Corporate Director (Law and Governance) and   AU
Monitoring Officer, T W Mortimer LLB Solicitor

AUDIT COMMITTEE

ASHFORD
BOROUGH COUNCIL

Notice of a Meeting, to be held in the Council Chamber at Ashford Borough Council, Civic Centre, Tannery Lane, Ashford, Kent, TN23 1PL on Tuesday, 17th March, 2020 at 7.00 pm.

The Members of the Audit Committee are:-

Councillor Krause (Chairman)
Councillor Link (Vice-Chairman)

Cllrs.   Hayward, Mulholland, Shorter, Smith, Suddards and Wright

Agenda

Page Nos.

1.   **Apologies/Substitutes**

To receive Notification of Substitutes in accordance with Procedure
Rule 1.2(iii)

2.   **Declarations of Interest**   1 - 2

To declare any interests which fall under the following categories, as explained on the attached document:

a)   Disclosable Pecuniary Interests (DPI)
b)   Other Significant Interests (OSI)
c)   Voluntary Announcements of Other Interests

See Agenda Item 2 for further details

3.   **Minutes**   3 - 6

To approve the Minutes of the Meeting of this Committee held on 3rd December 2019.

4.   **Certification of Grant Claims - Annual Letter**   TO
                                                                                                         FOLLOW

5.   **Presentation of Financial Statements**   TO
                                                                                                         FOLLOW

6.   **Corporate Risk Register - Update**   7 - 22

7.   **Approval of Annual Governance Statement**   23 - 48

KM
6 March 2020

Queries concerning this agenda? Please contact Kirsty Morland 01233 330499
Agendas, Reports and Minutes are available on: www.ashford.gov.uk/committees

Declarations of Interest (see also "Advice to Members" below)

(a) **Disclosable Pecuniary Interests (DPI)** under the Localism Act 2011, relating to items on this agenda. The <u>nature</u> as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares a DPI in relation to any item will need to leave the meeting for that item (unless a relevant Dispensation has been granted).

(b) **Other Significant Interests (OSI)** under the Kent Code of Conduct relating to items on this agenda. The <u>nature</u> as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares an OSI in relation to any item will need to leave the meeting <u>before the debate and vote</u> on that item (unless a relevant Dispensation has been granted). However, prior to leaving, the Member may address the Committee in the same way that a member of the public may do so.

(c) **Voluntary Announcements of Other Interests** not required to be disclosed under (a) and (b), i.e. announcements made for transparency alone, such as:

- Membership of amenity societies, Town/Community/Parish Councils, residents' groups or other outside bodies that have expressed views or made representations, but the Member was <u>not</u> involved in compiling or making those views/representations, or

- Where a Member knows a person involved, but does <u>not</u> have a close association with that person, or

- Where an item would affect the well-being of a Member, relative, close associate, employer, etc. but <u>not</u> his/her financial position.

[Note: Where an item would be likely to affect the <u>financial position</u> of a Member, relative, close associate, employer, etc.; OR where an item is <u>an application made</u> by a Member, relative, close associate, employer, etc., there is likely to be an OSI or in some cases a DPI. ALSO, holding a committee position/office within an amenity society or other outside body, or having any involvement in compiling/making views/representations by such a body, may give rise to a perception of bias and require the Member to take no part in any motion or vote.]

Advice to Members on Declarations of Interest:

(a) Government Guidance on DPI is available in DCLG's Guide for Councillors, at
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5962/2193362.pdf

(b) The Kent Code of Conduct was adopted by the Full Council on 19 July 2012, and a copy can be found in the Constitution alongside the Council's Good Practice Protocol for Councillors dealing with Planning Matters. See https://www.ashford.gov.uk/media/2098/z-word5-democratic-services-constitution-2019-constitution-of-abc-may-2019-part-5.pdf

(c) Where a Member declares a committee position or office within, or membership of, an outside body that has expressed views or made representations, this will be taken as a statement that the Member was not involved in compiling or making them and has retained an open mind on the item(s) in question. If this is not the case, the situation must be explained.

If any Member has any doubt about any interest which he/she may have in any item on this agenda, he/she should seek advice from the Director of Law and Governance and Monitoring Officer, or from other Solicitors in Legal and Democracy as early as possible, <u>and in advance of the Meeting</u>.

This page is intentionally left blank

Audit Committee

Minutes of a Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **3rd December 2019.**

Present:

Cllr. Krause (Chairman);
Cllr. Link (Vice-Chairman);

Cllrs. Mulholland, Ovenden, Smith, C Suddards, Wright.

In accordance with Procedure Rule 1.2 (c) Councillor Ovenden attended as Substitute Member for Councillor Hayward.

Apologies:

Cllr. Hayward.

Also Present:

Cllr. Bell.

Director of Finance & Economy, Head of Finance and IT, Head of Audit Partnership, Audit Manager (Interim), Compliance and Data Protection Manager, Investigation and Enforcement Support Manager, Governance & Data Protection Officer, Member Services Officer.

Engagement Lead – Grant Thornton UK.

147 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 30th July 2019 be approved and confirmed as a correct record, subject to the deletion of the words 'Audit Manager' in the title of Minute Number 98 Declarations of Interest.

148 Internal Audit Charter

The Head of Audit Partnership advised that the Charter set out the purpose, authority and responsibility of the Council's internal audit service. The Charter was agreed a year ago and was before the Committee for an annual review. There were no significant changes. Once the Charter had received Member endorsement, it would confirm the ability of Auditors to have full, free and unrestricted access to all works, records, property and personnel as required.

Resolved:

That the Committee approves the Internal Audit Charter.

149 Enforcement Support & Investigations Team Annual Report 2018/19

The Investigation and Enforcement Support Manager introduced the report. The layout of the report had been amended and highlighted the savings direct to Ashford Borough Council. She advised that the Council received a grant from the East Kent Authorities for £46,000 and this would be used to perform investigations for those authorities.

In response to a question the Investigation and Enforcement Support Manager advised that the Team did not support the Winter Night Shelter, however, they worked to ensure that sublet properties or those that were misused were returned to the Council's stock to be used by those in need. A 'Key Amnesty' had been undertaken which had resulted in 10 keys being returned which would allow those properties to be released for people on the waiting list. The Director of Finance & Economy drew attention to the Homelessness Reduction Act and the areas of responsibility for the Council and that the Team also worked with the Housing Service to ensure that applications under the act were valid.   The Investigation and Enforcement Support Manager further advised that if someone presented as homeless, the Team operated alongside the Housing Team and would carry out their investigation alongside the process. There would be no delay in the process by the undertaking of their investigation.

The Team has been working to combat Rogue Landlords and there was work ongoing in respect of Houses of Multiple Occupancy (HMOs) to ensure that the correct licenses were in place, as part of their duty to tenants.

Resolved:

That the report be received and noted.

150 Corporate Risk Register

The Compliance and Data Protection Manager introduced the report. Given this was the first time it had been presented to the Committee since the election, she highlighted the approaches taken to risk in respect of strategic, financial and operational areas. A recent audit had highlighted the requirement for further training on risk and building risk reporting into Cabinet reports, both of which would be carried forward. The Director of Finance & Economy clarified the differences in risk pertaining to the Council's Risk Registers and those that were perceived as a risk to an audit.

A Member questioned whether the role of the Committee included the assessment of risks prior to decisions taken on projects by the Cabinet. The Director of Finance & Economy advised that the risk of any project would be included within the report to the Committee taking that decision. Officers, when preparing the report, would undertake a risk assessment, assess the risk register and incorporate such risks into the report itself. The Head of Audit Partnership further explained that the Overview & Scrutiny Committee held the remit for examining decisions taken should there be

concerns. The Audit Committee's role was to ensure the controls in place were true and correct.

In response to a question, the Compliance and Data Protection Manager advised that the 'downturn in economy' had been on the risk register for a considerable period. This was a long term risk that was continually tracked. The Head of Finance & IT added that Ashford was no different from other towns in respect of the slow down of the economy. There were other factors to consider, including the political climate and the EU exit. The Council had been planning for the UK leaving the EU and a presentation would be given to Members prior to the Cabinet meeting later in the month. Officers worked closely with ArlingClose, the Council's treasury advisors, and managed the debt portfolio. There were risks to the Council in the event of a downturn, namely Council Tax, car parking and homelessness. Whilst these could not be fully safeguarded against, there were plans in place to mitigate the impact.

Resolved:

That the Corporate Risk Register, the assessments and key controls to manage the risks be noted.

151 2018/19 Annual Audit Letter

The Engagement Lead – Grant Thornton UK drew attention to the Annual Audit Letter, which summarised the outcome of the Audit. The only changes to note were the date on which the opinion had been issued and the additional fees and work undertaken.

The Chairman wished to put on record his support for the findings and conclusions within the letter and felt that this reflected the work undertaken by the Finance Team. This was a 'clean bill of health' and was satisfying for all.

Resolved:

That the 2018/19 Annual Audit Letter be noted.

152 Report Tracker for Future Meetings

The Member Services Officer drew Members' attention to the Tracker. The item on Brexit would remain on the agenda for the foreseeable future at the request of the Committee.

Resolved:

That the Schedule of Meetings be noted.

_____

Queries concerning these minutes? Please contact membersservices@ashford.gov.uk
Agendas, Reports and Minutes are available on: www.ashford.moderngov.co.uk

This page is intentionally left blank

Agenda Item No: 6

Report To: Audit Committee

Date of Meeting: 17 March 2020

Report Title: Corporate Risk Register – update March 2020

Report Author &   Charlotte Hammersley, Compliance and Data Protection
Job Title: Manager

Portfolio Holder   Cllr. Neil Bell
Portfolio Holder for: Finance and IT

Summary:	Twice a year the Audit Committee considers the council's corporate risks and is asked to note the updated assessments and to agree the adequacy of key controls to manage the risks. This report fulfils those obligations. The Corporate Risk register is assessed using the Risk Management Framework adopted by the Cabinet in April 2018.

Recommendations: **The Audit Committee is recommended to:-**

                             **Consider the Corporate Risk Register and agree the
                             assessments and the adequacy of key controls to
                             manage the risks.**

Policy Overview: Risk Management Framework

Financial   None at this stage
Implications:

Legal Implications   None at this stage.

Equalities Impact   Not required because equalities issues are assessed at the
Assessment   point the project or service the risk relates to are incepted.

Exempt from   **NO**
Publication:

Background   **Risk Management Framework**
Papers:

Contact: charlotte.hammersely@ashford.gov.uk – Tel: (01233
                             330878)

Report Title: Corporate Risk Management – update report March 2020

Introduction and Background

1.   Twice a year the Audit Committee considers the council's Corporate Risks and risks management processes. This report is an update report providing the latest information on the council's Corporate Risk Register.

The Corporate Risk Register is set out at Appendix A.

Proposal/Current Position

2.   The Corporate Risk Register provides details of the council's key risks that could, if untreated, impact on the council's Strategic aims, Financial position or Compliance with the law. Operational risks are monitored regularly by individual services and the council's Management Team on an exception basis. Any risks that become of strategic significance are also reported to this Committee.

3.   The Corporate Risk Register is linked to the risk appetite statement which is contained within the Risk Management Framework. The statement is designed to inform decision making about the amount of acceptable risk within which the council chooses to operate. Risks that fall outside of the council's appetite are reported to the Audit Committee. The appetite statement sets out that the council has a moderate appetite to strategic risks, a low appetite to financial risks and a very low appetite to compliance risks. The Corporate Risk Register is informed by those risks that are currently above the risk appetite levels set. The risk appetite statement will be reviewed in light of the council's Corporate Plan for 2020 which is currently being developed.

4.   Set out at Appendix A are details of the risks included on the current Corporate Risk Register which provides details of individual risks and explains the current position or any further action that may need to be taken to manage the risk.

5.   This report highlights any changes to the risk profiles since the last update, provides details of any new risks that have been included on the register and those that have been managed down to a level where they no longer require reporting on.

Brexit Risk

6.   Last year, in the run-up to the various Brexit "deadlines", reports and presentations were made to members regarding the Council's and the multi-agency Kent Resilience Forum's preparations for a possible "no deal" scenario. This included information on business continuity plans in the context of potential traffic disruption arising from delays at the ports and/or the use of the Waterbrook site for transit customs and border-ready checks.

7.   Since then, Junction 10A has been substantially completed and open to traffic. The UK left the EU on 31 January 2020. Up to the end of December 2020, the UK is in a "transition period". During this period existing European rules on a wide range of issues such as the environment, employment, data protection etc will continue to apply in the UK. Also, current trade and border procedures will remain largely unchanged in the transition period. However, if a new trading relationship between the UK and EU is not agreed by the end of December 2020, there will be a "no deal" situation in which the risks of significant delay at the ports and/or around the Waterbrook facility (and the M20 generally) would recur. Accordingly many of the risks the subject of earlier reports will need to be reviewed in the light of the ongoing national situation as we move through 2020.

8.   The Government has not yet published its revised national planning assumptions for the period up to December 2020. It is expected to do so in the next couple of months. In the meantime officers will continue to attend the regular KRF meetings at both strategic and operational levels. This will ensure we remain fully up to date on government policy and resilience planning at national and county level. This will enable us to review our own risks and planning in good time.

