of significant weaknesses in arrangements relating to financial sustainability.

The Council continues to operate in a financially and operationally challenging environment. Financial planning both in the short and medium term is on a sound footing with prudent assumptions being built into both. The challenges will continue so the need for the structured and disciplined approach to managing finances and reserves which the Council has demonstrated will continue to be crucial. Going forward the Council will need to focus its Medium Term Financial Strategy on delivering a sustainable financial position while reducing reliance on reserves.



Governance

We reviewed the arrangements relating to Governance and have not identified any indications of significant weaknesses in arrangements.



Improving economy, efficiency and effectiveness

The Council has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources.

We reviewed the arrangements relating to the 3e's and have not identified any indications of significant weaknesses in arrangements. We have raised an improvement recommendation regarding the creation of procurement KPIs and re-raised a prior year recommendation regarding the lack of a procurement strategy.

Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the Council's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22

Due to delays in finalising the 2020/21 financial statements audit the audit of the 2021/22 audit has not yet commenced.

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

Not required.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

Not required.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

Not applied.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

Not issued.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

Not applied.

Securing economy, efficiency and effectiveness in the Council's use of resources

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:

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Financial Sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 6 to 15. Further detail on how we approached our work is included in Appendix B.



Appendix 10

Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Financial performance overview

The Council has a history of strong financial performance however like others in the sector, 2021/22 and the first three quarters of 2022/23 have been a challenging period for the Council in terms of its medium term financial planning.

Financial performance in 2021/22

During 2021/22 the Council continued to experience the financial impact of Covid-19, most significantly a loss of income due to suspended or significantly reduced services.

The Council delivered a small overspend of £45k on service budgets in 2021/22. During the year they received a general COVID-19 Grant of £533k and the final instalment of the Fees & Charges Compensation £380k which was used to offset the financial impact of COVID-19.

Financial Performance 2022/23 to date

In 2022/23 a number of new financial pressures have arisen, as a result of a sharp downturn in economic conditions in both in the UK and globally, that significantly increased the magnitude of inflationary pressures beyond what had been projected when the budget was set.

As at end January 2023 the Council is reporting an overall projected outturn position for the General Fund of a small overspend of £188k on a net budget of £17.852m. This included the outcome of the national pay award which added £692k of unbudgeted cost.

The economic and inflationary pressures exceeded what could reasonably have been projected when the budget was set in February 2022, so the fact that the Council expects to be able to deliver a small overspend and then set a balanced budget for 2023/34 is indicative of robust financial management arrangements.

Going forward, Council will need to continue to adapt and strengthen its financial planning processes to address the heightened level of financial challenge expected to persist over the medium term.

Managing financial risks

The Council manages risk through its Strategic Risk Strategy and the Audit Committee provides oversight of the process. The Strategic Risk Register (SRR) is reported to SMT on a quarterly basis and to the Audit Committee twice a year.

Financial planning and managing pressures

Assumptions underpinning revenue budgets for 2022/23 and over the medium term, which were agreed only in February 2022, have had to be revised following the significant economic challenges and cost increases affecting the global economy. In particular employment costs for direct employees and those of providers, premises costs (energy inflation), transport costs (fuel inflation) and of the general impact of inflation on the purchase of goods and services, including suppliers passing on additional costs or renegotiating contract prices. Some of the most significant levels of inflation are being experienced in the construction and this impacts on Capital programmes.

The Council's senior finance team are aware of these pressures and have reacted to manage them. The Council has positioned itself to manage the pressures moving forward by controlling in year expenditure in 2022-23 and identifying approaches to dealing with future funding challenges.

Overall, inflation and other factors have led to significant increases in the Council's projected MTFP funding gaps (£1.258m funding gap in the 10-year period from 2023/24). The Council has recently submitted its 2023/24 budget proposal and revised its MTFS in the light of the Local government funding settlement in December 2022. The Council is proposing a balanced budget with a contribution of £215k from the Budget stabilisation reserve.

Financial sustainability

Capital investment

We discussed the capital programme with officers. The main components of the programme are regeneration and housing development opportunities with the Council operating a rapid assessment process which reviews the asset base and identifies development opportunities and sites for disposal. The programme is over 10 years so once the Council identifies potential sites it applies a set of prioritisation criteria to the opportunities. Governance of the projects is exercised via a capital Programme Board which comprises the senior management team (SMT) plus Project Managers. All reports come via this Board and an Advisory Board (more strategic and political) is led by Council leader and includes the CEO.

Given the prevailing economic conditions currently the Council is not looking to actively acquire land/properties. This is due to Government restrictions in October 2021 which stated that property could not be bought for "yield" unless they were for regeneration purposes. Accordingly the Council's property Investment strategy is on hold since late 2021.

Savings plans

The Council has not needed to adopt the extremely challenging savings plans that others in the sector have been required to implement in recent years to balance budgets. Any savings required have been managed via service Heads who have played their part in ensuring that any funding shortfalls can be mitigated by financial savings identified ahead of the budget year in question. Going forward, the Council is likely to see continued pressure on costs whilst new income streams are relatively limited. The Council has a well established process of working with services and developing Service Change Impact Assessments (SCIAs) and consequently has been able to mitigate the impact of these pressures with small contributions from the Stabilisation Reserves predicted from 2023/24 to end 2026/27. The cumulative contribution from this reserve is £842k in that period though it is larger the further into the future projections are made. Inevitably these much longer term projections come with a larger degree of uncertainty so need to be assessed accordingly. The table to the right illustrates the Council's longer term financial position.

Ten Year Budget - Revenue

Appendix B

	Budget 2022/23	Plan 2023/24	Plan 2024/25	Plan 2025/26	Plan 2026/27	Plan 2027/28	Plan 2028/29	Plan 2029/30	Plan 2030/31	Plan 2031/32	Plan 2032/33
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure											
Net Service Expenditure c/f	16,783	17,297	18,535	17,878	18,070	18,302	18,922	19,502	20,084	20,750	21,242
Inflation	510	1,188	557	545	554	562	573	582	593	603	613
Superannuation Fund deficit	0	(270)	0	0	50	0	0	0	0	0	0
Net growth/(savings) (approved in previous yrs)	4	(250)	(686)	(240)	(266)	63	16	0	75	(111)	90
New growth	0	890	(431)	(13)	(6)	95	91	100	98	100	100
New savings/income	0	(320)	(98)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Net Service Expenditure b/f	17,297	18,535	17,878	18,070	18,302	18,922	19,502	20,084	20,750	21,242	21,945
Financing Sources											
Govt Support: Revenue Support Grant	0	(186)	0	0	0	0	0	0	0	0	0
: Funding Guarantee	0	(912)	0	0	0	0	0	0	0	0	0
: Lower Tier Services Grant	(103)	0	0	0	0	0	0	0	0	0	0
: Services Grant	(159)	(90)	0	0	0	0	0	0	0	0	0
New Homes Bonus	0	0	0	0	0	0	0	0	0	0	0
Council Tax	(11,841)	(12,231)	(12,848)	(13,285)	(13,735)	(14,197)	(14,672)	(15,161)	(15,663)	(16,180)	(16,711)
Business Rates Retention	(2,226)	(2,868)	(2,670)	(2,723)	(2,409)	(2,457)	(2,506)	(2,556)	(2,607)	(2,659)	(2,712)
Collection Fund Deficit/(Surplus)	(27)	4	0	0	0	0	0	0	0	0	0
Interest Receipts	(188)	(288)	(288)	(288)	(288)	(188)	(188)	(188)	(188)	(188)	(188)
Property Investment Strategy Income	(1,518)	(1,618)	(1,618)	(1,618)	(1,715)	(1,715)	(1,715)	(1,756)	(1,756)	(1,756)	(1,756)
Contributions to/(from) Reserves	(189)	(131)	(568)	215	215	215	215	215	215	215	215
Total Financing	(16,251)	(18,320)	(17,992)	(17,699)	(17,932)	(18,342)	(18,866)	(19,446)	(19,999)	(20,568)	(21,136)
Budget Gap (surplus)/deficit	1,046	215	(114)	371	370	580	636	638	751	674	809
Contribution to/(from) Stabilisation Reserve	(1,046)	(215)	114	(371)	(370)	(580)	(636)	(638)	(751)	(674)	(809)
Unfunded Budget Gap (surplus)/deficit	0	0	0	0	0	0	0	0	0	0	0

Financial sustainability

Managing financial resilience and reserves

CIPFA has commented that Councils should be particularly wary about using reserves to deal with shortfalls in current funding. Where such action is to be taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to long term. Advice should be given on the adequacy of reserves over the lifetime of the medium-term financial plan and should also take account of the expected need for reserves in the longer term. 2022/23 has been a particularly difficult year in which to plan Council finances. Underspends from 2021/22 were carried forward into reserves and its relatively strong opening reserves position have been used to smooth the overspends that have arisen during 2022/23. Going into the 2022/23 financial year, the Council carried comparatively high levels of reserves for its size and this provided the main contingency against slippage on future savings plans. The Council's most recent forecast reserves position is shown in the table below.

Despite the challenges, the Council's forecast reserves position remains positive, however we note that by 2026/27 when a cumulative General Fund deficit of £851k is forecast. The Council's reserve levels are still comfortably in excess of CIPFA's recommended guidelines (% of net

revenue spend) and the Council has significant levels of investments and low borrowing but a continued use of reserves to deliver revenue budgets is not sustainable. The use of reserves over the medium term has been discussed in detail as part of the budget setting and monitoring processes so there is visibility on the financial decisions taken by the Council. Going forward, the Council will need to start developing a clear plan for how it intends to stop relying on the use of reserves either through developing more significant saving plans or cost controls given the opportunities to increase revenue streams is limited.

Conclusion on financial sustainability

The Council continues to operate in a financially and operationally challenging environment. Financial planning both in the short and medium term is on a sound footing with a prudent assumptions being built into both. The signals are that the challenges will continue so the need for the structured and disciplined approach to managing finances and reserves which the Council has demonstrated will continue to be crucial. The Council is in a stronger position than many in the sector due to relatively large reserves and low levels of debt but a continued balancing of annual budgets through use of reserves is not sustainable in the long term.

Position as at the end of January 2023 (Period 202310)	22/23 Opening Balance	Position as at the end of January 2023 (Period 202310)	22/23 Cumulative Movement to Date
E Earmarked Reserve - Budget Stabilisation	(7,932)	(7,553)	379
E Earmarked Reserve - NNDR Safety Net Deficit Reserve	(4,280)	(4,280)	-
E Earmarked Reserve - Financial Plan	(3,356)	(3,356)	-
E Earmarked Reserve - Carry Forward Items (DAC)	(1,356)	(1,246)	109
E Earmarked Reserve - Vehicle Renewal (DAA)	(919)	(919)	-
E Earmarked Reserve - Housing & Commercial Growth Fund	(566)	(566)	-
E Earmarked Reserve - Capital Expenditure Reserve	(500)	(500)	-
E Earmarked Reserve - IT Asset Maintenance	(440)	(440)	-
E Earmarked Reserve - New Homes Bonus Reserve	(406)	(406)	-
E Earmarked Reserve - Homelessness Prevention	(536)	(401)	135
E Earmarked Reserve - Pension Fund Valuation Adj.	(359)	(359)	-
E Earmarked Reserve - Capital Financing	(328)	(344)	(16)
E Earmarked Reserve - Property Investment Strategy Maintenance Reserve	(310)	(210)	100
E Earmarked Reserve - Action and Development	(296)	(296)	-
E Earmarked Reserve - Vehicle Insurance (DAZ)	(266)	(266)	-
E Earmarked Reserve - Local Plan/LDF	(285)	(222)	64
E Earmarked Reserve - District Elections (DAZ)	(134)	(176)	(42)
E Earmarked Reserve - Community Development Reserve	(166)	(156)	10
E Earmarked Reserve - Community Infrastructure Levy Administration (CIL)	(152)	(152)	-
E Earmarked Reserve - RHB repayable Assistance	(109)	(125)	(16)
E Earmarked Reserve - DWP Hsg Benefit Subsidy	(123)	(123)	-
E Earmarked Reserve - NETZERO	(108)	(108)	-
E Earmarked Reserve - Corporate Project Support Reserve	(100)	(100)	-
	(23,028)	(22,405)	723
Other Earmarked Reserves (balances <£100k)	(439)	(439)	71
Total Earmarked Reserves	(23,467)	(22,844)	794
General Fund	(1,700)	(1,700)	-
Total Reserves	(25,167)	(24,544)	794

Improvement recommendations



Financial sustainability – Recommendation One

Auditor judgement

The Council has developed a 10 year rolling budget which shows the need to utilise £4.8m of reserves from 2025/26 to 2032/33. There is a lot of uncertainty on sector funding and financing and there is greater estimation required for later years in the 10 year budget. At present, savings from 2025/26 onwards of £0.1m per annum are planned but these are not identified. Continued use of reserves to deliver a balanced annual budget is not sustainable.

