

Audit Committee – 28 May 2021

Title of paper:	Ethics and Culture	
Director(s)/ Corporate Director(s):	Clive Heaphy, Interim Corporate Director Finance and Resources	Wards affected: All
Report author(s) and contact details:	Shail Shah Head of Audit & Risk	
Other colleagues who have provided input:		
Recommendation(s):		
1	To note and comment on the findings	

1 Reasons for recommendations

- 1.1 The Audit Committee's terms of reference include to:
 Provide independent review of the Council's governance, risk management and control frameworks.
 Culture and ethics are key factors affecting the operation of these frameworks.

2 Background

- 2.1 The City Council's governance arrangements aim to ensure that it sets and meets its objectives and responsibilities in a timely, open, inclusive and honest manner. The governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled, and through which it engages with and leads the community to which it is accountable. Every council and large organisation operate within a similar framework, which brings together an underlying set of legislative requirements, good practice principles and management processes.
- 2.2 The Chartered Institute of Internal Auditors (IIA) requires an internal audit function to include a review of the organisational culture within its plan of activities. This includes assessing whether business activities, behaviours and 'tone from the top' properly reflect the values, ethics, risk appetite and policies of the organisation. In addition, the Public Sector Internal Audit Standards (PSIAS) 2011 require Internal Audit to assess and make appropriate recommendations to improve the organisation's governance processes, including promoting appropriate ethics and values within the organisation.
- 2.3 We have referred to culture in our report and the text below but linked ethics are also incorporated.
- 2.4 Our Internal Audit report (Appendix 1):
- Identifies and classifies the concerns raised in the Non-Statutory Review and Report in the Public Interest
 - Draws upon recent Internal Audit reports for indicators of these concerning cultural behaviours, and identifies further areas of concern
 - Considers progress on the improvement plans created in response to the above external reviews.
 - Comments on the colleague survey, released as part of the Culture and Workforce workstream for culture mapping within the improvement plans (we

did not have access to the methodology for this survey and it should be noted that this workstream had other elements and subsequent developments).

2.5 The Director of Human Resources & Transformation has been given access to our report.

2.6 As part of the Culture and Workforce workstream, outputs from the leaders and colleagues surveys, and focus groups, and from previous culture related internal evaluations and peer challenge have been presented to Senior Leadership Forum, together with development proposals.

3 Background papers other than published works or those disclosing exempt or confidential information

3.1 None

4 Published documents referred to in compiling this report

4.1 CIPFA/SOLACE - Delivering Good Governance in Local Government Framework, 2016

4.2 Executive Board 20 May 2008 – Local Code of Corporate Governance

4.3 Non Statutory Review by Max Caller November 2020

4.4 Report in the Public Interest concerning the Council's governance arrangements for Robin Hood Energy Ltd 2020

4.5 Public Sector Internal Audit Standards