



MEETING : AUDIT AND GOVERNANCE COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : THURSDAY 29 JULY 2021
TIME : 7.00 PM

PLEASE NOTE TIME AND VENUE

MEMBERS OF THE COMMITTEE

Councillor Mark Pope (Chairman)
Councillors A Alder, R Fernando, A Huggins, T Stowe, R Townsend and
A Ward-Booth (Vice-Chairman)

Substitutes

Conservative Group: Councillors J Burmicz and A Curtis

(Note: Substitution arrangements must be notified by the absent Member to Democratic Services 24 hours before the meeting)

CONTACT OFFICER: WILLIAM TROOP

TEL: 01279 502173

william.troop@eastherts.gov.uk

DISCLOSABLE PECUNIARY INTERESTS

1. A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:
 - must not participate in any discussion of the matter at the meeting;
 - must not participate in any vote taken on the matter at the meeting;
 - must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
 - if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;
 - must leave the room while any discussion or voting takes place.
2. A DPI is an interest of a Member or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they were civil partners) within the descriptions as defined in the Localism Act 2011.
3. The Authority may grant a Member dispensation, but only in limited circumstances, to enable him/her to participate and vote on a matter in which they have a DPI.

4. It is a criminal offence to:

- fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register;
- fail to notify the Monitoring Officer, within 28 days, of a DPI that is not on the register that a Member disclosed to a meeting;
- participate in any discussion or vote on a matter in which a Member has a DPI;
- knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a DPI or in disclosing such interest to a meeting.

(Note: The criminal penalties available to a court are to impose a fine not exceeding level 5 on the standard scale and disqualification from being a councillor for up to 5 years.)

Public Attendance

The Coronavirus Act 2020 to allow for local authorities to continue committee meetings online expired on 6th May 2021. Therefore, committee meetings must now be held face to face.

If you are attending a committee meeting as a member of the public, information on the measures to keep yourself and everyone else safe have been finalised.

Please note that meetings will continue to be live streamed and webcasted. For further information, please email democraticservices@eastherts.gov.uk or call the Council on 01279 655261 and ask to speak to Democratic Services.

Audio/Visual Recording of meetings

Everyone is welcome to record meetings of the Council and its Committees using whatever, non-disruptive, methods you think are suitable, which may include social media of any kind, such as tweeting, blogging or Facebook. However, oral reporting or commentary is prohibited. If you have any questions about this please contact Democratic Services (members of the press should contact the Press Office). Please note that the Chairman of the meeting has the discretion to halt any recording for a number of reasons, including disruption caused by the filming or the nature of the business being conducted. Anyone filming a meeting should focus only on those actively participating and be sensitive to the rights of minors, vulnerable adults and those members of the public who have not consented to being filmed.

Implementing paperless meetings will save East Herts Council approximately £50,000 each year in printing and distribution costs of agenda packs for councillors and officers.

You can use the mod.gov app to access, annotate and keep all committee paperwork on your mobile device.

Visit <https://www.eastherts.gov.uk/article/35542/Political-Structure> for details.

The Council is moving to a paperless policy in respect of Agendas at Committee meetings. From 1 September 2019, the Council will no longer be providing spare copies of Agendas for the Public at Committee Meetings. The mod.gov app is available to download for free from app stores for electronic devices.

AGENDA

1. Apologies

To receive apologies for absence.

2. Minutes - 27 May 2021 (Pages 7 - 18)

To confirm the Minutes of the meeting of the Committee held on Thursday, 27 May 2021.

3. Chairman's Announcements

4. Declarations of Interest

To receive any Members' declarations of interest.

5. Shared Internal Audit Service (SIAS) Internal Audit Plan Progress Report (Pages 19 - 36)

6. Annual Governance Statement 2020/21 (Pages 37 - 78)

7. Receipt of the External Auditor's Audit Planning Report (Pages 79 - 136)

8. Work Programme Proposals 2020-21 (Pages 137 - 148)

9. Urgent Items

To consider such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration and is not likely to involve the disclosure of exempt information.

This page is intentionally left blank

MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON THURSDAY 27
MAY 2021, AT 7.00 PM

PRESENT: Councillor M Pope (Chairman)
Councillors A Alder, R Fernando, T Stowe,
R Townsend and A Ward-Booth

ALSO PRESENT:

Councillors P Ruffles

OFFICERS IN ATTENDANCE:

| | |
|--------------------|--|
| Lorraine Blackburn | - Scrutiny Officer |
| James Ellis | - Head of Legal and Democratic Services and Monitoring Officer |
| Steven Linnett | - Head of Strategic Finance and Property |
| Katie Mogan | - Democratic Services Manager |
| Graham Mully | - Insurance and Risk Business Advisor |
| Tyron Suddes | - Information Governance and Data Protection Manager |
| William Troop | - Democratic Services Officer |

ALSO IN ATTENDANCE:

| | |
|---------------|--|
| Nick Jennings | - Shared Anti-Fraud Service (SAFS) |
| Chris Wood | - Shared Internal Audit Service (SIAS) |

44 APPOINTMENT OF VICE-CHAIRMAN FOR 2021/22

It was moved by Councillor Alder and seconded by Councillor Fernando, that Councillor Ward-Booth be appointed Vice-Chairman for 2021/22. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – Councillor Ward-Booth be appointed Vice-Chairman for 2021/22.

45 MINUTES - 16 MARCH 2021

It was moved by Councillor Fernando and seconded by Councillor Ward-Booth, that the Minutes of the meeting of the Committee held on 16 March 2021 be confirmed as a correct record and signed by the Chairman. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the Minutes of the Committee meeting held on 16 March 2021 be confirmed as a correct record and signed by the Chairman.

46 APOLOGY

An apology for absence was submitted on behalf of

Councillor Huggins.

47 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed all present back to the Council Chamber following the resumption of in-person meetings. He said that the Executive Member for Financial Sustainability was unable to attend due to illness, so Item 5 on the agenda would not proceed, although the Executive Member would respond to Members' questions outside of the meeting.

48 DECLARATIONS OF INTEREST

There were no declarations of interest.

49 2020/21 ANNUAL ANTI-FRAUD REPORT

The Shared Anti-Fraud Service (SAFS) Officer gave a brief summary of the report. He also updated Members on the recent work of SAFS, which included National Fraud Initiative data matching regarding council tax and the housing register, as well as providing assurance on grant payments. SAFS had received ten new referrals this year, with 19 live cases with a value of around £127,000. SAFS had also agreed to provide an anti-money laundering (AML) service to the Council.

The Chairman asked if the Council had an AML Officer.

The SAFS Officer said that the Chartered Institute of Public Finance and Accountancy (CIPFA) suggested that local authorities comply with the spirit of AML legislation, but were not bound by it. As the Council did

not often receive large payments, AML regulations would generally not be relevant. However, SAFS had the expertise to support the Council where necessary.

Councillor Fernando asked what losses would be recoverable from the current caseload. The SAFS Officer said around 90% of the work would be recoverable council tax or housing benefit cases. One case related to a business grant.

Councillor Alder asked what type of referrals SAFS received from the public.

The SAFS Officer said that public reporting was positive as it showed trust from the public in the organisation. However, SAFS also had to ensure these referrals were not malicious and unwarranted. Most of the public referrals related to council tax or housing benefit cases.

Councillor Stowe asked about the £130,000 recovered by the removal of 284 discounts.

The SAFS Officer said that these invalid discounts had been discovered by data-matching. Many of the cases were genuine errors rather than fraud, but in any case the Council was entitled to bill for backdated payments.

The Chairman asked whether the SAFS Officer was still confident that there were few fraudulent payments made under the COVID grant scheme. He also asked whether the 20 cases that remained open at year end last year had now been closed.

The SAFS Officer said that assurance on grants was good, although still ongoing, and more fraud might be discovered. One fraudulent payment had been made but this was recovered. Overall, the Shared Revenue and Benefits Service performed very well. All of the previously open cases had now been closed, with recovery possible on some.

RESOLVED – that the report be received and considered.

50 ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT
ANNUAL REPORT 2020/21

The Shared Internal Audit Service (SIAS) Officer gave a brief summary of the report. He also asked that the Head of Strategic Finance and Property give the Committee assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2020/21.

The Head of Strategic Finance and Property confirmed this to the Committee. The Chairman said that fewer reports had been delivered and asked if this was due to the pandemic. He also asked whether the Committee could draw conclusions from the change in the number of recommendations made.

The SIAS Officer said it was difficult to draw direct conclusions as audits focussed on different areas each year. COVID had affected the work of SIAS, although lots of work could be done remotely. Enough work was carried out to support the assurance opinion, which was the minimum requirement, and there were other sources of information, aside from formal audits,

which could be used to support this opinion.

Councillor Fernando asked whether the cancelled Emergency Planning audit included scenarios such as pandemics. The SIAS Officer said he would need to look into this and respond to Members outside of the meeting.

Councillor Townsend asked whether software auditing would be part of the IT audits, and whether this could be added to the schedule.

The SIAS Officer said that IT audits were conducted by specialist third party partners. Particular areas would be reviewed cyclically, if they had not been audited for a period or were deemed to pose a high risk. However, this should be covered in the Council's Risk Register and in the Audit Plan.

The Insurance and Risk Business Advisor said that the risk scoring of this area had previously been increased due to the Committee's concerns.

The Head of Strategic Finance and Property said that IT Resilience had already been assigned a number of audit days within the Audit Plan.

RESOLVED – (A) that the report be received and considered;

(B) the SIAS Audit Charter be accepted; and

(C) management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2020/21 be received.

51 STRATEGIC RISK REGISTER – MONITORING 2020/21 -
 QUARTER 4

The Insurance and Risk Business Advisor gave a brief summary of the report.

Councillor Ward-Booth asked about the resilience of IT systems given the recent system outages and what was being done to prevent this happening again. He also asked what Officers working from home did with confidential waste.

The Insurance and Risk Business Advisor said the recent outage had been related to a microwave signal disrupting security software, but this had now been resolved. Staff had agreed to clear protocols regarding confidential waste and taking card payments from home; Members could be assured that the Council had considered this.

Councillor Alder asked whether the Council had been able to quantify how many residents had been using self-service solutions during the pandemic.

Councillor Fernando asked what steps the Council was taking to make EU residents aware of the need to apply for settled status. The Insurance and Risk Business Advisor said he would look into both queries and respond to Members outside of the meeting.

The Chairman asked whether the risk of prices dropping for recyclable material was scored appropriately.

The Head of Strategic Finance and Property said that waste was retained by the Council, but should it be necessary, it could simply present excess waste to Hertfordshire County Council. Prices for plastics were now increasing again, which highlighted how volatile the market was.

RESOLVED – that the report be received and considered.

52 DATA PROTECTION UPDATE

The Information Governance and Data Protection Manager gave a brief summary of the report.

Councillor Townsend asked about data integrity and how the Council stored secondary back up and tertiary data.

The Information Governance and Data Protection Manager said that work on this was planned, and assurance would be sought from third parties about their data processes to ensure consistency.

Councillor Stowe asked what was done to protect data when Officers were working from home. He also asked what measures were in place to ensure that documents sent out in response to Freedom of Information (FOI) and Subject Access Requests (SARs) were properly redacted.

The Information Governance and Data Protection Manager said that the use of a hosted desktop when staff were working remotely provided a good level of data security. The Data Protection policy would also

include a section on working remotely. Members were also advised that any FOI requests or SARs were checked by an Officer and then double checked by the Information Governance and Data Protection Manager.

Councillor Fernando asked whether the Information Commissioner's Office (ICO) had advised any further action on the breach reported to them.

The Information Governance and Data Protection Manager said that he had chased a response from the ICO, which had not been received, although this suggested that the Council's action was satisfactory.

The Chairman said that further General Data Protection Regulation (GDPR) training following an Officer error should be mandatory, rather than advised. He also said that it would be useful for the Committee to be updated on any response from the ICO.

The Information Governance and Data Protection Manager said he was happy to take this on board. The Head of Legal and Democratic Services said that mandatory training on GDPR was also a requirement in performance and development reviews.

Councillor Alder asked whether the stolen fly-tipping camera had been replaced more securely. The Information Governance and Data Protection Manager said he would look into this and respond to Members outside of the meeting.

Councillor Fernando asked whether GDPR training was being changed to reflect the fact that most breaches

were caused by human error.

The Information Governance and Data Protection Manager said that he was currently reviewing the training and his intention was to make it more specific to the Council.

RESOLVED – that the report be received and considered.

53 STANDARDS UPDATE

The Head of Legal and Democratic Services gave a brief summary of the report. Members were also advised that the Council were looking to roll out the newly adopted Code of Conduct to its town and parish councils. This would simplify matters, particularly for Members who represented residents at multiple levels of local government.

The Chairman asked whether there was an opportunity for the equalities training Members had received to be rolled out to Town and Parish Councils.

The Head of Legal and Democratic Services said that Town and Parish Councils were responsible for their own training provision. The recent equalities training had been well-attended so it was not considered that any further training was needed currently, although this would be reviewed again in time.

RESOLVED – that the report be received and considered.

54 2020/21 PROVISIONAL OUTTURN – UPDATE

The Head of Strategic Finance and Property gave a brief verbal update to Members on provisional outturn. He explained that a full report could not be delivered due to IT outages delaying work by around a week.

Members were also advised the Audit Manager at Ernst and Young (EY), the Council's external auditor, had moved on. EY had assured the Council the audit would begin on time, but it was possible that this would now be delayed.

55 WORK PROGRAMME PROPOSALS 2020-21

The Scrutiny Officer gave a brief summary of the report. Members were advised that the scrutiny review had highlighted the need for scrutiny committees to be a 'critical friend' to the Executive. It also recommended reading agendas early.

Councillor Alder said that the scrutiny training was interesting and well-run and expressed her thanks to the trainer.

Councillor Ward-Booth asked for a general update on the Council's capital projects.

The Scrutiny Officer said she would liaise with the Improvement and Insight Manager regarding this. Any update might come in the form of a briefing for all Members.

It was moved by Councillor Fernando and seconded by

Councillor Townsend that the recommendation, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the main agenda items for the following meeting and the consolidated work programme be agreed.

56 URGENT ITEMS

There was no urgent business.

The meeting closed at 8.50 pm

| |
|----------------|
| Chairman |
| Date |



East Herts Council Audit and Governance Committee

29 July 2021
Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Approve Changes to the Internal Audit Plan as at 9 July 2021
- c) Note the Status of Critical and High Priority Recommendations

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background
- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.4 Proposed Audit Plan Changes
 - 2.5 Critical and High Priority Recommendations
 - 2.7 Performance Management

Appendices:

- A Progress against the 2021/22 Audit Plan
- B Implementation Status of Critical and High Priority Recommendations
- C Audit Plan Items (April 2021 to March 2022) - Indicative start dates agreed with management
- D Assurance Definitions / Priority Levels

1 Introduction and Background

Purpose of Report

- 1.1 To provide Members with:
- a) The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2021/22 Internal Audit Plan as at 9 July 2021.
 - b) The findings for the period 1 April 2021 to 9 July 2021.
 - c) Details of changes required to the approved Internal Audit Plan.
 - d) The implementation status of previously agreed audit recommendations.
 - e) An update on performance management information as at 9 July 2021.

Background

- 1.2 Internal Audit's Annual Plan for 2021/22 was approved by the Audit and Governance Committee at its meeting on 16 March 2021. The Audit and Governance Committee receive periodic updates against the Internal Audit Plan. This is the first update report for 2021/22.
- 1.3 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit function is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed changes to the agreed Annual Internal Audit Plan.

2 Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 9 July 2021, 17% of the 2021/22 Audit Plan days have been delivered (the calculation excludes contingency days that have not yet been allocated).
- 2.2 The following final report has been issued since the last Audit and Governance Committee:

| Audit Title | Date of Issue | Assurance Level | Number of Recommendations |
|-------------|---------------|-----------------|----------------------------------|
| Fly Tipping | July 2021 | Reasonable | Five Medium and Two Low priority |

- 2.3 The table below summarises the position regarding 2021/22 projects as at 9 July 2021. Appendix A provides a status update on each individual project within the 2021/22 Internal Audit Plan.

| Status | No. of Audits at this Stage | % of Total Audits |
|---------------------|-----------------------------|-------------------|
| Final Report Issued | 1 | 5 |

| | | |
|---------------------------------------|-----------|------------|
| Draft Report Issued | 1 | 5 |
| In Fieldwork/Quality Review | 0 | 0 |
| In Planning/Terms of Reference Issued | 6 | 32 |
| Allocated | 1 | 5 |
| Not Yet Allocated | 8 | 42 |
| Cancelled/Deferred | 2 | 11 |
| Total | 19 | 100 |

Proposed Audit Plan Changes

- 2.4 The following Audit Plan changes were agreed with management and are proposed to the Committee:
- a) Corporate Capacity (12 days) – audit intended for quarter 1 but now deferred to 2022/23 after discussions with the Head of Human Resources and Organisational Development. It was considered that this revised timing is more appropriate acknowledging anticipated organisational change during 2021/22.
 - b) Audit Follow Up 1 (6 days) – audit intended for quarter 1 but now cancelled. Prudent provision for two follow up audits was made when the audit work programme was originally drafted in December 2020 (one in quarter 1 and a second in quarter 3). The first of these is not required.
 - c) Homes England: Compliance Audit (5 days) – new audit added for quarter 2. The Council has been selected for audit by Homes England, who require independent confirmation that all requirements and grant funding conditions have been complied with. It has been agreed with the Head of Housing & Health and Homes England that SIAS will provide the confirmation required.