9.   A further Brexit update will be given to members at the appropriate time(s).

Strategic Risks

Increased risk profile

10.   The risk that we might not be able to respond to a significant business continuity incident has been raised in light of the coronavirus (COVID-19) outbreak. Whilst the situation continues to be actively managed within the UK (via for example stringent containment and contact tracing arrangements), we are entering a period where cases of infection will inevitably increase. In light of these developments, action the council is taking includes working with relevant agencies though the Kent Local Resilience Forum, developing a dynamic risk assessment of potential impacts on the council's key services and minimising impacts on our local community by, for example, helping to disseminate and signpost information.   This activity is against a background of established business continuity arrangements.   Our council response is being coordinated by the Ashford Critical Emergency Resilience Committee with actions being tailored to the nature and scale of the threat, as our understanding of this develops. Actions to date include amended hygiene arrangements and ensuring staff are being advised on measures to prevent the spread of illness. This is critical in terms of minimising potential health

impacts and ensuring that we are able to continue providing key services to our community. As the situation is rapidly changing, a further update on the council's response will be provided at the meeting as necessary.

11.   Vacancies in the Planning and Legal Services combined with capacity pressures reported in Cultural Services have increased the risks of not being able to fully resource council projects. The council's Programme Management Group are actively managing this risk to ensure that key projects are delivered and resources allocated where they deliver most benefit.

Reduced risk profile

12.   The Ashford Spurs project of works to platforms 3 and 4 to ensure trains can access the station and implementation of KVN signaling. The works to the signaling and contactor system have been completed and the new Eurostar trains have been programmed to commence in May 2020. Therefore, this risk has now been removed from the Corporate Risk Register.

13.   The last report to this Committee showed an increased risk of having insufficient resources to respond to the Homelessness Reduction Act. This risk has now reduced back within tolerated levels following a MHCLG grant of £257,000 for rough sleeping being received which will impact positively on the expenditure for dealing with homelessness reduction.

14.   Delivery of Digital Transformation has also moved back within tolerated levels following recruitment success. Whilst there is a current vacancy for business analyst which could slow down delivery, a roadmap is being developed for the year which will highlight resources required to maintain momentum.

15.   The Local Plan is in place following the challenge that was not upheld. It has therefore been removed from the register. The Junction 10a project has also been removed following its recent delivery.

Financial Risks

Increased risk profile

16.   The risk of being unable to generate income from the Ashford Monitoring Centre (AMC) has increased following a decrease in the CCTV income from private clients. The need to deliver the replacement CCTV in public spaces over the past 12 months has diverted resource away from being able to promote the service. The current priority for the service is the lifeline digitization and centre refurbishment. The AMC business plan is also being reviewed.

Reduced risk profile

17.   The risk of a downturn in the economy impacting on parking income has reduced this period. New car parking sites responding positively to promotions aimed at increasing usage.   Automatic Number Plate Recognition

(ANPR) is currently being introduced which will allow additional pricing flexibility to protect income. A review of parking charges scheduled this year for implementation from April 2020.

18. The risk associated with the cost of the HGV lorry parking scheme has been removed from the Financial Risk register. The scheme is now part of normal service delivery as it has been made permanent and enforcement built into the Civic Enforcement Officers regular rotas.

Compliance Risk

19. There have been no key changes to the profiles of risks within the Compliance Risk Register since the last update to this Committee.

Conclusion

20. Risk owners have reviewed and reassessed the risks and controls within their specific areas and are satisfied that this report and attached Appendix A represent an accurate picture of the current risks to the organisation.

21. The Corporate Risks Register will be presented again to the Audit Committee in six months time in accordance with the Risk Management Framework where a further update will be provided on current risks and notable changes to the Register.

Contact and Email

Charlotte Hammersley, Compliance and Data Protection Manager

charlotte.hammersley@ashford.gov.uk

This page is intentionally left blank

Strategic risks

Report Type: Risks Report
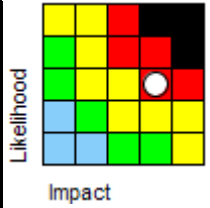**Report Author:** Charlotte Hammersley
Generated on: 02 March 2020

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 FINIT 003	Successful-cyber attack	Data breach Loss of service Reputation Financial		Staff training Patching, firewall, policy rules Emergency planning exercise	▬	New set of corporate Cyber security training for staff and councillors to be launched in next couple of months. Training will include 12 modules as required learning running throughout the year. Following the recent cyber-attack of Redcar and Cleveland, the council's IT team are monitoring guidance produced and have been successful in securing funding from the Local Government Association for certified training in Information Systems Security.
CR17 FINIT 009	Recession	Loss of income Increased caseload Increased demand for Housing and Revenues and Benefits Services		Regular communication with Arlingclose Increased minimum reserves balance	▬	The impact could be high on services and commercial income could be at risk. There are a number of controls around collection and risk reserves are in place. Whilst the overall impact would be reduced due to these measures but the impact could still be high.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 HOUS005	Increasing disparity between rents and Local Housing Allowance	Unaffordable rents. Increase in number of people presenting as homeless to the council.	Likelihood / Impact	Unique package to support landlords / Social lettings agency / Financial incentives	▬	Risk still exists. Minor uplift in Local Housing Allowance rates but still large shortfall between welfare benefit rates and market rents.
CR17 POL003	Ashford College - delivery of phase 1a project to time	Removal of ability for the college to deliver engineering courses in Ashford Non-delivery of ABC part funded college building within timeframes of the funding agreement	Likelihood / Impact	Ongoing monitoring with College	▬	There is a threat to the delivery of Phase 1a in that the College are under educational administration. Plans are being progressed to pass the operations to East Kent College. East Kent College have the delivery of Phase 1a as priority but no funding is currently identified for its delivery.
CR17 HPC011	Inability to respond to a significant business continuity incident	Inability to continue key business processes Reputational damage	Likelihood / Impact	Business Continuity Steering Group	⬆	Business continuity (BC) processes reviewed as necessary and additional controls in place as relevant to Brexit and the emerging coronavirus situation. Separate Brexit risk analysis which is reviewed as the situation changes. Coronavirus risk analysis currently being conducted in light of UK position. Mitigation steps being taken in regard to reducing risk of infection relevant to council activity. Risk rating increased in the context of the coronavirus situation.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 POL0 05	Lack of available resources to deliver council projects		Likelihood / Impact	Programme Management Use of external project managers Active recruitment	⬆	Current turnover and vacancies in Legal and the Planning service are a concern which could impact on our ability to deliver key strategic projects. Both services continue to draw on consultant support in order to maintain service delivery. There is also a risk of reduced capacity of staff to support cultural-led projects. A number of changes are being made to the section, given efficiency requirements and vacancies. The changes will allow the service to be more responsive given the service plan. However, delay in recruitment or decision making could result in projects being delayed. The Council's Programme Management Group are considering these areas of pressure in their role overseeing projects.

Financial risks

Report Type: Risks Report
Report Author: Charlotte Hammersley
Generated on: 02 March 2020

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 FINIT 008	Change to accounting standards: requirement to record all losses through income and expenditure.	Potential for temporary losses to be shown affecting the council's investment decisions.	Likelihood / Impact	Regular communication with Arlingclose Lobbying	▬	No change to the risk profile. There is a statutory override for the 5 years therefore it will cause an issue in the short/medium term however it is unclear if this will be made permanent or be removed in the future. We will continue to monitor and discuss with auditors.
CR17 HOUS006	Increased loss of social housing through Right to Buy	Not achieving capital receipt to reinvest in new property	Likelihood / Impact	Regular monitoring and review of business plan	▬	The right to buy data has been reviewed in comparison to previous years which shows there is no increased risk.
CR17 HPC004	Downturn in the economy leads to reduction in parking income.	Negative impact on Medium Term Financial Plan.	Likelihood / Impact	Income monitoring Promotional campaigns to increase take up.	⬇	Amended in line with broader corporate assessment. New car parking sites responding positively to promotions aimed at increasing usage. ANPR being introduced which will allow additional pricing flexibility to protect income. Review of parking charges scheduled this year for implementation from April 2020.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 HPC0 05	Inability to generate target income levels for monitoring centre	Negative impact on MTFP.	Likelihood / Impact	Investment in equipment Marketing campaign	⬆	There has been a decrease in the CCTV income from private clients. The ability to market the service over the past 12 months is due to resources being needed to deliver the public space CCTV replacement
CR17 PRO P002	Inability to make expected return on commercial investment portfolio	Reputational damage of not delivering strategic projects. Financial loss to the council which would impact on the councils Medium Term Financial Plan. Potential loss of income by not achieving the minimum rent at Elwick Place to cover quality maintenance. Inability to let the units at Carlton Road could lead to the need to repurpose or sell the site.	Likelihood / Impact	Monthly monitoring with developer of Elwick Place Potential to consume any shortfall within the total Elwick Place project budget. Regular review of tenancies at International House with portfolio holder and marketing agent. Established tenants on mid-term leases at International House. Monthly review of the market with agent (Carlton Road) Current demand for similar product to Carlton Road elsewhere	▬	No change in the risk. Commercial returns are reviewed as part of the ongoing budget monitoring. Change of operational hours for Carlton Road are to be submitted this week 28/2 if approved would bring the site more in line with market expectations. Limited space available on International House - level 11

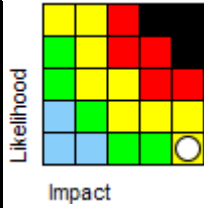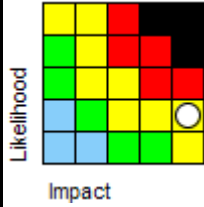| Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 PRO P008	Long term viability of Park Mall due to reduction in number of tenants or increased maintenance costs	Impact on town centre economy Impact on council's MTFP Reputational impact		Regular meetings with marketing and management agents Lettings Strategy	➖	4 units are currently empty at the moment. There may be some potential movements within the units following Mobile Street moving to the High Street.
CR17 PRO P011	Ongoing maintenance liabilities exceeding available budget.	Standard of maintenance reduced. Only necessary maintenance carried out.		Programme management & PID process Corporate asset management review	➖	The actuals continue to exceed the budget by circa £250,000 and stock condition surveys will inform the planned maintenance budget going forward which will in turn reduce the responsive maintenance budget.

Compliance risks

Report Type: Risks Report
Report Author: Charlotte Hammersley
Generated on: 02 March 2020

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 FINIT 002	Not achieving codes of compliance: pci and Public Services Network	Potential to stop the council being able to communicate with other public sector organisations.		Patching, firewall, policy rules	▬	Quarterly PCI scans continue to show no vulnerabilities. Annual IT Health Check for Public Services Network Code of Connection compliancy to be booked in for April / May as current certificate expires in August 2020.
CR17 FINIT 005	Loss of the Kent Public Services Network (KPSN) and services it provides	Potential to stop the council being able to communicate with other public sector organisations.		Externally managed	▬	No change as network goes through a rationalisation period, and decision being made about when the KPSN management contract will be renewed via formal tender process.
CR17 FINNIT001	Loss or theft of portable devices and data stored on them	Potential breach of council or personal data. Reputational damage.		Remote working and portable devices guidance / Portable devices encrypted / Data Protection Impact Assessment	▬	AirWatch MDM rolled out across all corporate owned and managed devices (laptops, smartphones & tablets).

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 HPC0 13	Non-compliance with Health Safety Act and Regulations	Reputational Financial fines from the Health and Safety Executive Loss of working days Death or serious injury		Risk assessments Health and Safety Policies and Procedures Mandatory and targeted training programme Service compliance audits Management Team trained on leading safely Six monthly report to Management Team	▬	All core corporate policies and procedures up-to-date and an active training progress is maintained. The council has a satisfactory record of compliance and strong welfare support for staff.
CR17 LEG0 01	Insufficient resources in the event Election is called at short notice	Mistakes during election Staff morale Customer satisfaction Reputational damage		Increased staff hours and pay during election period. Well-developed corporate support system	▬	Upcoming By-Election and Police and Crime Commissioner Election. Recently tested resource plans are in place.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 LEG004	Non-compliance with GDPR	ICO fines Enforcement notices Reputational damage Customer dissatisfaction		GDPR action plan	▬	Services are currently being asked to update their Records of Processing Activity (RoPA) which are being reviewed by the Corporate Information Governance Group (CIGG). The council is working towards compliance against its retention policy. Key IT systems which were implemented long before GDPR came into force were not designed to allow for scheduled deletion of documents and therefore solutions need to be found on a case-by-case basis which the CIGG is overseeing.
				Service briefings		
				Dedicated resource		
				Staff training		
				Information Governance Group		
				Consultant legal support for key policies		
				Information Commissioner Office registration		
				Discussions with Canterbury and other East Kent Councils		

This page is intentionally left blank

Agenda Item No:	**7**
Report To:	**AUDIT COMMITTTEE**
Date of Meeting:	**17 March 2020**
Report Title:	**2019/2020 Annual Governance Statement**
Report Author & Job Title:	Charlotte Hammersley, Compliance and Data Protection Manager

Summary:	Each year the Council must produce and approve an Annual Governance Statement (AGS). The AGS designed to summarise the Council's approach to governance and show how the Council fulfils the principles for good corporate governance in the public sector. The AGS needs to draw conclusions, based on evidence throughout the past year, about the effectiveness of the Council's arrangements.
	Thee AGS has been prepared in accordance with the Council's 2016 Local Code of Corporate Governance.
	Our governance arrangements are well-developed but they also evolve. Their various components are subject to ongoing development, which are summarised in the AGS.
	In conclusion governance arrangements remain appropriate, effective and adaptive to change as circumstances dictate.

