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13 April 2007

S U M M O N S

MEETING: Standards and Governance Committee
DATE: 23 April 2007
TIME: 6.00pm
PLACE: Committee Room 2, Town Hall, Gosport
Democratic Services contact: Chris Wrein

hinda Edwards

BOROUGH SOLICITOR

MEMBERS OF THE COMMITTEE

Councillor Gill
Councillor Kimber
Councillor Langdon

Councillor Smith
Councillor Mrs Wright
Councillor Wright

Independent Members:

Mr M J Heritage-Owen (Chairman)

Mr R V Perry (Vice Chairman)

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AGENDA

RECOMMENDED
MINUTE
FORMAT

PART A ITEMS

1. APOLOGIES FOR NON-ATTENDANCE

2. DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter, any personal or personal and prejudicial interest in any item(s) being considered at this meeting.

3. MINUTES

To approve as a correct record the Minutes of the Committee meeting held on 1 February 2007 (copy attached)

4. DEPUTATIONS – STANDING ORDER 3.5

(NOTE: The Committee is required to receive a deputation(s) on a matter which is before the meeting of the Committee provided that notice of the intended deputation and its object shall have been received by the Borough Solicitor by 12 noon on Thursday 19 April 2007. The total time for deputations in favour and against a proposal shall not exceed 10 minutes).

5. PUBLIC QUESTIONS – STANDING ORDER 3.6

(NOTE: The Committee is required to allow a total of 15 minutes for questions from Members of the public on matters within the terms of reference of the Committee provided that notice of such Question(s) shall have been submitted to the Borough Solicitor by 12 noon on Thursday 19 April 2007).

6. PRESENTATION BY MAZARS ON ANNUAL AUDIT AND INSPECTION LETTER AND AUDIT INSPECTION PLAN

Part II

Attached Documents:

- *Annual Audit and Inspection Letter*
- *Audit and Inspection Plan*

Contact Officer:
Peter Wilson
Ext 5300

7. USE OF RESOURCES - UPDATE

Part II

To inform the Committee of the progress being made with the action plan for improvement of the Council's Use of Resources score.

Contact Officer:
Peter Wilson
Ext 5300

Standards and Governance Committee
23 April 2007

8. ASSET MANAGEMENT PLAN Part II
- The Committee is invited to consider the attached Asset Management Plan with a view to commenting on its content prior to the Plan being submitted to Overview and Scrutiny and the Policy and Organisation Board for adoption.*
- Contact Officer:
Mark Pam
Ext 5563
9. INTERNAL AUDIT – PROGRESS REPORT FROM 31ST DECEMBER 2006 TO 31ST MARCH 2007 Part II
- To table the performance of the Internal Audit Section in the period to week 52 (1st April – 31st March 2007) against the agreed audit plan to the Members with responsibility for governance and provide an independent internal audit opinion on the overall control environment of those areas reviewed within a brief executive summary.*
- To provide the Members with a table of critical and essential internal audit recommendations, Service Managers comments, responsible officers and target implementation dates from the reviews this year. In addition, provide members with the important and advisory internal audit recommendations agreed with management for noting.*
- Contact Officer:
Chris Davis
Ext 5306
10. INTERNAL AUDIT PLAN 2007/08 Part II
- To advise the Committee on the Annual Audit Plan coverage for 2007/08 and recommend it for approval.*
- Contact Officer:
Chris Davis
Ext 5306
11. NEW MODEL CODE OF CONDUCT Part II
- To advise the Committee on the New Model Code of Conduct and recommend the adoption of the Model without amendment.*
- Contact Officer:
Linda Edwards
Ext 5400
12. GOSPORT BOROUGH COUNCIL'S ASSURANCE FRAMEWORK Part II
- To seek Members' agreement to the newly created Council's Assurance Framework, following the External Audit review of requirements under the Audit Commission Use of Resources assessment.*
- Contact Officer:
Chris Davis
Ext 5306
13. ANTI-FRAUD AND CORRUPTION POLICY Part II
- To advise the Committee on the New Anti Fraud & Corruption Policy and recommend the adoption of the Policy without amendment.*
- Contact Officer:
Chris Davis
Ext 5306
14. ANY OTHER ITEMS
- which by reason of special circumstances the Chairman considers should be considered as a matter of urgency*

Standards and Governance Committee
23 April 2007

**A MEETING OF THE STANDARDS AND GOVERNANCE COMMITTEE
WAS HELD ON 1 FEBRUARY 2007**

Membership:

Councillors Gill (P), Kimber (P), Langdon (P), Smith, Mrs Wright (P) and Wright (P)

Independent Members: Mr M J Heritage-Owen (P)
Mr R V Perry (P)

39. APOLOGIES

Apologies for inability to attend the meeting were received on behalf of Councillor Smith.

40. DECLARATIONS OF INTEREST

There were no declarations of interest.

41. MINUTES

RESOLVED: That the Minutes of the meeting of the Standards and Governance Committee held on 14 December 2006 be approved and signed by the Chairman as a true and correct record.

42. DEPUTATIONS

There were no deputations.

43. PUBLIC QUESTIONS

There were no public questions.

44. INTERNAL AUDIT – PROGRESS REPORT

Consideration was given to the report of the Head of Internal Audit and Risk Assurance concerning the performance of the Internal Audit Section for the nine months from 1 April to 31 December 2006 against the agreed audit plan. The position statement highlighted the workload since the last report to the Committee on 14 December 2006 and it was reported that from the results to date the target of completing forty-two reports by 31 March 2007 was achievable.

The report provided an independent internal audit opinion on the overall control environment of the areas reviewed within a brief executive summary. Members were also provided with a table of critical and essential internal audit recommendations, together with Managers comments, responsible officers and target implementation dates from the reviews undertaken this year. In addition, the Committee were provided with the important and advisory internal audit recommendations agreed with management.

In answer to Members' questions, the Financial Services Manager clarified aspects of budgetary control and capital expenditure and informed the Committee of financial awareness training that was in place and further anticipated training. The Deputy Chief Executive & Borough Treasurer advised the Committee of comments by the External Auditors on budgetary issues which the auditors considered to be robust and satisfactory. Any high risks matters would be reported to the relevant Service Board(s) of the Council.

RESOLVED: That

- (a) the performance of the Internal Audit Section from 1 April to 31 December 2006 be noted;
- (b) the independent audit opinion, by the Head of Internal Audit and Risk Assurance, on the level of assurance related to the control environment be noted; and
- (c) the schedule of the internal audit recommendations reported in both the critical and essential recommendations be noted.

45. USE OF RESOURCES - UPDATE

The Deputy Chief Executive & Borough Treasurer presented a report informing the Committee of the progress being made with the action plan for improvement of the Council's Use of Resources score. A copy of the Action Plan, which identified responsible officers, was tabled at the meeting.

Members were informed that all actions required to be completed by the end of January 2007 had proceeded satisfactorily and that work on some of the tasks due by March had already commenced.

RESOLVED: That the report of the Deputy Chief Executive & Borough Treasurer on progress being made to improve the Council's Use of Resources score be noted.

46. WORK AREAS FOR THE COMMITTEE – 2006/2007

Consideration was given to the proposed work areas for the Committee. A revised timetable of key dates and for the presentation of reports to Committee was tabled at the meeting.

The Borough Solicitor & Monitoring Officer informed Members that a draft for consultation on a revised Model Code of Conduct had recently been received and, as a consequence of the proposals, a report on Member/Officer Protocol would be presented to the Committee in April. Additionally, the CIPFA Guidance document had only recently become available and it would be necessary to work with all service units of the Council with this guidance to complete the review of Contract Standing Orders. Other areas of the work programme might also be affected by the guidance referred to in the Code of Conduct and the CIPFA documents.

RESOLVED: That, subject to the amendments highlighted by the Borough Solicitor & Monitoring Officer, the revised work programme for the Committee be approved.

47. ANY OTHER ITEMS

There were no other items for the Committee to consider under special circumstances regulations.

The meeting commenced at 6.00pm and concluded at 6.35pm

CHAIRMAN

Annual Audit and Inspection Letter

Date

Last saved: 23/03/2007 10:32:00

Annual Audit and Inspection Letter

Gosport Borough Council

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

Document Control

Author Linda Krywald/Jane Burns/Jason Foxwell

Filename GBC - Annual Audit & Inspection Letter - 23 Mar 07.doc

Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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Contents

| | |
|--|-----------|
| Our overall summary | 4 |
| Action needed by the Council | 4 |
| How is Gosport Borough Council performing? | 5 |
| The improvement since last year - our Direction of Travel report | 5 |
| Other performance work | 11 |
| Financial management and value for money | 12 |
| Conclusion | 16 |
| Availability of this letter | 16 |

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Our overall summary

- 1 This report provides an overall summary of the Audit Commission's assessment of the Council. It includes our review of how well the Council has progressed (our Direction of Travel report) and the auditor's assessment of how well the Council has managed its finances (the Use of Resources scores), and draws on the findings and conclusions from the audit of the Council. These will inform any future decision regarding the potential for a rescoring the Council's Comprehensive Performance Assessment (CPA) category.
- 2 The report is addressed to the Council, in particular it has been written for councillors, but is available as a public document for stakeholders, including members of the community served by the Council.
- 3 The main messages for the Council included in this report are:
 - The Council has made progress against its priorities over the past year, but outcomes are mixed. Some areas of performance have improved while others have deteriorated.
 - The climate of political uncertainty and lack of consensus on key decisions may impede further improvement.
 - An unqualified opinion was issued on the Council's accounts for the year ended 31 March 2006.
 - The Council has achieved a score of 2 in the appointed auditor's assessment of the Council's use of resources.

Action needed by the Council

- Address corporate governance issues to ensure improvement priorities can be delivered.
- Ensure outcomes on equalities and diversity so that Council services are accessible to all in the community.
- Continue to put in to action the potential improvements highlighted in the use of resources assessment.

How is Gosport Borough Council performing?

The improvement since last year - our Direction of Travel report

Summary

- 4 Gosport Borough Council can demonstrate progress against its priorities over the past year, but outcomes are mixed in some areas and important weaknesses in the way the Council is run at a political level may prevent continued improvement. It has been successful in meeting its planning, access to housing and community safety objectives, for example with community work in the Rowner Village. Public areas and green spaces have been improved and waste collection and recycling rates remain above average for low costs, despite not reaching government targets. The Council is working proactively with partners and government agencies for longer term plans for the borough and is currently consulting widely on community issues. It has also improved its service improvement planning and performance management system. However, the Council has made only mixed progress with health and leisure facilities and it still performs weakly on equality and diversity issues, although it has made recent progress in its internal arrangements. Failures in corporate governance are a significant weakness for the Council, and this climate of political uncertainty and weak political leadership is a major factor that may prevent improvement levels being sustained.

What evidence is there of the Council improving outcomes?

- 5 Performance indicators (PIs) show a mixed achievement of objectives. Of a number of indicators linked to the government's shared priorities, the Council has improved more than other councils between 2004/05 and 2005/06. However, only 24 per cent of these PIs are comparable with the best performing authorities nationally. The Council's own performance analysis shows that it has improved 47 per cent of all of its PIs, but got worse in 32 per cent of them. 54 per cent of BVPIs met the Council's targets in 2005/06, although 83 per cent are now on track.
- 6 In 2005 the Council agreed four strategic aims: People, Places, Prosperity and Pursuit of excellence. Progress against each of these is assessed in the following commentary.

People

- 7 The outcomes the Council aims to deliver under this theme are: fewer instances of anti-social behaviour; less crime against people and property; improved health facilities; better leisure facilities and increased usage

- 8 The Council has made significant investment in community safety initiatives although it has yet to see an improvement in related performance indicators. It has increased staff within the service and issued 26 acceptable behaviour contracts, held three crime reduction weeks and anti-social behaviour workshops for all year-10 school children. Community safety booklets have been delivered to all households and CCTV coverage has increased. A major part of this work has taken place in the deprived Rowner Village area through the Community Safety Partnership. The Council is part of the 'Peninsula project' which has contributed to 60 per cent of Gosport's most prolific offenders being in custody, and a further 30 per cent having reduced their offending behaviour. However, these results do not reflect the crime figures for 2005/06 which show little improvement from the year before although targets for 2006/07 are likely to be met. Crime figures are mixed, and the area suffers from high deprivation levels compared with most of Hampshire, which is generally below the national average. 2005/06 data shows low levels of robberies and motor vehicle thefts and high levels of burglary and sex offences. Unaudited data for the first six months of 2006/07 shows violent and vehicle crime getting worse but the amount of burglaries and robberies reducing.
- 9 The Council has made slow progress to ensure better health and leisure facilities or increased use of them. More leisure facilities have been provided, for example a new multi-use games area in Rowner, skate park facilities and resurfaced tennis courts. Events such as Rowner carnival and a waterfront festival have been held. However, there is no evidence of increased use of facilities again this year, for example at the Holbrook leisure centre. Plans for this ageing leisure centre have been proposed, although there are now political disagreements over how the centre and its land should be developed. The number of visits to the Explosion! museum within the Priddy's Hard heritage area is similar to last year, but is still low compared to others, and so there is now uncertainty about its future while the Council develops and markets the whole of the Priddy's Hard area. Because the longer-term future of these health and leisure facilities has yet to be agreed, it will be some time for improvements to be seen.

Places

- 10 The outcomes the Council aims to deliver in this theme are: improved access for the Gosport Peninsula; a high quality waterfront; a regenerated Rowner Village; improved recycling with less waste created; quality public areas and green spaces.
- 11 Some of the aims in this theme are longer term and it is too soon to see real outcomes. These projects include access and waterfront developments in the area such as Royal Clarence Yard and Priddy's Hard. For example, little improvement can be seen on congestion and access until government funding has been agreed - the Council has in the meantime continued to proactively develop relations with government agencies to ensure funding to improve access to the area. It has secured £4 million funding from the county council for highway improvements. It has also worked with SEEDA, the LSC and Fareham BC on the Daedalus redevelopment site project to ensure the skills mix for the area is correct in order to encourage economic development.

- 12 Work continues to improve community cohesion and regeneration at Rowner Village. The Council has worked with national and government agencies to ensure funding to regenerate the whole area in the longer term. In the meantime, extra funding has been agreed for its access centre, a regeneration project coordinator has been appointed and the area has been enlarged to ensure more new homes can be developed within it. The Surestart Rowner children's centre continues to expand, with a survey in October 2005 showing that a 10 per cent reduction in women smoking during pregnancy had been achieved. Partnership working has enabled many crime reduction initiatives to go ahead, with higher visibility of community safety staff, a Rowner carnival and an education programme through visiting schools.
- 13 The Council has improved its public areas and green spaces and invested in initiatives which have shown a recent improvement in street cleanliness. Areas including the waterfront have been enhanced with new street furniture and extra cleaning. The Council has promoted a new street scene telephone number to report incidents and a new graffiti cleaning hotspot system is in place. Team restructuring and a new enforcement team has led to increased public education including beach safety and cleanliness events and competitions to enhance the environment. It has also introduced a new system of on-the-spot fines for littering. However, street cleanliness rates were poor with 21 per cent of land below standard in 2005/06. Unaudited figures for the last six months have shown a significant improvement down to only 9.4 per cent as of December 2006 although grass cutting remains a problem. The Council has renewed its green flag award for the third year running, and received one of five 'green heritage site' awards in southern England. Environmental health also gained a charter mark for good customer service this year. Overall the Council can demonstrate it has had a positive impact on the appearance of the borough.
- 14 The Council's waste management is fair and further improvements are planned. Recycling remains behind target: the rate increased by only one per cent to 22.4 per cent in 2005/06, mainly due to high contamination rates. This is short of the government target to reach 27 per cent by 2007/08, but is still above the average recycling rates compared to others. The amount of waste collected per person has risen but is well within best quartile performance, and costs remain comparatively low at only £37.45 per head of population. Glass collection and an education programme are planned for this year to increase recycling rates and address contamination of recyclables.
- 15 The Council's planning service has improved significantly again this year. Planning times for major, minor and other applications have improved and are all comparable with the best 25 per cent of performers, as well as being a low-cost service.

Prosperity

- 16 Outcomes for this theme are: improved social inclusion; better access to decent housing; improved promotion of tourism opportunities; a knowledge and skills base that matches the need of local businesses; and increased investment in Gosport's economy.

- 17 The Council has continued to improve social inclusion and access to housing through projects in Rowner as already mentioned. In addition, the Council has provided a new homeless hostel which has reduced reliance on bed and breakfast, as well as facilitating a community development worker in another deprived area of the borough. Better access to decent housing has been enabled by a new choice-based letting scheme, and both the regeneration of non-decent homes and the energy efficiency of council homes have increased for the third year in a row and with figures comparable with the best 25 per cent of councils.
- 18 Performance on processing benefits is mixed. The Council was comparable with the worst 25 per cent of authorities for its accuracy of claims in 2004/5 and 2005/6, although last year saw a slight improvement. However, this has been at the expense of the time taken to process changes of circumstance which has almost doubled, placing the Council amongst the lowest performers. The time taken to process new benefits claims has decreased slightly and shows above average performance.
- 19 The Council has invested in increasing the skill levels of the community, although there is still further work to be done to secure outcomes. Funding has been invested through the local strategic partnership (LSP) in an educational project to improve the skills of Gosport residents; two people have been appointed as part of this multi-agency project. Funding has also been secured to increase provision for looked after children and teenage parents, for example by providing online learning opportunities in disadvantaged communities. Other achievements include holding business training events and setting up a one-stop-shop for business advice. Tourism work has been limited, although a new tourism website has been launched and the area has received bathing water quality awards for both its beaches. Overall, the Council can demonstrate that it is working to improve the prosperity of the borough, but will need to ensure continued focus over a period of time to achieve its outcomes.

Pursuit of Excellence

- 20 The Council aims to improve performance management and customer service, ensure trained, motivated staff and promote more efficient and effective decision making.
- 21 The Council's involvement in promoting the local community partnership (LSP) has been instrumental in contributing towards wider community outcomes. For example, a youth festival and events were held during the summer. The Council is now playing a major role in promoting the new community strategy, due to be launched in March 2007, with a series of consultative 'vision fairs' being held at the same time as the local development framework consultation process. A clear consultation pack has been produced and a local access groups have had input into improving methods of gathering people's views. Youth consultation work has also been carried out. Partner involvement is also effective: for example, work with the police on community safety initiatives at the Rowner Village.

- 22 The Council has made some progress in its arrangements to meet the needs of harder to reach groups, although much of this work has been internal. It has completed a disability impact assessment and equality scheme, set up an equalities working group, and hired consultants to carry out surveys and access questionnaires with black and minority ethnic (BME) people to inform service planning and its race equality impact assessment. The Council has also started to monitor the number of females, disabled and BME job applicants short-listed for interview; data for the last six months suggests these harder to reach groups are not being disadvantaged. Satisfaction rates with the Council by disabled people are similar to others, suggesting they do not feel disadvantaged with council services.
- 23 However, there has been little improvement with equality and diversity indicators, particularly for black and minority ethnic (BME) people. The Council's progress in meeting the duty to promote race equality has risen from 37 per cent to 42 per cent in 2005/06 although this is still comparable with the worst performing districts, and the percentages of women and ethnic employees and their representation in the top five per cent of earners remain below average. The Council is only at Level One of the Equality Standard for Local Government¹, which compares with the worst 50 per cent of councils. Some Gosport councillors do not see increasing the level of the equality standard as a priority, and the target to reach level two is not until 2007/08. Level One is about beginning to put a system in place and it is not until higher levels are achieved (3 and above) that people will notice a real difference in how the Council address equality and diversity.
- 24 Access to council buildings for people with a disability is still poor, although work has been carried out with local groups to make some improvements, and the Council has worked hard to improve the deprived Rowner Village. Most staff have had equalities training but councillors have not, and there are planned disability awareness sessions for the whole council over the next few months to ensure they are better informed. Overall, although there is work behind the scenes, this has not yet resulted in improved outcomes for harder to reach groups.
- 25 The Council achieves reasonable value for money. Compared to its nearest neighbours, Gosport BC spends below average. Areas of higher spending such as transport, environmental health and parks generally align to good performance. The Council is a low spender on its planning service but achieves good results; this is also the case with recent waste collection and street cleaning performance.

