



Please ask for Amanda Clayton
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The Chair and Members of Standards
and Audit Committee

26 January 2021

Dear Councillor,

Please attend a meeting of the STANDARDS AND AUDIT COMMITTEE to be held on WEDNESDAY, 3 FEBRUARY 2021 at 2pm, the agenda for which is set out below.

This meeting will be held virtually via Microsoft Teams software, for which Members of the Committee and others in attendance will receive an invitation. Members of the public will be able to access the public parts of the meeting online by following the link from the Council's website [here](#)

AGENDA

Part 1(Public Information)

1. Declarations of Members' and Officers' Interests relating to Items on the Agenda
2. Apologies for Absence
3. Minutes (Pages 3 - 6)
4. LGA Model Code of Conduct (Pages 7 - 30)
5. Standards and Audit Committee Self-Assessment Action Plan (Pages 31 - 40)
6. Progress update on the 2020/21 Internal Audit Plan (Pages 41 - 58)

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7. Local Government Act 1972 - Exclusion of the Public

To move "That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act".

Part 2 (Non Public Information)

8. Treasury Management Strategy 2021/22 (Pages 59 - 88)

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Randy', written in a cursive style.

Local Government and Regulatory Law Manager and Monitoring Officer

STANDARDS AND AUDIT COMMITTEE**Wednesday, 25th November, 2020**

Present:-

Councillor Rayner (Chair)

Councillors Caulfield
KellmanCouncillors T Murphy
Snowdon

*Matters dealt with under the Delegation Scheme

**1 DECLARATIONS OF MEMBERS' AND OFFICERS' INTERESTS
RELATING TO ITEMS ON THE AGENDA**

No declarations of interest were received.

2 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Brady, Councillor Brittain, Mike Norman and Mark Dalton.

3 MINUTES**RESOLVED –**

That the Minutes of the meeting of the Standards and Audit Committee held on 23 September, 2020 be approved as a true record and be signed by the Chair.

4 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

The Internal Audit Consortium Manager presented a report summarising the outstanding internal audit recommendations. It was noted that due to the implications of the COVID-19 pandemic it had been necessary for managers to prioritise their workload and therefore progress had been affected. None of the outstanding recommendations were classified as high priority.

The committee asked that managers provide target dates for completion and acknowledged that the Corporate Management Team restructure may also have an impact on workloads.

RESOLVED –

1. That the report be noted, and it acknowledged that the implementation of some recommendations had been delayed due to the impact of COVID 19.
2. That a further summary of outstanding internal audit recommendations be submitted to the Standards and Audit Committee in July 2021.

5 SUMMARY OF INTERNAL AUDIT REPORTS ISSUED AND PROGRESS UPDATE ON THE 2020/21 INTERNAL AUDIT PLAN

The Internal Audit Consortium Manager presented a report summarising the internal audit reports issued during the period September 2020 to October 2020, in respect of reports issued relating to the 2020/21 internal audit plan.

It was noted that five reports had been issued during this period and had been given the following levels of assurance:

- 'Substantial Assurance' – 3
- 'Reasonable Assurance' – 2

The committee was informed that no fraud had been discovered. It was advised that a mid-year review had been conducted to consider the potential impacts of COVID-19 and it had been determined that the 2020/21 plan was still appropriate.

The Chesterfield based staff of the internal audit team had been redeployed to assist with the allocation of business grants and the committee heard that this will have an effect on the number of reports issued during the next period. It was anticipated that they would return to their normal duties in December.

Members noted that the Council Tax audit had been completed but that the risks of a lower collection rate and longer processing times had

increased due to the COVID-19 pandemic. The Internal Audit Consortium Manager assured the committee that a recommendation had been made that the managers keep a close eye on the situation and agreed it may be possible to revisit the report in the early part of next year.

RESOLVED –

1. That the report be noted.
2. That the impact of COVID 19 and the secondment of the Audit team to process business grants on the ability to complete the 2020/21 Internal Audit Plan be noted.

6 CIPFA'S AUDIT COMMITTEES PRACTICAL GUIDANCE INCLUDING A SELF ASSESSMENT

The Internal Audit Consortium Manager presented a report to the committee on “Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition” published by The Chartered Institute of Public Finance and Accountancy (CIPFA).

The guidance suggested a self-assessment of good practice be carried out and it was proposed that this be completed individually by members and returned by 8th January, 2021.

RESOLVED –

1. That the report be noted.
2. That members complete the self-assessment before the next meeting of the committee and forward any comments to the Internal Audit Consortium Manager, the Monitoring Officer and the Chair of the Committee.
3. That a report be brought to the next Audit Committee summarising the comments made and formulating an action plan (if required) for approval.

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LOCAL GOVERNMENT ASSOCIATION MODEL MEMBERS CODE OF CONDUCT

MEETING: (1) STANDARDS AND AUDIT COMMITTEE
(2) CABINET MEMBER FOR FINANCE AND GOVERNANCE

DATE: (1) 3RD FEBRUARY 2021
(2) tbc

REPORT BY: MONITORING OFFICER

WARD: ALL

FOR PUBLICATION

1.0 PURPOSE OF REPORT

1.1 To inform members of the Local Government Association (LGA) model code of conduct for members. To seek comments on the code and to set out proposed way forward.

2.0 RECOMMENDATION

2.1 That members of the committee consider and comment on the Local Government Association (LGA) new model code.

2.2 That a further report is submitted to the next meeting of this committee setting out proposals for a way forward.

3.0 BACKGROUND

3.1 The current standards system has been in place since changes were introduced by the coalition government in the Localism Act 2011. While simplifying the members' ethical standards system, dispensing with much

bureaucracy, and closing the national body overseeing standards (Standards for England), after several years of operation there is a growing belief that the system lacked teeth and consistency. All local authorities must have a code of conduct which must be followed by its councillors and procedures for dealing with alleged breaches. The Council's current members code was adopted on 1st July 2012 (2012 Code)¹, based on the LGA draft code issued at the time. Before that there was a code of conduct using a national model code produced by the government.