Unused audit days have been returned to the contingency balance (now 16 days) for use later in the year.

Critical and High Priority Recommendations

- 2.5 Members will be aware that a Final Audit Report is issued when it has been agreed (“signed off”) by management; this includes an agreement to implement the recommendations that have been made.
- 2.6 The schedule attached at Appendix B details any outstanding Critical and High priority audit recommendations.

Performance Management

- 2.7 The 2021/22 annual performance indicators were approved at the SIAS Board meeting in March 2021.

- 2.8 The actual performance for East Herts Council against the targets that can be monitored in year is set out in the table below:

| Performance Indicator | Annual Target | Profiled Target | Actual to 9 July 2021 |
|---|---------------|----------------------|--|
| 1. Planned Days – percentage of actual billable days against planned chargeable days completed | 95% | 17% (49/284 days) | 17% (47/284 days) |
| 2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects | 95% | 12% (2/17 projects) | 12% (2/17 projects) |
| 3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level | 100% | 100% | 100% (1 received) Note (1) |
| 4. Number of Critical and High Priority Audit Recommendations agreed | 95% | 95% | No Critical or High Priority recommendations made/agreed to date |

Note (1) – 1 received in 2021/22 relates to a 2020/21 audit.

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS | | | | AUDIT PLAN DAYS | LEAD AUDITOR ASSIGNED | BILLABLE DAYS COMPLETED | STATUS/COMMENT |
|---|--------------------|------|---|---|----|-----------------|-----------------------|-------------------------|---------------------|
| | | C | H | M | LA | | | | |
| Key Financial Systems – 70 days | | | | | | | | | |
| Provision for full or targeted audit of one or more key financial systems. Mapping the remaining key financial systems to confirm appropriate lines of assurance and to inform the annual assurance opinion | | | | | | 70 | Yes | 0.5 | In Planning |
| Operational Audits – 127 days | | | | | | | | | |
| Resources Benefits Realisation | | | | | | 12 | No | 0 | Not Yet Allocated |
| Capital Programme Delivery | | | | | | 12 | No | 0 | Not Yet Allocated |
| Corporate Capacity | | | | | | 1 | N/A | 1 | Cancelled |
| Contract Management | | | | | | 10 | Yes | 2.5 | In Planning |
| COVID-19 Pandemic Response | | | | | | 12 | Yes | 0.5 | In Planning |
| Fly-Tipping | Reasonable | 0 | 0 | 5 | 2 | 11 | Yes | 11 | Final Report Issued |
| Property Investment | | | | | | 10 | Yes | 0.5 | In Planning |
| Licensed Premises | | | | | | 10 | No | 0 | Not Yet Allocated |
| Economic Development | | | | | | 12 | No | 0 | Not Yet Allocated |
| Equalities | | | | | | 12 | Yes | 11.5 | Draft Report Issued |
| Safeguarding | | | | | | 10 | Yes | 1.5 | In Planning |
| Temporary Accommodation/Rough Sleepers | | | | | | 10 | No | 0 | Not Yet Allocated |
| Homes England – compliance audit | | | | | | 5 | Yes | 0 | Allocated |
| Follow Up Audits – 6 days | | | | | | | | | |
| Follow Up 1 | | | | | | 0 | N/A | 0 | Cancelled |
| Follow Up 2 | | | | | | 6 | No | 0 | Not Yet Allocated |

APPENDIX A - PROGRESS AGAINST THE 2021/22 INTERNAL AUDIT PLAN

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS | | | | AUDIT PLAN DAYS | LEAD AUDITOR ASSIGNED | BILLABLE DAYS COMPLETED | STATUS/COMMENT |
|--|--------------------|------|---|---|----|-----------------|-----------------------|-------------------------|-------------------|
| | | C | H | M | LA | | | | |
| | | | | | | | | | |
| Risk Management and Governance – 12 days | | | | | | | | | |
| Provision for full or targeted audits or mapping the lines of assurance to inform the annual assurance opinion | | | | | | 12 | No | 0 | Not Yet Allocated |
| IT Audits – 16 days | | | | | | | | | |
| IT Resilience | | | | | | 6 | No | 0 | Not Yet Allocated |
| Cyber Security Assurance Mapping | | | | | | 10 | Yes | 0.5 | In Planning |
| Shared Learning and Joint Reviews – 6 days | | | | | | | | | |
| Joint Review(s) – Topics to be confirmed by SIAS Board | | | | | | 6 | No | 0 | Not Yet Allocated |
| Follow Up of Audit Recommendations – 4 days | | | | | | | | | |
| Follow up of critical and high priority audit recommendations | | | | | | 4 | Yes | 0.5 | Through Year |
| Completion of 2020/21 Projects – 3 days | | | | | | | | | |
| Various | | | | | | 3 | Yes | 3 | Complete |
| Contingency – 16 days | | | | | | | | | |
| Contingency | | | | | | 16 | N/A | 0 | Through Year |
| Strategic Support – 40 days | | | | | | | | | |
| Head of Internal Audit Assurance Opinion 2020/21 | | | | | | 3 | Yes | 3 | Complete |
| External Audit Liaison | | | | | | 1 | Yes | 0 | Through Year |
| Audit Committee | | | | | | 8 | Yes | 2 | Through Year |
| Client Meetings & Ad hoc Advice | | | | | | 7 | Yes | 1.5 | Through Year |
| Plan Monitoring, Work Allocation and Scheduling | | | | | | 12 | Yes | 2.5 | Through Year |
| SIAS Development/External Quality | | | | | | 5 | Yes | 5 | In Progress |

APPENDIX A - PROGRESS AGAINST THE 2021/22 INTERNAL AUDIT PLAN

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS | | | | AUDIT PLAN DAYS | LEAD AUDITOR ASSIGNED | BILLABLE DAYS COMPLETED | STATUS/COMMENT |
|------------------------|--------------------|----------|----------|----------|----------|-----------------|-----------------------|-------------------------|----------------|
| | | C | H | M | LA | | | | |
| Assessment | | | | | | | | | |
| Audit Planning 2022/23 | | | | | | 4 | Yes | 0 | Through Year |
| EHC TOTAL | | 0 | 0 | 5 | 2 | 300 | | 47 | |

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

| No. | Report Title | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments | SIAS Comment (July 2021) |
|-----|-------------------------------------|--|--|------------------------------------|---|---|---|
| 1. | Cyber Security follow up (2018/19). | <p><u>Network access control.</u></p> <p>Management should establish a network access control to block unknown or unauthorised devices from connecting to the Council's IT network. This should include restricting the ability to physically connect to the IT network.</p> <p>Where there is a demonstrable need for a device to connect to the IT network, the Service should require:</p> <p>The purpose for the connection has been recorded</p> <p>Appropriate security controls have been enabled on the device connecting to the IT network</p> <p>The period of time that the device will require the connection</p> <p>All connections are approved before being allowed to proceed.</p> <p>Devices connected to the IT network should be reviewed on a routine basis.</p> | The Council has created a Security & Network Team who has been tasked to look at security / network tools. There is also a planned upgraded Office 365 and in particular Intune to manage all mobile (non-network connected) devices. The plan is to ensure that only known devices are allowed to access Council systems. | ICT Strategic Partnership Manager. | <p>Network Tools July 2019.</p> <p>Intune October 2019.</p> <p>Procurement of network tools revised to November 2020.</p> | <p><u>July 2019.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>September 2019.</u></p> <p>Intune MDM has been installed and will be rolled out to manage all mobile devices and Windows 10 laptops. Plan in place to upgrade all Laptops to windows 10 is in place to ensure control via Intune encryption using Bitlocker.</p> <p>Financial and resource restrictions have forced the procurement of network tools to financial year 2020/21.</p> <p><u>December 2019.</u></p> <p>Revised date as above. It is very rare (if ever) that someone connects an external device to the IT network. The Zero Clients do not allow the transfer of data to anything plugged into it.</p> <p><u>February 2020.</u></p> <p>Revised implementation date as above.</p> | With the exception of the network monitoring tool (scheduled Q3), the original recommendation has been implemented. |

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

| No. | Report Title | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments | SIAS Comment (July 2021) |
|-----|--------------|----------------|---------------------|---------------------|---------------------|---|--------------------------|
| | | | | | | <p><u>July 2020.</u> Budget obtained to purchase networking tools to cover this and other security areas. The procurement will start shortly.</p> <p><u>December 2020.</u> Project has a dependency on completion of the networking/Firewall upgrade. As any tools need to be able to work within those systems capabilities. The Networking project is at the end of the procurement phase but has come under some procurement and technical issues which are holding up implementation.</p> <p><u>February 2021.</u> Access remotely: Our VDI Hosted desktop solution gives good security controls over who can access our systems. This will be strengthened with the installation of an upgraded system this year which will force Multi Factor authentication. Access via our buildings WiFi: This security is enforced as above, stopping any access.</p> | |

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

| No. | Report Title | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments | SIAS Comment (July 2021) |
|-----|--|---|--|------------------------------------|--|--|--|
| | | | | | | <p>Physical access: Due to current lockdown and the decision to focus on our network and hosted desktop upgrade, the project to purchase network monitoring tools has been put on hold. The ability to access our system by plugging in a device to our system is reduced by our hosted desktop solution, as this is inaccessible without authentication. The tool to monitor and restrict physical access is scheduled for Q3 2021.</p> <p><u>July 2021.</u> No change from the above scheduled position for Q3 2021.</p> | |
| 2. | Incident Management follow up (2018/19). | <p><u>Updating the disaster recovery plan.</u></p> <p>Management should update the Council's IT disaster recovery plan to include the procedure for establishing all IT services at a single data centre.</p> <p>A complete IT Disaster Recovery scenario test on all applications and systems should take place to provide assurance that recovery could happen within the expected time</p> | With our upgrade to horizon VDI, we are installing hardware which will allow either site to run 100% of capacity allowing the complete downing of one site for upgrade work but will of course allow for full capacity in the event on one data centre being of offline. | ICT Strategic Partnership Manager. | <p>August 2019 – DR review.</p> <p>April 2020 - VDI upgrade.</p> | <p><u>July 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>September 2019.</u> VDI upgrade out to tender with award scheduled for October 2019.</p> <p><u>December 2019.</u> Expected completion for this work is now April 2020.</p> | Partially implemented – continue to monitor. |

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

| No. | Report Title | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments | SIAS Comment (July 2021) |
|-----|--------------|---|---------------------|---------------------|---------------------|--|--------------------------|
| | | <p>frame.</p> <p>The Service should document the results of the test to determine the further actions required to improve the efficacy of the plan.</p> | | | | <p><u>February 2020.</u> As above.</p> <p><u>December 2020.</u> Project dependant on upgrade of infrastructure as above.</p> <p>However limited pilot has been started and work on preparing applications is underway.</p> <p>£5,000 has been obtained from Local Government funding source by SBC to train 2 staff on DR planning.</p> <p><u>February 2021</u> ICT has a solid incident management response procedure, but this is not fully documented into a recognised Disaster Recovery Plan due to the changes being made to our systems and network. Any plan created now will be out of date in a few months, hence the delay.</p> <p><u>July 2021.</u> No change from the above scheduled position for Q3 2021.</p> | |

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

| No. | Report Title | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments | SIAS Comment (July 2021) |
|-----|--|--|---|---------------------------------------|---------------------|--|--|
| 3. | Payment Card Data Security Standard (2020/21). | <p><u>PCI-DSS Self-Assessment & Compliance Structure.</u></p> <p>The Council has not completed a SAQ and does not have a formal PCI-DSS compliance strategy/program in place to meet required data security standards.</p> <p>As the option for non-compliance was taken several years ago and since that point there have been multiple personnel changes, the Council should re-assess the level of risk and decide if the non-compliant route is still the most preferred option.</p> <p>A cross-Council PCI-DSS working group should be established to focus on assessing the level of risk presented by sustained non-compliance with the PCI-DSS.</p> <p>This group's primary objective should be to determine whether to accept the level of risk and continue to pay the monthly penalty imposed by WorldPay or agree roles and responsibilities to engineer and maintain compliance with the published standards.</p> | <p>The s.151 officer has advised that the level of risk and the monthly fines for non-compliance does not represent proper management of financial affairs. In addition, the expansion of the number of services to be put on the web, which require the ability to have payment facilities, means that the Council must be PCIDSS compliant in order to proceed. Having previous experience of ICON it is not possible to achieve PCIDSS compliance with this software and suitable replacement software has been identified. This will be implemented jointly with Stevenage BC.</p> <p>A revised Information Security Policy has been developed and will be distributed to staff annually as part of the compliance process. This emphasises card security measures in the short term.</p> | Head of Strategic Finance & Property. | 31 March 2022. | <p><u>July 2021.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p> | Not yet implemented – continue to monitor. |

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

| No. | Report Title | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments | SIAS Comment (July 2021) |
|-----|--|--|--|---------------------------------------|---------------------|--|--|
| | | Should the decision be made to focus on compliance, the Councils are recommended to consult the best practice guidance produced by the PCI DSS Council in January 2019. | | | | | |
| 4. | Payment Card Data Security Standard (2020/21). | <p><u>Roles and Responsibilities.</u></p> <p>As a subsequent output from the formation of the cross-Council PCI-DSS working group, there should be named individuals assigned to steering the Councils compliance journey.</p> <p>Traditionally, the ownership of the compliance process may be the Head of Finance, as they generally occupy the position of signing off the annual Attestation of Compliance (AoC). But it must also be noted that much of the compliance structure content relates to technical configuration, so the Council should designate roles based on this dual ownership.</p> <p>Whilst Finance owns the overall compliance objective, the IT work stream owns the</p> | The above will lead the new system implementation and compliance as he has done this at a previous authority. To achieve compliance the new system will not permit card number entry by staff. Instead customers choosing to phone up to pay will be handed off to a secure IVR system and will need to enter card details on their phone keypad. Subsequent payments, providing it is for a service with an account number for the customer, e.g. Council Tax, then the system uses a secure token that shows the last 4 digits of the card number and the expiry date. The customer is asked to confirm the expiry date and payment can be | Head of Strategic Finance & Property. | 31 March 2022. | <p><u>July 2021.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p> | Not yet implemented – continue to monitor. |

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS





| No. | Report Title | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments | SIAS Comment (July 2021) |
|-----|--------------|--|---|---------------------|---------------------|--------------------------------|--------------------------|
| | | infrastructure that the payment systems sit on. Both departments should have an equal vested interest in compliance. | taken from that card with no need for card input unless the card is replaced/renewed. About 60% of PCIDSS compliance relates to firewalls, encryption and network security and requires best practice testing and maintenance which will be usefully checked for PCIDSS compliance as well as the standard annual cyber security checks. | | | | |

APPENDIX C – AUDIT PLAN ITEMS (APRIL 2021 TO MARCH 2022) – INDICATIVE START DATES AGREED WITH MANAGEMENT

| Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
|------------------------------------|---|---|---|
| Corporate Capacity Cancelled | Contract Management In Planning | Key Financial Systems In Planning | Key Financial Systems In Planning |
| Fly Tipping Draft Report Issued | COVID-19 Pandemic Response Allocated | Resources Benefits Realisation Not Yet Allocated | Licensed Premises Not Yet Allocated |
| Equalities Draft Report Issued | Property Investment In Planning | Capital Programme Delivery Not Yet Allocated | Temporary Accommodation / Rough Sleepers Not Yet Allocated |
| Audit Follow Up 1 Cancelled | Safeguarding In Planning | Economic Development Not Yet Allocated | Risk Management & Corporate Governance Not Yet Allocated |
| | Cyber Security In Planning | Audit Follow Up 2 Not Yet Allocated | IT Resilience Not Yet Allocated |
| | Homes England – Compliance Audit Allocated | | |

APPENDIX D – ASSURANCE / PRIORITY LEVELS

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

| Priority Level | | | Definition |
|----------------|----------------|---|--|
| Corporate | Critical |  | Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately. |
| | High |  | Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently. |
| | Medium |  | Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner. |
| | Low / Advisory |  | Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible. |

This page is intentionally left blank

East Herts Council Report

Audit and Governance Committee

Date of Meeting: 29 July 2021

Report by: Steven Linnett, Head of Strategic Finance and Property

Report title: Annual Governance Statement 2020/21

Ward(s) affected: All

Summary

- The Accounts and Audit Regulations 2015 require that all authorities conduct a review of the effectiveness of the system of internal controls and prepare an Annual Governance Statement each year. The Annual Governance Statement must be considered separately from the Statement of Accounts.

