



NOTICE OF MEETING

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

THURSDAY, 27 JUNE 2013 AT 2.00 PM

CONFERENCE ROOM L - CIVIC OFFICES

Telephone enquiries to Vicki Plytas, Customer, Community & Democratic Services on 023 9283 4058

Email: Vicki.plytas@portsmouthcc.gov.uk

Membership

Councillor Terry Hall (Chair)
Councillor David Fuller (Vice-Chair)
Councillor Michael Andrewes
Councillor John Ferrett
Councillor Donna Jones
Councillor Phil Smith

Standing Deputies

Councillor Peter Eddis
Councillor Aiden Gray
Councillor Les Stevens
Councillor Sandra Stockdale
Councillor Alistair Thompson
Councillor Neill Young

(NB This Agenda should be retained for future reference with the minutes of this meeting.)

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: www.portsmouth.gov.uk

Deputations by members of the public may be made on any item where a decision is going to be taken. The request should be made in writing to the contact officer (above) by 12 noon of the working day before the meeting, and must include the purpose of the deputation (for example, for or against the recommendations). Email requests are accepted.

AGENDA

- 1 **Apologies for Absence**
- 2 **Declarations of Members' Interests**
- 3 **Minutes - 14 March 2013** (Pages 1 - 10)

To confirm the minutes of the meeting held on 14 March 2013 (including the exempt minute) as a correct record.

RECOMMENDED that the minutes of the meeting held on 14 March 2013 (including the exempt minute) be confirmed and signed by the Chair as a correct record.

(Please note that if there is any discussion on the exempt minute this will need to be in exempt session)

- 4 **Updates on actions identified in the minutes**
- 5 **Update report from the External Auditor**

A verbal update will be provided by the External Auditor.

RECOMMENDED that the update from the External Auditor be received

- 6 **School Transport & Student Awards Appeal Committee - Appointments 2013/14**

The purpose of this item is to confirm the appointment of three members and three standing deputies to serve on the School Transport & Student Awards Appeal Committee for the 2013/14 municipal year.

One of the responsibilities of the Governance & Audit & Standards Committee is to deal with school transport appeals, and a panel of three members is appointed annually for this purpose. The panel considers appeals regarding the payment of school transport costs and meets as and when required. The members whose appointments for the 2013/14 municipal year are to be confirmed by the committee are Councillors Terry Hall, David Fuller and Neill Young. The standing deputies whose appointments are to be confirmed are Councillors Michael Andrewes, Phil Smith and Donna Jones.

RECOMMENDED that the appointment of Councillors Hall, Fuller and Young be confirmed by the Governance & Audit & Standards Committee to serve on the School Transport & Student Awards Appeal Panel for the 2013/14 municipal year, with Councillors Andrewes, Smith and Jones being appointed as standing deputies.

- 7 **Update on the Council's compliance with its Equality Duty and Equality**

Impact Assessment Process (Pages 11 - 14)

The purpose of the report is to update the Committee on the compliance of council services with the Equality Duty and the Equality Impact Assessment process since the last report dated 24th January 2013.

RECOMMENDED

- (1) That the Committee notes the contents of the report;**
- (2) That the Committee continues to monitor the compliance of the Council services with the Equality Duty and the Equality Impact Assessment process adopted by the Council, on a quarterly basis.**
- (3) That the City Solicitor continues to report on such compliance to the Committee on a quarterly basis.**

8 Modification to the Petitions Scheme (Pages 15 - 18)

The purpose of the report is to present to Council proposals to revise the petitions procedure arising out of the full council meeting held on 11 June 2013.

RECOMMENDED

That the Committee recommends to Council that

- (1) The petition scheme be changed so that Petitions for debate submitted with the support of at least 1000 signatures, be reported to and considered by the relevant decision making Body of the Council, on the basis that the relevant decision making Body of the Council has not already determined the matter which is the subject of the petition.**
- (2) Further to (1) above, for petitions received on matters that have been determined by the Authority, a threshold of at least 5000 signatures would be required to trigger a debate by the appropriate decision making Body of the Council,**
- (3) The City Solicitor be authorised to make the requisite changes to the scheme and associated supporting documents to reflect the above:**
- (4) Standing Order 13 (f) be amended by the inclusion of the following words in brackets after "receive and debate written petitions" (submitted from the public at least 12 days before the meeting and which contain at least 1000 signatures and are on issues within the power of, but have not already been determined by Full Council. For petitions concerning issues which the Council has already determined, at least 5000 signatures would be required to trigger a**

Council debate.

Debates will commence with the lead petitioner being given 6 minutes to present their petition, followed by the Administration proposing its response to the petition and the normal rules of debate applying).

9 Annual Internal Audit Report for the 2012/13 Financial Year (Pages 19 - 62)

The purpose of the report is to give the Annual Audit Opinion on the effectiveness of the control framework, based on the Internal Audit Performance for 2012/13 to highlight areas of concern and to advise Members of the Audit Plan for 2013/14

RECOMMENDED

(1) That Members note the Audit performance for 2012/13.

(2) That the highlighted areas of control weakness for the 2012/13 Audit Plan are noted by Members.

(3) That Members note the Annual Audit Opinion on the effectiveness of the system of internal control for 2012/13.

(4) Members note the Audit Plan for 2013/14.

10 Update on the Development of the 2012/13 Annual Governance Statement (Pages 63 - 106)

The purpose of this report is to:

- a) Provide an update on progress being made against the key governance issues, as highlighted in the 2011/12 Annual Governance Statement.
- b) Provide an update on the development of the Annual Governance Statement for 2012/13.

RECOMMENDED that the Committee

- a) **Note the progress made against the 2011/12 annual governance issues.**
- b) **Note the process followed to identify significant governance issues and consider the content of the draft 2012/13 Annual Governance Statement.**

11 Performance Management Update (Pages 107 - 112)

The purpose of the report is to outline to members the work being undertaken

around corporate performance management and proposals for future development.

RECOMMENDED that the Governance and Audit and Standards Committee are asked to note the report and comment on:

- a) **The further work proposed in section 5, with a specific focus on issues of Value for Money, as in paragraph 5.4.**

12 Risk Management (Pages 113 - 128)

The purpose of the report is to update Governance and Audit and Standards Committee Members on the proposed changes in arrangements for risk management and the revised draft risk management Policy and Procedures.

RECOMMENDED that Governance and Audit and Standards Committee approve

- (1) The draft Policy and Procedures;**
- (2) The next steps towards embedding a risk culture,**
- (3) A review in 6 months' time of progress**

13 Proposed Revision to the Terms of Reference of the Health Overview and Scrutiny Panel (Pages 129 - 132)

The purpose of the report is to consider proposed revisions to the terms of reference of the Health Overview and Scrutiny Panel (HOSP) which need to be updated following recent changes.

RECOMMENDED that the Committee recommends to full council that the proposed changes to the terms of reference of the Health Overview and Scrutiny Panel, as set out in attached appendix 2, are approved.

14 Data Breaches and associated remedial action

(Please note that appendix 1 is exempt so if the Committee wishes to discuss this, the meeting will need to move into exempt session at that point)

The purpose of the report is to update Members on Data Breaches that have arisen during 2013 and the actions taken. The appended report is exempt

RECOMMENDED that Members of the Governance and Audit and Standards Committee note the breaches that have arisen and the action determined by CIGP

15 Regulation of Investigatory Powers Act 2000 (RIPA) (Pages 133 - 136)

(Please note that the letter from OSC and their inspection report is

exempt so if the Committee wishes to discuss it, the meeting will need to move into exempt session at that point)

The purpose of the report is to update Members on the Authority's use of Regulatory Powers for the period from March 2013 and the changes required to the Policy following the visit by the OSC Inspector as well as the outcome of that visit.

RECOMMENDED that the Committee

(1) Note the RIPA applications authorised since March 2013,

(2) Approve the required changes to Policy as a result of the OSC Inspection regarding the inclusion of the 4 proportionality tests, recording of dates and times of surveillance, update of Code of Practice references and removal of urgency provisions,

(3) Note the OSC inspectors report from the 4th April 2013 inspection.

16 Procurement Management Information (Pages 137 - 142)

(Please note that appendices 2 and 3 are exempt so if the Committee wish to discuss these , the meeting will need to move into exempt session)

The purpose of the report is to update Members on steps being taken to demonstrate that PCC is achieving value for money from its contracts for goods and services.

RECOMMENDED that

(1) members note we have surpassed the target of 95% conformance and achieved 98% for April 2013.

(2) That members note the performance of our suppliers and contractors and action in progress to address poor performance.

17 Southsea Community Leisure Limited Internal Audit Report (Pages 143 - 146)

(Please note that appendix A - two documents - is exempt so if the Committee wish to discuss these, the meeting will need to move into exempt session.)

The purpose of the report is to update Members on any progress made by Southsea Community Leisure Limited (SCLL) in addressing the issues and concerns raised in an earlier audit carried out in August 2012.

RECOMMENDED that given a number of improvements are still to be

implemented and those which have been cannot yet be assumed to be embedded a further follow-up audit is undertaken in the autumn of 2013.

18 Exclusion of Press and Public

That in view of the contents of the following item on the agenda the Committee is RECOMMENDED to adopt the following motion:

“That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the press and public be excluded for the consideration of the following item(s) on the grounds that the report(s) contain information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972”.

The public interest in maintaining the exemption must outweigh the public interest in disclosing the information.

(NB The exempt/confidential committee papers on the agenda will contain information which is commercially, legally or personally sensitive and should not be divulged to third parties. Members are reminded of standing order restrictions on the disclosure of exempt information and are invited to return their exempt documentation to the Senior Local Democracy Officer at the conclusion of the meeting for shredding.)

<u>Item</u>	<u>Exemption Para No.*</u>
19. Data Breaches - Appendix 1 Paragraph Exemption Nos:	1,2 and 3
20. Regulation of Investigatory Powers Update Appendix A *Paragraph Exemption Nos:	3, 4 and 5
21. Procurement Management Information Appendices 2 and 3 Paragraph Exemption No:	3
22. Southsea Community Leisure Ltd Exempt Appendix A	3
23. Exempt appendix to open Minute 30	1 and 2

1. Information relating to any individual
2. Information that is likely to reveal the identity of an individual
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)
4. Information relating to any consultations or negotiations or contemplated negotiations or contemplated consultations or

negotiations, in connection with any labour relations matter arising between Portsmouth City Council and the Trade Unions
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings

- 19 Data Breaches - exempt appendix 1.(to follow) (Pages 147 - 148)**
- 20 Regulation of Investigatory Powers Update - (Exempt Appendix A)**
- 21 Procurement Management Information (Exempt appendices 2 and 3)**
- 22 Southsea Community Leisure Limited (Exempt Appendix A)**
- 23 Exempt Minute from 14 March 2013 (Exempt Appendix to open Minute 30)**

Agenda Item 3

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF A MEETING of Governance & Audit & Standards Committee held on Thursday 14 March 2013 at 2.00 pm in Conference Room A, second floor, Civic Offices, Portsmouth.

(NB These minutes should be read in conjunction with the agenda for the meeting which can be found at www.portsmouth.gov.uk.)

Present

Councillor Terry Hall (Chair)
Councillor Michael Andrewes
Councillor Phil Smith
Councillor Sandra Stockdale (deputising for Councillor Fuller)
Councillor Donna Jones
Councillor John Ferrett

Officers

Mr Michael Lawther, City Solicitor and Monitoring Officer
Mr Chris Ward, Head of Finance and Section 151 Officer
Mr Michael Lloyd, Finance Manager (Technical & Financial Planning)
Ms Elizabeth Goodwin, Deputy Chief Internal Auditor
Mr Jon Bell, Head of HR, Legal & Performance Improvement
Mr Matt Gummerson, Senior Strategy Adviser
Ms Megan Southcott, Strategy Adviser
Mr Kate Handy, External Auditor

15 Apologies for Absence (AI 1)

Apologies for absence were received from Councillor David Fuller. Councillor Sandra Stockdale attended the meeting as his standing deputy.

16 Declarations of Members' Interests (AI 2)

There were no declarations of members' interests.

The chair advised that a request to make a deputation relating to exempt item 16 - Outcome of Investigation into a complaint against a Member had been received from Mr Wareham.

Councillor Phil Smith said that he would leave the chamber for item 16 and also for the deputation relating to it.

Mr Wareham then made his deputation. He outlined the reasons why he had made a complaint against a councillor and also expressed his disappointment at the time taken to respond to the complaint.

The chair thanked Mr Wareham for his deputation and said that a letter would be sent to him to advise of the decision taken by this committee concerning the exempt report.

17 Minutes of the meetings of Governance & Audit & Standards Committee held on 16 January and 24 January 2013 (AI 3)

RESOLVED that the minutes of the meetings of Governance & Audit & Standards Committee held on 16 January 2013 and 24 January 2013 be confirmed and signed by the Chair as a correct record.

18 Updates on actions identified in the minutes (AI 4)

The following matters were clarified:

- The training session on the whistleblowing policy had been arranged as requested.
- The amended wording for Appendix A to the anti-fraud, bribery and corruption report that had been presented at the 15 November 2012 meeting had now been redacted and published on the city council's website.
- The City Solicitor advised that the pension liability for those staff transferring to PCC from the NHS would not fall to Portsmouth City Council.
- Training had not yet been arranged for members on the new responsibilities resting on them following the transfer of public health responsibilities.
- It was confirmed that a report concerning Appendix A of the audit plan under the heading HR about compliance with the PDR policy, completion of code of conduct form and anti-fraud, bribery and corruption training had been presented at the last Employment Committee meeting held on 19 February.
- With regard to the lack of response from Transport & Environment service concerning the compliance level for equality impact assessments, the committee was advised that Mr Michael Lawther had arranged to meet with the Head of Transport & Environment, Mr Simon Moon and would report back on progress.

19 External Audit Progress report (AI 5)

(TAKE IN REPORT)

Ms Kate Handy outlined the purpose of the report which was to assess and identify the key risks raised during discussions with officers and internal auditors and to present the audit process.

RESOLVED that the report be noted.

20 External Audit Plan 2012/2013 (AI 6)

Ms Kate Handy introduced the audit plan which sets out how the external auditors intend to carry out their responsibilities. She said that the report provides the Governance & Audit & Standards Committee with a basis to review the proposed audit approach and scope for the 2012/13 audit in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, Auditing Standards and other professional requirements, but also to ensure that their audit is aligned with the committee's service expectation.

Ms Handy concentrated on sections 2 and 3 of the report which covered financial statement risks and economy efficiency and effectiveness. During discussion the following matters were clarified:

- The audit fee is considerably reduced compared with the 2011/12 fee. However the fee shown is for the core audit and any extras would be charged for separately after first discussing with officers.
- Mr Jon Bell said that the anticipated start date for HR self-serve was July 2013.

RESOLVED that the contents of the audit plan for Portsmouth City Council year ending 31 March 2013 be noted.

21 Treasury Management Policy for 2013/14 - (Information Only) (AI 7)

(TAKE IN REPORT)

Mr Michael Lloyd outlined the contents of the report and said it had been to Cabinet already and would be considered at the council meeting scheduled for 19 March 2013. He explained that the report was before this committee for noting and to allow any observations on the recommendations set out in paragraph 4 of the report that the committee wishes to be forwarded to council for consideration. During discussion the following points were made:

- Mr Chris Ward said that the downgrade from AAA status had not had a massive knock-on effect and that currently only Canada and Germany still retained AAA rated status. It seemed likely that the markets had already taken the likely downgrades into consideration.
- It was confirmed that there is a statutory requirement for councils to have regard to government guidance. Although it would be good to achieve a better return on money invested, government guidance has to be followed as set out in 14.3 as having two objectives.
 - Achieving first of all security (protecting the capital sum from loss) and
 - Liquidity (keeping the money readily available for expenditure when needed).

The guidance states that only when proper levels of security and liquidity have been secured should yield be taken into account.

RESOLVED that the Committee notes the report.

22 Audit Performance Status Report to 15 February 2013 for Audit Plan 2012/13 and Proposed Audit Coverage update for 2013/14 (AI 8)

(TAKE IN REPORT)

The Deputy Chief Internal Auditor introduced the report and said that of the 128 revised planned audits for 2012/13, 91% have been completed or are in progress as at 15 February and this represents a higher rate of achievement than for the same period over the last two years. She said that although three audits have been deferred from 2012/13 audit plan to 2013/14 as set out in 5.3 of the report, there were clear reasons for these deferrals. The Deputy Chief Internal Auditor advised that there were no new areas of concern (critical exceptions) highlighted in finalised reports to services since the previous status to this committee.

She also advised that consultation tests the risk levels and whether all items have been included in the audit universe and once consultation is complete and the audit plan determined, the full audit coverage and resource will be included in the next report to this committee.

During discussion the following points were raised:

- It was confirmed that the audit universe meant all of the activities within the organisation. The aim is to cover all the key areas over a three year period.
- With regard to the format of reporting to the committee, members were familiar with the current format but were open to receiving alternative forms of reporting the information. The Deputy Chief Internal Auditor said she would investigate providing the information in an alternative format.
- With regard to the Pyramids item, it was confirmed that this is included in the 2013/14 plan. The Deputy Chief Internal Auditor said that Audit had just performed a second audit which would be reported back to this committee.
- It was noted that debt recovery was on red for everything but that management were putting in a number of controls after which it would be reviewed again.
- With regard to corporate training, some training has to be undertaken by all staff and monitoring of this would be better next year.
- With regard to debt recovery, there had been inadequate management but there had been a recent appointment which should lead to a marked improvement.

- With regard to training issues, HR were about to roll out a programme that should ensure a marked improvement by this time next year.
- Members asked about how risk was measured in the audit universe. For example 25% of a small risk would not necessarily be particularly serious whereas 25% of a large risk could be. The Deputy Chief Internal Auditor said she would provide more information about this at a future meeting.

RESOLVED (1) that Members note the Audit Performance for 2012/13 to 15 February 2013;

(2) that Members note the highlighted areas of control weakness for the 2012/13 Audit Plan;

(3) that Members note the progress on the 2013/14 Audit Plan compilation.

23 Regulation of Investigatory Powers Act 2000 (RIPA) (AI 9)

(TAKE IN REPORT)

The City Solicitor introduced this item and said that the report updates members on the authority's use of regulatory powers for the five month period from November 2012 to March 2013 and the changes required to policy; to advise on training provided and the impending visit by the Office of Surveillance Commissioners (OSC) who will inspect PCC's RIPA records on 4 April 2013.

The City Solicitor advised that the RIPA powers are used sparingly by Portsmouth City Council. He said that one RIPA application for communications data had been authorised in the five month period between November 2012 and March 2013 to assist in an investigation into the sale of counterfeit goods via a website.

The City Solicitor advised that the proposed changes to the RIPA policy are highlighted in the policy attached to the report as Appendix A. He said that the changes mainly relate to test purchases, drive-bys and the process for magisterial approval.

RESOLVED that Members of the Governance & Audit & Standards Committee

- (1) Note the RIPA application authorised in the five month period from November 2012 to March 2013**
- (2) Approves the required changes to Policy**
- (3) Notes the OSC inspection due on 4 April 2013**
- (4) Notes that update training has been provided to relevant officers.**

24 Whistleblowing Policy Changes Report (AI 10)

(TAKE IN REPORT)

The City Solicitor introduced the report and said that following a recent whistleblowing investigation, the whistleblowing policy had been updated. Members of the committee were asked to approve the updated policy which would go on to the full council meeting scheduled for 19 March 2013 as this represented a constitutional change.

In response to questions the following matters were clarified:

- Most members of staff would be aware of the Freedom of Information Act and would therefore realise that it would be difficult to maintain anonymity. The Deputy Chief Internal Auditor said that if a person asked that their identity was not disclosed, PCC would not disclose that person's identity without their consent unless required to do so by law. The person concerned would be advised that there may be some circumstances when a concern cannot be resolved without revealing the person's identity. In such cases a discussion would be arranged in order to establish how best to proceed.
- With regard to 4.1 of the policy, being accompanied by a union or professional association representative or a friend is an offer rather than a right.

Members noted that there was nothing in the policy to recognise member involvement in the whistleblowing process even though several members had been approached by officers on a whistleblowing matter. The Head of HR, Legal & Performance Improvement said that including members under option 4.3 of the report would place obligations on councillors.

Following further discussion, it was agreed that the City Solicitor would arrange for some guidance to be circulated to councillors to raise their awareness of the whistleblowing policy and to ensure they knew what action to take should a whistleblower contact them directly.

The Deputy Chief Internal Auditor said that there was a hotline for whistleblowers to use but not a unique email address and she undertook to look into this. Members also suggested that contact details should be included under section 2 of the policy.

The City Solicitor confirmed that if a complaint were to be made against a senior officer - for example a strategic director - that person would not be included in matters concerning that particular whistleblowing matter. Instead it would be referred upwards to more senior officers. This would equally apply if the whistleblowing matter concerned a member of the steering group.

Members asked that the City Solicitor arranges for the document to be tidied up in terms of typographical errors and to reflect the few minor amendments referred to at this meeting.

RESOLVED that Members approve the updated Whistleblowing Policy subject to minor amendments to be made by the City Solicitor.

25 Health and Wellbeing Board Constitution (AI 11)

(TAKE IN REPORT)

Mr Matt Gummerson introduced the report saying that its purpose was to seek approval of the constitution for the Health and Wellbeing Board as it assumes its statutory responsibilities from 1 April 2013.

In response to questions the following matters were clarified:

- The City Solicitor advised that those non-councillor members of the Health and Wellbeing Board with pecuniary interests should not participate in voting on that issue or in the discussion.
- In response to a query about whether the code of conduct applies to non councillor members if a complaint is made against them, the City Solicitor advised that technically they could not be regarded as councillor. The City Solicitor said that some work needed to be done on how to deal with this eventuality which he would consider further.

RESOLVED that the constitutional change to the Board be supported and that authority is given to the City Solicitor to include wording in the Standing Orders to make appropriate consequential changes.

26 Annual Governance Progress (AI 12)

(TAKE IN REPORT)

Megan Southcott, Strategy Adviser, introduced the report which was to

- a) Provide an update on progress being made against the key governance issues as highlighted in the Annual Governance Statement 2011/12.
- b) Provide an update on the development of the Annual Governance Statement for 2012/13
- c) Provide an update on the review of the Corporate Governance Framework.

Ms Southcott said that

- The issues that have emerged so far are set out in 3.3.2 of the report.
- The sources listed in 3.3.3 of the report have yet to be reviewed for significant issues.
- A self-assessment of the Governance & Audit & Standards Committee was due to be carried out on 22 March 2013 which may identify further governance issues.

Ms Southcott said that a review of the corporate governance framework had been carried out which showed that there were a number of barriers preventing the framework from being effective as set out in the report.