- 3.2 Various reports were submitted to this committee during 2019 considering and enabling best practice changes to this Council's ethical procedures in response to the Committee on Standards in Public Life (CSPL) report, published late January 2019².
- 3.3 One of the CSPL report recommendations was that the LGA draft a new model code. The consultation draft was published in May and reported to this committee at its meeting on 22nd July 2020. Some of the CSPL recommendations required legislation. The government has yet to bring forward any proposals in response to the CSPL recommendations.
- 3.4 No changes were made to the Council's members code of conduct in response to the CSPL report, pending the LGA's proposals. Many of the best practice recommendations were already in place or could be adopted with small changes to Council procedure.

4.0 LGA MODEL CODE

- 4.1 The LGA code was published on 3rd December 2020. It is similar in format to the draft code published in May 2020. It contains an explanatory document, which makes the proposals easier to understand.
- 4.2 The draft code explained that it contained the minimum requirements of member conduct. These were set out in the July 2020 report. Particular points included:
- Some provisions (in square brackets) are those required further consideration in the consultation and government action.
 - Notable was the use of the word "civility" used instead of "respect".
 - Specific provisions addressed bullying and harassment
 - Explanatory notes would make the code easier to understand

¹ <https://www.chesterfield.gov.uk/media/144612/council-members-code-of-conduct-2012.pdf>

² <https://www.gov.uk/government/collections/local-government-ethical-standards>

- There were also suggestions for an adoptable resolution procedure and escalation process, with sanctions.
- It provided for an annual review by the LGA.

4.4 The July report said that a further report would be submitted in due course once the model code was finalized, so the committee and (later) full council can consider adoption.

4.5 The new LGA Model Code³ (Appendix 1), released near the beginning of December, differs from the consultation document in several ways for example:

- It is 17 pages rather than the consultation draft's 14 pages
- the preamble is different, written as a joint statement on behalf of councillors ("we") instead of addressing councillors ("you")
- each commitment of the code is now written in the first person – "I ..." as direct personal obligations by the councillor.
- gone is the reference to "civility", one of the LGA significant proposals previously, replaced by the more familiar "respect."
- The Nolan 7 principles of public life are set out in the new code but not in the draft code (they are in the 2012 code)

4.6 Significant new features of the model code are as follows:

- The LGA commits to an annual review of the code, the model code is a template for councils to adopt in whole or amendments
- The Nolan principles are personalised ("I")
- It makes it clear that the code also applies when giving the impression of acting as a councillor
- Specifically refers to social media communications in a list of relevant communications
- Each requirement is accompanied by an explanation
- The obligations are direct, rather than generalised principles
- A requirement:
 - to treat others with respect (Paragraph 1)
 - not to bully or harass (Paragraph 2.1 and 2.2)
 - to promote equalities and not discriminate (Paragraph 2.3)
 - not to compromise officer impartiality (Paragraph 3)
 - specific obligations relating to confidentiality (Paragraph 4)

³ <https://www.local.gov.uk/local-government-association-model-councillor-code-conduct-2020-0>

- not to bring role or authority into disrepute (Paragraph 5)
- not use position to confer advantage (Paragraph 6)
- properly use council resources (Paragraph 7)
- to comply with the code (Paragraph 8)
- to undertake code training (Paragraph 8.1)
- to cooperate with investigations, decisions and sanctions on them (Paragraph 8.2 and 8.4)

Most of these are not specifically present in the 2012 code, but many of the provisions have similar wording to that used in the 2007 model code.

- Specific requirements about registering of interests and gifts and hospitality are in appendices
- It acknowledges that the government would need to act on some CSPL recommendations and change the law before they could be applied in a code of conduct – that the LGA code might then need amending.
- The LGA has committed to producing guidance on the model code. It is not known when this will be available.

5.0 NEXT STEPS

- 5.1 Members are asked to note the LGA model code of conduct and give any views on it.
- 5.2 There is no requirement to adopt this code, but by settling out more clearly the expectations of councillors it should be easier to apply than the one currently in use.
- 5.3 There is an expectation for separate tiers of local authority (parish, district, county) to adopt the same or similar versions of the code to ensure clarity of application across the sector. In practical terms this would mean county wide (or near countywide) adoption for parishes, districts, county, and fire and police authorities. Accordingly Monitoring Officers for the Derbyshire Authorities (Derbyshire Monitoring Officers) are meeting to discuss the provisions. Once these discussions have taken place further report(s) will be submitted to the committee as necessary.
- 5.4 Initial discussions have been held with other Derbyshire Monitoring Officers with the following points arising:

- While there is an indication that some authorities outside the county are pressing ahead with adoption of the new code, many seem to be taking time to consider it carefully before making any decisions
- There is some Derbyshire Monitoring Officer support for a unified code across all tiers of local government in this county – in many cases there are triple (or more) hatted councillors and one code would have considerable benefits for clarity on expected standards of behaviour, definitions etc
- Some authorities are more satisfied with their current code than others and may prefer to retain/adapt them rather than adopt the new LGA code
- Some disappointment that the new code did not give more emphasis to social media
- One authority has established a member/officer/IP working group to discuss the LGA code
- A Derbyshire MO group has been established to look at the new code and to explore the potential for a county wide unified code where practicable

5.5 Any adoption of the new code as drafted, or with amendments, would also need approval of Full Council. Any Council procedures relating to the application of the code would also need reviewing.