Purpose of the report:	1. To provide the Audit Committee with assurance on the effectiveness of the council's governance arrangements over the last year.
	2. To provide details of those additional areas where the organisation's governance will develop further over the forthcoming year.
	3. Once approved, the AGS is signed by the Leader and the Chief Executive and included alongside the council's Statement of Accounts.
Recommendations:	**The Audit Committee is asked to:-**
	I. Approve the 2019/20 Annual Governance Statement

Contact officer: charlotte.hammersley@ashford.gov.uk

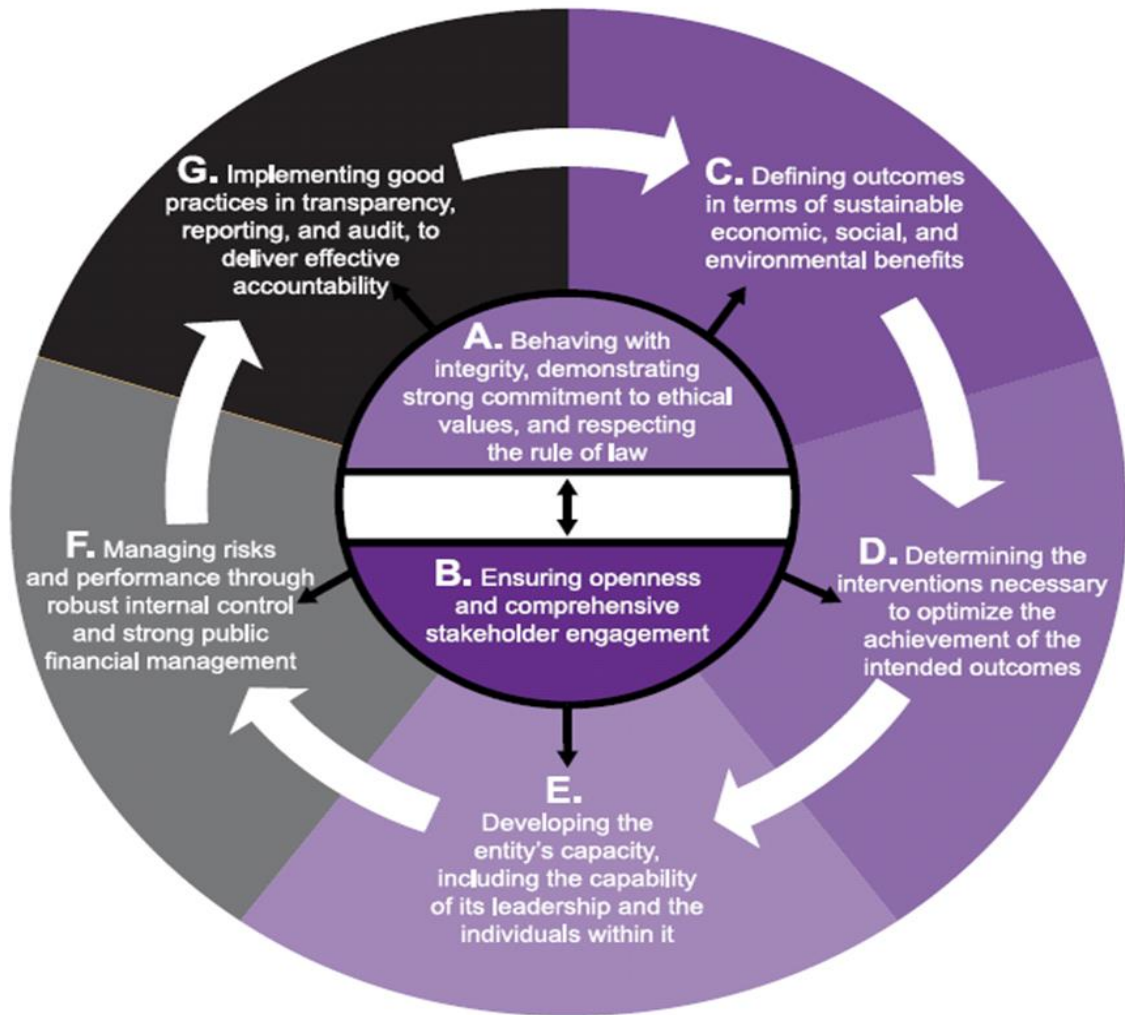This page is intentionally left blank

2019/20 Annual Governance Statement

Scope of responsibility

1. Ashford Borough Council is responsible for ensuring its decisions and business are conducted according to the law and proper standards. The council must ensure public money is properly accounted for and that all resources are applied efficiently and effectively in order to secure best value for its residents and taxpayers.

2. The production of an Annual Governance Statement (AGS) is a requirement of the Accounts and Audit Regulations 2015, regulation 6(1). Good governance is fundamental to meeting the council's responsibilities and achieving high levels of service for residents. The Statement explains the effectiveness of the governance arrangements for the year ending 31 March 2020 and sets out any action for planned improvements in the coming year. This statement provides assurance to the council and its stakeholders that good governance arrangements are in place.

The Local Code of Corporate Governance

3. In 2016 the Council adopted an updated Local Code of Corporate Governance, which follows principles contained in national guidance and produced by CIPFA and SOLACE.

   The code sets out seven principles shown in the diagram on the next page:

G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

F. Managing risks and performance through robust internal control and strong public financial management

B. Ensuring openness and comprehensive stakeholder engagement

D. Determining the interventions necessary to optimize the achievement of the intended outcomes

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

4. The main principle underpinning this Code is that the council's governance processes and structures focus on delivering sustainable economic, societal, and environmental outcomes.

5. The council meets the principles in the Code through a framework of policies, procedures, behaviours and values. This framework provide Members and officers with effective tools and consistent governance arrangements across the organisation.

6. The diagram makes it clear that good governance is dynamic, and that the council should be committed to continuous improvement.

7. This AGS sets out:

a) How the council complies with the principles of good governance set out within the Local Code.

b) How the council is dealing with improvement areas identified in last year's AGS.

c) Any planned changes to the council's governance arrangements for the year ahead (2020/21).

Dealing with last year's key improvements areas

8. The 2018/19 AGS identified three key improvement areas. Progress on remedying these governance exceptions has been reported to the Audit Committee during the year and is set out below:

Consultation

9. Last year's AGS highlighted the need for a more co-ordinated approach to delivering the council's consultations. In response, a draft consultation toolkit has been developed which will shortly be taken to the council's Management Team as part of a suite of actions aimed at improving consultation processes council-wide.

10. The toolkit contains guidance for officers conducting consultations both with the public and in-house such as protocols for good practice and advice for stakeholder selection and engagement.

11. This year, officers have reviewed the council's online consultation presence with the aim of utilising a tool that suits both statutory planning consultations and corporate topics. Having reviewed a number of different software solution it was found that the council's current system delivered the most benefits but that aspects of the system could be enhanced through development. These developments are planned to take place during 2021/21.

Protocol for Member/Officer relations

12. A Local Government Association (LGA) Peer Challenge review of the council's corporate governance was carried out in 2018. One of the key recommendations made by the review was that a Protocol for an Effective Councillor/Officer Relationships should be considered. During the past year, a new Protocol for an Effective Councillor/Officer Relationship was adopted in April 2019 in accordance with the recommendations of the Peer Review. The new Protocol addresses the areas set out below where it was felt that further information would be of benefit:

- Roles & Responsibilities of Councillors and Officers
- Expectations of Councillors and Officers
- Working Relationships
- Press & Media
- Modelling & Monitoring Positive Behaviours

Development and adoption of social media guidance for Members

13. Following a rise in the number of formal and informal code of conduct complaints during 2018, the Monitoring Officer reviewed the operation of the adopted procedures for complaint handling in the light of our experience and in the light of the suite of recommendations made by the Committee on Standards in Public Life regarding Local Government Ethical Standards.   In May 2019, the council's Code of Conduct for Councillors was amended to include new provisions on appropriate use of social media. In addition, new social media guidance was adopted to assist Members in complying with the new Code of Conduct provisions and avoid the potential pitfalls in use of social media. It is noteworthy that there has been some reduction in the number of social media complaints since the implementation of the guidance note and it is hoped that this trend will continue.

Development of a culture of cyber security through training, pfishing exercises and internal communications campaigns

14. The council has enhanced its Cyber Security measures with a range of initiatives including the traditional technical measures expected. There have been three "Phishing campaigns" with the first across all staff and councillors, followed by two targeted campaigns aimed at Senior Management, councillors and those staff that had fallen for the initial campaign. In addition

15. There has been a poster campaign in the council civic centre to promote staying safe online. In order to continue to promote a culture of cyber security across the council a new suite of Cyber & GDPR e-Learning training will be rolled out during 2020/21 to be completed by all staff, and a specific councillor module for elected Members.

16. To help the council gain a better understanding of the Cyber landscape and issues affecting other public organisations, the IT Manager has attended all five of the NCSP's Cyber Pathfinder Training Seminars, from which we have set up further links to the national Warning Advice and Reporting Point (WARP) and there is a council group on the NCSC's Cyber Security Information Sharing Partnership for the sharing of cyber threat information.

17. Finally, the council takes part in the annual Local Government Association Cyber Stock Take Self-Assessment process through the IT Operations Manager and overseen by the Corporate Information Governance Group (CIGG) which is chaired by the Director of Law and Corporate Governance. During 2018/19 the council scored Amber-Amber, which was the same as most of the other Kent authorities (and the rest of the country). During 2019/20, the council improved its score to Amber-Green. Areas identified for improvement will be overseen by the CIGG.

Principle A – Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Sources of Assurance

Behaving with Integrity	
	Members' Code of Conduct
	Annual staff performance appraisals
	Declarations of interest made at meetings
	Standards Committee including independent person
	Register of interests & hospitality
	Whistleblowing policy
	Complaints policy
	Open and accessible public meetings
Demonstrating strong commitment to ethical values	
	Constitution
	Staff recruitment, retention policies
	Staff competency framework
	Procurement policy, including social value
	Equalities objectives
Respecting the rule of law	
	Constitution
	Job descriptions for all staff and Portfolio Holders
	Support provided for all committees
	Monitoring Officer
	Committee Terms of Reference
	Cabinet report template
	Anti-Fraud and Corruption policy
	Bribery Act 2010 Policy Statement
	Anti-Money Laundering Policy

Behaving with integrity

18. All agendas for council meetings seek declarations of interest and the type of interest. Ad hoc advice on interests is regularly sought from the Monitoring Officer and his staff by borough Councillors and parish clerks/councillors. This demonstrates a good level of understanding and a culture of compliance with the code of conduct in relation to interests.

19. All new staff and Members receive induction and training upon arrival. For staff, the induction pack includes both a copy of the staff Code of Conduct, and the council's customer service values. These, as part of an overarching customer care

policy, were updated during the year.

Demonstrating strong commitment to ethical values

20. The council has adopted corporate values – Ambitious, Creative and Trustworthy that are embedded into the council's governance framework. For example, they are incorporated into the recruitment and appraisals processes and are categories at the annual staff awards ceremony.

21. The annual appraisal process is also based on a 'Competency Framework' which sets out key behaviours that if demonstrated by staff will contribute to the success of the council's long term aspirations. Key agreed competencies include:

    a) Inspiring trust by demonstrating honesty and integrity
    b) Treating others with respect and dignity at all times, ensuring that there is no discrimination regardless of background.

22. The corporate training programme reflects the council's strong commitment to ethical values with topics in the 2019/20 programme including 'Sustainability Friends', a course aimed at raising awareness about actions staff can take to contribute towards the council's target of becoming a Carbon Neutral borough by 2030. In addition, a programme of Equality, Diversity and Inclusion training has been commissioned for completion by all staff during the last quarter of 2019/21.

23. The council holds an annual Workplace Wellness Week with a programme of events and initiatives such as fresh fruit and nutrition, mental health and financial health workshops, bike checks and lunchtime runs. The staff-run 'Onion Club' has further enhanced staff engagement and wellbeing opportunities. Examples of the diverse range of clubs on offer include book, film, knitting, running and walking and art clubs.

Respecting the rule of the law

24. As a statutory body the council's structures for decision-making, its rules and its processes are influenced by legislation and associated regulation. A fundamental part of our governance, therefore, is the Constitution.

25. The Constitution is a legal requirement and sets out how the council runs, how it makes decisions and the guidance to be followed. Some of these processes are needed by law, while others are chosen by the council.

26. It has several chapters, which set out the basic rules governing the council's business. More detailed procedures and codes of practice are set out in accompanying rules and protocols.

27. Parts of the Constitution are periodically reviewed and changes made to ensure arrangements assist the council in achieving its ambitions and its responsibilities to its residents and taxpayers.

28. The template used for committee reports provides for legal implications of potential decisions to be fully set out and considered.