In response to questions the following matters were clarified:

- The number of governance controls had been reduced as services do not have the time or resource to monitor and report on compliance against a large number of governance controls. However, central government were constantly adding new requirements and there was no need to include controls in the corporate governance framework if they were already being dealt with elsewhere. The corporate governance framework now excludes matters which are dealt with elsewhere but the monitoring is still taking place.
- It was agreed that PCC would explore how it engages with local people and other stakeholders to ensure robust accountability. This is in relation to those sections of the community and other stakeholders where clear channels of communication had not been established. Members wanted to receive more information about the improvements that could be made to ensure those channels of communication are used to full advantage. The Strategy Adviser agreed to bring back some more detailed information on these matters to a future meeting.

RESOLVED that the Governance & Audit & Standards Committee:

- a) Note the progress being made against the key governance issues for 2011/12**
 - b) Note significant governance issues which have so far been identified for 2012/13**
 - c) Note the outcomes of the Corporate Governance Framework review.**
- 27 The appointment of Independent Persons for the Municipal Years 2013 to 2016 (AI 13)**

(TAKE IN REPORT)

The City Solicitor introduced this item and said there was a need to agree a process for appointing independent persons under the provisions of the Localism Act 2011 and for the committee to decide on how many independent persons should be appointed.

RESOLVED to recommend to council

- (1) that the Committee's procedure be agreed for the appointment of Independent Persons as required by the Act, for the period May 2013 to May 2016, which is**

- To advertise on the council's website and in a local newspaper
- For the interview panel to be drawn from a cross-party panel of three councillors from the Governance & Audit & Standards Committee

(2) that three Independent Persons be appointed.

28 Date of Next Meeting (AI 14)

The date of the next scheduled meeting is 27 June 2013 at 2.00 pm.

29 Exclusion of Press and Public

It was proposed by Councillor Terry Hall and seconded by Councillor Michael Andrewes that, under the provisions of Section 100A of the Local Government Act 1972 as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded for the consideration of the following item on the grounds that the report contains information defined as exempt in Part 1 of Schedule 12A to the Local Government Act 1972.

This was agreed.

30 Exempt report - Outcome of Investigation into a complaint against a Member (AI 16)

The City Solicitor outlined the report and members were asked to make their decision in accordance with the recommendation in the report. Members were advised that if they did not agree to the recommendations in the report it was open to them to instruct that another investigation be carried out.

Following discussion, the recommendations set out in the report were accepted unanimously.

RESOLVED that no further action is taken in relation to the complaint.

The City Solicitor would write to those concerned advising of the outcome of the investigation

The meeting concluded at 4.10 pm.

Chair

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Agenda Item 7



Portsmouth
CITY COUNCIL

Agenda item:

7

Title of meeting: The Governance and Audit & Standards Committee

Date of meeting: 27 June 2013

Subject: Update on the Council's compliance with its Equality Duty and Equality Impact Assessment Process

Report by: City Solicitor

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. To update the Committee on the compliance of council services with the Equality Duty and the Equality Impact Assessment process since the last report dated 24th January 2013.

2. Recommendations

- 2.1. That the Committee notes the contents of the report;
- 2.2. That the Committee continues to monitor the compliance of the Council services with the Equality Duty and the Equality Impact Assessment process adopted by the Council, on a quarterly basis.
- 2.3. That the City Solicitor continues to report on such compliance to the Committee on a quarterly basis.

3. Update on the Council's compliance with the Equality Duty and the Equality Impact Assessment (EIA) process

3.1. Background

- 3.1.1. The Equality Act 2010 introduced the Public Sector Equality Duty requiring the Council to consider the impact of its policies, strategies, projects and services on people with any of the nine 'protected characteristics': These are age, race,

disability, sex, gender reassignment, sexual orientation, religion, pregnancy and maternity, marriage or civil partnership.

3.1.2. Non-compliance can lead to costly, time-consuming and reputation-damaging legal challenge by individuals or pressure groups.

3.1.3. The Council has a well-established Equality Impact Assessment process which assists compliance with the Public Sector Equality Duty.

3.2. Table showing compliance of individual services with the Equality Impact Assessment process

The table below shows the individual services' compliance with the Council's 3 yearly rolling EIA process as at 29th May 2013. This process sets deadlines for EIAs to be completed on the major services, policies, and functions of the Council that have been identified by the management and the Equality & diversity team as having a potential present or future disproportionately negative impact on people possessing any of the 'protected characteristics'. All major completed non-exempt EIAs are published on the equality pages of the council website. Other EIAs are available on request from the Equality & diversity team.

The table does not take account of the additional EIAs being undertaken on other proposed new or changed projects, policies, services and strategies that are placed before relevant decision-makers. These are monitored by the Equality & diversity team regularly through the Future Work Programme. Council services are overall pro-active in planning for equality analysis as part of their project processes and / or contacting the Equality & diversity team for advice and support.

The table below illustrates that the majority of the services continue to be 100% compliant. Transport & Environment Services have now provided us with an updated list of the major service areas that require EIAs and have proposed timescales for their completion. Unfortunately, Adult Social Care now has a number of outstanding EIAs in major service areas. The Equality & diversity team is working with this service to ensure that these EIAs are completed without further delay.

Directorate	Service	Compliance
Public Health	Health, Safety & Licensing	100% - no change
People Services	Education & Strategic Commissioning	100% - no change
	Children's Social Care and Safeguarding	100% - no change
	Adult Social Care	62% (13 of 21) - down from 100%
	Revenues and Benefits	100% - no change
Regeneration	City Development & Cultural Services	100% (up from 75% for Cultural Services, no change for the other services)
	Corporate Assets, Business & Standards	100% - no change
	Transport & Environment	The service has now provided a list of service areas that will require EIAs and timescales have been agreed for their compliance.
	Housing & Property Services	100% - up from 75%
Performance / Support Services	Information Services	100% - no change
	Finance	100% - no change
	HR, Legal & Performance	100% - no change
	Customer, Community & Democratic Services	100% - no change

6. Reasons for recommendations

- 6.1. To ensure that the Council complies with its legal obligations under the Equality law.

7. Equality impact assessment (EIA)

- 7.1. This report does not require an Equality Impact Assessment as it does not propose any new or changed services, policies or strategies.

8. Head of legal services, comments

- 8.1. Legal advice and the effect of non-compliance are set out in this report.

9. Head of finance’s comments

9.1. There are no financial implications arising from the recommendations in this report.

.....
Signed by:

Appendices: Nil

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Nil	

.....
Signed by:

Agenda Item 8



Portsmouth
CITY COUNCIL

Agenda item:

8

Decision maker: Governance & Audit & Standards Committee - 27 June 2013
Full Council - 9 July 2013

Subject: Modification to the Petitions Scheme

Report by: Local Democracy Manager

Wards affected: All

Key decision (over £250k): No

Full Council Decision Yes

-
1. **Purpose of report**
To present to Council proposals to revise the petitions procedure arising out of the full council meeting held on 11 June 2013.
 2. **Background/reason for report**
 - 2.1. The Council in June 2010 adopted a Petitions Scheme in accordance with the requirements of the Local Democracy, Economic Development and Construction Act 2009. The Council's Scheme drew upon the model Petitions Scheme published by Department of Communities and Local Government.
 - 2.2. Last year, the provisions of the 2009 Act which related to petitions were repealed by the Localism Act. Consequently the Council is no longer bound by a prescribed scheme and is able to make any changes to address anomalies highlighted through the current scheme's operation.
 - 2.3. At the last Full Council meeting on 11 June, the Council was presented with three petitions, each supported by in excess of a 1000 signatories which, in accordance with the current scheme, consequently triggered a Full Council debate. All three petitions concerned Cabinet related matters which the Council was therefore precluded from determining (see paragraph 2.4 below).
 - 2.4. Under the Executive model of corporate governance, by law most non regulatory functions are delegated to the Cabinet to discharge with a number of prescribed powers reserved to the Full Council and these are set out under Article 4 of the Council's constitution and include setting the Council tax, approving the budget and certain specific corporate strategies.
 - 2.5. The Scheme also allows for petitions with a least 500 signatures, to hold an officer (first and second tier officers) to account through an open meeting of the appropriate scrutiny Panel, although this has not been activated to date.

- 2.6. Petitions received by the Council which fall below these thresholds are considered by officers in consultation with (when Executive matters are involved) the appropriate Cabinet Member or Full Cabinet, especially when they form part of a consultation process undertaken by the Authority.
- 2.7. At the last Council meeting, in light of the experience, Members requested that a specific change be made to the petition scheme, namely that petitions containing at least 1000 signatures, should, in future, be presented to and considered by the Body of the Council with the power to determine the issue which is the subject of the relevant petition. This it was considered would be more helpful to the petitioners and a more effective way for the Council to conduct its business.
- 2.8. It is also proposed that the above change be on the basis that the relevant decision Body has not already determined the matter which is the subject of the petition. For petitions received on matters after they have been determined by the relevant Body of the Authority, a threshold of at least 5000 signatures would be required to trigger a debate by the appropriate decision making body,
- 2.9 The City Solicitor will be approaching the Information Commissioner's Office seeking the issue of guidance on how the Council can allow greater disclosure of petitioner information in the spirit of the transparency and openness agenda and to help inform its decision making process.

3. **Recommendations**

That the Committee recommends to Council that

- 3.1 The petition scheme be changed so that Petitions for debate submitted with the support of at least 1000 signatures, be reported to and considered by the relevant decision making Body of the Council, on the basis that the relevant decision making Body of the Council has not already determined the matter which is the subject of the petition.**
- 3.2 Further to (3.1) above, for petitions received on matters that have been determined by the Authority, a threshold of at least 5000 signatures would be required to trigger a debate by the appropriate decision making Body of the Council,**
- 3.3 The City Solicitor be authorised to make the requisite changes to the scheme and associated supporting documents to reflect the above:**
- 3.4 Standing Order 13 (f) be amended by the inclusion of the following words in brackets after "receive and debate written petitions" (submitted from the public at least 12 days before the meeting and which contain at least 1000 signatures and are on issues within the power of, but have not already been determined by Full Council. For petitions concerning issues which the Council has already determined, at least 5000 signatures would be required to trigger a Council debate.**

Debates will commence with the lead petitioner being given 6 minutes to present their petition, followed by the Administration proposing its response to the petition and the normal rules of debate applying).

4. **Equality impact assessment (EIA)**
An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010
5. **City Solicitor's Comments**
These are dealt with in the report and it is within the powers of the Committee to make these recommendations to Council.
6. **Head of finance's comments**
Not applicable in the context of this report

.....
Signed by:

Appendices: None

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

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Agenda item:

9

Decision maker:	Governance & Audit & Standards Committee
Subject:	Annual Internal Audit Report for the 2012/13 Financial Year
Date of decision:	27 th June 2013
Report by:	Chief Internal Auditor
Wards affected	All
Key decision (over £250k)	No

1. Summary

- 1.1 In 2012/13 Internal Audit raised 8 critical exceptions, 1 of these has previously been reported to this Committee but are included for information along with the remaining 7 in this report.
- 1.2 100% of the revised Annual Audit Plan has been completed. This represents 125 audits from the original plan of 140 where a total of 15 audits were deferred or removed; all of which have been reported either previously to this committee or are detailed in this report.
- 1.3 Areas of assurance are shown on Appendix A.
- 1.4 252 days of reactive work were undertaken in 2012/13, with 245 days set aside in the 2012/13 Audit Plan.
- 1.5 The Audit Plan planned coverage for 2013/14 is attached as Appendix C.
- 1.6 Due to the number of critical and high risk exceptions the Audit opinion for 2012/13 is that only limited assurance on the effectiveness of the control framework can be given with the areas of most concern highlighted in section 6 and Appendix A.

2. Purpose of report

- 2.1 This report is to give the Annual Audit Opinion on the effectiveness of the control framework, based on the Internal Audit Performance for 2012/13 to highlight areas of concern and to advise Members of the Audit Plan for 2013/14.

3. Background

- 3.1 The Annual Audit Plan for 2012/13 was drawn up in accordance with the agreed Audit Strategy approved by this Committee on 27 January 2012 and following consultation with Heads of Services, Strategic Directors and the Chair of this Committee.

3.2 The Annual Audit Plan for 2013/14 has been drawn up in accordance with the agreed Audit Strategy approved by this Committee on 24 January 2013 and following consultation with Heads of Services, Strategic Directors and the Chair of this Committee.

4. Recommendations

4.1 That Members note the Audit performance for 2012/13.

4.2 That the highlighted areas of control weakness for the 2012/13 Audit Plan are noted by Members.

4.3 Members note the Annual Audit Opinion on the effectiveness of the system of internal control for 2012/13.

4.4 Members note the Audit Plan for 2013/14.

5. Audit Plan Status 2012/13

Percentage of approved plan completed

5.1 100% of the annual audit plan has been completed. This represents 125 audits from the original plan of 140. Some of the reviews were amalgamated because of overlap and several others took longer than anticipated mainly because they were new areas which had significant issues.

5.2 Three of the Audits cannot be reported on at this time; the findings of 2 are still in dialogue with Senior Managers and 1 is subject to a court case later this year. These will be reported at a future meeting.

5.3 In total 15 audits have been deferred or removed. All of which have been reported either previously to this committee or are detailed below.

5.4 As requested by Members of the Committee a breakdown of the assurance levels on completed audits is contained in Appendix A.

5.5 Six audits have been removed from the plan:

Audit	Reason
Domiciliary Care	This audit has been deferred to 2013/14 due to the availability of key staff in Social Care.
Contracts with Special Schools outside of the City	Deferred to 2013/14 as an independent contractor is currently finalising the contract sign off with the relevant schools and the work is not scheduled for completion until the end of March 2013
Corporate Programme Management - Project Management Reviews	These three audits have been combined, deferred to 2013/14 and covered as part of an overall project assurance review programmed for 2013/14.
Tipner	
Northern Quarter	

Colas PFI	Deferred to 2013/14 to await the outcome of the best value review
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Reactive Work

- 5.6 245 days had been allowed for reactive work and investigations in 2012/13. 252 days were used.
- 5.7 The 252 reactive days were used for completion of 20 carried forward audits, 3 carried forward special investigations, 12 new special investigations, 1 unplanned item and 35 items of advice.
- 5.8 Special Investigations work undertaken in 2012/13 can be categorised as follows: Three carried forward and twelve new special investigations including:
- 4 Whistleblowing investigations
 - 10 Financial investigations
 - 1 Forensic PC Examination
- 5.9 Items of reactive work due to changes in priorities, involving an Audit Review or Internal Audit acting in a consultancy role included, amongst other things:
- The Local Enterprise Partnership (LEP) Start up Grant review

Exceptions

- 5.10 The number of exceptions raised in the final reports from the 2012/13 audit plan, in each category has been:
- 8 Critical
 - 184 High Risk
 - 35 Medium Risk
 - 12 Low Risk (Improvements)
- 5.11 An analysis of the common themes for exceptions raised under the categories noted in Appendix A is shown in the following table. As previously requested by this Committee a full breakdown of the areas of non-compliance from all 2012/13 audits is attached as Appendix B.

Assurance Area	Risk Highlighted by Audit	No of Occurrences
Compliance with Laws, Regulations, Rules, Procedures and contract conditions	Service Policies	18
	Financial Rules – Inventory	10
	Financial Rules – Income	7
	Financial Rules – Petty Cash	5
	Financial Rules – Purchase Orders	5
Monitoring & Evaluation	Monitoring/management oversight of systems	13
	Information management/	15

	incomplete information	
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5.12 The analysis shows a high number of exceptions in relation to non-compliance with Financial Rules. This is consistent with the findings from the 2011/12 Audit Plan. The analysis also shows a high number of exceptions in relation to management oversight and information management. As part of the 2013/14 Audit Plan these areas have been included for further reviews to ensure compliance throughout the Authority.

5.13 The table below is a comparison of the audit status figures, for the 2012/13 financial year and the previous two years.

	2010/11	2011/12	2012/13
% of the audit plan completed	98%	96%	100%
No. of Audits Completed for the year	169	167	125
No. of Critical exceptions	3	8	8
No. of High risk exceptions	184	198	184
No. of reactive days	379	385	252

5.14 With the achievement of the Audit Plan better assurance can be given and this includes areas not previously subject to audit. Because of this it is to be expected that there will be areas of weakness found. The assurance on Appendix A does show that, where follow ups are carried out, the weaknesses have largely been addressed which is a positive indication that the organisation is learning from the process.

6. Areas of Concern

Concerns identified since the last meeting

6.1 There are 7 new areas of concern:

6.2 Home to School Transport Budget

6.2.1 Testing confirmed that monthly budget monitoring takes place between the budget holders and accountant responsible for the control and monitoring of the home to school transport budget. Despite regular monitoring, the December 2012 Budget and Performance Monitoring Report which was sent to members forecast a £237,000.00 overspend on the assisted home to school transport budget.

6.2.2 Although work is currently being undertaken to reduce the forecast overspend it should be noted that the budget has been overspent in the previous two financial years (£45,158 in 2010/2011 and £239,895 in 2011/2012) and additional statutory provision relating to 19 to 25 year olds which come into effect from April 2014 will have a further financial impact on the budget.

- 6.2.3 Based on the testing conducted, no assurance can be given that the growths fund allocation of £101,600 for 2013/2014 and the work currently being undertaken to reduce the forecast overspend, will be sufficient to meet the requirements of this demand led budget.
- 6.2.4 **Agreed action** - Michael Lawther and Julian Wooster will liaise with Chris Ward (Head of Finance & S 151 Officer) to discuss the exception raised as a result of this review and to agree a resolution to the forecast overspend for 2013/2014.

6.3 Planning & Building Control

- 6.3.1 Testing identified that work undertaken by Building Control Surveyor is not checked.
- 6.3.2 The previous review in 2010/11 highlighted the fact that the Building Control Manager has authorisation to apply partnership discounts and to calculate fees depending on estimated costs in an attempt to secure business from private surveyors. These discounts and fees are applied to relevant cases. However, the calculations behind these figures were not evidenced in the case files so it was unclear how they have been determined.
- 6.3.3 It was agreed that a breakdown of the calculations would be attached to each file to evidence how the fee for that case was agreed but testing during this review of a sample of 4 Building Control files has confirmed that the agreed action has not been implemented.
- 6.3.4 **Agreed action** - The department is currently being restructured and at the time of the audit there was, and still is, no Building Control Manager in position. The building regulation charge calculation sheet will be reviewed to ensure that the base calculation is clearly recorded. In the interim period the calculation sheets will be spot checked by the Assistant Head of Planning Services.

6.4 Credit Notes - Accounts Receivable

- 6.4.1 As part of the Accounts Receivable Audit a sample of 21 credit notes request forms were tested to ensure correct processing and authorisation. Initial testing found that for 3 of the 21 (14%) credit note request forms reviewed the 'requestor' and 'authoriser' were the same person, thereby negating any separation of duties which is a key control in preventing fraud.
- 6.4.2 To request a Credit Note a member of staff has to complete an online form, via Intralink, which is then sent directly to the Income Team shared mailbox. The request is then processed by the Income Team who will raise the credit note accordingly without making any checks regarding the authorisation as this is not part of their remit.
- 6.4.3 Testing confirmed that the person named as the authoriser does not automatically receive a copy of the request form prior to, or after its submission to the Income Team, as this process is manually driven. Therefore the current system does not offer any assurance that the credit note request has been duly authorised because the requestor is never forced to gain an authorisation. In order to confirm the authorisation the Income Team would need to contact the named authoriser for each request which they consider would be an inefficient use of resources.

- 6.4.4 A review was conducted of all credit notes processed through the Oracle system between 01/04/12 - 27/03/13. A total of 1,656 credit notes were issued during the period tested with an overall value of £5,048,866.08. Of those, 88 were selected for further review. No evidence was found of any fraud or error with the credit notes tested and all appear to have been issued for valid reasons. It is not known if there have been any issues in the past, or that there might not be any issues in the future due to the absence of preventative controls.
- 6.4.5 **Agreed action** - A new monitoring process is to be implemented to enable potential review of all credit notes raised. Monthly reports are to be produced by the Accounts Receivable team and nominated finance officers will be responsible for monitoring and verifying the validity of the credit notes raised in their area of responsibility. Evidence of the monitoring conducted will be noted on the report generated.

6.5 Legionella Management

- 6.5.1 Legionella testing undertaken by the Asset Management Service (AMS) and Housing on sites they are responsible for appear to be appropriately controlled. These areas include Council Housing, offices and a limited number of schools. The Audit review of the Port showed that testing is undertaken by the Ports Contractor MITIE on the various sites around the Port. However, there are public buildings that do not come under the auspices of the Council to undertake legionella testing and these include, for example, some schools and the Pyramid Centre
- 6.5.2 For the Port there has been no evidence provided of testing undertaken on the cold water storage tank that is used to replenish the ships. There is a potential risk that the water in this tank can be warmed by the sun to a temperature that puts it at risk of developing legionella bacteria. It is understood that a process and procedure has been put in place but no evidence has been received to ensure this area is being controlled and a critical exception was raised as a result.
- 6.5.3 Audit visits to two schools not being covered by AMS Legionella Control and outside the remit of the Council, highlighted significant gaps in the legionella process which could leave the Schools open to significant risk. AMS audit properties run by Parkwood for legionella, but not the Pyramids which is run by Southsea Community Leisure Ltd. The control of legionella across the Authority appears fragmented and leaves gaps in the process.
- 6.5.4 **Agreed action** - The Port Senior Building Surveyor has stated that "the tank mentioned is a new installation representing the first of 5 such tanks that will be used to supply water to ships, in order to satisfy the requirements of the water company for an anti-siphoning system. These tanks will be lagged and temperature gauges fitted as well as procedures for flushing before use. This, together with the rigorous testing regime that is employed in the rest of the site, will reduce the likelihood of any problem". This was due to be implemented from January 2013.
- 6.5.5 For Council's estate a Corporate Legionella Management Policy will be introduced by the Health & Safety Manager by 1st March 2013. Responsible persons in Housing / AMS / Port / Schools are to meet, share and agree a standardisation of all procedures / reporting systems / contracts for Legionella and to ensure all information is being captured in a timely manner. This will also be used to raise the profile for other bodies

to which the Council is not responsible but could offer an advisory service and all schools outside of the Council remit will be written to with advice on best practice.

6.6 MMD

MMD Payroll

- 6.6.1 MMD (Shipping Services) Ltd is a wholly owned subsidiary of Portsmouth City Council and as part of the 2012/13 Audit Plan audits of financial systems have been carried out.
- 6.6.2 MMD uses the Sage Payroll system. Following a review of the access rights, as well as discussions with the Financial Controller, it was identified that the online banking requires only one authoriser to physically make a payment or transfer of funds. The Financial Controller post is an authoriser as well as the administrator for Sage and is therefore vulnerable to either be in a position to commit a fraud or at risk of accusations of fraud.
- 6.6.3 **Agreed actions** - The Financial Controller to be removed as an administrator of the Sage Payroll system with affect from 1st July 2013.