Summary Recommendation

The Council should begin to identify future saving schemes that are built into the 10 year budget - £0.1m from 2025/26 onwards. The Council should also consider whether a more challenging savings plan is required instead to reduce the reliance on drawing down reserves over the next 10 years.

Management response

This is considered each year as part of the thorough budget setting process. The full 10-year period is taken into account as well as the long term reserves position. The 2023/24 budget reports made members aware that the 2024/25 budget process is expected to be more challenging.



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The range of recommendations that external auditors can make is explained in Appendix C

Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Overview

Governance is the system by which an organisation is controlled and operates and is the mechanism by which it and its staff are held to account. It works from Council meetings to the front line. Ethics, risk management, compliance, internal control and best practice are all elements of governance. Effective governance requires both clear and unambiguous structures and processes and effective working of people within these frameworks. Effective governance also requires an open culture that promotes transparency, a willingness to learn and improve and no fear to speak the truth.

Risk management

The Council has a risk management strategy in place which was last updated in September 2021. The risk management framework requires the Strategic Risk Register to be updated quarterly and reported to SMT quarterly and to the Audit Committee biannually.

The Strategic Risk Register summarises the key risks and scores them based on an assessment of each individual risk profile by analysing the impact and likelihood to gain an overall view of the significance of the risk's threat to the achievement of the objectives. These are later multiplied to give an overall score which is used to help inform the response to the risk. Furthermore, the Council has a 5 x 5 risk matrix to understand the risks' likelihood and impact on the objectives of the Council.

Each risk is individually scored and after detailing the internal controls and mitigations revaluated with a net score. The number of risks on the Strategic Risk Register varies as risks are removed and new risks are identified. During the year the number of risks ranged from 13 to 15. The Strategic Risk Register also includes a target risk score and a table scoring previous scores so trajectory can be easily tracked and future actions to tackle the risk.

We understand Members receive regular risk training and risk training has been made available to staff in the past. The Council has strengthened its risk management framework further by developing a full training programme for staff with Internal Audit.

Internal audit

Internal Audit services are provided in partnership with Dartford Borough Council. Despite the limited capacity due to resources issues during the year, the Internal Audit Team finalised the Internal Audit Annual Report and Opinion 2021/22 in July 2022. Furthermore, Internal Audit provides an annual audit plan which is agreed by members before and quarterly follow-up reports highlighting key issues and findings that are reviewed by the Leadership Team and reported to the Audit Committee.

The 2021/22 Internal Audit Annual report concludes that the Council has "Reasonable" assurance over systems of risk management, governance and control. This conclusion showcases that the Council has robust internal controls and governance systems, but highlights that there have been identified several areas that require improvements which, if not addressed, may put the achievement of some objectives at risk.

The Internal Audit Annual Report 2021/22 concluded that three areas had limited assurance. These areas were legal case management, the interaction of the council with vulnerable children and adults and ensuring safeguarding principles were adhered to and finally corporate credit cards. It is clear from Audit Committee papers that actions have been taken and the identified issues have been addressed. These matters are no longer considered as risk areas in the latest follow-up reports by the Internal Audit function.

Counter fraud services are also provided in partnership with Dartford Borough Council. An annual report on counter fraud activity was presented to Audit Committee in July 2022. The Counter Fraud and Compliance Team coordinated the Council's

Governance

participation in all of the government led counter fraud initiatives and undertook pro-active exercises designed to protect valuable Council Tax and Business Rate revenue collection. They also support the distribution of Covid Business Support Grants by creating payment assurance plans and devising checking protocols to ensure that funding only went to bona fide claimants.

Budget setting process

The Council starts the annual budget setting process in September with the delivery of a Financial Prospects report to Finance & Investment Advisory Committee (FIAC) and Cabinet. This report sets a high-level budget that agrees the approach and highlights the potential budget gap to fill. In October/November, managers are involved, and the Finance team requests them a specific report detailing their growth bids and/or saving proposals. These are supported by the Service Change Impact Assessments (SCIAs). Each service has a members' advisory committee and the service budget proposals relevant to that committee are presented with the proposed budget and SCIA. This documentation includes financial pressures, services and changes proposed, a high-level budget and SCIAs. Members are asked their views and alternative proposals and scenarios are considered.

The final budget is agreed in January and signed off in the February committee by the Cabinet. Based on the information above and the review of relevant documentation, we are comfortable that the Council considers trends and analysis and extrapolation when stating their annual and their 10-year budget and that different proposals and alternatives are considered. Whilst future funding is unclear, the 10-year budget is produced based on assumptions about future income streams. Given the length of the plan the accuracy of assumptions is likely to be less certain in the later years of the plan but as the plan is updated at least annually this risk can be mitigated.

Investments and borrowings are included within the financial plan and detailed in the treasury management strategy.

Budgetary control

Budgets are monitored on a monthly cycle with finance staff meeting with budget managers to discuss variances. A monthly report is sent to Cabinet Members with quarterly reports going to FIAC and Cabinet. Savings are built into the budget, so they are monitored as part of the budget, they are not identified as a separate target. This report covers the high-level budget position but also variances over £10k which are investigated.

Furthermore, the monthly corporate revenue monitoring process means the Strategic Management Team discuss any ongoing variances and reflect on mitigation ideas or alternative plans for financial management and the outcome is reported to Cabinet on a quarterly basis. Review of Cabinet papers indicates variances are adequately identified and explained.

Decision-making process

The Council's decision-making processes are open, transparent and strong and we have no evidence that reactive or unlawful decisions have been made. As stated within the code of corporate governance within the Council's Constitution, all major policy decisions are taken to Cabinet. All reports are reviewed by the Legal and Finance functions to ensure that all relevant information is provided before these being presented to the Committee. It is evident from our review of papers that sufficient information is provided to members and they challenge and hold senior management to account appropriately.

The Council is engaged and provides appropriate levels of scrutiny to external and internal audit. There is no evidence of serious and pervasive weaknesses in final accounts processes leading to material errors in draft accounts, failure to meet statutory reporting deadlines and/or a modified opinion on the financial statements.

From the review of Audit Committee and Cabinet papers, and the interviews performed to the Senior Leadership Team, there is a clear evidence of an appropriate 'tone from the top' regarding the decision making process and respecting the principles of transparency, openness and ownership marked on the Constitution.

We have not found any indications of reactive or unlawful decision making that could have a negative impact, either financially, or reputationally – during the review and assessment of documentation.

Policies and procedures

Various internal and external mechanisms are used to ensure the Council meets the necessary standards and legislative requirements. Our work has not identified any non-compliance with the Constitution, statutory requirements or expected standards of behaviour. We have not been made aware of any serious data breaches at the Council.

Governance

Officer and Member conduct is set in codes of conduct. The code of conduct sets out the standards of behaviour applicable to all officers, which are required to abide the following principles - selflessness, integrity, objectivity, accountability, openness, honesty and leadership. These are consistent with the public sector Nolan principles.

The body has a monitoring officer with defined roles and responsibilities. The Council's disclosure of interests' process is operated each year to identify instances where senior officers/members may have a relation with a business entity that the council transacts with. Members interests are published on the Council website. There is an opportunity for Members to declare interests at every meeting as a set agenda item. Related party transactions are required to be declared as part of year end closure of accounts and are sent to all Members and Senior officers for their completion. The declaration of gifts and hospitality is covered within the code of conduct. Officers are advised on the rules related to gifts and hospitality and registering of interests and the register of gifts and hospitality for officers is held by the Human Resources team. We found no evidence of adverse outcomes of interests, gifts or hospitality not being declared.

Conclusion

We found no evidence or indication of significant risks to your governance arrangements.

We have suggested an improvement recommendation regarding the inclusion of non-financial information and performance data in financial reports to provide a more holistic view of the Council's situation and performance to Cabinet members.

Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Performance information

The Council has an extensive corporate and services plan. The Scrutiny Committee requests officers to provide key performance indicators that measure and monitor the progress against the objectives listed in the corporate plan. The report includes 51 KPIs which are reported on a monthly basis to senior management team and heads of service.

After the initial report to the senior management team a performance report is compiled and presented on a quarterly basis to the Scrutiny Committee. This report contains an appendix with details of the performance of each KPI and they are individually rated with a RAG system in a monthly and year to date basis. When a KPI is performing a 10% or more below target (Red) it is included in an exceptions report in which the Scrutiny Committee will demand a rationale on the underperformance on the area and actions planned to improve and meet the target. During the year - 13 indicators were included in this category.

Performance data is recorded on the Pentana system. and there is a data checking process established in which each department independently verifies a percentage of the data entered in the system.

Benchmarking is used to assess performance on occasions and has been particularly useful in housing. Service reviews are undertaken on an ad-hoc basis.

The Council has a Data Quality Statement which was reviewed in September 2021. The statement sets out the context of why data quality is important and what the Council expects of data quality in relation to its performance indicators and data related to partnerships.

Performance monitoring

The Corporate plan, which covers the period to 2023, is used by officers to deliver services and to inform their recommendations to advisory committees. The Council liaises regularly with other Kent Districts and has a good knowledge of what others are doing and where good practice is in place. The Council is aware of the various sources of benchmarking data like the LGA Research Report. The Council utilises benchmarking service through inform against the nationally standardised indicators. There is also inputs of local data and local data collection, and benchmark against comparable Councils.. The Council therefore remains open to using data from the wider sector and does so in business cases where the information is available and meaningful.

Partnerships

The Council maintains most services in-house. Partnerships and shared services have been seen as a cost effective and efficient way to provide services by the Council for a number of years. Partnerships have been entered into with neighbouring councils in Kent to provide key services such as revenues, licensing and internal audit.

The Council is flexible in its approach, working in partnership when it is efficient and economical to do so, and reverting to direct provision, should circumstances call for that. During the year, some of these services have been taken back in house as the Leadership team was not happy with service performance. The services are Environment, Health or Licensing and this demonstrates that the council has a robust challenge mechanism which regularly reviews service performance and ensures that, if any issues have arisen under review, they have been effectively resolved.

Leisure Facilities are run by Sencio Community Leisure. The Council is transparent about its dealing with significant partners except where commercial sensitivity precludes this.

Improving economy, efficiency and effectiveness

Procurement

The Council currently does not have a procurement strategy. We were informed of the existence of a Procurement Strategy dated 2016 which is no longer in use. The Council currently has a decentralised approach towards procurement, which consists of managers controlling and leading their own procurement processes and being supported by the finance and legal team. This is monitored by the newly created Procurement Assurance Group which reports to the Head of Legal and Democratic Services.

The Head of Legal and Democratic Services confirmed that there is an intention of developing a procurement strategy. Nevertheless, there have been difficulties when designing an effective strategy with the current operational model.

The Procurement team supports services across the organisation delivering front line and back-office services. The Council works under the National Procurement Strategy for Local Government in England 2018. The National Procurement Strategy also provides a toolkit for the Council to assess its progress against the themes and objectives within the strategy.

The Council has a legal duty to secure value for money in commissioning and procuring its requirements and to continually improve the quality in everything the public sees and expects from it. Central Government policy seeks to ensure that all commissioning and procurement activity should be based on obtaining value for money. This is defined as considering the optimum combination of whole life cost and the quality necessary to meet the customer's requirements. In conjunction with relevant legislation and the Council's Constitution (particularly the Financial Procedure Rules and Contract Standing Orders).