¹ This standard has 5 levels and provides a common approach for dealing with equality for race, gender and disability. All councils should be working towards Level 5 as soon as practicable.

How much progress is being made to implement improvement plans to sustain future improvement?

- 26 Progress has been made in ensuring plans are fit for the future. The Council has improved its service improvement planning and performance management system. These improvements include the introduction of an extra member of staff; a revised performance management framework; new performance indicator (PI) software; and service improvement plan guidance, aiming to result in savings, smarter targets, better satisfaction and service. Quarterly PI information has now been in place for a year, and the Council has adopted a set of new corporate 'wellness' indicators, such as close monitoring of telephone calls and complaints. Further work has been done to demonstrate a clear link between the community plan and corporate plan through to service improvement plans. There is an improved service efficiency review programme.
- 27 Capacity is being enhanced. Internally, staff restructuring has led to a more stream-lined council, the new Investors in People standard has been reached and staff satisfaction has risen to 65 per cent. A workforce development plan has also been published after delays last year. Partnership arrangements work well, such as a more streamlined LSP with fewer partners and targets, joint working with Fareham BC on building control, and the Council has been able to engage government agencies to ensure the development of the borough. The Council has made effective use of consultants, for example by carrying out BME research. A recent communications audit has also recommended that the Council undertakes support and development for councillors to enable them to represent their party and Gosport effectively. Financial management arrangements have also improved since last year and financial standing remains good.
- 28 Uncertainties about political leadership are having an adverse impact on the Council's ability to improve. The leading political party resigned in December 2006, due to conflict over the re-introduction of free short-term car parking which was voted in by the two opposition parties. After a short period without leadership of the council, one of the minority groups has taken leadership and chairmanship of committees. However the difficulties of reaching consensus on key decisions, for example on the future of the leisure centre, have already had an impact on improvement, and are likely to have implications for the future. Although the budget has been balanced for this year, there are longer term difficult financial decisions to be made, due in part to the recent loss of car parking income, which could result in the Council's finances falling below reserve levels. This climate of political uncertainty and weak leadership is a major factor that may prevent improvement levels being sustained.

Other performance work

- 29 The Hampshire Local Area Agreement (LAA) is progressing well with good engagement and cooperation from all partners. The LAA has eight clear priority outcomes and four 'flagship' initiatives each detailed in a shared three-year LAA Action Plan (April 2006 to April 2009). Steering groups to oversee the development of each project are now in place and the first six monthly (April to Sep 2006) performance LAA report and a prioritised action plan was produced and shared with partners and GOSE in November 2006. It is too early to draw conclusions on the progress except for some targets which are well established. The LAA will be subject to an annual refresh with GOSE to take effect from April 2007. The partners are taking this opportunity to assess performance and revisit some targets.

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Financial management and value for money

- 30 Mazars LLP, as your appointed auditors, have reported separately to the Standards & Governance Committee on 14 September 2006 on the issues arising from the 2005/06 audit and have provided:
- an unqualified opinion on your accounts;
 - a conclusion on your VFM arrangements to say that these arrangements are adequate except for the failure to put in place arrangements for the management of the Council's asset base; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.
- 31 The findings of the auditor are an important component of our understanding of a Council. In particular, the Use of Resources score is derived from the assessments made by the auditor in the following areas:
- Financial Reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support council priorities).
 - Financial Standing (including the strength of the Council's financial position).
 - Internal Control (including how effectively the Council maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Council balances the costs and quality of its services).
- 32 We have updated our assessment of the Council's arrangements for use of resources in these five areas as follows, based on an assessment carried out in early 2007.

Table 1 Use of Resources assessment 2006/07

| Element | 2005/06 Assessment | 2006/07 Assessment |
|--|---------------------------|---------------------------|
| Financial reporting | 1 out of 4 | 3 out of 4 |
| Financial management | 1 out of 4 | 2 out of 4 |
| Financial standing | 3 out of 4 | 3 out of 4 |
| Internal control | 2 out of 4 | 2 out of 4 |
| Value for money | 2 out of 4 | 2 out of 4 |
| Overall assessment of the Audit Commission | 2 out of 4 | 2 out of 4 |

(Note: 1=lowest, 4=highest)

- 33 A summary of findings and conclusions by theme is set out in table 2.

Table 2 Summary of findings and conclusions by theme

| |
|---|
| <p>Financial reporting</p> <p>Theme score: 3</p> <p>The accounts for the year ended 31 March 2006 were prepared in accordance with statutory requirements and timetables and complied with relevant accounting and reporting standards. Some amendments were required to the draft accounts presented for audit, but none of these were material in nature.</p> <p>There is scope for some further improvement in the quality of working papers prepared to support the statement of accounts and consideration should be given to the production of summary accounts or an annual report.</p> |
| <p>Financial management</p> <p>Theme score: 2</p> <p>The Council have introduced a medium term financial strategy (MTFS) which is linked to key strategic objectives and takes account of improvement priorities. Further improvement could be made to the MTFS by linking it to other internal strategies and ensuring it is communicated to all staff and relevant stakeholders.</p> <p>The Council are in the process of drafting a corporate business plan. This should project forward at least three years and take account of various matters including stakeholder/partner consultation, capital investment plans and expected developments in services.</p> <p>Sound budgetary arrangements are in place. There is effective performance monitoring and action is taken on a timely basis to address any issues that arise.</p> <p>The Council does not have an up to date corporate capital strategy or asset management plan. Since last year, the Council has engaged a consultant to advise on these areas and an updated capital strategy is to be presented to the Policy & Organisation Board meeting in the near future.</p> |
| <p>Financial standing</p> <p>Theme score: 3</p> <p>The Council sets a balanced budget that takes account of cost pressures and the impact on council tax. Spending has been consistently maintained within budget without significant under or overspends. The Council's policy for reserves and</p> |

balances is subject to regular review based on an understanding of needs and risks, and is properly and clearly reported to members.

The Council has introduced targets for housing income collection and recovery of arrears and producing monitoring information evaluating the effectiveness of recovery actions. There is further scope to introduce this in other areas of the Council's work.

Internal control

Theme score: 2

Officers have worked hard over the last year to embed risk management in to the Council's operations and activities. The risk management strategy is currently being updated and will be taken to the Standards and Governance Committee on 23 April 2007 for discussion and approval. Risk registers and profiles are now in place and available to all staff on the Council's intranet. The Council must now ensure that the new policies and procedures are embedded and regularly reviewed and updated.

Member training in risk management has not yet been introduced.

The assurance framework is being finalised and will be taken to the Standards and Governance Committee on 23 April 2007 for discussion and approval. Heads of Service will be signing off assurance compliance statements for the year ended 31 March 2007 and annually thereafter.

The Council continues to maintain sound arrangements for promoting and ensuring probity and propriety in the conduct of business and a strong anti-fraud culture. However, the Council should undertake an assessment of standards of conduct, including how effectively Members are complying with the code of conduct, the number and types of complaints received and take action as appropriate.

The anti-fraud and corruption policy and the whistleblowing policy are currently being updated and will also be taken to the Standards and Governance Committee on 23 April 2007 for discussion and approval.

Value for money

Theme score: 2

The Council is performing well, whilst keeping costs at a reasonable level. As noted in the direction of travel report, the Council's proportion of performance indicators (PIs) in the upper quartile (24%) is relatively low compared to other district councils although the number of PIs that have improved since 2004/05, at 59% is comparable with the all-district average of 61%.

Until recently, little action had been taken to address areas of low customer satisfaction (e.g. leisure and recreation services). However, the Council is beginning to address the issues identified. The future of the leisure centre remains a key area for action.

Considerable efforts have been made to benchmark against other authorities. The attitude towards performance management at service level has improved especially as a result of the ongoing progress reports on the use of resources assessment.

There is a comprehensive procurement strategy in place although no real achievements can be demonstrated against this to date.

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Conclusion

- 34 This letter has been discussed and agreed with Ian Lycett. A copy of the letter will be presented at the Standards and Governance Committee on 23rd April 2007.
- 35 The Council has taken a positive and constructive approach to our audit and inspection and I would like to take this opportunity to express my appreciation for the council's assistance and co-operation.

Availability of this letter

- 36 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the council's website.

Linda Krywald
Relationship Manager

DRAFT

Audit and Inspection Plan

Date

Last saved: 16/03/2007 12:37:00

Audit and Inspection Plan

Gosport Borough Council

Audit 2007/08

- Audit Commission descriptor to be inserted by Publishing-

Document Control

Author Mazars/Audit Commission

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Copies of this report

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Contents

| | |
|--|-----------|
| Introduction | 4 |
| Responsibilities | 4 |
| CPA and Inspection | 5 |
| Work under the Code of Audit Practice | 6 |
| Financial statements | 6 |
| Use of resources | 6 |
| Data quality | 7 |
| Best Value Performance Plan | 8 |
| Assessing risks | 9 |
| Work specified by the Audit Commission | 10 |
| Whole of government accounts (WGA) | 10 |
| Voluntary improvement work | 11 |
| Certification of grant claims and returns | 12 |
| The audit and inspection fee | 13 |
| Other information | 14 |
| The audit and inspection team | 14 |
| Independence and objectivity | 14 |
| Quality of service | 15 |
| Planned outputs | 15 |
| Appendix 1 – Audit and inspection fee | 16 |
| Assumptions | 17 |
| Process for agreeing any changes in audit fees | 18 |
| Appendix 2 – Independence and objectivity | 19 |

Introduction

- 1 This plan has been developed by the Relationship Manager and the Appointed Auditors (Mazars LLP). It sets out the audit and inspection work that we propose to undertake for the 2007/08 financial year. The plan is based on the Audit Commission's risk-based approach to audit and inspection planning. It reflects:
 - audit and inspection work specified by the Audit Commission for 2007/08;
 - current national risks relevant to your local circumstances; and
 - your local risks and improvement priorities.
- 2 Your Relationship Manager will continue to help ensure further integration and co-ordination with the work of other inspectorates.
- 3 As your auditors have not yet completed their audit for 2006/07, the audit planning process for 2007/08, including the risk assessment, will continue as the year progresses, and the information and fees in this plan will be kept under review and updated as necessary.

Responsibilities

- 4 We comply with the statutory requirements governing our audit and inspection work, in particular:
 - the Audit Commission Act 1998;
 - the Local Government Act 1999 (best value inspection and audit); and
 - the Code of Audit Practice.
- 5 The Code of Audit Practice (the Code) defines auditors' responsibilities in relation to:
 - the financial statements (including the statement on internal control (SIC)); and
 - the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 6 The Audit Commission's Statement of Responsibilities of auditors and of audited bodies sets out the respective responsibilities of the auditors and the Council. The Audit Commission has issued a copy of the Statement to every audited body.
- 7 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end, and your auditors' work is undertaken in the context of these responsibilities.

CPA and Inspection

- 8 The Audit Commission's CPA and inspection activity is underpinned by the principle of targeting our work where it will have the greatest effect, based upon assessments of risk and performance. The Council's CPA category is therefore a key driver in the Commission's inspection planning process. In the assessment published in 2004, the Council was categorised as good.
- 9 We have applied the principles set out in the CPA framework, *CPA – district council framework from 2006*, recognising the key strengths and areas for improvement in the Council's performance.
- 10 Strengths in the Council's performance include:
- successfully meeting its planning, access to housing and community safety objectives;
 - improved public areas and green spaces and waste collection with above average recycling rates.
- 11 Areas for improvement in the Council's performance include:
- The climate of political uncertainty and lack of consensus on key decisions may impede further improvement. The Council should address corporate governance issues to ensure improvement priorities can be delivered.
 - Although the Council has made some progress in its arrangements to meet the needs of harder to reach groups, it needs to ensure that there are real outcomes in terms of improving access to services for all in the community.
- 12 On the basis of our planning process we have identified where our inspection activity will be focused for 2007/08 as follows.

Table 1 Summary of inspection activity

| Inspection activity | Reason/impact |
|--------------------------------------|--|
| Relationship Manager (RM) role | To act as the Commission's primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders. |
| Direction of travel (DoT) assessment | An annual assessment, carried out by the RM, of how well the Council is securing continuous improvement. The DoT statement will be reported in the annual audit and inspection letter. The DoT assessment summary will be published on the Commission's website. |

Work under the Code of Audit Practice

Financial statements

- 13 We (Mazars LLP) have been appointed by the Audit Commission as the Council's external auditors. We will carry out our audit of the Council's financial statements for the year to 31 March 2008 in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.
- 14 We are required to issue an opinion on whether the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Council as at 31 March 2008 and its income and expenditure for the year.
- 15 We are also required to review whether the Statement on Internal Control (SIC) has been presented in accordance with relevant requirements, and to report if it does not meet these requirements or if the SIC is misleading or inconsistent with our knowledge of the Council.

Use of resources

Value for money conclusion

- 16 The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion. The Code also requires auditors to have regard to a standard set of relevant criteria, issued by the Audit Commission, in arriving at their conclusion.
- 17 In meeting this responsibility, we will review evidence that is relevant to the Council's corporate performance management and financial management arrangements. Where relevant work has been undertaken by other regulators we will normally place reliance on their reported results to inform our work.
- 18 We will also follow up our work from previous years to assess progress in implementing agreed recommendations.

Use of resources assessment

- 19 In addition to the Code requirements, the Audit Commission has specified that auditors will complete a use of resources assessment for 2007/08. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services.
- 20 The work required to arrive at the use of resources assessment is fully aligned with that required to arrive at the auditors' value for money conclusion.

- 21 We will arrive at a score of 1 to 4, based on underlying key lines of enquiry, for each of the following themes:

| Theme | Description |
|----------------------|---|
| Financial reporting | <ul style="list-style-type: none"> • preparation of financial statements • external reporting |
| Financial management | <ul style="list-style-type: none"> • medium-term financial strategy • budget monitoring • asset management |
| Financial standing | <ul style="list-style-type: none"> • managing spending within available resources |
| Internal control | <ul style="list-style-type: none"> • risk management • system of internal control • probity and propriety |
| Value for money | <ul style="list-style-type: none"> • achieving value for money • managing and improving value for money |

- 22 We will report details of the scores and judgements made to the Council. The scores will be accompanied, where appropriate, by recommendations of action required by the Council to improve its services.

Data quality

- 23 The Audit Commission has specified that auditors will be required to undertake audit work in relation to data quality. This is based on a three-stage approach covering:
- Stage 1 - management arrangements;
 - Stage 2 - completeness check; and
 - Stage 3 - risk-based data quality spot checks of a sample of performance indicators.
- 24 The work at stage 1 will link to our review of the Council's arrangements to secure data quality as required for our value for money conclusion and, together with the results of stage 2, will inform the risk assessment for the detailed spot check work to be undertaken at stage 3.

- 25 Our fee estimate reflects an assessment of risk in relation to the Council's performance indicators. This risk assessment may change depending on our assessment of your overall management arrangements at stage 1 and we will update our plan accordingly, including any impact on the fee.

Best Value Performance Plan

- 26 We are required to report on whether or not you have complied with legislation and statutory guidance in respect of the preparation and publication of your Best Value Performance Plan.

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Assessing risks

- 27 The Audit Commission is committed to targeting its work where it will have the greatest effect, based upon assessments of risk and performance. This means planning our audit work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees. It also means making sure that our work is co-ordinated with the work of other regulators, and that our work helps you to improve.
- 28 Our risk assessment process starts with the identification of the significant financial and operational risks applying at the Council with reference to:
- our cumulative knowledge of the Council;
 - planning guidance issued by the Audit Commission;
 - the specific results of previous and ongoing audit work;
 - interviews with Council officers;
 - liaison with internal audit; and
 - the results of other review agencies' work where relevant.
- 29 We have not included a risk assessment for our audit of the financial statements as many of the specific risks may not become apparent until after we have completed our 2006/07 audit. We will issue a separate opinion audit plan for our audit of the financial statements in November 2007. At this stage we are aware of the following risks that are likely to impact on our audit of the financial statements:
- The CIPFA/LASAAC Joint Committee is proposing a range of changes to the Statement of Recommended Practice (SORP) in 2007 which will take effect for the accounts for the year ending 31 March 2008. There is a risk that changes to the SORP will not be properly accounted for. The changes under consideration include:
 - Creating a Revaluation Reserve to replace the existing Fixed Asset Restatement Account;
 - Changes to accounting for Local Government Grants; and
 - Accounting for Local Area Agreements.
- 30 For each of the significant risks identified in relation to our use of resources work, we consider the arrangements put in place by the Council to mitigate the risk, and plan our work accordingly.
- 31 Our risk assessment for the use of resources work will be prepared and updated through our continuous planning process as the year progresses.

Work specified by the Audit Commission

Whole of government accounts (WGA)

- 32 We will be required to review and report on your WGA consolidation pack in accordance with the approach agreed with HM Treasury and the National Audit Office which is proportionate to risk.

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Voluntary improvement work

- 33 Under section 35 of the Audit Commission Act 1998, the Commission may undertake voluntary improvement work at the request of the audited body.
- 34 Where the Council requests additional work to help with the improvement agenda, we will be happy to discuss detailed proposals. The fee for this work will be agreed separately.

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Certification of grant claims and returns

35 There will be a separate fee for the certification of grant claims and returns. The work will be undertaken in accordance with the Audit Commission's revised arrangements, introduced in 2003/04 and revised in 2006/07, which require that:

- claims below £100,000 will not be subject to certification;
- claims between £100,000 and £500,000 will be subject to a reduced, light-touch certification; and
- claims over £500,000 will be subject to a certification approach relevant to the auditor's assessment of the control environment and management preparation of claims. A robust control environment would lead to a reduced certification approach for these claims.

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The audit and inspection fee

- 36 The details of the structure of fee scales are set out in the Audit Commission's work programme and fee scales 2007/08. Fee scales are based on a number of variables, including the type, size and location of the audited body.
- 37 The total indicative fee for audit and inspection work included in this audit and inspection plan for 2007/08 is £106,060 which compares with the fee of £106,438 for 2006/07.
- 38 Further details are provided in Appendix 1 which includes a breakdown of the fee; specific audit risk factors; the assumptions made when determining the audit fee, for example, the timeliness and quality of draft accounts presented for audit and the supporting working papers; and the process for agreeing any changes to the fee. The fee includes all work identified in this plan unless specifically excluded.
- 39 In addition we estimate that we will charge approximately £32,000 for the certification of claims and returns although the exact fee will depend on the number and the monetary value/complexity of claims in the year.
- 40 As indicated in paragraphs 3 and 31, the audit planning process will continue as the year progresses and it is likely that there will be some changes to our planned work and hence to the indicative fee quoted in paragraph 37 above. Any changes to the fee will be agreed with you.

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Other information

The audit and inspection team

- 41 The key members of the audit and inspection team for the 2007/08 audit are shown in the table below.