RECOMMENDATION FOR AUDIT AND GOVERNANCE COMMITTEE:

(A) That Members review and comment on the draft Annual Governance Statement for 2020/21.

1.0 Proposal(s)

1.1 That Members review and comment on the draft Annual Governance Statement (AGS) for 2020/21.

2.0 Background

2.1 The Council is responsible for preparing and publishing its Annual Governance Statement in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)

and the Society of Local Authority Chief Executive and Senior Managers (SoLACE) framework.

- 2.2 This fulfils the statutory requirement that local authorities review their governance arrangements at least once a year.
- 2.3 The Delivering Good Governance in Local Government Framework requires local authorities to be responsible for ensuring that:
 - (a) their business is conducted in accordance with all relevant laws and regulations;
 - (b) public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
 - (c) there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 2.4 The annual governance statement acts as a vehicle for the review of the Council's governance arrangements. The review should be reported both internally within the Council, to the Audit and Governance Committee and externally within the published accounts to provide assurances that:
 - (a) Governance arrangements are adequate and operating effectively in practice or
 - (b) Where reviews of the governance arrangements have revealed gaps, action is planned that will ensure effective governance in the future
- 2.5 The process of preparing the governance statement should itself add value to the corporate governance and internal controls framework of the Council.
- 2.6 It is important to recognise that the governance statement covers all significant corporate systems, processes and controls for all of the Council's activities.

- 2.7 The draft Annual Governance Statement is attached as **Appendix A** for Members to review and comment on.

3.0 Reason(s)

- 3.1 As part of a framework of good governance, it is important that management and Members can demonstrate that governance issues are acted upon and the implementation of recommendations is monitored.

4.0 Options

- 4.1 Members can suggest amendments or additions to the draft AGS.

5.0 Risks

- 5.1 The timely implementation of governance recommendations will reduce the risks to the Council.

6.0 Implications/Consultations

- 6.1 Leadership Team have been consulted on the draft AGS and have provided confirmation that appropriate controls have been in place in their service areas throughout the year.

Community Safety

No

Data Protection

Part of the AGS is to consider how effectively the council is meeting its duties in relation to data protection.

Equalities

Part of the AGS is to consider how effectively the council is meeting its duties in relation to equalities.

Environmental Sustainability

No

Financial

Part of the AGS is to consider how effectively the council is meeting its duties in relation to financial control, budgeting and medium term resource planning.

Health and Safety

Part of the AGS is to consider how effectively the council is meeting its duties in relation to health and safety.

Human Resources

Part of the AGS is to consider how the Council's Officers and members behave ethically and also how the council plans its workforce over the medium term

Human Rights

No

Legal

The Accounts and Audit Regulations 2015 stipulate that all authorities must conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement each financial year.

Part of the AGS specifically considers how the council complies with the law.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

Appendix A – Annual Governance Statement 2020/21

Contact Officer

Steven Linnett, Head of Strategic Finance and
Property, Tel No: 01279 502050
steven.linnett@eastherts.gov.uk

This page is intentionally left blank

Annual Governance Statement 2020/21



1. Scope of Responsibility

East Herts Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. East Herts Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, East Herts Council is responsible for ensuring arrangements are in place for the good governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

East Herts 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 2016.

This statement explains how East Herts Council has complied with the Code and also meets the requirements of Regulation 6 of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control.

2. The Purpose of the Governance Framework

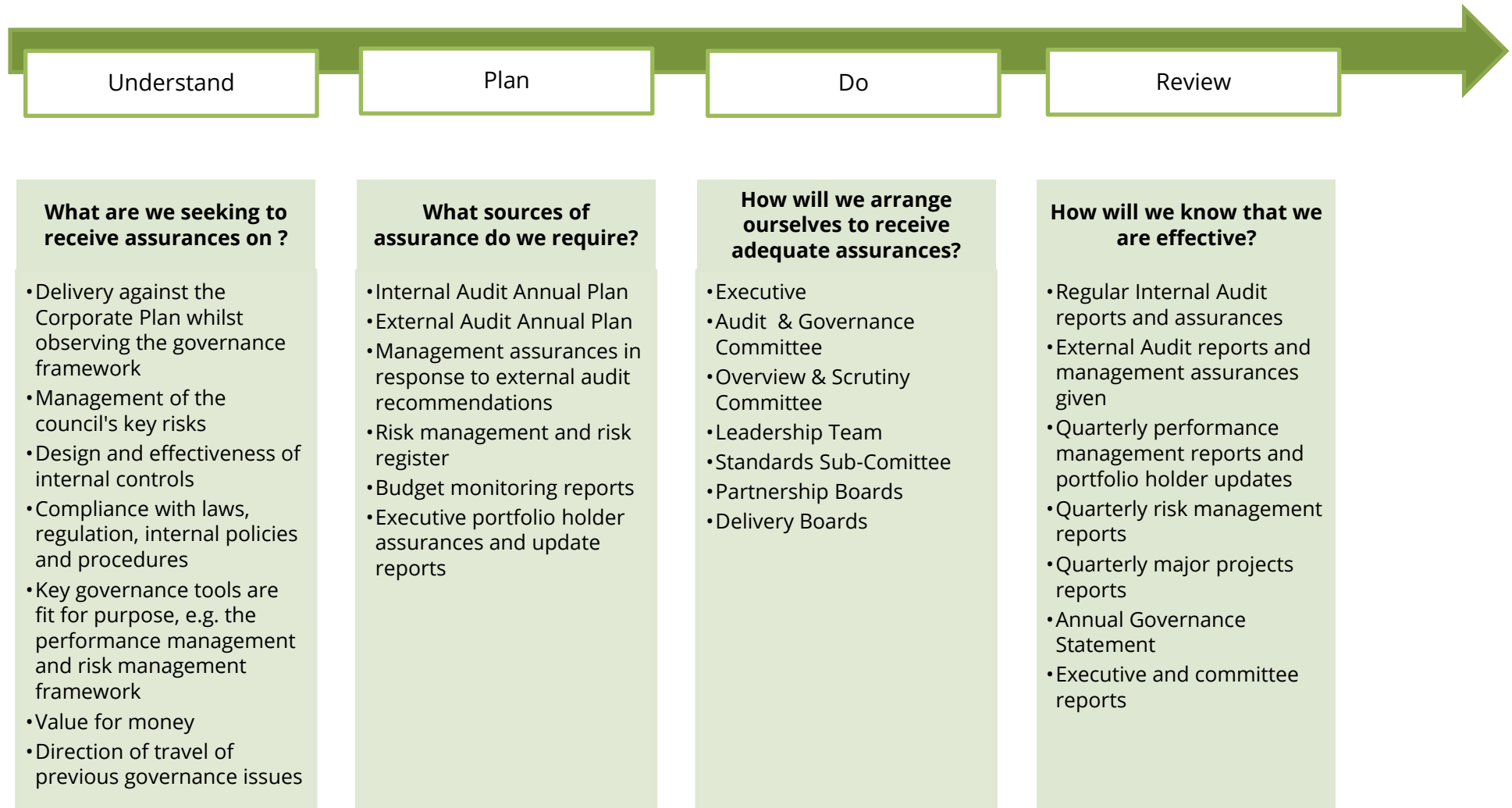
The governance framework comprises the cultures, values and systems and processes by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services and value for money. The overall aim is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities;
- there is sound and inclusive decision making; and
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

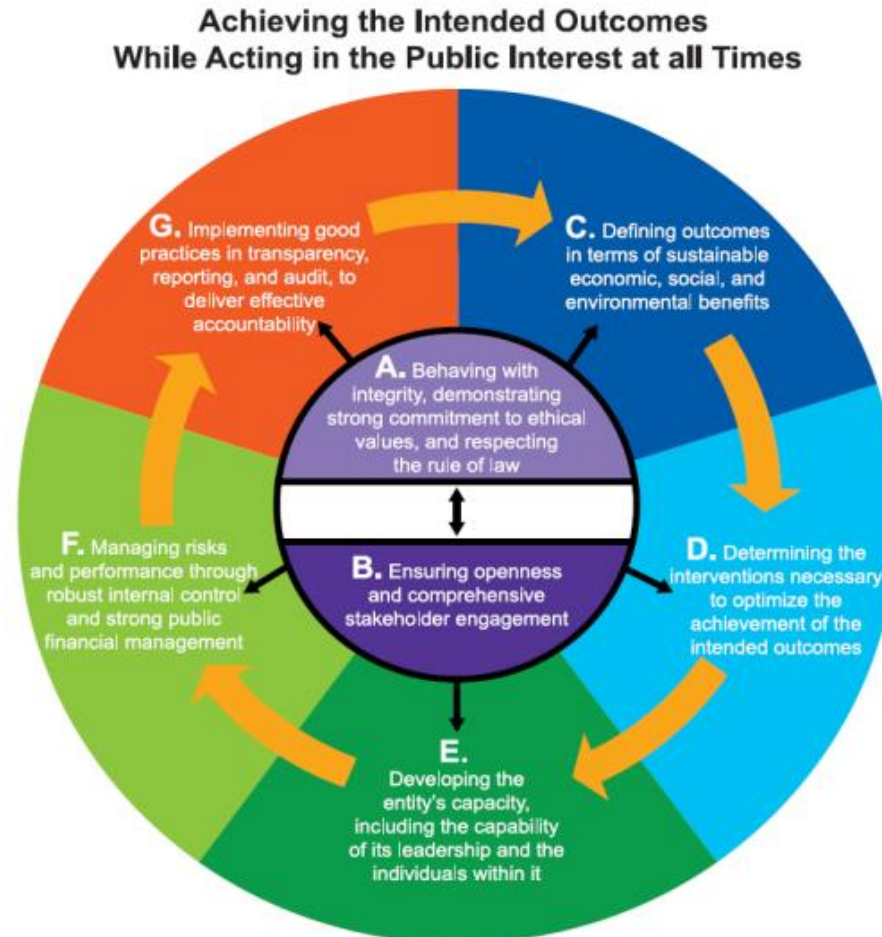
The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assessment/assurances of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of East Herts Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at East Herts Council for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