We found no evidence that appropriate procurement processes were not followed during 2021/22. However, based on the work we have performed, we recommend that the Council designs and implements a procurement strategy, and aims to reduce the high number of waivers within the procurement process. During the year 2021/22, we note that the Council had a ratio of close to one waiver every three procurement proposals. In the year 2022/23, the ratio decrease to one every four and the Council is actively taking steps to reduce this further. Although we do not believe this could pose a risk of significant weakness, there is a moderate risk due to the high number of waivers and the lack of a defined procurement strategy. Despite the mitigating actions such as the creation of the Procurement Assurance Group and the formal future procurement plans to reduce the number of waivers, we believe that the Council should have a formal procurement strategy to optimise the procurement process and structures within the Council.

The Council has no significant commercial ventures (outside of its investment portfolio).

Conclusion

We found no evidence or indication of significant risks to your 3Es arrangements. However, we have suggested two improvement recommendations regarding the creation of a procurement strategy and the objective of creating KPIs to monitor the progress of the strategy and with the aim of reducing the high number of waivers.

Improvement recommendations



Improving economy, efficiency and effectiveness - Recommendation Three

Auditor judgement

There are currently no KPIs in place to monitor the progress and effectiveness of the Council’s procurement strategy. The creation of KPIs would help with the main objectives of the strategy such as the reduction of waivers. During the year 2021/22, the Council roughly had a ratio of one waiver every three procurement proposals. In the year 2022/23, the ratio decrease to one every four and the Council is actively taking steps to reduce this further. The KPIs would provide a formal evaluation framework to assess the progress in potential risk areas.

Summary Recommendation

The Council should design a set of KPIs to monitor the progress and effectiveness of the procurement strategy. As part of the KPIs, one of the main priorities should be a focus on the control and reduction of the high number of waivers.

Management response

Following completion of an Internal Audit, the Procurement Assurance Group will consider the necessary KPIs to monitor the implementation, progress and effectiveness of the procurement strategy. The group has communicated to procuring managers the need to control and reduce the high number of waivers.



The range of recommendations that external auditors can make is explained in Appendix C.

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	The next time the Council is updating its Strategic Corporate Risk Register format it should also consider including future actions for each risk to support the management/mitigation. All actions identified should be SMART (specific, measurable, achievable, realistic, and timely).	Improvement	July 2022	The Council has effectively introduced SMART actions as part of the Strategic Risk Register and future actions for each risk to support mitigation.	Yes	No
	<p>We recommend the Procurement Strategy is updated to reflect current processes and aligns to existing legal requirements. It should also include the following:</p> <ul style="list-style-type: none"> SMART (specific, measurable, achievable, realistic, and timely) objectives that are clearly set out in the Strategy to allow the Council to assess whether the Strategy is delivering as intended. A framework for how the delivery of the Strategy will be achieved. An annual or biennial review against SMART objectives reported through the governance structure would allow the Council to assess how successful the Strategy is in delivering its objectives. 	Improvement	July 2022	The Council has not yet implemented a new Procurement Strategy as it has been explained in the previous section on the report.	No	Yes

Appendices

Appendix A – Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

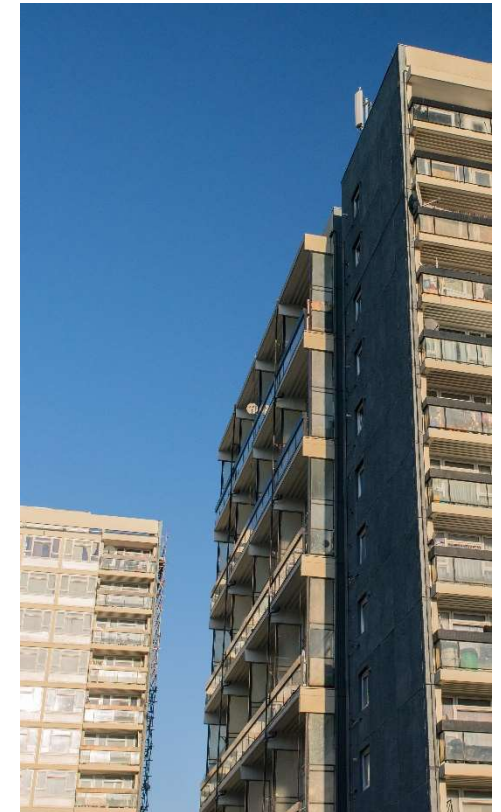
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

Local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B – Risks of significant weaknesses, our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. We identified no such risks.

Appendix C – An explanatory note on recommendations

A range of different recommendations can be raised by the Council’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as ‘key recommendations’.	No	
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council’s arrangements.	Yes	9 and 15.

Appendix D – Sources of evidence



Staff involved

- Adrian Rowbotham, Deputy Chief Executive Officer, Director of Finance & Trading/S151 officer
- Jennifer Warrillow – Audit Manager - Dartford & Sevenoaks Audit Partnership
- Detlev Munster – Strategic Head Commercial & Property
- Martin Goodman – Head of Legal and Democratic Services/Monitoring Officer/Data Protection Officer
- Lee Banks – Assistant Chief Executive

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Documents Reviewed

1. 2021_Statement_of_Accounts_Draft
2. Draft_Annual_Governance_Statement_2020_21
3. Financial Prospects 23-24
4. Financial Results Report 202122 Draft Outturn
5. Budget 22-23
6. Budget 23-24
7. Internal Audit Progress Report 2022-23
8. Strategic Risk Register 22-09-2022



Documents Reviewed

9. Internal Audit Annual Report and Annual Opinion 202122
10. Counter Fraud and Compliance Report 202122
11. Annual Governance Statement 202122
12. Audit Committee Terms of Reference
13. Review of the Effectiveness of the Audit Committee 202122
14. Final Report of the Sevenoaks District Council Covid-19 response In-Depth Scrutiny Working Group
15. Final_External_Budget_Book_2021_22
16. Sevenoaks_DC_LGA Peer Challenge - Final Report
17. Sevenoaks_LGA_Peer_Challenge_Action_Plan
18. Sevenoaks DC_LGA_Peer_Review_December_2021
19. Sevenoaks_Treasury Management Strategy 2023-24
20. Sevenoaks_Property Investment Strategy Update 23_24
21. Sevenoaks_DC_Budget Council Tax Setting 202324
22. Public reports pack 09022023 1900 Cabinet
23. Capital Programme Asset Maintenance_2022-23
24. Sevenoaks_DC_Appendix C - Capital Strategy 2022-23
25. Sevenoaks Corporate Projects Master Programme
26. Sevenoaks_DC_Property Investment Strategy Update



Documents Reviewed

27. Sevenoaks_Risks and Assumptions for Budget 202223
28. Project Management Approach and Overview
29. Sevenoaks_White Oak Residential - Report March 2022
30. Sevenoaks_Vfm_Meetings_Tracker_
31. Cabinet Meetings - Review & Summary
32. Sevenoaks - CFOi Analysis_V2
33. Sevenoaks_Council_Financial Monitoring 202223 - end of January 2023
34. Performance Monitoring Report
35. Sevenoaks_Council_10_year_Reserves_Forecast_Jan_2023
36. Code_of_conduct
37. Pensions query_audit team confirmation
38. KCC_Statement-of-final-accounts-2021-to-2022

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STATEMENT OF ACCOUNTS - PROGRESS UPDATE REPORT

Audit Committee - 4 July 2023

Report of: Deputy Chief Executive and Chief Officer - Finance and Trading

Status: For Consideration

Key Decision: No

Executive Summary: This report seeks to provide an update on the Financial Statements for 2021/22 and 2022/23.

This report supports the Key Aim of: effective management of the Council's resources.

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer: Alan Mitchell, Ext. 7483

Recommendation to Audit Committee:

That members note the report.

Introduction and Background

- 1 Each year the authority is required to produce Financial Statements (accounts) which provide the reader with detailed information covering the past 12 months and the financial position as at 31 March.
- 2 The Code of Practice on Local Authority Accounting (the Code) together with the Accounts and Audit Regulations set the accounting and statutory framework for local authority financial reporting.
- 3 The Code is based on internationally recognised accounting standards (International Financial Reporting Standards (IFRS)). These form the basis for large private sector companies financial reporting. However, the funding of Local Government by central government and local tax payers is in some key aspects very different from that under IFRS. This makes local authority financial statements complex and difficult to interpret due to the need to reconcile the Council's financial performance and financial position under IFRS with that under the arrangements for funding local government.

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- 4 The Accounts and Audit (amendment) Regulations 2022 came into force on 22 July 22 and extended the deadline for the publication of final audited accounts to 30 November for 2021/22 accounts and then 30 September for 2022/23 accounts and the following 5 years. This has resulted in the deadline for publishing unaudited accounts reverting back to 31 May for the 2022/23 accounts.
- 5 Sevenoaks was only 1 of 4 within Kent to meet that 31 May deadline for the 2022/23 accounts (it is estimated that 30-40% of councils achieved the deadline nationally).

Current Position of Local Authority Audits - National

- 6 The National Audit Office (NAO) published a Progress update on the “Timeliness of local auditor reporting on local government in England” on 25 January 2023.
- 7 Within that report it was stated “that local auditors gave opinions on only 12% of local government bodies’ 2021/22 financial statements by the statutory accounts’ publication deadline of 30 November 2022. This compares to 9% of opinions for the previous year (2020/21) received by the earlier deadline of 30 September 2021. This remains a significant reduction compared with the 45% of opinions given in 2019/20 and 97% in 2015/16. As of 30 November 2022, Public Sector Audit Appointments Ltd (PSAA) reported a total of 632 audit opinions were outstanding for all years”.
- 8 There were still 530 audit opinions outstanding at the end of April.
- 9 The government is aware of the national issue and have tasked the Finance Reporting Council (FRC) to lead on finding a solution to remove the backlog and address the issues going forward. Other parties involved in these discussions are the treasurers’ societies (including the Society of District Council Treasurers), the audit firms (including Grant Thornton), the National Audit Office and government departments. A proposal is due to be announced shortly.

Current Position of Sevenoaks District Council Audits

- 10 Due to a number of technical issues requiring a significant amount of discussion with our external Auditors (Grant Thornton) the 2020/21 accounts were delayed and a clean audit opinion was not received until 11 May 2023. This in turn delayed the 2021/22 accounts.
- 11 The draft 2021/22 accounts were published on the council’s website on 11 April 2023. Grant Thornton are expected to commence the audit of these accounts in October 2023.
- 12 The draft 2022/23 accounts were published on our website on 31 May 2023 and no date has yet been set for the audit of these accounts.

13 The Audit Committee has received regular updates on progress.

Key Implications

Financial

None directly arising from this report.

Legal Implications and Risk Assessment Statement.

None directly arising from this report.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Appendices

None

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

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STATEMENT OF ACCOUNTS 2022/23 - ESTABLISHMENT OF MEMBER WORKING GROUP

Audit Committee - 4 July 2023

Report of: Deputy Chief Executive and Chief Officer - Finance and Trading

Status: For Decision

Key Decision: No

Executive Summary: This report seeks to establish a member working group.

This report supports the Key Aim of: effective management of the Council's resources.

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer: Alan Mitchell, Ext. 7483

Recommendation to Audit Committee:

That a Member Working group be set up, to review the 2022/23 draft Statement of Accounts with delegated authority to recommend changes to the draft whilst ensuring adherence to statutory regulations for the purposes of reporting back to the Audit Committee.

Reason for recommendation:

This recommendation supports the sound control of the Council's finances.

Introduction and Background

- 1 Over the last few years there have been a number of changes to the draft and audited Financial Statements deadlines. This was in response to the COVID-19 pandemic and the pressures that this resulted in for both local authorities finance teams and external auditors.
- 2 The 2022/23 the unaudited Financial Statements were required to be published by 31 May 2023 and Sevenoaks was only 1 of 4 within Kent to meet that deadline. The Accounts and Audit Regulations (Amended) 2022 established a deadline of 31 September for the publication of audited accounts for six years from 2022/23, extended from 31 July.