MMD Accounting System (Accounts Receivable)

- 6.6.4 As part of the financial audits at MMD a request was made to the Port IT Administrator for a report which showed the staff access levels to Navision, the finance and distribution system used by MMD, particularly to write off debt and approve credit memos.
- 6.6.5 The reply from the Port IT Administrator stated that no such report is available from the system and this had been confirmed with the supplier of the software. This means that MMD cannot evidence which staff have current access or what that access enables them to do.
- 6.6.6 Internal Audit are therefore unable to give any assurance that access levels to Navision are appropriately restricted to ensure financial transactions are entered and approved in accordance with MMD's policies.
- 6.6.7 **Agreed action** - The supplier of the software is unable to create this report. The IT Administrator will analyse the different security groups in Navision and detail the access rights they have. The users in each security group will then be reviewed by the Directors and amendments will be made as necessary. This is aimed to be completed by 31st July 2013.

MMD Accounts Payable

- 6.6.8 Following discussions with the Financial Controller and from confirmation with the IT Manager at the Port, it was established that all members of staff who have access to Navision have the ability to amend supplier and customer details, including bank details.

- 6.6.9 Both the Financial Controller and one of the Directors can setup a supplier, input a payment and approve the payment in Lloyds Link without reference to another party.
- 6.6.10 New supplier requests were completed for all new suppliers sampled (10) and were authorised by the Financial Controller, however there are no validity checks carried out to confirm that the details completed on the form are correct and or genuine.
- 6.6.11 **Agreed action** - To improve segregation of duties, the setting up / editing of supplier accounts will be restricted to the Management Accountant and, in their absence, by the Desktop Support Analyst. This will be achieved by blocking write access to vendor bank details in Navision to everyone else; a request has been made to our IT provider of Navision to make this change. This has been actioned.
- 6.6.12 Purchase Ledger BACS payments are created / exported from Navision by the Purchase Ledger Clerk and transactions imported into Lloyds Link are frozen so that amendments cannot be overwritten by any authorised officer without cancelling the initial entry, preventing amendments outside of Navision.
- 6.6.13 The Financial Controller checks all payments and will sample check that bank details on the forms are correct.

Previously raised areas of concern

- 6.7 The table below summarises the area of concern from the 2012/13 Audit Plan which the Committee has been made aware of.

Audit Area	Exception
Client Affairs	<p>The Client Affairs Team (Financial Services) takes responsibility for the finances of Social Care clients who are incapable of managing their own affairs, acting as their Deputy through an application to the Court of Protection. It was confirmed that there were no formalised procedures on how to deal with client property searches or records that need to be kept.</p> <p>Agreed Action - There is now a formalised procedure in place that covers client property searches and also a template for recording items that have been removed from clients homes.</p> <p>A copy of the procedure and template have been provided to Internal Audit and a follow up audit will review its application .</p>

7. 2013/14 Audit Plan

- 7.1 The Audit Plan planned coverage for 2013/14 has been drawn up using the Strategy noted by Members of this Committee at their 24th January 2013 meeting.
- 7.2 Meetings have been held with all Heads of Services, Strategic Directors, the Chief Executive, Director for Public Health and the Chair of the Governance & Audit & Standards Committee who have all been consulted on the areas planned and the overall Audit Plan.
- 7.3 The 2013/14 Audit Plan is attached as Appendix C to this report.

8. Annual Audit opinion

- 8.1 Due to the number of critical and high risk exceptions the Audit opinion for 2012/13 is that only limited assurance on the effectiveness of the control framework can be given with the areas of most concern highlighted in section 6 and Appendix A.
- 8.2 There are currently only three audit opinions to match the exception risk levels and these are: no assurance, limited assurance and full assurance. Where there are mainly medium or low risk exceptions the annual audit opinion would be full assurance.
- 8.3 The Audit opinion for last year was also limited assurance due to the level of critical and high risk exceptions. The number of critical exceptions and high risk exceptions has remained fairly static from 2011/12. The Audit coverage has been high for several years now and reviews undertaken on a number of areas for either the first time, or the first time in many years, so it is expected that assurance should increase.
- 8.4 Internal Audit is concerned with the overall effectiveness of the control framework and is working with Heads of Services to improve on specific areas of control weaknesses.
- 8.5 Internal Audit conforms to the new Public Sector Internal Audit Standards that have replaced the CIPFA Standards for IA UK, with the exceptions of updating the definition of Internal Audit and defining the Board and Senior Managers. Neither of which have a material impact on forming the Audit opinion. All Internal Audit work undergoes quality checks as part of the review process.
- 8.6 The Audit Charter is being updated to reflect the new standards and will be reported to the next meeting of this Committee.
- 8.7 Significant weaknesses and agreed actions will be reflected in the Annual Governance Statement. The impact of the Internal Audit work for 2012/13 may affect that years' work for External Audit. It may also inform their work for 2013/14 and where they consider there are weaknesses in control that could materially affect the accounts they may need to carry out further work to gain the necessary audit assurance required for a clean true and fair opinion, which could result in a higher fee payment from the Authority.

9. Equality impact assessment (EIA)

- 9.1 An equality impact assessment is not required as the contents of this report do not have any relevant equalities impact.

10. City Solicitor's Comments

- 10.1 The City Solicitor has considered the report and is satisfied that the recommendations are in accordance with the Council's legal requirements and the Council is fully empowered to make the decisions in this matter.
- 10.2 Where system weaknesses have been identified he is satisfied that the appropriate steps are being taken to have these addressed.

11. Head of Finance & S151 Officer Comments:

11.1 The Head of Finance and S151 Officer is in agreement with the content, evaluation and overall Annual Audit Opinion. The Head of Finance and S151 Officer will consider measures to be implemented to improve compliance with Financial Rules.

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Signed by: Lyn Graham, Chief Internal Auditor

Appendices:

Appendix A – Completed audits from 2012/13 Plan

Appendix B – Full analysis of non-compliance from 2012/13 Audit Plan

Appendix C – Audit Plan 2013/14

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
1 Accounts and Audit Regulations 2003 amended 2006 (and 2011)	Internal Audit
2 Audit Strategy 2012/13 & 2013/14 and Audit Plan 2012/13 & 2013/14	Internal Audit
3 CIPFA Code of Practice for Internal Audit UK 2006	Internal Audit
4 Previous Audit Performance Status and other Audit Reports	Internal Audit
5 Audit Charter and Terms of Reference	Internal Audit
6 Public Sector Internal Audit Standards	Internal Audit

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Governance & Audit & Standards Committee on 27th June 2013.

Service	Function	Auditor/ Progress	Exceptions				Internal Control Environment	Monitoring and evaluation	Reliability and Integrity	Assurance			Compliance with Laws, Regs, Rules, Procedures and contract conditions	Actions agreed	Summary of areas where no assurance can be given
			Critical	High	Medium	Low				Effectiveness of ops	Safeguarding of assets				
Adult Social Care	Contract/ Commissioning (inc Supporting People)	Final	0	2	1	0	Amber	Green		Green	Amber	Amber	✓	The review highlighted that CRB details had not been requested from one contractor (another local authority) and a breach of Financial Rules in relation to payments in advance.	
	Domiciliary care	C/F													
	Self-directed support -individual budgets	Final	0	3	0	0	Green	Amber				Amber	✓	The review highlighted non compliance with the individual budget procedures and that the monitoring procedure is not operating effectively.	
	Direct Payments	Final	0	6	0	0	Amber	Amber		Amber	Amber	Amber	✓	The review highlighted that procedures were out of date, issued with unverified expenditure from clients, recovery of misspent payments, verification of carers and monitoring of payments	
	Help in the Home contract	Final	0	2	0	0	Amber	Green		Green	Green	Amber	✓	that the 3rd sector organisation did not have a strategy in place to mitigate reducing PCC funding. The contract had not been referred to Legal for review before being entered into as required by the Contract Procedure Rules.	
	Carer's Service	Final	0	0	3	1	Green			Green		Amber	✓	The review highlighted improvements in the storage of documents held both manually and electronic	
	Vanguard Centre	Final	0	4	0	0	Green					Amber	✓	The review highlighted non-compliance with the Financial Rules for purchase orders, cash handling and inventory	
	Social Care complaints	Final	0	0	0	0	Green	Green		Green		Green	N/A	No exceptions raised.	
	Residential and day care	Final	0	10	0	0		Green		Amber	Amber	Amber	✓	The review highlighted non-compliance with the Financial Rules for income collection, purchase orders, petty cash & inventory.	
	s75 Agreements	Removed													

	Section 17 Payments	Final	0	1	0	0	Green		Green		Green	Amber	✓	The review highlighted that receipts were not provided for all transactions, non-compliance with Financial Rules and that the client had not signed to acknowledge receipt of the money in all cases.	
	Beechside	Final	0	1	0	0		Amber		Green	Green	Green	✓	The review highlighted that mandatory training had not been completed by all staff.	
Assessment & Intervention	Family Support Team	Final	0	1	0	0	Green			Green		Amber	✓	The review highlighted non compliance with some aspects of the Children in Need Procedures.	
	Cases in legal proceedings	Final	0	6	0	0	Amber	Amber		Red		Amber	✓	The review highlighted that there is no SLA with Legal Services, key documentation was not always being provided for Legal privilege meetings. Decisions made were not being actioned in a timely manner and the monitoring process was not effective. Staff have not received recent training on care proceedings	
IYSS	Duke of Edinburgh Scheme	Final	0	3	0	0	Green	Green				Amber	Amber	✓	The review highlighted non-compliance with the Financial Rules for inventory, purchase orders and purchase cards
	Outdoor Education Centre	Final	0	2	0	1	Amber				Red	Amber	✓	The review highlighted non-compliance with the Financial Rules for inventory & purchase orders.	
Follow ups	1. Support to Young People Leaving Care	Final	0	0	0	0						Amber	✓	Action relating to the signing of plans by young people was not fully implemented.	
	2. Fostering Allowances	Final	0	0	0	0	Green					Amber	✓	Actions relating to Finance returns has not been completed.	
	3. Pocket Money	Final	0	0	0	0	Green					Amber	✓	Actions relating to the paperwork for pocket money have not been completed.	
	4. Foster Placements	Final	0	0	0	0				Green			N/A	All exceptions had been actioned	
	5. Skye Close	Final	0	0	0	0	Green	Green				Green	N/A	All exceptions had been actioned	
	6. Lightfoot Lawn	Final	0	0	0	0		Amber				Green	✓	Actions relating to the mini-bus & MIDAS training were not fully actioned.	

Cross-cutting across Children's Services/ other orgs	Transfer of cases between teams	Final	0	4	0	0	Amber	Amber		Amber			✓	The review highlighted a lack of awareness of the procedures and missing documentation from case files.
General	Supervised contact –Roberts Centre.	Final	0	1	0	0	Green	Green		Amber	Green	Green	✓	The review highlighted incorrect calculations on invoices
Education	Springfield - Full School Audit	Final	0	4	1	0	Green	Green	Green	Green	Green	Amber	✓	The review highlighted non-compliance with the Financial Rules for Mini buses and non-compliance with the Scheme for Financing Schools in relation to submitting unofficial fund certificates and meeting the deadline for submission of the revised budget.
	City Girls - Full School Audit	Final	0	11	1	0	Green	Amber	Amber	Green	Amber	Amber	✓	The review highlighted non-compliance with Financial Rules for income, petty cash, purchase cards, minibus and inventory
	Supply Teachers	Final	0	0	0	0	Green	Green				Green	N/A	No exceptions raised.
	VAT	Final	0	2	0	0	Amber			Green		Amber	✓	The review highlighted instances where VAT was not applied correctly.
	IT	Final	0	2	1	0	Amber	Green	Amber			Amber	✓	The review highlighted exceptions in relation to web filtering and login in accounts for ex-employees.
	Safeguarding	Final	0	0	0	0	Green	Green				Green	N/A	No exceptions raised.
	Special Educational Needs (SEN)	Removed												
	Resilience	Final	0	2	0	0	Red			Red		Green	✓	Testing highlighted that 56% of the schools sampled did not have an adequate resilience plan in place
	Contracts with special schools placed outside of city	C/F												
	Transport budget	Final	1	0	0	0	Red	Green	Green		Green		✓	The audit gave no assurance in relation to the work to reduce the forecast budget overspend
Audit and Performance Improvement	Corporate Programme management - Project Management Reviews	C/F												
	Carbon Reduction Programme	Final	0	0	0	0	Green			Green			N/A	No exceptions raised.
	Settling claims	Final	0	0	0	0				Green			✓	External review - no areas of concern raised.
	Corporate Contracts	Final	0	1	0	0	Green	Amber				Amber	✓	The review highlighted that there is no monitoring of purchase card transactions in relation to compliance with corporate contracts
	Transformation	Final	0	0	0	0				Green			N/A	No exceptions raised

	EMS		0	0	1	0		Amber	Green	Green	Green		✓	The review highlighted that administrator passwords were not set to expire
	Swift	Draft												
Follow ups	1. Archiving/ back ups	Final	0	0	0	0		Amber				Amber	✓	Actions relating to storage and retention of data are not yet completed.
	2. Scala	Final	0	0	0	0		Amber			Green		✓	Action relating to the storage of backups has not yet been completed.
Finance	Main Accounting	Final	0	0	2	0	Green	Amber	Green	Amber		Green	✓	The review highlighted that 2 suspense account balances had not been cleared on an annual basis.
	Accounts Payable	Final	0	3	0	0	Green	Amber	Green	Amber	Green	Amber	✓	The review highlighted non compliance with Financial Rules for Purchase Orders, payment terms of invoices and use of purchase cards
	Accounts Receivable	Final	1	2	1	0	Amber	Amber		Red	Green	Green	✓	The review highlighted that a sample of credit notes were not properly authorised, suspense account balance not cleared and that the credit management policy had not been updated.
	Cash Collection	Final	0	7	1	0	Amber	Amber	Amber		Amber	Amber	✓	The review highlighted that there was no record of counterfeit notes, cash handling instructions had not been signed by all staff, panic alarm testing not completed, breach of insurance requirements and non-compliance with the anti-money laundering policy.
	Payroll	Final	0	3	0	0	Amber	Amber	Green	Green	Green	Green	✓	The review highlighted that contracts were not in place for all external groups, non-compliance with Honorarium policy and the improvements to the evidence for Honorarium and market supplements.
	Petty cash	Final	0	2	1	0	Green	Amber		Green		Amber	✓	The review highlighted non-compliance with the Financial Rules in relation to reconciliations and transaction limits.
	Treasury Management	Final	0	0	0	0		Green			Green	Green	N/A	No exceptions were raised

	Recruitment and Vetting	Final	0	1	0	0	Green	Green		Amber		Green	✓	The review highlighted that mandatory training is not being completed by all staff.
	Review HR files		0	4	0	0	Green		Amber		Amber	Red	✓	The review highlighted that right to work in the UK could not be evidenced for a sample of employees, inconsistencies in how documents are stored and version control, retention of records and access to electronic records.
Corporate	Social Enterprises	Final	0	0	0	0	Watching brief only, assess when cases develop							
	Policies	Final	0	0	0	0	Advice to PolicyHub Board only							
	Safeguarding	Final	0	2	0	0	Green	Red				Amber	✓	The review highlighted that for some of the volunteers tested adequate safeguarding checks could not be evidenced.
	Security Reviews	Final	0	2	0	0	Green	Amber				Amber	✓	The review highlighted non-compliance with the Clear Desk, Clear Screen Policy
	Mobile Phones	Final	0	5	0	0	Amber	Amber		Amber	Amber	Green	✓	The review highlighted incomplete application forms, non-compliance with Financial Rules for inventory, payment for personal calls and phones bought outside the corporate contract.
Follow-up	Inventories													
	Compliance checks with Fin Rules	Final	0	1	0	0						Red	N/A	This was a report for the S151 Officer to summarise all of the testing of Financial Rules from the 2012/13 Audit Plan.
	Local code checks	Final	0	4	0	0						Amber	N/A	This review highlighted that internal control questionnaires were not completed by all services and that not all staff had completed mandatory training & PDRs
Projects	Tipner	C/F												
	Northern Quarter	C/F												
	Grants	Final	0	0	1	0	Green	Green			Amber	Green	✓	The review highlighted that grants were paid outside of the timescales.
	Risk assessments for Health and Safety, Fire, Continuity etc	Removed												
	Prosecution Policy	Removed												
Port	Income Dues	Final	0	0	0	0	Green	Green	Green	Green	Green	Green	N/A	No exceptions raised
	Contract management	Final	0	0	0	0	Green	Green	Green			Green	N/A	No exceptions raised
	Port email system	Final	0	0	2	0	Green	Amber	Green		Green	Amber	✓	The review highlighted that reporting of non-work related email could be improved and archiving of emails

External	Langstone Harbour Board	Final	0	0	0	0	Completed					Completed and report issued to the board	
	MMD Accounts Payable	Draft	1	2	2	0							
	MMD Accounts Receivable	Draft	1	4	3	1							
	MMD Assets						Green	Green		Amber	Green	Green	The review highlighted that leased equipment usage was not be monitored and van usage was not being recorded.
		Final	0	2	0	0						✓	
	MMD Payroll	Draft	1	7	2	0							
	MMD Transport	Draft											
			8	184	35	12							

Areas of Non-Compliance (reports received as at 30.05.2013)

Service	Function	Financial Rules	Laws/Legislation	Contract Rules	PCC Procedures	Mandatory Training	Other
Adult Social Care	Contract/ Commissioning	Breach of Financial Rule G40 Purchase Orders	CRB checking		Lack of PCC Policy and Procedures		
	Self-directed support - individual budgets				Non compliance with procedures		
	Direct Payments				Out of date procedures, including chasing of confirmation of client expenditure, surplus balances and lack of routine checks on clients carers		
	Help in the Home contract			Breach of contract rule 2.7 'all contract terms and conditions for matters over £100,00 in value shall be referred to the Head of Legal for approval.			No financial strategy or plan
	Carer's Service		Potential breach of data protection in relation to accessing information.		Non compliance with IS procedures and Cash Handling Instructions		
	Vanguard Centre	Breach of Financial Rule G40(k) Purchase Orders and G25 Inventory			Non compliance with Cash Handling Instructions		
	Residential and day care	Breach of Financial Rule G40(k) Purchase Orders, G36(g) Petty Cash, G25(e) Inventory, G44(l) Income Banking Unidentified Cash and Write offs			Non compliance with Cash Handling Instructions	No compliance with Financial Rules training	
	5. Edinburgh House	Breach of Financial Rule G25 Inventory			Non compliance with Cash Handling Instructions		

Adult Social Care – Finance Team	Client Affairs				Lack of procedures for client property searches		
	Deferred payments scheme				Lack of procedures for property valuation		
	Financial Assessments				Lack of PCC procedures		
	Area Offices (Chaucer House finance team)	Breach of Financial Rule G40 Purchase Orders				Lack of Financial Rules training	
Housing Management	Housing Maintenance Contracts						
	ASBO's		Data Protection Act 1998		Non compliance with procedures		
	Homelessness		Breach of Homelessness Order Act 2003				
Customer Community and Democratic Services	2. Coffee Shops (The View and Southsea)						Coffee shops will continue to be monitored as part of budgetary control processes
Revenues & Benefits	Council Tax and NNDR		Data Protection Act		Lack of procedures for writing off debt		
	Counter Fraud		Breach of Regulation of Investigatory Powers Act 2000		Non compliance with PCC Counter Fraud Procedures		
	Debt recovery					Non compliance with Financial Rule Training and Anti Fraud Bribery and Corruption Training	
Children's Social Care & Safeguarding	Residential Homes & family centres	Breach of Financial Rule G36 (g) and G35 (e) Petty Cash, G25 Inventory	MIDAS		Non compliance with cash handling procedures, insurance procedures,	No compliance with Financial Rules training	
	Access to Resources – compliance with new procedures (Non compliance with PCC procedures		
	Section 17 Payments	Breach of Financial Rule G36 Petty Cash expenditure					

	Beechside					Non compliance in relation to Anti-fraud bribery and corruption trading, info gov training and health and safety training	
Assessment & Intervention	Family Support Team				Non compliance with PCC Procedures		
	Cases in legal proceedings				Non compliance with PCC Procedures		
IYSS	Duke of Edinburgh Scheme	Breach of Financial Rule G40 (k) Purchase Orders and G25 (c&d) Inventory			Purchase card procedures		
	Outdoor Education Centre	Breach of Financial Rule G25 Inventory and G40 Purchase Orders					
Follow ups	3. Pocket Money				Non compliance with PCC Procedures		
	5. Skye Close				Non compliance with Cash Handling instructions		
	6. Lightfoot Lawn		MIDAS		PCC Insurance policy & PCC Health and Safety Policy		
Cross-cutting across Children's Services/ other orgs	Transfer of cases between teams				Non compliance with PCC Procedures		
General	Supervised contact –Roberts Centre.						Error in the formula used for calculation of invoices
Education	Springfield - Full School Audit	Breach of Financial Rule G50 (b Charges and Fees)	Insurance requirement for MIDAS training and HMRC VAT		PCC Insurance policy & PCC Health and Safety Policy	Non compliance with PCC scheme for financing schools	
	City Girls - Full School Audit	Breach of Financial Rule G35 Petty Cash, G25 Inventory and G38 Purchase Cards	MIDAS		Non compliance with Cash Handling Instructions, PCC Insurance Policy and PCC Health and Safety		

	VAT		HMRC VAT Regulations				
	IT						Security risk as PCC Corporate network could be accessed by individuals that no longer worked for the council
	Resilience		Children's Act 2004		PCC Health and Safety		
	Transport budget						Budget overspend
Audit and Performance Improvement	Carbon Reduction Programme						
	Corporate Contracts	Breach of Financial Rule G40 (i) corporate contract not being used					
Planning	Planning and Building control				Lack of up to date procedures for planning and building control	Non compliance in relation to Financial Rules training, Anti-fraud bribery and corruption training, info gov training and equality and diversity training. Lack of PDRs.	
Community Housing and Regeneration	Community Funerals				Lack of procedures for dealing with large amounts of cash, non compliance with the property searches procedures,		
	Data Protection and data handling - Trading Standards		Data Protection Act 1988, Enterprise Act 2002				
Traffic and Environment	Parking - Debt collection				Lack of formal delegation of duties, lack of effective debt chasing		
	Sea Defences		Breach of Flood and Water Management Act 2000				

Culture	Libraries - RFID						Lack of replacement plan for hardware or software. Potential ineffective use of resources. Insurance risk as the value of the books is unknown
	Museums	Breach of Financial Rule G25 Inventory					
IS	Home and remote working						Staff given WRAP access without indication if WRAP policy had been read. Slow connection to the network
	Disposal of equipment	Breach of Financial Rule G25 inventory			Out of date policy		
	EMS				Non compliance with PCC's ICT Access Policy		
Follow ups	1. Archiving/ back ups		Data protection Act 1998				
Finance	Accounts Payable	Breach of Financial Rules G40(k) and (q)Purchase Orders,					Purchase cards and Purchase Orders being used for the same suppliers, not cost or time effective
	Accounts Receivable	Breach of Financial Rules G47 suspense account					Lack of targets for sundry debt collection. Lack of monitoring of credit notes raised.
	Cash Collection				Non compliance with Cash Handling Instructions, PCC Anti Money Laundering Policy and PCC Insurance Requirements		