5.6 The changes would only be complete with government action, as any code needs effective sanctions. This requires legislation.

6.0 RECOMMENDATION

6.1 That members of the committee consider and comment on the LGA model code.

6.2 That a further report is submitted to the next meeting of this committee setting out proposals for a way forward.

7.0 REASON FOR RECOMMENDATION

7.1 To enable members to consider the draft LGA model code of conduct.

GERARD ROGERS
MONITORING OFFICER

Further information from Gerard Rogers, Monitoring Officer and Regulatory & Local Government Law Manager, Legal Services - Tel 345310 or gerard.rogers@chesterfield.gov.uk

Local Government Association

Model Councillor Code of Conduct 2020

Joint statement

The role of councillor across all tiers of local government is a vital part of our country's system of democracy. It is important that as councillors we can be held accountable and all adopt the behaviors and responsibilities associated with the role. Our conduct as an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to. We also want individuals from a range of backgrounds and circumstances to be putting themselves forward to become councillors.

As councillors, we represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent our local area; taking decisions fairly, openly, and transparently. We have both an individual and collective responsibility to meet these expectations by maintaining high standards and demonstrating good conduct, and by challenging behaviour which falls below expectations.

Importantly, we should be able to undertake our role as a councillor without being intimidated, abused, bullied or threatened by anyone, including the general public.

This Code has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.

Introduction

The Local Government Association (LGA) has developed this Model Councillor Code of Conduct, in association with key partners and after extensive consultation with the sector, as part of its work on supporting all tiers of local government to continue to aspire to high standards of leadership and performance. It is a template for councils to adopt in whole and/or with local amendments.

All councils are required to have a local Councillor Code of Conduct.

The LGA will undertake an annual review of this Code to ensure it continues to be fit-for-purpose, incorporating advances in technology, social media and changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code and the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

Definitions

For the purposes of this Code of Conduct, a “councillor” means a member or co-opted member of a local authority or a directly elected mayor. A “co-opted member” is defined in the Localism Act 2011 Section 27(4) as “a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;
- b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority;

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

For the purposes of this Code of Conduct, “local authority” includes county councils, district councils, London borough councils, parish councils, town councils, fire and rescue authorities, police authorities, joint authorities, economic prosperity boards, combined authorities and National Park authorities.

Purpose of the Code of Conduct

The purpose of this Code of Conduct is to assist you, as a councillor, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow councillors, local authority officers and the reputation of local government. It sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct. The LGA encourages the use of support, training and mediation prior to action being taken using the Code. The fundamental aim of the Code is to create and maintain public confidence in the role of councillor and local government.

General principles of councillor conduct

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers; should uphold the [Seven Principles of Public Life](#), also known as the Nolan Principles.

Building on these principles, the following general principles have been developed specifically for the role of councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of councillor.

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.

Application of the Code of Conduct

This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.

This Code of Conduct applies to you when you are acting in your capacity as a councillor which may include when:

- you misuse your position as a councillor
- Your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor;

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times when acting as a councillor.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct. Town and parish councillors are encouraged to seek advice from their Clerk, who may refer matters to the Monitoring Officer.

Standards of councillor conduct

This section sets out your obligations, which are the minimum standards of conduct required of you as a councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

Guidance is included to help explain the reasons for the obligations and how they should be followed.

General Conduct

1. Respect

As a councillor:

1.1 I treat other councillors and members of the public with respect.

1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the local authority's councillor-officer protocol.

2. Bullying, harassment and discrimination

As a councillor:

2.1 I do not bully any person.

2.2 I do not harass any person.

2.3 I promote equalities and do not discriminate unlawfully against any person.

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

3. Impartiality of officers of the council

As a councillor:

3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.

Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

4. Confidentiality and access to information

As a councillor:

4.1 I do not disclose information:

- a. given to me in confidence by anyone**
- b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless**
 - i. I have received the consent of a person authorised to give it;**
 - ii. I am required by law to do so;**
 - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or**
 - iv. the disclosure is:**
 - 1. reasonable and in the public interest; and**
 - 2. made in good faith and in compliance with the reasonable requirements of the local authority; and**
 - 3. I have consulted the Monitoring Officer prior to its release.**

4.2 I do not improperly use knowledge gained solely as a result of my role as a councillor for the advancement of myself, my friends, my family members, my employer or my business interests.

4.3 I do not prevent anyone from getting information that they are entitled to by law.

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

5. Disrepute

As a councillor:

5.1 I do not bring my role or local authority into disrepute.

As a Councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or your local authority and may lower the public's confidence in you or your local authority's ability to discharge your/it's functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute.

You are able to hold the local authority and fellow councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the council whilst continuing to adhere to other aspects of this Code of Conduct.

6. Use of position

As a councillor:

6.1 I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the local authority provides you with certain opportunities, responsibilities and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

7. Use of local authority resources and facilities

As a councillor:

7.1 I do not misuse council resources.

7.2 I will, when using the resources of the local or authorising their use by others:

- a. act in accordance with the local authority's requirements; and**
- b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.**

You may be provided with resources and facilities by the local authority to assist you in carrying out your duties as a councillor.

Examples include:

- office support
- stationery
- equipment such as phones, and computers
- transport
- access and use of local authority buildings and rooms.

These are given to you to help you carry out your role as a councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the local authority's own policies regarding their use.

8. Complying with the Code of Conduct

As a Councillor:

8.1 I undertake Code of Conduct training provided by my local authority.

8.2 I cooperate with any Code of Conduct investigation and/or determination.

8.3 I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.

8.4 I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.

It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer.

Protecting your reputation and the reputation of the local authority

9. Interests

As a councillor:

9.1 I register and disclose my interests.

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the authority .