29. The council has clear policies for dealing with breaches of legal and regulatory duties effectively. For example, in accordance the General Data Protection (GDPR) Act, the council has in place a Breach Management Policy and has trained all staff on how to respond in the event of a breach to ensure compliance with the law. Similarly protocols are in place that respond to the council is meeting its obligations set out in the Health and Safety at Work Act. An audit of the council's implementation of GDPR in July 10 was found to be 'sound'.

30. The council has Contract Standing Orders (CSOs) which is an internal document detailing the rules and regulations relating to the procurement of Works, Goods (Supplies) and Services. The last comprehensive review of the CSOs took place in 2015 and therefore a further review is now required to amend the financial thresholds, review delegations and update the document in line with current legislation.

Key improvement area identified	Review the Contract Standing Orders and ensure changes made are rigorously communicated to staff to ensure officer are using the up-to-date guidance.

The principal features of the Constitution

32. A variety of Boards, working groups and advisory committees covering different topics are constituted each year to deliver the business of the council to the benefit of residents and stakeholders.

33. All boards, committees and groups have clear objectives which are set out in their terms of reference and reviewed annually. At the beginning of 2019/20, new groups to reflect the council's ambitions and priority projects were approved by the Cabinet including the Regeneration, Masterplanning and Project Co-Ordination Board which now oversees a number of Advisory Committees as set out in the diagram below:

```
                    ╭─────────────────╮
                    Regeneration, Master
                    Planning and Coordination
                    Board
                    ╰─────────────────╯
```

| Vicarage Lane Redevelopment Advisory Committee | Victoria, Conningbrook and Discovery Park Advisory Committee | Elwick Road Phase II Redevelopment Advisory Committee |

34. As with all council committees, the new board and its advisory committees will be reviewed towards the end of 2019/20 to ensure they provide the right governance arrangements to continue to deliver the council's ambitious plans.

Principle B – Ensuring openness and comprehensive stakeholder engagement

Sources of Assurance

Openness	
	Annual Report
	Council tax infromation available online
	Corporate Plan setting goals
	Sustainable Community Strategy
	Residents' Survey (2020)
	Quarterly Resident's magazine
	Consultation portal
Engaging comprehensively with institutional stakeholders	
	Communications Strategy
Engaging stakeholder effectively, including individual citizens and service users	
	Communications Strategy

Other Sources of Assurance

Openness

35. The council adopted Corporate Plan, "The Five Year Corporate Plan – for Aspiration, Action and Achievement 2015-2020", sets out the council's ambitions across four priority areas.

36. The Corporate Plan is publicly available on the council's website is subject to regular scrutiny by the Overview and Scrutiny Committee – primarily through quarterly performance reports.

37. As the current Corporate Plan is nearing the end of its lifespan the council has been developing a new Plan over the past year that will to articulate its ambitions and the action it will take up to 2025. The council is in the process of carrying out extensive consultation to develop its new Plan before its planned adoption in September 2020.

38. An Annual Report is produced each year to keep residents, partners and stakeholders informed of performance against council priorities during the year.

39. All Member decisions across the formal and democratic decision-making process are published under statutory requirements. There is a presumption that information and decisions are taken in public, but occasionally (under Access to Information Regulations) some information is regarded as 'exempt' and not published. However, the council aims as far as is possible, to keep this type of information and decisions to a minimum.

40. The agendas, minutes and background papers of all committees (other than those which are exempt) are published on the council's website using the Modern.Gov meeting management system. The system is also used for recording officer decisions and Management Team minutes and agendas.

41. Other developments over the past year on Modern.Gov include the Member's online library. This online space provides a dedicated area for all useful information such as training slides and documents, a meeting calendar and other useful information.

42. For staff, various internal communications are used to promote awareness of the council's overarching priorities, including the online monthly staff magazine, Root and Branch, and the Chief Executive's periodic 'walk about' briefings.

Engaging comprehensively with institutional stakeholders

43. The Ashford Strategic Delivery Board includes local partners to ensure the effective and timely delivery of key projects known as the 'Big 8'. Having made such good progress on the 'Big 8' projects that the Board had overseen for the past four years, a new suite of 'Big 8' projects was presented by the Leader of the council meeting of the Board in July 2019.

44. Quarterly update reports are received on progress towards delivery of these projects and the partners work together to address any barriers to progress as and when they emerge. The Board has been instrumental in helping to achieve the successful delivery over the past year of major projects including Ashford International Signalling, Junction 10a of the M20 and the Designer Outlet.

45. The Board is supported by a Strategic Co-ordination Team whose membership comprises high-level officers from the council and stakeholder organisations.

46. Ashford Borough Council and Kent County Council work in accordance with an agreed 'District Deal' which is unique within the county. The Deal, is a statement of the two councils shared commitment to work together to deliver better quality outcomes for residents.

47. The council is also an active member of the Ashford Health and Wellbeing Partnership and Community Safety Partnership; which both bring together local partners to deliver shared outcomes. These both met regularly during the year; and are attended by both senior officers and the relevant Cabinet portfolio holder. The Council is also an active participant in the Ashford and Canterbury Dementia Action Alliance which meets on a quarterly basis.

48. Ashford Borough Council has pledged to work with the Armed Forces to help and support regular and reservist servicemen and women, veterans and service families to ensure they do not face disadvantage compared to other citizens when accessing local services. Through the Covenant, the council works closely with partners including Kent County Council, the District Councils, the Ministry of Defence, the Armed Forces and Charity Sector.

49. The council is part of the Kent and Medway Information Sharing Partnership working with other public sector bodies to ensure data sharing arrangements work smoothly and in accordance with the General Data Protection Regulation and Data Protection Act 2018.

Engaging stakeholders effectively, including individual citizens and service users

50. The council produces a quarterly magazine to all residents in the borough, 'Ashford for You'. The magazine aims to keep residents up-to-date with the latest news about projects and services in an informal, user friendly format. Following an initial trial period, it was agreed to continue with the magazine on a permanent basis following positive feedback from residents of the borough.

51. The council's equalities objectives commit the organisation to working "with Ashford communities to tackle disadvantage and discrimination through consultation and involvement, whilst utilising Councillors' personal knowledge and understanding of their communities."

52. The Impact Assessment template used with all Cabinet reports enables report authors to highlight engagement and insight from services users when asking decision-makers to agree amended policies.

53. Consultation and engagement with residents and communities have taken place on specific issues and projects over the past year including:

Topic	Type of engagement
Vicarage Lane redevelopment	Informal engagement with stakeholders
Public Spaces Protection	Consultation
Council Tax Reduction Scheme	Consultation
Cycling and Walking Strategy	Consultation
Budget setting	Consultation
Conningbrook masterplanning	Consultation
Parish Council	Survey
Cultural Centre	Survey
Residents' Survey	Survey to 10,000 households
Draft Corporate Plan 2020-25	Workshop attended by circa 90

	stakeholders, focus group workshops with a full public consultation to follow in 2020/21.

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits	

Sources of Assurance

Defining Outcomes	
	Five Year Corporate Plan
	Service Planning
	Risk Management Framework
Sustainable economic, social and environmental benefits	
	Medium term Financial Plan – Capital Programme and Investment Strategy
	Records of key Cabinet decisions and supporting materials
	Equality Objectives ensure fair access

Other Sources of Assurance

Defining outcomes

54. The strategic outcomes sought by the council are set out in the Corporate Plan 2015-2020. As previously mentioned, the next Corporate Plan 2020-2025 is under development and will set out the outcomes sought for the next 5 years together with a clear action plan for how they will be achieved.

55. The current performance framework was endorsed by Cabinet towards the end of 2017/18. Performance against a set of agreed indicators is reported on a quarterly basis to both the Cabinet and the Overview and Scrutiny Committee. Whilst some of the council's Key Performance Indicators (KPI's) are aligned with the council's national performance reporting duties for example, planning performance returns, other KPI's are developed to assist with monitoring the delivery of the council's Corporate Plan.

56. The council's Directors meet to consider performance on a monthly basis for capacity issues to be identified and addressed at the earliest opportunity. These meetings will be developed over the course of the coming year to include other information including risks and service plan actions to provide a holistic view of service performance.

Key improvement area identified	The council's KPI's should be reviewed to ensure they reflect the ambitions of the new Corporate Plan, The review will also provide an opportunity to set meaningful targets for those KPIs where only baseline data is collected at present.

57. The council adopted a risk management framework in 2018. The Corporate Risk Register is reported to both Management Team and the Audit Committee to ensure all risks are managed at the appropriate level whether they are strategic, delivery, financial or compliance risks. Services review their risks as part of the service planning process to ensure the Council's risk profile is appropriately reflected through the risks register.

58. The council sets out its equalities objectives in line with the Equalities Act 2010 and Public Sector Equality Duty. How the council is delivering against its objectives is monitored on a six monthly basis by the council's Management Team. The objectives will be reviewed and submitted for adoption by the Cabinet together with the Corporate Plan in September of 2020.

59. Whilst the council does make available on its website a statement setting out its approach to equalities, articulation and delivery of its equality objectives could be strengthened through the development of a policy document which all staff are familiar with.

Key improvement area identified	Developing an equalities policy which sets out the council's objectives and how it intends to deliver them.

Sustainable economic, social and environmental benefits

60. The council combines programme management with service planning to balance demands and priorities with available resources. The potential benefits and outcome of any new project have to be tested against corporate objectives and the resources available to support the delivery of the project.

61. The council's approach to project management is designed to aid decision making about service provision. For example, a Project Initiation Document (PID) requires consideration to be given to the economic, social and environmental benefits of potential projects. The PID allows for different options to be considered so that those that deliver the most benefits can be pursued.

62. The council's aim to become financially self-sufficient by making commercial investments that deliver a return to underpin the council's medium term

financial plan demonstrates its ability to take a longer term view whilst managing risk.

Principle D – determining interventions necessary to optimise the achievement of the intended outcomes.

Sources of assurance

Determining interventions	
	Cabinet reports include options appraisals
	Medium-Term Financial Plan
Planning and programming Interventions	
	Five Year Corporate Plan
	Cabinet forward plan
	Risk management Framework
	Service planning aligns budgets, plans and objectives
	Communications Strategy
	Business Continuity Plans
	Emergency Plan
Optimising achievement of intended outcomes	
	Procurement Strategy includes Social Value

Other Sources of Assurance

Determining Interventions

63. Cabinet Members hold regular forward planning sessions to consider progress against the Corporate Plan and look ahead to determine the strategic issues facing the organisation to inform any interventions that may need to be made.

64. The Council's Directors meet on a fortnightly basis to consider strategic issues and respond to performance and risks and changing circumstances as they emerge in an agile way.

65. A Programme Management Group meets monthly to ensure the Council's projects are aligned to the strategic direction of the Council through rigorous analysis of potential project outcomes, risks and benefits compared to other projects so that people and financial resources can be appropriately allocated.

66. The council has clear governance arrangements in place for its strategic projects. For example, a framework has been created to oversee its large scale development, Chilmington. The framework called 'Chilmington Together' creates a structure whereby multiple groups, led by Members, officers and developers, enable and support the delivery of a high quality and sustainable development. Feedback from the various groups and boards is then provided to the Ashford Strategic Delivery Board, chaired by the Leader of the Council. This type of governance ensures that information is communicated to all relevant groups which is key to successfully completing the project. Furthermore, any challenges to delivery are identified through the various forums and steps to overcome these are also identified and assigned responsibility accordingly.

67. In response to the challenges faced by high streets nationally, the Cabinet adopted an Ashford Town Centre Framework in March 2018. During 2019/20, implementation of the Framework has been overseen by an officer group and the newly constituted Regeneration, Masterplanning and Project Co-ordination Board. These governance arrangements provide both a strategic and collaborative approach which has enabled the successful delivery of a series of projects and interventions in the town centre over the past year. The Board's role includes oversight of the Framework and

Planning for interventions

68. The remit of Management Team includes a focus on strategic issues and corporate governance matters. A detailed forward planning schedule ensures corporate governance issues are proactively monitored. Examples include regular performance on Freedom of Information, Data Protection and Corporate training.

69. Risks are monitored regularly at a service level, by Management Team on a quarterly basis and the Audit Committee on a six-monthly basis to determine any controls or actions that need to be put in place.

70. During the past year, the council worked closely with partners to ensure that changing circumstances arising from Brexit could be adapted to and mitigated against. For example, the council is part of the Kent Resilience Forum, Strategic and Tactical Command Groups who collaboratively developed various contingency plans to mitigate against Brexit related risks. In addition to Kent-wide contingency planning, the council identified key risks to the organisation and mitigation plans in the event of a 'no deal' scenario. These risks were regularly reviewed by the Council's Management Team Audit Committee.

Optimising achievement of intended outcomes

71. A public consultation on the draft budget is held each year.

72. The Budget Scrutiny Task Group scrutinises whether the draft budget is sound and achievable. In doing so, the Task Group assesses corporate and overarching risks against the draft budget proposals and capital plans of the council. The Task Group produces a report with recommendations to the Cabinet.

73. Human Resources oversee the council's approach towards workforce and capacity planning including regular appraisals and the provision of relevant training and development activity.