	Payroll				Lack of framework for external payroll, lack of PCC procedures for honorarium payments in the HR policy		
	Petty cash	Breach of Financial Rule G37, records of petty cash accounts were not up to date, G36 inappropriate use of petty cash			Breach of Internal Control Framework section E35e		
	Debt recovery				Breach of/ Lack of PCC Procedures	Non compliance with training requirement for Financial Rules, Info Gov, Equality and Diversity and Anti fraud and corruption	
Legal, Licensing & Registrars	Legal Budgetary control						Financial risk to the authority due to employment of Locums. Projected overspend.
Asset Management	Legionella management				Lack of policy for the authority		No definitive list of Authority policies that could be effected by Legionella. Lack of evidence of checks undertaken,
	Disposal of confidential waste		Data Protection Act 1988		Breach of PCC Confidential Waste Procedures		
	Modern Records Service		Data Protection Act 1988		Non compliance with PCC code of Conduct		
HR	Conduct and ethical behaviour				Breach of PCC PDR Policy, PCC Code of Conduct Policy	Non compliance with anti fraud, bribery and corruption training	
	Recruitment and Vetting					Lack of mandatory training	

	Review HR files		Immigration, Asylum & Nationality Act 2006 - no evidence on some files to work in the UK. Data Protection Act 1998, principle 5 and 7		Non compliance with PCC procedures		
Corporate	Safeguarding		Children's Act 2004 and safeguarding Vulnerable Groups Act 2006		PCC Volunteering Good Practise Guide		
	Security Reviews	Breach of Financial Rule G19(h) Asset Security	Data protection act		PCC Clear Desk Policy		
	Mobile Phones	Breach of Financial Rule G25 Inventory	HMRC VAT Regulations		Non compliance with PCC procedures		
	Compliance checks with Fin Rules	Breach of Financial Rule G10, VAT					
	Local code checks					PDRs not completed to capture current mandatory training requirements	
	Grants				Non compliance with PCC procedures		
Port	Port email system						Personal emails being received on work email accounts. Archiving email policy currently being implemented

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Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On- going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
	Finance- Chris Ward			
1	Accounts Receivable	To provide assurance that income generating activities are identified and accurately invoiced; that all invoices are paid and the income is accounted for and reflected in the Authority's accounts; the extent of debt is minimised and overdue accounts are promptly followed up.	Review/ Anti Fraud	Fundamental Annual
2	Income Handling Project	To review risks and controls	Review/ Anti Fraud	New
3	Accounts Payable	To provide assurance that creditor payments are valid, authorised, accurate and timely and in respect of goods and services ordered and received by the organisation.	Review/ Anti Fraud	Fundamental Annual
4	Payroll/HR	To provide assurance that only bona fide, authorised and accurate payments are made in a timely manner; also to ensure that all payroll transactions are accurately reflected in the accounting system.	Review/ Anti Fraud	Fundamental Annual
5	Capital Accounting	To provide assurance that the council is correctly and accurately accounting for its assets	Full Audit	Fundamental Annual
6	Treasury Management	To provide assurance that the Treasury Management Strategy is in line with current best practice; that the governance framework is sound, that treasury management activities are monitored and the outturn subject to scrutiny.	Review	Fundamental Annual

Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On- going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
7	General Ledger	To provide assurance that all financial transactions of the organisation are recorded, including ensuring their completeness and integrity with the aim of providing the data from which management accounts, final accounts and statutory returns can be prepared.	Full Audit	Fundamental Annual
8	Budgetary Control and Transparency Agenda	To provide assurance that budgetary control is accurate and reliable at all levels of reporting from cost centre manager through to Cabinet. The audit will analyse spend in excess of £500 at intervals throughout the year, providing challenge to budget holders on spend transactions which appear not to comply with the council's rules.	Full Audit	Fundamental Annual
9	Debt Recovery including bailiffs	Follow up to 2012/13 Audit high risk areas	Follow up and review of areas not covered in previous audit	Fundamental Annual
10	Cash Collection	To ensure that cash is collected in a secure way and accounted for intact, properly and in a timely manner	Review/ Anti Fraud	Fundamental Annual
11	Cashiers Complex Civic Offices	To review the cashier arrangements post changes to the ground floor area	Review	New
12	Banking	To ensure that bankings are timely, intact, regularly reconciled to bank statements and in accordance with insurance requirements	Review	Fundamental Annual
13	Grant Claims including LEP grants	To review any grant claims where Internal Audit certification is required.	Review	Annual

Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On- going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
14	Petty Cash/Imprest Accounts	To ensure that petty cash is only used for small one off types of expenditure and for genuine PCC business and to review the management of imprest accounts and that money is accounted for (cash ups). Also spot checks on the use of Corporate Credit Cards and Petty Cash for payments of parking fines/ car parking fees etc	Review/ Anti Fraud	Fundamental Annual
15	Controlled Stationery	To ensure that official PCC documentation is used for the collection and receipt of any monies worth type activities.	Review	Three years
16	Trusts	To review the level of Council resources engaged with Trusts	Review	Annual
17	Oracle	1. Support and 2. Upgrades		Annual
18	Local Enterprise Partnership funding (e.g. growing places)	To ensure governance arrangements in place for LEP funding	Review	New
	Corporate Governance- Michael Lawther/ Chris Ward/ Jon Bell			
19	RIPA	Regulation of Investigatory Powers Act policy updates, training, authorisations, admin and record keeping and updates to Governance and Audit and Standards	On going	On going
20	Anti Money Laundering	Anti Money Laundering policy review, training and reports	On going	On going
21	Investigations	to carry out Investigations as directed by the Investigation Steering Panel	On going	On going
22	Financial Rules	To review Financial Rules, training and reporting	On going	On going

Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On- going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
23	National Fraud Initiative	Data preparation, analysis of matches and facilitation for 13/14 exercise	Anti Fraud checks	Every two years
24	Internal data matches	Matching of data between systems as part of counter fraud activities	Anti Fraud checks	On going
25	National Anti Fraud Network (NAFN)	Reactive counter fraud work on NAFN intelligence received	Anti Fraud checks	On going
26	Counter fraud	Programme	Anti Fraud	On- going
27	Policy hub	To ensure roll out to all policies	Full Audit	Annual
28	Compliance with Financial Rules	To ensure compliance with financial rules	Anti Fraud	Annual
29	Governance and Audit and Standards	Reporting to Committee	On going	On-going
30	Audit Planning and Consultation	Annual Audit Strategy and Plan	On going	On-going
31	Corporate Governance arrangements	To ensure that controls are operating effectively and action taken on matters arising from the Annual Governance Statement as well as preparations in hand for the next Annual Governance Statement	Review	Annual
32	Consultation	To review consultation arrangements for changes in Service Provision	Review	New
33	Mandatory Training	To review the systems and controls in place to ensure that mandatory training (as determined by the Council) is being monitored and achieved.	Review	New
34	Information Governance arrangements	To review compliance with DPA and to carry out spot checks on security of information	Review	Annual
	Housing and Property Management- Owen Buckwell			
35	Security	To review issue of passes and access to civic offices and other PCC offices	Full Audit	Annual

Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On- going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
36	Cleaning contract	To follow up from previous review to ensure contract monitoring and checks on right to work in the UK	Review	3 years
37	Annual condition surveys	To ensure that there is a planned review of assets, it is carried out and actions taken as appropriate	Review	3 years
38	Energy and sustainability	To ensure that PCC properties comply with legislation	Review	3 years
39	Legionella management	Continuous Audit -To review new arrangements to ensure effective	Review	On going
40	Asbestos Management	Continuous Audit- To review corporate arrangements to ensure effective	Review	On going
41	Risk Assessments of outlying buildings	Audit deferred from 2012/13 To ensure that buildings have been risk assessed Health and Safety etc.		
42	Follow ups		Follow up	Annual
43	Sheltered Housing Service	To ensure that proper arrangements are in place for the protection of residents, their property and spend is genuine and properly authorised	Review	3 years
44	Void properties- removal and clearance including sheds and garages	To ensure that contract arrangements are met and monitored	Full Audit	New
45	Asbestos Removal	to ensure that asbestos programme is in place and compliance with procedures	Review	3 years
46	Rents Income and Debt Recovery	To ensure that all rents due are identified, collected and properly accounted for in a complete, accurate and timely manner and prompt action taken to recover outstanding debts	Review	Annual
47	Sub letting prevention	Anti fraud checks	Anti fraud	New
48	Right to buy due diligence checks	Anti Money Laundering/POCA checks	Anti fraud	New

Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On- going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
	Corporate Assets Business and Standards- Alan Cufley			
49	Pest Control	To ensure that all income due is identified, collected and accounted for	Full Audit/Anti Fraud	3 years
50	Seizure of property	To ensure there are robust controls in place over the security of seized property.	Full Audit	New
51	Welfare Burials	Follow up	Follow up/ Anti fraud	Annual
52	Leases of land	To ensure that where there are long leases for land with a proportion of profits there are timely and regular checks of income and audits of company books in accordance with the lease arrangements.	Full Audit	New
53	Rent reviews and valuations	To ensure that rent reviews and valuations are carried out in a timely and accurate manner to agreed criteria by skilled staff and that rents charged are accurate and up to date.	Full Audit	3 years
54	Management of markets commercial road and cosham	To review management arrangements of markets to ensure mitigation of fraud risks and accurate and up to date income collection.	Full Audit/ fraud audit	3 years
55	Houses in Multiple Occupation	To review compliance with legislation	Review	3 years
	Adult Social Care- Rob Watt			
56	Appointeeships	To review the robustness of controls over personal monies	Full Audit	3 years
57	Data Quality and security checking proced	To ensure that data in the SWIFT system and used in reporting and returns is accurate, up to date and reliable with security of access.	Full Audit	New

Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On- going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
58	Individualised Budgets/Self Directed Support	To ensure that assessments and management controls are in place, are monitored and timely action taken	Full Audit	3 years
59	Key risks management	Continuous Audit- Capacity succession planning, resourcing	Full Audit	New
60	Commissioned services; s75 agreements - Mental Health, Substance misuse (going out to tender), continuing Healthcare, PRRT, Learning disability	To ensure that services are appropriately and effectively commissioned; Due diligence checks carried out; To review agreements in place to ensure proper governance arrangements and protection of Council risks and mitigation of partnership risks	Review	Annual
61	Follow ups	Client affairs, deferred payments, help in the home contract, hospital based social work team, direct payments	Follow up	
62	Domicilliary care	To ensure proper assessment of needs and review process for efficiency and effectiveness and monitoring arrangements	Review	3 years
63	Residential and Day Centres self assessments	To spot check and review returns for evidence of accurate self assessment and action plans	Review	Annual
	HR, Legal and Performance- Jon Bell			

Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On- going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
64	Performance Management	As part of continuous auditing to review performance management arrangements and its effectiveness including capacity, succession, skills in place to ensure the delivery of service objectives and to safeguard and manage the organisation and including business planning and vfm arrangements.	Review	New
65	Transformation reviews	To review the programme and methodology in place to deliver 2013/14 efficiency savings requirements	Review	Annual
66	Risk Management (1)	To ensure that corporate and operational risks are identified and managed	Review	3 years
67	Risk Management (2)	Continuous Audit to review risk management arrangements in Services	Full Audit	New
68	Claims Handling	To ensure effective claims handling	external review	New
69	Insurance	To review Insurance arrangements	Full Audit	3 years
70	Gifts and Hospitality	To ensure that policy is up to date and staff are aware and records are properly made and authorised	Review	3 years
71	HR Files and records	follow up	Follow up	3 years
72	PDR's	To ensure compliance with policy	Review	3 years
73	DBS checks	To ensure proper checks carried out as required	Review	New
74	Solicitors fees Court Costs	To ensure that court costs and sums awarded are collected and paid to the correct service	Review	3 years
75	Land Charges	To ensure that Land Charges processes are transparent and robust	Review	3 years

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Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On- going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
76	Data Quality checks- completeness of case information process/ Court case preparation/ Case performance monitoring	To ensure that cases have the best possible chance of a satisfactory outcome	Review	New
77	Mobile phones	Follow up	Follow up	3 years
78	Purchase cards	To ensure that purchase cards are used in accordance with policy	Review	3 years
	Education and strategic Commissioning- Di Mitchell			
79	Commissioning (Childrens Services)	To ensure that services are appropriately and effectively commissioned	Review	Annual
80	Schools themed Audits (4)	As required	Full Audit	3 years
81	Schools Full Audits (2)	As requested	Full Audit	3 years
82	Special education needs	deferred 2012/13		
	Children's Social Care and Safeguarding- Stephen Kitchman			
83	Follow ups	Family support team, EC Roberts Centre		
84	Targetted Youth Support 9-16 emerging needs	New service review efectiveness of processes.	Review	Annual
85	Youth Offending Team	Risk and vulnerability and assessments to be made	Full Audit	New
86	Independent Fostering Team Agreements	Review Commissioning outcomes expressed and received.	Full Audit	New
87	National Policy for Community Orders	To ensure compliance with National Policy	Review	New
88	Looked after children Issues Resolution Process	To ensure that the process is effective	Full Audit	New
89	Kinship Policy	To review the use of s17 and s20 funding	Review	New
90	Information Governance arrangements	To ensure compliance with DPA	Review	New

Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On-going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
91	Permanency planning and adoptions	To review the processes	Full Audit	3 years
92	Residential care self assessments	To spot check and review returns for evidence of accurate self assessment and action plans	Review	3 years
93	Transfer of cases between teams	follow up to Audit 2012/13	Follow up	3 years
94	PACT -Protection of Court Teams quality of paperwork	follow up to Audit 2012/13	Follow up	3 years
95	HR Safer recruitment Childrens Services	To ensure compliance with legislation- verification of references and transparency of decisions		
96	Interfaces Housing, Childrens Social Care re Homeless 16-18 year olds	To ensure effectiveness of process		
97	Quality Assurance	To review the closed case files to ensure closed appropriately, chronologies accurate.Re-referrals and step down process. CAF in place	Full Audit	New
	Customer, Community and Democratic Services- Louise Wilder			
98	Selling of Advertising	Follow up to 2012/13 Audit review	Follow up	3 years
99	Equality and Diversity	To ensure adherence to the single equality act and requirement to embed equalities. Also publishing requirements under the Public Sector Equality Duty	Full audit	more than 5 years
100	Registrars	To ensure the security of records	Review	3 years
101	Elections	Full review including recruitment, payments and independence arrangements	Review	3 years
	City Development and Cultural Services - Stephen Baily			

Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On- going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
102	Follow ups	Libraries Cash System		
103	New Theatre Royal project	To review project assurance arrangements	Review	New
104	Mountbatten Centre Client Monitoring	To review client monitoring arrangements as per contract requirements	Full Audit	3 years
105	Pyramids	Follow up	Follow up	3 years
106	CIL Community Infrastructure Levy	Deferred from 2012/13 Audit Plan-To ensure that levies are collected and properly accounted for and used in accordance with policy	Review	3 years
107	Building and Planning Fees	Follow up and Proposed review on process and practices, review of complaints, access to information (portal)	Full Audit	3 years
108	Programme/ Project management	Continuous Audit to review project assurance on high risk areas in Capital Programme	Review	New
	HIDS, Community Safety and Licensing- Rachel Dalby			
109	follow ups	ASBU		
110	CCTV	To ensure that policies and practices are up to date and comply with the Law and best practice codes.	Full Audit	3 years
111	Business Continuity/Emergency planning	As part of continuous auditing as a reassurance to the Council to ensure that the Council manages an effective resilience Plan and continuity arrangements are practicable, workable, proportionate to the risk and tested.	Review	3 years

Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On- going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
112	DBS check requirements and Automotive checks and right to work in the UK	To ensure that issues of licences are compliant with legal requirements and all income due is collected and accounted for	Anti Fraud/ Review	3 years
	IS- Mel Burns			
113	Follow ups		Follow ups	3 years
114	Bring your own device	To review security arrangements on bring your own devices	Review	3 years
115	Interfaces	To review security and accuracy of import and export controls and access	Review	3 years
116	IS Policies	To ensure policies are up to date and staff are aware	Review	3 years
	PORT			
117	Income dues	To ensure that the Port is receiving all income due	Review	Annual
118	Camber letting- agent collecting Harbour dues	To ensure that all income due is collected and paid to the Authority	Full Audit	New
119	Contracts	To ensure that Contracts are compliant with legislation	Review	Annual
	Public Health			
120	Transfer of Staff	To ensure that any differences in employment arrangements have been properly accounted for e.g. pensions	Review	New
121	Governance, Planning and Performance and Health and Well Being Board	To review governance arrangements for effectiveness	Full Audit	New

Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On- going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
122	Commissioned Services	To ensure that where services have been commissioned by the PCT arrangements have been made for these to be properly taken over by PCC	Full Audit	New
123	Statement of Grant Usage	To review use of grant spend in accordance with grant requirements	Review	New
	Revs and Bens- Ed Woodhouse			
124	HB and CT Benefits	Fundamental System and to review changes in legislation impacts	Review/ Anti Fraud	Fundamental Annual
125	NNDR	Fundamental System and to review changes in legislation impacts	Review/ Anti Fraud	Fundamental Annual
126	Council Tax	Fundamental system and to review changes in legislation impacts	Review/ Anti Fraud	Fundamental Annual
	Transport and Environment- Simon Moon			
127	Follow ups	Parking- cancelled PCN's and appeals; trend analysis for parking		
128	Carbon Reduction Programme	Annual review of return	Review	3 years
129	Colas- Clean City	To ensure contract monitoring procedures and controls are effective	Review	3 years
130	Flood and Water Management Act 2010	To ensure that there are controls and procedures in place to meet the Council's responsibilities under the Flood and Water Management Act 2010	Review	3 years
131	Capital Scheme and PFI- Colas- PFI High	To ensure open book accounting arrangements are robust and accurate, and ensure no double accounting	Review	Annual
132	Public Transport retender	To ensure the arrangements are compliant with legislation	Review	New

Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On- going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
133	Hire Cars	To ensure Audit trail and business need and compliance with corporate contracts	Review/ Anti Fraud	3 years
134	Fuel purchases	Counter Fraud- To review controls in place to ensure that fuel purchases on corporate credit cards are for business use only	Anti Fraud Checks	New
135	Park and Ride project	To review the Park and Ride project arrangements to give assurance that being effectively managed to come in on time and on budget and to deliver requirements.	Review	New
136	Payments for staff parking and fines	Ensure staff parking and fines payments are within allowed expend	Review	
137	Parking- winter storage use	Ensure that winter storage use is being properly recharged	Review	
138	Parking- resurfacing contract	Ensure that the letting of the contract meets procurement rules and resurfacing contract is vfm	Review	New
139	Parking closure of front desk	Deferred from 2012/13- To ensure risks identified and mitigated and expected savings made		
140	Waste collection, waste disposal and recycling contract	To examine the systems and controls in place to manage the waste collection (Biffa), disposals (Veolia) and recycling contracts. Specific focus on ensuring the Council is receiving the correct return from the contractual arrangements.	Full Audit	3 years
141	Inspections and maintenance of paths	Claims re tree root damage	Full Audit	New
	External			
142	Spinnaker Tower			3 years
143	Langstone Harbour Board		External	Annual

Ref	Audit	Key Audit Objectives	Full Audit/ review/ Follow up/ On-going/ Anti Fraud Checks/ External	Audit Cycle/Last Audited
144	Bournemouth		External	Annual
145	Gosport and Eastleigh		External	Annual
146	MMD		External	Annual

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Agenda Item 10

Agenda item:

10

Title of meeting: Governance and Audit and Standards Committee
Date of meeting: Thursday 27 June 2013
Subject: Update on the Development of the 2012/13 Annual Governance Statement
Report From: Meg Southcott, Strategy Adviser, Strategy Unit
Wards Affected: None
Key Decision (over £250K) No

1. Purpose of Report

1.1. The purpose of this report is to:

- a) Provide an update on progress being made against the key governance issues, as highlighted in the 2011/12 Annual Governance Statement.
- b) Provide an update on the development of the Annual Governance Statement for 2012/13.

2. Recommendations

2.1. It is recommended that the Governance and Audit and Standards Committee:

- a) Note the progress made against the 2011/12 annual governance issues.
- b) Note the process followed to identify significant governance issues and consider the content of the draft 2012/13 Annual Governance Statement.

3. Background

3.1. The Authority has a duty to produce and publish an Annual Governance Statement in accordance with the Accounts and Audit (England) Regulations 2011. The Annual Governance Statement is a formal document signed by the Leader of the Council and the Chief Executive and will be presented alongside the annual accounts at the Governance and Audit and Standards Committee in September 2013.

3.2. The purpose of the Annual Governance Statement is to demonstrate that systems and processes are in place to ensure that Council business is conducted lawfully and in accordance with proper standards. It demonstrates that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It also acknowledges the Council's responsibility to secure continuous improvement in the way in which its functions are exercised.

4. Progress Against the 2011/12 Annual Governance Issues

4.1. On 28th June 2012, the Governance and Audit and Standards Committee approved the 2011/12 Annual Governance Statement. As part of that meeting, the Committee noted the key governance issues and requested regular progress updates.

4.2. Progress has been made in tackling the governance issues identified in the 2011/12 Annual Governance Statement. A summary of progress can be found in **Appendix A**.

4.3. Progress will continue to be reported to the committee on a regular basis. It will also be monitored by the Corporate Governance Group on a quarterly basis.

5. Process for Developing the 2012/13 Annual Governance Statement

- 5.1. The Annual Governance Statement has been prepared in accordance with proper practice framework – Delivering Good Governance in Local Government – issued jointly by the Society of Local Authority Chief Executives and Senior Managers (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2007 (addendum issued in December 2012). The six principles and standards that are set out in the framework are aimed at helping local authorities to develop and maintain sound governance arrangements. The table in **Appendix B** acts as a checklist to ensure that Portsmouth City Council have provided sufficient evidence under each of the principles/standards in the 2012/13 Annual Governance Statement.
- 5.2. At the Governance and Audit and Standards Committee of the 14 March 2013 a discussion was held around engaging local people/ensuring robust accountability (one of the six principles). There was concern raised over the wording in the 2011/12 Annual Governance Statement which implies that clear channels of communication have not been established with all sections of the community. The committee asked for more information about the improvements that could be made to ensure channels of communication are used to full advantage. The wording of the 2012/13 statement has been updated (see p7 of the draft statement) to provide more detailed information about how the Council ensures effective engagement with all residents and stakeholders.
- 5.3. The content of the 2012/13 Annual Governance Statement has been updated with input from relevant officers to ensure that current practice is reflected.
- 5.4. A number of sources have been reviewed for significant governance issues as detailed in the section below.
- 5.5. The draft Annual Governance Statement for 2012/13 can be found in **Appendix C**.