Table 2

| Name | Contact details | Responsibilities |
|---|---|--|
| Linda Krywald Relationship Manager | l-krywald@audit-commission.gov.uk 0844 798 4624 or 07810 156931 | The primary point of contact with the authority and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders. |
| Mike Attenborough-Cox Audit Engagement Lead | mike.attenborough-cox@mazars.co.uk 02380 232428 or 07968 946324 | Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive and Audit Committee. |
| Jason Foxwell Audit Manager | jason.foxwell@mazars.co.uk 02380 232428 or 07795 622985 | Manages and co-ordinates the different elements of the audit and use of resources work. Key point of contact for the Deputy Chief Executive, Head of Accountancy and Head of Internal Audit. |

Independence and objectivity

- 42 We are not aware of any relationships that may affect the independence and objectivity of the Appointed Auditor's staff, which we are required by auditing and ethical standards to communicate to you.
- 43 We comply with the ethical standards issued by the Auditing Practices Board and with the Commission's requirements in respect of independence and objectivity as summarised at Appendix 2.

Quality of service

- 44 The nature and scope of the audit are governed by the Code and by the Audit Commission's "Standing Guidance to Auditors". Our work will be performed in accordance with these requirements. If you have any questions or complaints relating to our audit work, the Audit Commission encourages you to contact us in the first instance. Please put your concerns in writing to Mike Attenborough-Cox, Mazars LLP, Regency House, 3 Grosvenor Square, Southampton, SO15 2BE.
- 45 If you are not satisfied with our response, or if you have a question or complaint in connection with the inspection work carried out, you have the right to raise matters directly with the Audit Commission. The person to contact is the Complaints Investigation Officer, Audit Commission, 1st Floor, Millbank Tower, Millbank, London, SW1P 4HQ.
- 46 The complaints procedure is set out in the leaflet *Something to Complain About* which is available from the Commission's website or on request.

Planned outputs

- 47 Our reports will be discussed and agreed with the appropriate officers before being issued to the Overview and Scrutiny Committee (sitting as the Audit Committee).

Table 3

| Planned output | Indicative date |
|--|-----------------|
| Opinion audit plan | November 2007 |
| Data quality report | TBC |
| Interim audit memorandum (officers only) | June 2008 |
| Annual governance report | September 2008 |
| Opinion on the financial statements and value for money conclusion | September 2008 |
| Final accounts memorandum (officers only) | October 2008 |
| Direction of travel report | March 2008 |
| Annual audit and inspection letter | March 2008 |
| BVPP report | December 2008 |

Appendix 1 – Audit and inspection fee

- 1 Table 4 provides details of the planned audit and inspection fee for 2007/08 with a comparison to the fee for 2006/07.

Table 4

| Audit area | Planned fee 2007/08 £ | Actual fee 2006/07 £ |
|---|--------------------------------------|-------------------------------------|
| Audit | | |
| Financial statements | 58,750 | 59,600 |
| Use of resources (including BVPP) | 33,950 | 38,500 |
| Data quality | 4,470 | Included above |
| Whole of government accounts | 2,400 | 2,500 ** |
| Total audit fee | 99,570 | 100,600 |
| Inspection | | |
| Relationship management / Direction of Travel | 6,490 | 5,838 |
| Service inspection | | 0 |
| Corporate inspection | 0 | 0 |
| Total inspection fee | 6,490 | 5,838 |
| Total audit and inspection fee | 106,060 | 106,438 |

** As reported in the 2006/07 Audit and Inspection Plan, we are required to undertake work in relation to Whole of Government accounts. The additional cost of this work for 2006/07 is £2,500.

- 2 The Audit Commission scale fee (for audit fee element only) for Gosport Borough Council is £99,570. The fee proposed for 2007/08 is in line with this scale fee.
- 3 The Audit Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work is required than envisaged by the scale fee. The Audit Commission may, therefore, adjust the scale fee to reflect the actual work that needs to be carried out to meet the auditor's statutory responsibilities, on the basis of the auditor's assessment of risk and complexity at a particular body.

- 4 It is a matter for the auditor to determine the work necessary to complete the audit and, subject to approval by the Audit Commission, to seek to agree an appropriate variation to the scale fee with the Council. The Audit Commission expects normally to vary the scale fee by no more than 30 per cent (upwards or downwards). This fee then becomes payable.
- 5 The audit fee (plus VAT) will be charged in quarterly instalments from September 2007 to June 2008.
- 6 The fee above includes all work contained in this plan except the certification of grant claims and returns as described in paragraph 40.

Assumptions

- 7 In setting the fee, we have assumed that:
 - the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2006/07;
 - you will inform us of significant developments impacting on our audit;
 - internal audit meets the appropriate professional standards;
 - internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
 - good quality working papers and records will be provided to support the financial statements by a deadline to be mutually agreed;
 - requested information will be provided within agreed timescales;
 - prompt responses will be provided to draft reports (within two weeks); and
 - additional work will not be required to address questions or objections raised by local government electors.
- 8 Where these assumptions are not met, we will be required to undertake additional work which is likely to result in an increased audit fee. The fee for the audit of the financial statements will be revisited when we issue the opinion audit plan.
- 9 Changes to the plan will be agreed with you. These may be required if:
 - new residual audit risks emerge;
 - additional work is required of us by the Audit Commission or other regulators; and/or
 - additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

Process for agreeing any changes in audit fees

- 10 If we need to make any significant amendments to the audit fee during the course of this plan, we will firstly discuss this with the Chief Executive and Deputy Chief Executive. We will then prepare a report outlining the reasons why the fee needs to change for discussion with the Standards and Governance Committee.

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Appendix 2 – Independence and objectivity

- 11 Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of their appointment. When auditing the financial statements auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).
- 12 The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.
- 13 International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:
 - discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
 - confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.
- 14 The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the Overview & Scrutiny Committee (sitting as the Audit Committee). The auditor reserves the right, however, to communicate directly with the Council on matters which are considered to be of sufficient importance.
- 15 The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

16 The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows:

- appointed auditors should not perform additional work for an audited body (i.e. work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the audit plan as being 'additional work' and charged for separately from the normal audit fee;
- auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission;
- the Audit Engagement Lead responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years;
- the Audit Engagement Lead and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body; and
- the Audit Engagement Lead and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.



AGENDA ITEM NO. 7

| | |
|-------------------------|---|
| Board/Committee: | STANDARDS & GOVERNANCE COMMITTEE |
| Date of Meeting: | 23 APRIL 2007 |
| Title: | USE OF RESOURCES - UPDATE |
| Author: | DEPUTY CHIEF EXECUTIVE & BOROUGH TREASURER |
| Status: | FOR INFORMATION |

Purpose

To inform the Committee of the progress being made with the action plan for improvement of the Council's Use of Resources score.

Recommendation

It is recommended that the report be noted.

1 Background

- 1.1 The Council achieved an overall score of 2 in the 2005 assessment.
- 1.2 It is our intention to achieve 3 in the medium term.
- 1.3 The Committee received a presentation on this and expressed a wish to be kept informed of progress.

2 Report

- 2.1 The assessment for 2006 is reported by the Council's auditors elsewhere on the agenda and is a significant improvement at a "strong 2". It is anticipated that a score of 3 might be achieved in 2007.
- 2.2 At the time of producing this report, most actions required to be completed by the end of March 2007 are proceeding satisfactorily and this is reflected in the attached update of the action plan. Comments in red on the plan reflect areas where actions have not been completed on time and, in most cases, where it is appropriate to revise deadlines.

3 Risk Assessment

- 3.1 The principal direct risk resulting from failure to improve would be to reputation (CPA status etc). However, there could be financial risks associated with failure to improve financial awareness, financial management and financial systems documentation. These cannot be

specifically quantified but are considered in the Council's Statement of Internal Control.

4 Conclusion

- 4.1 Satisfactory progress continues to be made with the action plan to improve the Council's Use of Resources score.

| | |
|---|-----------------------------------|
| Financial Services comments: | No direct financial implications. |
| Legal Services comments: | None. |
| Service Improvement Plan implications: | SIP actions all on course. |
| Corporate Plan: | Pursuit of Excellence priority. |
| Risk Assessment: | See para. 3. |
| Background papers: | None |
| Appendices/Enclosures: | |
| Appendix 'A' | Use of Resources Action Plan |
| | |
| Report author/ Lead Officer: | Peter Wilson x5301 |

USE OF RESOURCES – ACTION PLAN

| <u>REF.</u> | <u>ACTION</u> | <u>DUE</u> | <u>Officer</u> | <u>NOTES</u> |
|--------------------|---|-------------------|-----------------------|--|
| 1 | Incorporate into general Financial Awareness Training the following areas: | | | |
| 1a | Internal Audit | Jan'07 | CD | COMPLETED |
| 1b | Balanced budget concept | Jan'07 | PW | COMPLETED |
| 1c | Medium Term Financial Strategy | Jan'07 | JB | COMPLETED |
| 1d | Procurement and Value for Money | Jan'07 | CD | COMPLETED |
| 1e | Other specialist services | Jan'07 | PW | COMPLETED |
| 2 | Provide awareness training and documentation covering: | | | |
| 2a | Outside bodies and partnerships | Jun'07 | LE | |
| 2b | Budget Management | Jun'07 | JB | |
| 2c | Ethics | Aug'07 | LE | |
| 2d | Project Management | Aug'07 | DE | |
| 2e | Financial Information System | Aug'07 | JN | |
| 2f | Risk Management | Aug'07 | CD | |
| 3 | Publicise: | | | |
| 3a | Medium Term Financial Strategy and seek comment | Mar'07 | JB | Imminent – with Final Accounts |
| 3b | Value for Money | Mar'07 | JB | Imminent – with Final Accounts |
| 3c | Summary accounts | Oct'07 | JN | |
| 3d | Anti Fraud & Corruption Policy | Mar'07 | CD | Standards & Governance Apr'07 |
| 3e | Finance Head of Profession requirements and qualification levels | Mar'07 | PW | COMPLETED |
| 4 | Review the performance and governance arrangements of key partnerships | Mar'07 | PW | Partnerships identified, process will not complete until at least Jun'07 |

USE OF RESOURCES – ACTION PLAN

| <u>REF.</u> | <u>ACTION</u> | <u>DUE</u> | <u>R.O</u> | <u>NOTES</u> |
|-------------|---|------------|------------|---|
| 5 | Update and issue: | | | |
| 5a | Capital Strategy | Dec'06 | JB | COMPLETED |
| 5b | Medium Term Financial Strategy | Dec'06 | JB | COMPLETED |
| 6 | Develop an Assurance Framework | Dec'06 | CD | Standards & Governance Apr'07 |
| 7 | Review the Councils Business Continuity Plan | Mar'07 | KL | Consultants currently carrying out this work |
| 8 | Risk Management: | | | |
| 8a | Review and adopt strategy | Mar'07 | CD | Standards & Governance Apr'07 |
| 8b | Identify significant partnership risks and obtain assurances | Mar'07 | CD | Deferred to Jul'07 – to be informed by Final Accounts process |
| 8c | Arrange training for Standards & Governance Committee | Mar'07 | CD | Jun'07 – to be trialled on Management Team first |
| 9 | Asset Base Management (Including links to Housing assets): | | | |
| 9a | Update Asset Management Plan | Mar'07 | MP | Standards & Governance Apr'07 |
| 9b | Update & improve asset register | Mar'07 | JN | Ongoing (SORP 2007 etc). Now Mar'08. (Initial work completed on time) |
| 9c | Improve reporting re: land and buildings portfolio | Jun'07 | MP | |
| 9d | Assess maintenance backlog and plan to address | Jan'07 | MP | COMPLETED |
| 9e | Prepare an annual maintenance plan based on rolling survey programme | Mar'07 | MP | New data imminent – will feed 8/9 budget process |
| 9f | Prioritise schemes within the capital programme | Jan'07 | JB | COMPLETED |
| 9g | Develop local performance indicators to evaluate asset use re: corporate objectives | Jun'07 | MP | |
| 9h | Adopt a whole life costing approach to investment and disposal decision where appropriate | Jun'07 | JN | |

Officer key: CD=Chris Davis, PW=Peter Wilson, JB=Julian Bowcher, LE=Linda Edwards, DE=David Eland, JN=John Norman, KL=Ken Lucking, MP=Mark Pam

AGENDA ITEM NO. 8

| | |
|-------------------------|---|
| Committee: | Standards and Governance |
| Date of Meeting: | 23 April 2007 |
| Title: | Asset Management Plan |
| Author: | Development Services Manager |
| Status: | For recommendation to the Policy and Organisation Board |

Purpose

The Committee is invited to consider the attached Asset Management Plan with a view to commenting on its content prior to the Plan being submitted to Overview and Scrutiny and the Policy and Organisation Board for adoption.

Recommendation

- For consideration and comment by the Committee prior to the Asset Management Plan being submitted to Overview and Scrutiny and the Policy & Organisation Board for adoption.

1 Background

- 1.1 The 2007 Asset Management Plan (AMP) replaces the 2002 AMP
- 1.2 An updated AMP is required to satisfy the Government's Key Lines of Enquiry with regard to the Use of Resources under the heading of Asset Base Management.
- 1.3 The purpose of the AMP is to optimise the use of assets in terms of service delivery and financial return. It is therefore a key contribution to the successful delivery of the Council's Corporate Plan.

2 Report

- 2.1 The Committee is requested to consider the draft AMP attached as an Appendix to this report. The Members are invited to consider the benefits of a detailed presentation, by the Head of Property Services, of both the AMP and the Asset Review Process for the Committee's meeting on 19 July 2007.

Human Rights – There are no relevant issues.

Race and Equal Opportunities – There are no relevant issues

Sustainability – Where relevant these issues have been addressed

Prevention of crime and disorder - There are no relevant issues.

Ensure financial implications for 3 years and legal powers are addressed - Where relevant these issues have been addressed

3 Risk Assessment

- 3.1 The only risks identified are those associated with not implementing those actions, identified in the AMP, for the reduction of risk.

4 Conclusion

The Committee is invited to consider and comment upon the attached Asset Management Plan.

| | |
|---|--|
| Financial Services comments: | The Asset Management Plan will inform the preparation of both the revenue budget and capital programme as part of the annual budget process. |
| Legal Services comments: | None for the purposes of this report |
| Service Improvement Plan implications: | The linkage is shown in the overview diagram 2.1.2 on page 4 of the Asset Management Plan |
| Corporate Plan: | The linkage is shown in the overview diagram 2.1.2 on page 4 of the Asset Management Plan |
| Risk Assessment: | There is a high risk associated with not adopting the Asset Management Plan. |
| Background papers: | None |
| Appendices/Enclosures: | Appendix A: Gosport Borough Council Asset management Plan 2006/07 – 2008/09 |
| Report author/ Lead Officer: | Mark Pam, Head of Property Services |



Gosport Borough Council

Asset Management Plan

2006/07 – 2008/09

Contents

1. **Introduction**
 - 1.1 Gosport Context
 - 1.2 The 2007 Asset Management Plan

2. **The Policy Framework**
 - 2.1 Aim of the AMP with Diagram
 - 2.2 Corporate Plan
 - 2.3 Linkage with Previous AMP
 - 2.4 Features of the New AMP

3. **Organisational Arrangements for Corporate Asset Management**
 - 3.1 Member Portfolio Holder
 - 3.2 Strategic Decision Making Framework
 - 3.3 Reporting Lines
 - 3.4 Strategic Partnerships with External Agencies
 - 3.5 Integration with Capital Strategy and Other Financial Documents
 - 3.6 Service Planning and Performance Monitoring

4. **The Role of the Property Services Section**
 - 4.1 Structure
 - 4.2 Key Services
 - 4.3 Delegated Powers and Budgetary Responsibility

5. **Asset Register and Property Data**
 - 5.1 The Asset Register
 - 5.2 Property Data and AAR Reviews

6. **Monitoring**
 - 6.1 General
 - 6.2 Capital Projects
 - 6.3 Maintenance
 - 6.4 Legal and Contractual

7. **Property Review 2003 - 2006**
 - 7.1 Revenue Budget
 - 7.2 Assets and Asset Valuations
 - 7.3 Capital Programme
 - 7.4 Property Disposals and Acquisitions
 - 7.5 Condition Surveys and Maintenance
 - 7.6 Projects Delivered
 - 7.7 Challenges

- Glossary**

8. Asset Assessment Matrix

9. Asset Assessment Reports

10. AMP Processes

1. Introduction

1.1 The Gosport Context

1.1.1 The Borough of Gosport is on the South Coast of England, surrounded by water on three sides, The Solent to the west and south and Portsmouth Harbour to the east, providing 17 miles (27km) of water frontage. The Borough is relatively small, extending only 11 square miles (2518 ha) but with a population of approximately 79,000¹ and 36,500² households, it is one of the most densely populated urban areas in the South.

1.1.2 The Borough is urban, but has a number of inlets reaching into the urban fabric and a narrow ribbon of countryside, the Alver Valley, separating the main town from Lee-on-the-Solent. These inlets and the coastal waters are of national and international nature conservation significance, while the Borough also contains 16 Conservation Areas. Almost one quarter of the Borough is currently in Ministry of Defence (MOD) ownership and there is only one principal single carriageway access. With all these factors development is constrained and access severely restricted.

1.1.3 The local economy has historically relied heavily on the MOD as a major employer, but rationalisation in the Defence Services has led to the closure of several establishments, and in late 2006 the MoD confirmed that HMS Sultan would be closing within ten years. However, the subsequent release of large areas of former MOD sites has provided the opportunity for regeneration and the opening up of previously closed waterfronts. Despite this rationalisation the Borough economy still relies significantly on the MOD, with two thirds of the economy linked to this sector. The Borough's industrial estates are nearly fully occupied and the supply of new and additional industrial premises is not meeting demand in either quantity or quality. The balance of jobs to housing is unsustainable with significantly high levels of net out-commuting from the Borough.

1.1.4 While unemployment figures have recently fallen in the Borough, they remain one of the highest in the region and although none of the wards in the Borough rank highly on the Governments index of multiple deprivation, there are pockets of extreme deprivation and severely deprived communities, which are hidden within the statistics of some wards. This is reflected in factors such as low levels of car ownership, high levels of dependency on housing benefit, areas of high levels of teenage pregnancies and poor academic achievement.

1.2 The 2007 Asset Management Plan

1.2.1 The Head of Property Services was tasked with the creation of a revised asset management plan for Gosport Borough Council. The previous plan was dated 2002, and consequently there was considerable change to the data and assumptions held in that plan. This revised 2007 AMP has been connected to the previous plan, but has recognised that the Council faces new challenges, constraints and opportunities for growth and success.

1.2.2 From these changes a new approach to the AMP has been developed, with an aim to create a detailed analytical based approach that will provide excellent data and ensure that the Council optimises its asset base. Such an approach is not without challenge.