3. Assurance Cycle



4. The Governance Framework



Source: CIPFA 2016

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|---|--|--|
| <p>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p> | <p>Behaving with integrity</p> <ul style="list-style-type: none"> Ensuring Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation | <ul style="list-style-type: none"> Codes of conduct for Members and Officers Members sign an individual commitment to comply with the Code Induction for new Members on the Code of Conduct and staff on standards of behaviour expected Performance appraisals Related party transaction declarations Action taken on Local Government Ombudsman (LGO) complaints |
| | <ul style="list-style-type: none"> Ensuring Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles) | <ul style="list-style-type: none"> Corporate Plan sets operating direction and organisational values approved by the Council Member Code of Conduct is based on Nolan Principles Corporate objectives cascaded down into Service Plans Corporate Plan and Service Plan objectives reflected in individual appraisal goals |
| | <ul style="list-style-type: none"> Leading by example and using these standard operating principles or values as a framework for decision making and other actions | <ul style="list-style-type: none"> Members trained on and familiar with code of conduct requirements Declarations are made at, and recorded, at meetings Meetings conducted according to values Standards Sub-Committee in effective operation including delivering training sessions to others to be proactive in communicating positive messages about good conduct Requirement for elected Members to be specifically trained before serving on Planning and/or Licensing Committees |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|-------------------------------|---|---|
| | <ul style="list-style-type: none"> • Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively | <ul style="list-style-type: none"> • Anti-fraud and anti-corruption policies are working effectively • Up-to-date register of interests (Members and staff) • Related Party Transactions completed annually • Up-to-date register of gifts and hospitality • Whistleblowing policies are in place, up to date and protect individuals raising concerns • Whistleblowing policy has been made available to members of the public, employees, partners and contractors • Complaints policy in place and reported upon annually to Executive • All policies are managed through corporate performance management system to ensure effective and timely review with communication of changes and provision of training as appropriate • Policies are published online to demonstrate openness and transparency • Changes/improvements as a result of complaints received and acted upon and reported in annual report to Members • Members and officers code of conduct refers to a requirement to declare interests • Minutes show declarations of interest were sought and appropriate declarations made • Relevant recommendations from LGO incorporated into future working practices and procedures • Legal implications identified in all Executive and committee reports |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|-------------------------------|--|--|
| | Demonstrating strong commitment to ethical values <ul style="list-style-type: none"> Seeking to establish, monitor and maintain the organisation's ethical standards and performance | <ul style="list-style-type: none"> Good ethical governance is championed by Members, particularly through Executive, the Standards Sub-Committee, the Monitoring Officer and Leadership Team Audit & Governance Committee takes the lead in overseeing and promoting good governance Clear mechanisms in place for reporting / referral to Monitoring Officer |
| | <ul style="list-style-type: none"> Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation | <ul style="list-style-type: none"> Provision of ethical awareness training including thorough Code of Conduct training Standards Sub-Committee takes the lead in promoting this |
| | <ul style="list-style-type: none"> Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values | <ul style="list-style-type: none"> Appraisal process in place Procurement policy and approach include good governance and ethical conduct Requirement to declare conflicts of interest Robust processes with checks and balances to ensure that procurement is undertaken in accordance with the principles of transparency, fairness and equal treatment. |
| | <ul style="list-style-type: none"> Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation | <ul style="list-style-type: none"> Partnership Guidelines and reviews Procurement Strategy showing commitment to local businesses and SMEs Adhering to Bribery and Anti-Corruption policies as required by the Council Ensuring confidentiality of information throughout the process Data protection requirements specifically built into contract specification |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|-------------------------------|--|--|
| | Respecting the rule of law <ul style="list-style-type: none"> Ensuring Members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations | <ul style="list-style-type: none"> Constitution Statutory guidance and provisions are followed These are assessed through internal and external audit Audit & Governance Committee oversee this Legal implications identified in all Executive and committee reports |
| | <ul style="list-style-type: none"> Creating the conditions to ensure that the statutory officers, other key post holders and Members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements | <ul style="list-style-type: none"> Job description/specifications Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016). The Council's arrangements conform to these governance requirements with the CFO reporting directly to the Chief Executive Legal implications identified in all Executive and committee reports The Monitoring Officer routinely attends Leadership Team meetings. The CFO routinely attends Leadership Team. In addition, the CFO has access to (and regularly attends) the Audit & Governance Committee and to the internal and external auditors. In performing the role, the CFO is able to bring influence to bear on all material decisions of the Council through advice and guidance on all corporate reports. As part of that role, the CFO leads on the budget monitoring reports, financial strategy reports and is able to promote to the organisation the delivery of good financial management. In discharging this role, the CFO is supported by a team of officers, including a deputy, and these arrangements ensure that the CFO has adequate resources to support the design and maintenance of sound financial governance arrangements. |
| | <ul style="list-style-type: none"> Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders | <ul style="list-style-type: none"> Executive reports / decision making reports all document legal advice / implications Where appropriate, make use of general power of competence e.g. Millstream or the power to charge for discretionary services |
| | <ul style="list-style-type: none"> Dealing with breaches of legal and | <ul style="list-style-type: none"> Monitoring Officer takes lead role in ethical governance and |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|--|--|--|
| | regulatory provisions effectively | <p>ensuring compliance with the law</p> <ul style="list-style-type: none"> • Decision making process incorporates this • Legal team provide in-house advice and guidance • Statutory teams familiar with and operating effectively to deliver on their statutory duties |
| | <ul style="list-style-type: none"> • Ensuring corruption and misuse of power are dealt with effectively | <ul style="list-style-type: none"> • Effective anti-fraud and anti-corruption policies and procedures are in place and are regularly updated and incorporated into all contracts • Assurance mapping exercise to be completed by Internal Audit will improve likelihood of detection • Grievance and disciplinary code for officers • Monitoring Officer at senior level within the organisation • Mature and experienced Standards Sub-Committee • 360 appraisal of managers acts as an additional layer of challenge • Annual appraisal review assesses competencies and behaviours. |
| <p>B Ensuring openness and comprehensive stakeholder engagement</p> <p>Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as</p> | <p>Openness</p> <ul style="list-style-type: none"> • Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness | <ul style="list-style-type: none"> • Quarterly performance reports to record performance against Corporate Plan • Freedom of Information publication scheme • Information Governance Team input to all FOI request to ensure that exemptions are not unreasonably applied • Data Protection Information Charter • Compliance with the General Data Protection Regulation 2016 and Data Protection Act 2018 • Transparency web pages • Website publishes clear and accessible information • Public inspection of accounts • Annual publication of accounts • Public consultation on new policies and individual development applications. |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|-------------------------------|--|---|
| institutional stakeholders | <ul style="list-style-type: none"> Making decisions that are open about actions, plans, use of resources, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided in accordance with rules governing e.g. exemptions. | <ul style="list-style-type: none"> Webcasting of all Committee meetings during the pandemic. Record of decision making and supporting materials Publish decisions by Members and Officers in accordance with the Constitution, Scheme of Delegation, Financial Procedure Rules and Contract Procedure Rules. Forward Plan promotes community interest in democracy by publishing report schedule |
| | <ul style="list-style-type: none"> Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear | <ul style="list-style-type: none"> Decision making protocols Report template including requirement to obtain professional advice in key areas Meeting reports show details of advice given Discussion between Members and officers on the information needs of Members to support decision making Committee work programmes Agreement on the information that will be provided and timescales Calendar of dates for submitting, publishing and distributing timely reports is adhered to |
| | <ul style="list-style-type: none"> Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action | <ul style="list-style-type: none"> Community Engagement Strategy Annual budget consultation Consultation on Master Plan options All Member Information sessions Online consultation exercises |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|-------------------------------|---|--|
| | Engaging comprehensively with institutional stakeholders <ul style="list-style-type: none"> Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably | <ul style="list-style-type: none"> Communications Strategy and specific communications strategies for major projects Local ward Member communication networks Specific consultation with underrepresented groups through Equalities Strategy Community Engagement Strategy Statement of Community Involvement for District Plan |
| | <ul style="list-style-type: none"> Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively | <ul style="list-style-type: none"> Online databases of residents who register to be kept informed / consulted about matters e.g. planning policy Significant partnership working e.g. Harlow & Gilston Garden Town, Hertfordshire Growth Board Shared services for Revenues & Benefits, ICT, Waste and Recycling Services, Building Control, CCTV and Equalities. The Council is also part of the Hertfordshire Emergency Resilience Partnership. |
| | <ul style="list-style-type: none"> Ensuring that partnerships are based on: <ul style="list-style-type: none"> Trust a shared commitment to change a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit | <ul style="list-style-type: none"> Shared services for Revenues & Benefits, ICT, Waste and Recycling Services, Building Control, CCTV and Equalities Joint Committee/Joint Member Boards/Officer Boards as appropriate with a shared commitment to improvement, cost reduction and value for money Open culture of challenge between partners to seek improvement |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|-------------------------------|---|---|
| | Engaging stakeholders effectively, including individual citizens and service users <ul style="list-style-type: none"> Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. | <ul style="list-style-type: none"> Online record of public consultations Feedback reports on public consultations Consultation responses included in relevant Executive reports e.g. budget Service user satisfaction surveys |
| | <ul style="list-style-type: none"> Ensuring that communication methods are effective and that Members and officers are clear about their roles with regard to community engagement | <ul style="list-style-type: none"> Communications Strategy Monitoring reports on the effectiveness of our communications output including regular reports on the effectiveness of East Herts Council's Social Media Usage Communications and media training for Members and Senior Leadership Team |
| | <ul style="list-style-type: none"> Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs | <ul style="list-style-type: none"> Communications Strategy Community Engagement Strategy Resident Satisfaction Survey as part of budget consultation Themed consultation exercises |
| | <ul style="list-style-type: none"> Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account | <ul style="list-style-type: none"> Feedback included online in response to consultations Reports to Executive include feedback on consultation e.g. budget report Extensive use of East Herts Council's social media to interact with communities |
| | <ul style="list-style-type: none"> Balancing feedback from more active | <ul style="list-style-type: none"> Corporate Equalities Objectives |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|---|--|---|
| | stakeholder groups with other stakeholder groups to ensure inclusivity | <ul style="list-style-type: none"> Equalities Policy and Action Plan Consultation with specific underrepresented groups within our community |
| | <ul style="list-style-type: none"> Taking account of the interests of future generations of tax payers and service users | <ul style="list-style-type: none"> Corporate Plan Executive / Scrutiny reports Strategic Housing Needs Assessment Harlow & Gilston Garden Town |
| C. Defining outcomes in terms of sustainable economic, social, and environmental benefits The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing | Defining outcomes <ul style="list-style-type: none"> Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions | <ul style="list-style-type: none"> Corporate Plan Published performance indicators MTFP and Capital Programme to fund ambitions Commercial Strategy development Performance management report Pentana performance management system Statement of organisational values |
| | <ul style="list-style-type: none"> Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer | <ul style="list-style-type: none"> Statement of Community engagement Consultation strategy Service plans |
| | <ul style="list-style-type: none"> Delivering defined outcomes on a sustainable basis within the resources that will be available | <ul style="list-style-type: none"> Quarterly budget reports Quarterly performance monitoring reports Medium Term Financial Plan Capital Programme Commercial Strategy development |
| | <ul style="list-style-type: none"> Identifying and managing risks to the | <ul style="list-style-type: none"> Risk management report |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|---|--|--|
| competing demands when determining priorities for the finite resources available. | achievement of outcomes | <ul style="list-style-type: none"> • Risk management training • Risk assessments for specific projects • External Audit report giving assurance that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources |
| | <ul style="list-style-type: none"> • Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available | <ul style="list-style-type: none"> • Service plans • Performance indicators • Executive reports identify issues of competing community demands • How your Council Tax is Spent information issued with annual Council Tax bills |
| | Sustainable economic, social and environmental benefits <ul style="list-style-type: none"> • Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision | <ul style="list-style-type: none"> • Capital programme • Medium Term Financial Plan • Treasury management strategy • Corporate Plan • Commercial Strategy |
| | <ul style="list-style-type: none"> • Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints | <ul style="list-style-type: none"> • Corporate plan with four year time horizon • Medium Term Financial Plan • Reports on decision making • Mandatory training (e.g. for the Development Management Committee) |
| | <ul style="list-style-type: none"> • Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through | <ul style="list-style-type: none"> • Consultation and community engagement strategy • Consultation and community engagement diary |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|---|---|---|
| | <p>consultation where possible, in order to ensure appropriate trade-offs</p> <ul style="list-style-type: none"> Ensuring fair access to services | <ul style="list-style-type: none"> Customer service strategy 24/7 Website offering online services Transparency webpages Clear policies explaining the Council's processes and what customers can expect from the Council e.g. housing allocations |
| <p>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decisionmaking mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and</p> | <p>Determining interventions</p> <ul style="list-style-type: none"> Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts | <ul style="list-style-type: none"> Options appraisals within key decision reports All Executive reports available for consideration at Overview & Scrutiny Reports to Audit & Governance Committee Legal, Financial and HR implications considered as part of every decision and evidenced within committee reports Individual risk assessment on larger projects <ul style="list-style-type: none"> Consultation outcomes incorporated within key Executive / Council reports Specific consultation part of the annual budgeting process Complaints process |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|-------------------------------|--|--|
| efficient operations. | Planning interventions | |
| | <ul style="list-style-type: none"> Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets | <ul style="list-style-type: none"> Calendar of meetings Annual work programmes for Audit & Governance and Overview & Scrutiny Committees Executive Forward Plan |
| | <ul style="list-style-type: none"> Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered | <ul style="list-style-type: none"> Communication strategy East Herts Together |
| | <ul style="list-style-type: none"> Considering and monitoring risks facing each partner when working collaboratively including shared risks | <ul style="list-style-type: none"> Risk management report Risk identified within Executive reports Risk register for specific projects |
| | <ul style="list-style-type: none"> Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances | <ul style="list-style-type: none"> Report cycles allow flexibility to respond to changing priorities |
| | <ul style="list-style-type: none"> Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured | <ul style="list-style-type: none"> Corporate Plan KPIs in place Service plan KPIs established Financial performance regularly measured through quarterly budget meetings and report |
| | <ul style="list-style-type: none"> Ensuring capacity exists to generate the information required to review service quality regularly | <ul style="list-style-type: none"> Pentana is the Council's online performance management system Quarterly performance management reports |
| | <ul style="list-style-type: none"> Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan | <ul style="list-style-type: none"> Clear alignment between corporate objectives and resources Regular budget monitoring analysis and reporting across all Council Services |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|-------------------------------|---|---|
| | <ul style="list-style-type: none"> Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy | <ul style="list-style-type: none"> Medium Term Financial Plan Capital Strategy – reports to Executive / Audit and Governance Committee on performance / progress |
| | Optimising achievement of intended outcomes <ul style="list-style-type: none"> Ensuring the Medium Term Financial Plan integrates and balances service priorities, affordability and other resource constraints | <ul style="list-style-type: none"> Annual budget consultation Audit and Governance Committee Reports |
| | <ul style="list-style-type: none"> Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term | <ul style="list-style-type: none"> Full and detailed budgeting exercise, both capital and revenue, over the medium term Internal and External Audit review |
| | <ul style="list-style-type: none"> Ensuring the Medium Term Financial Plan sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage | <ul style="list-style-type: none"> MTFP identifies plan for savings Transformation Programme in discovery phase of quantifying internal savings with minimum target of £1 million of savings External auditor report gives assurance Quarterly budget reporting |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|---|---|--|
| | <ul style="list-style-type: none"> Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community over and above the direct purchasing of goods, services and outcomes" | <ul style="list-style-type: none"> Procurement strategy identifies social value Social value assessed as part of award process under procurement |
| E. Developing the entity's capacity, including the capability of its leadership and the individuals within it Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the | Developing the entity's capacity <ul style="list-style-type: none"> Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness | <ul style="list-style-type: none"> Assets Strategy Asset Management Group – regular review of assets Commercial Strategy being developed |
| | <ul style="list-style-type: none"> Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently | <ul style="list-style-type: none"> Benchmarking LGA Peer Review on services External Audit Use of Resources Statement Local benchmarking exercise at Service level |
| | <ul style="list-style-type: none"> Recognising the benefits of partnerships and collaborative working where added value can be achieved | <ul style="list-style-type: none"> Significant commitment to partnership working Joint working / shared services |
| | <ul style="list-style-type: none"> Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources | <ul style="list-style-type: none"> Review of workforce development plan and strategy Commitment to apprenticeships |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|--|---|--|
| <p>organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p> | <p>Developing the capability of the entity's leadership and other individuals</p> <ul style="list-style-type: none"> Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained | <ul style="list-style-type: none"> Constitution contains job descriptions for lead Members Officer Job descriptions Shared understanding of roles between Leader and CE Officer Member protocol |
| | <ul style="list-style-type: none"> Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body | <ul style="list-style-type: none"> Constitution Scheme of Delegation Financial Procedure Rules Individual reports for major projects set out decision making basis so that this is open and transparent, particularly for new projects |
| | <ul style="list-style-type: none"> Ensuring the Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads the council in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority | <ul style="list-style-type: none"> Job description for Chief Executive Role profile for Leader in Constitution |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|-------------------------------|---|---|
| | <ul style="list-style-type: none"> Developing the capabilities of Members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged ensuring Members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external | <ul style="list-style-type: none"> Regular meetings between Executive and Leadership Team Senior Leadership Training & Development - ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged Induction programme for both staff and Members Annual staff appraisal Annual training programme for Members Commitment to apprenticeships including those at a higher level and support for appropriate professional qualifications Bespoke training at committees including presentations by service departments to Audit and Governance Committee Community Leadership is discussed and led by Portfolio Holder and Executive Advisory Group Member support through Democratic Services Member training programme Officer training e.g. professional training, continuing professional development, management and leadership training Internal Audit reports on governance to Audit and Governance Committee Workforce monitoring reports to Executive through Portfolio Holder |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|---|---|---|
| | <ul style="list-style-type: none"> Ensuring that there are structures in place to encourage public participation | <ul style="list-style-type: none"> Community Engagement Strategy Residents' satisfaction survey Regular user satisfaction surveys The Council also has a Statement of Community Involvement (SCI) - a document that sets out what consultation will take place when the Council is developing and reviewing its planning policy documents (including the District Plan) and when determining planning applications. |
| | <ul style="list-style-type: none"> Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections | <ul style="list-style-type: none"> Publish member attendance records Annual training plan Participation in appropriate Peer Reviews |
| | <ul style="list-style-type: none"> Holding staff to account through regular performance reviews which take account of training or development needs | <ul style="list-style-type: none"> Annual performance appraisals and probationary appraisals Staff development plan within appraisal process Capability procedure Sickness procedure Routine Service Team Meetings and 1:1 Meetings |
| | <ul style="list-style-type: none"> Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing | <ul style="list-style-type: none"> Conditions of Service Health and Safety policies Employee Assistance Programme – Confidential Helpline Mental Health First Aiders Workplace Health Scheme Monthly Programme Council policies which support employees e.g. bereavement |
| F. Managing risks and performance through robust internal control and strong public financial management | Managing risk <ul style="list-style-type: none"> Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making | <ul style="list-style-type: none"> Risk management specifically reported to Executive and Audit and Governance Committee on a quarterly basis Risk assessments on larger projects |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|--|--|--|
| <p>Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture</p> | <ul style="list-style-type: none"> Implementing robust and integrated risk management arrangements and ensuring that they are working effectively | <ul style="list-style-type: none"> Risk management strategy and policy Annual internal audit plan Risk management within individual project plans e.g. elections, Crematorium. Emergency plan and Business Continuity Plan and the review of risks specific to emergencies such as the Covid-19 pandemic Regular exercises to test the Emergency Plan, Business Continuity Plan ,Disaster Recovery and Cyber Security |
| | <ul style="list-style-type: none"> Ensuring that responsibilities for managing individual risks are clearly allocated | <ul style="list-style-type: none"> Risks assigned with responsible owners Named officers for e.g. Health and Safety, Data Protection, Emergency Planning, Business Continuity |
| | <p>Managing performance</p> <ul style="list-style-type: none"> Monitoring service delivery effectively including planning, specification, execution and independent post implementation review | <ul style="list-style-type: none"> Departmental service plans which are reviewed regularly Senior Leadership ownership of specific Corporate Plan outcomes. Performance monitoring CIPFA Benchmarking Transparency pages on website Report format strengthening consideration of implications |
| | <ul style="list-style-type: none"> Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook | <ul style="list-style-type: none"> Report template to Executive / Committees includes specific sections for analysis, options, risk, finance, and other relevant considerations Agendas published at least 5 days in advance Decision notices and minutes published after meetings |
| | <ul style="list-style-type: none"> Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the | <ul style="list-style-type: none"> Constitution defines roles and responsibilities of Overview & Scrutiny Committee and Audit and Governance Committee Annual work programmes for those committees Regular training sessions for committee members pertinent to that committee and the wider business and functions of the council |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|--|--|--|
| <p>and structure for scrutiny is in place as a key part of accountable decision-making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p> | <p>organisation's performance and that of any organisation for which it is responsible</p> | |
| | <ul style="list-style-type: none"> • Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement | <ul style="list-style-type: none"> • Annual timetable / calendar of meetings • Work programmes / forward plan for Executive and Committees • Senior Leadership ownership of specific Corporate Plan outcomes. • Annual Budget and Tax Setting report to Executive |
| | <ul style="list-style-type: none"> • Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements) | <ul style="list-style-type: none"> • Financial Procedure Rules • Annual accounts and Statement of Accounts • External auditor reports |
| | <p>Robust internal control</p> <ul style="list-style-type: none"> • Aligning the risk management strategy and policies on internal control with achieving the objectives | <ul style="list-style-type: none"> • Internal Audit Plan • Regular reports from Internal Audit to Audit and Governance Committee |
| | <ul style="list-style-type: none"> • Evaluating and monitoring the authority's risk management and internal control on a regular basis | <ul style="list-style-type: none"> • Quarterly risk management reports • Risk management training for Members and officers • Internal Audit Review of Effectiveness • Annual Governance Statement • External Audit Annual Report |
| | <ul style="list-style-type: none"> • Ensuring effective counter fraud and anti-corruption arrangements are in place | <ul style="list-style-type: none"> • Anti-fraud and anti-corruption policy • Whistleblowing policy • Shared Anti-Fraud Service • Acquisition and use of specialist data analysis software to detect fraud and corruption • Regular reports to Audit and Governance Committee on counter fraud activity • Shared Anti-Fraud Service fraud risk evaluation of all business grants applied for as a consequence of Covid-19 |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|--|--|---|
| | Strong public financial management <ul style="list-style-type: none"> Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance | <ul style="list-style-type: none"> Clear links between Corporate Plan, Medium Term Financial Plan and subsequent reporting on outcomes Asset Management Strategy |
| | <ul style="list-style-type: none"> Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls | <ul style="list-style-type: none"> Embedded financial management process covering process from beginning to end Review of that process through External Audit |
| G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit | Implementing good practice in transparency <ul style="list-style-type: none"> Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand | <ul style="list-style-type: none"> Publication of all reports and decisions on website Transparency pages on website Consistent, accessible, reporting style used with supporting evidence providing more detail for those who require it. Web pages give key information and ability to drill down to specific documents and background papers for those requiring detail. Annual performance report Regular internal audit reports to Audit and Governance Committee |
| | Implementing good practices in reporting <ul style="list-style-type: none"> Reporting at least annually on performance, value for money and the stewardship of its resources | <ul style="list-style-type: none"> Annual performance report that supplements quarterly performance and budget reports Annual reports from External Auditor Value for money opinion Statement of Accounts |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|---|---|---|
| contribute to effective accountability. | | <ul style="list-style-type: none"> Internal audit reports also comment on Value for Money implications where applicable |
| | <ul style="list-style-type: none"> Ensuring Members and senior management own the results | <ul style="list-style-type: none"> Clearly defined roles for Executive portfolio holder, Audit and Governance Committee and Overview and Scrutiny Committee Portfolio holders present reports at Executive Each portfolio holder has regular briefings with officers |
| | <ul style="list-style-type: none"> Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement) | <ul style="list-style-type: none"> Annual Governance Statement Assurance mapping exercise planned for 2021/22 |
| | <ul style="list-style-type: none"> Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate | <ul style="list-style-type: none"> Shared service legal agreements Annual Governance Statement |
| | <ul style="list-style-type: none"> Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations | <ul style="list-style-type: none"> Benchmarking Quarterly performance reports to Executive and Overview & Scrutiny Committee including end of year performance. |
| | Assurance and effective accountability <ul style="list-style-type: none"> Ensuring that recommendations for corrective action made by external audit are acted upon Ensuring an effective internal audit | <ul style="list-style-type: none"> Management comments / response is incorporated as part of the reports from both Internal and External Audit Annual Opinion on the Control Environment report from Internal Audit Compliance with CIPFA's Statement on the Role of the Head of |