6. Significant Governance Issues for 2012/13

- 6.1. The table on pages 10-14 of the draft Annual Governance Statement summarises the key governance issues for 2012/13, the source of information whereby they have been identified and the actions required to address them.
- 6.2. Although significant progress has been made against the issues identified in the 2011/12 Annual Governance Statement, it is proposed that some of the issues roll over into the 2012/13 Annual Governance Statement to allow further work to take place.
- 6.3. On the 14 November 2012, the Strategic Directors Board (SDB) confirmed that services are expected to comply with nine controls under the corporate governance framework. The controls were selected on the basis that they cover all six governance principles (and are deemed critical to meeting the council's business needs).
- 6.4. In March 2013 Heads of Service were asked to complete an internal control questionnaire, to evaluate their compliance with the controls. All services returned the questionnaire (which is a significant improvement on last years' response) and based on the analysis three consistent compliance issues have emerged. These have been incorporated into the Annual Governance Statement and will be the focus of the coming year and Heads of Service will be given a personalised action plan to improve compliance in their service based on their internal control questionnaire responses.

- 6.5. Heads of Service have been issued with detailed guidance setting out their responsibility to comply with the controls, the key compliance measures and tools available to monitor them. Some services have made suggestions for additional mechanisms to monitor/evidence compliance e.g. a template to carry out clear desk/clear screen audits. Work will take place with Policyholders (who are assigned to each control) to ensure sufficient tools are put in place.
- 6.6. No significant governance issues were identified from the self-assessment of the Governance and Audit and Standards Committee, which was carried out in March 2013. Following the comprehensive checklist exercise, it was concluded that sufficient processes are in place to support the committee to be effective.
- 6.7. To support the review of effectiveness of the Council's governance arrangements, a number of additional sources have been reviewed and emerging issues identified. The sources include:
- Recommendations from the Corporate Peer Challenge (March 2013)
 - Recommendations from the Safeguarding Peer Review (November 2012)
 - Recommendations from the LA focused Ofsted Inspections (February 2013)
 - The Annual Audit Letter (2011/12)
 - City Deal Bid

7. Further Work

- 7.1. The 'Significant Governance Issues' section of the 2012/13 Annual Governance Statement needs to be finalised. The Governance and Audit and Standards are asked to identify any outstanding areas where they believe there are significant governance issues. The following sources will need to be reviewed for any issues over the next 3 months:
- Annual Complaints/Members Complaints (2012)
 - Recommendations from the Information Gov/Data Protection Audit (June 2013)
 - External District Audit Report (2013)
 - Internal Auditors Annual Opinion (2013)
 - Critical Exceptions Report (2013)
 - Office of Surveillance Commissioners Report (2013)
 - Employee Opinion Survey/Pulse Results (May 2013)
- 7.2. As part of the framework for corporate governance, Portsmouth City Council has published a Local Code of Corporate Governance (see **Appendix D**), which sets out how it will achieve the six principles set out in the CIPFA/SOLACE guidance. The Local Code of Corporate Governance outlines how the Council is accountable to its users, stakeholders and the wider community and describes how its functions are carried out through its members, employees, procedures and processes by which it undertakes its work.
- 7.3. The content within the Local Code of Corporate Governance needs to be updated as a priority. Reference links need to be updated to reflect current procedures/processes and it is suggested that the local code is amended to reflect how the Council's nine internal governance controls (agreed in November 2012) support the six CIPFA/SOLACE principles.
- 7.4. The final draft of the 2012/13 Annual Governance Statement, and a copy of the updated Local Code of Corporate Governance will be brought to the next Governance and Audit and Standards Committee for approval, alongside the annual accounts.

8. Equality Impact Assessment (EIA)

- 8.1. An equality impact assessment is not required as the recommendations don't have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

9. Legal Implications

- 9.1. Legal considerations have been taken into account in the preparation of this report and where appropriate embodied within it.

10. Head of Finance Comments

- 10.1. There are no financial implications arising from the recommendations in this report.

Signed by: Jon Bell
Head of HR, Legal and Performance

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Appendices:

Appendix A	Summary of Progress Against the Issues Identified in the 2011/12 Annual Governance Statement
Appendix B	Framework for Delivering Good Governance in Local Government
Appendix C	Draft 2012/13 Annual Governance Statement
Appendix D	Local Code of Corporate Governance

Background list of documents: Section 100D of the Local Government Act 1972
The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Annual Governance Statement 2011/12	Strategy Unit
Self-Assessment Checklist	Strategy Unit
Analysis of Internal Control Questionnaires	Strategy Unit
Good Governance Guidance	Strategy Unit
Recommendations from the Corporate Peer Challenge (March 2013)	Strategy Unit
Recommendations from the LA focused Ofsted Inspections (Feb 2013)	Strategy Unit
Access to Information Annual Report (2012)	Strategy Unit
Annual Audit Letter 2011/12	Internal Audit
City Deal Bid	Strategy Unit

APPENDIX A - Progress Against 2011/12 Governance Issues - June 2013

Period: March 2013 - May 2013				
Governance issue	Actions to address	Measures of success	Lead	Progress/issues to highlight
Page 67	LaMP programme	By September 2012, 50% (336) managers to have completed training	Fiona Morrison	<p>In February 2013 Employment Committee agreed:</p> <p>LAMP:</p> <p>(1) that Members support the continued delivery of the Leadership and Management Programme (LAMP) until the end of its agreed delivery - September 2013 with publicity undertaken in Spring 2013 to encourage those managers who still have an intention to attend whilst the programme is available;</p> <p>(2) that members support the planned commissioning of new management training that is informed by our learning and responsive to the emerging needs and aspirations of PCC;</p> <p>(3) that a report is brought to a future meeting of Employment Committee that provides a breakdown of those engaging with the process on a service by service basis.</p> <p>EOS:</p> <p>(1) that members note the results from the Employee Opinion Survey 2012;</p> <p>(2) that members agree that a follow up report detailing the organisational and service level actions should be submitted to Employment Committee in six months discussing how services are using these results to influence the way they work.</p>
		Good levels of engagement as measured through Employee Opinion Survey		
	Reviewed PDR process	100% staff completed a PDR by end of financial year (2013)	Jan Paterson	
		PCC review presented to Employment Committee by Oct-12		

APPENDIX A - Progress Against 2011/12 Governance Issues - June 2013

Period: March 2013 - May 2013				
Governance issue	Actions to address	Measures of success	Lead	Progress/issues to highlight
Adhering to equalities duties	Monitoring programme of EIAs that need reviewing; new policies that need EIAs	% compliance EIAs across all services	James Sandy/ Iwona Defer	As per the draft report that has been prepared for the GA&S Committee meeting in June 2013, most services have completed 100% of their EIAs, and there has been a further improvement in the compliance since the previous report of January 2013. This can be attributed to the persistent and effective monitoring as well as advice and support by the Equality & diversity officers to the services. The actions identified under the Single Equality Scheme (SES) Plan are monitored by the Equality and Diversity officers on an annual basis as monitoring on a bi-annual basis has proved unfeasible. SES Plan is currently being updated in accordance with the service business plans. The equalities team liaises with heads of service and Members on wider equality actions. The team also produces reports alerting SDB and the GA&S to new equalities legislation and its possible implications for the council. The Equalities Team is working with Members to identify equality leads amongst councillors who would champion equalities at the strategic level, but Fairness & Equality Group members will also be called to meet to discuss any corporate equality issues as they arise. Outside of FEG meetings, Equality and diversity officers liaise regularly with FEG members to address issues relevant to particular services. An equalities project group with representation from each political group has been convened in May 2013 to assess our future approach to Equalities & Diversity and the revision of the Equality & diversity Strategy and SES towards the end of the year 2013. The project group will meet on a regular and on-going basis.
	Equalities strategy in place and monitoring through the Single Equality Scheme	Completion of actions to timescales in Equalities Strategy and regular monitoring of performance against the Single Equality Scheme		

APPENDIX A - Progress Against 2011/12 Governance Issues - June 2013

Period: March 2013 - May 2013				
Governance issue	Actions to address	Measures of success	Lead	Progress/issues to highlight
Not all CRB checks are reviewed when they should be and some temporary staff working with vulnerable groups without CRB checks	HR to reemphasise message with managers	All staff have up-to-date CRBs All managers use the proper process of recruitment, including the use of the relevant temporary agency	Jacqueline Coonie	CRB changes of 1 st September have been communicated to Strategic Directors but revised guidelines for Managers have not been issued to all services at a corporate level outlining the changes because further information is awaited from the DBS, however work is taking place with those individual services who are most affected. Recruitment is ensuring the relevant checks are undertaken for casual employees, and the recruitment manager is aware of the outcomes of CRB checks. No further updates in relation to the other actions. The Updated DBS service will come into force on the 17 th June 2013, report going to Employment Committee to authorise new process.
	Provide a list on which jobs should have CRB checks done			
	Assess how old CRB checks are and whether there are risks associated with that			
Weaknesses in business continuity (BC) planning	BC plan template	100% services have adequate business continuity plans in place that are reviewed on a regular basis.	Kate Scott	Service Business Continuity Plans: Finance - plan is complete and signed off by the Head of Service. Awaiting distribution to all members of Crisis Management Team and production of 'battle box' to support response. Corporate Assets, Business and Standards - plan is complete and signed off. Table top exercise was held on the 22 May. Children's Social Care and Safeguarding - plan is complete and signed off. Table top exercise held on the 15 May. Network Management - meeting held with assistant head of Transport and Environment, all plans being reviewed as part of restructure. Housing Management - complete. Separate input with regards to Disaster Recovery required, joint requirement from all services that pay into Disaster Recovery Contract.
	Corporate BC Strategy			
	Corporate BC working group			

APPENDIX A - Progress Against 2011/12 Governance Issues - June 2013

Period: March 2013 - May 2013				
Governance issue	Actions to address	Measures of success	Lead	Progress/issues to highlight
				Business Continuity support for the Data Centre Migration. New Data Centre will Increase systems resilience once transferal is complete.
Results of OFSTED inspection in safeguarding and Looked After Children highlight areas for immediate improvement	Action plan in place	All immediate actions completed	Stephen Kitchman	A peer review of safeguarding took place w/c 15 October 2012 and the peer review action plan has superseded the OFSTED action plan. A report on the outcomes of the review was presented to informal Cabinet on 05 November 2012. Meetings have been held with key officers and recommendations have been aligned into existing Action. The plan has been monitored via the Monitoring and Evaluation committee of the Portsmouth Safeguarding Children Board. The one outstanding action was the need to improve allegations management against persons who work with children. This action has now been addressed through the recruitment of a 0.5 LADO to increase capacity and focus on raising awareness of the role and associated procedures with agency partners.
Non-completion of financial rules training, resulting in non-compliance with Financial Rules	PDR prompts completion/refresh of financial rules training	100% staff have completed financial rules training	Chris Ward, Lyn Graham	Approximately 2,700 members of staff have completed the financial rules training in the last 3 years (out of approximately 3,500 staff employed by the council excluding schools), although there is currently no easy way of finding out who has not undertaken financial rules training. Financial Rules are still being revised and training will not be rolled out until later this year (possibly December 2013) as the e learning modules need to be revised. Lyn Graham (Audit) will meet with Fiona Morrison (L&D) as soon as the Rules have been revised to discuss next steps. There are 4 outstanding sections more sections, which should be completed by beginning of July latest.
	Revising Financial Rules			

APPENDIX A - Progress Against 2011/12 Governance Issues - June 2013

Period: March 2013 - May 2013				
Governance issue	Actions to address	Measures of success	Lead	Progress/issues to highlight
Lack of Financial Services resource with regard to the closedown programme	Weekly monitoring by project team chaired by s151 officer	The closedown programme is completed adequately. No additional issues highlighted in the Audit Commission Plan.	Chris Ward	The closedown process for 2011/12 has now been completed, and was completed on time. The Financial Statements have been audited and the Audit Commission have issued an unqualified audit opinion. As reported in the Annual Governance Report from the Audit Commission to the G&A&S Committee on 27 th September 2012, "Overall the quality of the accounts and supporting working papers was much improved with the notable exception of the group accounts." The Group Accounts show the combined financial position of the Portsmouth City Council Group which principally consists of Portsmouth City Council, and its subsidiary, MMD (Shipping Services) Ltd. The Group also includes a share in Portchester Crematorium and in Portsmouth Harbour Renaissance Limited. As such they largely mirror the single entity accounts of the City Council. During the audit, the auditors found a significant number of errors in the Group Balance Sheet and Group Movement in Reserves Statement. The underlying cause of the problem was a performance issue that has been addressed.
	Increased resources for quality assuring the Financial Statements			
Not all services undertaking comprehensive succession planning	Currently no action in place to address	All services have processes in place for identifying officers with specialist skills, and transferring those skills to other officers	Jan Paterson	There are currently 40 people with 20 aspiring managers on ILM3 and 20 (existing staff) doing advanced management apprenticeship which includes ILM3 amongst others. It is however unclear how the council identifies key members of staff who hold a very specific set of skills, and ensures those skills are transferred to other members of the team, should that key member of staff leave. The workforce strategy will be reviewed over the coming 12 months to address this issue and ensure succession planning is more robust
		Key skills are not lost when key members of staff leave		

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APPENDIX B - Delivering Good Governance in Local Government

<http://www.cipfa.org/-/media/Files/Publications/Reports/delivering%20good%20governance%20addendum>

Table 1. Six Principles of Good Governance identified in the framework

Principle	Page Ref
Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.	3
Members and officers working together to achieve a common purpose with clearly defined functions and roles.	4
Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.	5
Taking informal and transparent decisions which are subject to effective scrutiny and managing risk.	6
Developing the capacity and capability of members and officers to be effective.	7
Engaging with local people and other stakeholders to ensure robust accountability.	7

Table 2. Recommended sections for the Annual Governance Statement

Text	Page Ref
Scope of responsibility	2
The purpose of the governance framework	2
The governance framework	3
Review of effectiveness	9
Significant governance issues	10-14
Signature	15

Table 3. Key elements of the systems and processes that comprise an authority's governance arrangements

Summary of Content	Included
Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users	✓
Reviewing the authority's vision and its implications for the authority's governance arrangements	✓
Translating the vision into objectives for the authority and its partnerships	✓
Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money	✓
Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements	✓
Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff	✓
Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality	More commentary around evidence required
Ensuring effective arrangements are in place for the discharge of the monitoring officer function	
Ensuring effective arrangements are in place for the discharge of the head of paid service function	
Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability	✓
Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained	✓
Ensuring effective management of change and transformation	✓
Ensuring the authority's financial management arrangements conform with the governance requirements of the <i>CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)</i> and, where they do not, explain why and how they deliver the same impact	✓
Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities	✓
Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful	✓
Whistleblowing and for receiving and investigating complaints from the public	✓
Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training	✓
Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation	✓
Enhancing the accountability for service delivery and effectiveness of other public service providers	✓
Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.	✓

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APPENDIX C



Annual Governance Statement 2012/13

www.portsmouth.gov.uk

Contents Page

Comment [SM1]: Need to insert

ANNUAL GOVERNANCE STATEMENT 2012-2013

SCOPE OF RESPONSIBILITY

Portsmouth City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Portsmouth City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Portsmouth City Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Portsmouth City Council has approved and adopted a **Local Code of Corporate Governance** which is consistent with the principles of the CIPFA/SOLACE Framework "*Delivering Good Governance in Local Government*". This Statement explains how Portsmouth City Council has complied with the code and meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

Comment [SM2]: Add hyperlink to updated document when complete - need to colour code to highlight internal corporate governance framework controls.

Comment [SM3]: Add para re approved internal corporate governance framework including 9 corporate governance controls and links with principles

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Portsmouth City Council's policies, aims and objectives; to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Portsmouth City Council for the year ended 31st March 2013 and up to the date of approval of the annual report and statement of accounts.

THE GOVERNANCE FRAMEWORK

In 2009, Portsmouth City Council adopted a Local Code of Governance, which holds the organisation to six core principles, and these are:

Comment [SM4]: GUIDE NOTES:
The annual governance statement should include a brief description of the key elements of the governance framework the authority has in place.

1. We focus on the purpose of the authority and on outcomes for the community
2. Members and officers work together to achieve a common purpose with clearly defined functions and roles
3. Values for the authority on good governance are promoted and upheld through high standards of conduct and behaviour
4. We take informed and transparent decisions, which are subject to effective scrutiny and managing risk
5. We develop the capability and capacity of members to be effective
6. We engage with local people and other stakeholders to ensure robust accountability

The following sections look at how we are held to account for these six principles.

We focus on the purpose of the authority and on outcomes for the community

Portsmouth City Council has a simple, collective organisational goal that tells employees what they are here to achieve:



Portsmouth City Council; working together to shape the great waterfront city

The goal is based on the premise that everything the council does should improve life for our residents and make the city a better place. Portsmouth City Council's Guiding Principles (see below) set out how the vision will be achieved.

-  **put customers first**
-  **provide value for money**
-  **be ambitious**
-  **use evidence to shape services**
-  **simplify, strengthen and share processes**
-  **get it right first time**
-  **support councillors as strategic leaders**
-  **value and support staff**
-  **listen and learn**

The council's Transformation Programme operates underneath this goal and is about working better together, as one council. The programme consisting of 5 workstreams, was initiated in 2011 to deliver efficiencies and new ways of working in order to contribute to the ongoing savings targets. The programme is managed by the Strategic Directors Board with each workstream led by a Head of Service. Within each workstream there may be a number of areas being progressed at any one time, and this work will typically be managed as a project until acceptance as Business as Usual. The programme is reviewed on a regular basis and underpinning it, has been a series of communication briefings and cascades to staff.

All services are required to complete business plans that fit with what they are trying to achieve as an organisation. In 2011, Strategic Directors agreed that business plans should be the foundation of corporate planning and the bedrock on which performance management arrangements for the organisation are built. Specifically, services are asked to outline the way in which they contribute to shaping the great waterfront city; the 5 critical things the service will achieve in the coming year; the desired levels of achievement; and the key measures of success. The plans are designed to be medium term documents which are updated on an annual basis and must be formally agreed by the respective portfolio holders. As part of the business planning process, services are asked to review the relationship between service expenditure and performance and participate in benchmarking exercises to ensure best use of resources and value for money.

It has been necessary to change performance management arrangements in order to keep pace with national developments, but also to reflect the council's changed ways of working and organisational objectives. Portsmouth City Council is now working to arrangements with a stronger focus on accountability at Head of Service level for service performance, and concentration on cross-cutting issues at the level of corporate management. Business plans are monitored on a quarterly basis by Strategic Directors, with further reports progressed to the Governance and Audit and Standards Committee and Cabinet.

Members and officers work together to achieve a common purpose with clearly defined functions and roles

All Portsmouth City Council employees contribute to the achievement of the authority's objectives, whether they are directly involved in service delivery to the customer, or in supporting other services.

The roles and responsibilities of the Executive, non-Executive, Scrutiny and officer functions are defined and documented in the City Constitution¹, with clear delegations and protocols for effective communication. The constitution sets out how the council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. Although this is no longer a statutory requirement, Portsmouth City Council has taken to decision to continue with this arrangement internally. Portsmouth City Council has Codes of Conduct for members and officers, and officers are required to declare any interests, gifts and hospitality on a public register. Members are required to declare any interests at the start of every meeting that they attend in accordance with Standing Orders. The recording of interests regularly reviewed and there are no current issues with the declaration or recording of such interests.

¹ A copy of the constitution can be found at: <http://www.portsmouth.gov.uk/yourcouncil/8955.html>

It is important that members and officers work with other organisations locally and sub-nationally to achieve a common purpose of improved efficiency and effectiveness. As the council transforms the way it works and prioritises its use of limited resources, it will remain vital that the council's priorities and budgetary decisions are appropriately linked with the governance frameworks agreed with partners.

Values for the authority on good governance are promoted and upheld through high standards of conduct and behaviour

Portsmouth City Council has developed "ways of working" as a tool to help staff manage themselves and others, evaluate their performance and recruit new staff. These include:



We focus on what's important



We take pride in our work



We value others



We make a positive difference

Employees and members will be regularly monitored on their standards of conduct and behaviour. All managers must hold annual Personal Development Reviews with their staff and their managers are responsible for ensuring quality and compliance. As part of the PDR process a discussion on ways of working will take place.

The council's Governance and Audit and Standards Committee undertake the core functions of an audit committee as identified in CIPFA's "Audit Committees - Practical Guidance for Local Authorities"². The group has an agreed set of terms of reference³, which sets out their roles and responsibilities.

The Monitoring Officer is a statutory function and ensures that the Council, its Officers, and its Elected Councillors, maintain the highest standards of conduct in all they do. The Monitoring Officer is assisted when required by appointed deputies. The role of the Monitoring Officer is set out in 12.4 of Portsmouth City Council's Constitution. The Monitoring Officer's legal basis is found in Section 5 of the Local Government and Housing Act 1989⁴, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000⁵. The Monitoring Officer ensures that the Council is compliant with laws and regulations, as well as internal policies and procedures. He is also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation of the Council's Constitution to ensure that its aims and principles are given full effect.

The s151 Officer together with finance staff ensure that new policies or service proposals are accompanied by a full financial appraisal which is properly costed, fully financed and identifies the key assumptions and financial risks that face the council. All reports are considered by appropriately qualified legal and finance staff with expertise in the particular function area before they are progressed to the relevant committee/group.

² A copy of the guidance can be found at: <http://www.cipfa.org/Policy-and-Guidance/Publications/A/Audit-Committees--Practical-Guidance-for-Local-Authorities>

³ The Governance and Audit and Standards Committee Terms of Reference can be found at: <http://www.portsmouth.gov.uk/media/SC20120716r5app4.pdf>

⁴ Further information can be found at: <http://www.legislation.gov.uk/ukpga/1989/42/section/5>

⁵ Amendment can be found here: <http://www.legislation.gov.uk/ukpga/2000/22/schedule/5/paragraph/24>

The council has a Whistleblowing policy,⁶ and procedures are in place for receiving and investigating internal complaints, as well as investigating complaints from the public. This policy is kept under review by the Monitoring Officer, and performance reports (which include concerns raised and their outcomes) are submitted to the Governance and Audit and Standards Committee.

The authority's anti-fraud, bribery and corruption policy⁷ conforms to the legislative requirements and is monitored annually. The Policy outlines steps taken to minimise risks of fraud, bribery, corruption and dishonesty and summarises the responsibilities of the S151 officer, City Solicitor, Managers, Audit, Councillors and employees in implementing and maintaining the Policy. All employees are required to complete a code which includes a duty to report and suspected cases of fraud or corruption or dishonesty as an essential part of the process of protection the council, its property and reputation.

