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The Chair and Members of Standards
and Audit Committee

Dear Councillor,

AGENDA SUPPLEMENT

Please see attached the documents for the agenda item(s) listed below for the meeting of the STANDARDS AND AUDIT COMMITTEE to be held on WEDNESDAY, 25 NOVEMBER 2020, the agenda for which has already been published.

6. CIPFA's Audit Committees Practical Guidance including a self assessment (Pages 3 - 22)

Yours sincerely,

Local Government and Regulatory Law Manager and Monitoring Officer

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Self-assessment of Good Practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and publication. Where an audit committee has a high degree of performance against the good practice principles then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

Good Practice Questions	Y	Part	N	Comment	
Audit committee purpose and governance					
1	Does the authority have a dedicated audit committee?				The Standards and Audit Committee is a well-established committee
2	Does the audit committee report directly to full council?				The Standards and Audit Committee can make reports to full council. Council receives the minutes of the Standards and Audit Committee
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?				CIPFA's Position Statement says "The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place"

Good Practice Questions	Y	Part	N	Comment
				The Standards and Audit Committee oversee internal and external audit and also receive reports on risk management, the financial statements and approve the Annual Governance Statement. (Appendix C – Terms of Reference)
4				Is the role and purpose of the audit committee understood and accepted across the authority? The role and function of the Standards and Audit Committee is detailed within the Council’s Constitution. The attendance of heads of service etc. at audit committee when major risks or controls are discussed helps to increase understanding of the committee’s role.
5				Does the audit committee provide support to the authority in meeting the requirements of good governance? The Standards and Audit Committee receive regular reports from internal and external audit that highlight any governance issues. The committee reviews all “Limited and Inadequate” internal audit reports. Officers are required to provide assurance to the committee that internal audit recommendations are being implemented in a timely manner thereby strengthening governance arrangements.
6				Are the arrangements to hold the committee to account for its performance operating satisfactorily? The committee reports to full council that oversees their performance. The committee produces an annual report to Council setting out the work they have undertaken during the year. The Chief Financial Officer, the Local Government Regulatory and Law

Good Practice Questions	Y	Part	N	Comment
				Manager, the Internal Audit Consortium Manager and external audit can advise the committee of its duties and responsibilities.
Functions of the committee				
<p>7 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?</p> <ul style="list-style-type: none"> • Good governance • Assurance framework, including partnerships and collaboration arrangements • Internal audit • External audit 				<p>The committee's role and function is detailed within the Constitution (Appendix C). Extracts below:-</p> <p>To consider the effectiveness of the control environment, (including approval of the code of corporate governance and the annual assurance statement).</p> <p>To ensure that the council's assurance statements, including the annual governance statement, properly reflect the risk environment and to recommend any actions required to improve it.</p> <p>To receive an annual report from the Head of Internal Audit.</p> <p>To approve (but not direct) the council's internal audit strategy, work plan and to monitor performance.</p> <p>To review internal audits reports and to seek assurance that action has been taken where necessary</p> <p>To review external audits reports and to seek assurance that action has</p>

Good Practice Questions	Y	Part	N	Comment
<ul style="list-style-type: none"> <li data-bbox="379 434 560 501">• Financial reporting <li data-bbox="379 913 620 981">• Risk management <li data-bbox="379 1352 667 1420">• Value for money or best value 				<p data-bbox="1121 286 1382 353">been taken where necessary</p> <p data-bbox="1121 398 1533 792">To review the financial statements and the external auditor's opinion and reports to members (including the external auditor's annual management letter), and to monitor management action in response to the issues raised. To approve the Authority's statement of accounts</p> <p data-bbox="1121 875 1533 1270">To consider the effectiveness of the council's risk management arrangements, to ensure that the Council's assurance statements properly reflect the risk environment, to seek assurance that action is being taken on risk-related issues identified by auditors and inspectors.</p> <p data-bbox="1121 1314 1533 2002">No specific mention of VFM but is this inherent within a sound control environment? The role of the standards and audit Committee will need to be determined in the context of what other committees may be doing. For example, a scrutiny committee may oversee service reviews that consider performance against value for money objectives. One specific area of activity for the committee should be consideration of the external audit opinion on value for money.</p>

Good Practice Questions	Y	Part	N	Comment
<ul style="list-style-type: none"> • Counter-fraud and corruption • Supporting the ethical framework 				<p>To consider the effectiveness of associated anti-fraud and anti-corruption arrangements (including approval and review of the council's anti-fraud and corruption strategy)</p> <p>Promoting and maintaining high standards of conduct by councillors and co-opted members of the authority</p>
8				<p>This review will help the committee to determine if it is fulfilling its terms of reference.</p>
9				<p>In addition to the above the standards and audit committee also</p> <ul style="list-style-type: none"> • Consider the council's treasury management strategy and arrangements. • Perform the role of a standards committee to support ethical values <p>Other considerations raised by CIPFA's Position Statement re:-</p> <ul style="list-style-type: none"> • Considering governance, risk or control matters at the request of other committees or statutory officers.