| Principles of good governance | Sub-principles and behaviours and actions that demonstrate good governance in practice | East Herts Council's Compliance & Supporting Evidence |
|-------------------------------|--|---|
| | <p>service with direct access to Members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon`</p> | <p>Internal Audit (2019)</p> <ul style="list-style-type: none"> • Compliance with Public Sector Internal Audit Standards • Annual review of effectiveness of internal audit reported to Audit and Governance Committee • Annual Governance Statement Action Plan and follow up |
| | <ul style="list-style-type: none"> • Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations | <ul style="list-style-type: none"> • Executive report on outcomes and recommendations / action plan arising from review • Self-challenging through entry for various awards and nomination as finalist |
| | <ul style="list-style-type: none"> • Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement | <ul style="list-style-type: none"> • Annual Governance Statement • Risk management report • Performance report • Requirement for performance information to management is specified in contract specification. |
| | <ul style="list-style-type: none"> • Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met | <ul style="list-style-type: none"> • Proportionate governance arrangements in place for partnership working • Service Level Agreements for some community grants ensuring that outcomes are measurable and delivered. |

5. Review of Effectiveness

East Herts Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Leadership Team, the Monitoring officer, the Chief Finance Officer (Head of Financial Services), and the Head of Business Services who have responsibility for the development and maintenance of the governance environment, and also by comments made by the external auditors and other review agencies and inspectorates. The following processes have been applied in maintaining and reviewing the effectiveness of the governance framework:

Council

Council is responsible for approving the budget and policy framework, which includes the Corporate Plan and the Constitution.

Executive

Executive has approved the Council's performance management framework. Executive also approves the risk management policy and receives quarterly reports on risk management, performance monitoring and budget monitoring.

Audit and Governance Committee

This Committee undertakes the core functions of an Audit Committee and approves the annual Internal Audit Plan, receives quarterly monitoring reports updating them on progress against that plan. It also receives the external auditor's annual audit letter, annual governance report, annual plan and grant claim certification report. It approves the risk management policy and receives quarterly reports on risk management. The Committee has lead oversight responsibility for corporate governance, risk management and other internal control issues. It also leads the cross Member scrutiny and consideration of the budget. The Audit & Governance Committee also reviews the Constitution.

Standards Sub-Committee

This Sub-Committee undertakes a proactive role in relation to the promotion of the ethical conduct framework. It has also published documents to inform the public about its role, the importance of good ethical conduct in the area, and the high standards of conduct evident in the District. A new framework for dealing

with ethical governance has been adopted by the county and the district and borough councils in Hertfordshire in order to maintain a level of consistency across the geographical area, particularly in relation to twin-hatted Members. The Standards Sub-Committee has put in place arrangements for dealing with complaints, conduct investigations and hearing allegations.

Overview & Scrutiny Committee

The Overview & Scrutiny Committee reviews performance across all services delivered by the Council and partner organisations, and the impact they have on the District and its communities.

Chief Finance Officer (Head of Strategic Finance & Property)

The Chief Finance Officer (CFO) has been designated as the s151 Officer. That officer maintains the statutory powers to report to Executive or Council on any proposals, decision or omission that gives rise to any unlawful expenditure. The CFO also has clearly defined responsibilities for Risk Management, Internal Control, and systems and processes for financial administration and control, which are set out in the Financial Procedure Rules.

Monitoring Officer

The Head of Legal & Democratic Services has been designated as the Monitoring Officer. The Monitoring Officer has the specific duty, contained within Section 5 of the Local Government and Housing Act 1989, to ensure that the Council, its officers, and its Elected Councillors, maintain the highest standards of conduct in all they do. The role of the Monitoring Officer is:

- To report on matters he/she believes are, or are likely to be, illegal or amount to maladministration;
- To be responsible for matters relating to the conduct of Councillors and officers; and
- To be responsible for monitoring and reviewing the operation of the Constitution, to ensure that the aims and principles of our Constitution are given full effect.

Internal Audit

The internal control system comprises the whole network of systems established within the Council to provide reasonable assurance that corporate objectives will be achieved, with particular reference to:

- The effectiveness of operations
- The economic and efficient use of resources
- Compliance with applicable policies, procedures, laws and regulations
- The safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption
- The integrity and reliability of information, accounts and data
- Effective monitoring systems and optimum use of performance management information

6. Governance Issues – Progress from last year

| Key Improvement Area | Lead Officer | Update |
|--|---------------|---|
| <p><u>Full implementation of high priority recommendations related to IT</u></p> <p>The implementation of some recommendations has had to be re-scheduled. Management is actively monitoring these issues and full implementation should be achieved during 2020/21</p> | Helen Standen | <p>Progress on network upgrade and upgrade to Windows 10 and Microsoft 365 has been delayed by COVID-19 and staff sickness. Due to a number of incidents and downtime an external review is being commissioned into the ICT strategy and whether the partnership is delivering the strategy effectively.</p> |
| <p><u>Regulation of Investigatory Powers Act</u></p> <p>Compliance with the Act is monitored by the Investigatory Powers Commissioners Office. During November 2019 an inspection of the Council's arrangements resulted in a critical assessment. The Council was not meeting legal requirements in several areas and was given a list of eight required actions.</p> | James Ellis | <p>Completed</p> <p>The Monitoring Officer has conducted a thorough overhaul of the Council's policy and procedures to address the required actions. New policies were reviewed by the Overview and Scrutiny Committee on 16 June 2020 and were adopted by the Executive at its meeting on 7 July 2020</p> |

| Key Improvement Area | Lead Officer | Update |
|--|--------------|--|
| <u>Information Governance</u> A review by Internal Audit has highlighted a need to improve some areas of information governance: <ul style="list-style-type: none"> ○ Lack of an adequate Information Asset Register ○ Information Management policies and procedures are out of date ○ Lack of a defined and enforced retention schedule ○ Lack of defined disposal and destruction procedures | James Ellis | Completed Information Asset Register, Retention Schedule and Policies updated and approved |

7. Governance Issues

The following governance issues have been identified as needing addressing during 2021/22

| Key Improvement Area | Lead Officer | Update |
|---|--------------|--------|
| <p><u>Procurement</u></p> <p>The Procurement Strategy requires updating to reflect the new national procurement strategy and the enhanced profile of social value as well as reflecting net zero ambitions.</p> <p>The council should produce an annual procurement programme as well as a 3 year “procurement pipeline” in order that local businesses can see what opportunities are coming up and to encourage them to bid.</p> <p>The council requires a social value policy to inform potential bidders of the social value priorities of the council</p> <p>The council should produce an annual procurement report showing: savings or</p> | | |

| Key Improvement Area | Lead Officer | Update |
|---|--------------------------------------|--|
| costs avoided; social value gained; contracts awarded to local businesses by size; contracts awarded to SMEs; and the contribution from procurement to net zero targets. | | |
| <p><u>Assurance Mapping</u></p> <p>The Audit & Governance Committee should have an assurance map of all the major financial systems within the council. This provides:</p> <ul style="list-style-type: none"> • Factual high level summary of the state of assurance • Enables better decision making, e.g. how better to use internal audit and other assurance providers against risk and where there are gaps • Creates better evidence to support assurances provided to the Council on the state of internal control • Supports public reports on governance and statement of internal control | Steven Linnett / Simon Martin (SIAS) | <p>The Shared Internal Audit Service Plan provides for all the major financial systems to be mapped to produce an assurance map during 2021/22. This will identify any gaps, any areas of over assurance where resources can be redirected and is a more effective than the traditional approach of auditing and testing controls every year with the same result that the system is satisfactory and there are no recommendations</p> |

| Key Improvement Area | Lead Officer | Update |
|--|----------------|--|
| <p><u>Asset Strategy</u></p> <p>The asset strategy requires updating to ensure the council's strategy is up to date and meets best practice.</p> <p>The council would benefit from the establishment of a cross service officer group to discuss asset management issues and also review assets and identify assets for disposal</p> | Steven Linnett | The cross service officer group is expected to be established and meet in quarter 2 of 2021/22 |
| <p><u>Commercial Strategy</u></p> <p>The council would benefit from a commercial strategy setting out its attitude to risk and expectations about return on investment and its attitude towards services that could be provided on a trading basis as well as services where spare capacity could be sold under the Local Authorities (Goods & Services) Act</p> | Steven Linnett | This will be delivered as part of the Commercial work stream of the Transformation Programme |

| Key Improvement Area | Lead Officer | Update |
|--|---------------|--------|
| <u>ICT Resilience</u> An external review of the ICT Strategy and delivery vehicle has been commissioned by the partner councils and recommendations arising from that will need to be taken forwards | Helen Standen | |
| <u>Workforce Plan</u> Following changes to working practices as a result of COVID 19 and anticipated changes from the Transformation Programme the council would benefit from a workforce plan that analyses its workforce and determines the steps it must take to prepare for future staffing needs. These future skill needs can be met by recruiting, by training or by outsourcing the work. | Simon O'Hear | |

8. Certification

To the best of our knowledge, the governance arrangements, as defined above have been effectively operating during the year with the exception of those areas identified in Section 7. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for the improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Cllr Linda Haysey
Leader of the Council

Date:

Richard Cassidy
Chief Executive

Date:

East Herts Council Report

Audit and Governance Committee

Date of meeting: 29 July 2021

Report by: Steven Linnett, Head of Strategic Finance and Property and Section 151 Officer

Report title: Receipt of the External Auditor's Audit Planning Report 2020/21

Ward(s) affected: All

Summary

The external audit will present their Annual Audit Planning Report to the Committee setting out their planned work on the council's external audit, the time line and indicative fees. The proposed timeline means the council will not publish audited accounts in compliance with the statutory deadline of 30 September 2021 as required by the Accounts and Audit Regulations 2015 (as amended) as audit work will not commence until October. This exposes the council to a number of risks as detailed in this report.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- A) Receive and make any comments on the external auditor's Annual Audit Planning Report**
- B) Note that the Council will be unable to comply with the 30 September 2021 statutory deadline for publishing audited accounts as set out in the Accounts and Audit Regulations 2015 (as amended) as the audit work will not commence until October.**

C) Note the risks that the late audit work exposes the council to.

1.0 Proposal(s)

- 1.1 The external auditor issues their Annual Audit Planning Report setting out their planned audit work, their assessment of risk, an indicative time line and indicative fee levels.
- 1.2 The report and proposals are the external auditors and whilst Officers are consulted, they have no ability to change anything in the report.
- 1.3 The external auditor's Audit Planning Report for 2020/21 is attached at **Appendix A**. Members will note that the indicative timeline shows audit work commencing in October 2021 and being concluded in December 2021. This is as a result of systemic issues with the public authority audit market and affects all councils across England. As the audit work does not start until October this will cause the council to breach the requirement in the Accounts and Audit Regulations 2015 (as amended) to publish audited statement of accounts by 30 September. There are also a number of risks that this timeline presents for the council and these are detailed in section 5.0 below.
- 1.4 The external auditor has also indicated that they are seeking an increase in fees from Public Sector Audit Appointments (PSAA) although these have not yet been agreed by PSAA.
- 1.5 Members will obviously share the concern of officers that the Redmond Review pointed out there are major flaws in the system for auditing local authorities yet MHCLG has rejected some of the main recommendations in the Redmond Review and seems intent on defending the system which the accounting firms have pointed out and have signalled

previously. Letters from EY to the council are attached at **Appendix B.**

2.0 Background

- 2.1 The Accounts and Audit Regulations 2015 (as amended) require local authorities to publish their audited statement of accounts by 30 September 2021. Where this is not achieved the council is required to publish (which must include publication on the website) as soon as reasonably practicable, on or after the 30 September 2021, a notice stating that it has not been able to publish the statement of accounts and its reasons for this.

3.0 Reason(s)

- 3.1 The external auditor is required to present the Committee with their audit plan annually.

4.0 Options

- 4.1 Members can ask questions and make observations to the external auditor but they cannot reject the Audit Planning Report.

5.0 Risks

- 5.1 The delay to the completion of the audit until December 2021 exposes the council to a number of risks.
- 5.2 MHCLG require business rates return NNDR3 to be certified as agreeing with audited accounts by 30 September. Officers will inform MHCLG of the audit delay and request an extension but MHCLG may take the view that the delay is not acceptable and start to withhold grant payments and retained business rates payments which could mean the council having to

temporarily borrow for cash flow purposes which has an impact on the revenue account.

- 5.3 Resourcing the external audit queries whilst simultaneously producing the budget and MTFP will place considerable strain on staff in Strategic Finance and there is the risk that neither will be done as efficiently nor effectively as if they were done separately.
- 5.4 There is a risk that issues from the accounts audit could impact on the budget but the issue arises too late in the budget process for Officers and Members to take considered action thus requiring potentially damaging courses of action to be taken unnecessarily.
- 5.5 The Department of Work and Pensions (DWP) has already stated that it does not consider late audit work as an acceptable reason to extend the audit deadline for housing benefit subsidy claims and that late submission will result in the DWP withholding on-account subsidy payments. EY have been contracted to undertake the housing benefit subsidy audit and this has to be completed by 30 January and they are proposing that the work is undertaken by a specialist central unit which comes into existence in September. There is the risk that this unit does not meet performance expectations and the subsidy audit is late leading to the serious risk that the council will have cash shortages in February and March 2022 requiring further cash flow borrowing at additional cost to local taxpayers.
- 5.6 If both MHCLG and DWP withhold on account payments the cash flow impact could total £0.750 million per month, although the DWP use a system where the amount withheld increases every month so prolonged delay could have regressively more impact as time goes on.

6.0 Implications/Consultations

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

These are contained in the main body of the report

Health and Safety

No

Human Resources

These are contained in the main body of the report

Human Rights

No

Legal

No

Specific Wards

No

7.0 Background papers, appendices and other relevant material

Appendices:

Appendix A – Audit Planning Report

Appendix B – Letter from EY to the Council

Background Papers:

None

Reference Papers:

[Independent review by Sir Tony Redmond into the effectiveness of external audit and transparency of financial reporting in local authorities](#)

[Government Response to the Redmond Review](#)

Contact Officer

Steven Linnett, Head of Strategic Finance and Property, Tel No: 01279 502050
steven.linnett@eastherts.gov.uk

East Hertfordshire District Council

Audit planning report

Year ending 31 March 2021

30 June 2021



Audit and Governance Committee
East Hertfordshire District Council

Dear Committee Members

East Hertfordshire District Council, 2020/21 Audit planning report

We are pleased to attach our audit planning report for the forthcoming meeting of the Audit and Governance Committee. The purpose of this report is to provide the with a basis to review our proposed audit approach and scope for the 2020/21 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's new 2020 Code of Audit Practice, the auditing standards and other professional requirements. It also aims to ensure that our audit is aligned with the Committee's service expectations.