The authority's financial management arrangements conform to the legislative and professional requirements of the CIPFA Statement on "The role of the Chief Financial Officer in local government" (2010)⁸. The Chief Finance Officer is a key member of the Strategic Director's Board, helping to develop and implement strategy and resource and deliver the authority's strategic objectives sustainably and in the public interest. He is actively involved in ensuring all immediate and longer term risks and opportunities are considered and strategic objectives of the authority are aligned to the longer-term financial strategy. The Chief Finance Officer is actively involved in all major decisions, and advises on financial matters to both the Cabinet and full Council. He is responsible for leading the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. A protocol⁹ for the Chief Financial Officer at Portsmouth was approved in November 2011.

Comment [SM5]: Need to review para and be more explicit about how we ensure effective counter-fraud and anti-corruption arrangements are developed and maintained. **Need to contact Lyn Graham**

Comment [SM6]: Need to ask Chris Ward to review and add a para re how we ensure effective arrangements are in place for the discharge of the head of paid services function. **Emailed 28/05/13**

We take informed and transparent decisions, which are subject to effective scrutiny and managing risk

Following a formal process, the City Constitution including Standing Orders, Contract Procurement and Financial Rules have been revised and it is an accepted principle of Portsmouth City Council that they are constantly under review to meet the requirements of the organisation. Financial Rules are currently being reviewed in their entirety and are to be rolled out together with staff training in 2013. These Rules clearly define how decisions are taken, as well as the processes and controls required to manage risks. Training on Financial Rules is embedded as part of the induction process, and all staff are expected to undertake Financial Rules training. To this end a reporting mechanism has been developed as part of the review to enable managers to determine the level of training.

Following a review of the council's approach to managing risks, Portsmouth City Council has agreed a Corporate Risk Management Policy, which is supported by a set of procedures. The Council is committed to embedding a culture of risk awareness within everyday activities such that formal processes and unnecessary documentation can be minimised but that risk management remains an effective part of the governance framework.

⁶ The Whistleblowing Policy can be found at: <http://www.portsmouth.gov.uk/yourcouncil/11296.html>

⁷ The Policy can be found at: http://intranetlink/Media/Whistle_blowing_Policy.pdf

⁸ More information can be found at: <http://www.cipfa.org/Policy-and-Guidance/Reports/The-Role-of-the-Chief-Financial-Officer-in-Local-Government>

⁹ The Protocol for the Chief Financial Officer can be found here: <http://www.portsmouth.gov.uk/media/Stan20111031r7appA.pdf>

We develop the capability and capacity of members to be effective

All new members receive an induction which includes information on: roles and responsibilities; political management and decision-making (including the constitution); financial management and our processes; health and safety; information governance, and safeguarding. Additionally, compulsory training is provided for those members who sit on the following committees: Governance and Audit and Standards Committee, Licensing Committee, and the Planning Committee. Informal training on scrutiny is provided by members of the Democratic Services team. Management training is also provided on request through the Local Government Leadership academy course.

Although training is member led, development needs are supported by appropriate training organised and facilitated by the council's learning and development team. Officer support is also available to members on request. The package of support helps elected members to effectively carry out their roles and responsibilities to a high standard by building on existing skills, competencies and knowledge.

We engage with local people and other stakeholders to ensure robust accountability

The views of customers are at the heart of the council's service delivery arrangements. Portsmouth City Council has developed a Community Engagement Statement¹⁰, which reflects the council's ambition to enable and empower all communities to shape the places within which they live and work, influence formal decision making and make informed choices around the services they receive. It is recognised that people need information about what decisions are being taken locally, and how public money is being spent in order to hold the council to account for the services they provide. To be effective this process aims to inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders.

The Community Engagement Statement asserts the following objectives for the council's community engagement activity: active citizens and strong communities, clearer links between consultation and decision-making, a City that reflects its diversity and improved use of resources. These objectives build upon the council's commitment to finding ways to inform, consult and involve local people in all areas of life.

Portsmouth City Council acknowledges the need for a constantly evolving community engagement process targeted to the needs and aspirations of the audience. Clearly, effective engagement is dependent on clear communication channels with all communities, stakeholders and internal staff to ensure robust accountability. There are a number of ways people can connect with the council, many of which are listed on the 'Have your say' council webpage¹¹. Local people have the option to engage in a dialogue through: social media sites (including a community engagement blog, facebook and twitter), petition schemes, neighbourhood forums, healthwatch Portsmouth, the rant and rave form, council meetings (open to the public), their local Councillor¹² and through planned consultations.

¹⁰ A copy of the Community Engagement Statement can be found at:

http://www.portsmouth.gov.uk/media/Community_engagement_statement.pdf

¹¹ Opportunities to have your say can be found at: <http://www.portsmouth.gov.uk/yourcouncil/have-your-say.html>

¹² Who are your Councillors, MPs and MEPSs: <http://www.portsmouth.gov.uk/yourcouncil/23350.html>

The council keeps a forward plan of upcoming consultations. Internally a consultation toolkit has been developed to guide council staff through the consultation process. The agreed process ensures that engagement activity is relevant, accessible, transparent and responsive. To increase awareness, consultations are proactively promoted. A list of current consultations, as well as a list of past consultations explaining how the council has used public feedback is available on the council website. The council issues a free copy of their Flagship magazine to all households keeping them up to date about what's going on in the City. The magazine has been widely applauded in recent MORI panels for keeping customers well informed.

The governance arrangements in respect of partnerships and other groups working as identified by the Audit Commission's report "Governing Partnerships: Bridging the Accountability Gap" (2005)¹³, are defined in the council's financial rules. The council has agreed appropriate partnership agreements and terms of reference with significant partnerships, where they contribute to the council's objectives.

¹³ A copy of the report is available at: <http://archive.audit-commission.gov.uk/auditcommission/sitecollectiondocuments/AuditCommissionReports/NationalStudies/GoverningPartnerships26Oct05REP.pdf>

REVIEW OF EFFECTIVENESS

Portsmouth City Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of:

- The Strategic Directors and Heads of Services within the Authority who have responsibility for the development and maintenance of the governance environment.
- The Chief Internal Auditor's annual report and opinion, and also by comments made by the external auditors and other review agencies and inspectorates.
- The Chief Financial Officer whose role is performed by the Head of Finance (and who is also Portsmouth City Council's Section 151 Officer) who has responsibility for ensuring the proper management of all Portsmouth's financial affairs.
- The Corporate Governance Group, made up of the Chief Executive, the Chief Internal Auditor, the Section 151 Officer and Monitoring Officers, and the Head of HR, Legal and Performance with input from others as relevant. This group meets regularly to discuss corporate governance arrangements and issues, and to reflect on recurring themes and spheres of activity relating to council improvement.
- The Governance and Audit and Standards Committee

To support the governance framework, there is an agreed formal process to evaluate the effectiveness of internal control, which requires:

- Heads of Service to complete an internal control questionnaire to evidence their compliance with the internal controls. Any breaches to rules and procedures are also reported, with remedying actions identified.
- A self-assessment review of the Governance and Audit and Standards Committee, which is completed by the Chair.
- A review of the effectiveness of Internal and External Audit
- A review of the internal and external auditor's annual letters
- A review of business risks identified through the business and planning and performance management process.
- A review of corporate complaints and any complaints regarding Members.
- A review of data protection and information governance issues.
- A review of relevant reports from review agencies and inspectorates.
- A review of progress against previously identified governance issues.
- A review of Employee Opinion and Pulse Survey results.

The Governance and Audit and Standards Committee have given advice on the results of the governance framework effectiveness review, and a plan to address weaknesses and ensure continuous improvement of the system has been put in place.

SIGNIFICANT GOVERNANCE ISSUES FOR 2012/13

The following table summarises the key governance issues for 2012/13, the source of information whereby they have been identified and the actions to address them, which will reported to and monitored by the council's G&A&S Committee:

Ref	Governance Issue	Source	Actions	Measures of Success	Lead/s	Timescale
a	Possible weaknesses in people management.	Governance issues from 2011/12 and 2012/13 Internal Control Questionnaire results re <i>Control 8 (PDRs)</i>	Continued delivery of the Leadership & Management Programme until the end of its agreed delivery.	50% of Managers to have completed the LaMP.	Fiona Morrison	Up until Sept 2013
			Commission a new management training programme.	New programme in place.		From Oct 2013
			Report to be progressed to Employment Committee following a review of the PDR process.	100% of staff to have a PDR.		October 2013
			PDRs to consider how employees meet the standards set out in our ways of working.	100% PDRs include an evaluation of values and behaviours.		Ongoing
b	Non-completion of financial rules training, resulting in non-compliance with Financial Rules	Governance issues from 2011/12	A new programme – Policyhub – will ensure all staff read and agree to policies when they should.	100% of staff have read the Policy.	Lyn Graham/ Chris Ward	Ongoing
			Financial rules to be finalised and training to be rolled out to staff.	100% of staff have completed the new financial rules training.		December 2013
c	Not all CRB checks are being completed or reviewed when they should be	Governance issues from 2011/12	In light of the review of the vetting and barring system, new guidelines need to be issued to managers and updated information made available on Intralink.	All staff have up-to-date CRBs	Julie Barratt	2013
			Work to continue to take place with those services most affected by the changes.	All managers use the proper process of recruitment, including the use of the relevant temporary agency	Julie Barratt	Ongoing
d	The need to strengthen procedures for dealing with failure in service delivery	Governance issues from 2011/12	Services to participate in a table-top exercise within a year of producing the service business continuity plan	100% of services have completed a table-top exercise and have adequate business continuity plans in place.	Kate Scott	Within a year

Ref	Governance Issue	Source	Actions	Measures of Success	Lead/s	Timescale
e	There is scope to further develop the council's approach to equality and diversity.	Governance issues from 2011/12 and 2012/13 Internal Control Questionnaire results re <i>Control 4 (equalities)</i>	Equalities team to regularly monitor completion of EIAs and inform Head of Service of outstanding assessments.	100% compliance in EIAs.	Iwona Defer/ Gina Perryman	Ongoing
			Revise the equalities and diversity strategy and Single Equalities Scheme.	Strategy revised.		Ongoing
			Establish equality leads amongst Councillors who champion equalities at the strategic level and at leads at the officer level.	Equality leads put in place.		Ongoing
			Staff to complete the equalities healthcheck.	100% of staff to complete	Fiona Morrison	Ongoing
			Rename G&A&S to become the SAGE (Standards, Audit, Governance & Equalities) Committee to reinforce the importance of equalities assessment and take an increased role in the monitoring and enforcement.	Agreed by committee	Michael Lawther	tbc
			Improve the quality of workforce data.	Better understanding of the diversity of the workforce	Penny Lane	Ongoing
	Not all services undertaking comprehensive succession planning	Governance issues from 2011/12	Review of the approach to workforce planning.	Revised workforce planning approach in place.	Penny Lane/ HR Business Partners	tbc
g	Performance management arrangements needs strengthening	2012/13 Internal Control Questionnaire results re <i>Control 1 (business planning)</i> and Corporate Peer Challenge March 2013	Adopt a corporate approach to the performance management of business plans including regular value for money reviews.	Better performance management.	Kelly Nash	tbc
h	The approach to risk management has not been successfully embedded following the recent review.	2012/13 Internal Control Questionnaire results re <i>Control 5 (risk)</i> and Corporate Peer Challenge March 2013	Communicate the outcomes of the review and proposed corporate approach re the development of a risk culture. Issue guidance to staff on the 9 areas SDB require assurance on.	SDB receive assurances against the 9 specified areas from 100% of services around risk management.	Lyn Graham	asap

Ref	Governance Issue	Source	Actions	Measures of Success	Lead/s	Timescale
i	The approach to project management needs strengthening	Corporate Peer Challenge March 2013	On-going work by internal audit. Recommendations to inform work going forward.	Stronger performance management arrangements	Jo Penney	tbc
j	Member training is not systematic nor sufficiently championed and would benefit from more robust succession planning	Corporate Peer Challenge March 2013	Review of the current member training offer	Review complete	Michael Lawther	tbc
			Consider the introduction of a more systematic and tailored political development and training offer for Councillors including the introduction of tailored Personal Development Plans.	Increased member participation in non-compulsory training		tbc
k	There is scope to improve the council's relationship with the Voluntary and Community Sector	Corporate Peer Challenge March 2013	Revisit the compact and use this process to establish rules of engagement both strategically and tactically	New compact in place.	Rob Watt/ James Sandy	tbc
			Consider a member portfolio for the Voluntary and Community Sector	tbc		tbc
	There is scope to further develop the Cabinet and Strategic Directors Board as one team, with shared goals and expectations.	Corporate Peer Challenge March 2013	Build the capacity of Cabinet and the Strategic Directors Board as a single leadership team.	tbc	David Williams/ Cllr Gerald Vernon-Jackson	tbc
	There is scope to improve the articulation of the council's corporate vision	Corporate Peer Challenge March 2013	Need a compelling narrative for Portsmouth as a place and as a community.	tbc	tbc	tbc
			Outline financial and other challenges over the short, medium and long term and how the council plans to deal with them.			
m	The Shaping the Future Programme would benefit from more robust programme management arrangements	Corporate Peer Challenge March 2013	A high level programme narrative.	More rigorous programme management.	Kathy Wadsworth	tbc
			Documented governance arrangements.			
			Regular updates on workstreams			
			Mapping of interdependencies between workstreams.			
			Document benefit realisation.			

Ref	Governance Issue	Source	Actions	Measures of Success	Lead/s	Timescale
n	Summary areas for consideration	Safeguarding Peer Review November 2012	tbc	tbc	Stephen Kitchman/ Mary Brimson	tbc
o	Lines of communication between school leaders, education officers and local authority senior officers are not always clear.	Portsmouth LA Focused Ofsted Inspections 26-28 February 2013	tbc	tbc	Di Mitchell	tbc
p	tbc	Annual Complaints Report 2012/Member Complaints	tbc	tbc	tbc	tbc
	tbc	Information Governance Audit/Data Protection Breaches	tbc	tbc	tbc	tbc
r	The group accounts and supporting working papers were not properly cross referenced and reviewed by senior officers	The Annual Audit letter 2011/12	Review of arrangements for the preparation of the group accounts and supporting working papers before 2012/13 closedown. In particular working papers need to be properly cross referenced and reviewed by senior officers.	Compliance with guidance on producing group accounts and supporting papers.	Chris Ward	Ongoing
s	tbc	External District Audit Report 2012	tbc	tbc	tbc	tbc
t	tbc	Internal Auditor's Annual Opinion 2012	tbc	tbc	tbc	tbc

Comment [SM7]: Need to check actions with Stephen Kitchman

Comment [SM8]: Need to check actions with Di Mitchell

Comment [SM9]: Need to obtain copies of annual complaints reports from Carol Cunningham (corporate), and children/adults services.

Comment [SM10]: Helen Magri and Peter Harding will circulate a report summarising findings for the audit, which is being carried out in June 2013. Need to review for potential governance issues.

Comment [SM11]: Need to review.

Comment [SM12]: Need to review Lyn Graham's annual opinion.

Ref	Governance Issue	Source	Actions	Measures of Success	Lead/s	Timescale
u	tbc	Critical Exceptions Report	tbc	tbc	tbc	tbc
v	tbc	Office of Surveillance Commissioners RIPA Report	tbc	tbc	tbc	tbc
w	tbc	Employee Opinion Survey/Pulse	tbc	tbc	tbc	tbc
x	City Deal Governance arrangements	Joint City Deal with Southampton City Council.	Ensure strong governance arrangements are put in place.			
y	Operating within the new public health arrangements.	tbc	Increase awareness across members and officers of the City Council's public health responsibilities and implications.	tbc	tbc	tbc
			Develop and embed the Health and Wellbeing Board			
			Strengthen relationships with new institutions including providers and commissioning groups.			
z	The Council is moving towards a new culture of mobile and flexible working,	tbc	Deployment of new technologies to support mobile and flexible working	tbc	Kathy Wadsworth	tbc
			Governance arrangements for the new management styles i.e. management by outcomes.			

Comment [SM13]: Need to review - need copy from Lyn Graham

Comment [SM14]: Need to locate and review

Comment [SM15]: Tarnia Goodsell contacted for input on any governance issues that have emerged from the recent employee opinion survey and pulse.

Effectiveness of the System of Internal Audit

As part of the Council's Internal Audit Protocol, the Head of Service responsible for Internal Audit must continually review the service's effectiveness. This is done using CIPFA's "Characteristics of Effectiveness", which reviews whether or not Internal Audit:

- understands its position in respect of other sources of assurance
- understands the needs and objectives of the organisation and adds value in helping achieve them
- is a catalyst for change, and is involved in improvements and projects as they develop
- is forward looking and proactive
- is innovative and challenging
- has the right resources and skills
- The Head of HR, Legal and Performance has confirmed that he is satisfied that the Internal Audit service does currently fulfil the "Characteristics of Effectiveness".

Internal Audit Opinion and Issues

Due to the number of critical and high risk exceptions the Audit opinion for 2011/12 is that only limited assurance on the effectiveness of the control framework can be given with the areas of most concern.

We propose over the coming years to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness, and will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Portsmouth City Council

.....
David Williams, Chief Executive

.....
Date

.....
Cllr Gerald Vernon Jackson, Leader of the Council

.....
Date

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APPENDIX D

How we will apply the Principles of Good Governance

Principle 1: Focusing on the purpose of the Authority; outcomes for the Community and creating and implementing a vision for the local area.

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Ref	Action	Evidenced by
1.1	We have formally established and documented responsibilities for statutory obligations, and they are available for public view	<ul style="list-style-type: none"> • City Constitution: Strategic Director and Head of Service Operational delegations and Proper Officer and Statutory Appointments – clear where there are specific statutory roles e.g. Director of Children's Services • City Constitution: Committee Terms of Reference and responsibilities of Portfolio holders • City constitution: statutory plans and strategies – Annual Library Position Statement, Children and Young People's Plan, Community Strategy, Crime and Disorder Reduction Strategy, Local Transport Plan, plans and strategies which together comprise the Town and Country Planning Development Plan, Youth Justice Plan. • Job Descriptions of key officers • Structure Charts
1.2	We have effective procedures to comply with legislation and to: <ul style="list-style-type: none"> • Identify; • Evaluate; • Communicate; • Implement; • Comply with; and • Monitor any legislative changes 	<ul style="list-style-type: none"> • Selection and recruitment processes to appoint suitably qualified and experienced employees • Induction training given to all staff • Inspection of all reports to Members by the City Solicitor for legal matters
1.3	We take action where there are areas of non-compliance with either our processes or with legislation	<ul style="list-style-type: none"> • Internal and external audit reports to the Governance and Audit Committee
1.4	We consult with our stakeholders on our priorities and objectives	<ul style="list-style-type: none"> • Published results from our consultation exercises • The Vision for Portsmouth (community strategy) has been adopted by PCC and partners, based on residents' priorities • PCC administer the Local Strategic Partnership, which is consulted as it is the umbrella for every organisation that has a

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		role in the City and this informs the high level priorities. The community sector is represented on the LSP.
1.5	Our priorities and organisational objectives have been agreed	<ul style="list-style-type: none"> • Approved and published Corporate Plan 2010-2013 that takes account of consultation and local and national priorities • Priorities and objectives in our strategic partnerships are aligned with our corporate priorities and objectives
1.6	Our priorities and objectives are aligned to principal statutory obligations and relate to available funding	<ul style="list-style-type: none"> • Medium Term Resource Strategy (MTRS) takes into account our priorities • Financial plans and budgets take account of partnership contributions and income streams • Realignment of LSP priorities to fit with resource allocations
1.7	Our objectives are reflected in departmental plans and are clearly matched with associated budgets	<ul style="list-style-type: none"> • MTRS • Guidance on the preparation of both budgets and service business plans is issued annually to Services and has been updated for 2011/12 • Performance targets on both budgets and service plans are reported to the Cabinet and Strategic Directors Board on a quarterly basis as well as to the Governance and Audit Committee
1.8	Our objectives are clearly communicated to our staff and stakeholders including our partners	<ul style="list-style-type: none"> • Flagship magazine published 5 times a year and distributed to Portsmouth Residents. Copies available from Civic Offices and on the PCC website • Link magazine issued quarterly to staff – available on staff Intranet • Key plans and indicators are available on the PCC Website • The Corporate Plan, Community Strategy (and LSP priorities), core policies and strategies are all available on PCC's Website. • Embedded as part of the staff appraisal process: Service Plan objectives link to the Corporate Plan Objectives and

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		<p>Performance Development Reviews link to the Service Plan objectives.</p> <ul style="list-style-type: none"> The Delivery Board of the LSP receives performance reports on a regular basis from PCC
1.9	We have established and published a Local Code of Corporate Governance, and put in place review and monitoring arrangements	<ul style="list-style-type: none"> Local Code available on our Website Approved by Council Reviewed and monitored by a corporate group of Officers and reported regularly to Members as part of the Annual Governance Statement process and performance monitoring
1.10	We have a committee charged with governance responsibilities	<ul style="list-style-type: none"> The Governance and Audit Committee is charged with governance responsibilities and have terms of reference
1.11	We provide governance training to key officers, and all members and staff are made aware of corporate governance	<ul style="list-style-type: none"> A programme of Risk Management training is on-going Financial Rules training is on-going Governance and Audit Committee have received specific training
1.12	<p>We have clear policies and codes of conduct which Members and Officers must sign up to, which demonstrate:</p> <ul style="list-style-type: none"> Accountability; the cultural standard of good public behaviour; openness; and have clear policies on how concerns can be raised and what action we will take 	<ul style="list-style-type: none"> Anti Fraud and corruption policy and response plan Whistleblowing policy and response plan Codes of Conduct for Members and officers Register of Interests Register of Gifts and Hospitality – available for public viewing on PCC website Complaints Procedure
1.13	<p>We have a clearly defined performance management framework which identifies:</p> <ul style="list-style-type: none"> All sources of performance measure Named responsible person for achieving the performance measure Person responsible for collating the data 	<ul style="list-style-type: none"> Data for the Corporate Scorecard is available on the web, as part of quarterly monitoring reports to Cabinet and Governance and Audit Committee Budget and performance monitoring reports are presented to SDB quarterly and to the Leader every month. The Performance Management Framework is currently being