¹ Hampshire County Council Estimates 2006

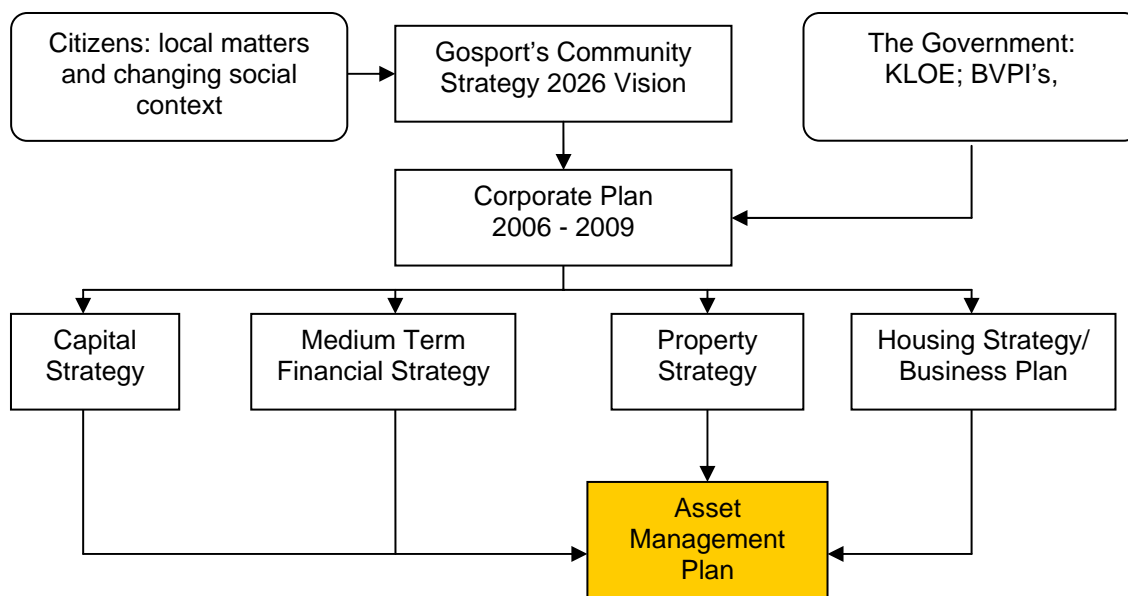
² National Land and Property Gazetteer Jan 2007

2 The Policy Framework

2.1 Aim of the AMP

2.1.1 The purpose of the Asset Management Plan (AMP) is to optimise the use of assets in terms of service delivery and financial return. It is therefore a key contribution to the successful delivery of the Council's Corporate Plan. The Corporate Plan sets out the Council's Mission and Values which will help us provide quality service delivery today while planning for a better and more prosperous future. The Corporate Plan also identifies the Council's strategic priorities, which are based on a combination of factors including what matters most to local people; national priorities set by the Government; and the challenges arising from Gosport's changing social, economic and environmental context.

2.1.2 Overview Diagram:



2.1.3 The Asset Management Plan (AMP) is closely integrated with both financial and property planning frameworks and therefore contributes directly to the delivery of the Council's corporate objectives. Through the Comprehensive Performance Assessment (CPA) Key Lines of Enquiry (KLOE) were devised one of which relates to Use of Resources. This KLOE contains eleven themes, of which the asset base management theme links directly into the Property Strategy, setting requirements on the AMP, reporting, maintenance backlog and planning and the development of Performance Indicators both Best Value (BVPI) and Local (Local PI's).

2.2 The Corporate Plan

2.2.1 The Council's strategic objectives are grouped under four main headings: **People, Places, Prosperity** and **Pursuit of Excellence**. Each of these headings is further sub-divided into desired outcomes and these are expanded within the Corporate Action Statement. It is important that the AMP makes direct linkage to these strategic objectives.

2.3 Linkage with Previous AMP

2.3.1 Many of the themes from the previous AMP (2002) are continued through to this version this is because many of the drivers remain unchanged from this time (maintenance, reporting, links to finance and planning, and consultation). However there are changes; notably that the Council now has a dedicated corporate Property Services Section contained within the management structure of the Council. Many of the previously disaggregated property management practices have ceased although further progress to centralise currently disaggregated property and asset management function is sought.

2.4 Features of the New AMP

2.4.1 The new AMP devised within the Property Services Section consists of the three principal elements:

Asset Assessment Matrix (AAM): This is a spreadsheet that contains data for each of the Council's assets. Each asset, as soon as possible, are to be qualitatively assessed against national property performance indicators, and for logical purposes, is sub-divided into three criteria clusters: - condition, compliance and suitability for purpose. In all each asset will be assessed against twenty-one individual criteria, with a weighted score against each criterion to produce a quality standard on a traffic light basis. Other static data, valuations, life, tenancy etc will be added against each asset entry.

Asset Assessment Report (AAR): This is a textual document, summarising the findings from the AAM, but furnished with additional qualitative data on matters such as value for money, option appraisal, maintenance needs, links to capital strategy, risk assessments and performance indicators.

AMP Processes: These will be a set of textual documents that form a body of procedures, ensuring that the requirements of asset management best practice are embedded within the processes of the Council.

2.4.2 It has been a challenge to create a detailed and dynamic AMP but it is hoped that the result will provide a plan that is both robust, manageable and in keeping with the relatively small size of the non housing property portfolio.

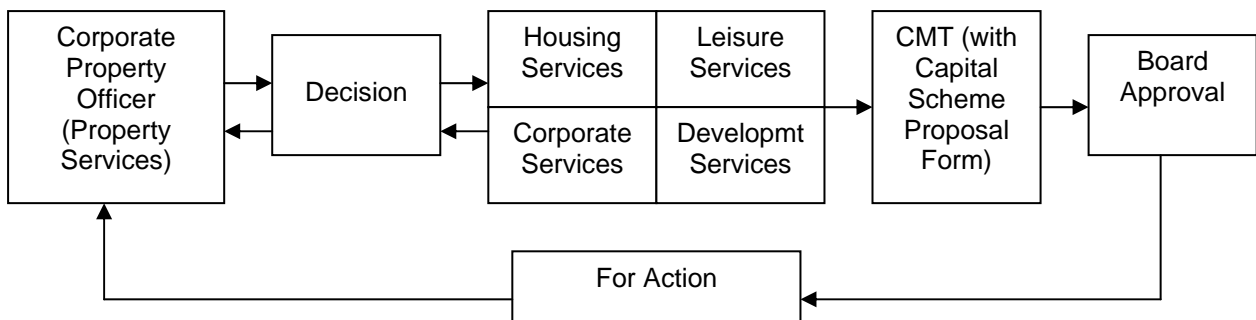
3. Organisational Arrangements for Corporate Asset Management

3.1 Member Portfolio Holder

3.1.1 The Member Portfolio Holder for the AMP is the Chairman of the Policy and Organisation Board, this is consistent with the Constitution of the Council Part 4, Schedule 16, which provides that, unless otherwise delegated to officers, no property can be disposed, sold or leased unless authorised by this Board.

3.2 Strategic Decision Making Framework

3.2.1 The Strategic Decision Making Framework is summarised in the diagram below:



3.2.2 Strategic decisions are taken by the four service units that hold responsibility for property - Housing, Leisure and Cultural Services, Corporate Services and Development Services (Property Services Section). These four units will consult with the Corporate Property Officer (CPO) in the Property Services Section (Development Services interest in property is represented only by the CPO, therefore obviously it will not consult with itself). The recommendations of the CPO will be fed back through the Service Unit to the Council's Management Team (CMT) and from there to the appropriate Service Board for recommendation to the Policy and Organisation Board (P&O). The Board will then instruct the CPO with the agreed action.

3.2.3 The Council's Management Team (CMT) is made up of all Service Unit Managers thus achieving full cross-service representation. CMT act as the Corporate Asset Management Team, which ensures that, with its other roles, the Council's assets are managed on a corporate basis. Operational delivery is thus considered collectively with due regard to the Council's aims, objectives and priorities.

3.3 Reporting Lines

3.3.1 The reporting lines for property and asset management are through CMT, the roles of which include:

- Linking assets to corporate objectives and strategies, to both influence the plan and to deliver the outcomes.
- Ensuring that future service property requirements are established and that the results of audits, Best Value reviews and other feasibility studies are given due consideration.
- Ensuring that appropriate service asset management planning is taking place and that it includes user consultation.
- Provide a system of options appraisal to ensure that priorities are determined to meet the overall corporate objectives.

(With the small number of assets, options appraisals are completed on an individual basis as opportunities are identified.)

- Ensuring that the necessary monitoring systems are in place for performance measurement purposes, and introducing them where they do not yet exist.
(CMT currently monitors a number of key performance indicators and major projects as part of its performance management framework.)
- Provide appropriate Committees and/or Members with the information required to enable them to make informed decisions on questions of asset management including risk assessments where appropriate.

3.4 Strategic Partnerships and External Agencies

3.4.1 Strong links exist with the Local Strategic Partnership bringing together the public, private, voluntary and community sectors. The Partnership published the Gosport Community Strategy 2026 Vision which provided the basis for the Corporate Plan 2005/08. While links are strongest at Community Strategy level they are not so evident within the day to day activities of the Property Section apart from consultation forums with tenant groups. Linkages with other authorities are strongest through networking activity within the South East Association of Chief Estates Officers (SEACES) where a successful joint procurement contract has been secured for rating work. (The 2006 ACES award for excellence was received for this work).

3.5 Integration with Capital Strategy and other Finance Documents

3.5.1 The Council has very limited capital resources of its own, and has consistently sought to make the most efficient and effective use of those resources to meet its corporate priorities. Traditionally, this has been carried out through the application of its management framework and processes.

3.5.2 Projects and the resource implications are considered corporately by Council Management Team, adopted in the Council's Corporate Plan and then cascaded down and applied across the Authority. The preparation of the Capital Strategy is used to further enhance this by requiring the identification of the contribution each capital project is making to the corporate priorities as part of the assessment of the Council's rolling Capital Programme.

3.5.3 Capital Projects must demonstrate how they will contribute to the corporate priorities before Council Management Team prioritises them. They must also demonstrate that they have fully considered the alternatives available, and how these have been evaluated. This procedure has been developed to be both transparent and objective and is referred to in detail in the Council's Capital Strategy.

3.5.4 In order for the Council to achieve its capital expenditure objectives it is essential that the Capital Programme is closely monitored with any problems quickly identified. To aid in this process a responsible officer is specified for each scheme, who ensures that the scheme progresses as planned. These officers will meet with contractors and partner organisations as appropriate, as well as the CPO. Any problems identified will be reported for consideration to the CMT and if necessary to the relevant Board. In addition the Deputy Chief Executive and Borough Treasurer will continue to periodically submit reports to the P&O Board showing expenditure against budgets and highlighting any major variances.

3.5.5 In addition to the monitoring of projects by the nominated lead officers and the overall Capital Programme by the Deputy Chief Executive and Borough Treasurer, the CPO will monitor the performance of the property portfolio and report its status to the P&O Board. This report will include reference to the national as well as any identified local performance indicators. The details and programme of this process will be determined as part of the Property Strategy Report in light of the implementation of the new political arrangements.

3.6 Service Planning and Performance Monitoring

3.6.1 Through the AMP Property Assessment Process (see para 5.2 below) the Council will manage, monitor and appraise its use of property resources. Property Assessments will be produced on an annual basis for the consideration by CMT and Board.

3.6.2 The national PPI's were initially reported but when this no longer became a requirement these lapsed. The Council now reports on Best Value with a number of property related BVPI's and currently three Local PI's:

- BV156 The percentage of Council buildings that are open to the public which are suitable for access for disabled people.
- BV63 Energy efficiency of authority owned dwellings
- BV64 Number of private sector vacant dwellings that are returned into occupation or demolished during the financial year as a result of LA action
- BV212 Average time taken to re-let authority housing
- BV216a Number of sites of potential concern with respect to land contamination
- BV216b Number of sites for which sufficient detailed information is available to decide whether remediation is necessary as a percentage of all sites of potential concern.
- BV170a Number of visits to/usages of museums per 1000 population
- BV170b Number of visits that were in person per 1000 population
- BV170c Number of pupils visiting museums in organised school groups

3.6.3 The three local PI's that have been adopted are:

- PP01 The proportion of rent not received as a total of rents receivable for non-housing property assets.
- PP02 The proportion of void properties as a total of all lettable non-housing property assets
- PP03 The proportion of rent reviews outstanding as a total of all non-housing properties where the rent is reviewable

3.6.4 Membership of the newly formed Hampshire Benchmarking Club will assist the focus on PI's with the adoption of the OGC Performance framework from which a suitability survey is shortly to be commissioned for the Town Hall and Depot offices.

4. The Role of the Property Services Section

4.1 Structure

4.1.1 The Property Section comprises two people namely the Head of Property Services (CPO) who is a member of the Royal Institution of Chartered Surveyors (MRICS) and an Administrative Assistant who also is the Local Land and Property Gazetteer (LLPG) Custodian. The section is part of the Development Services Business Unit. The Property Services Section has been in existence since March 2002. The Property Section is responsible for the estate management functions relating to all non operational properties. The service units have retained responsibility principally for the maintenance of their operational properties but do refer to the CPO on estate management issues.

4.1.2 The focus of attention has, of necessity, been to assemble the disaggregated property information which, prior to the creation of the property section, had been held by the various service departments. The first task was to create a spreadsheet listing all income producing non-housing property assets, with tenancy and rental information. Subsequently the section has had to build up knowledge of these assets.

4.2 Key Services

4.2.1 Property Management is the principal service provided, elements of which are:

- New Lettings
- Rent Reviews
- Lease Renewals
- Covenant Enforcement
- Dilapidation Claims
- Property Maintenance
- Disposals
- Acquisitions
- Valuations
- Fire Insurance
- Compliance (Asbestos, DDA etc)
- Tenant Liaison
- Rating

4.2.2 As outlined in the 2002 AMP, the maintenance of five Corporate Properties remains outsourced with Parker Torrington Limited (PTL previously RPS). This level of work includes tasks outlined in the Memorandum of Agreement (**Appendix XX**). Also the management of the mobile home park remains outsourced although this will be reviewed in March 2008 upon the manager's retirement.

4.2.3 As outlined in para 2.2 above, other Council Service Units involve the CPO at the appropriate time in the planning process, where property related decisions need to be made, and such consultations will be placed before CMT. To assist this process regular steering group meetings are held with the service units at Wilmott Lane Depot (The Council's works depot). There remains a residue of non-operational assets still in the management of other service units, but these are being actively identified and transferred to the Property Service Section.

4.3 Delegated Powers and Budgetary Responsibility

4.3.1 Under the Constitution of the Council, only Business Unit Managers have the delegated powers to deal with certain land and property transactions. It is recognised that this is not best

practice and this will be rectified following the 2008 Council elections. Currently the CPO has no delegated authority and needs to work through the relevant Business Unit Manager.

4.3.2 The Section manages 32 budgets, 23 revenue and 9 capital. Monthly monitoring reports are produced and major decisions regarding maintenance expenditure is based on information provided by PTL. Regular meetings are held with the budget accountant for the Development Services Unit.

5. Asset Register and Property Data

5.1 Asset Register

5.1.1 The Asset Register (AsR) is held and maintained by the Financial Services Unit. It is agreed that the AsR has lacked robust scrutiny, and an initial examination of the AsR by Property Services has revealed some obvious inaccuracies. It is intended that the work undertaken by the Property Section in reviewing assets through the AMP exercise should feed into the AsR and thereby create a process of regular update. This process of asset review must be formalised among the CPO, Finance Unit and those Service Units holding an interest in property assets. It is noted that not all Operational property will be managed by CPO.

5.1.2 The relatively small size of the Council's property portfolio enables changes both qualitative and quantitative to be made both quickly and effectively. This process will be assisted through the AAR review processes. Impairment assessments will be factored into this process and these will not be limited to just annual reviews, when the year end valuations are prepared, but will be recorded as and when impairment events occur.

5.1.3 It is obvious that there will be close linkage between the AsR and the AAM created by the Property Services Section, however the functions of the two databases are different. An asset identification number and the UPRN drawn from the LLPG will provide the connection between the two databases.

5.1.4 The Housing Revenue Account (HRA) Business Plan contains similar qualitative information about Council housing as the AAM will with the non-housing portfolio. The two datasets compliment and link to the AsR.

The HRA Business Plan was signed off by the Government's Regional Office in September 2003 and was deemed as 'fit for purpose'. The Business Plan (a 30 year plan) was compiled alongside the Housing Strategy but with a clear recognition of the difference between the two documents. There is a requirement for a new plan to be produced in 2007 and work on this is nearly complete. The HRA Business Plan is designed to contribute towards fulfilling the Council's overall strategic objectives, by working with our partners to deliver high quality public services identified as important by the community and our customers, within a framework based on innovative modernising principles.

The key objectives of the business planning process for the years ahead are:

- Social Housing Need and Demand
- Tenant and Stakeholder Participation and Consultation
- Housing Management
- Stock Condition and Asset Management
- Historical Investment Patterns
- Decent Homes Standard
- Performance Measurement
- Resource Management
- Future Expenditure Patterns
- Risk Management and Sensitivity Analysis

5.2 Property Data and AAR Reviews

5.2.1 It is intended, as mentioned in section 2.4 above, that the property reports (AAR), created through the new AMP initiative, will contain evaluation of condition, compliance and suitability assessments and will therefore be placed before CMT on an annual basis.

5.2.2 In addition the AAR will contain references to PI's, option appraisal, maintenance requirements and general assessment narratives that will be presented to CMT and the relevant boards for consideration, much like a 'State of the Nation' report. It is at this point that reviews will be carried out to ensure that the asset base matches the aspirations of the Corporate Plan, and where there are mismatches, appropriate action will follow.

5.2.3 Property PI's are reported to the relevant Service Unit Managers on a quarterly basis. It is envisaged that the AAR and the Housing Business Plan (HBP) together, in a complimentary process, will continue to provide this data but in a format that links among Service Units, permitting a more dynamic response to asset management. The PI's are produced in graphic form and contribute to the management appraisal of the asset base, thereby ensuring that targets and objectives cascading from the Corporate Plan are on track.

6. Monitoring

6.1 General

6.1.1 The AAR and the HBP contain sufficient detail on a wide range of asset assessment criteria to inform CMT on the suitability and status of an asset. It is recognised that the Council has very limited capital resources of its own and the efficient and effective use of these assets is imperative.

6.1.2 The annual presentation of the AAR and the HBP should inform CMT as to the total asset position. The AMP becomes a critical review document, as it will identify shortfalls in asset suitability, likely to mitigate ambition in the Corporate Plan. In such cases CMT will need to decide whether capital investment is required. The transparent data based process will provide a clear and unambiguous link between the need for an asset and its contribution to the Council's objectives.

6.1.3 The CPO and the Housing Services Unit will constantly update the criteria assessment in the AAR and HBP respectively, to ensure that the data provided is accurate and CMT are aware of risks and maintenance costs needed, if necessary to bring an asset to suitability.

6.2 Capital Projects

6.2.1 Capital Projects are considered corporately by CMT. The preparation of a Capital Strategy is used to further enhance consideration. Sponsors of Capital Projects, apart from demonstrating the obvious need through the Corporate Plan, must also demonstrate how they have considered and evaluated alternative delivery of the objective. A form exists – The Capital Scheme Proposal Form – which should be used by the sponsor.

6.2.2 Performance of a Capital Project is monitored by the nominated Lead Officer, and the supporting financial capital programme by the Deputy Chief Executive (Borough Treasurer), who will provide periodic reports to the P&O Board showing expenditure against budgets and highlighting any major variances.

6.3 Maintenance

6.3.1 The bulk of the non-housing portfolio is leased, and many of these leases require the tenant to carry out all repairs and insurance. The Council is left with a small portfolio of non-operational investment properties in addition to its operational assets that require a maintenance regime.

6.3.2 The CPO outsources the maintenance of five key non-operational assets to PTL:

- The Alverbank Hotel
- Club Hampshire Building
- The Bus Station
- Nobes Hall
- Park Lodge

Under the terms of the contract PTL are responsible for the principal aspects of property maintenance: annual inspections with reports, annual estimates with five year forecast costs, placing of contracts and project management.

6.3.3 The remaining non-housing investment properties are managed directly by the CPO, who will review on an annual basis the maintenance requirements and budget accordingly. The

Corporate and Leisure operational assets are managed jointly by the CPO and relevant Leisure Services and Corporate Services Officers.

6.3.4 The Council Housing stock is managed through a strategic partnership with Connaught/1st Saxon Ltd, which provides a comprehensive planned and reactive maintenance support. Housing Services review the competitiveness of this contract on a regular basis.

6.3.5 As can be deduced from the above, maintenance of Council assets is a very disaggregated process, one which the CPO and other officers are working to rationalise and reform.