You need to register your interests so that the public, local authority employees and fellow councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other councillors when making or taking part in decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or disclose a disclosable pecuniary interest as set out in Table 1, is a criminal offence under the Localism Act 2011.

Appendix B sets out the detailed provisions on registering and disclosing interests. If in doubt, you should always seek advice from your Monitoring Officer.

10. Gifts and hospitality

As a councillor:

- 10.1 I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.**
- 10.2 I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.**
- 10.3 I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.**

In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a councillor. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a councillor, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a councillor. If you are unsure, do contact your Monitoring Officer for guidance.

Appendices

Appendix A – The Seven Principles of Public Life

The principles are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix B Registering

interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

"Disclosable pecuniary interest" means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.
5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to one of your Other Registerable Interests (as set out in Table 2), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it

is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a friend, relative, close associate; or
 - c. a body included in those you need to disclose under Disclosable Pecuniary Interests as set out in **Table 1**

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter **affects** your financial interest or well-being:
 - a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

10. Where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must make sure that any written statement of that decision records the existence and nature of your interest.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the

	<p>councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land and Property	<p>Any beneficial interest in land which is within the area of the council.</p> <p>'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.</p>
Licenses	<p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p>
Corporate tenancies	<p>Any tenancy where (to the councillor's knowledge)—</p> <p>(a) the landlord is the council; and</p> <p>(b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.</p>
Securities	<p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were</p>

	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registerable Interests

You have a personal interest in any business of your authority where it relates to or is likely to affect:

- a) any body of which you are in general control or management and to which you are nominated or appointed by your authority
- b) any body
 - (i) exercising functions of a public nature
 - (ii) any body directed to charitable purposes or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

Appendix C – the Committee on Standards in Public Life

The LGA has undertaken this review whilst the Government continues to consider the recommendations made by the Committee on Standards in Public Life in their report on [Local Government Ethical Standards](#). If the Government chooses to implement any of the recommendations, this could require a change to this Code.

The recommendations cover:

- Recommendations for changes to the Localism Act 2011 to clarify in law when the Code of Conduct applies
- The introduction of sanctions
- An appeals process through the Local Government Ombudsman
- Changes to the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
- Updates to the Local Government Transparency Code
- Changes to the role and responsibilities of the Independent Person
- That the criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished

The Local Government Ethical Standards report also includes Best Practice recommendations. These are:

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

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

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

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

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

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

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

Best practice 8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to

review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

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

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

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

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

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

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

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

The LGA has committed to reviewing the Code on an annual basis to ensure it is still fit for purpose.

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For publication

Standards and Audit Committee Self – Assessment Results / Action Plan

For Publication

Meeting:	Standards and Audit Committee
Date:	3rd February 2021
Cabinet portfolio:	Governance
Report by:	Internal Audit Consortium Manager

1.0 **Purpose of report**

- 1.1 To present the results of the self-assessment of the Committee by its Committee Members.

2.0 **Recommendations**

- 2.1 That the self-assessment results / action plan be approved.
- 2.2 That a further self-assessment be undertaken in a years' time.

3.0 **Report details**

- 3.1 At the last meeting it was agreed that Members of the Committee complete the CIPFA self -assessment of good practice before the next meeting and that any points raised would be reviewed and incorporated into an action plan where relevant.
- 3.2 In respect of most questions Members felt that the Committee was compliant with best practice.

3.3 Comments / queries were raised in respect of 9 questions. These comments are detailed at Appendix A along with a current update and proposed further action.

4 Alternative options and reasons for rejection

4.1 The Committee does not have to adopt an action plan however the adoption of an action plan demonstrates that the Committee strives to improve.

5 Recommendations

5.1 That the self-assessment results / action plan be approved.

5.2 That a further self-assessment be undertaken in a years' time.

6 Reasons for recommendations

6.1 The adoption of an action plan ensures that identified weaknesses are addressed.

6.2 A further self-assessment in a years' time will ensure that the Committee is continuing to operate in line with best practice.

Decision information

Key decision number	N/A
Wards affected	All
Links to Council Plan priorities	This report links to the Council's priority to provide value for money services.

Document information

Report author	Contact number/email
Jenny Williams – Internal Audit Consortium	01246 959770

Manager	Jenny.williams@chesterfield.gov.uk
Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
Appendices to the report	
Appendix A	Standards and Audit Committee Self-Assessment Results / Action Plan

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Standards and Audit Committee Self - Assessment Results February 2021

	Question	Comments received	Current Position	Proposed action
1	Is the role and purpose of the audit committee understood and accepted across the authority?	In part Not sure A lot more then it was however I would say the weakest link is with members. I am at a loss on how to solve this to the standard I would like.	This is previously felt to have been addressed by the production of an annual report that is presented to Council.	Continued production of annual report for Council.
2	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	Not sure	From a review of the reports and matters considered by the Standards and Audit Committee during the year it can be confirmed that the committee is fulfilling its terms of reference. It can also be confirmed that the Committees terms of reference cover all of CIPFA's core functions of an audit committee as detailed in its guidance.	To be considered annually by the Internal Audit Consortium Manager, the Section 151 Officer and the Monitoring Officer when the Standards and Audit Committee annual report is produced.