Agenda Item 12

- 3 For a number of years, a Member Working Group has been set up to look at the draft Statement of Accounts, with the authority to recommend changes whilst ensuring that they still adhere to the statutory regulations and report back to the Audit Committee.
- 4 As the Statement of Accounts are very detailed, the working group should give the wider Committee greater confidence in approving the Statement of Accounts.
- 5 The working group should meet in September and then report to the Audit Committee with the audited financial statements.
- 6 The Members who attended last year's working group were Cllrs. McGarvey and Pender and independent Member Linda McMullen.

Key Implications

Financial

None directly arising from this report.

Legal Implications and Risk Assessment Statement.

None directly arising from this report.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Appendices

None

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

INTERNAL AUDIT ANNUAL REPORT AND OPINION 2022/23

Audit Committee - 4 July 2023

Report of: Audit Manager

Status: For Consideration

Also considered by: None

Key Decision: No

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer: Jennifer Warrillow, Ext. 7053

Recommendation to Audit Committee:

- (a) Note the contents of the report

Reason for recommendation: In accordance with professional standards (Public Sector Internal Audit Standards) the Chief Audit Executive (Audit Manager) must deliver an overall Opinion to conclude on the effectiveness of the Council's internal control, governance and risk management. The Opinion is used to inform the Annual Governance Statement which in turn supports the Financial Statements.

Introduction and Background

- 1 The report sets out the Internal Audit Annual Opinion on the effectiveness of the Council's internal control, governance and risk management arrangements including a summary of the work taken into consideration when forming the Opinion.
- 2 The Audit Committee is required through its Terms of Reference to consider the Opinion each year, and to maintain oversight of the Internal Audit service and the work undertaken to support the overall Opinion.

Other options Considered and/or rejected

None

Key Implications

Financial

There are no direct financial implications associated with this report.

Agenda Item 13

Legal Implications and Risk Assessment Statement.

Under the Accounts and Audit Regulations, the Council is required to maintain an adequate and effective system of internal audit. Internal Audit is further required to comply with Public Sector Internal Audit Standards. The Annual Opinion is a requirement of those Standards.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Conclusion

The Opinion is a conclusion on the effectiveness of the Council's internal control, governance and risk management arrangements as required through professional standards. Members are asked to note the overall Opinion.

Appendices

Appendix A - Internal Audit Annual Opinion

Background Papers

[Internal Audit Plan 2022/23](#)

Jennifer Warrillow
Audit Manager

Internal Audit Annual Report and Opinion 2022/23

July 2023



DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Introduction

1. The IIA gives the mission of internal audit: to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.
2. The mission and its associated [code of ethics](#) and [Standards](#) govern over 200,000 professionals in businesses and organisations around the world. Within UK Local Government, authority for internal audit stems from the [Accounts and Audit Regulations 2015](#). The Regulations state services must follow the [Public Sector Internal Audit Standards](#) – an adapted and more demanding version of the global standards. Those Standards set demands for our annual reporting.
3. Standard 2450 states that when an overall opinion is issued, it must take into account the strategies, objectives and risks of the organisation and the expectations of senior management, the board and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant and useful information. Meaning that the communication must include:
 - The scope including the time period to which the opinion pertains
 - Scope limitations
 - Consideration of all related projects including the reliance on other assurance providers
 - A summary of the information that supports the opinion
 - The risk or control framework or other criteria used as a basis for the overall opinion
 - The overall opinion, judgement or conclusion reached
 - The reasons for an unfavourable opinion must be stated.

Independence of Internal Audit

4. During 2022/23 we have had free access to officers and records to complete our work. On no occasion have officers or Members sought or gained undue influence over our scope or findings.
5. Our independence is maintained through functional reporting, including summaries of the work undertaken, to Audit Committee. We meet with individual members of Strategic Management Team to discuss any issues arising from our work where necessary and I also meet periodically with the Chief Executive. We have been given access to all information and systems requested to complete our work in 2022/23 and there are no issues that we have been prevented from reporting.
6. I confirm we have worked with full independence as set out in our Audit Charter and Standard 1100.

DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Scope and time period of Audit Manager Opinion

7. The opinion takes into account all audits that have been finalised since the last annual opinion in July 2022.
8. The Standards demand that any limitations be advised. While limitations on audit resources mean it is not possible to address all risks facing the Council, there have been significant impacts on the service during 2022/23 which have meant delivery of the in-year audit plan has suffered and the number of projects is considerable reduced from the anticipated coverage when the plan was originally set in March 2022.
9. Specifically, the team had 3 vacancies for most of the year as well as periods of long term sickness. This meant that the service was significantly under-resourced for most of the 12 month period covered by this report.
10. This has meant there are 14 projects which should have been completed in time to support this opinion are still underway. The work is being completed by a combination of our in-house team, South West Audit Partnership, and a temporary Auditor.
11. However, there were 7 audits which were carried over from the previous year's audit plan whose findings remain relevant and are therefore able to inform the Annual Audit Opinion. I have also been able to base the opinion on other non-project consultancy related work which has been completed in-year.

Consideration of work completed and reliance on others

12. I have drawn my opinion from the outcomes of the 2022/23 Plan agreed by Members in March 2022 but also six pieces of work from 2021/22 that were not finalised until after the last opinion. My opinion also considers the results of follow up work, ad hoc advisory work and our own informal observations of the organisation through, for example, attendance at management meetings.
13. In completing my work I have placed no specific reliance on external sources.

DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Risk and control framework

14. The Council is responsible for ensuring it undertakes its business within the law and proper practices. The Council must also ensure it safeguards and properly accounts for its resources, using them economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to seek continuous improvement in exercising its roles.
15. The Council has described key parts of its internal control and risk management within the Local Code of Governance and Risk Management Framework.
16. Organisations design internal controls to manage to an acceptable level rather than remove the risk of failing to achieve objectives. So, internal controls can only provide reasonable and not complete assurance of effectiveness. Designing internal controls is a continuing exercise designed to identify and set priorities around the risks to the Council achieving its objectives. The work of designing internal controls also evaluates the likelihood of those risks coming about and managing the impact should they do so.
17. In completing our work we have considered the control environment and objectives in place at the Council.

Conformance with standards

18. Internal Audit has conducted its work following the Standards and good practice as represented in our internal quality assurance. This includes working to an agreed audit manual with satisfactory supervision and review.
19. This report also contains the outcomes of our Quality Assurance and Improvement Programme (QAIP), together with the resultant action plan. This action plan will be reported periodically to Audit Committee until the actions are closed. This will enable Members to discharge their responsibility to oversee the quality and effectiveness of Internal Audit.

Overall conclusion

20. I am satisfied that during the year ended 31 March 2023, the Council's systems of governance, risk management and control are managed effectively with **REASONABLE** assurance. This means the control framework is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met.

Jennifer Warrillow, QIAL, CMIIA, CIA

Audit Manager (Chief Audit Executive)

DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Internal Control

21. Internal control is how the Council ensures achievement of its objectives with effectiveness and efficiency; achieving reliable financial reporting and compliance with laws, regulations and policies. It covers financial and non-financial controls.
22. We gain audit evidence to support the Head of Audit opinion on internal control principally through completing the reviews set out within our agreed audit plan.

Audit Plan Work 2022/23

23. As agreed by the then Audit Committee, the agreed 2022/23 Internal Audit Plan was divided into two, with audits assigned high priority being the priorities for completion and approximately half of those with medium priority based on their risk profile at the time of starting the audit. At the time of writing this report, progress is being made towards completion of all the high priority audits, apart from one which was moved to next year's plan as there were significant changes ongoing within the service which meant an audit during 2022/23 would not be appropriate.
24. Due to our capacity issues with the aforementioned vacancies, we have not been able to achieve the proposed 11 medium priority audits and instead have only been able to accommodate 7.

Internal Audit Outcomes

25. Of the 15 audit reviews that are considered as part of this annual opinion, 9 are assurance rated. Definitions of the assurance ratings that have been applied to these audits are provided in **Annex E**. The chart below shows a breakdown of these audit assurance opinions.
26. Of the 9 assurance rated audits, 2 audits completed have received **Substantial** and a further 6 have received **Reasonable** assurance which indicates that the control framework is generally operating well. In particular, audits which have organisation-wide relevance and therefore are integral to the core control environment, such as IT governance and staff wellbeing, all received Reasonable assurance.
27. One audit this year received **Limited** assurance, this is in a specific service area and the relevant manager has agreed all recommendations made with appropriate implementation dates. Therefore I do not believe it presents a reflection of how the overall risk and control frameworks for the Council are operating.
28. In addition to our planned audits, we have also verified 4 grant claims with a total value in excess of £400,000, confirming the Council has spent grant funding in accordance with the prescribed conditions for each scheme.
29. The table on the next page summarises engagement progress and findings up to the date of this report. These are the audits that form part of my Annual Opinion. Where there are material matters finished before the committee meeting we will provide a verbal update. Summaries of all of these audits are in **Annex A**, with the ones that have not previously been reported to Audit Committee on pp 10 – 15.

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Audit Title (including priority level)	No. of findings	Status (including assurance rating)
2021/22 projects		
Property Investment Strategy	1 medium	Complete - Reasonable
Companies – Quercus	2 medium, 1.5 low	Complete - Reasonable
Corporate Landlord Liabilities	1 high, 1 medium, 2 low	Complete - Limited
Emergency Planning	None	Complete – Substantial
IT Governance	4 medium	Complete – Reasonable
Staff Wellbeing	1 medium	Complete – Reasonable
Temporary Accommodation	2 medium	Complete – Reasonable
2022/23 projects		
Green Waste Collection Service (medium)	None	Complete - Substantial
Pre-Application Planning Advice (medium)	2 medium, 3 low	Complete – Reasonable
Planning Applications – Validation Checks (medium)	As above	Incorporated into Pre-Application Planning Advice audit
Contain Outbreak Management Fund grant verification	N/A	Complete - Verified
Test & Trace Support grant verification	N/A	Complete - Verified
Home Upgrade grant: phase 2 verification	N/A	Complete - Verified
Biodiversity Net Gain grant verification	N/A	Complete - Verified
Annual Governance Statement Review	N/A	Complete
Ongoing work from 2022/23 plan		
Contract Management (high)	N/A	Draft report
Service Planning (high)	N/A	Draft report
Taxi Licensing (medium)	N/A	Draft report
Procurement (high)	N/A	Draft report

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Audit Title (including priority level)	No. of findings	Status (including assurance rating)
West Kent Partnership (high)	N/A	Underway
Capital Project Management (high)	N/A	Underway
Asset Management (high)	N/A	Underway
Landlord Incentive Scheme (high)	N/A	Underway
Net Zero Action Plan (high)	N/A	Underway
Business Continuity (high)	N/A	Underway
Ethical Governance (high)	N/A	Underway
Asset Management (high)	N/A	Deferred to 2023/24 due to new system being implemented
Revenues & Benefits Discretionary Powers (medium)	N/A	Underway
Accounts Payable Continuous Assurance (medium)	N/A	Underway
Equality & Diversity (medium)	N/A	Underway

Follow Up

30. We follow up each month, examining those actions that fell due since the previous exercise. We take due dates from the action plan agreed with management when we finish our reporting. We report progress on implementation to Senior Management Team each quarter and include matters of continuing concern.
31. When a service is unable to implement actions by the agreed date, they request a deferral. Deferrals are agreed for valid reasons though the original risks do of course remain until implementation is complete. We are working with Strategic Management to reduce the numbers of deferrals, including timely reminders to responsible managers from Internal Audit and the introduction of a more stringent process to request deferrals.
32. The following table provides a summary of the results of our follow-up process for the financial year 2022/23.

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Priority	Brought forward from 2021/22	Raised in year	Implemented in year	Carried forward to 2023/24
High	0	12	5	7
Med	0	41	26	15
Low	2	26	14	14

33. Overall we are content with officers' progress on acting to address findings we raise in our reviews.

Risk Management

34. The Annual Opinion also considers risk management arrangements within the organisation.

35. A new Risk Management Strategy was developed and approved by this Committee in January 2022 and has been implemented for use at strategic risk level. However, the risk maturity of the organisation requires further development over the forthcoming financial year. This will include a process for operational / service level risks, which is currently lacking.