74. The council is committed to identifying and fulfilling the learning and development needs of members and officers. Officer training needs are identified through the annual appraisal process, six-monthly review and on an ongoing basis. A corporate training budget supports a training programme delivered throughout the year on topics relevant to the whole organisation.

75. An online training programme covers a wide range of topics which is supported by face-to-face training on specific topics which this year have included Diversity and Inclusion, Sustainability Friends, Emergency Planning and Website Accessibility training. Certain training is mandatory for all staff and any areas of non-compliance are closely monitored by the council's Management Team.

76. Personal development planning toolkits are available to all staff through the intranet and e-learning staff development portal (Ashford Achieve).

Developing the entity's capacity

77. The council continues to deliver its digital delivery programme which has the aims of both improving the customer experience and realising capacity to ensure a sustainable council for the future. The council is also focusing on developing its commercial strategy in order to further provide resilience to the council's financial strategy.

78. A significant element of the digital delivery programme in 2018/19 has been to prepare for the implementation of the Web Content Accessibility Guidelines which came into force in September 2019. This work has involved training over 100 members of staff in writing web friendly content, formatting documents and awareness raising of the legislation.

79. The website has undergone a transformation to be accessible to all members of the public. Some work includes editing the wording of website content and converting documents to formats so that they can be accessed by all users. The council's accessibility score has increased from 60% to 98% as of February 2019, as a result of this work. Furthermore, the council's launch of a 'Your Ashford' app has enabled access to just under 80 different services.

80. Outstanding accessibility issues are described on the website's accessibility statement. To-date over 1000 pdfs have been converted to text or made accessible with approximately 700 remaining.

Key improvement area identified	To work towards compliance with the Web Content Accessibility Guidelines by September 2020.

Developing the capability of the entity's leadership and other individuals

81. A Local Government Boundary Commission for England review was carried out in 2016 with the aims of ensuring the council was able to deliver electoral equality for voters in local elections; effective and convenient local government; and ensure that ward boundaries reflected the interest and identities of local communities. Following the review, an order was made to increase the number of councillors from 43 to 47 and this was implemented at the local elections in May 2019.

82. In order to support new and returning councillors, a comprehensive Member Induction Programme was developed and overseen by a Members' Training Panel during 2019/20. The Programme has included training courses, a revised suite of member guidance and information documents which included both information about local government and practical guidance for councillors. The training courses provided to Members during 2019/20 included:

- Code of Conduct
- Modern.Gov
- Overview and Scrutiny Committee
- Planning Committee
- Licensing
- Audit
- Service Market Stalls Session
- Data Protection
- Equalities
- Chairing skills

83. The council continues to embrace digital technology to provide more effective and efficient support to Members. The roll out of iPads to all 47 Members as of May 2019 enables them to access minutes and agendas in a paper-free way. This also contributes to the larger effort of becoming a 'paperless' organisation and reducing our carbon footprint where we can.

Principle F - Managing Risk and Performance through robust internal control and strong public financial management

Sources of Assurance

Managing Risk	
	Risk management framework
	Risks regularly considered by Audit Committee and Management Team
Managing Performance	
	Quarterly performance reporting, including to Overview and Scrutiny
	Publication of all public committee minutes and agendas
	Overview and Scrutiny Committee
Robust internal control	
	Internal and External Audit plans and reports
	Effective, resourced Internal Audit function
Managing data	
	Designated Data Protection Officer
	Data Protection Policy 2019
	GDPR Action Plan
	Data Protection Impact Assessment
	Remote working and portable devices guidance
	Quarterly budget monitoring reports to Cabinet

Other Sources of Assurance

Managing Risk

84. The council's Risk Management Framework is fully embedded with the council's corporate, service and project delivery risks registers, demonstrating a consistent corporate standard for risk identification, monitoring and mitigation.

85. As the framework articulates, risks and internal controls are identified each year as part of the service planning process to ensure that any potential risks to achieving outcomes sought are identified and mitigated against. Each risk has a 'risk owner' to ensure that responsibilities are clearly articulated.

86. The Council's risks are recorded on the council's performance management software, Pentana. Risk are reviewed monthly by risk owners which informs reporting to the council's Management Team and Audit Committee on the

council's corporate risk register. The risk register is dynamic with those risks outside of the council's risk appetite reported on. During the past year, the council received a 'Sound' audit for its risk management.

Managing Performance

87. As noted in principle C, the council has revised its performance management framework to provide a clearer picture of the interdependencies between programme and service actions, performance and risk.

88. The performance of individual projects is monitored on Pentana and reviewed at monthly meetings of the Programme Management Group. Any lessons learned during project delivery are captured through the use of the Project Evaluation Document and shared corporately through the Group.

Managing Data

89. The council's Corporate Information Governance Group (CIGG) meets regularly to consider data protection and cyber security issues. The Group brings together key officers involved in managing and protecting data. It receives regular reports on the council's performance on data protection and Freedom of Information functions and contributes towards the development of policy and communication of data protection and cyber security issues.

90. Over the past year, the Group has begun to work with individual services to review their Records of Processing Agreements (RoPAs). RoPAs are a recent requirement brought in by the General Data Protection Regulation. By having dedicated sessions with council services, the CIGG is working to ensure that proportionate solutions are recommended to ensure compliance with RoPAs and that the principle of accountability is high on the organisation's agenda.

Key improvement area identified	For the Corporate Information Governance Group to review service RoPAs and monitor compliance with them.

91. The council's Data Protection Impact Assessment Template (DPIA) is embedded in the Project Management Toolkit to ensure that data protection is at the heart of any project involving significant data processing activity. DPIAs are reviewed by CIGG in order to ensure all risks are assessed.

92. Following mandatory data protection training in 2017/18, the importance of data protection continues to be communicated across the organisation with regular information provided through the council's Intranet and Smart Hub. Members were provided with data protection training as part of the induction programme.

Strong public financial management

93. The council is required to follow statutory guidance for the publication of its accounts. Each year, this guidance is reviewed and updated, and this is reported to the Audit Committee. This informs members of any updates on the council's accounts for 2019/20, and on the lessons learnt from the accounts process in 2018/19.

Principle G – Implementing good practice in transparency, reporting and audit to deliver effective accountability

Sources of assurance

Implementing good practice in transparency	
	Annual Report
	Accessible website
	Transparency page
	Publications Scheme
Implementing good practice in reporting	
	Annual Report
	Annual financial statements
	Annual Governance Statement
Assurance and effective accountability	
	Head of Internal Audit
	Quarterly update on governance exemptions to Audit Committee

Other Sources of Assurance

Implementing good practice in transparency

94. The council has a continued commitment to transparency and meeting relevant legislative requirements. Data published under the Governments Transparency Code is available on the transparency pages of the website. These data sets include Council spending, salaries, fraud outcomes and more recently the gender pay gap.

95. The Transparency pages also explain the Publication Scheme which details the different classes of information that are routinely made available; Freedom of Information, Environmental Information and Subject Access Requests. Also available, is a comprehensive list of the council's policies and strategies which govern the way in which members and staff operate.

Implementing good practice in reporting

96. Reports to the council's committees are consistently presented through the use of a corporate committee template. The template ensures that due consideration has

been given to relevant factors to inform decision makers such as equalities impact, financial implications, risks and consultation.

97. However, a recent audit of the council's risk management arrangements highlighted that the report template could be strengthened as consideration of risk and in particular risk appetite was not always clearly articulated in reports to the council's Cabinet.

98. Having completed an initial review of the template in response to the audit recommendation, it was found that a more general review of the template and guidance would be beneficial to ensure that it reflects the most up-to-date legislative requirements and is useful to both report authors and decision makers.

Key improvement area identified	Review the committee report template and associated guidance to ensure legislative requirements are fully considered.

How effective is our governance in meeting these principles?

99. The assurances noted above – both the component 'sources' and the other developments made within the year – provided a comprehensive overview of the council's governance framework. **Generally these arrangements work well for the Council and allow it to uphold good standards of accountability and effectiveness.**

Additional Governance Areas

a. We do not consider that there have been any significant governance Issues arising in 2019/20. However the actions detailed below are in place to maintain good governance arrangements throughout 2020/21.

b. These are in bold within the report, with a short action plan summarised below:

	Governance Area	Responsible	To be delivered by
1.	Review the Contract Standing Orders	Corporate Property and Projects	September 2020
2.	Review the Key Performance Indicator suite	Corporate Policy	September 2020
3.	Develop an equalities policy	Corporate Policy	December 2020
4.	Work towards compliance with website accessibility guidelines	Communications	September 2020
5.	Review of Records of Processing Agreements	Corporate Policy	March 2021
6.	Update Committee report template and associated guidance	Corporate Policy/Members Services	June 2020

c. Through further action during 2020/21 in the areas noted above, the council's overall governance arrangements will remain strong – and indeed will strengthen further.

d. These developments will be monitored regularly and reported on to the Audit Committee quarterly, and will be considered fully within the next Annual Governance Statement.

Cllr Gerry Clarkson, CBE, QFSM, BA (HONS)   Tracey Kerly

Leader of the Council   Chief Executive

On behalf of Ashford Borough Council

This page is intentionally left blank

Agenda Item No: 8

Report To: Audit Committee

Date of Meeting: 17 March 2020

Report Title: Internal Audit & Assurance Plan 2020/21

Report Author & Job Title: Rich Clarke – Head of Audit Partnership

Summary:	This report sets out the proposed plan for Mid Kent Audit's work at Ashford Borough Council during 2020/21. The plan provides an overview of the range of areas for potential future examination by Internal Audit. It is based on the outcomes of risk assessments and consultation and considers the resources available to the partnership. The report also sets out future developments within the partnership to provide Chief Audit Executive responsibilities through the Deputy Head of Audit Partnership post.

Key Decision: NO

Significantly Affected Wards: All

Recommendations:

1. **Approve** the Internal Audit & Assurance Plan for 2020/21 (appendix A)

2. **Note** the Head of Audit Partnership's view that the Partnership currently has sufficient resources to deliver the plan and a robust Head of Audit Opinion.

3. **Note** the Head of Audit Partnership's assurance that the plan is compiled independently and without inappropriate influence from management.

4. **Approve** the proposal to define the Chief Audit Executive role for the Council as part of the duties of the Deputy Head of Audit Partnership

Policy Overview: The Public Sector Internal Audit Standards (the "Standards") require an audit service to produce and publish a risk-based plan, at least annually, for approval by Members. The plan must consider input from senior management and Members.

Financial Implications:	The work programme set out in the plan is produced to be fulfilled within agreed resources for 2020/21 and so makes no new resource requests.
Legal Implications:	The Council is required by Accounts & Audit Regulations to operate an internal audit service, including agreeing a plan at least annually (as described in the appendix). Therefore, the Council must approve an internal audit plan to maintain regulatory conformance.
Risk Assessment:	The audit plan draws on the Council's risk management in considering the areas for audit examination. In turn increased involvement in risk management will allow audit findings to provide feedback on the identification, management and controls operating within the risk management process.
Equalities Impact Assessment:	No direct implications
Other Material Implications:	N/A
Exempt from Publication:	N/A
Background Papers:	The appendix includes reference to the Public Sector Internal Audit Standards (full document **at this link**). Further background papers, including detailed resource calculations, risk assessments and notes from consultation meetings can be made available on request.
Contacts:	rich.clarke@midkent.gov.uk Tel: (01233) 330442
	russell.heppleston@midkent.gov.uk Tel: (01233) 330442

Report Title: Internal Audit & Assurance Plan 2020/21

Introduction & Background

1.   The Standards set out the requirements of the Chief Audit Executive (the Head of Audit Partnership fulfils this role for Ashford Borough Council) that must be met when creating the audit plan. Specifically, Standard 2010:

> **2010 Planning**
>
> The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.
>
> *Interpretation:*
>
> To develop the risk-based plan, the chief audit executive consults with senior management and the board and obtains an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls.
>
> **Public sector requirement**
>
> The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.

2.   The Audit Committee needs to obtain assurance on the effectiveness of the control environment, governance and risk management arrangements. The principal source of this assurance is derived from the annual assurance plan.

3.   Standards explicitly support that the plan is flexible and responsive to emerging and changing risks across the year. Therefore, like with the 2019/20 audit plan, the 2020/21 plan includes audit reviews that are **high** priority and those that are **medium** priority. By taking this approach we are able to achieve flexibility within the plan and ensure that the plan remains relevant throughout the year.

4.   The role of Chief Audit Executive (CAE) is defined within the Standards and set out further in our Audit Charter. The CAE is required to issue the Annual Opinion each year and is a key advisor to the Audit Committee and Senior Management. The responsibilities require this role to be suitably experienced and qualified. As part of our commitment to support the effective succession and development of the Partnership, and in recognition of our increasing governance and risk work across the Partnership we have been reviewing the role of the Deputy Head of Audit Partnership.

5.   Following consultation with Management, Shared Service Board and key stakeholders, our proposal is for the CAE responsibilities for Ashford to be allocated to the Deputy Head of Audit Partnership aligned to commencement of the 2020/21 audit and assurance plan in June 2020.

6.   This decision is formally one that the Audit Committee must consider and endorse.

Purpose of this Report

7.   This report is provided to allow the Committee to consider and approve the internal audit & assurance plan 2020/21 (appendix A). It sets out the proposed audit work, comprising both assurance rated projects and other work. The Audit Partnership undertakes this work to support assessing the Council's internal control, risk management and corporate governance.