6.4 Legal and Contractual

6.4.1 It is the role of the CPO, The Corporate Services Manager, The Leisure and Cultural Services Manager and the Housing Services Manager to ensure that operational property is fit for purpose, and that statutory requirements are satisfied. For the CPO this extends to the contractual obligations between landlord and tenant.

6.4.2 The AAR and the HBP will contain specific commentary on compliance, health and safety, risk and BVPI matters, such as Disability Discrimination Act (DDA) requirements. The CPO will be the relevant officer with regard to instructing the Borough Solicitor for the service of notices under the Landlord and Tenant Act, including covenant enforcement (if necessary through the courts).

6.4.3 Through regular meetings the CPO will monitor the contract between the Council and PTL, and likewise the HSM will monitor the contract between the Council and Connaught/1st Saxon.

7. Property Review: 2003 – 2006

7.1 The Revenue Budget

7.1.1 The Council's gross revenue budget 2006/07 totals **£27.24** Million, which after deducting gross income of **£17.28** Million results in a net revenue budget of **£9.96** Million

7.2 Assets and Asset Valuations

7.2.1 The Council is not a large landowner and its built non-housing assets are relatively low in comparison to other Local Authorities. The Authority's asset base is dominated by its housing stock, which numbered 3261 properties on 31 March 2007 with an estimated value of £146.5 Million representing 76.3% of the total asset value of £191.9 Million.

Table One:

| | | £ | % |
|----------------------------|------------------------------|--------------|------|
| | | Millions | |
| Council Assets 2007 | Council Dwellings | 146.5 | 76.3 |
| | Other Land and Buildings | 11.1 | 5.8 |
| | Vehicles Plant and Equipment | 1.7 | 0.9 |
| | Infrastructure | 12.5 | 6.5 |
| | Community Assets | 3.1 | 1.6 |
| | Non operational assets | 16.7 | 8.7 |
| | Total | 191.9 | |

7.2.2 The relatively high proportion of Infrastructure Assets (£12.5M) is primarily due to the coastal nature of the Authority and is comprised of sea defence features such as sea walls and pontoons. The Community Assets (£3.1M) include land set aside for recreation and leisure purposes (including the 27 designated parks within the Borough) although the artefact collection at Priddy's Hard Museum (£1.6M) is the largest item in valuation terms. The key categories in terms of the Asset Management Plan are the other land and buildings and investment properties, categorised under Non operational assets which are analysed in more detail below.

7.2.3 The relatively low number of operational and non-operation properties is the result of the small size of the Authority and partially attributable to the Council having had a policy in recent years of actively seeking disposal opportunities to assist with the funding of the Capital Programme. The main assets remaining in this category are Council garages, car parks and the Town Hall.

Table Two: Council Land, Buildings and Investment Property Assets

| OPERATIONAL PROPERTIES OTHER LAND AND BUILDINGS | | | KEY NON OPERATIONAL/INVESTMENT PROPERTIES | | |
|--|--------|-------------------|--|--------|-------------------|
| | Number | Value in £,000 | Over £250,000 | Number | Value in £,000 |
| Town Hall | 1 | 920 | Holbrook Recreation Centre | 1 | 1,463 |
| Pavilions | 15 | 538 | Bus Station and Ferry Terminal | 1 | 1,104 |
| Depots (leisure) | 2 | 182 | Factory (land) | 1 | 802 |
| Beach Huts | 64 | 46 | Wilmott Lane Depot | 1 | 725 |
| Other leisure | 6 | 162 | Old tip Browndown (land) | 1 | 325 |
| Housing- Mobile Home Park | 1 | 297 | Lee Seafront properties (arcade etc) | 1 | 314 |

| | | | | | |
|-----------------------|-------|--------------|--------------------------------|----|--------------|
| Garages | 1,018 | 1,266 | Kingfisher Caravan Park (land) | 1 | 280 |
| Disinfestation centre | 1 | 58 | Golf Course (land) | 1 | 260 |
| Public Conveniences | 25 | 639 | Sub Total | | 5,273 |
| Car Parks | 43 | 1,349 | Other small properties/land | 20 | 1,062 |
| Other Red-Cross | 1 | 90 | | | |
| Total | | 5,547 | Total | | 6,335 |

7.3 Capital Programme

1.5.1 A more detailed breakdown of the Council's Capital Programme and proposed funding for the next 3-5 years is set out in the Council's Budget Book (published February 2007).

7.4 Property Disposals and Acquisitions

7.4.1 In the review period there have been several major disposals and acquisitions. Freehold disposals are listed below:

Freehold Disposals

| | |
|------------------------------|---|
| Priddy's Hard | Sale of land for residential development |
| Priddy's Hard | (Phase II) sale in progress |
| Priddy's Ramparts site | Sale of access rights |
| 176/178 Rowner Lane | Sale of residential properties |
| 132/132a Beauchamp Ave | Sale of shop and residential upper part. |
| 21 Ann's Hill Road | Sale of residential property |
| 79 Avery lane | Sale of residential property |
| Land adjacent to Powder Pier | Sale of land |
| Huhtamaki | Sale of freehold reversion to enable Brune Medical centre |
| Whites Place | Sale of land for Surgery |
| Hardway Sailing Club | Sale of freehold reversion |

7.4.2 In addition to the major disposals, the Council maintains a policy of the sale of small pieces of land, usually for the purpose of enlarging private gardens to neighbouring owners. Such sales are dealt with on an individual case basis. On average there are five – six small land sales per year that complete the process.

7.4.3 Currently, the disposal of assets is not process driven, although arguably, given the small size of the portfolio this is not necessary. However, the new AMP processes will more accurately provide a qualitative assessment matrix for each asset, thereby providing CMT and the Boards with the data necessary to make more informed decisions regarding the suitability of an asset in the delivery of the Council's objectives.

7.4.4 The Council's most recent major acquisition (gifted by the MoD) was the Priddy's Hard site in 1999. In 2006, in addition to the Council's Explosion! museum, part of the site has been sold for residential development and the remainder of the built site is on the market awaiting disposal. The western rampart site (ancient monument) is to be developed as a public amenity.

7.4.5 To meet its operational requirements the Council acquired the leasehold interest of 137 High Street and 50 Stoke Road. No other acquisitions took place.

7.5 Condition Surveys and Maintenance

7.5.1 The task of managing and providing the information on the condition of corporate non-housing assets remains outsourced with PTL. PTL provide the CPO with detailed planned maintenance schedules on these properties, which has always informed budgetary considerations. The information from PTL will, in future, source the maintenance commentary on the AAR which will be presented annually to CMT.

7.5.2 A revised rolling programme of Condition Surveys has been commissioned for 2006/7 on these properties, and a prioritised list of additional assets, in accordance with the COPROP performance management initiative, which seeks to inform the relevant PPI's.

7.5.3 The current corporate asset base has suffered through a lack of analytical assessment of the impact of not investing in repairs. In the past maintenance budgets have been presented for appraisal without robust supporting narratives and the impact upon asset suitability in delivering the Corporate Plan. As a consequence maintenance tended to be reactive rather than planned. The disaggregated approach to property repairs and maintenance is another factor in the lack of best practice maintenance management.

7.5.4 Through the condition surveys the prioritised maintenance costs will be used to populate the AAR and thereby achieve a qualitative ranking expressed in terms of the standard of repair. When 'married' to the other suitability criteria an overall assessment of the asset will be demonstrated through a traffic light system which will, in addition to other qualitative assessments, inform a maintenance regime based on a 5 year rolling programme. It is intended that this detailed assessment will underpin future maintenance budgeting, and together with the linkage to the Corporate Plan objectives, provide CMT with comprehensive information so that holistic decisions can be made.

7.5.5 Until the AAM and AAR are embedded in the Council's processes, it is difficult to assess the overall impact of maintenance backlog.

7.6 Projects Completed

7.6.1 For the non-housing portfolio, the Corporate Plan strategic objective PL3 – To develop a high-quality waterfront environment, has been a major driver. In this strategic objective there have been four principal projects completed.

7.6.2 The redevelopment of the Waterfront Café, Lee-on-the-Solent, was completed in December 2006. The new modern structure is a high-quality brasserie. Bayside Cabin, at Stokes Bay, is a new, modern structure replacing a mobile facility.

7.6.3 On a smaller scale, the Compass Point has been built in Walpole Park, which is a high-quality restaurant and bistro. There is also an Adventure Golf concession at Stokes Bay which replaced the disused putting green and now provides a high quality mini golf facility.

7.6.4 Other projects completed include the rationalisation of Pest Control. The building at Toronto Place has been vacated and is on the market for letting. The car park at Haslar Road has been leased to Dean and Reddyhoff Marinas with the Council sharing the pro rate car parking income.

7.6.5 Strategic objective PE4 – Improved Health Facilities, has been achieved through the provision of a new surgery on former underused Council Allotments at Whites Place in Forton. The Council also brokered the release of land let on a ground lease to Huhtamaki Van Leer Ltd in Rowner Road, for the new Brune Medical Centre.

7.7 Challenges

7.7.1 A Property Strategy will be produced, which encapsulates the reasons for the Council's ownership of land and property and the parameters for the retention.

7.7.2 The principal challenge is to maintain this new AMP. The initial population and subsequent maintenance of the AAM and the AAR will be considerable and draw heavily on the organisational skills and resources of the Property Services Section. It may, after time, become evident that a computerised IT system is required to replace the spreadsheets. The CPO anticipates that the appropriate CAPS Module will suffice in this regard.

7.7.3 To assist the Property Services Section in this task, other Service Units will be asked to provide their resources, and therefore a strategic action plan, endorsed at CMT level, becomes essential. Property Services will need to develop a suite of processes that facilitate the delivery all the necessary information at the right time, eg a surplus property process. The negotiation and drafting of these procedures is considered a major resource challenge.

7.7.4 Currently the Housing Business Plan is separate from the AAM but nevertheless it is evident that such matters as, for example the Rowner Courts or Council Garages would, as best practice transfer to Property Services. A joined-up approach to asset management between the Property Services Section and the Housing Services Unit is being developed.

7.7.5 The CPO and the Chief Accountant need to appraise the data held in the Asset Register against the various property datasets held throughout the Council. An accurate AsR is essential to the function of the AMP.

7.7.6 To keep a focus of property maintenance by ensuring that planned and preventative maintenance is properly scheduled through regular property condition surveys, though it is envisaged that the AAM detail will amplify maintenance shortcomings.

Glossary

| | |
|--------|--|
| AAM | Asset Assessment Matrix |
| AAR | Asset Assessment Report |
| ACES | Association of Chief Estate Surveyors |
| AMP | Asset Management Plan |
| AsR | Asset Register |
| BSI | British Standards Institute |
| BVPI | Best Value Performance Indicators |
| CMT | Corporate Management Team |
| COPROP | Association of Chief Corporate Property Officers in Local Government |
| CPA | Comprehensive Performance Assessment |
| CPO | Corporate Property Officer |
| DDA | Disability Discrimination Act |
| GGP | GeoGraphic Systems Ltd |
| GIS | Geographic Information System |
| HBP | Housing Business Plan |
| P&O | Policy and Organisation Board |
| KLOE | Key Lines of Enquiry |
| LLPG | Local Land and Property Gazetteer |
| MoD | Ministry of Defence |
| NLPG | National Land and Property Gazetteer |
| OGC | Office of Government Commerce |
| PPI | Property Performance Indicators |
| PTL | Parker Torrington Ltd |
| SEACES | South-east Association of Chief Estate Surveyors |
| UPRN | Unique Property Reference Number |

AGENDA ITEM NO. 9

| | |
|-------------------------|---|
| Board/Committee: | Standards & Governance Committee |
| Date of Meeting: | 23rd April 2007 |
| Title: | Internal Audit – Progress Report from 31st December 2006 to 31st March 2007 |
| Author: | Head of Internal Audit & Risk Assurance |
| Status: | For Decision |

Purpose

To table the performance of the Internal Audit Section in the period to week 52 (1st April – 31st March 2007) against the agreed audit plan to the Members with responsibility for governance.

Secondly, to provide an independent internal audit opinion on the overall control environment of those areas reviewed within a brief executive summary.

Finally, to provide the Members with a table of critical and essential internal audit recommendations, Service Managers comments, responsible officers and target implementation dates from the reviews this year. In addition, provide members with the important and advisory internal audit recommendations agreed with management for noting.

Recommendation

That the Committee reviews the performance of Internal Audit from April 2006 to March 2007 (Appendix A).

That the Committee note the Head of Internal Audit's independent audit opinion on the level of assurance relating to the control environment.

To note the attached schedule of the internal audit recommendations reported in both the critical and essential recommendations (Appendix B).

1 Background

- 1.1 To enhance the Council's corporate governance arrangements, in line with the Use of Resources CPA test, the report outlines the performance of the Internal Audit Section against its overall annual plan.
- 1.2 In addition, the work performed by the Internal Audit section allows a judgement on the overall internal control environment. Details of agreed high level recommendations tabled by Internal Audit and responses of the Service Unit Managers are attached in Appendix B.

2 Report

- 2.1 The position statement (Appendix A) highlights the workload since the last report to Committee (1 February 2007). All fundamental work has been completed though with Easter clashing with year end the signing off of some moved into week one of 2007/08. Only one review has been brought forward from 2006/07. This is Choice Based Letting which will be completed by week three of 2007/08. In total forty one reviews have been completed to week 52 (98 %). As reported to the Committee previously the target for 2006/07 is to complete forty-two reports by the 31st March 2007. A comprehensive report will be tabled to this Committee in July to detail 2006/07 audit coverage.
- 2.2 Appendix B lists the agreed internal audit recommendations at both critical and essential (the two higher factors of recommendations) levels. The columns to the right outline the Service Managers comments, responsible Officer and target implementation date. Based on audit work to 31 December 2006 no critical recommendations have been reported and only three additional essential recommendations have been agreed with Managers since the last report (a total of seventeen in 12 months). Of the remaining agreed audit recommendations (important and advisory to 31 March 2007) Management have accepted one hundred and one and sixty-three advisory. A total of a hundred and eighty-one recommendations.
- 2.3 Based on the work performed to 31 March 2007 the Head of Audit & Risk Assurance is of the opinion that the Council's internal control systems for those areas audited are generally satisfactory. Recommendations made to the above date have been accepted by management and programmed for implementation.

3 Risk Assessment

- 3.1 The report has a minimal direct impact on the overall risk of the Council.

4 Conclusion

- That the Committee notes the performance of the Internal Audit Section to 31 March 2007.
- That the Committee note the opinion of the Head of Internal

Audit and Risk Assurance on the level of assurance from the work performed by the Internal Audit Section to 31 March 2007.

- That the Committee note the high level audit recommendations attached within Appendix B that support the overall Statement on Internal Control.

| | |
|---|--|
| Financial Services comments: | Nil |
| Legal Services comments: | Nil |
| Service Improvement Plan implications: | The information provided within the report has a direct link to improving the overall governance arrangements within the Council. The performance of the Internal Audit section is a key operational indicator monitored closely against the agreed Annual Audit Plan. |
| Corporate Plan: | Internal Audit's work supports all Council Services in pursuit of their overall corporate priorities. |
| Risk Assessment: | See Section 3 |
| Background papers: | Standards & Governance Committee Report (1 st February 2007 Nine Month Position Statement“) |
| Appendices/Enclosures: | <ul style="list-style-type: none"> • Appendix A – Twelve Month Position Statement • Appendix B – High level Internal Audit Recommendations |
| Report author/ Lead Officer: | Chris Davis 023 9254 5306 |

Appendix A**Twelve Month Position Statement**

| Subject Area | Risk Factor | Status | Comments |
|------------------------------------|--------------------|------------------|--|
| 27 Completed reviews | Various | Completed | (see previous report 1 st Feb 2007) |
| Treasury Management | 2 | Completed | |
| Accounts Payable | F1 | Completed | |
| Licencing Act (Alcohol) | 2 | Completed | |
| Emergency Planning | 1 | Completed | |
| Debtors | F1 | Completed | |
| National Non Domestic Rates (NNDR) | F1 | Completed | |
| Housing Rents | F1 | Completed | |
| Accounting Reconciliation | F1 | Completed | |
| Payroll | F1 | Completed | |
| Bank Reconciliation | F1 | Completed | |
| Temporary Accommodation | 1 | Completed | |
| Fixed Assets | 1 | Completed | |
| Emergency Planning | 1 | Completed | |
| Choice Based Letting | 1 | Work in progress | 25% complete |
| Benefits | F1 | Completed | |

Appendix B

| AUDIT SUBJECT | RECOMMENDATION CATEGORY | RECOMMENDATION | CLIENT COMMENT | LEAD OFFICER | TARGET DATE |
|---------------|-------------------------|--|----------------|--------------|-------------|
| Council Tax | 5.3.41 | This process needs to be revisited as a matter of urgency with a full risk assessment being undertaken and a decision made as to whether the Authority should be undertaking this process or if it should be handed over to Goodwillie Corcoran (Council's bailiff). | Agreed. | KB/KP | 30/4/07 |

Key to Lead Officers:-

KB - Kieran Barrs (Head of Local Taxation)

KP - Keith Perkins (Safety Officer)

AGENDA ITEM NO. 10

| | |
|-------------------------|--|
| Board/Committee: | Standards & Governance Committee |
| Date of Meeting: | 23 April 2007 |
| Title: | Annual Internal Audit Plan (2007/08) |
| Author: | Head of Internal Audit & Risk Assurance |
| Status: | For Decision |

Purpose

To advise the Committee on the Annual Audit Plan coverage for 2007/08 and recommend it for approval.

Recommendation

That the Standards and Governance Committee agree the audit coverage for 2007/08.

1 Background

- 1.1 The Annual Audit Plan for 2007/08 has been developed jointly with all Service Unit Managers and has been shared with the Council's appointed External Auditors (Mazars) to ensure no duplication in audit coverage. The Annual Audit Plan has been agreed with Council Management Team (27.03.07).

2 Report

- 2.1 The 2007/08 Annual Audit Plan (Appendix A) major variances based on last years plan are:
 - (i) A significant reduction in contingency (down from 100 days to 35 days). This has reduced due to the improved performance of the Section.
 - (ii) An increase in audit days from 1280 to 1320 due to the Section now being five whole time equivalents (wte) rather than four point eight-one (wte) in 2006/07.

The Annual Audit Plan continues using a risk profile ranging from F1 to level 3.

F1 remains the highest risk category and these areas are covered by Internal Audit annually to support the Council's Annual Accounts. These include predominantly financial processes of the Council (i.e. Council Tax, Benefits, Budgetary Control etc.)

Level 1 These areas will be reviewed at least twice in three years.

Level 2 These areas will be reviewed once in three years.

Level 3 These areas will be reviewed once in five years.

3 Risk Assessment

3.1 The Annual Audit Plan and the section's coverage is a significant element of the Council's Assurance Framework. Without sound planning and ownership of management the Council would not be fulfilling its statutory Section 151 requirements. Furthermore, it would not be complying with the (CIPFA) Code of Practice for Internal Audit in Local Government in the UK (2006).

4 Conclusion

4.1 As part of the Standard and Governance Committee Terms of Reference the audit coverage is a key feature that requires full support from all Members.

