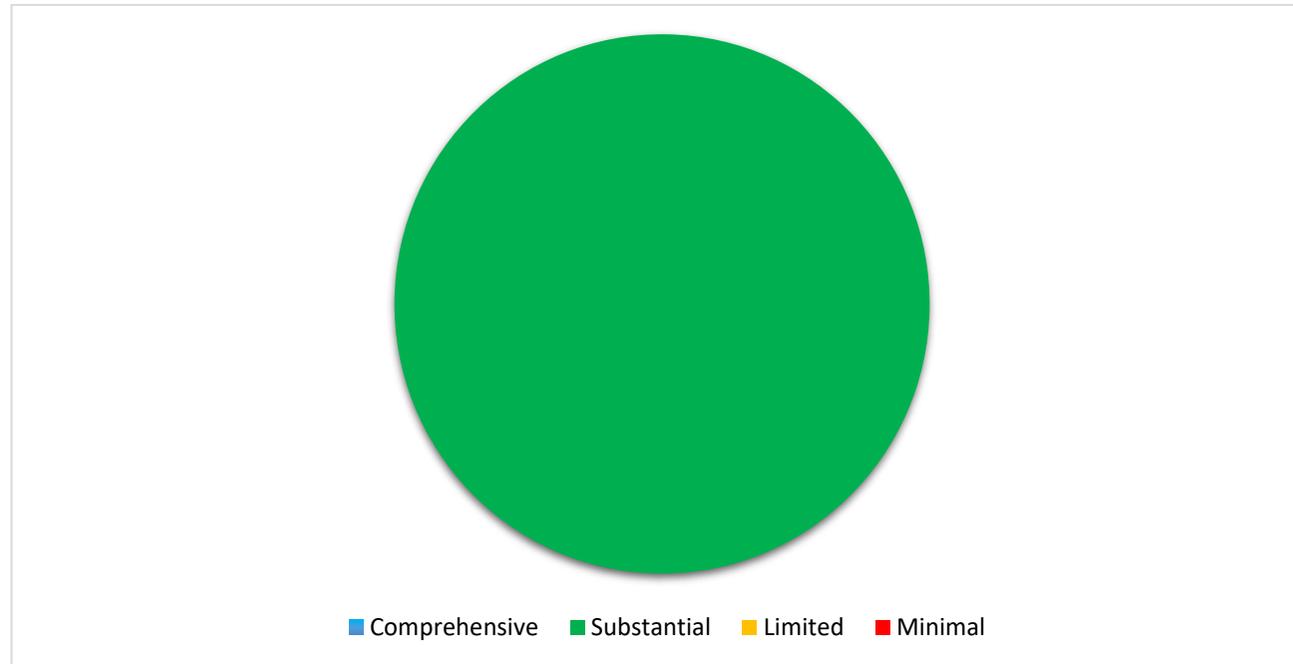


Report Summary for Ethics and Culture 19/20



Comprehensive Assurance	Substantial Assurance	Limited Assurance	Minimal Assurance
	<ul style="list-style-type: none"> • There are systems and processes in place to support a culture of transparency and openness. • There is a robust framework in place to deliver the principles of good governance. • Employees and members are aware of their roles and responsibilities in relation to good governance. • Risks and performance are managed through robust internal control. 		

Guide to the audit assurance opinions	
Comprehensive	There is a sound system of controls designed to meet objectives, manage risks and controls are consistently applied in all the areas reviewed.
Substantial	There is a good system of controls and risks are managed. However, there are opportunities for improvement in the design or consistency of application that will assist in the achievement of objectives identified as being at risk in the areas reviewed.
Limited	Key controls exist to help achieve objectives and manage principle risks. However, there are opportunities for improvement in the overall control environment which would enhance the design and application of controls, thereby assisting the achievement of objectives identified as being at risk in the areas reviewed.
Minimal	The absence of basic key controls or the inconsistent application of key controls is so severe that the audit area is open to abuse or error. Risks to objectives are not being managed.