Other Options Considered

8.   The Audit Committee as part of its terms of reference must retain oversight of the internal audit service and its activities. This includes the Committee's role to formally consider and approve the plan. The Council could decide that it does not want a programme of work for the audit service, however, this would go against professional Standards.

Consultation

9.   We consult with Managers, Heads of Service and Directors throughout the year as we undertake our work, but also specifically as part of the audit planning process. The plan attached represents the collective views of management and the audit service.

10.   The overall resource allocation between the partners is consistent with the collaboration agreement and discussed with the Shared Service Board.

Conclusion and Next Steps

11.   Work will commence on the audit plan in June 2020 and will be used to inform the Head of Audit Opinion in the summer of 2021.

Portfolio Holder's Views

12.   The portfolio holder with responsibility for audit is a member of this Committee.

Contact & Email

13. Rich Clarke – Head of Audit Partnership
    Tel: 01233 330442
    Email: rich.clarke@midkent.gov.uk

14. Russell Heppleston – Deputy Head of Audit Partnership
    Tel: 01233 330442
    Email: russell.heppleston@midkent.gov.uk

This page is intentionally left blank

Appendix A

Internal Audit & Assurance Plan 2020/21

Ashford Borough Council

Introduction

1. Our mission as an Internal Audit service is to enhance and protect organisational value. We achieve this by bringing a systematic and disciplined approach to evaluate and improve effectiveness of risk management, control and governance. We work within statutory rules drawn from the Accounts and Audit Regulations 2015 and the *Public Sector Internal Audit Standards* (the "Standards").

2. In 2015 the Institute of Internal Audit (IIA) assessed us as working in full conformance with the Standards. We have kept full conformance since then, including through the major update to the Standards in 2017. The Chartered Institute of Public Finance and Accounting (CIPFA) won the contract to conduct the External Quality Assessment due in 2020. That work is underway. We will report findings to Members of this Committee at its next meeting in the summer.

3. To protect the independence and objectivity of our service, we work to an *Audit Charter*. The *Charter* sets out the local context for audit, including granting right of access to systems, records and personnel. At this Council, the Audit Committee approved the Charter in October 2019.

4. The Standards set out demands for compiling and presenting a document to describe planned work for the year ahead. Specifically, our plan must set out:

   - Internal audit's evaluation of and response to the risks facing the organisation.
   - How we consult with senior management and others.
   - How we have considered whether we have suitable resources to address the risks we identify.
   - How we will effectively use those resources to complete the plan.

5. Our plan includes assurance and other work, such as consultancy engagements. We can accept advisory work where it is the best way to support the Council. The *Audit Charter* sets out how we consider such engagements, including how we safeguard our independence.

6. We must also clarify that our audit plan cannot address all risks across the Council and represents our best use of the resources we have available. In approving the plan, the Committee recognises this limit. To that end, we constantly keep the plan under review to be live to risks issues as they emerge.

Risk Assessments

7. The Standards direct us to begin our audit planning with a risk assessment. This assessment must consider internal and external risks, including those relevant to the sector or global risk issues. Our plan for 2020/21 represents our views now, but we will continue to reflect and consider our response as risks and priorities change across the year. We will report a specific update to Members midway through the year. We may also consult the Committee (or its Chair) on significant changes.

Global and Sector Risks

8. In considering global and sector risks we draw on various sources. These include updates provided by relevant professional bodies, such as the IIA and CIPFA. We also consult colleagues in local government audit both direct through groups such as London and Kent Audit Groups and through review of other published audit plans in the South East.

9. These sources give us insight into the key issues facing local government and how other audit teams and business leaders are responding to future risk issues. To show our thinking on these wider risks we've highlighted below some of the issues discussed by the IIA in **_Risk in Focus 2020_**:

Governance, ethics & culture:
the exemplary organisation

Culture review

Climate change:
risk vs opportunity

Climate change response and action plan review

Human capital:
the organisation of the future

Workforce strategy / planning

Capacity – strategic risk review

Internal audit response
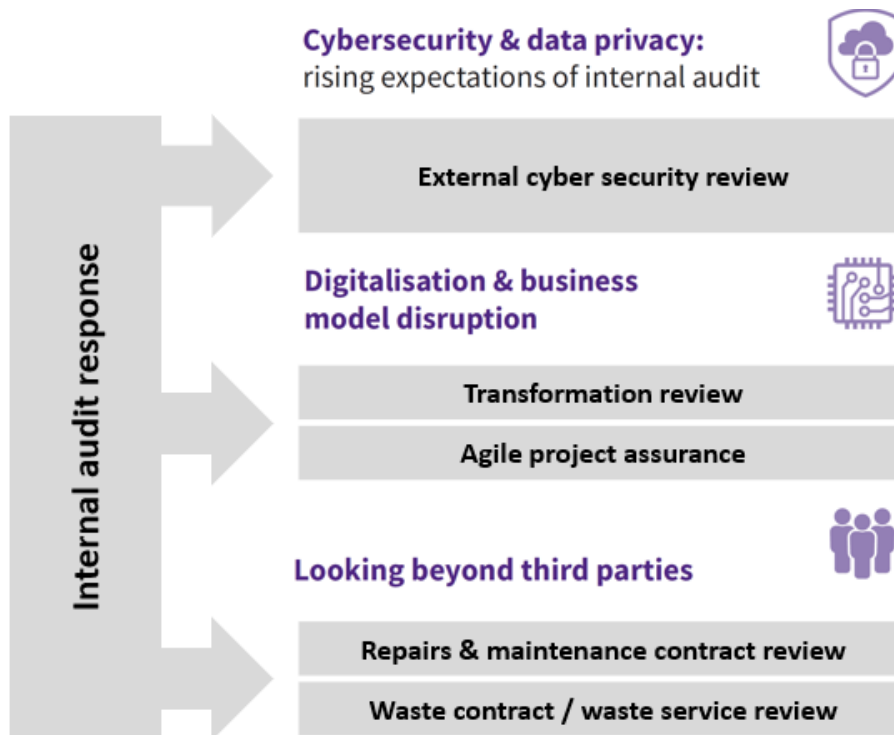
Corporate Risk Review

10. The Council maintains a strategic risk register. These key risk issues cover matters that threaten the Council's overall objectives, either because of their severity or the breadth of impact across several services. This Committee received an annual risk update in **October 2019**, which included details of each corporate risks and the overall effectiveness of the risk management process.

11. Some of the corporate risk issues identified include **recession, homelessness, housing,** and **transformation**. In addition to recognising the significant impact that can result from failures relating to **IT security, major projects** and **legal compliance**. We have therefore considered these risks specifically when undertaking our audit planning assessments.

Audit Risk Review and Consultation

12. Beyond keeping an awareness of Sector and local risk issues, we conduct our own assessment. We consider all possible audit entities across the Council (the "audit universe") on one specific risk:

What is the risk we offer a mistaken opinion because we don't understand the service?

13. As with a typical risk assessment there are two main parts to consider (impact and likelihood). The first: how important is the service to the Council's overall objectives, the controls and how errors might impact our opinion. Here we consider:

Finance Risk: The value of funds flowing through the service. High value and high-volume services (such as Council Tax) represent a higher risk than low value services with regular and predictable costs and income.

Priority Risk: The strategic importance of the service in delivering Council priorities. For example, housing and leisure will be higher risk owing to the direct link with the Council's objectives.

Support Service Risk: The extent interdependencies between Council departments. For example, many services rely on effective ICT.

14. The second part is the likelihood we might hold (or gain) a mistaken view of the service. Here we consider:

Oversight Risk: Considering where other agencies regulate or inspect the service. For example, Legal Services receive regular inspections from the Law Society to keep Lexcel accreditation and so have relatively low risk.
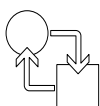
Change Risk: Considering the extent of change the service faces or has recently experienced. This might be voluntary (a restructure, for example) or imposed (like new legislation).

Audit Knowledge: What do we know about the service? This considers not just our last formal review, but any other information we have gathered from, for example, following up agreed actions. We also consider the currency of our knowledge, with an aim to conduct a full review in each service at least every five years if possible.

Fraud Risk: The susceptibility of the service to fraud loss. High volume services that deal directly with the public and handle cash, for example licensing and parking, are higher risk.

15. The results of these various risk assessments provide a provisional audit plan. We then take this provisional plan out to consultation. We meet Managers, Heads of Service and Management Team (which includes the Directors and Chief Executive) to get their perspective on our assessment and give us updates on their areas of responsibility.

16. We set out the full audit universe and audit history in Appendix I.

Resources

17. Having gained a perspective on the key issues for audit attention in the coming year we then consider the quantity and quality of our resources.

18. The Audit Partnership has 11.6 full time equivalent officers. To calculate the available resources for the year, we take the total available days and subtract various categories of non-working and non-audit time. Our planning estimate for 2020/21 shows **1,810** days across the partnership for the year available for inclusion in audit plans.

19. We then divide the total number of days between the 4 partnership authorities based on the proportions set out in our collaboration agreement. Ashford contributes approximately 23%, which rounds to audit days of **430**.
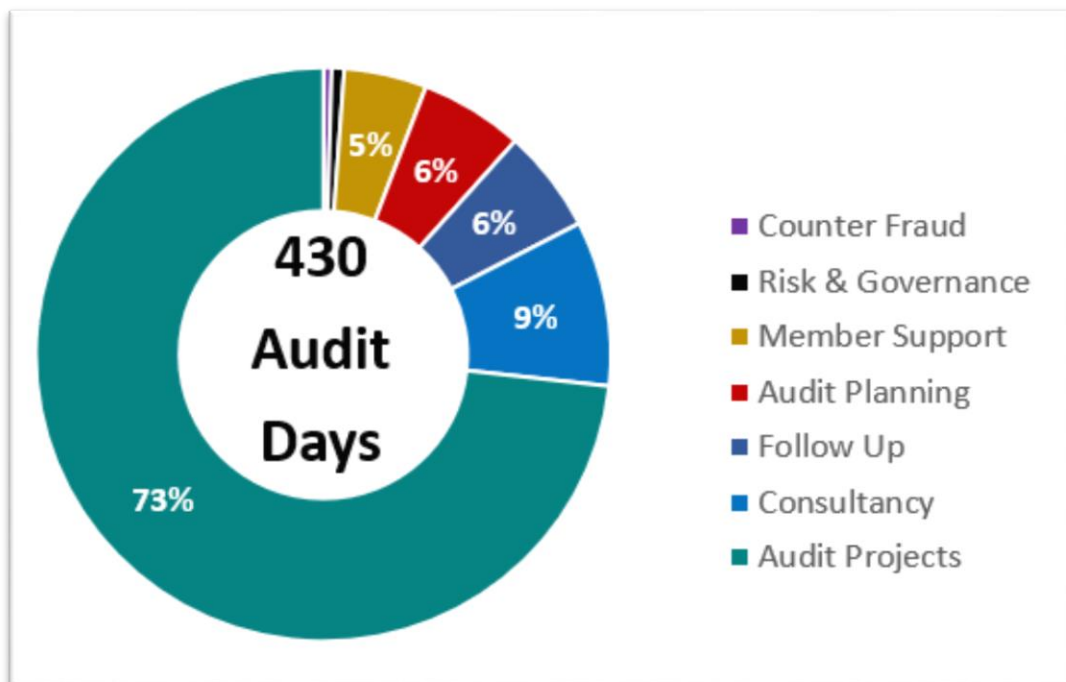
20. The actual number of days allocated are set out below:

Audit Projects	315 days	**Members Support**	20 days
Consultancy	40 days	**Risk & Governance**	3 days
Follow-up	25 days	**Counter Fraud**	2 days
Audit Planning	25 days		

21. Audit Standards require us to assess whether the resources available – in both quantity and quality – can fulfil our responsibilities. In that assessment we must consider:

- Whether we had enough resource to complete our prior year plan.
- How the size and complexity of the organisation has changed.
- How the organisation's risk appetite and profile have changed.
- How the organisation's control environment has changed, including how it has responded to our audit findings.
- Whether there have been significant changes to professional standards.

22. Based on this assessment, we believe we have a sufficient quantity of resources to deliver the 2020/21 audit plan.

23. We must also consider the skills, expertise and experience of our team. We hold a variety of qualifications that help to ensure that we provide a high-quality service. These include CIPFA, Certified and Chartered Internal Auditors, a Chartered Accountant, a Certified Risk Manager and Accredited Counter Fraud Specialists. In addition, we are also supporting 2 apprentices through level 7 audit qualifications (equivalent to full Chartered status). This gives us a wealth of relevant technical expertise to undertake the various specialist areas identified on our audit plan.

24. We also have access to sources of specialist expertise through framework agreements with audit firms, which includes access to subject matter experts. The Council has a specific allocation of contractor days secured through the audit plan to commission specialist work using these agreements. For instance, being used to provide technical ICT assurance on cyber and network security.

25. Based on the above, we believe we also have skills and expertise to deliver the 2020/21 audit plan.

Proposed Audit & Assurance Work 2020/21

26. Members will be familiar with the assurance ratings that we issue upon concluding our work (see Appendix II for the definitions and different levels). However, we recognise circumstances where our work aims principally at supporting work in progress or providing advice where an assurance rating would not be suitable.