Good Practice Questions	Y	Part	N	Comment
				<ul style="list-style-type: none"> • Providing oversight of other public reports, such as the annual report (CBC don't produce an annual report)
10				All of the core areas Appear to be covered
11				<p>The Constitution clearly sets out where decision making powers lie.</p> <p>The decisions the committee makes are in line with its core purpose e.g. approval of the Annual Governance Statement, approval of the Anti-Fraud Bribery and Corruption Policy.</p>
Membership and support				
12				<p>The Constitution states membership of the Standards and Audit Committee to be:-</p> <p>Composed of 8 members as follows:</p> <ul style="list-style-type: none"> - Six councillors other than the executive leader. No more than one of those five councillors may be a member of the Cabinet - two parish representative members being one member of

Good Practice Questions	Y	Part	N	Comment
<ul style="list-style-type: none"> consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement). 				<p>Staveley Town Council and one member of Brimington Parish Council.</p> <p>Membership from executive members on the committee is discouraged as it could deter the committee from being able to challenge or hold to account the executive on governance, risk and control matters.</p>
13 Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council or the PCC and Chief Constable as appropriate for the organisation?				N/A – There are no independent Members
14 Does the chair of the committee have appropriate knowledge and skills?				<p>There are many personal qualities needed to be an effective chair, but key to these are promoting apolitical open discussion, managing meetings to cover all business and encouraging a candid approach from all participants. An interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime are also essential. A specialism in one of these areas would be an advantage.</p>

Good Practice Questions		Y	Part	N	Comment
15	Are arrangements in place to support the committee with briefings and training?				<p>The Committee is supported by the Chief Financial Officer, the Internal Audit Consortium Manager, the Local Government Regulatory and Law Manager and the Democratic and Scrutiny Officer.</p> <p>Training is held when Members are first appointed and at intervals through the term of office.</p>
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?				<p>No one committee member would be expected to be an expert in all areas.</p> <p>Appendix C (audit committees Practical Guidance for Local Authorities and Police) sets out a knowledge and skills framework for audit committee members and the committee chair.</p>
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?				<p>Internal and external audit, the Local Government Regulatory and Law Manager and the Chief Financial Officer all regularly attend the Standards and Audit Committee. These officers can access the committee or chair if required. The committee has the right to call any other officers of the authority as required.</p> <p>The committee receives regular internal audit, risk management, treasury management reports etc.</p>
18	Is adequate secretariat and administrative				<p>There is a Democratic and Scrutiny Officer that provides secretariat and</p>

Good Practice Questions	Y	Part	N	Comment
				administrative support to the committee
19				<p>The audit committee should be held to account on a regular basis by the group to which it is accountable – Council. The aspects that should specifically be considered include:-</p> <ul style="list-style-type: none"> • whether the committee has fulfilled its agreed terms of reference • whether the committee has adopted recommended practice • whether the development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities • Whether the committee has assessed its own effectiveness or been the subject of a review and the conclusions and actions from that review • What impact the committee has on the improvement of governance, risk and control within the authority. <p>The preparation of an annual report by the committee can be a helpful way to address the key areas where the committee should be held to account.</p>

Good Practice Questions		Y	Part	N	Comment
20	Are meetings effective with a good level of discussion and engagement from all the members?				Does the Committee feel that all Members contribute effectively?
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?				The committee regularly invites officers to attend meetings to provide assurance, discuss audit findings and action plans
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?				The committee supports internal and external audit in advocating the implementation of their recommendations in relation to governance, risk and control.
23	Has the committee evaluated whether and how it is adding value to the organisation?				Through review of internal and external reports, monitoring of risk registers and other key strategies, the audit committee will hold to account those responsible for the implementation of recommendations and action plans. In addition by overseeing the process of evaluating and improving governance, risk management and control the audit committee helps those responsible for governance to ensure that accountability throughout the authority is working well. Appendix E (audit committees Practical Guidance for Local Authorities and Police) identifies areas where the audit committee can add value by supporting improvement.