This report summarises our initial assessment of the key issues which drive the development of an effective audit for the East Hertfordshire District Council, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Audit and Governance Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 29 July 2021 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Suresh Patel

Associate Partner

For and on behalf of Ernst & Young

30 June 2021

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Governance Committee and management of the East Hertfordshire District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Governance Committee, and management of East Hertfordshire District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Governance Committee, and management of East Hertfordshire District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2020/21 audit strategy



Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters we outline in this report. It provides the Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year

Audit risks and areas of focus

| Risk / area of focus | Risk identified | Change from PY | Details |
|---|-----------------|----------------------------|--|
| Misstatements due to fraud or error | Fraud risk | No change in risk or focus | As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively. |
| Misstatements due to fraud or error - the incorrect capitalisation of revenue expenditure | Fraud risk | No change in risk or focus | Linking to our fraud risk identified above, we have determined that the way in which management could override controls is through the inappropriate capitalisation of revenue expenditure to understate revenue expenditure reported in the financial statements. The Council is under pressure to achieve its budget and maintain reserve balances above the minimum approved levels. One area management may override controls to help meet these challenges is how and what it accounts for expenditure. We consider this risk applies to capitalisation of revenue expenditure. Management may understate revenue expenditure by incorrectly capitalising expenditure which is revenue in nature and should be charged to the comprehensive income and expenditure account. |
| Minimum Revenue Provision | Fraud risk | New fraud risk | Linked to the risk of 'misstatements due to fraud and error', we consider specific areas where management makes significant judgements that impact charges to the General Fund balance. Local authorities are required to charge Minimum Revenue Provision to the General Fund in each financial year if borrowing. The calculation of this charge is based on the Capital Financing Requirement. Local authorities have flexibility in how they calculate MRP, but need to ensure the calculation is 'prudent'. In calculating a prudent provision, local authorities are required to have regard to statutory guidance. The Authority updated its MRP policy with effect from 1st April 2021. There is a risk that the Council has not been prudent in its MRP calculation and/or it has not followed the relevant statutory guidance. |
| Risk of fraud in revenue recognition - sales, fees and charges income grant | Fraud risk | New fraud risk | As one of the responses to the Covid-19 pandemic and its impact on Local Authority finances, the Government introduced a reimbursement scheme for lost fees and charges income. After an initial 5% reduction for annual variability, local authorities are funded for 75% of their claimed losses. There is both incentive and opportunity for local authorities to inflate the returns to Central Government, and claim for funds that they are not entitled to under the scheme. There is also the potential for error. |

Overview of our 2020/21 audit strategy

| Audit risks and areas of focus | | | |
|--|------------------|---------------------------------------|---|
| Risk / area of focus | Risk identified | Change from PY | Details |
| New central government grants and other Covid-19 funding streams | Significant risk | New area of focus | The Authority received a series of grants from the UK government during 202/21 in support for the pandemic crisis management. We identified the accounting treatment of those grants as an area of focus due to factors discussed in Section 02. |
| Valuation of Property, Plant and Equipment (PPE) and investment properties | Inherent risk | Reduction in risk and change in focus | In the prior year, this was a significant audit risk because of the impact of Covid-19 on the valuations. This year we have determined it as an inherent risk due to its materiality and use of an expert to derive the accounting estimate. As the Council's asset base is significant, and the outputs from the internal valuer are subject to estimation, there is a higher inherent risk PPE may be under/overstated or the associated accounting entries incorrectly posted. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates. |
| Going concern disclosure | Inherent Risk | No change in risk or focus. | The financial landscape for the Council remains challenging and it will need to undertake a going concern assessment covering a period up to 12 months from the expected date of final authorisation. It will also need to make an appropriate disclosure in the financial statements. In addition, the revised auditing standard on going concern requires additional challenge from auditors on the assertions being made by management. |
| Pension liability valuation | Inherent risk | No change in risk or focus | The pension fund deficit is a material estimate that is disclosed on the balance sheet. It involves significant estimation and judgement which management engages an actuary to undertake. |
| Business Rates Appeals Provision | Inherent Risk | No change in risk or focus | The business rates appeals provision includes, not only claims up to 31 March 2021, but claims that relate to earlier periods and is subject to estimation. As appeals are made to the Valuation Office, the Council may not be aware of the level of claims lodged. The Council may also find it difficult to obtain sufficient information to establish a reliable estimate. Due to the level of estimation, size of the balance and the complexity of this provision we consider this to be a higher inherent risk. |
| Group Accounting | Inherent risk | No change in risk or focus | The Council prepares group accounts due to the consolidation of the Millstream Property Investments Limited financial statements with the single entity Council financial statements. We identify this as an inherent risk as this can be a complex area of accounting. |

Overview of our 2020/21 audit strategy

Audit risks and areas of focus

Auditing accounting estimates

In addition to the above risks and areas of focus, a revised auditing standard has been issued in respect of the audit of accounting estimates. The revised standard requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors now consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we may see the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area. The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required.

Overview of our 2020/21 audit strategy

Materiality

Planning
materiality
£1.48m

We have set materiality at £1.48 million for the financial statements which represents 2% of the prior years gross revenue expenditure of the Council. The use of 2% of gross revenue expenditure is in line with the prior year and is our maximum threshold for local authorities reflecting the higher profile of local government financial resilience and financial reporting.

Performance
materiality
£1.11m

We have set performance materiality at £0.966 million for the financial statements. This represents 75% of materiality reflecting the lower level of errors we detected in the 2019/20 financial statements.

Audit
differences
£74k

We will report all uncorrected misstatements relating to the group financial statements over £74,000. We will communicate other misstatements identified to the extent that they merit the attention of the Audit and Governance Committee.

Audit scope

This Outline Audit Plan covers the work that we plan to perform to provide you with our audit opinion on the Council and Group financial statements for 2020/21. We are also required to report a commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03, highlighting the changes included in the NAO's Code of Audit Practice 2020.

We will also review and report to the NAO, to the extent and in the form required by them, on the Whole of Government Accounts submission. We intend to take a substantive audit approach. When planning the audit we take into account key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes; Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council. Taking the above into account, and as articulated in this Outline Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response. The fees we have included in Section 09 reflect the work we need to undertake to address the risks we have currently identified. We will continuously review and update as necessary our understanding of your risks and discuss with management and the Audit and Governance Committee any significant changes.

Overview of our 2021 audit strategy

Value for money conclusion

One of the main changes in the NAO's 2020 Code is in relation to the value for money conclusion. We include details in Section 03 but in summary:

- ▶ We are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- ▶ Planning on VFM and the associated risk assessment is now focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- ▶ We will be required to provide a commentary on the Council's arrangements against three reporting criteria:
 - Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
 - Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
 - Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.
- ▶ Within the audit opinion we will still only report by exception where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- ▶ The commentary on arrangements will be included in a new Auditor's Annual Report which we will be required to issue within 3 months of issuing the audit opinion on the statement of accounts.

Timeline

MHCLG have set the date for the Council to publish its draft accounts as by 1 August 2021 and the target date for the Council to publish its approved and audited accounts by 30 September. However, in line with our response to MHCLG's consultation we remain of the view that the end of September is an unrealistic target date and are scheduling the audit of East Hertfordshire for after the end of September.

In Section 07 we therefore include a provisional timeline for the audit.

Fees

We remain in discussion with PSAA about our proposed increase to the scale fee which we consider to be appropriate to deliver a Code compliant audit. We include in Section 09, our current view of the fees required to carry out the 2020/21 audit. We will update the Committee on any determinations by PSAA on fees.



02 Audit risks





Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error *

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What will we do?

- ▶ Inquire of management about risks of fraud and the controls put in place to address those risks.
 - ▶ Understand the oversight given by those charged with governance of management's processes over fraud.
 - ▶ Consider of the effectiveness of management's controls designed to address the risk of fraud.
- Perform mandatory procedures regardless of specifically identified fraud risks, including:
- ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
 - ▶ Assessing accounting estimates for evidence of management bias, and
 - ▶ Evaluating the business rationale for significant unusual transactions.

We will utilise our data analytics capabilities to assist with our work.

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that only those procedures included under 'Inappropriate capitalisation of revenue expenditure' are required.

Our response to significant risks

Misstatements due to fraud or error – the incorrect capitalisation of revenue expenditure*

Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:

- ▶ Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger.
- ▶ Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year.

If this were to happen it would have the impact of understating revenue expenditure and overstating property, plant and equipment (PPE) additions and/or Revenue Expenditure Financed as Capital Under Statute (REFCUS) in the financial statements.

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund. In arriving at this conclusion we have considered the continuing pressure on the revenue budget and the financial value of its annual capital programme which is many times out materiality level.

This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.

What will we do?

We will:

- ▶ Test PPE additions, and REFCUS if material, to ensure that the expenditure incurred and capitalised is clearly capital in nature or appropriate to be treated as REFCUS.
- ▶ Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

We will utilise our data analytics capabilities to assist with our work, including journal entry testing. We will assess journal entries more generally for evidence of management bias and evaluate for business rationale.



Audit risks

Our response to significant risks

Minimum Revenue Provision*

Financial statement impact

If Minimum Revenue Provision (MRP) were understated it would have the impact of overstating the General Fund balance and understating the capital adjustment account.

What is the risk?

As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.

We identify and respond to this risk on every audit engagement. This risk manifests itself in areas where management makes significant judgements that impact charges to the general fund balance.

Local authorities are required to charge MRP to the General Fund in each financial year. The calculation of this charge is based on the Capital Financing Requirement. Local authorities have flexibility in how they calculate MRP, providing the calculation is 'prudent'. In calculating a prudent provision, local authorities are required to have regard to statutory guidance.

The Authority updated its MRP policy with effect from 1st April 2021. There is a risk that the Council has not been prudent in its MRP calculation and/or it has not followed the relevant statutory guidance.

As such we associate this risk with Minimum Revenue Provision.

What will we do?

We will engage a technical specialist to support the team in:

- Checking that the calculation of the Capital Financing Requirement is appropriate and consistent with other notes in the financial statements;
- Checking the appropriateness of the Council's MRP policy; and
- Checking whether MRP has been appropriately calculated in accordance with the revised statutory guidance.

Our response to significant risks

Risk of fraud in revenue recognition - sales, fees and charges income grant *

Financial statement impact

Inappropriate grant recognition would decrease the net expenditure from the general fund.

What is the risk?

As one of the responses to the Covid-19 pandemic and its impact on Local Authority finances, the Government introduced a reimbursement scheme for lost fees and charges income. After an initial 5% reduction for annual variability, local authorities are funded for 75% of their claimed losses.

There is both incentive and opportunity for local authorities to inflate the returns to Central Government, and claim for funds that they are not entitled to under the scheme. There is also the potential for error.

The Council received £2.3m, and therefore, there is the potential this could be materially overstated.

What will we do?

Our approach will focus on:

- ▶ Gain an understanding of the Authority's process for completing the fees and sales, fees and charges reimbursement grants returns to Central Government;
- ▶ Review a sample of claims made under the local government income compensation scheme for their overall accuracy and compliance with the requirements of the scheme; and
- ▶ Seek to understand the assurance MHCLG have over claims under the scheme. If no assurance, we will consider extending our own procedures.



Audit risks

Our response to significant risks

New central government grants and other Covid-19 funding streams

Financial statement impact

We have identified a risk of Government grant income misstatement that could affect the Income and Expenditure accounts. We consider the risk applies to the classification of Government grant income and could result in a misstatement of 'Cost of Services' reported in the 'Comprehensive Income and Expenditure' statement and Balance Sheet.

What is the risk?

Central Government have provided a number of new and different Covid-19 related grants to local authorities during the year. There are also funds that have been provided for the Council to disseminate to other bodies.

The Council needs to review each of these to establish how they need to be accounted for. It needs to assess whether it is acting as a principal or agent, with the accounting to follow that decision. For those where the decision is a principal, it also needs to assess whether there are any initial conditions that may also affect the recognition of the grants as revenue during 2020/21.

Whilst there is no change in the CIPFA Code or Accounting Standard (IFRS 15) in respect of accounting for government grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment within the 2020/21 statements.

What will we do?

In order to address this risk, we will carry out a range of procedures including:

- ▶ Sample testing Government Grant income to ensure that they have been correctly classified as specific or non-specific in nature;
- ▶ Reviewing the Authority's decision for new grant or funding arrangements whether it is acting as principal or agent;
- ▶ Sample testing Government Grant income to ensure that they have been correctly classified in the financial statements based on any restrictions imposed by the funding body; and
- ▶ Checking the Authority has adequately disclosed grant income received in the year, under both principal and agent arrangements.

We have requested the finance team to provide its assessment of grant accounting before it prepares the statements so that we can provide an early view on its proposed accounting treatment.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

| What is the risk/area of focus? | What will we do? |
|--|--|
| <p><u>Valuation of Property, Plant and Equipment Valuations and investment properties</u></p> <p>Property, Plant & Equipment (31 March 2020): £62.1mn Investment properties (31 March 2020): £15.4mn</p> <p>At 31 March 2020 the value of the Council's property, plant and equipment and investment properties represents the largest balance in the Council's accounts. It is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>For 2020/21 the Council will continue to use its internal valuation expert to support the valuation of these assets. As this is one of the largest accounting estimates on the balance sheet and one dependent on a high degree of subjectivity we deem the valuation of property, plant and equipment to represent an inherent risk of material misstatement.</p> | <p>We will disaggregate the Council's property, plant and equipment and investment properties and adopt different testing strategies.</p> <p>For specialist assets such as leisure facilities which typically are valued on the basis of depreciated replacement cost (DRC) we will test a sample of valuations, challenging the Council on key assumptions and base data such as agreeing floor areas back to original documentation.</p> <p>For non-specialist assets such as offices, which are typically valued on an Existing Use Valuation (EUV) basis, and investment properties which are based on fair value, due to the extent of subjectivity and professional judgement that management's expert applies we will consider engaging our own expert (EYRE) to enable us to audit a sample of valuations, challenging management on key assumptions and judgements.</p> |

Other areas of audit focus (continued)

| What is the risk/area of focus? | What will we do? |
|--|--|
| <p>Going concern disclosure</p> <p>There is a presumption that the Council will continue as a going concern for the foreseeable future. However, the Council is required to carry out a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 on the Council's day to day finances, its annual budget, its cashflow and its medium term financial strategy, there is a need for the Council to ensure its going concern assessment is thorough and appropriately comprehensive.</p> <p>The Council is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.</p> <p>In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2020/21 accounts audit.</p> | <p>We will meet the requirements of the revised auditing standard on going concern (ISA 570) and consider the adequacy of the Council's going concern assessment and its disclosure in the accounts by:</p> <ul style="list-style-type: none"> • Challenging management's identification of events or conditions impacting going concern. • Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias). • Reviewing the Council's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern. • Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern. • Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties. <p>We will discuss the detailed implications of the revised auditing standard with finance staff shortly and seek to agree with management to receive an early draft of the Council's going concern assessment in advance of the 2020/21 year-end audit in order to provide management with feedback on the adequacy and sufficiency of the proposed disclosures in relation to going concern.</p> |

Other areas of audit focus

| What is the risk/area of focus? | What will we do? |
|--|---|
| <p><u>Pension Liability Valuation</u></p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.</p> <p>The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2020 this totalled £21.6 million.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Pension Fund.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> | <p>We will:</p> <ul style="list-style-type: none"> ▶ Liaise with the auditors of Hertfordshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the East Hertfordshire District Council. ▶ Assess the work of the pension fund actuary (Hymans Robertson) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19. <p>We will consider outturn information available at the time we undertake our work after production of the Council's draft financial statements, for example the year-end actual valuation of pension fund assets. We will use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.</p> |

Other areas of audit focus (continued)

| What is the risk/area of focus? | What will we do? |
|--|---|
| <p><u>Business Rates Appeals Provision</u></p> <p>The business rates appeals provision includes, not only claims up to 31 March 2021, but claims that relate to earlier periods and is subject to estimation.</p> <p>As appeals are made to the Valuation Office, the Council may not be aware of the level of claims lodged. The Council may also find it difficult to obtain sufficient information to establish a reliable estimate.</p> <p>Due to the level of estimation, size of the balance and the complexity of this provision we have included it as an area of risk for this year.</p> | <p>We will consider the Council's estimation of the NNDR appeals provision by performing the following:</p> <ul style="list-style-type: none"> • Reviewing the Council's methodology underpinning the provision for business rate appeals to ensure it has been calculated on a reasonable basis in line with IAS 37; • Ensuring the provision is supported by appropriate evidence and that the level of estimation uncertainty is adequately disclosed; and • Reviewing the completeness of the provision. |
| <p><u>Group Accounting</u></p> <p>The Council prepares group accounts due to the consolidation of the Millstream Property Investments Limited financial statements with the single entity Council financial statements. We identify this as an inherent risk as this can be a complex area of accounting.</p> | <ul style="list-style-type: none"> • Review the group assessment prepared by the Council, ensuring that the accounting framework and accounting policies are aligned to the East Hertfordshire District Council group; • Scope the audit requirements for Millstream Property Investment Limited based on their significance to the group accounts. Liaising with the external auditor of Millstream Property Investment Limited and potentially issuing group instructions that detail the required audit procedures they are to undertake order to provide us with assurance for the opinion we will issue on the group accounts; • Ensure the appropriate consolidation procedures and the Code of Practice are applied when preparing the Council group accounts; and • Review valuation of investment properties owned by Millstream Property Investments Limited. |

Other areas of audit focus (Continued)

What is the risk/area of focus?