27. This recognition of the wider assurance that we provide means that our audit plan includes the wider advisory and consultancy roles we can provide.

Audit & Assurance Plan 2020/21

28. Below we set out our audit engagements for the year ahead, along with an indicative objective for each review. We will agree the detailed objectives with the service as part of planning each review. Based on our risk assessment and consultations with management we have allocated a priority level to each of the audit projects:

> **HIGH PRIORITY:** We will aim to deliver 100% of these projects during the year

> **MEDIUM PRIORITY:** We aim to deliver more than 50% of these projects during the year

Project Title	Priority Rating	Proposed objective of the review *("Obtain assurance on the effectiveness of controls seeking to…")*
Network Security (Cyber Security)	High	- protect the Council from the threat from a cyber-attack
Repairs and Maintenance (Contract Review ENGIE)	High	- ensure performance of contractual obligations
Repairs and Maintenance (Gas / Fire Safety Certification)	High	- ensure compliance of legal responsibilities primarily concerned with Health and Safety risks
Property Income	High	- ensure compliance with contractual obligations and processes for the correct and complete accounting of income
Property Acquisitions	High	- ensure due diligence processes to support property acquisition decisions
Development Management	High	- ensure efficient processing of planning applications
Conservation & Heritage	High	- ensure strategy and policy requirements are fulfilled
Legal Services Review	High	- ensure the provision of effective legal services
Performance Management	High	- ensure effective and meaningful arrangements are in place
Leisure Service (Leisure Centre Contract Monitoring)	High	- ensure performance of contractual obligations
Transformation Programme	High	- deliver transformation outcomes

Project Title	Priority Rating	Proposed objective of the review ("Obtain assurance on the effectiveness of controls seeking to…")
Culture assessment	High	- adherence to the Council's values and behaviour framework
Climate Change	Medium	- deliver the actions and commitments to the Council's climate change programme
Accounts Payable	Medium	- manage the accurate payment of invoices
Accounts Receivable	Medium	- manage the accurate collection of income from sundry debt
Council Tax	Medium	- manage the administration of Council Tax
Rent Accounting (Rent Arrears)	Medium	- ensure the effective management of rent arrears
Repairs and Maintenance Contract (non HRA)	Medium	- ensure performance of contractual obligations
Emergency Planning	Medium	- ensure the effectiveness of the Council's emergency response
Licensing (other)	Medium	- meet legislative requirements
Community Safety Partnerships	Medium	- deliver against the Strategic Assessment
Member Development	Medium	- ensure well trained Members
Workforce Planning	Medium	- identify and meet the Council's medium and long-term workforce needs
Complaints	Medium	- effectively manage complaints including root cause analysis.
Policy Compliance	Medium	- ensure flexible working requests are correctly considered
Payroll	Medium	- ensure accurate and effective payroll process are in place
Website	Medium	- ensure the Council's website is effectively utilised
Equalities	Medium	- meet responsibilities under the Equality Act

29.   Total days allocated to assurance projects: **315 days**

30. The table below outlines key workstreams that we intend to undertake as part of the wider risk, governance and counter fraud support for the Council:

Proposed Assurance Non-Project Work 2020/21	75 days
Member Support • Attendance and preparation for Audit Committee and other Members' meetings (including ad-hoc updates and pre-meets). • Developing and presenting Member briefings and providing support and guidance.	
Agreed Actions Follow Up • Ensuring officers carry out actions as agreed. • Reporting progress towards implementation to officers, management and Members.	
Audit Planning • Continued horizon scanning and review of audit plan risk assessments to ensure emerging risk issues are identified	

31. In addition to planned work, our plan must have flexibility to provide reactive or ad-hoc support. We have a pool of days available for the Council to draw on in such circumstances (we aim to have around 10% of days as consultancy). Work allocated to these days includes:

Proposed consultancy 2020/21	40 days
Consultancy • Attendance and contribution to officer groups, for project groups, management team and governance support • Providing ad-hoc advice, guidance and support to officers and management • It also covers any investigative work we undertake. We are named in the Council's whistleblowing; data protection and computer use policies as a potential investigator of matters referred to us. • These days will also assist when we are required to expand to audit scopes to cover concerns or interests identified during an audit, effectively allow days to be used as contingency	

Delivering the Audit & Assurance Plan

32. We work in full conformance with the Public Sector Internal Audit Standards. The illustration below shows the process we follow for 'typical' audit engagements.

Research
We gather together information we hold (including previous audit work) or obtain to give us an overview of the area and the service

Draft Brief
An initial document setting out our proposed areas for the audit to cover, suggested timescale and required resources

+1 Week after Draft Brief

Opening Meeting
We will discuss and agree the Draft Brief with you, including possible adaptations to reflect your key risks and requirements (including staff availability)

+1 Week After Opening Meeting

Wash Up Meeting
On or around the final day of fieldwork, our auditor will meet you to discuss emerging findings and get your initial response

+5 Weeks after Fieldwork begins

Fieldwork
Working with your team, we will complete the work programme as per the Brief

+1 Week after Final Brief

Final Brief
Taking account of your comments, our final brief describing our planned work is sent by the Audit Manager

+2 Weeks After Wash Up Meeting

Draft Report
Setting out our findings, with proposed assurance rating and recommendations

+1 Week After Draft Report

Closing Meeting
Seeking your views on the report's accuracy and to agree a response to recommendations

+1 Week after Closing Meeting

Final Report
Having considered your comments, the final report is circulated to Directors/CExec

Overseeing Delivery

33. Throughout our work we undertake internal quality assessments and review. This includes specific management sign-off and checks on individual engagements in progress as well as periodic 'cold review' assessments. Through the latter process, we reflect on work completed to identify and take forward any learning to help us improve.

34. We also report progress on delivering the plan to this Committee part-way through the year. Internally, we monitor and report each month on various performance indicators detailing our progress. These updates are reported to the Shared Services Board (with Ben Lockwood – Director of Finance & Economy - as Ashford's representative).

Quality & Improvement Plan

35. Although in 2015 the IIA assessed us as fully conforming to the Standards, we have continued to challenge and update how we work. Through our internal assessments we have kept our full conformance with the Standards alongside being able to work more efficiently resulting in an increase in productive days by nearly 20% since 2015. This has all been without additional investment and only inflationary budget increases, meaning the 'cost per audit plan day' has fallen by almost 15% in real terms over the past 5 years.

36. We have been using Pentana Audit Management Software for nearly 2 years. As a service we have been paperless for over a decade, but Pentana has enabled us to deliver greater quality, consistency and efficiency in how we work. This is also visible during audit planning as we can manage and organise our risk assessments within a fully automated and flexible database of our entire audit universe.

37. For the year ahead our priority will be to address any matters arising from our EQA. Beyond those objectives our aim is to safeguard and standardise how we assess and improve our service in a full five-year plan looking ahead to our next external assessment in 2025. We will provide further details of this plan to Members alongside the EQA results in July.

External Quality Assessment

38. Public Sector Internal Audit Standard 1312 demands we undergo an external assessment at least every five years. The IIA undertook our last assessment, in spring 2015, that reported Mid Kent Audit as fully conforming to the Standards. Members will already be aware that earlier in the year we commissioned CIPFA to conduct the EQA 2020 for the Audit Partnership.

39. That review is taking place across February and March 2020 and we are grateful to those Members who have contributed either by meeting our assessor or completing a survey. We expect the final report in late March and will report to Members alongside an action plan in July.

Future Developments

40. The Public Sector Internal Audit Standards define the role of the Chief Audit Executive (CAE). CIPFA have provided further information in their **Statement on the Role of the Head of Internal Audit**. Among other duties the CAE delivers an annual Opinion on the effectiveness of the Council's internal control, risk and governance arrangements. He delivers the Opinion based on the work carried out under the annual audit and assurance plan. Since 2014, Ashford's CAE has been Rich Clarke, the Head of Audit Partnership.

41. From 2020/21 we plan on making some changes to our structure to improve the services we offer across the Partner authorities. One of these changes is to move responsibility for the CAE role at Ashford to the Deputy Head of Audit Partnership; currently Russell Heppleston.

42. We believe this has a number of benefits for Ashford and the wider partnership:

    - Creates a greater degree or protection for the independence and objectivity of the role. Thus, allowing the Head of Audit Partnership to take on more advisory and second line of defence work on request.

    - Enables our audit plan to more effectively respond to the emerging risk issues by having a dedicated CAE for Ashford, while retaining the benefits of the wider shared service.

    - Enables the Partnership to develop wider risk and governance expertise across the other sites and share a greater degree of insight and learning.

- Supports development of a more comprehensive internal quality assurance and review function by providing an alternative senior leader to review work.

- Increases resilience within the Partnership by creating a succession step between the Manager and Head of Audit Partnership positions.

43. Standard 1110 demands that the Audit Committee take decisions on appointment and removal of the CAE. Should the Committee approve the appointment, the role would be effective from the 2020/21 audit plan, beginning June 2020.

Appendix I: Audit Universe

The "Audit Universe" is our running record of all services at the Council we might examine. The list below shows Ashford specific entities on our current audit universe, followed by a record of audit audit history:

Service Area	Auditable Areas
ABC Accounting	Budget Setting Budgetary Control Creditors (Accounts Payable) Debtors (Accounts Receivable) General Ledger Treasury Management Insurance
ABC Building Control	Building Control Income Building Control
ABC Cemeteries	Cemeteries & Crematoria
ABC Communications	Marketing Internal Communications Public Consultations Social Media Website
ABC Community Safety & Resilience	Business Continuity Emergency Planning Health & Safety Safety Partnerships CCTV & Monitoring
ABC Counter Fraud & Investigations	Counter Fraud
ABC Cultural Services	Safeguarding Leisure Services Parks Community Support
ABC Customer Services	Complaint Handling Customer Services
ABC Developer Contributions	Section 106 Income
ABC Economic Development	Economic Development
ABC Elections	Electoral Registration Elections Management

Service Area	Auditable Areas
ABC Development Management	Pre-Application Planning Conservation & Heritage Planning Enforcement Planning Administration Land Charges Development Management
ABC Environmental Enforcement	Environmental Enforcement
ABC Environmental Health	Environmental Health
ABC Grounds Maintenance	Grounds Maintenance
ABC Homelessness	Homelessness
ABC Housing Finance	Debtors (Accounts Receivable) Treasury Management
ABC Human Resources	Payroll & Expenses Absence Management Policy Compliance Recruitment Staff Performance Management Training & Development Workforce Planning
ABC Human Resources	Payroll & Expenses Absence Management Policy Compliance Recruitment Staff Performance Management Training & Development Workforce Planning
ABC IT Service	Information Technology
ABC Landlord Services	Voids Right To Buy Repairs & Maintenance Lettings Home Improvement Grants Rent Deposit Scheme Leaseholders
ABC Legal & Democratic Services	Legal Services Members' Allowances Member Development
ABC Licensing	Taxi Licensing Licensing

Service Area	Auditable Areas
ABC Parking	Parking
ABC Policy	Information Management Performance Management Project Management Risk Management Corporate Governance Equalities Climate Emergency Response
ABC Policy	Information Management Performance Management Project Management Risk Management Corporate Governance Equalities Climate Emergency Response
ABC Policy	Information Management Performance Management Project Management Risk Management Corporate Governance Equalities Climate Emergency Response
ABC Procurement & Projects	Procurement & Commissioning Subsidiary Company Governance
ABC Property Management	Debtors (Accounts Receivable) Repairs & Maintenance Property Income Property Acquisition & Disposal
ABC Revenues & Benefits	Housing Benefit Council Tax Reduction Scheme Discretionary Housing Payments Business Rates Council Tax
ABC Spatial & Strategic Planning	Strategic Planning Conservation & Heritage
ABC Tourism & Heritage	Tourism Support
ABC Waste & Recycling	Waste Collection Recycling

MID KENT AUDIT

Appendix I: Audit History

Service Area	Audit Project	Audit Year	Audit Rating
ABC Cemeteries	ABC02(14/15) - Cemetery	2014/15	Sound
ABC Cultural Services	ABC10(14/15) - Project Office	2014/15	Sound
ABC Housing Finance	ABC09(14/15) - Housing Rents	2014/15	Sound
ABC Human Resources	ABC05(14/15) - Members' & Officers' Declarations of Interest	2014/15	Sound
ABC IT Service	ABC18(14/15) - GIS	2014/15	Strong
ABC IT Service	ABC01(14/15) - ICT – Disaster Recovery	2014/15	Weak
ABC Landlord Services	ABC06(14/15) - Housing Maintenance	2014/15	Strong
ABC Legal & Democratic Services	ABC05(14/15) - Members' & Officers' Declarations of Interest	2014/15	Sound
ABC Licensing	ABC03(14/15) - Licensing	2014/15	Strong
ABC Revenues & Benefits	ABC20(14/15) - Council Tax (Systems)	2014/15	Strong
ABC Revenues & Benefits	ABC08(14/15) - Housing Benefits (Systems audit)	2014/15	Strong
ABC Revenues & Benefits	ABC11(14/15) - Business Rates (Systems audit)	2014/15	Strong
ABC Accounting	ABC/CF01(15/16) - Feeder Systems	2015/16	Strong
ABC Accounting	ABC/CF03(15/16) - Income Systems	2015/16	Sound
ABC Cultural Services	ABC/CG05(15/16) - Safeguarding	2015/16	Weak
ABC Homelessness	ABC/SR12 (15/16) - Homelessness	2015/16	Strong
ABC Human Resources	ABC/SR09(15/16) - Training & Development	2015/16	Strong
ABC IT Service	ABC/SR03(15/16) - ICT Service Desk	2015/16	Sound
ABC Legal & Democratic Services	ABC/SR07(15/16) - Member Training & Induction	2015/16	Sound