Good Practice Questions		Y	Part	N	Comment
24	Does the committee have an action plan to improve any areas of weakness?				To be formulated if the above evaluation highlights any weaknesses
25	Does the committee publish an annual report to account for its performance and explain its work?				The last annual report was presented to Council in October 2020.

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Extract from the Council's Constitution July 19

**9.0 ARTICLE 9 – THE STANDARDS AND AUDIT
COMMITTEE**

8.1. Standards and Audit Committee.

The full Council meeting will confirm the establishment of a Standards and Audit Committee, whose membership is shown at Part 8 of this Constitution.

8.2. Political Balance

The Council shall appoint the Chesterfield Borough Councillor members of the Standards and Audit Committee in accordance with the political balance rules in section 15 of the 1989 Act, as a matter of local choice. However Parish Representatives shall be selected and appointed by the Standards and Audit Committee without regard to the political balance of the Chesterfield Borough Councillors on the Standards and Audit Committee, and those representatives shall be selected and appointed by the Standards and Audit Committee without regard to the political party to which they may belong as Parish or Town councillors.

8.3. Composition and Procedures:

8.3.1. Membership. The Standards and Audit Committee will be composed of eight members as follows:

- six councillors other than the executive leader. No more than one of those six councillors may be a member of the Cabinet.
- two parish representative members being one member of Staveley Town Council and one member of Brimington Parish Council.

8.3.2. Terms of Office The Chesterfield Borough Councillor members of the Standards and Audit Committee shall be elected to the Committee at the Annual Business Meeting of the Council for the ensuing municipal year by the Council and shall hold office until:

- (a) they resign from office; or
- (b) they are suspended from being councillors under Part 3 of the Local Government Act 2000 (although they may resume office at the end of the period of suspension if not otherwise disqualified); or
- (c) they are no longer Chesterfield Borough councillors; or
- (d) they are removed from office, either individually or collectively, by resolution of the Council, or Part 2 July 2019 Page 23
- (e) the Annual Business Meeting of the Council next following their appointment

The Parish Member(s) of the Standards and Audit Committee shall hold office until:
(a) they resign from office as members of the Standards and Audit Committee; or

(b) they are suspended from being parish or town councillors (for the parish or town in respect of which they were elected when appointed to the committee) under Part 3 of the Local Government Act 2000 (although they may resume office at the end of the period of suspension if not otherwise disqualified); or

(c) they are suspended from being members of the Standards and Audit Committee under Part 3 of the Local Government Act 2000 (although they may resume office at the end of the period of suspension if not otherwise disqualified); or

(d) they are no longer parish or town councillors for the parish or town in respect of which they were elected when appointed to the committee; or

(e) They are removed from office as members of the Standards and Audit committee, either individually or collectively, by resolution of the Council.

8.3.3 The Parish Members are entitled to vote at meetings and at least one parish member must be present when matters relating to Brimington Parish Council or to Staveley Town Council or their members are being considered; Neither of the Parish Members shall be an elected or co-opted member of the Chesterfield Borough Council

8.3.4 Selection of Parish Members The Standards and Audit Committee is authorised by the Council to select and appoint the Parish Members in consultation with Brimington Parish and Staveley Town Councils.

8.3.5 Chairing the Committee The Committee is chaired by an elected Chesterfield Borough Council member. The vice-chair shall also be an elected Chesterfield Borough Council member.

8.3.6 Quorum (Validity of Proceedings) 36 meeting of the Standards and Audit Committee shall not be quorate unless at least three Chesterfield Borough Council elected members of that committee are present for its duration.

8.3.7 Access to Information Requirements – Meetings of Standards and Audit Committee Part 2 July 2019 Page 24

Meetings of Standards and Audit Committees (and Sub-Committees) are subject to most of the Access to Information provisions in the Local Government Act 1972.

The meetings have to be open to the public; agenda and reports have to be open for public inspection and be available for at least five clear days before the meeting. Similarly minutes and other documents, including background papers, need to be available after the meeting.

However the names and addresses of the Parish representatives do not need to be included in the public register of members' names and addresses under section 100G of the 1972 Act;

In addition, Staveley Town and Brimington Parish Councils must be given:

- written notice of the time and place of a Standards and Audit Committee meeting at least five clear days before the meeting (or such shorter time as may be available if a meeting is convened at shorter notice);
- copies of agendas and reports five clear days before the meeting or when they are available; and
- public minutes, agendas and reports.