4.2 Future reports on audit coverage in 2007/08 will be tabled to ensure the Committee are updated on actual coverage against planned.

| | |
|---|--|
| Financial Services comments: | Nil |
| Legal Services comments: | Nil |
| Service Improvement Plan implications: | The Annual Audit Plan is a key service improvement plan initiative. The performance of the Internal Audit section is a key operational indicator monitored closely against the agreed Annual Audit Plan. |
| Corporate Plan: | Internal Audit's work supports all Council Services in pursuit of their overall corporate priorities. |
| Risk Assessment: | See Section 3 |
| Background papers: | Nil |
| Appendices/Enclosures: | <ul style="list-style-type: none"> • Appendix A – Annual Audit Plan 2007/08 |
| Report author/ Lead Officer: | Chris Davis 023 9254 5306 |

| Description | RISK ID | Year-to-date | Q1 | Q2 | Q3 | Q4 |
|---|------------|--------------|-----------|-----------|-----------|-----------|
| Audit Monitor 2007/2008 | | Plan | apr - jun | jul - sep | oct - dec | jan - mar |
| All Audit (35 days contingency) | | | | | | |
| [Bolded equals a report] | | | | | | |
| Actual Days available | | 1320 | 325 | 345 | 325 | 325 |
| Total Days planned | | 1320 | 325.00 | 345.00 | 325.00 | 325.00 |
| | | | | | | |
| | | | | | | |
| Leave and Courses | | | | | | |
| | | | | | | |
| Annual Leave | - | 147.00 | 40.00 | 57.00 | 30.00 | 20.00 |
| Bank Holidays | - | 60.00 | 20.00 | 10.00 | 20.00 | 10.00 |
| Hampshire Audit Managers Group (HAMG) | - | 1.75 | 1.25 | 0.50 | | |
| Sickness | - | 32.50 | 9.25 | 7.00 | 9.25 | 7.00 |
| Training - External Courses | - | 6.00 | 2.00 | 1.00 | 2.00 | 1.00 |
| Training - In House | - | 10.00 | 3.00 | 3.00 | 2.00 | 2.00 |
| Training - Professional | - | 8.00 | 8.00 | | | |
| Maternity Leave/Paternity Leave | - | 0.00 | | | | |
| ICT Hampshire Audit Group (AT) | - | 2.25 | 0.75 | 0.75 | 0.75 | |
| Hampshire Audit Procurement Group (MH) | - | 2.25 | 0.75 | | 0.75 | 0.75 |
| Hants Risk Management Group (LL) | - | 2.25 | 0.75 | 0.75 | 0.75 | |
| Hants Audit Fraud Group (PJ) | - | 3.00 | | 1.00 | 1.00 | 1.00 |
| Hants Audit Alliance | - | 6.25 | 3.25 | 1.00 | 1.00 | 1.00 |
| Medical appointments | - | 1.00 | 0.25 | 0.25 | 0.25 | 0.25 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Management & Administration | | | | | | |
| | | | | | | |
| Administration | - | 25.50 | 6.25 | 6.25 | 6.50 | 6.50 |
| SIP/SMP Review | - | 3.00 | 0.75 | 0.75 | 0.75 | 0.75 |
| Half Yearly Audit Bulletins | - | 2.00 | | 1.00 | | 1.00 |
| Updates to Infonet/Web pages | - | 3.00 | 0.75 | 0.75 | 0.75 | 0.75 |
| Audit Manual | - | 9.00 | 9.00 | | | |
| Audit Monitor (weekly data input) | - | 7.00 | 1.75 | 1.75 | 1.75 | 1.75 |
| Audit Plan Development | - | 4.50 | | 2.25 | | 2.25 |
| Audit Systems Development & Maintenance (ESD's) | - | 3.00 | 0.75 | 0.75 | 0.75 | 0.75 |
| Corporate ICT Steering Group - attendance | - | 2.00 | 0.50 | 0.50 | 0.50 | 0.50 |
| Management - Internal Audit | - | 12.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Reports to Standards & Governance Ctte | - | 9.00 | 2.25 | 2.25 | 2.25 | 2.25 |
| Staff Updates | - | 15.00 | 3.75 | 3.75 | 3.75 | 3.75 |
| Team Meetings | - | 14.00 | 3.50 | 3.50 | 3.50 | 3.50 |
| FMT - attendance | - | 8.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Personal Reviews | - | 10.00 | 1.00 | 4.00 | 1.00 | 4.00 |
| Liaison with External Audit | - | 5.00 | 1.25 | 1.25 | 1.25 | 1.25 |
| Line Managers Meetings - attendance | - | 0.00 | | | | |
| CMT - attendance | - | 3.00 | 0.75 | 0.75 | 0.75 | 0.75 |
| CX Meeting - attendance | - | 4.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| CX Performance Meeting - attendance | - | 3.00 | 0.75 | 0.75 | 0.75 | 0.75 |
| Board & Scrutiny (other than S&G Ctte) - attendance | - | 1.00 | 0.25 | 0.25 | 0.25 | 0.25 |
| Health & Safety | - | 0.25 | | 0.25 | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Total Non-Chargeable Time | | 425.50 | 128.50 | 119.00 | 98.25 | 79.75 |
| Direct Chargeable Time (incl contingency) | | 894.50 | 196.50 | 226.00 | 226.75 | 245.25 |
| | | | | | | |
| | | | | | | |
| Contingency | CON | 35.00 | 16.00 | 12.00 | 7.00 | 0.00 |
| | | | | | | |
| | | | | | | |
| Financial Services | | | | | | |
| | | | | | | |
| Accountancy | | | | | | |
| | | | | | | |
| Budgetary Control & Capital Expenditure | F1 | 15.00 | | 3.00 | | 12.00 |

| Description | RISK ID | Year-to-date | Q1 | Q2 | Q3 | Q4 |
|---|---------|--------------|-----------|-----------|-----------|-----------|
| Audit Monitor 2007/2008 | | Plan | apr - jun | jul - sep | oct - dec | jan - mar |
| Accounting & Bank Reconciliation | F1 | 15.00 | | | | 15.00 |
| Fixed Assets | 2 | 0.00 | | | | |
| Banking Services | 3 | 10.00 | 10.00 | | | |
| Controlled Stationery | 2 | 5.00 | | 5.00 | | |
| Accounts Payable & Cheque production | F1 | 13.00 | | | 3.00 | 10.00 |
| Debtors | F1 | 12.00 | | | 12.00 | |
| Financial Management System | F1 | 12.00 | | 12.00 | | |
| Grant & Subsidy Claims | 1 | 11.00 | 2.00 | 9.00 | | |
| Housing Advances | 2 | 0.00 | | | | |
| Insurance | 2 | 10.00 | 10.00 | | | |
| Loans/Grants to Voluntary Orgs | 3 | 0.00 | | | | |
| Imprests & Floats | 3 | 0.00 | | | | |
| Treasury Management | 1 | 12.00 | | 12.00 | | |
| VAT | 2 | 0.00 | | | | |
| Financial Awareness Workshops | ADV | 12.50 | 4.00 | 4.00 | 1.50 | 3.00 |
| Surestart | 3 | 0.00 | | | | |
| Cash Collection | 3 | 0.00 | | | | |
| Creditors Project | PRO | 0.00 | | | | |
| Purchase Order Project | PRO | 0.00 | | | | |
| Miscellaneous Advice | ADV | 5.00 | 1.50 | 1.50 | 1.00 | 1.00 |
| | | | | | | |
| Payroll | | | | | | |
| | | | | | | |
| Payroll & Expenses | F1 | 20.00 | | | | 20.00 |
| Concessionary Travel Tokens | 2 | 0.00 | | | | |
| Car, bicycles, ferry pass Loans | 2 | 0.00 | | | | |
| Miscellaneous Advice | ADV | 1.50 | 0.50 | 0.50 | 0.25 | 0.25 |
| | | | | | | |
| Revenue Services | | | | | | |
| | | | | | | |
| Council Tax | F1 | 20.00 | | | 20.00 | |
| Fraud Prevention & Detection | F1 | 12.00 | | | | 12.00 |
| Housing Benefits Overpayments Recovery | F1 | 5.00 | | | | 5.00 |
| Housing Benefits | F1 | 30.00 | | | | 30.00 |
| NNDR | F1 | 15.00 | | | 15.00 | |
| Miscellaneous Advice | ADV | 3.00 | 0.75 | 0.75 | 0.75 | 0.75 |
| | | | | | | |
| Management/VFM Audits | | | | | | |
| | | | | | | |
| Corporate Governance | MAN | 13.50 | 1.50 | | 12.00 | |
| SIC production | MAN | 4.00 | 4.00 | | | |
| BVPI's self assessments | MAN | 0.00 | | | | |
| Risk Management - relaunch & Service SIC's | MAN | 26.00 | 15.00 | 8.00 | 2.00 | 1.00 |
| SE Reviews | MAN | 18.00 | 4.50 | 4.50 | 4.50 | 4.50 |
| Risk Management - Review | MAN | 10.00 | | | 10.00 | |
| UoR Follow Up | MAN | 4.00 | 2.00 | 2.00 | | |
| Annual Audit Letter follow up | MAN | 3.00 | 3.00 | | | |
| PSG | MAN | 15.00 | 3.75 | 3.75 | 3.75 | 3.75 |
| RSG | MAN | 12.00 | 4.00 | 2.00 | 4.00 | 2.00 |
| Procurement (incl Marketplace) | MAN | 30.00 | 12.00 | 7.00 | 9.00 | 2.00 |
| Project Mngt | MAN | 0.00 | | | | |
| Charter Mark | MAN | 0.00 | | | | |
| Follow up Reviews | MAN | 10.00 | 1.50 | 3.50 | 1.50 | 3.50 |
| | | | | | | |
| | | | | | | |
| Corporate Services | | | | | | |
| | | | | | | |
| Information Technology | | | | | | |
| | | | | | | |
| IT System Developments | 1 | 10.00 | 10.00 | | | |
| IT Disaster Recovery & Business Continuity | 1 | 10.00 | | 10.00 | | |
| Emergency Planning | 1 | 0.00 | | | | |
| Corporate Business Continuity | 1 | 15.00 | | | 15.00 | |
| Data Protection (compliance) & Fol | 1 | 0.00 | | | | |

| Description | RISK ID | Year-to-date | Q1 | Q2 | Q3 | Q4 |
|---|---------|--------------|-----------|-----------|-----------|-----------|
| Audit Monitor 2007/2008 | | Plan | apr - jun | jul - sep | oct - dec | jan - mar |
| IT Acquisition | 2 | 0.00 | | | | |
| IT Help Desk | 3 | 0.00 | | | | |
| IT Inventory | 2 | 3.00 | | 3.00 | | |
| IT Maintenance | 1 | 0.00 | | | | |
| IT Operations | 2 | 0.00 | | | | |
| IT Strategy | 1 | 10.00 | | | | 10.00 |
| Systems Security Reviews | 1 | 0.00 | | | | |
| BACSiP IT Facilities | 2 | 0.00 | | | | |
| Internet Usage Review | 2 | 10.00 | 5.00 | | | 5.00 |
| IT Control Environment | 1 | 10.00 | | 10.00 | | |
| Telephones - Logger & Staff Use | 3 | 0.00 | | | | |
| Members PC Security Reviews | 2 | 0.00 | | | | |
| Infonet development | 3 | 0.00 | | | | |
| GBC Website | 2 | 0.00 | | | | |
| IEG Progress Review | 1 | 0.00 | | | | |
| E-Mail usage review | 2 | 15.00 | 10.00 | | | 5.00 |
| ALL Pay (Project) | PR | 0.00 | | | | |
| CRM & Citizen Portal | 2 | 10.00 | | | | 10.00 |
| Corporate Services Miscellaneous Advice | ADV | 3.00 | 0.75 | 0.75 | 0.75 | 0.75 |
| | | | | | | |
| | | | | | | |
| Central Services | | | | | | |
| | | | | | | |
| Central Purchasing (Purchase Ordering) | 2 | 12.00 | | | | 12.00 |
| THK & Town Hall Maintenance | 3 | 0.00 | | | | |
| Town Hall Cleaning | 3 | 0.00 | | | | |
| Mayoral events and other expenditure | 3 | 0.00 | | | | |
| Council People carrier | 3 | 0.00 | | | | |
| Utilities & Mobile phones | 2 | 6.00 | | 6.00 | | |
| Town Hall Security/Depot | 1 | 9.00 | | 4.00 | 5.00 | |
| Cashiers (all receipts) | 3 | 5.00 | 5.00 | | | |
| | | | | | | |
| | | | | | | |
| Printing & Graphics | | | | | | |
| | | | | | | |
| Inprint & Graphics Design Centre | 2 | 12.00 | | | | 12.00 |
| | | | | | | |
| | | | | | | |
| Borough Solicitor | | | | | | |
| | | | | | | |
| | | | | | | |
| Legal & Democratic Support | | | | | | |
| | | | | | | |
| Elections | 3 | 4.00 | 4.00 | | | |
| Gifts and Hospitality | 2 | 0.00 | | | | |
| Land Charges | 2 | 0.00 | | | | |
| Register of Interests | 3 | 0.00 | | | | |
| Cash/Cheque collection & credit card transactions | 1 | 3.00 | | | | 3.00 |
| Miscellaneous Advice | ADV | 1.00 | 0.25 | 0.25 | 0.25 | 0.25 |
| | | | | | | |
| | | | | | | |
| Chief Executives Unit | | | | | | |
| | | | | | | |
| | | | | | | |
| Community Safety | 1 | 15.00 | | | 15.00 | |
| Economic Prosperity | 1 | 10.00 | | | 10.00 | |
| CX Advice | ADV | 2.00 | 0.50 | 0.50 | 0.50 | 0.50 |
| | | | | | | |
| | | | | | | |
| Personnel Services | | | | | | |
| | | | | | | |
| Staff Relocation Scheme | 3 | 0.00 | | | | |
| Time recording system | 3 | 0.00 | | | | |
| Personnel database | 2 | 0.00 | | | | |
| | | | | | | |
| | | | | | | |

| Description | RISK ID | Year-to-date | Q1 | Q2 | Q3 | Q4 |
|---|---------|--------------|-----------|-----------|-----------|-----------|
| Audit Monitor 2007/2008 | | Plan | apr - jun | jul - sep | oct - dec | jan - mar |
| Development Services | | | | | | |
| Development Control | | | | | | |
| Development Control Fees | 3 | 0.00 | | | | |
| Process review of Sct 106's | 1 | 8.00 | | 8.00 | | |
| Annual Monitoring Report | 2 | 0.00 | | | | |
| Development Services advice | ADV | 1.00 | 0.25 | 0.25 | 0.25 | 0.25 |
| Building Control | | | | | | |
| Building Control (Joint venture with FBC) | 3 | 8.00 | 8.00 | | | |
| Regeneration projects | 2 | 10.00 | | | 10.00 | |
| Traffic | | | | | | |
| Traffic management | 3 | 0.00 | | | | |
| Property Services | | | | | | |
| Asset Management Plan (Property Register - incl Valuations) | 1 | 10.00 | | | | 10.00 |
| Caravan Park | 3 | 0.00 | | | | |
| Environmental Services | | | | | | |
| Environmental Health | | | | | | |
| Health & Safety | 2 | 0.00 | | | | |
| Food Safety & Hygiene | 2 | 0.00 | | | | |
| Taxi Licencing & Registration | 2 | 0.00 | | | | |
| Pollution | 3 | 0.00 | | | | |
| Rodent & Pest Control | 3 | 12.00 | 12.00 | | | |
| Public Health | 3 | 0.00 | | | | |
| Licencing (Alcohol) | 2 | 0.00 | | | | |
| Environmental Services Miscellaneous Advice | ADV | 2.00 | 0.50 | 0.50 | 0.50 | 0.50 |
| Streetscene | | | | | | |
| Abandoned Vehicles | 3 | 10.00 | | | | 10.00 |
| Enforcement | 1 | 11.00 | 9.00 | 2.00 | | |
| Ground Maintenance | 1 | 12.00 | | 12.00 | | |
| Public Conveniences and Other Cleaning Services | 1 | 8.00 | | 8.00 | | |
| Final Accounts / Current Contract | - | 0.00 | | | | |
| Refuse Services and Waste Recycling | 2 | 12.00 | 2.00 | 10.00 | | |
| Nursery | 2 | 0.00 | | | | |
| Open Market | 1 | 10.00 | | 6.00 | 4.00 | |
| Dog Control & Kennelling | 3 | 4.00 | 4.00 | | | |
| Car Parking | 1 | 15.00 | 5.00 | 10.00 | | |
| Streetscene Miscellaneous Advice | ADV | 2.00 | 0.50 | 0.50 | 0.50 | 0.50 |
| Leisure & Cultural Services | | | | | | |
| Allotments | 3 | 0.00 | | | | |

| Description | RISK ID | Year-to-date | Q1 | Q2 | Q3 | Q4 |
|--|---------|--------------|-----------|-----------|-----------|-----------|
| Audit Monitor 2007/2008 | | Plan | apr - jun | jul - sep | oct - dec | jan - mar |
| Alver Valley | 3 | 0.00 | | | | |
| Cemetery - new provision | 2 | 1.00 | | 1.00 | | |
| Final Accounts | - | 0.00 | | | | |
| Holbrook Leisure Centre (Client) | 1 | 15.00 | 5.00 | 3.00 | 7.00 | |
| Leisure Development | 3 | 0.00 | | | | |
| Fees & Charges/Booking System - Pitches etc | 3 | 0.00 | | | | |
| Wildgrounds | 3 | 0.00 | | | | |
| Parks & Open Spaces | 3 | 0.00 | | | | |
| Festivals, Promotions & Events | 1 | 13.00 | 2.00 | 5.00 | 2.00 | 4.00 |
| Facilities Management (excl Holbrook) | 3 | 5.00 | | | 5.00 | |
| Tourism | 3 | 5.00 | | 5.00 | | |
| Explosion | 1 | 0.00 | | | | |
| Miscellaneous Advice | - | 2.00 | 0.50 | 0.50 | 0.50 | 0.50 |
| | ADV | | | | | |
| | | | | | | |
| | | | | | | |
| Engineering | | | | | | |
| | | | | | | |
| Coastal Services | 3 | 0.00 | | | | |
| Structures (FLB, Pontoon etc) | 2 | 16.00 | 5.00 | 2.00 | 6.00 | 3.00 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Housing Services | | | | | | |
| | | | | | | |
| Allocations & Advise | 2 | 0.00 | | | | |
| Council Garages | 3 | 0.00 | | | | |
| Contracts (Efficiency angle) | 1 | 18.00 | | 6.00 | 6.00 | 6.00 |
| Asset Management Strategy | 1 | 10.00 | | | 10.00 | |
| Housing Incentive Schemes (inc Disturb Payts & Damage Deposit) | 3 | 0.00 | | | | |
| Choice Based Letting - IBS Module | 1 | 0.00 | | | | |
| Redecoration Allowances | 2 | 0.00 | | | | |
| Rent Collection & Recovery | F1 | 20.00 | | | 20.00 | |
| Right to Buy Scheme "Sale of Council Houses" | 2 | 0.00 | | | | |
| Bed & Breakfast | 1 | 0.00 | | | | |
| Exchange Scheme | 3 | 0.00 | | | | |
| Housing Stock - Rental Restructuring | 2 | 0.00 | | | | |
| Void arrangements | 1 | 10.00 | | 10.00 | | |
| HRA Business Plan | 1 | 10.00 | 10.00 | | | |
| Sheltered Accomodation | 2 | 10.00 | | 10.00 | | |
| Cash Collection - ALLPay | 2 | 0.00 | | | | |
| Home Improvement Grants | 3 | 0.00 | | | | |
| Temporary Accommodation | 1 | 25.00 | | | | 25.00 |
| Service Charges | 1 | 0.00 | | | | |
| Miscellaneous Advice | ADV | 5.00 | 1.25 | 1.25 | 1.25 | 1.25 |
| | | | | | | |
| One-Off Audits (approved) | | | | | | |
| | | | | | | |
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| | | 0.00 | | | | |
| | | 0.00 | | | | |
| Use of Contingency (35 days max) | | | | | | |
| | | | | | | |
| | | 0.00 | | | | |
| | | 0.00 | | | | |
| | | 0.00 | | | | |

| Description | RISK ID | Year-to-date | Q1 | Q2 | Q3 | Q4 |
|-------------------------|---------|--------------|-----------|-----------|-----------|-----------|
| Audit Monitor 2007/2008 | | Plan | apr - jun | jul - sep | oct - dec | jan - mar |
| | | 0.00 | | | | |
| | | 0.00 | | | | |
| | | 0.00 | | | | |
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| | | 0.00 | | | | |
| | | 0.00 | | | | |

Agenda item no. 11

| | |
|-------------------------|--|
| Board/Committee: | Standards and Governance Committee |
| Date of meeting: | 23 April 2007 |
| Title: | New Model Code of Conduct |
| Author: | Borough Solicitor and Monitoring Officer |
| Status: | FOR RECOMMENDATION TO COUNCIL |

Purpose

To advise the Committee on the New Model Code of Conduct and recommend the adoption of the Model without amendment.