	Question	Comments received	Current Position	Proposed action
3	<p>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"> Value for money or best value 	<p>Part</p> <p>I think this is implied rather than explicit. The ongoing work on procurement would lead to consideration of "value for money" but we are not at that granular level of detail as yet. I think consideration of VFM should play a greater role in work of Standards Committee to give promote confidence in CBC use of public money in light of current economic and financial pressures.</p>	<p>VFM issues highlighted when encountered e.g. procurement audit.</p> <p>This is also achieved by ensuring that there are good governance arrangements in place – review and approval of the Code of Corporate Governance and Annual Governance Statement.</p> <p>In respect of 2019/20 external audit concluded that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.</p> <p>Internal audit will highlight any value for money issues encountered during audits for example in respect of procurement.</p>	<p>Liaison with the external auditors to see if there is a part for the committee to play in terms of value for money.</p>

	Question	Comments received	Current Position	Proposed action
Page 37	4 Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	Not sure that I have the necessary experience or qualifications to undertake This task.	Wider areas identified by CIPFA are: - <ul style="list-style-type: none"> • Considering governance, risk or control matters at the request of other committees or statutory officers (the Committee would do this) • Working with local standards and ethics committees to support ethical values (Also a Standards Committee so already do this) • Reviewing and monitoring treasury management arrangements (not in terms of reference however is undertaken) • Providing oversight of other public reports, such as the annual report (CBC does not produce an annual report however officers bring other relevant public reports to the committees' attention. Other reports may be discussed by alternative relevant committees.) 	None None Monitoring Officer to update the Standards and Audit Committee terms of reference to include reviewing and monitoring treasury management arrangements None
	5 Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Unaware of the role of the Audit committee in relation to the Constitution	Officers ensure that the Committee only make decisions in line with its delegated authority and maintain its advisory role.	None
	6 Are arrangements in place to support the committee with briefings and training?	Not sure I have had sufficient training.	Members receive training at their start of office. Reports are fully explained by Officers and the opportunity given to raise questions.	Members of the Committee to raise with Democratic Services any additional training needs and this can be arranged.

	Question	Comments received	Current Position	Proposed action
7	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	No Not sure Part	The Core knowledge and skills areas identified by CIPFA in its guidance at Appendix C are: - Organisational knowledge Audit Committee role and functions Governance Internal Audit Financial Management and Accounting External Audit Risk Management Counter Fraud Values of good governance Treasury management Not all members need to have knowledge in every area as long as the Committee do as a whole	Members to consider if overall there is a lack of knowledge and skills in any of the areas listed.
Page 38	Does the chair of the committee have appropriate knowledge and skills?	Part Yes. I believe the chair has a background in auditing. Being Chair I never like to directly answer this. However, I do have knowledge of auditing and risk assessment from my day job, also I have been in training and in the role for almost 8 years	The Chair has the appropriate knowledge and skills and has successfully been in the role for many years.	None.
9	Does the committee have an action plan to improve any areas of weakness?	Not that I'm aware of.	The previous self-assessment did not identify any weaknesses therefore no action plan was produced.	This action plan to be proposed for adoption by the committee in February 2021

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For publication

Internal Audit Progress Update

For Publication

Meeting: Standards and Audit Committee

Date: 3rd February 2021

Cabinet portfolio: Governance

Report by: Internal Audit Consortium Manager

Purpose of report

- To present for members' information a summary of Internal Audit Reports issued November to December 2020 and a progress update.

1.0 Recommendations

1.1 That the report be noted.

1.2 That the CIPFA guidance relating to the Head of Internal Audit Annual Opinion: Addressing the Risk of a limitation of scope be noted.

2.0 Report details

PROGRESS ON THE 2020/21 INTERNAL AUDIT PLAN

2.1 The Public Sector Internal Audit Standards require that the Internal Audit Consortium Manager reports periodically to the Standards and Audit Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.

- 2.2 The 2020/21 Internal audit plan was approved at the Standards and Audit Committee on the 5th May 2020. The internal audit team are currently working to this plan (Appendix 1).
- 2.3 At the last meeting it was reported that the internal audit team had been redeployed to work on processing business grants, it was anticipated that the redeployment would be for around a month. At the request of the Service Director – Digital, HR & Customer Services it was agreed that the redeployment would be extended until the end of December and that the Senior Auditor would continue to work 2-3 days a week on business grants until the end of January 2021.
- 2.4 The redeployment means that less of the 2020/21 internal audit plan will be completed. At the end of each year the Head of Audit is required to provide an audit opinion on the Council's overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In order to provide an opinion, sufficient work needs to have been completed otherwise a limited scope opinion should be considered. There is no definition of the amount of work required to provide an opinion, this is left up to professional judgement.
- 2.5 At the end of November 2020 CIPFA issued guidance in relation to the Head of Audits Annual Opinion: Addressing the Risk of a limitation of scope (Appendix 1). At this stage I believe that by prioritising the work for the remainder of the year I will be able to give a full audit opinion. This is reliant on the team being able to concentrate on internal audit work in the remaining quarter.
- 2.6 Appendix 2 shows the 2020/21 internal audit plan and details the audits that have been completed and those in progress.

SUMMARY OF AUDITS ISSUED

- 2.7 Attached, as Appendix 3, is a summary of reports issued during November and December 2020 for audits included in the 2020/21 internal audit plan. This period 3 reports have been issued 2 with substantial assurance and 1 with reasonable assurance.

2.8 Appendix 3 details for each report a summary of the scope and objectives of the audit, the overall conclusion of the audit and the number of recommendations made / agreed where a full response has been received.

2.9 The assurance level is awarded in respect of the controls in place and the system's ability to meet its objectives and manage risk in line with the definitions below.

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

2.10 In respect of the audits being reported, it is confirmed that no fraud was detected.

2.11 The production of this report ensures that Members charged with governance are aware of any internal control weaknesses or fraud identified by internal audit.

3.0 **Alternative options and reasons for rejection**

3.1 The report is for information.

4.0 **Recommendations**

4.1 That the report be noted.

4.2 That the CIPFA guidance relating to the Head of Internal Audit Annual Opinion: Addressing the Risk of a limitation of scope be noted.