8.4. Role and Function

The Standards and Audit Committee will have the following roles and functions:

8.4.1. Mandatory Statutory Functions which are the responsibility of the Standards Committee under the Localism Act 2011

(a) promoting and maintaining high standards of conduct by councillors and co-opted members of the authority;

(b) assisting the councillors and co-opted members of the authority to observe the Members' Code of Conduct;

(c) advising the Council on the adoption or revision of the Members' Code of Conduct;

(d) monitoring the operation of the Members' Code of Conduct;

(e) advising, training or arranging to train councillors and co-opted members on matters relating to the Members' Code of Conduct;

(f) dealing with any reports from the monitoring officer on any matter relating to the conduct of a member.

(g) From time to time to publicise the Code of Conduct and arrangements for making complaints about members' conduct Part 2 July 2019 Page 25

(h) To develop and approve assessment and review criteria and administrative processes

(i) In accordance with procedures laid down by the Standards and Audit Committee, to consider reports and conduct hearings in relation to allegations that a member has failed to comply with the Code of Conduct.

Such hearings are conducted by between 3 and 5 members of the Standards and Audit Committee to be selected by its Chair (in consultation with the Monitoring officer); and

The Monitoring Officer and her Deputy may make arrangements for mutual cover with other authorities, in the event of a conflict of interest arising.

(j) granting dispensations to councillors and co-opted members from requirements relating to prohibition on participating in any discussion and/or vote) where they have a disclosable pecuniary interest, as set out in the Localism Act 2011 and the Members' Code of Conduct in the following circumstances:

(1)(a) the transaction of business of the authority would, on each occasion on which the dispensation would apply, otherwise be impeded by, or as a result of, the mandatory provisions (of the Code of Conduct) because –

- without the dispensation the number of persons prohibited from participating would be so great as to impede the transaction of the business
- the representation of different political groups would be so upset as to alter the likely outcome of any vote
- the dispensation is in the interests of persons living in the authority's area
- without the dispensation each member of the authority's executive would be prohibited from participating
- it is otherwise appropriate to grant a dispensation and

(1)(b) the member has submitted to the Monitoring Officer a written request for a dispensation explaining why it is desirable;

(2) a dispensation must specify the period for which it has effect. This period may be no greater than four years.

A record of dispensations must be kept. The existence, duration and nature of any dispensation will be recorded in writing; and will be kept with the register of interests established and maintained under section 81(1) of the Act.

Constitution of Sub-Committee

(k) After consultations with Brimington Parish and Staveley Town Councils, to constitute a parish matters sub-committee at such time as the Standards and Audit Committee may decide that the need or circumstances arise. Part 2 July 2019 Page 26

Parish Council Roles

(l) the exercise of the functions set out at 9.4 1(a) to (i) above in relation to Staveley Town and Brimington Parish Councils and their members.

Non-executive Functions delegated to The Standards and Audit Committee as a matter of Local Choice

a) Suspension of Membership

Where a complaint or allegation is made against a member of the Standards and Audit Committee, to suspend that member from membership until the complaint or allegation has been disposed of.

b) Code of Conduct for Employees - On behalf of the authority to respond to government consultations on and approve/recommend to the Council the approval of a code of conduct for local government employees issued under section 82 of the Local Government Act 200044 (including any local variations or additions to the national code). - On behalf of the authority, to consult representatives of the council's

employees on the national model code of conduct for employees and on any local variations or additions to it.

c) “Whistleblowing” To respond to consultations on and approve and monitor any code of conduct relating to the Public Interest Disclosure Act 1998 (“whistleblowing”) in relation to members or employees.

(d) Audit and the Control Environment

1 To consider the effectiveness of:

- the council's risk management arrangements,
- the control environment, (including approval of the code of corporate governance and the annual assurance statement) and
- associated anti-fraud and anti-corruption arrangements (including approval and review of the council's anti-fraud and corruption strategy)

2 To ensure that the council's assurance statements, including the annual assurance statement (former statement on internal control (SIC)), properly reflect the risk environment and to recommend any actions required to improve it

3 To approve (but not direct) the council's internal audit's strategy, workplan and to monitor performance

4 To review reports from internal and external audit and other external inspection agencies and to seek assurance where necessary that appropriate action has been taken , including by calling on Council officers to give assurances and explanations to the committee Part 2 July 2019 Page 27

5 To ensure that auditors and officers are collaborating effectively and that agreed recommendations arising from audit work are being implemented, if necessary by requiring relevant officers to attend before the committee

6 To receive an annual report from the Head of Internal Audit

7 To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted

8 To review the financial statements and the external auditor's opinion and reports to members (including the external auditor's annual management letter), and to monitor management action in response to the issues raised.