Recommendation

That the Standards and Governance Committee recommends that Council adopt the New Model Code of Conduct without amendment and that the Ten Principles of Local Government Conduct are a non-enforceable annex to the Code.

1. Background

- 1.1 Members will recall that earlier this year consultation was undertaken by the Department for Communities and Local Government on revisions to the Model Code of Conduct.
- 1.2 The DCLG have now made the necessary regulations and a New Model Code of Conduct was issued on 2 April 2007. A copy of the New Code is appended to this report.

2. Report

- 2.1 The main provisions of the New Model Code are set out below.
- 2.2 **Paragraph 1** of the Code provides that the Code applies to any member of an authority and that it is the responsibility of each member to comply with the Code.
- 2.3 **Paragraph 2** of the Code provides that the Code applies whenever a member is acting in his or her official capacity, and in relation to conduct in a member's private capacity the code only applies where such conduct has resulted in a criminal conviction. Additionally, where a member is acting as a representative of his or her authority, he or she must continue to observe the authority's code, unless he or she is subject to another relevant authority's code, or unless (in relation to any other body) it conflicts with any other legal obligations.
- 2.4 **Paragraph 3** of the Code provides that members must treat others with respect and not do anything which may cause their authority to breach equality legislation, or which compromises the impartiality of those who work for the authority or bully anyone or intimate persons involved in code

- of conduct cases.
- 2.5 **Paragraph 4** of the Code provides that members must not without consent disclose confidential information they have acquired and must not prevent others from gaining access to information to which they are entitled.
 - 2.6 **Paragraph 5** of the Code provides that a member must not conduct himself or herself in a manner which could bring his or her authority into disrepute.
 - 2.7 **Paragraph 6** of the Code provides that a member must not use his or her position improperly to gain an advantage or confer a disadvantage and that when using or authorising the use of the authority's resources, he or she must act in accordance with the authority's reasonable requirements, must not permit those resources to be used for political purposes and must have regard to the Local Authority Code of Publicity.
 - 2.8 **Paragraph 7** of the Code provides that a member must have regard to advice given by the chief finance officer and monitoring officer and must give reasons for decisions made.
 - 2.9 **Paragraph 8** of the Code provides a list of matters which constitute a personal interest.
 - 2.10 **Paragraph 9** of the Code provides that generally a member with a personal interest in any business of his or her authority must disclose that interest at any meeting at which the business is considered.
 - 2.11 **Paragraph 10** of the Code provides that generally a member with a personal interest also has a prejudicial interest if the interest could be regarded by a member of the public as so significant that it is likely to prejudice his or her judgement of the public interest. The paragraph provides that in specified circumstances a member may regard himself as not having a prejudicial interest.
 - 2.12 **Paragraph 11** of the Code provides that a member who was involved in making a decision or taking action on a matter must not be involved in the overview and scrutiny committee's consideration of that decision or action.
 - 2.13 **Paragraph 12** of the Code provides that a member with a prejudicial interest must, unless, for example, he or she is making representations and members of the public are also allowed to make representations on that matter, or he or she has obtained a dispensation, withdraw from any meetings at which the business is being considered, and must not improperly influence decisions in relation to the business.
 - 2.14 **Paragraph 13** of the Code provides that a member must notify the monitoring officer of his or her personal interests and any change to those interests must also be notified.
 - 2.15 **Paragraph 14** of the Code provides that a member may notify the

monitoring officer of any sensitive information the availability of which to the public creates, or is likely to create, a serious risk that the member or a person who lives with him or her may be subjected to violence or intimidation

Statutory Requirements

- 2.16 The Council now has to decide whether or not it wishes to adopt the New Model Code with or without amendments. The Council must make this decision by 1 October 2007. If they have not made a decision by that date then they are treated as having adopted the Model Code without amendment. Once the Council has made their decision I have to notify the Standards Board.
- 2.17 The Standards Board have advised that to facilitate implementation, ensure consistency across authorities and assist members to understand the revised Code, they strongly recommend Councils adopt the revised Code at their first opportunity and without amendment. In their view this will give certainty to members and the public as to what standards are expected, ensure consistency throughout England, and minimise the legal risk of the Council adopting additional provisions which are unenforceable. They also recommend that the Council consider adopting the ten General Principles as a non-enforceable preamble or annex to the Code to remind members and the public of the principles underlying the Code.
- 2.18 The Standards Board will be publishing a general guide to the revised Code for members, hopefully to be available on their website from 3 May, with hard copies published and distributed shortly thereafter. They are also planning to produce a further range of training materials for local authorities to use to train their members on the revised Code, including a DVD which is scheduled to be distributed in July.

3. Risk assessment

- 3.1 The Council should make a decision as soon as possible on this matter to avoid uncertainty over what standards are expected from members. To minimise the risk of any challenge it is sensible to adopt the New Model Code.

4. Conclusion

- 4.1 The advice from the Standards Board appears reasonable and would enable the Council to focus on providing information and training on the New Model Code.
- 4.2 The guidance recently made available to members on Part 2 of the Code will need to be reviewed in the light of the Council's decision on this matter

| | |
|---|---|
| Financial Services comments: | <i>There are no direct financial implications</i> |
| Legal Services comments: | <i>Contained in the report</i> |
| Service Improvement Plan implications: | None |
| Corporate Plan: | |
| Risk Assessment: | <i>Refer to paragraph no. 3</i> |
| Background papers: | <i>Previous reports to Committee</i> |
| Appendices: | |
| Appendix A | <i>The Model Code of Conduct</i> |

AGENDA ITEM NO. 12

| | |
|-------------------------|--|
| Board/Committee: | Standards & Governance Committee |
| Date of Meeting: | 23 April 2007 |
| Title: | Gosport Borough Council's Assurance Framework |
| Author: | Head of Internal Audit & Risk Assurance |
| Status: | For Decision |

Purpose

To seek Members' agreement to the newly created Council's Assurance Framework, following the External Audit review of requirements under the Audit Commission Use of Resources assessment.

Recommendation

That the Standards and Governance Committee recommends that Council adopt the new Assurance Framework without amendment.

1 Background

- 1.1 The Council has prepared a Statement of Internal Control (SIC) since the financial year 2003/04. In recent years the Council has not fully documented this process to support this key document. The Assurance Framework has been compiled with research from CIPFA as well as other Local Authorities to ensure best practice and this report provides a detailed description of the framework.
- 1.2 The Audit Commission (jointly with the Council's appointed External Auditors – Mazars) undertook a Use of Resources assessment of the Council as part of its 2005/06 audit. The assessment focused on the importance of effective financial management to ensure the resources are available to support the priorities and deliver value for money. Its main areas of focus were:
 - (i) Financial reporting;
 - (ii) Financial management;
 - (iii) Financial standing;
 - (iv) Internal Control; and
 - (v) Value for money

- 1.3 For the above areas the Audit Commission assessed the Council against a series of Key Lines of Enquiry (KLOE). The Internal Control element includes the assurance mechanisms that the Council has in place to support the SIC. For 2004/05 the Council acknowledged that whilst it had an Assurance Framework in place it would take a further year for it to be fully embedded.
- 1.4 The documentation of the Council's Assurance Framework and further development (awareness training) of some elements of the framework will help officers to understand the components of assurance and ensure that key tasks are completed.

2 Report

The Assurance Framework

- 2.1 A number of initiatives have taken place to develop and document the Assurance Framework as follows:
- (i) Introduction: an explanation of how assurance underpins the SIC.
 - (ii) What is assurance? An outline description of what assurance is?
 - (iii) Key sources of assurance: A summary of the functions of the Council that have a role in providing assurance.
 - (iv) New Annual Statement of Management Assurance signed by each member of the Council Management Team (CMT) (Appendix B).

Statement of Internal Control 2006/07

- 2.2 It is early to judge on the final Statement of Internal Control at this point of time but early indications are that the Council have implemented those areas of concern raised in last years statement. Furthermore, regular reports to this the Committee have also noted very few areas of significant control weakness within the Council's processes and operations. A comprehensive report to this Committee on this matter is timetabled for 19th July 2007.

Risk Management Strategy

- 2.3 An updated Risk Management Strategy, a key element of the Assurance Framework, is attached as Appendix C. The Risk Management Group is currently developing an action plan to accompany the strategy for 2007/08. This includes the training and awareness for key Officer and Members.

3 Risk Assessment

3.1 The documented Council's Assurance Framework and supporting processes will increase the range of effectiveness of its systems of internal control.

4 Conclusion

4.1 With an Assurance Framework embedded into the culture of the Council this will assist in future scoring against the Council's Key Lines Of Enquiry (Use of Resources).

| | |
|---|---|
| Financial Services comments: | Nil |
| Legal Services comments: | Nil |
| Service Improvement Plan implications: | The information provided within the report has a direct link to improving the overall governance arrangements within the Council. |
| Corporate Plan: | The Assurance Framework will support all Council Services in pursuit of their overall corporate priorities. |
| Risk Assessment: | See Section 3 |
| Background papers: | Audit Commission – Extract of the Key Line of Enquiry (Use of Resources) |
| Appendices/Enclosures: | <ul style="list-style-type: none">• Appendix A – The Council's Assurance Framework• Appendix B – Annual Statement of Management Assurance• Appendix C – Risk Management Strategy (Apr 2007) |
| Report author/ Lead Officer: | Chris Davis 023 9254 5306 |

GOSPORT BOROUGH COUNCIL ASSURANCE FRAMEWORK

Introduction

The Council is required to prepare a Statement of Internal Control (SIC) to meet the requirements of the Accounts and Audit Regulations 2006. The SIC is a personal commitment statement by the Leader of the Council, Chief Executive and Deputy Chief Executive & Borough Treasurer (Section 151 officer) that a review has been conducted of the effectiveness of the Council's systems of internal control. Best professional practice recommends that a system of management assurance be adopted to underpin the SIC.

What is assurance?

Assurance is an evaluated opinion, based on evidence, on the Council's governance, risk management and internal control framework. In simple terms, assurance is about knowing what is actually going on and having strong evidence to prove it. The Council needs assurance to ensure that its risk management, governance and service delivery processes are supporting achievement of its objectives.

Key sources of assurance

Assurance can be obtained from many different sources both internal and external. The processes for obtaining assurance are embedded within existing management arrangements and include:

- Council: By its monitoring and review of key decisions and policies, corporate risk and performance management of the Council.
- Scrutiny Committee: By its independent review of selected areas of Council activity the Committee confirms the effective discharge of the Boards, Committee's and other functions of Council.
- Audit Committee: By providing independent assurance as to the adequacy of the risk management framework, associated control environment and by overseeing the financial reporting process.
- Council Management Team: By ensuring that governance arrangements are effective in their areas of responsibility and by reviewing the strategic and operational risks facing the Council, ensuring mitigating controls are in place and reviewing performance in key areas of activity.
- Section 151 Officer and Monitoring Officer: By performing their statutory functions these two officers provide a source of assurance that the Council's systems of governance and internal control are effective and being complied with on a routine basis.
- Service Unit Managers: By reviewing their service risks, maintaining effective controls and monitoring the performance of their services.

- Internal Audit Section: By independently reviewing the risk management, internal control and governance arrangements at the Council.
- Performance Sub Group: By ensuring effective coordination, monitoring and reporting of the Council's performance management framework and processes.
- Risk Management Group: By ensuring effective coordination, monitoring and review of the Council's risk management processes and procedures.
- Audit Commission & External Audit (Mazars): By independently reviewing the Council's activities and reporting upon them, particularly the Council's key financial systems, internal control systems and governance arrangements.
- Health and Safety: By ensuring that an effective Health and Safety framework is in place to help the Council meets its duty to provide safe working environment.
- Quality Systems: By ensuring compliance with the governance standards set IIP, ISO, Charter Mark etc the Council is assured of the effective operation of the systems and services.
- Other External Agencies: By independently reviewing specific areas of Council activity and reporting upon them.

Gosport Borough Council

The Statement on Internal Control 2006/07

Statement of Assurance from

Position

1. I confirm that all recommendations, unless specified overleaf, arising from internal audit, external audit and other inspection reports have been actioned or are in the process of being actioned in line with the timetables agreed. All other recommendations will be actioned in a timely fashion.

2. I am aware that I am responsible for systems of internal control in my service(s) designed to ensure:
 - a) The establishing and monitoring of the achievement of the Authority's objectives.
 - b) The facilitation of policy and sound decision making.
 - c) Compliance with established policies, procedures, laws and regulations.
 - d) Effective risk management.
 - e) The economical, effective and efficient use of resources and for securing continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
 - f) Good financial management and reporting arrangements.
 - g) Good performance management and reporting arrangements.

3. I am also aware that the system of internal controls is designed to manage rather than eliminate risks, and hence can only provide reasonable and not absolute assurance of effectiveness.

4. I understand the Council's commitment to sound corporate governance in the context of the above.

In the context of the above, I am satisfied that (excluding matters detailed overleaf), in relation to the financial year 2006/2007 a sound system of internal control has been in place in relation to the service areas for which I am responsible, and is ongoing.

Those high level controls that I do not consider to be adequate (exclude minor operational controls), together with the action I intend to take during 2007/08 to mitigate these risks, are detailed overleaf:-

Signed

Date

Statement of Internal Control

Areas of weakness to be improved

Service _____

| Detail of weakness identified | Action proposed to mitigate risk | Timetable for completion | Officer responsible | Other comments |
|--------------------------------------|---|---------------------------------|----------------------------|-----------------------|
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Signed _____

RISK MANAGEMENT STRATEGY

INTRODUCTION

Gosport Borough Council recognises that all aspects of business risk must be managed. As part of the Council's Corporate Governance arrangements, risk management should become permanently established as a management tool throughout the organisation.

OBJECTIVES

The objectives of Gosport Borough Council's Risk Management strategy are to;

- Integrate Risk Management into the culture of Gosport Borough Council;
- Manage risk in accordance with best practice;
- Anticipate and respond to changing social, environmental and legislative requirements;
- Prevent injury, damage, and losses and reduce cost of risk;

These objectives will be achieved by;

- Establishing clear roles, responsibilities and reporting lines within Gosport Borough Council for risk management;
- Providing opportunities for shared learning on risk management across Gosport Borough Council;
- Offering a framework which will assist management in the identification of risk and prioritisation of resource;
- Embedding Risk Management into working practices by offering awareness training;
- Monitoring risk management arrangements on an on-going basis

Gosport Borough Council's strategic Priorities are;

- People
- Places
- Prosperity
- Pursuit of Excellence

Risk Management can help the Council achieve its corporate aims and objectives by effectively managing the main risks inherent in achieving the Council's strategies and services. This should ensure resources stay focused on delivery and are not diverted to deal with unexpected problems.

BENEFITS

The overall benefits of a systematic approach to risk management should help the Council;-

- Focus on what needs to be done to meet the Council's aims and objectives;
- Encourage and support innovation;
- Protect our reputation;
- Achieve increased certainty and fewer surprises;
- Improve service delivery;
- Achieve more effective management of change;
- Use resources more efficiently;
- Improve management at all levels through better decision making;
- Reduce waste and fraud, and achieve Best Value.

ROLES, RESPONSIBILITIES AND REPORTING LINES

Members

Members are responsible for ensuring risk management is being implemented and progressed throughout the Council. This responsibility will be exercised by:-

- The Standards & Governance Committee formally approving a Risk Management Policy Statement each year;
- The Standards & Governance Committee approving the Risk Management Strategy and Action Plan;
- The Standards & Governance Committee receiving an annual report reviewing progress against the Risk Management Strategy and Action Plan and updating the Strategy and Action Plan for the following year;
- The Standards & Governance Committee reviewing the Risk Management Policy Statement and Strategy as required and recommending any amendments to the Policy & Organisation Board.
- The Standards & Governance Committee receiving an annual assurance report outlining the adequacy of risk management and internal control throughout Gosport Borough Council.
- As part of Gosport Borough Council's Corporate Governance arrangements, the Leader of the Council and Chief Executive Officer will be required to sign a 'Statement of Internal Control' to be published each year as part of the Statement of Accounts.

The Chief Executive and Council Management Team

The Chief Executive and the Council Management Team have overall responsibility for Risk Management and will receive reports from the Risk Management Working Group twice each year on how the implementation of the strategy and action plan is progressing. With other senior officers, they will also be involved in the risk assessment process itself and the identification and management of strategic risk.

Service Unit Managers will ensure that risk management is discussed and understood within their departments and that operational risks are being identified and managed effectively in line with the risk management strategy.

Unit Management Teams will be responsible for identifying, analysing and profiling departmental operational risks. They should then collate the results into the on-line Corporate Risk Register.

The Risk Management Working Group

The role of the Risk Management Working Group is crucial to the implementation of a successful risk management programme. They are a facilitating group and will be the focal point for co-ordinating all aspects of risk management. They will concentrate on Strategic not Operational issues.

The membership of the Risk Management group will include representatives from each department as well as those in specialist roles with specific responsibilities for aspects of risk management.

The Risk Management Group will make arrangements for the promotion and facilitation of Risk Management throughout the authority

They will monitor the success and implementation of risk management measures and report as necessary to Councillors and The Council Management Team.

The Risk Management Group will arrange for the dissemination of information and advice to achieve better risk management throughout the organisation

Service Unit Managers and their Staff

- Comply with Financial Regulations and Standing Orders
- Work to ensure risk management becomes embedded in the culture of the authority, particularly when new policies and service delivery methods are considered;
- Take responsibility for risk management in their service units, having regard to advice from the Risk Management Group and other specialist officers;
- Develop an analysis of risks faced by the their service units and record incidents that occur;
- Update the corporate risk register promptly of all new risks identified;
- To consider and act promptly in relation to risk management issues raised;
- Review processes and controls continuously and ensure staff have a clear understanding of the consequences of lack of control;

RISK IDENTIFICATION

One of the key risk management objectives is the effective management of the Council's risks, both strategic and operational. This will be achieved initially by Internal Audit, acting on behalf of the Chief Executive, facilitating brainstorming sessions to identify and profile the Council's significant risks. The definition of significant risk is 'one which will prohibit the achievement of one or more of the Council's objectives.'

Once this task has been completed the outcome should be reported to the Council Management Team for their comment and input on the risks faced by the Council and how they should be managed.

Risks will also have to be identified and analysed as part of the project management process, which is often a cross-departmental exercise. Depending on the type of project, these will need to be fed in to the overall Council's risk assessment at the strategic or operational level.

Any further actions identified during the Risk Assessment process will promptly be uploaded onto the Corporate Risk Register. This will be monitored regularly.

The risk management group will review each section's operational risk management action plans in order that any cross-cutting risks can be picked up and managed accordingly.