5.0 **Reasons for recommendations**

5.1 To update Members on progress against the 2020/21 Internal Audit Plan.

5.2 To inform Members of the potential for a limited scope annual audit opinion if the audit team are unable to concentrate on internal audit work for the last quarter of the year.

Decision information

Key decision number	N/A
Wards affected	All
Links to Council Plan priorities	This report links to the Council's priority to provide value for money services.

Document information

Report author	Contact number/email
Jenny Williams – Internal Audit Consortium Manager	01246 959770 EX 6770 Jenny.williams@chesterfield.gov.uk

Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
Appendices to the report	
Appendix 1	CIPFA guidance on the Head of Audits Annual Opinion: Addressing the risk of a limited opinion.
Appendix 2	2020/21 Internal audit plan and progress to date
Appendix 3	Summary of Internal Audit Reports Issued

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CIPFA Guidance to Internal Auditors and the Leadership Team and Audit Committee of Local Government Bodies

Head of Internal Audit Annual Opinions: Addressing the Risk of a Limitation of Scope

Introduction and rationale for the guidance

The impact of COVID-19 on all the public services has been considerable and for internal auditors it has raised the question of whether they will be able to undertake sufficient internal audit work to gain assurance during 2020/21. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the head of internal audit (HIA) to issue an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the public body relies on for its annual governance statement.

CIPFA recognises that local government bodies are struggling with considerable challenges and are having to make difficult decisions on how best to use their available staff and financial resources to meet critical needs. However, the professional and regulatory expectations on local government bodies to ensure that their internal audit arrangements conform with PSIAS have not changed. In this difficult situation, heads of internal audit will need to consider whether they can still issue the annual opinion or whether there will need to be a limitation of scope. A limitation of scope arises where the HIA is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the professional standards. This is an issue not only for the HIA but also for the leadership team and the audit committee who normally rely on that opinion. It may also have wider consequences for stakeholder assessments of the organisation.

While the limitation of scope will only be formally published in 2021 as part of the HIA's annual report, this guidance addresses the importance of early identification of the risk. It suggests mitigating actions to be taken now to avoid a limited scope where possible. If a limited scope does become necessary the guidance suggests possible wording to use in the report.

Status of the CIPFA guidance

This guidance is prepared by CIPFA for internal auditors working in or for local government in the UK. CIPFA is the Relevant Internal Audit Standard Setter (RIASS) for local government and works with the other UK RIASS¹ to mandate the PSIAS across the public sector. This guidance has been shared with the other RIASS and other members of the Internal Audit Standards Advisory Board including the Chartered Institute of Internal Auditors. Other sectors should look to the appropriate RIASS for guidance.

This guidance is a sector specific requirement for local government in the UK.

¹ The Relevant Internal Audit Standard Setters are: HM Treasury in respect of central government; the Scottish Government, the Department of Finance Northern Ireland and the Welsh Government in respect of central government and the health sector in their administrations; the Department of Health and Social Care in respect of the health sector in England (excluding foundation trusts); and the Chartered Institute of Public Finance and Accountancy in respect of local government across the UK.

Key requirements for local government bodies

The key requirements that heads of internal audit, leadership teams and audit committees should follow are set out below and are supported by additional explanation.

1. The HIA should plan to obtain sufficient assurance to support the annual opinion, taking into account both internal audit work and other sources of assurance. The reliance the HIA is placing on other sources of assurance should be disclosed in the overall opinion.
2. The HIA, leadership team and audit committee should review and discuss internal audit capacity where there are concerns and develop an action plan to mitigate the risk.
3. The HIA should make best use of their audit resources to maximise assurance.
4. Where the HIA considers that a limitation of scope is likely, the leadership team and audit committee should be advised promptly. The HIA should set out the likely consequences assessed and advise on remedial action to avoid a limitation of scope.
5. The HIA annual report should contain a clear explanation of any limitation of scope along with its causes and plans to address the situation going forward.
6. Where the HIA annual report and opinion contains a limitation of scope the authority should state this in the annual governance statement.

Detailed guidance to support implementation

Planning adequate assurance to support the annual opinion

Just as in more normal times the HIA should plan audit work to ensure that sufficient assurance will be available to support the annual opinion. This guidance will not go into details about risk-based audit planning but it emphasises that the professional requirements of PSIAS have not changed. It is likely that internal audit plans will be more fluid than normal as a result of the impact of the pandemic on the organisation. Head of internal audit should already have agreed new audit priorities to cover the new risks and changes from the impact of COVID-19 and that work will provide support for the annual opinion.

CIPFA recognises that the impact of COVID-19 and the capacity of the organisation to respond will vary as a result of a number of factors. Alongside direct internal audit work the HIA can also place reliance on other assurance providers, as set out in PSIAS 250. However it is important to recognise that the quality and availability of that other assurance may also be impacted adversely by the pandemic in some organisations. These factors are likely to be beyond the control of the HIA.

The factors impacting on the availability of assurance from internal audit and other sources of assurance include:

- the changing risks and impacts on the organisation itself
- whether key governance, risk management and internal control arrangements have deteriorated or been maintained
- changes to the resource base of internal audit, whether staff or budget related
- demands on internal audit for any advisory or non-audit support that will not directly support the HIA opinion
- operational disruptions that impact on the access of internal auditors to key staff, information or systems resulting in greater inefficiency and reduced outputs.

Where an organisation has adopted a comprehensive assurance framework then this may be used by the HIA to support the opinion, if those other sources of assurance are demonstrated to be robust. CIPFA's [Financial Management Code](#) (FM Code), which is applicable to all UK local government bodies, has

assurance as one of its key principles. Principle C of the FM Code clearly sets out the responsibility of the leadership team to establish and support appropriate arrangements:

The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.