Recommendation Criteria	
High	There is a control vulnerability that could result in failure to achieve corporate objectives, reputational damage, lead to material loss, exposure to serious fraud or failure to meet legal or statutory requirements. This includes material non-compliance with the Constitution, Financial Regulations or Council policies and procedures. Managers should address high priority recommendations urgently to rectify the situation.
Medium	The system or procedure lacks adequate control that could result in failure to achieve operational objectives, non-material loss, or non-compliance with departmental operational or financial procedures. This would also include minor non-compliance with Financial Regulations. Although not fundamental to system integrity these risks should be addressed promptly as the next priority.
Low	To implement this would be good practice to improve or enhance the system and the achievement of objectives. Several low risks in combination may give rise to concern.

Scope and Objective

Internal audits mission is to enhance and protect organisational value and support the Council Strategy by providing risk based and objective assurance, advice and insight.

The Assurance, Risk and Audit Team endeavour to add value and improve Allerdale Borough Council's operations and help to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

As part of the 2019/20 Assurance Risk and Audit Plan, a review has been undertaken of the controls and procedures in place in respect of Culture and Ethics. The aim of this review is to provide management with assurance that controls, governance and risk management activities are robust and operating as intended, that mitigating actions are in place to manage the key corporate risks for this area as recorded by the risk owner and provide recommendations for improvements to add value, if appropriate.

Information and evidence was gathered using a number of techniques and as part of this review, an employee survey was undertaken to obtain their view on elements of the ethical framework at Allerdale Borough Council; 59 responded, representing 25% of the Council's workforce.

As audit work is controlled by the areas identified in the audit scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Assurance Risk and Audit would like to thank all staff involved during the course of the review for their help and assistance.

Recommendations		
High	Medium	Low
0	1	1

Area(s) for improvement
4 areas for improvement were suggested

Assurance Area	Risks/Weaknesses	Action plans/Recommendations
<p>There are systems and processes in place to support a culture of transparency and openness</p> <p>Audit Opinion: Substantial</p>	<p>The Council has adopted a Code of Conduct, based on the 7 principles of public life and the behaviours attributed to it, which all Members are expected to follow. Members are provided with a copy of the Code of Conduct and guidance on how to follow it as part of the comprehensive induction programme however in 2019, only 25 of the 49 Members attended the training sessions. The requirement to read the Employees Code of Conduct is stated in employees' contract of employment and new starter induction packs and Officers are expected to read the code as part of their mandatory induction.</p> <p>There is no evidence that either Members or Officers reread the Code of Conduct regularly. The Standards Committee is responsible for promoting and maintaining ethical standards in public life and there is a formal process in place for raising an issue with clear and simple guidance on the Allerdale website. The Code of Conduct complaints log was inspected and showed that there had been 41 complaints received in the last 12 months.</p> <p>There is an established process in place for raising awareness in respect of issues relating to governance and the 2019-20 Culture and Ethics survey reported that 93% of those who responded, knew what action they should take if they became aware on any unethical activity. Although planned, there is currently no e-learning to entrench understanding of the Whistleblowing process.</p> <p>The Gifts and Hospitality Register is easily accessible on the intranet and on the Allerdale website although the register on the website is not up to date. A review identified 17 entries this financial year compared to 11</p>	<p>Area of improvement 1</p> <p>The respective Code of Conducts should be reread annually by both elected Members and Officers and a system of evidencing this should be considered.</p> <p>Area of improvement 2 COMPLETED</p> <p>The Communications and Marketing team to upload the latest version of the Whistleblowing Policy to the Allerdale Website.</p> <p>Response – The latest version of the Whistleblowing Policy was uploaded to the Allerdale website 24th March 2020</p> <p>Area of Improvement 3</p> <p>The Allerdale website should be updated to show the latest version of the Gifts and Hospitality Register.</p>