Auditing accounting estimates

ISA 540 (Revised) - Auditing Accounting Estimates and Related Disclosures applies to audits of all accounting estimates in financial statements for periods beginning on or after December 15, 2019.

This revised ISA responds to changes in financial reporting standards and a more complex business environment which together have increased the importance of accounting estimates to the users of financial statements and introduced new challenges for preparers and auditors.

The revised ISA requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we expect the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area.

The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required, particularly in cases where an accounting estimate and related disclosures are higher on the spectrum of inherent risk. For example:

- We may place more emphasis on obtaining an understanding of the nature and extent of your estimation processes and key aspects of related policies and procedures. We will need to review whether controls over these processes have been adequately designed and implemented in a greater number of cases.
- We may provide increased challenge of aspects of how you derive your accounting estimates. For example, as well as undertaking procedures to determine whether there is evidence which supports the judgments made by management, we may also consider whether there is evidence which could contradict them.
- We may make more focussed requests for evidence or carry out more targeted procedures relating to components of accounting estimates. This might include the methods or models used, assumptions and data chosen or how disclosures (for instance on the level of uncertainty in an estimate) have been made, depending on our assessment of where the inherent risk lies.
- You may wish to consider retaining experts to assist with related work. You may also consider documenting key judgements and decisions in anticipation of auditor requests, to facilitate more efficient and effective discussions with the audit team.
- We may ask for new or changed management representations compared to prior years.



03

Value for Money Risks



Value for money

The Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

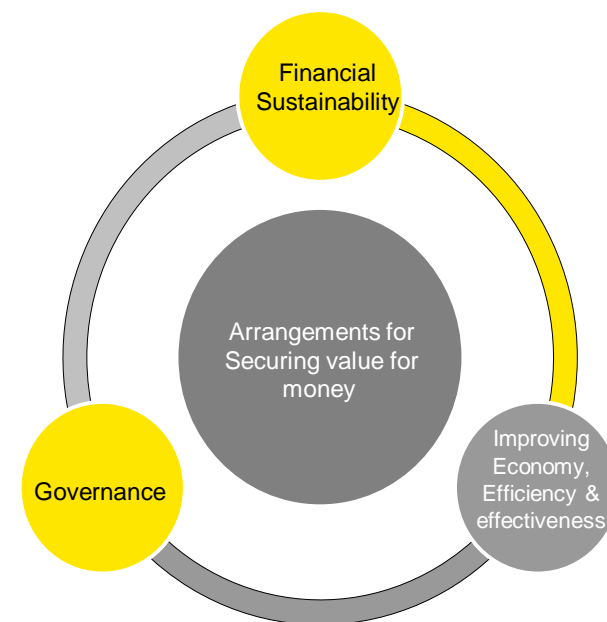
As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailor's the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability
How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance
How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.





Value for money

Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the Council's arrangements, we are required to consider:

- The Council's governance statement
- Evidence that the Council's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates (such as OfSTED) and other bodies and
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes - or could reasonably be expected to expose - the Council to significant financial loss or risk;
- Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Council's reputation;
- Leads to - or could reasonably be expected to lead to - unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Council;
 - Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves, or impact on budgets or cashflow forecasts;
 - The impact of the weakness on the Council's reported performance;
 - Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
 - Whether any legal judgements have been made including judicial review;
 - Whether there has been any intervention by a regulator or Secretary of State;
 - Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
 - The impact on delivery of services to local taxpayers; and
- The length of time the Council has had to respond to the issue.

Value for money

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the audit committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Status of our 2020/21 VFM planning

We have yet to commence our detailed VFM planning. However, one area of focus will be on the arrangements that the Council has in place in relation to financial sustainability in light of the impact of Covid-19 on the Council's finances.

In February 2021 Executive committee received the Revenue Budget 2021/22. The report outlined how the Council expects the Covid-19 pandemic to have a fundamental impact on the Council's finances in the short and medium term. The Council anticipates that additional funding from Central Government will not fully compensate for the financial impacts of Covid-19 and this will therefore reduce the projected reserves available at the start of 2021/22.

We will update the next Committee meeting on the outcome of our VFM planning and our planned response to any additional identified risks of significant weaknesses in arrangements.



04

Audit materiality



Audit materiality

Materiality

Materiality

For planning purposes, planning materiality for 2020/21 has been set at £1.48 million for the financial statements. This represents 2% of the Council's prior year gross revenue expenditure (GRE) on provision of services. We will reassess materiality throughout the audit process. We consider that gross expenditure on the provision of services is the area of biggest interest to the users of the Council's accounts.



We request that the Audit and Governance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £1.11mn for the financial statements which represents 75% of planning materiality. This reflects the low level of error detected in our 2019/20 financial statements audit.

Audit difference threshold - we propose that misstatements identified below this threshold of £74,000 are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Governance Committee, or are important from a qualitative perspective.



05 Scope of our audit



Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and, by exception, where we are not satisfied that the Council had established arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK). We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

As outlined in Section 03, we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Scope of our audit

Audit Process overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2020/21 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics

We will use our analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

Internal audit

We will review internal audit plans and the results of their work. We will reflect on these when designing our overall audit approach and when developing our detailed testing strategy. We may also reflect relevant findings from their work in our reporting, where it raises issues that could have a material impact on the financial statements.

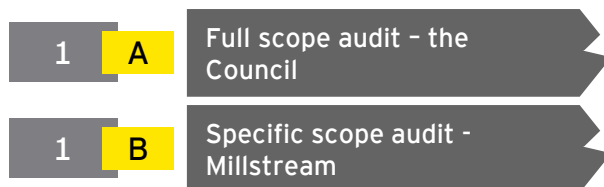
Scoping the group audit

Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

1. **Significant components:** A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
2. **Not significant components:** The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. These procedures are detailed below.



Scope definitions

A Full scope: locations where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the materiality used and any additional procedures required to comply with local laws and regulations. No entities identified as full scope audit.

B Specific scope: locations where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts. Millstream Property Investments Limited which is consolidated within the group accounts is a specific scope audit. We will our review and testing on the specific balances which are considered to have a material impact on the group accounts or have an identified risk attached to them.

Key changes in scope from last year

- No changes in scope from prior year



06

Audit team



Audit team structure:

Debbie Hanson
Associate Partner

Nazeer Mohammed
Audit Manager

Richmond Nyarko
Senior

Working together with the Council

We are working together with officers to identify continuing improvements in communication and processes for the 2020/21 audit.

We will continue to keep our audit approach under review to streamline it where possible.

EY Real
Estates (EYRE)

PwC (consulting
actuary) and EY
Actuaries

Use of specialists

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where specialists are expected to provide input for the current year audit are:

| Area | Specialists |
|----------------------------------|--|
| Pensions disclosure | EY Actuaries Hymans Robertson - Actuary to the Hertfordshire Pension Fund |
| Property, plant and equipment | Council's valuer (internal valuer) EY Real Estates Team (if required) |
| Business Rates Appeals Provision | Council's specialist (Analyse Local) |

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Audit timeline





Indicative Audit timeline

Indicative timetable of communication and planned deliverables

Indicative timeline

Below is an indicative timetable showing the key stages of the audit and the planned deliverables we have agreed to provide to you through the audit cycle in 2020/21. Please note that we will communicate any changes to this plan to officers and members as soon as we can. From time to time matters may arise that require immediate communication with the Audit and Governance Committee and we will discuss them with the Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

| Audit phase | Timetable | Audit and Governance Committee Meeting timetable | Deliverables |
|---|----------------|--|---|
| Initial Planning: Risk assessment and setting of scopes and walkthrough of key systems and processes | June/July 2021 | Audit and Governance Committee Meeting | Audit plan |
| No interim testing planned | | | |
| Draft accounts received | July | Audit and Governance Committee Meeting | Updated Audit Plan (if needed) |
| Year end audit Audit Completion procedures | October | | |
| | December | TBC | Audit Results Report |
| | December | | Annual Auditor's Report including commentary on VFM |





08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

| Planning stage | Final stage |
|--|---|
| <ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. | <ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit/additional services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and ▶ An opportunity to discuss auditor independence issues. |

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider the safeguards that have been adopted appropriately mitigate the principal threats identified and we confirm that EY is independent and that Suresh Patel, your audit engagement partner, and the audit engagement team have not compromised their objectivity and independence

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees. At the time of producing this plan EY advisory are responding to the Council's invitation to tender for a review of Air Quality Behavioural Insights. We do not believe there to be any perceived or actual independence matters that this engagement would create for the external audit, including consideration of the NAO's list of prohibited non-audit services. The proposed fee is also well below the NAOs fee cap for non-audit services of 70% of the scale audit fee. We will continue to keep you updated on whether this work proceeds.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements. There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work. There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise. There are no other threats at the date of this report.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020: https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2020/ey-uk-2020-transparency-report.pdf



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

| | Planned fee 2020/21 (£) | Final fee 2019/20 (£) |
|--|----------------------------|--------------------------|
| Scale Fee - Code work [note 1] | 40,295 | 40,295 |
| Additional fees: [note 2] | | |
| - Additional work on PPE | TBC | 7,000 |
| - VFM significant risk | 4,900-7,000 | 4,900 |
| - Going concern assessment & disclosure | 2,000-3,000 | 2,800 |
| - EY internal consultation on audit report | 1,000-2,000 | 2,000 |
| - Group consolidation | 5,000-6,000 | 5,000 |
| - Revised auditing standard for estimates | TBC | - |
| - MRP | TBC | - |
| - Accounting for grants | TBC | - |
| Total audit | TBC | 61,995 |
| Non-audit services: | | |
| - Housing Benefits | TBC | 21,140 |
| Total other non-audit services | TBC | 21,140 |
| Total fees | TBC | 83,135 |

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion being unqualified;
- Appropriate quality of documentation is provided by the Council;
- The Council has an effective control environment;
- EY internal consultation on the audit report in line with 2019/20.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

All fees exclude VAT



Notes:

1. We are currently in discussion with PSAA nationally about an increase to the scale fee. For East Hertfordshire we proposed an increase of £26,949. This is yet to be determined by PSAA.
2. 2019/20 additional fees agreed in principle with management. This remains subject to approval by PSAA. Ranges for 2020/21 additional fees based on prior year experience where appropriate.

Appendix B



Required communications with the Audit and Governance Committee

We have detailed the communications that we must provide to the Audit and Governance Committee.

| | | Our Reporting to you |
|-------------------------------------|---|--|
| Required communications |  What is reported? |  When and where |
| Terms of engagement | Confirmation by the Audit and Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties. | The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies. |
| Our responsibilities | Reminder of our responsibilities as set out in the engagement letter | The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies. |
| Planning and audit approach | Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team | Audit Plan, July 2021 meeting of the Audit and Governance Committee. |
| Significant findings from the audit | <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process | Audit Results Report, December 2021 (TBC) meeting of the Audit and Governance Committee. |

Appendix B

Required communications with the Audit and Governance Committee (continued)

| | | Our Reporting to you |
|-------------------------|---|--|
| Required communications |  What is reported? |  When and where |
| Going concern | <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements | Audit Results Report, September 2021 (TBC) meeting of the Audit and Governance Committee. |
| Misstatements | <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management | Audit Results Report, September 2021 (TBC) meeting of the Audit and Governance Committee. |
| Fraud | <ul style="list-style-type: none"> ▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud | Audit Results Report, September 2021 (TBC) meeting of the Audit and Governance Committee. |
| Related parties | <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity | Audit Results Report, September 2021 (TBC) meeting of the Audit and Governance Committee. |



Appendix B

Required communications with the Audit and Governance Committee (continued)

| | | Our Reporting to you |
|--|--|---|
| Required communications | What is reported? | When and where |
| Independence | <p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence | <p>Audit Plan, July 2021</p> <p>Audit results report, December 2021 (TBC)</p> |
| External confirmations | <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures | <p>Audit Results Report, December 2021 (TBC) meeting of the Audit and Governance Committee.</p> |
| Consideration of laws and regulations | <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Committee may be aware of | |
| Internal controls | <ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit | |
| Representations | <ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance | Assurance Letter to be received shortly after year-end. |
| Material inconsistencies and misstatements | <ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise | <p>Audit Results Report, December 2021 (TBC) meeting of the Audit and Governance Committee.</p> |
| Auditors report | <ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report | |

Appendix B

Required communications with the Audit and Governance Committee (continued)

| Our Reporting to you | | |
|-------------------------|--|--|
| Required communications |  What is reported? |  When and where |
| Group Audits | <ul style="list-style-type: none"> ▸ An overview of the type of work to be performed on the financial information of the components ▸ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▸ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▸ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▸ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. | Audit Plan, July 2021 Audit results report, December 2021 (TBC) |

Appendix C

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

| | |
|--|---|
| Our responsibilities required by auditing standards | <ul style="list-style-type: none"> ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting. ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Audit Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and Maintaining auditor independence. |
|--|---|

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the locations at which we conduct audit procedures to support the opinion given on the financial statements; and the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

Addressed to Chief Financial Officers and Audit Committee Chairs for
PSAA audited bodies (Local Government, Police and Crime
Commissioners, Chief Constables, Fire and Rescue Authorities)

1 June 2021

Ref: JD/NH

Direct line:

Sent by email

Email: jdawson1@uk.ey.com

Dear Chief Financial Officer and Audit Committee Chair

Scheduling high-quality 2020/2021 local public audits

In February 2020, I wrote to you to address the concerns we all share regarding the sustainability of financial reporting and auditing in England. Since then, we have collectively had to respond to all the unprecedented challenges that have arisen following the coronavirus pandemic (Covid-19). Thank you for the way you and your officers have responded to these difficult circumstances in the public interest and supported my teams with our audits.

Over the past six months, the Sir Tony Redmond review, Ministry of Housing, Communities and Local Government (MHCLG) response and recent consultations on 2020/2021 reporting timetables have sought to put in place measures to address the much needed stability of the local public audit market.

The National Audit Office's (NAO) recent report on the timeliness of local auditor reporting in England explored the factors that have led to the increasing delays to the delivery of audited financial statements. We contributed to this review and recognise most of the NAO's findings. In particular we agree with the NAO's comments that the Covid-19 pandemic has had a significant impact on the delivery of the 2019-2020 audits, the financial position of audited bodies and exacerbated problems which already existed within the local audit landscape.

I want to set out the principles which will guide the scheduling of our 2020/2021 external audits and how we will work with you as and when Covid-19 restrictions are eased. This will support conversations your Audit Partner will be having with you as we plan and deliver your 2020/21 external audit.

Context guiding our scheduling of 2020/21 external audits

On the 31st March 2021, MHCLG's amendments to the 2021 Accounts and Audit Regulations came into force. This sets an expectation that you have up to the 1st August 2021 to publish draft financial statements, and the target date for the publication of audited accounts is 30 September 2021.

We have said in response to MHCLG's consultation on the reporting timetable that we do not believe this is realistic or sustainable for the following reasons:

- The continuing impact of Covid-19 restrictions on the financial reporting and audit cycle across the corporate and public sectors. Our UK Head of Audit wrote to your peers for our corporate audits on 27th January 2021 setting out the impact on reporting timetables, reinforcing guidance issued from the Financial Conduct Authority and the Financial Reporting Council (FRC). This letter is appended for your information.
- Impact of later completion for remaining 2018/2019 and 2019/2020 local public audits, and the delay that has resulted in starting 2020/2021 audits. Practically, this means significantly more audit work will be required in the final stage of our audits in August and September 2021 than is usual, especially as little interim procedures have been performed by 31st March.
- We expect and do understand why some of you will take the opportunity of getting ready to produce draft accounts by the 1st August. However, doing so leaves auditors only two months to complete the audit, including the month of August when we anticipate with the lifting of Covid-19 restrictions, your officers and our staff may plan to take annual leave.
- One of the many issues recognised by the Redmond review is that there are insufficient numbers of skilled and specialist local auditors to deliver local audit within such a shortened timeframe. The implication of the reporting timetable is to require auditors to move at an even faster pace to catch up, which does not safeguard audit quality and our professional standards. We are also concerned that this timetable could do irreparable damage to the attractiveness of the local audit profession.
- Additional work required by finance teams and auditors to respond to the increasing complexity of decision making, including commercialisation and group accounting. Covid-19 has exacerbated this and led to greater levels of estimation, uncertainty and risk in financial reporting and financial sustainability. This will continue to require additional procedures for your teams and ours, including the use of specialists and navigating professional practice consultations.
- Other jurisdictions such as Audit Scotland are proposing to revise the 2020/2021 local authority reporting timetable to the 30th November 2021 in recognition of these circumstances.