Consultancy and Advice Work

36. We also continue to undertake a broad range of special and scheduled consultancy and advice work for the Council and we remain engaged and flexible in seeking to meet the assurance needs of the Council. We are happy to discuss opportunities large and small where the Council can usefully employ the experience and expertise of the Internal Audit team.

Counter Fraud

37. We consider fraud and corruption risks as part of all our audit engagements as part of our assessment of the adequacy and effectiveness of controls. We additionally plan to continue our work on the fraud risk assessment in conjunction with the Revenues & Benefits Counter Fraud Manager.

38. We remain available to the Council to conduct any investigations regarding alleged fraud, corruption or upon receipt of whistleblowing complaints.

39. We have received no allegations or complaints during 2022/23 and therefore have no matters of concern to report.

Quality Assurance

40. Audit Committee has an important oversight role in the quality and effectiveness of Internal Audit. Members of the Committee must assure themselves that Internal Audit makes a valuable contribution to the organisation's governance and that stakeholders can place reliance on its conclusions.

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41. To facilitate this quality oversight role, Internal Audit has a Quality Assurance and Improvement Programme (QAIP), which includes Key Performance Indicators (KPIs), customer satisfaction questionnaires, annual self-assessments against professional standards and five yearly External Quality Assessments (EQA). Members will be aware that the most recent EQA took place in January 2021 and the full report was subsequently presented to Audit Committee in March 2021. The external assessment was largely in agreement with our own self-assessment and the overall conclusion was that the function is 'Partially Conformant' with professional standards.
42. The Key Performance Indicators for Quarter 4 (January to March 2023) are provided in **Annex B**. The KPIs illustrate that customer satisfaction is generally high and that responsible managers have accepted audit recommendations. However they also show, in line with the self-assessment and the EQA, that the function needs to improve on delivery within budget, as over-runs are currently impacting the efficiency and the effectiveness of the service.
43. The results of the various strands of Quality Assurance activity combine into a single, overarching Quality Improvement Plan which is presented in **Annex C**. The Plan is divided into different themes encompassing internal audit activity but the fundamental objectives of the Plan are to move us into a position of being 'Generally Conformant' with the standards, improve service efficiency and to ensure that all audit work adds value to the Council. The Plan, including progress updates, will be presented periodically to Audit Committee (minimum six monthly) to enable monitoring and oversight.

Acknowledgements

44. The results we have achieved this year has been due to the hard work of our team who have come through a particularly challenging year with less than half the team being in post and present for a significant portion of the year. I would therefore like to give my thanks to them for the work they have done so far.
45. I would also like to thank Officers, the Strategic Management Team and Audit Committee Members. Without your support we would struggle to work effectively.

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Annex A - Summaries of Audit Reports issued

Property Investment Strategy – July 2022

Reasonable

The purpose of this review was to establish if the Council procured assets in line with the criteria set of its Property Investment Strategy and assess if the financial model used is sufficient and a good working example, and that income from investments is meeting expectations.

Strengths

- The Council has a Property Investment Strategy, which is reviewed annually, and clearly sets out the council's criteria to be met for asset purchases.
- There is regular reporting on each investment property showing whether the income derived from it is meeting expectations.
- There has been an improvement in the style of the investment proposal reports which clearly show the financial aspects and potential issues and steps which could be taken.

Areas for development

- There is reliance on staff experience and expertise to identify and follow through on an investment as there is currently no written guidance as to the steps to be taken for investments in relation to capital projects.

Corporate Landlord Liabilities – July 2022

Limited

The aim of the audit was to review the effectiveness of the controls over the Council's compliance to its statutory responsibilities as corporate landlord. The service would like it noted that they recently introduced the current approach as there were limited arrangements in place previously.

The controls over statutory compliance and the associated budgets require improvement. Although suggestions for planned maintenance for the coming year are listed in the annual plan for each property, we could not ascertain whether works had been completed from either the planned property maintenance (PPM) spreadsheet, or from conversations with officers.

Compliance reviews are undertaken to ascertain non-compliance to statutory requirements relating to tenanted properties. However, this is administered via a rolling spreadsheet that is continually updated, which increases the risk of manual errors and could lead to compliance inspections not being undertaken when due.

Our testing found compliance certificates are not consistently attached to the compliance confirmation form completed by tenants to confirm that inspections have been carried out in

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accordance with the lease. This poses a risk should the necessary inspections not have been carried out, and a formal escalation process is yet to be agreed.

The service is currently in the process of implementing the Uniform and Idox system to support the statutory compliance function, but it remains unclear if this system is indeed appropriate. We understand implementing the system will address some of the control weaknesses identified. Introductory training has been completed by the service and they had anticipated the system being operational by May 2023, this has now been extended to November 2023. Ongoing training will be required.

Emergency Planning – September 2022

Substantial

The objective of the audit was to review the effectiveness of controls over the Sevenoaks District Council's (Council) emergency planning arrangements.

The Council's emergency response role sits within a larger framework of responders, coordinated through the Kent Resilience Forum. Within the Council, Emergency Planning arrangements are overseen by the Head of Direct Services, alongside the CCTV Partnership & Emergency Civil Protection Manager. We focused our review on plans underpinning the MEP and how the Council liaises with the Kent Resilience Forum and other agencies to communicate with external stakeholders, test emergency plans and report on major incidents.

We noted the following areas of key strengths:

- The Council's major emergency plan was reviewed, updated, and approved in January 2022. This was done with support from an external consultant.
- The position of the Sevenoaks major emergency plan concerning County and Kent Resilience Forum (KRF) plans are laid out. The responsibilities of all parties are clearly outlined and documented.
- Training is provided to employees on the KRF and handling major emergencies.

We have raised no recommendations resulting from our testing and so we consider this audit complete.

IT Governance – October 2022

Reasonable

The objective of this audit was to provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls that are in place to manage and mitigate risks associated with IT governance. The audit was part of the 2021/22 approved Internal Audit Plan for Sevenoaks Borough Council (Council).

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The following areas for improvement were noted:

- An IT Security policy is in place, though it has not been reviewed since 2017 and is available to staff on the intranet and before they log on to the network.
- There are no further policies covering topics such as change management or third party management.
- Projects and initiatives linked to strategic change and/or other sources are not governed, documented and tracked.
- Vulnerability scanning does not take place to detect security issues in between the annual penetration tests that occur. As vulnerabilities are frequently discovered in existing software, there is a risk that hackers could exploit them in between such testing and thus vulnerabilities are present and create a “window of opportunity”.
- A Digital Strategy linked to the Customer and Workforce strategies was published in July 2021, but initiatives/projects arising from it are not defined. Furthermore it does not analyse the existing IT services or define any gap between current state and future vision to support the key actions that it includes.

Temporary Accommodation – November 2022

Reasonable

The objective of the audit was to review the adequacy and effectiveness of the controls in place to ensure that the Council is complying with the Homelessness Reduction Act 2017 in relation to the provision of temporary accommodation. Based on our findings there is a Reasonable assurance that the controls are operating effectively.

We found households are being placed in temporary accommodation as required and are being supported to submit Housing Benefit applications as appropriate. We found 7/10 applicants sample tested had a Personal Housing Plan (PHP) either prior to being placed in temporary accommodation, or within 36 days after being placed. There are management checks in place to ensure PHPs are monitored and households are supported, however, there are some gaps when families are supported by other teams within the Council and improvements can be made to enhance cross-team working.

The landlord support scheme is on par with neighbouring Local Authorities and the service is exploring options to ensure other avenues of temporary accommodation are available. The service has introduced a dedicated Landlord Liaison Officer post to enable good working relationships with both landlords and agents.

Cabinet approved the Temporary Accommodation Placement Policy in April 2020 which included a schedule enabling the Council to charge a means-tested fee for temporary accommodation which could realise £36,000 income. However, the service is yet to set this up, though is currently exploring options to implement the process for collecting these fees.

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Staff Wellbeing – November 2022

Reasonable

The purpose of this review was to assess the adequacy of arrangements in place for staff welfare and wellbeing.

The Human Resources team provide a proactive approach to staff wellbeing. Particularly with:

- Regular communication to staff about the various resources the Council provide in regard to wellbeing
- Monitoring the use of staff benefits, to ensure staff are aware of the benefits they can receive
- Updating training programs, to ensure their relevance
- Creating the Consultative Group in January 2022, to ensure staff engagement with council decisions
- Through the COVID lockdowns, and after, continued to provide support, information, and training, in person and online

However, the Mental Health Strategy should be updated to provide more specific, measurable actions, which will help to ensure the Council takes a consistent approach to wellbeing.

Companies – Quercus – December 2022

Reasonable

The objective of the audit was to review the relationship between the Council and its subsidiary companies and the effectiveness of governance arrangements to oversee company activities.

The governance arrangements and overall framework in place to oversee the activities of the company are generally sound. We found the agreements in place regulating the relationship between the Council and its companies are fit for purpose and the remit of the Trading Board and Guarantor Board are clearly set out within their terms of reference. The Council has regular oversight through quarterly meetings and the Annual General Meeting (AGM) is essentially effective.

However, our review of the arrangements in practice found that they are not always clear, which creates the potential for conflicts. It was not clear in what capacity officers were reporting to the Council, and we found agreements had been signed by officers on behalf of the Council that are also directors of the companies. This could leave the Council open to challenge over the duty owed to the company and the interests of the Council.

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Green Waste Collection Service – June 2023

Substantial

The objective of the audit was to seek assurance on the effectiveness of the controls in place to:

- Ensure payment is received for garden waste collected; and
- Provide a quality service to customers.

Management are proactive in looking for ways to improve the service and have previously commissioned reviews which recommended technology improvements to increase the efficiency of administration processes. As a result, during the audit the 'Create' Customer Relationship Management (CRM) system was being set up, with the appropriate involvement of officers who work daily with the green waste service to improve the efficiency of the service.

We found that new customers are added to the system and have new bins delivered promptly upon payment. There have been improvements to the renewal process recently which mean this is well managed and collections cease if the subscription payment is not received. We also found cancellations are appropriately processed and refunds are accurate.

Once the new CRM system is fully functional, management might find it useful to complete some analysis to establish if there have been any efficiency improvements.

Pre-Application Planning Advice – June 2023

Reasonable

The objective of the audit was to seek assurance on the administration of pre-application planning advice, including the use of planning performance agreements (PPAs). We found the arrangements in place to validate and respond to pre-app advice, and deliver the PPA are generally sound. However, we identified improvements in control to strengthen the process for fee setting to ensure they reflect the cost of the service.

Key strengths

- The website provides a sound overview of the pre-app advice service.
- Validation procedures ensure all required information, including the fee, is received prior to being passed to Planning.
- Workflow functionality enables the service to seamlessly allocate cases.
- The letter template provides sufficient guidance of the factors officers should consider when providing pre-app advice.
- The template for PPAs is sufficiently detailed and consistent with best practice.

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Areas for development

- The fee setting process to ensure the fees reflect the cost of the service requires improvement and evidencing to support in the event of a challenge.
- The approach to link payments to the respective pre-app advice needs reviewing.