MID KENT AUDIT

Service Area	Audit Project	Audit Year	Audit Rating
ABC Parking	ABC/SR01(15/16) - Parking Enforcement	2015/16	**Strong**
ABC Policy	ABC/CG02(15/16) - Corporate Projects Review	2015/16	**N/A**
ABC Policy	ABC/CG03(15/16) - Data Protection	2015/16	**Weak**
ABC Procurement & Projects	ABC/CF04(15/16) - Procurement	2015/16	**Sound**
ABC Tourism & Heritage	ABC/SR06(15/16) - Tourism	2015/16	**N/A**
ABC Accounting	ABC-CF01(16-17) - Accounts Payable	2016/17	**Sound**
ABC Accounting	ABC-CF02(16-17) - Bank Reconciliations	2016/17	**Sound**
ABC Accounting	ABC-CF03(16-17) - Budgetary Control	2016/17	**Sound**
ABC Accounting	ABC-CF06(16-17) - General Ledger Journals	2016/17	**Sound**
ABC Communications	ABC-OR04(16-17) - Social Media Access Controls	2016/17	**Sound**
ABC Community Safety & Resilience	ABC-OR03(16-17) - Business Continuity Planning	2016/17	**Weak**
ABC Counter Fraud & Investigations	ABC-CG03(16-17) - Counter Fraud Risk Assessment	2016/17	**N/A**
ABC Cultural Services	ABC-OR02(16-17) - Create Festival	2016/17	**Sound**
ABC Customer Services	ABC-OR05(16-17) - Customer Services	2016/17	**Sound**
ABC Elections	ABC-OR13(16-17) - Elections & Registrations	2016/17	**Strong**
ABC Human Resources	ABC-CF07(16-17) - Payroll	2016/17	**Strong**
ABC Human Resources	ABC-OR01(16-17) - Appraisal System	2016/17	**Strong**
ABC Human Resources	ABC-OR10(16-17) - HR Policy Compliance	2016/17	**Strong**
ABC IT Service	ABC-CG04(16-17) - ICT Network Controls	2016/17	**Sound**
ABC IT Service	ABC-OR11(16-17) - IT Development	2016/17	**Sound**
ABC Landlord Services	ABC-OR08(16-17) - Housing Maintenance	2016/17	**N/A**

MID KENT AUDIT

Service Area	Audit Project	Audit Year	Audit Rating
ABC Legal & Democratic Services	ABC-CG05(16-17) - Members' Allowances	2016/17	Sound
ABC Policy	ABC-OR07(16-17) - Public Sector Equality Duty	2016/17	Sound
ABC Procurement & Projects	ABC-CG01(16-17) - Arm's Length Companies	2016/17	Sound
ABC Property Management	ABC-OR12(16-17) - Property Management	2016/17	Weak
ABC Revenues & Benefits	ABC-CF04(16-17) - Business Rates	2016/17	Strong
ABC Revenues & Benefits	ABC-CF05(16-17) - Council Tax Billing	2016/17	Strong
ABC Waste & Recycling	ABC-OR14(16-17) - Street Cleansing	2016/17	Sound
ABC Accounting	ABC-OR09(17-18) - Insurance	2017/18	Sound
ABC Accounting	ABC-CF05(17-18) - Accounts Receivable: Recovery & Write-Offs	2017/18	Strong
ABC Accounting	ABC-CF04(17-18) - Treasury Management	2017/18	Sound
ABC Building Control	ABC-OR02(17-18) - Building Control	2017/18	Sound
ABC Community Safety & Resilience	ABC-OR03(17-18) - Monitoring Centre	2017/18	Sound
ABC Cultural Services	ABC-OR12(17-18) - Single Grants Gateway	2017/18	Sound
ABC Development Management	ABC-OR05(17-18) - Planning Enforcement	2017/18	Sound
ABC Grounds Maintenance	ABC-OR07(17-18) - Aspire Grounds Maintenance	2017/18	Strong
ABC Housing Finance	ABC-CF03(17-18) - Rent Accounting	2017/18	Strong
ABC Human Resources	ABC-CF02(17-18) - Payroll	2017/18	Strong
ABC Human Resources	ABC-OR10(17-18) - Recruitment	2017/18	Strong
ABC IT Service	ABC-CG02(17-18) - IT Disaster Recovery	2017/18	Sound
ABC Landlord Services	ABC-OR14(17-18) - Electrical Direct Service Organisation	2017/18	Sound
ABC Landlord Services	ABC-OR08(17-18) - Home Assistance Grants	2017/18	Strong

MID KENT AUDIT

Service Area	Audit Project	Audit Year	Audit Rating
ABC Landlord Services	ABC-OR01(17-18) - ABC Lettings	2017/18	Sound
ABC Parking	ABC-OR11(17-18) - Residents' Parking	2017/18	Sound
ABC Policy	ABC-CG03(17-18) - Project Management	2017/18	Sound
ABC Policy	ABC-CG01(17-18) - Freedom Of Information	2017/18	Sound
ABC Revenues & Benefits	ABC-CF01(17-18) - Housing Benefit Payments	2017/18	Strong
ABC Accounting	A19-AR01 - Budget Setting	2018/19	Strong
ABC Community Safety & Resilience	A19-AR07 - Health & Safety	2018/19	Sound
ABC Cultural Services	A19-AR17 - Safeguarding	2018/19	Sound
ABC Customer Services	A19-AR02 - Complaints	2018/19	Sound
ABC Development Management	A19-AR13 - Pre-Application Planning	2018/19	Sound
ABC Environmental Enforcement	A19-AR10 - Litter Enforcement	2018/19	Sound
ABC Environmental Health	A19-AR05 - Food Safety	2018/19	Sound
ABC Grounds Maintenance	A19-CON01 - Allotments	2018/19	N/A
ABC Landlord Services	A19-AR09 - Leaseholder Charges	2018/19	Strong
ABC Landlord Services	A19-AR15 - Right To Buy	2018/19	Strong
ABC Parking	A19-AR11 - Parking Income	2018/19	Sound
ABC Policy	X19-AR04 - General Data Protection Regulations	2018/19	N/A
ABC Property Management	A19-AR06 - Garage Management	2018/19	Sound
ABC Revenues & Benefits	A19-AR03 - Council Tax Reduction Scheme	2018/19	Sound
ABC Accounting	X20-CON02 - Financial Resilience Index	2019/20	N/A
ABC Cemeteries	A20-AR01 - Cemeteries	2019/20	Sound

MID KENT AUDIT

Service Area	Audit Project	Audit Year	Audit Rating
ABC Human Resources	A20-AR11 - Absence Management	2019/20	Sound
ABC IT Service	A20-AR03 - IT Asset Management	2019/20	Sound
ABC Licensing	A20-AR14 - Taxi Licensing	2019/20	Strong
ABC Parking	A20-AR07 - Car Parking Enforcement	2019/20	Strong
ABC Policy	A20-AR08 - Risk Management	2019/20	Sound
ABC Revenues & Benefits	A20-AR09 - Business Rates	2019/20	Strong
ABC Revenues & Benefits	A20-AR10 - Discretionary Housing Payments	2019/20	Strong

Appendix II: Assurance Ratings

Assurance Ratings 2020/21 (unchanged since 2014/15)

Full Definition	Short Description
Strong – Controls within the service are well designed and operating as intended, exposing the service to no uncontrolled risk. There will also often be elements of good practice or value for money efficiencies which may be instructive to other authorities. Reports with this rating will have few, if any, recommendations and those will generally be priority 4.	Service/system is performing well
Sound – Controls within the service are generally well designed and operated but there are some opportunities for improvement, particularly with regard to efficiency or to address less significant uncontrolled operational risks. Reports with this rating will have some priority 3 and 4 recommendations, and occasionally priority 2 recommendations where they do not speak to core elements of the service.	Service/system is operating effectively
Weak – Controls within the service have deficiencies in their design and/or operation that leave it exposed to uncontrolled operational risk and/or failure to achieve key service aims. Reports with this rating will have mainly priority 2 and 3 recommendations which will often describe weaknesses with core elements of the service.	Service/system requires support to consistently operate effectively
Poor – Controls within the service are deficient to the extent that the service is exposed to actual failure or significant risk and these failures and risks are likely to affect the Council as a whole. Reports with this rating will have priority 1 and/or a range of priority 2 recommendations which, taken together, will or are preventing from achieving its core objectives.	Service/system is not operating effectively

Recommendation Ratings 2019/20 (unchanged since 2014/15)

Priority 1 (Critical) – To address a finding which affects (negatively) the risk rating assigned to a Council strategic risk or seriously impairs its ability to achieve a key priority. Priority 1 recommendations are likely to require immediate remedial action. Priority 1 recommendations also describe actions the authority **must** take without delay.

Priority 2 (High) – To address a finding which impacts a strategic risk or key priority, which makes achievement of the Council's aims more challenging but not necessarily cause severe impediment. This would also normally be the priority assigned to recommendations that address a finding that the Council is in (actual or potential) breach of a legal responsibility, unless the consequences of non-compliance are severe. Priority 2 recommendations are likely to require remedial action at the next available opportunity, or as soon as is practical. Priority 2 recommendations also describe actions the authority **must** take.

Priority 3 (Medium) – To address a finding where the Council is in (actual or potential) breach of its own policy or a less prominent legal responsibility but does not impact directly on a strategic risk or key priority. There will often be mitigating controls that, at least to some extent, limit impact. Priority 3 recommendations are likely to require remedial action within six months to a year. Priority 3 recommendations describe actions the authority **should** take.

Priority 4 (Low) – To address a finding where the Council is in (actual or potential) breach of its own policy but no legal responsibility and where there is trivial, if any, impact on strategic risks or key priorities. There will usually be mitigating controls to limit impact. Priority 4 recommendations are likely to require remedial action within the year. Priority 4 recommendations generally describe actions the authority **could** take.

Advisory – We will include in the report notes drawn from our experience across the partner authorities where the service has opportunities to improve. These will be included for the service to consider and not be subject to formal follow up process.

Audit Committee - Future Meetings

2020

Dates to Note	
Date of Meeting	**16/06/2020**
Publication of Agenda Date	05/06/2020
Reports to Management Team	04/06/2020
Full Council	16/07/2020

Items for Inclusion on the Audit Agenda

Theme - Are we happy with the internal control environment

Part I - For Decision

1	An Early Look at the Statement of Accounts for 2020/201 (including member training)	MH	
2	Internal Audit Annual Report 2019/20	RC	
3	Annual Report of the Audit Committee 2019/20	RC	
4	Approval of Annual Governance Statement 2019/20	CH	

Part II - Monitoring/Information Items

5	External Audit Fee Letter	Gr Th	
6	External Audit Progress Report	Gr Th	
7	Report Tracker & Future Meetings	KM	

Dates to Note	
Date of Meeting	**21/07/2020**
Publication of Agenda Date	10/07/2020
Reports to Management Team	02/07/2020
Full Council	15/10/2020

Items for Inclusion on the Audit Agenda

Theme - External review of control environment

Part I - For Decision

1	Statement of Accounts 2019/20 and the External Auditor's Audit Findings Report	Gr Th (cover by ABC)	
2	2019/20 Financial Statements – Letters of Assurance to External Auditors	BL	

	Part II - Monitoring/Information Items		
3	Report Tracker & Future Meetings	KM	

Dates to Note		
Date of Meeting	**29/09/2020**	
Publication of Agenda Date	18/09/2020	
Reports to Management Team	03/09/2020	
Full Council	15/10/2020	
Items for Inclusion on the Audit Agenda **Theme - Agreeing the internal control structure**		
Part I - For Decision		
1	Internal Audit Charter	RC	
2	Corporate Enforcement Support & Investigations Team Annual Report 2019/20	DD	
3	Strategic Risk Management	LF/CH	
4	Brexit	TWM	
Part II - Monitoring/Information Items		
5	External Audit Progress Report	Gr Th	
6	Report Tracker & Future Meetings	KM	

Dates to Note		
Date of Meeting	**01/12/2020**	
Publication of Agenda Date	20/11/2020	
Reports to Management Team	05/11/2020	
Full Council	10/12/2020	
Items for Inclusion on the Audit Agenda **Theme – 6 monthly review on progress**		
Part I - For Decision		
1	Annual Governance Statement – Progress on Remedying Exceptions	LF	
2	Brexit	TWM	
Part II - Monitoring/Information Items		

3	Annual Audit Letter 2019/20	Gr Th
4	Internal Audit Interim Report	RC
5	External Audit Progress Report	Gr Th
6	Report Tracker & Future Meetings	KM

6 March 2020

This page is intentionally left blank