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	<ul style="list-style-type: none"> • Who determines and approves the performance measure • Who receives reports on performance and how often • How data quality is assured including how performance data is captured and its integrity maintained • How poor performance is addressed • How performance is driven upwards over time 	<ul style="list-style-type: none"> • reviewed • Reports from internal and external reviews of performance management • Service reviews • Strategic partnership annual reports • Risk Management process linked to performance and objectives • Corporate Capital Strategy linked to corporate objectives and MTRS • Asset management plan • Financial monitoring reports/targets • Budget monitoring and review
1.14	We have established key performance indicators which are regularly monitored and action taken to improve performance	<ul style="list-style-type: none"> • Service business plans • Regular reports by Services to Departmental Management Teams on progress • Local indicators are reported to Members • Regular reports are presented to Members on the key performance indicators • Internal and external audit reports • Other External inspector reports e.g. Ofsted, CSCI • Comparison with peer authorities • The Corporate Plan contains performance trend analysis. • Regular review of performance management. The Strategy is now on its third update in the last five years.
1.15	We have developed a purpose and vision which is promoted to others	<ul style="list-style-type: none"> • We have a Corporate Plan (PCC) and a Community Strategy (LSP), which are published on the internet and promoted internally and externally
1.16	Our annual report is published on a timely basis detailing our activities and achievements, financial position and performance	<ul style="list-style-type: none"> • Annual report • Annual financial statements • Published on the internet
1.17	We have a procedure to deal with failure in service delivery	<ul style="list-style-type: none"> • Complaints procedure for specific isolated failures including a regulated process for Social Services

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1.18	We have a process to measure value for money	<ul style="list-style-type: none"> • Part of the ongoing performance management framework • Performance plan results • Data quality • Benchmarking • Trend analysis • Joint procurement arrangements • Need to add in role of CFO – financial advice & ensures authority provides prudential financial framework
1.19	The environmental impact of policies plans and decisions are routinely considered	<ul style="list-style-type: none"> • Considered but not routinely undertaken - action required • Environmental Impact Statements as part of planning decisions • Consideration as part of capital schemes

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Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles

Ref	Action	Evidenced by
2.1	The respective roles and responsibilities are set out clearly for the following: <ul style="list-style-type: none"> • The Executive and the individual Executive members • Members • Senior Officers 	<ul style="list-style-type: none"> • City Constitution • Financial Rules • Standing Orders • CFO reports directly to the CX, and is part of the Strategic Directors Board
2.2	We have a clear scheme of delegation and powers including a formal schedule where collective decisions of the Authority are required	<ul style="list-style-type: none"> • City Constitution • Operational delegations as approved Minute 54 27/3/07 Council Minutes • Financial Rules revised from 1st April 2007, and again in 2009 • Standing Orders revised from 1st April 2007, and again in 2009
2.3	The Chief Executive, as head of paid service, is responsible and accountable to the Authority for all aspects of operational	<ul style="list-style-type: none"> • Chief Executive’s Job Description • Financial Rules

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	management	<ul style="list-style-type: none"> • Operational delegations
2.4	Protocols determine that the Chief Executive and the Leader negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	Commentary to be supplied by Chief Executive
2.5	<p>The Strategic Director for Corporate Resources and Services, the most senior Finance Officer in Portsmouth City Council, is the designated s151 Officer and responsible for ensuring that:</p> <ul style="list-style-type: none"> • Appropriate advice is given on all financial matters • Proper financial records and accounts are kept prepared in accordance with statutory requirements and agreed accounting policies • An effective system of internal financial control is maintained 	<ul style="list-style-type: none"> • City Constitution- Proper Officer and Statutory appointments • Operational delegations • Financial Rules and Standing Orders • Budget guidelines • Job Description (s151) • CIPFA guidance – CFO leads delivery of good financial management; budget calculations robust and reserves adequate; systems in place to review finances • Member challenge of accounts (Governance and Audit Committee)
2.6	The City Solicitor is responsible to the Authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with	<ul style="list-style-type: none"> • Monitoring officer provisions as a statutory requirement in the City Constitution and delegations to Statutory Officers • Monitoring Officer job description and specification • All reports to Members to have been reviewed by the City Solicitor
2.7	We have established protocols to ensure effective communication between members and officers and their respective roles	<ul style="list-style-type: none"> • Member/Officer protocol • City Constitution
2.8	We have clear terms and conditions which set out the remuneration of members and officers and an effective structure for managing the process	<ul style="list-style-type: none"> • Independent remuneration panel appointed when required • Pay and conditions policies and practices
2.9	We have effective mechanisms to monitor service delivery	<ul style="list-style-type: none"> • Corporate plan objectives reflected in service plans and monitored by Services and Strategic Directors and reported to the Executive and Members • Scrutiny Panels challenge and review. Themed Panels and on-going Scrutiny including Governance and Audit Committee
2.10	Our vision, strategic plans, priorities and targets are developed in consultation with the local community, other key stakeholders and	<ul style="list-style-type: none"> • Local Strategic Partnership Community Strategy and the Corporate Plan 2010-13 developed to reflect residents' priorities

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	from statutory requirements. We clearly articulate and disseminate this vision to the wider community	<ul style="list-style-type: none"> • Both these strategies are published on the PCC website • Medium Term Resource Strategy • Capital Strategy
2.11	Our Members are clear about their roles and responsibilities both individually and collectively in relation to partnerships and to the Authority	<ul style="list-style-type: none"> • Local Strategic Partnership terms of reference • Training Strategy • Partnership agreements; for each partnership there is: <ul style="list-style-type: none"> - A clear statement of the partnership principles and objectives - Clarity of each partners role within the partnership - Line management responsibilities for staff who support the partnership - A statement of funding sources for joint projects and clear accountability for proper financial administration - A protocol for dispute resolution within the partnership
2.12	We are clear about the legal status of our partnerships and the extent of our authority to bind Portsmouth City Council to partner decisions	<ul style="list-style-type: none"> • Financial Rules • Partnership Agreements (see 2.11)

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Principle 3: Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Ref	Action	Evidenced by
3.1	Our leadership is committed to creating a climate of openness, support, respect and accountability	<ul style="list-style-type: none"> • Meetings held in open forum • Code of Conducts for both Members and Officers • A set of values has been developed in consultation with staff. The work for taking these forward is currently being developed.
3.2	We ensure that standards of conduct and behaviour expected of members and staff and of work between members, staff, the Authority's partners and the community are defined and	<ul style="list-style-type: none"> • Member/Officer protocols • Standing Orders/ Financial Rules/ Officer Delegations

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	communicated through codes of conduct and protocols	<ul style="list-style-type: none"> • Gifts and Hospitality Registers • Declarations of Interests • Code of conducts for both members and officers • Dignity at work policies • Whistleblowing policies • Anti fraud and corruption policy • Standards Committee • Staff training
3.3	We have arrangements to ensure that members and employees of the Authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders	<ul style="list-style-type: none"> • Gifts and hospitality registers are on public view via the Internet • Codes of conduct for both Members and Officers • Public record of registered interests • Equalities Strategy • Revised Complaints Policy –including dealing with harassment and discrimination • Standing Orders/ Financial Rules and Procurement Guidelines
3.4	We develop and maintain shared values, conforming to ethical standards, both for the organisation and staff, which reflect public expectations. These are communicated with members, staff, the community and partners	<ul style="list-style-type: none"> • Codes of Conduct for Members and officers • Training, Values, Communication Policies and strategies – A set of values has been developed in consultation with staff. The work for taking these forward is currently being developed. • Equalities Strategy • Systems of financial control are developed in line with ethical standards
3.5	We have an effective Standards Committee which reports directly to the Full Council	<ul style="list-style-type: none"> • Terms of reference • Report to the full Council
3.6	Our shared values act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority	<ul style="list-style-type: none"> • Decision making practices in City Constitution • Budget guidelines/ MTRS • A set of values has been developed in consultation with staff. The work for taking these forward is currently being developed.
3.7	We agree a set of values with each partnership against which decision making and actions, both individually and collectively,	<ul style="list-style-type: none"> • Terms of reference for the LSP • Vision for Portsmouth

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	can be judged	<ul style="list-style-type: none"> Individual partnership terms of reference. Each partnership under the LSP have signed up to the local Compact, which sets out a number of principles
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Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Ref	Action	Evidenced by
4.1	We have an effective scrutiny function which encourages constructive challenge to enhance our performance, and ensure an effective internal audit function is resourced and maintained	<ul style="list-style-type: none"> Terms of reference for scrutiny panels Scrutiny Panels reviews and reports Governance and Audit Committee At officer level Strategic Directors Board perform that role for each other. Performance is reviewed quarterly via the corporate scorecard and in between times on other reports that could be deemed performance.
4.2	To be as open and effective as possible we record the criteria, rationale and considerations on which we base decisions	<ul style="list-style-type: none"> City Constitution, Standing Orders, records of Meetings and written reports that are considered Decision making protocols. All decision meetings are held in public and the City Constitution sets out those matters that require full Council approval
4.3	To safeguard members and employees against conflicts of interest we have clear Codes of Conduct, tested on a regular basis and a transparent Gifts and Hospitality Policy and Register	<ul style="list-style-type: none"> Members Code of Conduct Officers Code of Conduct Gifts and Hospitality Policy and on-line Register
4.4	We have an Audit and Governance Committee which is independent from the Executive function and reports directly to Full Council	<ul style="list-style-type: none"> Terms of Reference Membership Training for Committee members
4.5	We have clear and accessible arrangements for dealing with complaints	<ul style="list-style-type: none"> Our Complaints Policy is publicised via the PCC website, all public offices and in Flagship. Customers can make a complaint on line, in writing or in person and leaflets are available from various locations.
4.6	Those that are making the decisions either for the Authority or partnership are provided with information that is relevant, timely,	<ul style="list-style-type: none"> Members induction Training for Committee members is available for their various

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	easily understood and fit for purpose	<ul style="list-style-type: none"> roles and functions • Members Information Service • Communication protocols
4.7	Professional advice on legal and financial implications is available and recorded in advance of decision making and is taken account of when making decisions	<ul style="list-style-type: none"> • Members Induction • Reporting requirements (standard format and must have risks, finance and legal statements) • Minutes of meetings showing decisions taken and supporting reports
4.8	Risk management is embedded into our culture and supported by Members and Managers at all levels who recognise that it is part of their job. We have robust systems and processes in place for the identification and management of strategic and operational risk.	<ul style="list-style-type: none"> • Risk Management Policy and Strategy, approved by Members and reviewed and monitored as part of the performance improvement plan • Training- induction, intranet, training needs analysis for Members and officers • Risk Management Handbook • Risks identified on reports to Members by Officers as an embedded process • Corporate Risk Register with risk owners assigned to risks • Partnership risk registers in some significant partnerships • Service Risk Registers • Internal/external audit comments on risk management system. External audit via the Audit Management letter. • Risk Manager who heads up a corporate risk group consisting of senior representatives from each Directorate who meet regularly • Internal Audit Charter and Terms of Reference defines the link between risk management and internal audit • Appropriate responsibilities for risk management have been incorporated into job descriptions and appraisals • Risks are regularly reviewed by the corporate group and reported to Strategic Directors/ Members. Unmanaged risks escalated to Members • Business Continuity plan

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		<ul style="list-style-type: none"> • Risk Management incorporated within business planning guidance • Internal financial controls put in place to reduce risk
4.9	We have accessible arrangements in place for whistleblowing for staff and those we contract with	<ul style="list-style-type: none"> • Whistleblowing Policy and Procedures
4.10	Whilst recognising the limits of lawful action and activities we strive to utilise powers to the full benefit of our community	<ul style="list-style-type: none"> • Constitution • Monitoring Officer provisions • Statutory provisions
4.11	We observe all specific legislative requirements placed upon us and integrate the key principles of good administrative law-rationality, legality and natural justice, into our procedures and decision-making processes.	<ul style="list-style-type: none"> • Requirement for reports to Members to go through Monitoring Officer • HR Handbook • Constitution • Statutory provisions e.g. Health and Safety policies and procedures

Principle 5: Developing the capacity and capability of members and officers to be effective

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5.1	We have induction programmes, tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis	<ul style="list-style-type: none"> • Induction training- tailored to need with each person receiving a Personal Implementation Plan (PIP) • LaMP
5.2	We ensure that our Statutory Officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation	<ul style="list-style-type: none"> • City Constitution • Job descriptions/ person specs for statutory officers • Strategic Directors Board
5.3	The skills required by our Members and officers have been assessed and we are committed to developing these skills to enable roles to be carried out effectively	<ul style="list-style-type: none"> • Training development Plan
5.4	We strive to develop Members skills on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed	<ul style="list-style-type: none"> • Training and development plan includes: ability to scrutinise and challenge, ability to recognise when outside advice is required • Advice on how to act as an ambassador for the Community • Leadership and influencing skills
5.5	We have arrangements in place for reviewing our performance as a whole and of individual members and agreeing an action plan to address any training or development needs or any other area as	<ul style="list-style-type: none"> • Performance management system • Performance Development Reviews for staff

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	required	
5.6	We have arrangements in place to encourage individuals from all sections of our Community to engage with, contribute to and participate in the work of the Authority	<ul style="list-style-type: none"> • Strategic Partnership framework forum terms of reference • Residents are able to take part in Neighbourhood Forums
5.7	We have career structures for both Members and Officers to encourage participation and development, and reduce reliance on key individuals for key skills	<ul style="list-style-type: none"> • HR Handbook • HR Policies and Plans including succession planning

Principle 6: Engaging with local people and other stakeholders to ensure robust accountability

6.1	We make it clear to ourselves, staff and our Community what we are accountable for and to whom	<ul style="list-style-type: none"> • Portsmouth Local Strategic Partnership Community Strategy • Performance Management Strategy • Constitution • Customer Service Standards
6.2	We assess the effectiveness of our relationships with our institutional stakeholders to whom we are accountable e.g. Police, Health, Fire Service etc, on a regular basis	<ul style="list-style-type: none"> • Regular meetings with Chief Executive level of key partners e.g. Chief Fire Offices, Chief Constable, PCT Chief Executive, PCC Chief Executive • Annual reviews of key partnerships e.g. Children's Trust, Safer Portsmouth Partnership • PUSH and TfSH both now statutory committees of local government complying with arrangements e.g. scrutiny
6.3	Our Scrutiny functions produce annual reports to the Full Council on their activities	<ul style="list-style-type: none"> • Minutes of the Full Council
6.4	We have clear channels of communication with all sections of the Community and other stakeholders and monitor them to ensure that they operate effectively	<ul style="list-style-type: none"> • Community Network • Neighbourhood forums • Communication to customers e.g. Flagship
6.5	All meetings between Members and Officers are held in public unless there are good reasons for confidentiality	<ul style="list-style-type: none"> • City Constitution • All decision making meetings and Policy and Review Panel meetings are held in public, with agendas and reports published in advance
6.6	We have made arrangements to ensure that we engage with all	<ul style="list-style-type: none"> • Equalities Strategy

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	sections of the Community effectively, recognising that different sections of the community have different priorities. We have explicit processes for dealing with these competing demands.	<ul style="list-style-type: none"> • Processes for dealing with competing demands set out in Budget principles • Consultation toolkit
6.7	We have a clear policy on the types of issues that we will meaningfully consult on or engage with the public and service users. We also have a feedback mechanism for consultees to demonstrate what has changed as a result.	<ul style="list-style-type: none"> • Partnership Framework • Communication Strategy
6.8	On an annual basis we publish a performance plan, which gives information on our vision, strategy, plans and financial statements as well as our outcomes, achievements and satisfaction of service users. We make this information accessible by providing it in different formats and explaining key financial informational and technical terms in a way that is understandable to the members of the public	<ul style="list-style-type: none"> • Annual report • Annual Financial Statements • The Corporate Plan is updated annually and published on the PCC website
6.9	The Authority is open and accessible to our Community, service users and staff, has made a commitment to openness and transparency in all our dealings, including partnerships. We only preserve confidentiality in those specific circumstances where it is proper and appropriate to do so	<ul style="list-style-type: none"> • Constitution • FOI Policies and Procedures • Customer Service Framework
6.10	We have a clear policy on how staff and their representatives are consulted and involved in decision making	<ul style="list-style-type: none"> • HR handbook on consultation • Management of Change Policy and procedures

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Agenda Item 11

Agenda item: **11**

Decision maker: Governance and Audit and Standards Committee
Date: 27th June 2013
Subject: Performance Management Update
Report by: Jon Bell, Head of HR, Legal and Performance
Wards affected: N/A
Key decision (over £250k): N/A

1. Summary

- 1.1 This performance report updates members on work in relation to corporate performance monitoring since the last reporting period, with a specific focus on work around value for money provided by the authority.

2. Purpose of report

- 2.1 To outline to members the work being undertaken around corporate performance management and proposals for future development.

3. Recommendations

3.1 The Governance and Audit Committee are asked to note the report and comment on:

- a) The further work proposed in section 5, with a specific focus on issues of Value for Money, as in paragraph 5.4.

4. Context

- 4.1 The organization has spent a period of time reflecting on the arrangements that it will require to discharge corporate performance management responsibilities in the light of changes to national monitoring arrangements, as well as changes in the local landscape, including the review of risk management arrangements.

- 4.2 In the autumn, Strategic Directors agreed that the bedrock of performance monitoring should be service business plans. It was agreed that these would be robustly monitored at service level and through the management relationship between Heads of Service and Strategic Directors. At a corporate level, plans would be distilled to a set of core issues which would form the basis of quarterly performance monitoring. These requirements were:

- a statement of the way in which the service will contribute to shaping the great waterfront city
- the 5-7 most critical things the service will deliver in the coming year
- the key KPIs for the service
- any other requirements from their Strategic Director (for example, risks)

4.3 Service heads also asked to summarise their service approach and judgements around Value for Money, according to a set of lines of enquiry set out by SDB:

- why have we defined issues as the key outcomes; who are the customers? and how have they helped shape these outcomes?
- how well are we delivering on them - what's the evidence?
- how cost-effective is the delivery? What's the evidence?
- how does this compare with others? What's the evidence?
- where could improvements be made? What's the plan for making these improvements?

4.4 A process has now been followed which has seen almost every service head present their plans and Value for Money work so far to SDB. It has been agreed that each service Head will be asked to report against their presentations on a quarterly basis, to enable further development of key issues, rigorous challenge and appropriate support to be provided. It has been acknowledged through previous work on developing a rounded approach to performance monitoring that the opportunities for exchanging information and learning through performance discussions are rich. A format for presentation of this information is in development, building on successful work carried out with the Children's Trust Board.

5. Areas of development emerging from the model

5.1 As a result of discussions, a set of corporate performance indicators has started to emerge. These are attached as Appendix One, and it has been agreed that these will be subject to further development (including analysis of appropriate comparators) throughout the quarterly performance cycle.

5.2 There were a number of common themes and issues which emerged and these will also be explored more throughout the monitoring cycle. These included:

- The need to strengthen the messages around the great waterfront city goal, and ensure that everyone can understand how they contribute to what the organisation is trying to achieve.
- The need to ensure that services are working together and achieving maximum impact on cross-cutting issues, such as sustainability, raising expectation, tackling poverty or more internally focused areas such as corporate transformation
- The need to be clear on our future programme for transformation
- The need to reconcile short-term pressures and solutions with longer-term development - how do we approach issues such as workforce development or partnering to resolve some of these challenges?
- The view of the customer - this emerges as a strategic gap with no overarching framework for understanding customer perception, and a need to strengthen the use of complaints as a source of intelligence about service quality and performance (this has long been a concern of this committee). We heard about the NHS aspiration to a "Making every contact count" model, and need to think about this in our context? How

do we make the next step from "channel shift" in terms of interaction and transaction to a different relationship with the customer focused on personalisation, choice and empowerment?

- The link and relationship between outward-facing services and the corporate services

5.3 It was agreed that these are significant areas of development, which will be pursued throughout the next quarter.

5.4 In relation to issues of Value for Money, strategic directors reinforced that it is legitimate and reasonable for questions to be asked in respect of the relative levels of performance being achieved by services for the money spent, and that comparative data is a helpful way of understanding this issue. There are clearly difficulties with some of the benchmarking data available, namely that we are not comparing like for like, and particularly that it is hard to find similar areas of provision around discretionary services. Nonetheless, it was agreed that further work should be done in this area with an aim to help inform future budget discussions, and that in the absence of alternative credible information and judgement from services, the data available in the CIPFA Value for Money toolkit should be presented. It was noted that information about service cost and performance over time would in itself provide a valid point of comparison. Outcomes of VFM work will be presented to G&A&S committee in the coming months

6. Equality impact assessment (EIA)

6.1 An Equality Impact Assessment will be maintained alongside the development of the new framework to ensure that full consideration is given to equality issues.

7. Legal Implications

7.1 The report has incorporated legal implications and accordingly there are no other immediate legal implications arising from this report

8. Head of finance's comments

8.1 There are no financial implications to bring to member's attention at this stage. However, it should be noted that there could be further financial implications following further exploration of any of the performance issues raised in this report, and related future reports could result in financial implications. These will be flagged to members at the appropriate time.

.....
Signed by: Jon Bell, Head of HR, Legal and Performance

Appendices: Appendix 1 - measures from summarised business plans

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
1-Reports to, and minutes of, SDB meetings	Strategy Unit
2-Summary business plans	Strategy Unit

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by Governance and Audit Committee on 27th June 2013.

.....
Signed by:

Appendix 1 - measures from summarised business plans

HR, Legal and Performance Service

- measures of client satisfaction (tbc)
- Completion of annual audit plan
- Savings delivered through category management
- Procurement compliance
- SLA compliance
- Staff sickness rate
- Completion of key projects
- Redeployment rates
- Evaluation mechanisms

Transport and Environment

- Deaths and serious injuries on Portsmouth's roads
- Council carbon emissions
- Sports participation
- Household waste recycling

Revenues and Benefits

- Council Tax in year collection at 95%
- Council Tax ultimate collection rate 98.5% for years to 2012; 97.6% from 2013
- Non-domestic rates (NDR) in year collection at 98.5% (Business Rates income has increased from £72.8 million in 2009/10 to £82.4 million in 2012/13)
- NDR ultimate collection rate 99%
- Housing Benefit (HB) Subsidy recovery rate of 98.37% (Housing Benefit payments have increased from £92.7 million in 2009/10 to £105.9 million in 2012/13)
- £0 subsidy loss due to Local Authority error overpayments
- Local Taxation processing accuracy at 96%
- Local Taxation processing average cycle time of 10 days
- Benefit processing accuracy at 95%
- Benefits processing average cycle time of 15 days (Benefit calculations have increased from 70,000 in 2009/10 to 105,000 for 2012/13)

Corporate Assets, Business and Standards

- Increased revenue from investment property assets
- New affordable homes provided that meet the aims of the Portsmouth Plan (Core Strategy) and the Local Investment Plan
- Homes improved and made more environmentally friendly
- Prevention and resolution of environmental health issues arising from commercial premises
- Outcomes from Trading Standards interventions on illegal trading
- People supported to acquire skills for work and move into sustainable employment

Community Safety

- To reduce all crime
- To reduce the level of arson and criminal damage
- Reduce the number of alcohol related hospital admissions
- Maintain the level of repeat incidents of domestic abuse subject to Multi agency risk assessment conference (MARAC)
- Increase by 2% the number of successful treatment completions
- Reduce the reconviction rates for offenders subject to interventions for alcohol (8%), drugs (8%) and domestic abuse (80% of offenders not to reoffend)
- Meet the required timescales for the issue of licences
- Provide timely and effective responses to incidents and emergencies

Public Health

- Reduce the difference in life expectancy between the most and least deprived areas of the City.
- Reduce number of children living in poverty particularly in deprived areas of the City.
- Reduce the overall smoking prevalence in adults in line with national average rates.
- Reduce alcohol related hospital admissions to the England average by 2018.
- Reduce childhood obesity in year R and 6 to initially come in line with the national average and then supersede it.
- Increase those successfully completing drug treatment
- Improve self-reported well-being in Portsmouth
- Reduce the number of under 18 conceptions to 30/1,000 by March 2014.
- Sustain the current increasing trend in uptake rates of childhood immunisations and flu vaccination in eligible population groups
- Reduce excess winter deaths

Education and Strategic Commissioning Business Plan

- Improve KS2 outcomes
- Improve KS4 outcomes
- Increase numbers of good/outstanding schools (80% by July 2014)

Customer, community and democratic services

- Increase by 5% the proportion of staff who feel well-informed and proud to work for the council
- Achieve 90% take-up of media releases
- Achieve at least 90% customer satisfaction with City helpdesk (CHD), Communications, Graphic Design and Registrars
- Achieve equivalent advertising value of at least £750k
- Increase online transactions (with cross-reference to reduction in contact via CHD) by 10% by 2015
- 98% of Equality Impact Assessments completed
- 100% of consultation activity used in commissioning and policy decisions
- Remain in the top percentile for registrar's activity
- Generate £150k of graphic design revenue
- Compile a database of at least 1000 customers for advertising and sponsorship



Agenda item: **12**

Report to: Governance and Audit and Standards Committee
Subject: Risk Management
Report from Jon Bell Head of HR, Legal and Performance
Report by: Lyn Graham Chief Internal Auditor

1. Purpose of report

To update Governance and Audit and Standards Committee Members on the proposed changes in arrangements for risk management and the revised draft risk management Policy and Procedures.