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Annex B – Key Performance Indicators for Quarter 4 (January – March 2023)

Finance: Associated performance indicators	Q4
<p>F1: Percentage of budgeted days taken to complete projects – <i>Target 100%</i> Reported on a cumulative basis</p> <p>Indicator measures any variance between the days agreed on the final brief vs. the actual time coded</p>	197%
<p>F2: Chargeable days – <i>Target 75%</i> Reported on a quarterly basis</p> <p>Indicator measures the actual chargeable activities against the assumptions made in the audit plan</p>	Average 58%
<p>F3: PSIAS conformance – <i>Target ‘Generally Conforms’ (IIA definition)</i> Reported annually</p> <p>Indicator measures effectiveness of the Quality Assurance & Improvement Programme (QAIP) to ensure compliance with professional Standards.</p>	Reported annually
Client satisfaction: Associated performance indicators	Q4
<p>C1: Respondents satisfied with the overall audit experience – <i>Target 90%</i> Reported on a project by project basis</p> <p>Indicator measures Client satisfaction with how we undertook the work, and takes into account our professionalism, approach and competence</p>	81%
<p>C2: Respondents agreement with the audit actions – <i>Target 90%</i> Reported on a project by project basis</p> <p>Indicator measures Client agreement to the audit findings and resulting actions from our audit work</p>	100%

DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Internal processes: Associated performance indicators	Q4
<p>I1: Percentage of draft audit briefs issued at least 10 working days before the start of fieldwork. - <i>Target 90%</i> Reported on a project by project basis Indicator measures the effectiveness of our project planning and communications with the client</p>	0% we no longer work in this way though and therefore this indicator has been removed for 2023/24
<p>I2: Percentage of draft audit reports issued by the date given on the final audit brief - <i>Target 70%</i> Reported on a project by project basis Indicator measures the efficiency of our audit work, currency of our audit finding and effective engagement between Auditors and Clients</p>	0%
<p>I3: Time taken between issue of the DRAFT report and FINAL report – <i>Target 15 working days</i> Reported on a project by project basis Indicator measures the effectiveness of our process to finalise audit reports and issue the report in a timely manner</p>	67%
Learning & Development: Associated performance indicators	Q4
<p>L1: Audit actions fully implemented within agreed timescales – <i>Target 80%</i> Reported on a monthly basis Indicator measures the successful implementation of audit actions and the effectiveness of our follow-up process</p>	11/17 65%
<p>L2: Training & development days - Reported annually Indicator measures our investment and time spent on training and development against the assumptions made in the audit plan</p>	32 Days (annual budget of 29 days)

DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Annex C – Quality Action Plan

Theme	Action	Target Date	Status Update
Reporting	Review the assurance levels for individual reports.	To be introduced for financial year 2021/22.	Complete
Reporting	Review the assurance levels for the Annual Opinion.	Graded opinion to be provided for 2020/21.	Complete
Reporting	Review report format to ensure that it is fit for purpose but “lean” – only containing elements that add value to the customer. Include guidance notes.	To be introduced for financial year 2021/22.	Complete
Reporting	Deliver report writing training in team meeting session.	Jul-21	Complete
Reporting	Deliver root cause analysis training in team meeting session.	Aug-21	Complete
Reporting	Review action priority levels.	April 2022	Not yet started. Change in Audit Manager initially delayed this review, in-year challenges delayed it further. We are procuring a new audits management system and as such will take the opportunity to review a number of practice areas at the point of implementation and this will be incorporated in that review.
Reporting	Review the Annual Opinion report template and contents to ensure that IA reports to committee are more strategic and focused on outcomes / key themes and issues.	Jul-21	Complete

DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Theme	Action	Target Date	Status Update
Co-ordination of Assurance	Develop assurance maps for both organisations a) Discuss other forms of assurance as part of 2021/22 Audit Planning b) Add assurance maps to both Plans for 2021/22.	Complete by March 2022.	In progress - Outline complete but change in Audit Manager initially delayed work in this area and in year challenges have delayed it further.
Co-ordination of Assurance	Develop relationships with EA 1) Set up regular liaison meetings (every 4 months?).	For 2021/22 financial year with new EA personnel.	In progress
Planning	Develop more risk-based method for 2021/22 periodic planning.	For 2021/22 financial year.	Complete
Planning	Maintain under review the approach to periodic planning - annually or quarterly / six monthly.	Review again for 2022/23.	Complete, changes to periodic planning proposed as part of the Audit Plan 2022/23 paper.
Planning	Develop Audit Strategy for the partnership.	Sep-21	Due to the re-profiling of the team, increasing the proportion of trainees, as well as the upcoming implementation of a new audit management system, this work has been delayed until 2023/24.
Planning	Undertake Culture / Ethics / IT Governance Audits.	March 2022 (for completion of 2021/22 audits).	In progress - IT Governance audit has been completed. Ethical Governance is currently underway.
Planning	Develop mechanism and allocate responsibilities to team members to keep knowledge of key parts of the sector up to date, share updates with team as a whole.	Oct-21	Complete – Team meetings are being used to facilitate knowledge sharing of updates in the profession and they have been encouraged to make use of free training forums provided by IIA UK.

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Theme	Action	Target Date	Status Update
Data Analysis	Provide Excel training to the team.	Dec-20	Complete - basic data analysis provided over 2 sessions in house and further 1 day external course. Need to review further options once skills matrix complete.
Data Analysis	Arrange demonstration of data analysis software.	Dec-20	Complete
Data Analysis	Add data analysis to team objectives.	Dec-20	Complete
Data Analysis	Add to planning checklist to enforce that it is considered as part of every audit and that non-use is justified – done.	Dec-20	Complete
Data Analysis	‘Continual’ assurance using analysis of data will be trialled as part of the 2021/22 Plans.	Complete by March 2022.	First audit has been planned and is due to start imminently
Data Analysis	Draft data analysis strategy will be prepared by September 2021 (including identification of potential costs) and shared with the s151 officers for agreement of any additional funds required, specifically for training or software.	Sep-21	Not yet commenced - difficult at present due to staff changes and as other audit skills need to be fully developed first.
Performance Management	Review suite of KPIs to ensure they measure what we need to know and want to improve.	Needs to be in place for 2021/22.	Complete
Performance Management	Review calculation of CSQ measure.	Needs to be in place for 2021/22.	Complete
Performance Management	Quality of work including specific standards, competencies, deliverables and performance measures to be set out in a new suite of objectives for the auditors.	Dec-20	Complete
Quality and timeliness of audit work (also links to	All team members to undertake skills gap analysis against the IIA competency framework.	May-21	Complete

DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Theme	Action	Target Date	Status Update
Performance Management above)			
Quality and timeliness of audit work (also links to Performance Management above)	Training plan for 2021/22 to be developed (reliant on completion of the above action).	Jul-21	Complete
Quality and timeliness of audit work (also links to Performance Management above)	Develop a Customer Charter that sets out clear expectations for audit staff and clients. Include expectation that customers will be given 2 weeks to comment on draft report.	To be in place for April 2021.	Complete, ongoing need to remind staff of the commitments in the Charter and to ensure they are communicating with clients.
Quality and timeliness of audit work (also links to Performance Management above)	All staff to continue to complete self-assessments at the end of individual audits to identify actions for improvement going forwards.	For 2020/21 audits onwards.	In progress and ongoing.
Quality and timeliness of audit work (also links to Performance Management above)	Training on project planning audits to be delivered as part of team meeting.	May-21	Complete - delivered over two sessions - April and May 2021.
Quality and timeliness of audit work (also links to Performance Management above)	Weekly 121s and action plans.	November 2020 onwards.	In progress and ongoing.

DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Theme	Action	Target Date	Status Update
Quality and timeliness of audit work (also links to Performance Management above)	Identical audits across both sites to be allocated to same team member. Some 'task based' teams will be deployed for bigger audits in 2021/22 - Ethical Governance and Culture, will use agile techniques such as daily catch ups and specific task based timings. 'Site based' approach will be considered where practical.	Complete by March 2022.	In progress. Audit allocations are complete and where possible, identical audits have been allocated to same staff member.
Quality and timeliness of audit work (also links to Performance Management above)	Review and update the Audit Manual.	Sep-21	Complete
IA Charters	Review Audit Charters for both organisations.	Audit Committee / Board March 2022.	Complete
Data Retention	Review and update the information asset register / data retention schedule.	May-21	Complete
Remote Working	Complete Lessons Learned review of the past year as part of team meeting session.	Apr-21	Complete
Follow Ups	Review the follow up process and consider whether quarterly would be more efficient than monthly.	Apr-21	In progress - Follow up process was reviewed in August 2022 to look for efficiencies with further improvements to be considered as part of new software procurement for implementation in 2023/24.

DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Annex E - Definitions of Assurance ratings:

OPINION	DEFINITIONS
<p>Substantial Assurance</p>	<p>A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>
<p>Reasonable Assurance</p>	<p>There is a generally sound system of governance, risk management and control in place.</p> <p>Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</p>
<p>Limited Assurance</p>	<p>Significant gaps, weaknesses or non-compliance were identified.</p> <p>Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.</p>
<p>No Assurance</p>	<p>Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified.</p> <p>The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.</p>

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ANNUAL GOVERNANCE STATEMENT 2022/23

Audit Committee - 4 July 2023

Report of: Deputy Chief Executive and Chief Officer - Finance & Trading

Status: For Consideration

Key Decision: No

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer: Adrian Rowbotham, Ext. 7153

Recommendation to Audit Committee:

It be resolved that the Annual Governance Statement 2022/23 be agreed for signature by the Leader of the Council.

Reason for recommendation: The committee is required to consider the Council's Annual Governance Statement as part of its terms of reference remit, in compliance with statutory requirements.

Introduction and Background

- 1 Sevenoaks District Council is responsible for ensuring that its business is conducted in accordance with the law, proper standards and that public money is safeguarded and properly accounted for. In discharging this overall responsibility, the Council has to ensure that it has sound systems of internal controls and good governance arrangements in place to facilitate the exercise of its duties. Additionally, the Council is required to continuously review these arrangements and to ensure that they are considered annually by an appropriate body of the Council. The way this is done is through the Annual Governance Statement. This report (Appendix A) sets out the governance arrangements and the system of internal control that operated during 2022/23 and up to the time of the review (June 2023).

Ownership of the Annual Governance Statement (AGS)

- 2 The Annual Governance Statement is a corporate document that explains the Council's governance arrangements and the controls it employs to manage the risk of failure to achieve strategic objectives. It is owned by all Senior Officers and Members of the Council. The Council's remit in relation

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to the Annual Governance Statement process is informed by the Accounts and Audit (England) Regulations, which requires that:

“The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s function and which includes arrangements for the management of risk”.

- 3 The Council is also required to conduct a review, at least once a year; of the effectiveness of its system of internal control and that the statement accompanies the Council’s annual accounts. The Council is further required to conduct this process and the preparation of its annual accounts in accordance with “proper practices”, in this context, the Council complies with relevant professional codes and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in the preparation of the AGS. The involvement of the Audit Committee in the process complies with the Accounts and Audit (England) Regulations.

The Annual Governance Statement Process

- 4 In compiling the Annual Governance Statement, a shared approach was adopted, involving Chief Officers, Heads of Service, relevant managers, the Internal Audit Manager, Chief Executive (also as Head of Paid Service) and the Monitoring Officer, prior to consideration and endorsement by the Strategic Management Team. Additionally, the AGS is required to be certified by the Leader of the Council and the Head of Paid Service after approval by the Audit Committee.

Outcome of the Process

- 5 The process confirms that the Council has sound systems of internal control and good governance arrangements in place. One potential governance issue have been raised through the AGS process regarding Sencio Community Leisure ceasing to trade. It is also recognised that operational risk management arrangements are due to be reviewed.

Key Implications

Financial

None

Legal Implications and Risk Assessment Statement

No additional legal implication beyond the Council’s duty to comply with the Accounts and Audit (England) Regulations concerning the AGS process.

The Council is required to produce an Annual Governance Statement to demonstrate that it has effective internal controls and sound governance arrangements in place throughout the financial year. There is a risk that failure to produce the Annual Governance Statement in accordance with statutory requirements would have negative consequences for the Council. The Statement accompanying this report meets statutory requirements and was produced in compliance with proper practices, giving regard to relevant professional guidance. Hence, relevant risk is effectively being managed.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council’s ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Conclusions

The Annual Governance Statement (AGS) was prepared in accordance with relevant professional guidance. It demonstrates that the Council had sound governance arrangements in place during 2022/23 and in the period leading up to the preparation of the AGS and the Council’s Accounts.

Appendices

Appendix A - Annual Governance Statement 2022/23

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

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ANNUAL GOVERNANCE STATEMENT 2022/23**1. Background**

1.1 Further to the Accounts and Audit (England) Regulations 2015, the Council is required to produce an Annual Governance Statement (to be published with its financial statements) which sets out its arrangements for delivering good governance within the framework of sound internal controls.