The CIPFA [Statement on the Role of the Head of Internal Audit](#) also emphasises the responsibility of the leadership team for establishing wider frameworks of assurance and accountability.

Engagement between the leadership team, audit committee and HIA

The PSIAS require regular communication and engagement with the leadership team and audit committee on the development of the internal audit plan (PSIAS 2010 and 2020), its execution (PSIAS 2060) and the results of the audit engagements (PSIAS 2400). Each organisation will have its own agreed arrangements in place that will also take into account the terms of reference of the audit committee. The CIPFA [Position Statement on Audit Committees in Local Authorities and Police](#) (2018) sets out the responsibility for the audit committee to provide oversight of the independence, performance and professionalism of internal audit.

PSIAS 2030 requires the HIA to ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan. If the HIA believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, the consequences must be brought to the attention of the leadership team and audit committee promptly. The CIPFA *Statement on the Role of the Head of Internal Audit* is clear that to perform their role effectively the HIA must lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively (Principle 4).

It is the responsibility of the organisation's leadership team to provide the HIA with the resources, expertise and systems necessary to perform their role effectively. Therefore it is essential for there to be meaningful engagement between the HIA, leadership team and audit committee. If the HIA has concerns about the quantity or calibre of internal audit resources available or there are other operational barriers to the delivery of the audit plan, they should assess the impact and likely consequences for the annual opinion and work with the leadership team and audit committee to find solutions to bridge the gap.

Making effective use of internal audit resources

When delivering the risk-based audit plan the HIA, supported by the leadership team, should make every effort to make best use of available internal audit resources over the remainder of the year. Possible actions could include:

- Streamlining audit processes to increase capacity.
- Narrowing the focus of audit scopes to examine only key risks
- Filling vacant audit posts, whether permanently, on a temporary basis or buying in audit expertise from an external provider.
- Exploring opportunities for internal secondments or other support for the audit team from non-internal audit staff who can nevertheless undertake some internal audit work.
- Evaluating any requests for advisory work and prioritising assurance work and advisory work that supports the annual opinion.
- Avoiding diversion of internal audit staff on to counter fraud work, or other non-core audit work, beyond that which is already accommodated within the plan.
- Increasing communication with client services to help ensure good co-operation from client services and avoid unnecessary delays in undertaking engagements.

Where the internal audit service provides services to partner bodies or on a commercial basis then agreements in place may provide little scope to amend resourcing in the short term.

Early identification of a limitation of scope

A limitation of scope arises where the HIA is unable to draw on sufficient assurance to issue a complete annual opinion. This should not be confused with an adverse opinion, which arises when sufficient work has been completed to enable the HIA to conclude that arrangements are not adequate and effective.

There are three possible scenarios for a limitation of scope:

1. The HIA has obtained insufficient assurance across each of the three aspects of the opinion: governance, risk management and internal control, and is therefore unable to issue an opinion.
2. The HIA has obtained insufficient assurance across one of the three aspects of the opinion. The limitation of scope will be restricted to that aspect only.
3. The HIA has obtained insufficient assurance across a significant subset of risk or area of operation that is material. An example might be where there were significant engagements set out in the plan that the audit service could not complete.

Where one of these situations is a risk then the HIA should take steps to inform the leadership team and audit committee of it as soon as possible and identify the underlying reasons. As part of the discussions with the leadership team and audit committee the HIA should identify the following:

- the extent of limitation of scope that is likely
- the reasons for limitation being necessary
- remedial steps planned or sought to minimise the extent of the limitation
- consequences of not addressing the risk that a limitation of scope will impact on the opinion.

Understanding the consequences of a limitation of scope

The primary consequence is that the leadership team and those charged with governance do not receive independent assurance that the framework of governance, risk management and control is adequate and effective. Without this assurance the organisation should consider the risk of significant control weaknesses, inefficiencies or poor performance remaining unidentified. In addition, opportunities for improvement may be lost. While internal audit can only offer reasonable assurance, not a 100% guarantee, the presence of that reasonable assurance is rightly valued.

Other consequences to consider:

- The organisation will need to highlight the limitation in its annual governance statement when referring to the HIA opinion
- Where the reason for the limitation also results in significant non-conformance with PSIAS during the year, then the HIA must report that as part of the quality assurance and improvement programme (QAIP) (PSIAS 1320). The results of the QAIP must be included in the annual report (PSIAS 2450). CIPFA's view is that if the limitation of scope is so significant that the HIA cannot provide an annual opinion that fulfils the PSIAS requirement then it is likely that there are other areas of non-conformance. Taken as a whole the internal audit service may no longer conform with PSIAS.
- The internal audit team is only able to state that they conform with the PSIAS if the results of the QAIP can demonstrate that. So if the last EQA concluded that the service conformed, but this year's QAIP demonstrates that the internal audit service does not, then it cannot claim to conform with PSIAS. Non-conformance should be considered for inclusion in the annual governance statement.

- Non-conformance with the PSIAS should also be taken into account when assessing the strength of assurance and the organisation's compliance with the CIPFA FM Code.
- If the internal audit service bids for or supplies its services to other organisations or partner bodies then losing conformance with the standards may have commercial consequences.
- The organisation's external auditor may take the limitation on the audit opinion or non-conformance with PSIAS into account when reviewing overall governance arrangements under the value for money or best value scope of the external audit. Different external audit arrangements apply across the UK and audit committees may wish to discuss this matter with their local auditors to understand the consequences.
- Internal audit will have a smaller than anticipated knowledge base to support future audit planning. The HIA will need to consider the implications for planning and resources as a consequence.
- Outside bodies who may have looked to the internal audit opinion as evidence for the organisation's sound governance may draw adverse inferences from the reported opinion.