Accounts and Publication of Documents

9 On behalf of the Council to approve the Authority's statement of accounts under Regulation 10 (3) of the Accounts and Audit Regulations 2003

. The following functions are delegated by the Committee to the Chief Finance Officer:

S000D Officer Delegations:

to the Chief Finance Officer: Under the Accounts and Audit Regulations 2003, to comply with the requirements for publication of various matters and documents under those regulations

S010D Officer Delegations to the Chief Finance Officer:

As Chief Financial Officer and under the Accounts and Audit Regulations 2003 to prepare and sign and make available for inspection the statements and other documents required by those regulations:

e) Risk Management In accordance with the Council's Risk Management Strategy:

- To consider the effectiveness of the Council's risk management arrangements;
- To ensure that the Council's assurance statements properly reflect the risk environment
- To seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.

f) Complaints and Ombudsman Matters

1. To monitor compliance with Ombudsman reports following their consideration and resolution and to oversee the Council's procedures for complaints handling and monitoring. Part 2 July 2019 Page 28

2. Subject to Section 31A, 31(2A) and 31(5A) of the Local Government Act 1974, To consider and take appropriate action on cases referred to the Local Ombudsman concerning members' conduct.

3. On behalf of the authority, to approve payments or the provision of other benefits under section 92 Local Government Act 2000)48 in any case where the committee considers that maladministration has or may have adversely affected any person because of any action or failure to act by the authority in the exercise of any executive or non-executive function.

S011D Officer Delegations: to each Service Manager as appropriate:

Under section 92 of the Local Government Act 2000, to agree any local settlement of any Ombudsman or other complaint where the Service Manager considers:

a) that action taken by or on behalf of the council in the exercise of its functions amounts to or may amount to maladministration, and

b) that a person has been, or may have been adversely affected by that action by making a payment to or by providing some other benefit for that person - up to a value appropriate in the circumstances and not exceeding £2000 (two thousand pounds) together with any agreed reasonable expenses.

g) Exercise of the Council's Powers to Investigate and Impose Sanctions for Misconduct

Insofar as the Council retains its powers under section 111 of the Local Government Act 1972, to exercise the following powers on behalf of the Council:

To deal with allegations of misconduct in office made against individual Councillors or co-opted members under:

- The Code of Conduct for Members
- The Code of Conduct on Planning Matters •The Protocol on Member/Officer Relations
- Any rule of law: by conducting investigations and hearings, or by commissioning or requesting investigations by external and independent agencies, and in appropriate cases after fair and proper investigation and adjudication imposing all or any of the following sanctions on any elected or co-opted member:
 - censure;
 - a recommendation to the Council or Cabinet that membership of any Council Committee or sub-committee be suspended or withdrawn, or appointment as Executive Member be suspended or withdrawn;
 - a recommendation that a councillor's or co-opted member's appointment or nomination to any outside body be suspended or revoked; Part 2 July 2019 Page 29
 - a report to another enforcement or regulatory body, such as the police, Director of Public Prosecutions, Ombudsman or Auditor.

S020D OFFICER DELEGATIONS: to the Monitoring Officer:

- To receive allegations and complaints against individual members in relation to matters of conduct.
- Unless in the Monitoring Officer's opinion, investigation or proceedings would be prejudiced, to notify the Chair of the Standards and Audit Committee and the person who is the subject of the complaint that the complaint or allegation has been made.
- If appropriate to refer the complaint to any authority or to arrange internal or external preliminary investigations into such allegations or complaints.
- After consulting the Chair of the Standards and Audit Committee, not to pursue or to terminate such preliminary investigations where the Monitoring Officer considers any allegation or complaint to be unfounded.
- To report such allegations or complaints to the Standards and Audit Committee.
 - i) Other Codes and Protocols To approve monitor and keep under review and change the Council's Code of Conduct on Planning Matters and Protocol on Member/Officer Relationships, and to recommend to the Council the adoption of any other code or protocol which the Committee may consider necessary to regulate the conduct of members.
 - j) To Approve Amendments to the Constitution To approve any proposed amendments to the constitution, unless appropriate, or required by law to be approved by Full Council (or Leader or Cabinet).

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