1.2 The Annual Governance Statement (AGS) is a corporate document involving a variety of people charged with developing and delivering good governance including:

- the Leader of the Council and the Chief Executive (Head of Paid Service) as signatories.
- Chief Officers, Heads of Service and relevant managers assigned with the ownership of risks and the delivery of services.
- the Chief Officer - Finance and Trading who is responsible for the administration of the Council's financial affairs under Section 151 of the Local Government Act 1972.
- the Monitoring Officer in meeting statutory responsibilities of ensuring the legality of Council business.
- the Council's Internal Audit function, in particular the Annual Audit Opinion.
- Members (for example, through the committees such as the Governance, Audit, Scrutiny and Advisory Committees).
- Others, responsible for providing assurance, in particular Grant Thornton, in their role as the Council's External Auditor.

1.3 Thus the AGS is owned by all Senior Officers and Members of the Council, because governance itself relies on all Officers and Members. A shared approach was taken in compiling the AGS with the objective of engaging all managers integrally involved in the delivery of services covering the whole authority within the process and also encouraging a high degree of reflection and corporate learning. This increases the statement's significance and encourages managers to objectively assess their responsibilities.

1.4 The system of corporate governance highlighted in the AGS, together with the system of internal control, is reviewed continually throughout the year as part of routine governance and managerial processes; examples being the authority's performance management and risk management frameworks.

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1.5 Although corporately owned, the AGS requires internal control assessments and assurance statements from individual Heads of Service and relevant managers, Chief Officers, the Internal Audit Manager, the Head of Paid Service, the Monitoring Officer and the Section 151 Officer, all of which are obtained as part of this process.

2. Scope of Responsibility

2.1 Sevenoaks District Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law, proper standards, good governance and that public money is safeguarded from waste, extravagance or misappropriation. The Council seeks to ensure that its expenditure and activities are transparent and properly accounted for. Under the Local Government Act 1999 the Council has a duty to make proper arrangements to secure continuous improvement in the way in which it carries out its functions, having regard to ensuring economy, efficiency, effectiveness and fairness in the exercise of its responsibilities. In discharging this overall responsibility, to ensure its business is conducted in accordance with the law, proper standards and delivering continuous improvements. Sevenoaks District Council is also responsible for ensuring that there is a system of corporate governance which facilitates the effective and principled exercise of the Council's functions, and which includes arrangements for the effective management of risk. The Council seeks to conduct these responsibilities within the framework of high quality service provision to enhance and facilitate community wellbeing and engagement.

2.2 The roles of the Chief Executive (as Head of Paid Service), the Section 151 Officer and the Monitoring Officer are defined within Part 13 of the Council's Constitution. The Executive Role of Members is defined within Part 4 of the Council's Constitution.

2.3 Officers and Members are expected to conduct themselves in a proper manner in accordance with the Constitution and both are expected to declare interests that may impact on the objectivity of the Council's decision making process. These interests are held on a register and are reviewed on a regular basis by the Monitoring Officer.

2.4 Sevenoaks District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government. This statement explains how Sevenoaks District Council has implemented both the code and the requirements of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an Annual Governance Statement. This was last adopted by the Audit Committee on 18 July 2019.

3. The Purpose of the Governance Framework

3.1 The governance framework comprises the systems and processes, culture and values, by which the Council informs, directs, manages and monitors its operations, and its activities through which it accounts to, engages with and empowers the community. It enables the authority to evaluate the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

3.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to 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 risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to assess the impact should they be realised, and to manage them efficiently, effectively and economically. It also seeks to maximise available opportunities in achieving good value for money and delivering objectives and priorities.

3.3 The governance framework has been in place at Sevenoaks District Council for the year ended 31 March 2023 and up to the date of approval of this document.

4. The Governance Framework

4.1 The following represent the key elements of the Council's governance framework:

- The Council's vision and promises are set out in its Council Plan which was approved by Council on 20 November 2018. The Council Plan sets out the actions that the Council has committed to undertake to deliver on its promises.
- The Council Plan promises are subject to considerable Member review and challenge by Cabinet, or the appropriate Advisory/Scrutiny Committee and ultimately by the full Council. The governance arrangements put in place on 10 May 2022 operated well during the year. The arrangements continue to include an Audit Committee, whose terms of reference is consistent with CIPFA standards. The promises and priorities within the Council Plan are also cascaded to individuals within the Council through Service Plans and individual action plans via the staff appraisal process.
- Policy and decision-making is facilitated through reports from officers to Cabinet and Council. Each Cabinet Member has responsibility for a specific portfolio and will take decisions on matters relevant to that portfolio. Each portfolio also has an Advisory Committee, which will consider officer reports in advance of them being considered by Cabinet and provide their recommendations on the policy direction or decision making of the Cabinet or

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Council. The Scrutiny Committee has the opportunity to ‘call-in’ the decisions of Cabinet and to recommend changes to decisions or policies.

- The Council’s Constitution specifies the roles and responsibilities of Members and Officers and the financial and procedural rules for the efficient and effective discharge of the Council’s business.
- Implementation of established policies, procedures, laws and regulations and good practice is achieved through:

a) Internal Audit

The Council’s Internal Audit service is provided in partnership with Dartford Borough Council.

During 2022/23, the Internal Audit Team worked to deliver the annual audit plan approved by the Audit Committee in March 2022. The service has provided regular updates to Members on the outcomes of audit work, progress on implemented audit actions, and also updates regarding progress against our Quality Assurance and Improvement Plan.

Internal audit has issued one limited assurance audit report in the 2022/23 audit plan to date. This was for Corporate Landlord Liabilities and one high priority action is currently outstanding.

Individual audit reports continue to be issued and distributed to relevant Chief Officers, with copies to the Chief Executive and Section 151 Officer.

A full independent external quality assessment was completed in 2020/21.

The outcomes, along with actions, were reported to the Audit Committee. These outcomes from the External Quality Assessment were used to create an audit strategy and action plan.

The Audit Committee, as those charged with governance, will provide continued oversight and direction as required. As such, the operation of the service will also be monitored by the Strategic Management Team, and the Section 151 Officer.

b) External Audit

The external audit service is provided by Grant Thornton. The External Auditor’s reports are sent to management and Members (via the Audit Committee). Recommendations and comments are considered and discussed with timely actions taken to address agreed recommendations.

In the value for money assessment for 2021/22, no significant weaknesses in arrangements were identified. The audit of the financial statements for 2021/22 has not yet commenced but the opinion on the 2020/21 financial statements is that they gave a true and fair view.

c) Financial Management

The Section 151 Officer is required to give Members an opinion on the robustness of the budget estimates and the adequacy of reserves. Assurance on these factors is included in the Annual Budget Report to Council.

A robust budgetary control system is in place and regular monitoring reports are produced for the Strategic Management Team, Heads of Service and relevant managers, Cabinet and the Finance and Investment Advisory Committee. The Finance Team conduct monthly client liaison meetings with responsible budget holders.

d) Performance Management

Monitoring of progress towards the achievement of the Council's promises and objectives is undertaken through the Council's performance management system. Performance is monitored monthly and enhanced with commentaries from Heads of Service and Managers where performance is behind target. Strategic information is regularly reported to the Strategic Management Team, Cabinet, Scrutiny Committee and Advisory Committees.

e) Arrangements for Partnerships

The Council enhances value for money in service delivery through innovative and cost-effective partnership working but will also end partnerships that no longer provide value for money or meet policy objectives. The Council engages in extensive discussion and planning to develop efficient working arrangements while protecting quality of services. Decisions to enter into partnership working are supported by a detailed business case and cost-benefit analysis, and are subject to scrutiny and approval by Members. The Council has partnerships in place for the delivery of services including Licensing, Revenues and Benefits and Internal Audit.

f) Arrangements for Council Owned Companies

Governance arrangements for the Council owned companies were agreed by Council as part of the set up process. Those arrangements have continued to be followed during the year.

The Companies accounts are separately audited, and the Council produces group accounts which incorporate the companies.

g) Risk Management

The Council's Risk Management Strategy was updated and approved by the Audit Committee on 25 January 2022.

Strategic risks are aligned to the Council's promises and objectives and are actively monitored and updated throughout the year. In 2022/23 the strategic risk

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register was reviewed and updated, and was reported to Strategic Management Team and the Audit Committee.

h) Relationships and Ethics

Good co-operative relationships exist between the Council and its external auditors and inspectors, and between officers and Members. Relationships between officers and Members are guided by a protocol embedded in the Council's Constitution. The Council has clear Codes of Conduct for Members and Officers embedded within its Constitution, underpinned by a culture of integrity and ethical behaviour. Member conduct is scrutinised by the Standards Committee.

i) Service Delivery by Trained and Experienced People

The Council has a robust recruitment policy and relevant procedures in place. The Council holds Platinum status in the Investors in People (IiP) scheme, re-conferred by an external inspection regime in February 2023. The Council was the first local authority nationally to achieve this standard. Staff appraisals take place annually and are aligned to the values, behaviours and objectives of the Council. Training and development plans are part of the appraisal process and are used to identify any training needs over the year. As part of the ongoing commitment to develop and nurture staff the Council continued to design, deliver and develop bespoke training courses over the year through the 'Sevenoaks Learning Hub' which is available to all staff and consists of a variety of courses.

j) Monitoring Officer

The Council's Monitoring Officer oversees compliance with laws and statutory obligations. The Monitoring Officer reports to the Council's Standards Committee.

k) Counter Fraud and Corruption

The Council has a Counter Fraud and Corruption Strategy and a Whistle Blowing Policy. The Council also has a Counter Fraud Team and a 'fraud hotline', available to both staff and members of the public, which allows individuals to report anonymously any suspected cases of fraud and corruption. As part of fraud risk management, all staff and Members are required to complete annual declarations of interests. The risks of fraud and corruption are assessed within the strategic risk register and appropriate measures put in place to mitigate these risks. There were no disclosures or internal investigations during the year.

The Counter Fraud and Corruption Strategy and Whistle Blowing Policy were both updated and then reviewed by the Audit Committee in 2020/21.

5. Role of the Section 151 Officer

5.1 Section 151 of the Local Government Act 1972 requires that the Council appoint an individual officer to be responsible and accountable for the administration of its financial affairs. The Scheme of Delegation held within Part

13 of Sevenoaks District Council's Constitution assigned this responsibility to the Deputy Chief Executive and Chief Officer - Finance and Trading during 2022/23.

5.2 CIPFA has issued a Statement on the Role of the Chief Financial Officer in Local Government. This details the governance arrangements and delegated responsibilities considered necessary to facilitate the role of the Section 151 Officer. The Council has considered this Statement, and believes that, during the financial year 2022/23, it has complied fully with the governance requirements of the Statement. The Council's Financial Procedure Rules, codified within Appendices D and E of the Constitution ensure that all the appropriate responsibilities are delegated and reserved to the Section 151 Officer as the Statement recommends.

6. Review of Effectiveness

6.1 Sevenoaks District Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review is informed by the outcome of the work of the Council's internal audit service during the year and by Chief Officers who have responsibility for the development and maintenance of the internal control environment. It also considers comments made by the external auditors and other external review agencies and inspectorates.

6.2 The External Auditor has concluded that, for 2021/22, no significant weaknesses effective arrangements were identified as part of the value for money assessment. The audit of the financial statements for 2021/22 has not yet commenced but the opinion on the 2020/21 financial statements is that they gave a true and fair view.

6.3 Internal audit reports are available to the Audit Committee upon request, and the outcomes of audit work are reported regularly. Each year the Committee receive the Annual Internal Audit Report, which includes the Annual Opinion on the Council's governance, risk management and control arrangements. The opinion for 2022/23 is that they are managed effectively with reasonable assurance.

6.4 The Head of Paid Service and Section 151 Officer and the Monitoring Officer periodically review the Constitution, procedures for internal financial control and application of the relevant Codes of Conduct.

6.5 There were no significant governance issues raised in last year's AGS.

6.6 It should be noted that one potential governance issue have been raised through the AGS process regarding Sencio Community Leisure ceasing to trade. It is also recognised that operational risk management arrangements are due to be reviewed. Details are included in **Table 2 below**.