	<p>in 2018-19 and all of these entries were by officers; it was noted however, that the limit for Members registering a gift/hospitality was raised to £50.</p> <p>A Register of Disclosable Pecuniary Interests and other Registerable Interests form is completed by all elected members and held on the Allerdale website and the Intranet. Testing identified that there appeared to be some minor discrepancies between the Allerdale forms and those completed for Cumbria County Council for two Councillors and one Councillors form was dated 2017. Related Party Annual returns were inspected for three senior officers and it was noted that one of these was not signed nor dated.</p>	
<p>There is a robust framework in place to deliver the principles of good governance</p> <p>Audit Opinion: Substantial</p>	<p>Allerdale Borough Council has a strong governance framework in place. The Constitution sets out the statutory framework under which the Council operates and how decisions are made and the Local Code of Corporate Governance describes the arrangements in place to ensure that the Council conducts its business in accordance with the law and proper standards.</p> <p>The Governance Group meets throughout the year to gather evidence and assurances to demonstrate how the Council satisfies the requirements of the Delivering Good Governance in Local Government Frameworks. As part of this process Tier Three Managers complete managers' assurance statements to evidence awareness and compliance to the council's policies and procedures, however a review of the return showed that only one service area was fully completed. The process was previously owned by Heads of Service and all Tier Three Managers are new to this approach, and this still needs to be embedded.</p> <p>56% of officers who participated in the Culture and Ethics survey, answered that they agreed that the</p>	<p>Agreed Action 1, Priority Low Responsibility: Head of Strategy, Policy and Performance – 31 March 2021 All Managers to complete Managers Assurance Statements as a requirement of "What Great Looks Like".</p> <p>Area of improvement 4 COMPLETED</p> <p>Performance reports for quarter's 2 and 3 should be uploaded to the Allerdale website as part of the transparency in reporting how the Council is performing against the key priorities and objectives.</p> <p>Response – Quarters 2 and 3 Performance Reports were uploaded to the Allerdale website during the review</p>

	<p>Senior Management Team demonstrated high ethical standards, this was an increase from 48.15% reported in 2018-19.</p> <p>The Council has clearly defined its outcomes in terms of sustainable economic, social and environmental benefits and it actively looks to engage stakeholders and uses many forums such as social media, meetings, consultations and surveys. There have been significant environmental and social agreements made in 2019-20 including supporting local spending, compliance with the Modern Slavery Act and ways to reduce climate change.</p> <p>The Council demonstrates good practices in respect of transparency and accountability. Monthly spending, annual accounts and performance reports are published on the Allerdale website as well as the Forward Plan and previous decisions. The Assurance, Risk and Audit Service conforms to the Public Sector Internal Auditing Standards (PSIAS), evidenced through the annual self-assessment against the PSIAS standards, Assurance Risk Charter and an independent Peer Review.</p>	
<p>Employees and Members are aware of their roles and responsibilities in relation to good governance</p> <p>Audit Opinion: Substantial</p>	<p>Considerable work has been undertaken by the Senior Management Team in raising awareness of the Council's vision and aims and the values and behaviours expected of employees and the Chief Executive consistently reinforces this message to all staff through his quarterly Employee briefings.</p> <p>The Organisational Development Strategy has now been replaced with the Target Operating Model and the People Plan. The Council's Values and Behaviours are incorporated in the What Great Look Like (WGLL) appraisal scheme, reinforcing the standards and behaviours expected from employees. Although the WGLL process has been designed to provide the opportunity to measure employee performance, provide constructive feedback and</p>	<p>Agreed Action 2, Priority Medium Responsibility: Chief Executive – 31 March 2021</p> <p>Tier Three Managers to ensure that quality appraisals are undertaken and completed within organisational standards and timeframes.</p>

	<p>praise and discuss future development, completion rates have been low, dropping to 66% for quarter three</p>	
<p>Risks and performance are managed through robust internal control</p> <p>Audit Opinion: Substantial</p>	<p>The Organisational Development Strategy has now been replaced with the Target Operating Model and The People Plan, this identified the changes and reasons required to create the Council's desired workplace culture. Through the vision, aims and strategic objectives, the Council has clearly set out the expected high ethical values and behaviours of staff and the priority that managers should lead by example to manage these risks and fulfil the Council Strategy.</p> <p>The corporate risk for cultural and organisational change is managed through the Corporate Risk Register and is reviewed regularly by the Senior Management Team.</p>	