Delivering our 2020/2021 external audits

We have said to MHCLG, NAO and Public Sector Audit Appointments Limited (PSAA) that our approach will continue to be to plan and perform our audits to safeguard our highest standards of quality. The FRC are currently inspecting a sample of our 2019/2020 audits but have recognised the good quality of our local public audits last year.

We believe a high-quality audit is even more important in these challenging and unprecedented times and will not compromise or reduce our expectations. We will provide our audit opinion when we are satisfied that we have performed sufficient quality work to support our judgements, rather than by a certain and potentially unrealistic date. This means we will be scheduling a number of 2020/2021 external audits for completion after the 30th September 2021.

I am aware some but not all of you will have already had discussions with your Audit Partner on provisional timetables. I do encourage you and the Audit Partner to collectively consider all the challenges that have arisen since Covid-19 restrictions and make an informed joint assessment on a realistic and achievable timetable that ensures the quality of financial reporting and audit is not compromised. This assessment should consider the finance and audit team constraints and the complexity of the financial reporting and audit process.

Each of our regional office leads is finalising their delivery plan for the 2020/21 external audits. The proposed timing of your external audit is being determined using a consistent set of principles to ensure we have a fair and equitable basis for scheduling audits before the 30th September 2021 and those afterwards. These principles include the plans to conclude overdue 2018/19 and 2019/20 external audits, our assessment of your preparedness for audit, expectation on level of audit errors and findings, the degree of risk and complexity including any significant changes since the prior year and maximising our availability of qualified and experienced audit staff and specialists.

Ways of working

I am aware that you will be having ongoing dialogue with MHCLG on how the easing of Covid-19 restrictions will impact on your operations and ways of working, now and in the future.

Generally, we have found that our technology (EY Canvas, EY Canvas portal and Microsoft Teams) has been successful and resilient, supporting high-quality audits. This has led to more flexibility and agility on the way in which remote audits are conducted. We intend to follow these working practices again with you and your teams for the 2020/2021 audits, and therefore I am not expecting full-time on-site audit presence. These principles will also support how we work with you on our move to an increasingly digital and data-driven audit in the future.

In addition, your Audit Partner and Engagement Manager have been more productive and flexible by their ability to attend more meetings virtually, eliminating significant travel time and contributing to our net carbon targets. I am not expecting our more senior staff to be attending meetings with management and Audit Committees in person in every case when restrictions are eased.

I do recognise though that there may be circumstances which mean we do need to be flexible and proportionate. I have asked your Audit Partner and Engagement Manager to discuss with you and your finance team and arrive at a shared understanding on the planned working arrangements and approach this year. This is particularly important to support discussions with new members of Audit Committees post the May 2021 local elections.

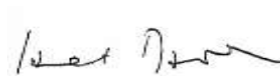
Next steps

I am keen that we have a collective and combined focus to work together and navigate the challenging months ahead and, importantly, to agree the proposed timing of your 2020/21 external audit and how we work with you this year.

We are continuing to work with MHCLG, CIPFA/LASAAC, ICAEW, NAO and PSAA to share our point-of-view on those areas that are critical to stabilise the local public audit system and improve the sustainability of financial reporting and audit in England, and I provided evidence to the Public Accounts Committee last month on those issues. We will be responding to further consultations from MHCLG and others on the implementation of the Redmond recommendations. We will also be considering the implications for financial reporting and local public audit following the recent Department for Business, Energy & Industrial Strategy consultation on reforms to corporate governance and the audit profession. Your Audit Partner will be able to discuss our point of view with you and at your future Audit Committee meetings.

In the meantime, if you have any questions on this letter, please do not hesitate to contact me using the details provided.

Yours faithfully,



Janet Dawson
UK Government and Public-Sector Assurance Leader
Ernst & Young LLP

27 January 2021

Dear Audit Committee Chairs and CFOs,

Given the increase in restrictions that are in place in response to the ongoing Covid-19 pandemic, many people involved in preparing and auditing financial statements have been considering the impact this will have on reporting timetables for upcoming Annual Report and Accounts starting with those for the year ended 31 December 2020.

Today the FRC and the FCA published a joint statement for companies, auditors and users of financial statements [LINK](#). In this they encourage all stakeholders, particularly those boards of listed companies, to re-familiarise themselves with the measures that have been put in place to provide flexibility during this time including allowing listed companies an additional two months to publish their audited annual financial statements and to use them in light of any resourcing constraints in finance and/or audit teams to ensure the quality of reporting is not compromised during this period.

Given these circumstances, and in my role as EY's UK Head of Audit, I am writing to the companies we audit as I am keen we all consider the additional challenges that have arisen since year end timetables were determined, the risks these bring to the year end reporting and auditing cycle and consider whether timetables should now be revised.

On 12 November the FRC published its annual end of year letter to CEOs, CFOs and Audit Committee Chairs setting out its reporting expectations for preparers of reports and accounts for the year ahead [LINK](#). In this letter, issued before the current restrictions were increased, the FRC encouraged boards to carefully consider whether they should lengthen their reporting timetables for 2021, making use of the extensions to reporting deadlines that remain in place. The increased restrictions bring more relevance to this request.

Preparing and auditing financial statements during the last nine months has been particularly challenging for the following reasons:

- ▶ There are difficult judgements to make due to the uncertainties in forecasting the future. Allied to this, auditors have consultation obligations for significant judgements which must be factored into the year-end timetable.
- ▶ A broad range of stakeholders are relying on preparers and auditors of financial statements to be more transparent about the key judgements made given the uncertainty which exists.
- ▶ Remote working has added to the time taken to both prepare and audit financial statements. It has also increased the risk of error and fraud if processes and controls fail to operate as they would normally.
- ▶ Providing the required oversight from both management and auditors of component operations is challenging when travel is prohibited.

The availability of finance staff and auditors has been impacted over this time both by illness and the closure of schools. With the increasing prevalence of the virus and schools being closed again the staffing impact is now more significant. It also coincides with peak demand for audit resources across all the firms given the volume of December 2020 year ends.

We know from our experience of auditing financial statements for years ending from March 2020 onwards that many companies needed to lengthen their reporting timetables for us all to deal with the challenges presented. Our experience was this was better if an early decision was made and plans revised accordingly.

The FRC has made it clear that a high-quality audit is even more important in these challenging times and there is no reduction in their expectation of the audit firms to perform audits of the highest quality in full compliance with all auditing standards.

The combination of these factors means that the challenges for both finance teams and auditors are very real. However, we cannot allow the standard of corporate reporting or auditing to be adversely impacted by this situation as we will be collectively judged by the quality of our response in the months to come. Accordingly, I ask that you carefully consider your reporting timetable in light of these circumstances and be certain you are satisfied that it remains appropriate otherwise revise it accordingly.

We may have to make the difficult decision to delay the signing of audit opinions where we consider all reasonable steps have been taken to meet the deadlines but despite this effort the audit work is not complete at the deadline date. Your engagement team will let you know immediately if anything happens which could threaten our ability to complete your audit on time.

I thought it would be helpful to be clear about the need to perform a high-quality audit in challenging circumstances and to take this opportunity to ask that you consider your current plans. I believe that with the combined focus we will all bring we can successfully navigate the challenging months ahead.

Your sincerely



Andrew Walton
UK Head of Audit

East Herts Council Report

Audit and Governance Committee

Date of Meeting: 29 July 2021

Report by: Chairman of Audit and Governance Committee

Report title: Audit and Governance Committee - Draft Work Programme 2021/22

Ward(s) affected: All

Summary

- To invite Members to review and determine the future work programme of Audit and Governance Committee and any proposed amendments to the ongoing Work Programme.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE, that:

- (A) the main agenda items for the next meeting be agreed;**
- (B) the proposed consolidated work programme, at Appendix A, in relation to Audit and Governance matters, be agreed.**

1.0 Proposal(s)

- 1.1 Items previously required, identified or suggested for the work programme are set out in **Appendix A**. The Appendix is now presented as a consolidated report to include those issues for consideration by Overview and Scrutiny Committee. It was felt that consolidating the work of both Committees in one report would give Members of both committees a better perspective from the viewpoint of scrutiny.

2.0 Background

- 2.1 The draft agenda for the next Audit and Governance Committee is shown in **Appendix A**. Members are asked to confirm that these are the key items they wish to consider.
- 2.2 Whilst the timing of some items shown may have to change depending on availability of essential data (eg. from central government), etc Members are asked to consider the future programme and add, remove or move items as they see fit.

3.0 Reason(s)

- 3.1 While Audit and Governance is not a Scrutiny Committee, it has a specific role of monitoring the budget and oversees a range of information such as inspection reports and action plan monitoring. It approves the Council's Statement of Accounts and is also the Council's Audit Committee and carries out Treasury Management functions. As a result, the work programme helps provide structure and identifies a clear reporting timeframe for those reports.

4.0 Options

- 4.1 Members have the option to include or exclude any items on the proposed work programme, however, Officers recommend approval of the listed items as consideration will fulfil the council's audit functions and the items reflect the issues previously raised by Members. It is worth noting that this is a draft work programme which is continually reviewed and will evolve as the work programme develops triggered by external and internal influences.

5.0 Risks

- 5.1 If the Audit and Governance Committee chose not to consider the various audit and financial reports in the proposed work

programme, subject to the Legal observations made later in this report, the council could potentially be at risk of not identifying potential issues and risks to the authority and thus taking mitigating actions.

6.0 Implications/Consultations

6.1 Information on any corporate issues and consultation associated with this report can be found within the body of this report.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

None applicable to this report apart from the benefits, as discussed above, of Member oversight of the council's key financial practices and policies.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

None applicable to this report but Audit and Governance is required to receive and consider reports and agree such reports as required by statute. These include for example, the Treasury Management Statement and Statement of Accounts.

Specific Wards – All wards

7.0 Background papers, appendices and other relevant material

Appendix A

| | |
|------------------------|--|
| Contact Member | Mark Pope, Chairman of Performance Audit and Governance Oversight Committee mark.pope@eastherts.gov.uk |
| Contact Officer | James Ellis, Head of Legal and Democratic Services, Tel No: 01279 502170 james.ellis@eastherts.gov.uk |
| Report Author | Lorraine Blackburn, Scrutiny Officer Tel No: 01279 502172 lorraine.blackburn@eastherts.gov.uk |

Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2021/22

(this is a working document and is subject to regular amendment) – last updated 21 July 2021

| Meeting Date Overview and scrutiny | Topic and Notes | Lead Member and Officer | Meeting Date Audit and Governance | Topic and Notes | Lead Member and Officer |
|---------------------------------------|--|---------------------------------------|--------------------------------------|---|---|
| 8 June 2021 | Executive Member for Corporate Services – Update on Portfolio | Cllr Cutting | 27 May 2021 | Annual Assurance Statement and Internal Audit Annual Report 2020/21 | Simon Martin, SIAS |
| | RIPA and Use of Social Media - report back (Head of Legal and Democratic Services) | Head of Legal and Democratic Services | | Strategic Risk Register – Monitoring 2020/21 - Quarter 4 | Graham Mully, Steven Linnett Head of Strategic Finance and Property |
| | Data Retention Policy | Head of Legal and Democratic Service | | 2020/21 Provisional Outturn | Steven Linnett Head of Strategic Finance and Property |
| | Data Breach Policy | Head of Legal and Democratic | | 2020/21 Annual Anti-Fraud Report | Nick Jennings, SAFS |

Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2021/22

(this is a working document and is subject to regular amendment) – last updated 21 July 2021

| Meeting Date Overview and scrutiny | Topic and Notes | Lead Member and Officer | Meeting Date Audit and Governance | Topic and Notes | Lead Member and Officer |
|--|--|--|---|--|--|
| | | Services | | | |
| | Environmental Sustainability Action Plan (Agreed to report twice a year) | Head of Housing and Health | | Data Protection Update Report | James Ellis, Head of Legal and Democratic Services |
| | Annual Plan and Refreshed Corporate Plan | Head of Communications Strategy and Policy | | Standards Update | James Ellis, Head of Legal and Democratic Services |
| | Draft equalities, Diversity and Inclusion Strategy | Head of Housing and health | | Questions to the Executive Member for Financial Sustainability | Executive Member for Financial Sustainability |
| 7 September | Executive Member Questions | | 29 July 2021 | SIAS Internal Audit Plan | Simon Martin, SIAS |

Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2021/22

(this is a working document and is subject to regular amendment) – last updated 21 July 2021

| Meeting Date Overview and scrutiny | Topic and Notes | Lead Member and Officer | Meeting Date Audit and Governance | Topic and Notes | Lead Member and Officer |
|---------------------------------------|--|--|--------------------------------------|---|--|
| 2021 | (Councillor Cutting) | | | Progress Report | |
| | Tenancy Strategy | Jonathan Geall Head of Housing and health | | Annual Governance Statement 2020/21 | Executive Member for Financial Sustainability and Head of Strategic Finance and Property |
| | Private Sector Housing assistance Policy | Jonathan Geall Head of Housing and health | | Receipt of the External Auditor's Audit Planning Report | Suresh Patel, EY and Head of Strategic Finance and Property |
| | Update on Economic Development in East Herts (???) | Ben Wood Head of Communications, Strategy and Policy | August 2021 | | |
| | Customer | Ben Wood Head | | | |

Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2021/22

(this is a working document and is subject to regular amendment) – last updated 21 July 2021

| Meeting Date Overview and scrutiny | Topic and Notes | Lead Member and Officer | Meeting Date Audit and Governance | Topic and Notes | Lead Member and Officer |
|---------------------------------------|-------------------------------|--|--------------------------------------|-----------------|-------------------------|
| | complaints and Feedback (???) | of Communications, Strategy and Policy | | | |

Updates

| Overview and Scrutiny Committee | Audit and Governance |
|---------------------------------|---|
| | <p>Complaints lodged with the Monitoring Officer (Head of Democratic and Legal Support Services). When there are updates.</p> <p>Changes to Constitution Review Update (Head of Democratic and Legal Support Services): When there are updates.</p> |

Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2021/22

(this is a working document and is subject to regular amendment) – last updated 21 July 2021

| Overview and Scrutiny Committee | Audit and Governance |
|---------------------------------|----------------------|
| | |

Looking Forward – 2021/22 onwards

| Overview and Scrutiny Committee | Due date | Audit and Governance | Due Date |
|--|---|---|--|
| Environmental Sustainability Action Plan | 2 November 2021 June 2022 then November 2022 (Agreed to report back twice a year) | Quarterly Corporate Budget Monitor – Quarter 3 December 2020 | 30 March 2021 (executive) Due to the timetable of meetings it is not possible to produce the report and send it to an Audit & Governance Committee meeting prior to consideration by Executive. The report will be circulated to Members of the Committee when ready and views sort and |

Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2021/22

(this is a working document and is subject to regular amendment) – last updated 21 July 2021

| Overview and Scrutiny Committee | Due date | Audit and Governance | Due Date |
|--|------------------|----------------------|------------------------|
| | | | reported to Executive. |
| Carbon Reduction report | 2 November 2021 | | |
| Cultural Strategy - Update on Development of “Smart Targets”, Measurements and Monitoring Mechanisms | 7 September 2021 | | |
| Planning Enforcement Plan – Update on new working practices | February 2022 | | |
| RIPA | June 2022 | | |

Notes:

Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2021/22

(this is a working document and is subject to regular amendment) – last updated 21 July 2021

| | | |
|-------------------------------------|-------------|--|
| All Member Briefing Updates: | 10 June | Agile Working and Gilston Planning Applications |
| | 8 July 2021 | Update on Council's Major Capital Projects |
| | | |
| | | |
| | | |

Members will note the format of the Consolidated Work Programme. By combining both work programmes this provides Members with a better insight into the issues to be considered by both committees and respective timeframes and so aid the process of scrutiny. Additionally, Members should note that the Chairman and Vice Chairman of both Committees are now meeting regularly with the Executive to discuss the Forward Plan.

Members are actively encouraged to review the Council's Forward Plan which details the decisions the Executive (and Council) will be taking over the next three months.

This page is intentionally left blank