COMMUNICATION AND TRAINING

It is important that the profile of risk management is raised throughout the Council. This will be done by using existing communication processes such as regular reporting to Members and to Council Management Team. In addition, other departmental meetings should be used to explain and take forward the risk management process.

Training programmes for those involved in the risk assessment process will be compiled to ensure that the same approach to risk is adopted throughout the Council.

The induction process will be extended to ensure a consistent approach is taken across the whole authority.

ACTION PLAN

The Financial Services Manager and Head of Internal Audit and Risk Assurance have been given the responsibility, on behalf of the Chief Executive, for leading the implementation process for risk management. To do this, it is necessary to agree an overall action plan for the work required over the next year to take risk management forward.

AGENDA ITEM NO. 13

| | |
|-------------------------|--|
| Board/Committee: | Standards & Governance Committee |
| Date of Meeting: | 23 April 2007 |
| Title: | Anti Fraud & Corruption Policy |
| Author: | Head of Internal Audit & Risk Assurance |
| Status: | FOR RECOMMENDATION TO POLICY & ORGANISATION BOARD & COUNCIL |

Purpose

To advise the Committee on the New Anti Fraud & Corruption Policy and recommend the adoption of the Policy without amendment.

Recommendation

That the Standards and Governance Committee recommends that Policy & Organisation Board and Council adopt the New Anti Fraud & Corruption Policy in line with best practice and the Audit Commission Key Line of Enquiry – Use of Resources, for inclusion into the Council's Constitution.

1 Background

- 1.1 The Council has not had a formal Council wide anti fraud and corruption policy adopted within its Constitution other than a whistleblowing policy for over five years. The Council currently score 2 within the Use of Resources (Internal Control) assessment. The Council may be able to move towards a three once this Policy is incorporated within the Constitution.

2 Report

- 2.1 As part of the overall governance agenda it is good practice that the Council has an over arching policy covering ALL fraud and corruption. This is external as well as internal. As part of the Key Lines Of Enquiry – Use of Resources [UoR] (4. Internal Control – How well does the council's internal control environment enable it to manage its significant business risks?) this is a key policy to be incorporated within The Council's Constitution. It does feature within the UoR Action Plan (managed by the Resources Sub Group) with both a personal action for publication of the Anti Fraud & Corruption Policy by May 2007 as well as an element within the overall Assurance Framework.

2.2 It is also included within the CIPFA's Code of Practice for Internal Audit in LG in the UK 2006. It states that "Managing the risk of fraud and corruption is the responsibility of management." It goes on to say "...Internal Audit may go beyond the work needed to meet its assurance responsibilities and assist with, for example, the investigation of suspected fraud or corruption."

2.3 The updated Anti Fraud & Corruption Policy features in the CX's SIP under CXU/IA/003. Current status would remain green if the Committee agree the escalation of this Policy to the Policy & Organisation Board.

3 Risk Assessment

3.1 The policy raises the profile and will assist in the reduction and prevention of fraud in all Council business.

4 Conclusion

4.1 The Council, as a public body, should be safeguarded against the threat of fraud with robust policies, processes, procedures and systems to reduce the potential risk of varying degrees of fraudulent activities.

| | |
|---|---|
| Financial Services comments: | Nil |
| Legal Services comments: | None for the purpose of this report. |
| Service Improvement Plan implications: | This is a key policy that the Council should adopt as part of its overall governance arrangements. |
| Corporate Plan: | The policy supports all elements of the business in the prevention and detection of fraud. |
| Risk Assessment: | See Section 3 |
| Background papers: | Audit Commission – Extract of the Key Line of Enquiry (Use of Resources) |
| Appendices/Enclosures: | <ul style="list-style-type: none"> • Appendix A – Anti Fraud & Corruption Policy |
| Report author/ Lead Officer: | Chris Davis 023 9254 5306 |

GOSPORT BOROUGH COUNCIL

ANTI – FRAUD & CORRUPTION POLICY

APRIL 2007

TABLE OF CONTENTS

| SECTION | | PAGE |
|---------|----------------------------------|------|
| 1 | INTRODUCTION..... | 1-2 |
| 2 | CULTURE..... | 2-3 |
| 3 | PREVENTION..... | 3-6 |
| 3.1 | Staff..... | 3-4 |
| 3.2 | Members..... | 4-5 |
| 3.3 | Systems..... | 5-6 |
| 4 | DETECTION AND INVESTIGATION..... | 6-7 |
| 5 | TRAINING..... | 7 |
| 6 | CONCLUSION..... | 8 |

1. INTRODUCTION

1.1 Gosport Borough Council aims to set high standards of service provision and care for the community it serves and is committed to upholding the reputation of the Council and maintaining public confidence in its integrity.

1.2 In fulfilling its responsibilities to protect the public funds it administers against fraud and corruption both from within the Council and from external sources, the Authority recognises the responsibilities placed upon it by statute and will actively promote an Anti-Fraud and Corruption Policy designed to:

- Promote standards of honest and fair conduct ;
- encourage prevention of fraud and corruption ;
- promote detection ;
- identify a clear process for investigation and remedial action ;
- pursue a zero-tolerance policy and bring to justice all persons who commit acts of fraud or corruption against the Council ;
- recover any losses incurred by the Council ; and
- maintain strong systems of internal control.

1.3 The Council expects that Members and staff at all levels will adopt the highest standards of propriety and accountability and will lead by example by ensuring adherence to legal requirements, rules, regulations and agreed policies, practices and procedures.

1.4 The Council also expects that individuals and organisations that come into contact with the Authority e.g. the public, suppliers and contractors, will act with integrity and without intent or actions involving fraud and corruption.

1.5 Internal scrutiny of the Council's affairs occurs as a result of:

- The Deputy Chief Executive and Borough Treasurers' Section 151 Local Government Act 1972 responsibilities to ensure the proper administration of the Council's financial affairs and Section 114 Local Government Finance Act 1988 responsibilities ;
- the establishment of sound internal audit arrangements in accordance with the Accounts and Audit Regulations 2003 and ;
- the responsibilities placed on the Borough Solicitor as Monitoring Officer under Section 5 of the Local Government and Housing Act 1989.

1.6 External Scrutiny of the Council's affairs occurs as a result of involvement by:

- Local Government Ombudsman ;
- External Auditor appointed by the Audit Commission ;
- Central Government Departments and Parliamentary Committees ;
- HM Revenue & Customs ;
- The Department for Work and Pensions ;
- Inspectorates such as the Benefit Fraud Inspectorate ; and
- the general public via the annual inspection of the accounts and the Council's complaints procedure.

Part of the external auditor's statutory duties require them to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.

1.7 Fraud and Corruption are defined by the Audit Commission as:-

Fraud - “the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain”.

Corruption – “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.

1.8 This policy document embodies a series of measures designed to frustrate any attempt of a fraudulent or corrupt act. These cover:

- Culture Section 2
- Prevention Section 3
- Detection and Investigation Section 4
- Training Section 5

1.9 The following list highlights the key documents (held within the Council's Constitution) which together form the overall framework for the proper conduct of business within this Council.

- Delegations to Officers
- Access to Information Rules
- Contract Standing Orders
- Financial Regulations
- Codes & Protocols
- Codes of Conduct – Members & Officers
- Whistleblowing Policy

2. CULTURE

2.1 The Council has determined that the culture and tone of the Authority is one of honesty, openness, integrity, accountability and opposition to fraud and corruption. The prevention/detection of fraud and corruption and the protection of the public purse is everyone's responsibility.

2.2 The Council's Members and staff play an important role in creating and maintaining this culture. They are positively encouraged to raise any matters that concern them relating to the Council's method of operation.

2.3 Full details of the arrangements for reporting concerns internally can be found in the Fraud Response Plans and the Council's Whistleblowing Policy. Concerns can be raised knowing that they will be treated seriously and will be properly investigated in a confidential and impartial manner. In raising concerns staff can be assured that there will be no victimisation, anonymity will be respected and it will not affect their current employment situation or future prospects with the Council.

2.4 Concerns should be raised in the first instance directly with the line manager or if this is not appropriate then the Whistleblowing Policy outlines other appropriate channels. In addition to these channels, concerns can also be raised with any of the following:-

- any Trade Union representative ;
- any member of Internal Audit either directly or via the publicised 24 hour fraud hotline (023 9254 5308) ;

- the publicised benefit fraud hotline (02392 545545) in the case of suspected benefit fraud ;
- an external investigator such as the External Auditor.

The Council will ensure that any allegations received in any way including anonymously will be taken seriously and investigated in an appropriate manner.

- 2.5 There is an expectation and requirement that all members of the public, partners, organisations, suppliers and contractors associated in whatever way with the Council will act with integrity and they are encouraged to raise any issues that concern them through whichever channel they consider appropriate. The numbers of two direct dial telephone lines are publicised, one is for the receipt of benefit fraud information and the other is for any other suspected fraud and corruption information (see 2.4 above).
- 2.6 Senior management are required to ensure that the risks of fraud and corruption are effectively managed at strategic and operational levels, with competent and trained staff working within systems that incorporate effective anti-fraud and corruption controls. Senior management must act in accordance with the Council's Financial Regulations when dealing with any allegations of fraud and corruption.
- 2.7 When it is found that fraud and corruption has occurred due to a breakdown in the Council's systems or procedures, senior management will ensure that appropriate improvements in systems of control are implemented in order to prevent a reoccurrence.
- 2.8 The Council will work in partnership with the Police and other public bodies and will maximise the use of internal and external data matching. A robust approach will be taken in all proven cases of financial malpractice, fraud or corruption including where appropriate, use of the Council's disciplinary procedures. A similar approach will be taken in relation to any allegations that are found subsequently to be malicious.
- 2.9 The Council will respect the Human Rights Act 1998 but it will use all possible lawful means to protect Council services and finances from fraudsters and it will fully meet relevant legislative requirements relating to fraud and corruption including the Regulation of Investigatory Powers Act (RIPA) 2000, the Proceeds of Crime Act 2005 and Money Laundering Regulations 2003.

3. PREVENTION

3.1 STAFF

- 3.1.1 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential staff. In this regard, temporary and contract staff should be treated in the same manner as permanent staff.
- 3.1.2 Staff recruitment will be in accordance with the Council's policies and procedures. Written references covering the known honesty and integrity of potential staff and evidence of qualifications will always be obtained before offers of employment are made. Further checks may be introduced in areas where an increased risk of potential fraud and corruption has been identified. There will be an open and fair policy of recruitment with no 'canvassing' and

'favouritism' and the Council's Equal Opportunities Policy will be adhered to during this process.

- 3.1.3 Staff are expected to follow standards of conduct laid down by the Council's Code of Conduct for Employees (Part 5 Section 19 of the Council's Constitution), National Agreement on Pay and Conditions of Service, any other codes of practice and by professional bodies of which they are members. In the latter instance, the Council will report known impropriety to the relevant Institution for them to consider appropriate disciplinary action.
- 3.1.4 The Council's Disciplinary Procedure is administered by the Head of Paid Service and is to be followed when staff are suspected of committing a fraudulent or corrupt act.
- 3.1.6 All staff are required to declare in a register any offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the Authority. The Employee Gifts and Hospitality Register is held by the Borough Solicitor.
- 3.1.7 Staff must declare any pecuniary interests in contracts that have been or are proposed to be entered into by the Council, in accordance with Section 117 of the Local Government Act 2000. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration.
- 3.1.8 Staff should also disclose any personal and private non-pecuniary interests to their Manager. This includes membership of any organisation which is not open to the public without formal membership and commitment of allegiance and which has secrecy about rules or membership or conduct.
- 3.1.9 Guidance on offers of gifts or hospitality and disclosure of pecuniary and non-pecuniary interests can be found in the Code of Conduct for Employees.
- 3.1.10 Management at all levels are responsible for ensuring that their staff are aware of the Council's Financial Regulations and that their requirements are being met. They are also responsible for the operation, management and monitoring of the internal control systems within their service areas. Under Regulation 4 of the Accounts and Audit (Amendment) (England) Regulations 2006 the Council has to maintain a sound system of internal control which facilitates the effective exercise of that body's functions and includes arrangements for the management of risk. To facilitate this, Managers are therefore required to give reasonable assurance that internal controls within their service areas are operating satisfactorily.
- 3.1.11 Managers should strive to create an environment in which their staff feel able to approach them with concerns they may have about suspected irregularities.

3.2 MEMBERS

3.2.1 Members are required to operate within:

- Government Legislation including the National Code of Local Government Conduct ;
- The Code of Conduct for Members (Part 5 Section 18 of the Council's Constitution);
- Council Contract Standing orders and Financial Regulations ;

- Any locally adopted Codes or Rules as listed within the Council's Constitution (eg. Part 5 Schedule 20 & 21 of the Council's Constitution).
- 3.2.2 These matters are specifically brought to the attention of Members on election to office by the Chief Executive and subsequent training. The Local Government Act 2000 requires all Members to sign an undertaking to observe the Code of Conduct and they are advised of new legislative or procedural requirements.
 - 3.2.3 Members are required to compulsorily provide specific information concerning their financial and other interests and keep this information up to date. The Members Financial and Other Interests Register is held by the Council's Borough Solicitor.
 - 3.2.4 Adherence to these matters is overseen by the Council's Standards and Governance Committee which has independent representatives within its membership and is responsible for the ethical framework of the Council working closely with the Chief Executive, Deputy Chief Executive & Borough Treasurer and Borough Solicitor.
 - 3.2.5 The Council's Standards and Governance Committee is responsible for promoting and maintaining high standards of conduct by elected Members, co-opted members and officers of the Council; for the Members' codes of conduct; for the Council's protocols and ethical guidance; and for dealing with complaints about councillors in so far as permitted by law. It has the task of overseeing the Council's complaints procedure and reviewing the Constitution and making recommendations for changes and revisions to it to the Full Council.

3.3 **SYSTEMS**

- 3.3.1 The Council has in place Delegations to Officers, Codes and Protocols, Financial Regulations and Access to Information Rules within its Constitution that place duties on all Members and employees to act in accordance with best practice when dealing with the affairs of the Council.
- 3.3.2 The Deputy Chief Executive & Borough Treasurer has a statutory responsibility under Section 151 of the Local Government Act 2000 to ensure proper administration of the Council's financial affairs. In addition, under the Accounts and Audit Regulations 2006, the Council is required to maintain an adequate and effective internal audit of its financial records and systems of internal control.
- 3.3.3 The Borough Solicitor has a statutory responsibility under section 5.5 of the Local Government and Housing Act 1989 and the Local Government Act 2000 to ensure the lawfulness and fairness of decision making and with the Standards Committee to promote and maintain high standards of conduct.
- 3.3.4 The Council is committed to systems which incorporate efficient and effective internal controls and which include adequate separation of duties. All Service Managers are required to ensure that such controls, including those in a computerised environment, are properly maintained and documented.
- 3.3.5 Internal and External Audit regularly assess the adequacy, efficiency and effectiveness of the Council's financial systems having regard to the risks of fraud and corruption. Any weaknesses identified will be reported to management who will ensure that corrective action is taken. The Section 151

Officer (Deputy Chief Executive & Borough Treasurer) will use his statutory power to enforce the required changes if necessary via the Council's Standards and Governance Committee.

3.3.6 The Council encourages liaison with other external agencies to exchange information where possible and appropriate to help prevent and detect fraud and corruption. These agencies include:

- Other Local Authorities and statutory Authorities ;
- Treasurers Associations and Societies ;
- local, regional and national Auditor networks ;
- Government Departments ;
- Police ;
- Audit Commission (National Fraud Initiative) ;
- National & Local Anti-Fraud Network and ;
- Housing Benefit Matching Service.

3.3.7 The Head of Internal Audit & Risk Assurance is the Council's appointed Money Laundering Reporting Officer (MLRO) in accordance with the Council's Anti-Money Laundering Policy.

4. DETECTION AND INVESTIGATION

4.1 The Council's preventative systems, particularly internal control systems, provide indicators of, and help to deter any fraudulent activity.

4.2 It is the responsibility of Managers to prevent and detect fraud and corruption. However, it is often the alertness of members, staff and the general public to the possibility of fraud and corruption that enables detection to occur and appropriate action to take place.

4.3 Despite the best efforts of the Council, frauds are often discovered by chance or 'tip-off' and the Council has in place arrangements to enable such information to be properly and promptly dealt with.

4.4 Members, Chief Officers and staff are required by Financial Regulations to notify the Head of Internal Audit & Risk Assurance immediately of any instances or suspected instances of fraud and corruption. This is essential to the success of this policy and:

- ensures the consistent treatment of information regarding fraud and corruption and ;
- facilitates a thorough investigation of any allegation received.

4.5 Suspicions that any transaction or dealing may involve the proceeds of crime should be reported to the Head of Internal Audit & Risk Assurance (MLRO) who will ensure such suspicions are reported to the relevant authorities as required by the regulations governing Money Laundering.

4.6 Depending on the nature and anticipated extent of the allegations, the investigating officer, usually the Head of Internal Audit and in the case of benefit fraud the Benefit Fraud Team Leader, will ensure that all allegations and evidence are properly investigated and reported upon and will work closely with management and other agencies such as the Police to achieve this.

- 4.7 Procedures for dealing with the investigation of fraud and corruption are included in the Audit Manual of the Internal Audit section. Procedures and conduct for dealing with the investigation of benefit fraud are included in the Benefit Fraud Procedures Manual.
- 4.8 The Council's disciplinary procedures will be invoked where the outcome of the investigation indicates improper behaviour by a member of staff. In addition, if appropriate, offenders will be prosecuted by the Police where financial impropriety is discovered.
- 4.9 The Housing and Council Tax Benefit Counter Fraud Enforcement Policy will be followed where the outcome of the investigation indicates benefit fraud.
- 4.10 All investigations into suspected instances of fraud and corruption undertaken by the Council shall comply with the requirements of the Human Rights Act 1998, Regulation of Investigatory Powers Act 2000 and have regard to the Police and Criminal Evidence Act 1984.
- 4.11 The Council will also aim to recover from the perpetrators any losses that it sustains as a result of fraud and corruption.
- 4.12 Where appropriate, the Council will publicise the results of any action taken, including prosecutions, with regard to fraud and corruption activity perpetrated on the Council.
- 4.13 The Council's arrangements for the prevention, detection and investigation of suspected fraud and corruption are subject to review by the Council's external auditors.

5. TRAINING

- 5.1 The Council recognises that the success of its Anti-Fraud and Corruption Policy and its general credibility will depend largely on how effectively it is communicated throughout the Council and beyond, together with the effectiveness of programmed training and the responsiveness of staff throughout the Authority.
- 5.2 To facilitate this, management are responsible for ensuring that this Policy and the related policies and procedures to which it refers, are communicated to their staff in order to promote greater awareness of fraud and corruption.
- 5.3 Management should ensure that positive and appropriate training provision is made for all employees involved in key internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.
- 5.4 Induction and refresher training for Members will be provided by the Head of Internal Audit & Risk Assurance.
- 5.5 Investigation of fraud and corruption is undertaken by the Internal Audit and Benefit Sections. Staff involved in this work will be properly and regularly trained.

6. CONCLUSION

- 6.1 The Council has in place a robust network of policies, guidelines, systems and procedures which are designed to limit, as far as is practicable, acts of fraud and corruption and to detect and assist it in dealing with fraud and corruption should it occur. All such measures will be kept under review to ensure they keep pace with any developments in fraud prevention and detection techniques.
- 6.2 The Council will maintain a continuous review of all its systems and procedures through the work of both its Policy & Performance and Internal Audit sections.
- 6.3 The Council will continuously review its key policy documents including this Anti-Fraud and Corruption Policy.