Suggested wording of the limitation

In the annual report the HIA should detail the impact of COVID-19 on internal audit and the underlying causes of the limitation of scope. It should set out steps taken to mitigate or compensate, for example where additional reliance has been placed on other assurance providers.

The PSIAS do not specify the wording to use for the opinion section within the annual report but it should be clearly linked to the PSIAS requirement of *the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control*. The suggested wordings below apply when there is a need to accommodate a limitation of scope.

Type of limitation	Suggested wording
<p>The HIA has obtained insufficient assurance across each of the three aspects of the opinion: governance, risk management and internal control, and is therefore unable to issue an opinion.</p>	<p>The results of the work carried out by internal audit, taken together with other sources of assurance, are not sufficient to support an HIA annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is a requirement of PSIAS.</p> <p>The results of internal audit work concluded during the year and a summary of where it is possible to place reliance on the work of other assurance providers is presented in the annual report but this does not result in a comprehensive opinion.</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>
<p>The HIA has obtained insufficient assurance across one of the three aspects of the opinion: governance, risk management and internal control. The limitation of scope will be restricted to that aspect only.</p>	<p>The results of the work carried out by internal audit, taken together with other sources of assurance, are not sufficient to support an HIA annual opinion on the overall adequacy and effectiveness of the organisation's framework of [specify one of governance, or risk management or control].</p> <p>The results of internal audit work concluded during the year and a summary of where it is possible to place reliance on the work of other assurance providers in respect of [governance or risk management or control] is presented in the annual report but this does not result in an opinion on this aspect.</p> <p>[The HIA can then present their opinion on the remaining two aspects required.]</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>
<p>The HIA has obtained insufficient assurance across a significant subset of risk or area of operation that is material.</p>	<p>The HIA opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is [set out opinion].</p> <p>The HIA opinion however must exclude [specify area excluded] as there is insufficient assurance available for the HIA to offer reasonable assurance.</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>

Note it is possible for the HIA to separate out their annual opinions on governance, risk management and control if it is more meaningful to do so. This might arise for example where one aspect was significantly weaker than the other.

Ensuring there is a robust plan for future years

The HIA, leadership team and audit committee should work together to ensure that internal audit will be sustainable in 2021/22 and onwards. Specifically, they should ensure that the HIA can develop a risk-based plan that will support the annual opinion. Regular reporting and monitoring should take place to ensure that achievement of the plan is on track.

Where the organisation has identified weaknesses in any assurance arrangements beyond internal audit then the leadership team should develop appropriate improvement plans and the audit committee should monitor these regularly.

For further information please contact Diana Melville, Governance Advisor CIPFA

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**Approved by the Public Financial Management Board, CIPFA
19 November 2020**

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Chesterfield Borough Council Internal Audit Plan 2020/21

	Audit Complete
	Audit in Progress
	Ongoing

Main Financial Systems	Priority	Audit Days 2020/21	
Cash and Banking	M	15	
CIPFA Financial Management Code of Practice	M	10	
Creditor Payments (Accounts Payable)	H	25	
Housing / Council Tax Benefits	H	20	
Housing Rents	H	20	
Housing Repairs – Revenue (Voids)	M	20	
Council Tax	M	15	
Payroll	H	20	
VAT	L	8	
Total		153	
Other Operational Audits			
Brimington Parish Council	N/A	5	
Choice Based Lettings	M	10	
Community Safety	L	10	
Contract Final Accounts		5	
Committee report process	M	10	
Crematorium	H	12	
Healthy Living Centre	M	15	
Markets Income	M	12	
PPP Client Monitoring Procedures		5	
Rechargeable Repairs	L	10	
Refuse Collection – Domestic	L	10	
Sale of Council Houses	M	10	
Section 106 / CIL Agreements	M	12	
Stores	L	10	
Taxi Licences	M	12	
Queens Park Sports Centre	M	20	
Total		168	
Computer and IT Related			

Cyber risks / network security / DR	H	15	
Inventory / disposal of old equipment	M	10	
New system Review / upgrades		5	
Total		30	
Cross Cutting Issues			
Business Continuity Planning	M	12	
Climate Change	H	5	
Corporate Governance and Annual Governance Statement	H	18	
Ethical Governance	M	12	
Financial Advice / Working Groups/Transformation Projects		25	
Property Repairs (Non housing)	H	12	
Projects e.g. Economic Development, Town Hall restack	M	20	
Safeguarding	M	12	
Total		116	
Fraud and Corruption			
Review of Anti- Fraud Bribery and Corruption Strategy	M	3	
Total		3	
Location / Regularity			
Petty Cash	L	5	
CIPFA Apprenticeship		30	
Contingency/Special Investigations		30	
Update Test Schedules		10	
Audit Committee / Client Officer Liaison		15	
Planned Total Days 2020/21		560	

Chesterfield Borough Council – Internal Audit Consortium

Report to Standards and Audit Committee

Summary of Internal Audit Reports Issued November and December 2020

Report Ref No.	Report Title	Scope & Objectives	Assurance Level	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
Page 50 010	Cash and Bank	To review the systems and procedures in place	Substantial	27/11/20	18/12/20	N/A	0	0
011	Cash & Bank – Independent checks	To ensure that independent banking checks are taking place and that these are evidenced	Substantial	27/11/20	18/12/20	N/A	0	0
012	Committee processes	To ensure that delegations and committees within the Constitution are adhered to, that committee reports are distributed in a timely manner etc.	Reasonable	4/12/20	30/12/20	4/12/20	5 (2M 3L)	5

H = High Priority

M = Medium Priority

L = Low priority

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