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Certification

Signed:

Signed:

Dr. Pav Ramewal

Cllr Julia Thornton

Chief Executive

Leader of the Council

Date:

Date:

Issues Identified

Table 1: Significant Governance Issues raised in the previous (2021/22) AGS.

Identified from	Issue	Description	Responsible Officer(s)
None			

Table 2: Governance Issues raised in the current (2022/23) AGS.

Identified from	Issue	Description	Responsible Officer(s)
Sencio Community Leisure ceasing to trade	Potential governance issues linked to Sencio Community Leisure ceasing to trade.	Council on 04/04/23 resolved that: an investigation by its Internal Auditors, be agreed to: report lessons to the Council to inform the Council's contractual relationship and governance with a future long term provider.	Audit Manager
Audit Manager	Operational risk management arrangements are due to be reviewed.	Review of Operational risk management arrangements.	Audit Manager

REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2022/23

Audit Committee - 4 July 2023

Report of: Deputy Chief Executive and Chief Officer - Finance & Trading

Status: For Consideration

Key Decision: No

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer: Adrian Rowbotham, Ext. 7153

Jennifer Warrillow, Ext. 7053

Recommendation to Audit committee:

- (a) That Members **discuss** and subject to comments, **approve** the Self-Assessment Review of the Effectiveness of the Audit Committee (Appendix A) for 2022/23.

Reason for recommendation:

The Audit Committee is a key component of the Council's governance framework. It is an important source of assurance for the Council's arrangements to manage risk, maintain an effective control environment and report on financial and other performance. It is therefore vital that the Audit Committee is effective, and that we have arrangements in place to continually support, develop and enhance the Committee.

The self-assessment against CIPFA's **Audit Committees - Practical Guidance for Local Authorities and Police (2022 edition)** indicates that the arrangements in place are largely compliant, recognising that the knowledge of the committee needs to be kept up to date.

Introduction and Background

- 1 The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for public finance. They have recognised the importance of the Audit Committee and issued a position statement setting out the functions,

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composition, skills and requirements. As part of this guidance, they published a self-assessment checklist against each of the key requirements.

- 2 Members of this Committee have always supported the notion of continual development and improvement, and have accepted the underlying principles set out in the CIPFA guidance. Therefore, the Committee has undertaken a self-assessment for a number of years, and it is currently based on the self-assessment checklist published with the 2022 guidance. This is the first time that the 2022 guidance has been used as the 2018 guidance has been used in previous years.
- 3 The outcomes of the assessment (Appendix A) show that the Committee complies with most aspects set out in the checklist with a few areas that Members may wish to consider if there is anything further that can be done.
- 4 The assessment has been completed as far as possible drawing from the work of the Committee and its Terms of Reference during 2022/23. The checklist incorporates the following four key areas:
 - Audit Committee Purpose and Governance.
 - Functions of the Audit Committee.
 - Membership and Support.
 - Effectiveness of the Committee.

Next Steps

- 5 Members are asked to review the self-assessment and consider whether they agree with the comments, including any areas marked as not fully compliant. Where areas are not yet fully compliant, Members are asked to comment on the 'consideration for improvement' proposals.

Key Implications

Financial

None.

Legal Implications and Risk Assessment Statement.

None.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Value for Money

An effective Audit Committee will contribute towards the overall management of the Council and would help to improve good value for money in service provision.

Conclusions

The self-assessment against CIPFA's **Audit Committees - Practical Guidance for Local Authorities and Police (2022 edition)** indicates that the arrangements in place are largely compliant, recognising that the knowledge of the committee needs to be kept up to date.

Appendices

Appendix A - Self-Assessment checklist

Appendix B - CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Background Papers

CIPFA: Support for Audit Committees <https://www.cipfa.org/services/support-for-audit-committees>

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

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Audit Committee: Self-Assessment of Effectiveness

(Extract from CIPFA, Audit Committees: Practical Guidance for Local Authorities and Police, published October 2022)

CIPFA outlines that the checklist below provides a high-level review that incorporates the key principles set out in CIPFA’s Position Statement on Audit Committees in Local Authorities, and broader practical guidance referred to above. Within the practical guidance CIPFA specifically states:

“Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee. A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.”

Good Practice Question		Does not comply	Partly Complies and extent of improvement needed			Fully Complies	Comment
Page 123		Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement	
	Weighting of Answers	0	1	2	3	5	
Audit Committee Purpose and Governance							
1	Does the authority have a dedicated audit committee that is not combined with other functions (e.g., standards, ethics, scrutiny)?					5	Yes
2	Does the Audit Committee report directly to the governing body - full council					5	Yes

3	Has the audit committee maintained its advisory role by not taking on any decision-making powers?					5	The Audit Committee’s Terms of Reference only make provision for the Committee to approve the statutory statement of accounts when the deadline for approval does not allow for approval by full Council.
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFAs 2022 Position Statement?				3		<p>The essence of the ToR wording is the same but not fully reflecting specific 2022 CIPFA Guidance wording, as the Guidance was issued relatively recently. For example, the ToR does not mention that members of the Committee should not be part of the scrutiny function.</p> <p>Consideration for improvement - Review the ToR to align more closely with 2022 CIPFA guidance.</p>
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?					5	
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?				3		<p>It was understood by the Audit Committee Chair that this could be done, though the Committee ToR does make reference to the ability to escalate issues and concerns and the committee has not done this in recent years.</p> <p>Consideration for improvement - Provide training to Members of the Committee which includes advising them of this requirement.</p>

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7	Does the governing body hold the audit committee to account for its performance at least annually?					5	The Audit Committee reported to Council regularly during 2022/23.	
8	Does the audit committee publish an annual report in accordance with the 2022 guidance, including:							
	• Compliance with the CIPFA position statement 2022	0					The Audit Committee Chair reports regularly to Council on the activity of the Committee. However, this has not included a reference to compliance with the CIPFA position statement. Consideration for improvement - Consider including a statement on compliance with the CIPFA position statement in reporting to Council.	
	• Results of the annual evaluation, development work undertaken and planned improvements					5		
• How has it fulfilled its terms of reference and the key issues escalated in the year?					5			

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Functions of the Audit Committee								
9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's position statement as follows:							
	Governance arrangements					5	Yes	
	Risk management arrangements					5	Yes	

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	Internal control arrangements, including. <ul style="list-style-type: none"> • Financial management • Value for money • Ethics and standards • Counter fraud and corruption 				3		The Audit Committee's ToR do not make explicit reference to ethics, though they do reference standards. Consideration for improvement - Consider amended wording in the ToR to include ethics
	Annual governance statement					5	Yes
	Financial reporting					5	Yes
	Assurance framework					5	Yes
	Internal Audit					5	Yes
	External Audit					5	Yes
10	Over the last year, has adequate consideration been given to all core areas?					5	Yes
11	Over the last year, has the committee only considered agenda items that align with its core functions, as set out in the 2022 guidance?					5	Yes

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12	Has the committee met privately with the external auditors and head of internal audit in the last year?			2		<p>The Audit Committee have not met in private with the external auditors or head of internal audit (Audit Manager). The previous Chair of the Audit Committee was aware that they could arrange to meet in private if they so wished. The Chair of the Audit Committee has met with the Audit Manager outside of public meetings, with other executive officers present.</p> <p>Consideration for improvement - Provide an opportunity for the Audit Committee to meet in private with both the external auditors and the Audit Manager at least once a year.</p>
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Membership and Support						
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13	Has the committee been established in accordance with the 2022 guidance as follows?					
	<ul style="list-style-type: none"> Separation from executive 			2		<p>The CIPFA position statement makes it clear that separation from the executive should include both Cabinet and Scrutiny functions. The make-up of the Audit Committee from May 2023 includes 5 Members who are included in both the Audit and the Scrutiny committees, including the Audit Chair being the Vice Chair of the Scrutiny Committee. Separation from scrutiny functions is a new requirement with the 2022 position statement</p> <p>Consideration for improvement -</p>

							Discuss with Democratic Services prior to next municipal year.
	<ul style="list-style-type: none"> A size that is not unwieldy and avoids use of substitutes 					5	Substitutes have not typically been used for Audit Committee and there are 11 Members, included 2 co-opted independent members.
	<ul style="list-style-type: none"> Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation. 					5	Two independent members were appointed at the start of 2022/23.
14	<p>Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?</p>			2			<p>The two co-opted members have a person specification, and qualifying criteria, and both appointments made after assessment of that criteria. The roles were publicly advertised, and competitive interviews held.</p> <p>In terms of voting members, they are selected from current serving elected members and the correct political balance is maintained.</p> <p>Only one voting Member remains on the Audit Committee from prior to the recent elections.</p> <p>The leader of the Council recommended the appointments to the Audit Committee.</p> <p>Consideration for improvement - Member development to be provided to enhance knowledge and skills.</p>

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15	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?					5	The previous training plan was devised based upon and knowledge and skills self-assessment. A further assessment will be undertaken at the July Audit Committee and a new training will be devised based upon the results.
16	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?					5	Regular training has been given to Audit Committee Members and a new plan will be devised after the knowledge & skills self-assessments have been completed
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?				3		There was a satisfactory level of knowledge with the previous Audit Committee.
18	Is adequate secretariat and administrative support provided to the committee?					5	Yes
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					5	The Audit Committee Chair has regular meetings with the Audit Manager, Head of Finance and the s.151 Officer. External Audit attend most Audit Committee meetings.
Effectiveness of the Committee							
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?				3		The Chair of the Audit Committee reports to Council after each meeting of the Committee, therefore, the opportunity to provide feedback is available, though this has not been

							<p>offered.</p> <p>Consideration for improvement - Review future Audit Committee Chair reports to Council with a view to including a recommendation to obtain detailed feedback.</p>
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					5	<p>Cllr McGarvey was an experienced and effective Audit Committee Chair, though the committee has a new Chair from May 2023 with a meeting yet to be held.</p>
22	Are meetings effective with a good level of discussion and engagement from all the members?					5	<p>Meetings are quorate and discussion is held around each item on the agenda with attending Officers open to questions and able to respond immediately</p>
23	Has the committee maintained a non-political approach to discussions throughout?					5	<p>Yes</p>
24	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?			2			<p>Audit Committee members are aware they can ask for Officers to attend Committee but have yet to request this. Risks and audit findings are discussed with the Audit Manager and Chief Officer for Finance & Trading (s.151 Officer)</p> <p>Consideration for improvement - Consider whether risk owners and certain audit sponsors should be invited to attend Audit Committee.</p>
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?					5	<p>This has not been required as yet, but the option is available if needed.</p>

26	Do audit committee recommendations have traction with those in leadership roles?					5	None have been made in the last two years, though the Chief Officer for Finance & Trading (s.151 Officer) regularly engages with Audit Committee Chair.
27	Has the committee evaluated whether and how it is adding value to the organisation?					5	Yes, through completion of regular reporting from the Audit Committee to Council.
28	Does the committee have an action plan to improve any areas of weakness?					5	Yes. A new plan will be devised between the July and October meetings.
29	Has this assessment been undertaken collaboratively with the audit committee members?		1				The Audit Committee has a brand new membership and as such, this assessment was not completed in collaboration with them, though it will go to the July meeting for comment. The next assessment will be conducted in collaboration with Audit Committee Members.
	Subtotal Score	0	1	8	15	145	
	Total Score (max score is 200 - 40 questions multiplied by 5)	169					

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CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.

CIPFA's Position Statement 2022: Audit committees in local authorities and police

Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and conformance to professional standards
 - support effective arrangements for internal audit
 - promote the effective use of internal audit within the assurance framework.

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- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

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Audit Committee 2023/24 - Work Plan (as at 08/06/2023)

	5 October 2023	23 January 2024	16 April 2024
Internal Audit (Irregularities to be reported confidentially as & when necessary)	Internal Audit Progress Report 2023/24	Internal Audit Progress Report 2023/24	
Accounts and External Audit	Statement of Accounts 2021/22 External Audit - Annual Audit Report 2021/22	Statement of Accounts 2022/23 External Audit - Annual Audit Report 2022/23	
Other	Audit Committee Member Development Strategic Risk Register Members Allowance Scheme Monitoring Whistle Blowing Policy Counter Fraud Policy	Audit Committee Member Development	

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