2. Recommendations

It is recommended that Governance and Audit and Standards Committee Members approve

- 2.1 The draft Policy and Procedures;
- 2.2 The next steps towards embedding a risk culture,
- 2.3 A review in 6 months' time of progress

3. Background

- 3.1 PCC has an agreed corporate policy and procedures to manage risks. These ensured that PCC were able to demonstrate that they could meet the requirements of the Audit Commission's inspection regime of the time, the CPA (Comprehensive Performance Assessment) which was later replaced by the CAA (Comprehensive Area Assessment). These inspections ceased with the change in Government.
- 3.2 As part of the risk management (RM) process the Authority requires services to use some specific software to record their risks as well as recording strategic risks.
- 3.3 Risk Management is seen as an essential part of governance and a review of risk management arrangements concluded that the focus should be on embedding a risk awareness culture.

4. Reasons for recommendations

- 4.1 The idea of evolving and embedding a risk culture means that risks are considered and managed as part of everyday activity including specific targets and performance objectives.

4.2 Risk management (RM) needs to have some sort of a process to support the risk culture but the emphasis should be on the culture rather than the process and supporting a risk culture rather than driving risk management through a process. It is proposed to have a fundamental core set of principles and these are encapsulated in the Policy.

4.3 A revised draft RM Policy and Procedures is attached as Appendix A to this report; it covers the objectives of the Policy, risk appetite, roles and responsibilities, how RM is to be embedded, where assurance will be obtained from and how effectiveness will be monitored.

4.4 The risk appetite is defined in the draft Policy as:

"The Council as a public body has to protect and preserve its ability to provide services and ensure that assets are protected against significant loss and damage and interruption to service delivery is minimised.

Whilst it is accepted that risk cannot be entirely eradicated, the following are areas on which the council will not compromise its position by taking a greater level of risk than is absolutely necessary and will take all reasonable steps to eliminate or mitigate the risks where identified:

- ***Where there is risk of physical harm***
- ***Where non-compliance with Legislation could lead to imprisonment or significant fines "***

4.5 It is suggested that there should be a move away from having a Corporate Risk Register determined largely at a strategic level to having a Risk Directory that will record all the significant risks facing the organisation, derived largely from operational sources. The draft Policy and Procedures defines significant risk.

4.6 The Strategic Directors Board at a previous meeting determined that one of the key areas of governance is risk management (RM) and they agreed on 8 areas of RM that they require assurance on, which are detailed in Appendix B.

4.7 As a starting point sources of assurance will need to be mapped for all of these areas but as vulnerabilities are clarified these areas may change. These are part of the Internal Audit Plan for 2013/14 and audit will review with Heads of Services and Strategic Directors the best way to gain assurance in these areas. The assurance map will continually evolve and change depending on areas of concern that arise.

4.8 Following G&A&S Committee approval of the Policy and Procedures, the next steps will be to ensure that key decision making considers risk; operational staff consider risk on a day to day basis and this will start with risk awareness training on roles, responsibilities and principles of good risk management as defined in the Policy and Procedures. This will also be supported by the following:

- Developing the Risk Directory and completing the assurance mapping;
- Agreeing effective monitoring arrangements;
- Updating and rolling out training on risk awareness;

- Reporting back to SDB and G&A&S on how effective monitoring based on assurance mapping is to be achieved;
- Reviewing progress.

4.9 The draft Policy and Procedures are likely to change as assurance mapping develops and it becomes clear where the areas of vulnerability are. The Audit universe will take account of these areas of vulnerability so there is clear visibility that the Audit Plan is covering areas of greatest risk.

4.10 Periodic reinforcement will come by way of monitoring and feedback as determined by Strategic Directors and Members, as well as regular communications and training updates.

5. Equality impact assessment (EIA)

A pre EIA will need to be undertaken of the revised Policy

6. City Solicitor's Comments

6.1 The approach proposed will provide an appropriate framework for the management of legal risk.

7. Head of Finance's comments

7.1 There are no immediate financial implications arising from the recommendations contained within this report. However, strong risk management acts as an important aspect of financial control.

.....
Signed by:

Appendices: Appendix A draft Policy and Procedures, Appendix B Assurance mapping

Background list of documents: Section 100D of the Local Government Act 1972
The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
NONE	

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Summary:

Risk is a fact of life and an ever changing landscape. By attempting to foresee and avert problems in the delivery of services and maximise opportunities, it helps ensure that resources are used in the best way possible. Risk management is a fundamental part of how we operate and forms part of our Corporate Governance Framework.

These Policy and Procedures are designed to support a risk culture which is embedded in the way we work rather than having a process which itself is used to drive risk management.

ID	<i>RM-002</i>
Last Review Date	<i>May 2013</i>
Next Review Date	<i>May 2014</i>
Approval	<i>G&A&S</i>
Policy Owner	<i>Jon Bell Head of HR, Legal and Performance</i>
Policy Author	<i>Lyn Graham Chief Internal Auditor</i>
Advice & Guidance	<i>Lyn Graham 023 9283 4668 lyn.graham@portsmouthcc.gov.uk</i>
Location	<i>Policy hub</i>
Related Documents	
Applicability	<i>All PCC staff</i>

1 Risk Management Statement of Policy

- 1.1 The Council is committed to embedding a culture of risk awareness within our everyday activities such that formal processes and unnecessary documentation can be minimised but that risk management remains an effective part of the governance framework.
- 1.2 It is accepted that not all risks can be eliminated or mitigated against and a balance must always be struck between the costs of risk reduction against the likelihood and impact of the risk (risk exposure).
- 1.3 Where the organisation is required to behave in a specific way to meet legal and financial governance requirements for example, statutory officers have determined corporate directive controls, such as the City Constitution which have been approved by Members. Compliance with these controls should prevent governance legal and financial threats arising in the first place. Where service controls are required these fall under the auspices of the relevant head of service, which includes their implementation and monitoring.
- 1.4 Risk impacts can be financial loss, non-achievement of objectives, environmental damage, personal injury or ill-health, legal action and reputational damage or a mix of these. Most serious risk impacts will include financial loss, legal action **and** reputational damage but the very worst are likely to include an element of either service failure, injury or environmental damage as well.
- 1.5 Evaluation of the potential financial impact of a risk will include not only the direct costs such as fines, infrastructure repairs and liability claims but indirect costs such as loss of officer time, including support staff such as Finance and Legal, loss of staff morale and productivity, lost opportunities, increased insurance premiums and reduced funds which could impact on future service delivery.
- 1.6 The Council as a public body has to protect and preserve its ability to provide services and ensure that assets are protected against significant loss and damage and interruption to service delivery is minimised.

Whilst it is accepted that risk cannot be entirely eradicated, the following are areas on which the council will not compromise its position by taking a greater level of risk than is absolutely necessary and will take all reasonable steps to eliminate or mitigate the risks where identified:

- ***Where there is risk of physical harm***
- ***Where non-compliance with Legislation could lead to imprisonment or significant fines***

2 Procedures

2.1 Roles and Responsibilities

2.1.1 It is the responsibility of all members and employees to be aware of risks when carrying out their duties and to alert the relevant service manager to the threat. Managers must ensure that threats are properly evaluated and mitigated.

2.1.2 The following table details the roles and responsibilities of Members and Officers of the Council

Governance and Audit and Standards Committee	<ol style="list-style-type: none"> 1. Monitor the effectiveness of the Council's overall risk management arrangements as part of the Governance Framework 2. Review and approve the Council's Risk Management Policy including awareness training, approach, appetite and responsibilities 3. Seek assurance that risks are being managed effectively 4. Review the adequacy of the system of internal control as highlighted by Internal Audit 5. Promote member compliance with the RM Policy
Cabinet/ Portfolio Holders/ all Members	<ol style="list-style-type: none"> 1. Seek assurance that risks are being managed effectively 2. Be aware of the Council's risk culture and appetite 3. Consider risk implications when making or evaluating decisions 4. Challenge the adequacy of controls or actions taken to mitigate identified risks.
Strategic Directors	<ol style="list-style-type: none"> 1. Determine the RM Policy and procedures and create the environment for them to work effectively including promoting and supporting a risk awareness culture, 2. Maintain awareness and oversight of the most significant risks facing the organisation, 3. Obtain assurance from Heads of Service that risks have been considered, in the delivery of their services and mitigated 4. Challenge Heads of Service on the adequacy of controls or actions taken to mitigate risks
Heads of Services	<ol style="list-style-type: none"> 1. Promote risk awareness and responsibilities to employees 2. Consider risks to service delivery and evaluate appropriate responses including the introduction and monitoring of effective control

	<ol style="list-style-type: none"> 3. Risk assess any decisions and option analyses 4. Report promptly to SD's/ Members any perceived new risks or significant failures in controls 5. Maintain channels of communication to encourage bottom up reporting of risks and control failures 6. Ensure compliance with corporate directives controls as a first response to governance financial and legal threats.
Internal Audit and Assurance	<ol style="list-style-type: none"> 1. Maintain the RM Policy and oversight of communications and training 2. Carry out annual audits on assurance and effectiveness of RM procedures 3. Provide support to managers and employees on RM advice 4. Assist in providing assurance on the management of risk and effectiveness of controls 5. Maintain a Directory of most significant risks affecting the Authority 6. Report to SDB and G&A&S within the relevant timing of the risks on mitigation with either assurance or alerting to weaknesses in actions
Managers, supervisors, team leaders	<ol style="list-style-type: none"> 1. Promote risk awareness and communicate responsibilities to employees 2. Maintain awareness of the risks within their area of responsibility 3. Actively encourage staff to report risk concerns 4. Evaluate risks and appropriate responses 5. Escalate risks that have significant impact to relevant Heads of Service
All employees (including contractors and partners)	<ol style="list-style-type: none"> 1. Be aware of threats, opportunities weaknesses or failures in control in their day to day activities 2. Comply with controls that have been set up to mitigate risks and identify where they can be strengthened 3. Report promptly to their manager any perceived new risks, failures in controls, lost opportunities or where controls can be strengthened

2.2 Training and Embedding

2.2.1 Embedding the risk culture will be achieved by a combination of the following:

- (1) A one page briefing note on employee responsibilities for risk to be part of employee induction and available through Policy Hub and Intralink
- (2) E learning on Risk Awareness to be completed as part of induction and every three years thereafter by all staff

- (3) Risk alert forms to be available on Intralink for staff to report risks to their manager
- (4) Risks to be considered at DMT's, meetings with portfolio holders, one to ones and any other meetings held to discuss service performance, objectives, progress, new decisions, options, changes in working practices or legislation,
- (5) Risks identified by outside parties such as partners, contractors insurance providers etc will be brought to the attention of the relevant manager and dealt with accordingly
- (6) Significant risks from Audit reports will be included in the Risk Directory
- (7) Significant risks highlighted from Managers responses to the governance framework will also be included in the Risk Directory
- (8) The Risk Directory will be reported to SDB and G&A&S based on the timing of the risk.

2.3 Risk Directory

- 2.3.1 The Risk Directory will be a formal register of all significant risks that could impact the Authority and will be maintained by the Internal Audit Service.
- 2.3.2 They will be recorded in assurance categories (see 2.5.3) with the mitigating actions and person responsible. Each risk will include a "time of risk" i.e. when the risk is likely to be relevant and include any potential impacts including estimated financial loss or loss of opportunities.
- 2.3.3 Risks will be profiled as High (red) Medium (Amber) or Low (Green).
- 2.3.4 Each risk will contain a comment from the relevant Head of Service re the risk appetite applied to the risk and any costs of mitigation.

2.4 Risk Assessments

- 2.4.1 Significant risks will be escalated to the Risk Directory by the relevant person as detailed in the following paragraphs.
- 2.4.2 Significant risks are where the threat, likelihood and impact could cause:
 - the failure or unacceptable interruption of the delivery of a service that is provided to ensure support to vulnerable people, or to protect the environment
 - Personal Injury or harm
 - Loss of trust or integrity in the Council's dealings with others
 - Ineffective use of council resources resulting in objectives not being met or reducing resources such that it impacts on the delivery of other objectives or services.
 - A missed opportunity to contribute long term to objectives that would make a positive difference to how a service is delivered

2.4.3 Activities that will identify significant risks to be escalated to the Risk Directory include:

- The Council's project management process will provide regular feedback to relevant project boards. Any significant risks will be escalated to the Risk Directory by the Project Manager.
- Legal risks will be considered by the Portfolio holder and Head of Service. Any with significant impacts will be escalated to the Risk Directory by the Head of Service.
- IT project risks will provide regular feedback to the project board/sponsor and any significant risks escalated to the Risk Directory by the Project Manager.
- Significant risks highlighted from the review of the Governance Framework will be escalated to the Risk Directory by the Head of Service concerned.
- Significant risks identified by staff, DMT's, Heads of Services, Partners, Contractors, Audit or inspection reports, Members and SD's must be escalated to the Risk Directory by the relevant Head of Service or reported to the Chief Internal Auditor for inclusion.

2.4.4 All risks will be profiled in terms of High Medium or Low as stated in 2.3.3.

2.4.5 Risk assessments will include direct and indirect costs of control, mitigation and exposure:

- Staff costs, including HR, Legal and Finance (support staff costs)
- Fines
- Legal Claims
- Increase in Insurance premiums
- Infrastructure repairs
- Hidden costs such as impact on staff performance and morale

2.4.6 Risk assessments will also include the timing of the threat e.g. is the threat likely to be in the next few months? Coming year? Winter? Summer? Etc. If a time cannot be attributed to it the threat maybe incorrectly defined.

2.4.7 Examples of areas of risk include:

- Business Continuity
- Fraud
- Security of data
- People: Delegations, Competency of staff, compliance with Policies, Recruitment and performance, health and safety
- Procurement and contract letting and monitoring
- Finance; budgetary control, cash management
- Organisation: governance, policies, priorities, consultation, communication, structures, security,
- Service delivery; resources, partners, joint or shared working
- Environment; buildings comply with legislation, legionella, asbestos

2.4.8 Examples of questions to consider when assessing risks include:

- What are the threats (re fraud, business continuity etc) in particular which ones are key to your service delivery or could impact on another's service delivery?
- What are the threats that could cause a service to fail? What would the impact of that failure be?
- Are there any compensating controls and if they are robust?
- How do you gain assurance that they are?
- What is the timing of the threat? Could it happen at any time?
- What is the risk appetite? Is it ok for the threat to materialise because for example there is a backup plan that can be immediately (or quickly) implemented?
- What is the cost of the control?
- What would the cost of the threat (s) materialising be?

2.5 Assurance

2.5.2 All services will have a mechanism to identify and assess risk on a continuous basis and determine mitigation. Controls introduced to mitigate threats must be monitored at regular intervals to ensure that they are effective. If they are not effective action to remedy the situation must be taken e.g. to review the control itself or enforcement. This testing of controls and any other mitigation will form the assurance that a threat is being managed.

2.5.3 Assurance must be available in the form of evidence that can be verified (e.g. business continuity business plan and testing of its robustness) where significant risks are identified.

2.5.4 To give assurance on the key areas (as defined from time to time by Strategic Directors Board) an assurance map showing the evidence to support the management of those areas will be compiled and maintained by the Internal Audit Service. This map will currently cover the following areas:

- Civil Contingency
- Business Continuity
- Vulnerabilities (e.g. Legionella, Data Protection, hacking of systems, asbestos)
- Managing the performance of staff
- Support to joined up transparent and clear decision making(e.g. setting of priorities and impacts on different services)
- Statutory Compliance - e.g. Health and Safety
- Government v local priorities
- Service Risks (i.e. financial, technical, political, legal and statutory risks)

2.6 Monitoring and Review

- 2.6.1 The Risk Directory and assurance map will be considered by SDB and G&A&S in accordance with timings of risks.
- 2.6.2 Managers are responsible for monitoring their own risks in accordance with this policy and procedures and escalating where relevant

Area	Concerns	Assurance	Evidence	Comment
Civil Contingencies	Are there up to date tried and tested plans in place to deal with: <ul style="list-style-type: none"> • Extreme weather e.g. Flooding, heavy snow etc • Traffic flow following accidents • Prevention of potential nuclear incidents • Major fires in the City • Major disease outbreak 	From Civil Contingency Unit Partners e.g. Fire, Police, Navy, Port Traffic and Transportation	Plans Tests Records Reports	
Business Continuity	Are there up to date tried and tested plans in place to deal with: <ul style="list-style-type: none"> • Loss of power to Civic Buildings • Flooding of Civic Buildings • Bomb Threats • System Failures e.g. heating, water • Vandalised Civic buildings not able to be used • Snow, flood or major accidents or transport strikes preventing staff getting to their place of work • Epidemics such as Norovirus; flu impacting staff resources • Communications loss • IS loss 	Facilities Management for buildings Services Business Continuity Plans	Plans Tests Records Reports	

Area	Concerns	Assurance	Evidence	Comment
Vulnerabilities	Are there up to date tried and tested plans to deal with: <ul style="list-style-type: none"> • Legionella testing • Data Protection Act compliance • Hacking of IS systems 	Corporately Service	Policies, Strategies, Procedures, Tests Responsible Officer IT penetration testing Records Reports Access limitations	
Managing Performance of staff	<ul style="list-style-type: none"> • Professional capacity • Management capacity 	Services business plans	Agreed objectives Budget monitoring PDR's Training Policies Performance indicators One to ones	
Support to joined up transparent and clear decision making	<ul style="list-style-type: none"> • Processes in place to enable transparency and accountability of decision making 	City Constitution	Standing Orders Contract Procurement Rules, Financial Rules	
Statutory compliance	Compliance with <ul style="list-style-type: none"> • Health and Safety Laws 	Services Corporate	Policies Training Compliance testing	

RISK / RESILIENCE MANAGEMENT- ASSURANCE REQUIRED ON:

APPENDIX B

Area	Concerns	Assurance	Evidence	Comment
			Records Reports	
Government v local priorities	Impacts of Government priorities	Services Business Plans	Portfolio/ Cabinet / Head of Service/ Directors meetings Reports to Council from relevant HoS, S151, Monitoring	
Services	Have services identified any of the following risks to their Service provision: Financial risks Technical risks Political risks Legal risks Statutory risks	Services- Business Plans	Business Plan review by SD's Reports Meetings with Portfolio holders Risk Registers e.g. projects, legal, IT	

December 2012 LWG

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Agenda item: **13**

Title of Meeting:	Governance and Audit and Standards Committee Full Council
Date of Meeting	27 June 2013, 9 July 2013
Subject:	Proposed revision to the terms of reference of the Health Overview and Scrutiny Panel
Report by:	Michael Lawther Strategic Director and City Solicitor
Wards affected:	N/A
Key decision (over £250k):	No
Full Council decision:	Yes

1. Purpose of report

The purpose of the report is to consider proposed revisions to the terms of reference of the Health Overview and Scrutiny Panel (HOSP) which need to be updated following recent changes.

2. Recommendations

- 2.1 **That the Committee recommends to full council that the proposed changes to the terms of reference of the Health Overview and Scrutiny Panel, as set out in attached appendix 2, are approved.**

3. Background

The terms of reference for the Health Overview and Scrutiny Panel were last updated in 2009. The legislation governing the HOSP has changed and is now the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013. These changes followed from changes made to local authority health scrutiny in the Health and Social Care Act 2012. Also the Portsmouth Local Involvement Network (LINK) no longer exists. Therefore the terms of reference for HOSP need to be revised.

4. Reasons for recommendations

- 4.1 Currently the terms of reference (attached as appendix 1 for comparison purposes) are incorrect as they refer to legislation, bodies and procedures that have been superseded. Adopting the recommendation will reflect the updated position.
- 4.2 The details of the prospective changes are set out in appendix 2 attached.

5. Equality impact assessment (EIA)

5.1 An equality impact assessment is not required as the recommendation does not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

6. **Legal Comments** – It is within the powers of the committee to make these recommendations to Council.

7. **Finance comments** – Not applicable

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Signed by:
Michael Lawther, Strategic Director and City Solicitor.

Appendices:

Appendix 1 - Existing Terms of Reference (for comparison purposes)

Appendix 2 - Proposed Terms of Reference

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

Appendix 1 - Existing Terms of Reference

4. Updated (in 2009) Terms of Reference – Health Overview & Scrutiny Panel

4.1 The following are the suggested updated terms of reference, to encapsulate the role of the Panel as set out in the 2003 previous report agreed by the City Council, and the changes to the Panel and Council as set out in paragraph 3.6:

1. To scrutinise matters relating to the health of Portsmouth's residents and contribute to the development of policy to improve health and reduce health inequalities.
2. To undertake all the statutory functions in accordance with the NHS Act 2006 and the Local Government & Public Involvement in Health Act 2007 relating to reviewing, scrutinising and receiving referrals relating to health and social care service matters.
3. To acknowledge formally receipt of all referrals made by the Portsmouth Local Involvement Network (LINK), and to keep the LINK informed of all actions taken in relation to the referral.
4. To review and scrutinise the impact of the City Council's own services and of key partnerships on the health of its residents.
5. To ensure the City Council as a whole, the Cabinet and other scrutiny topic panels take into account the implications of their policies and activities on health, and health inequalities.
6. To report and make recommendations to the NHS, Adult Social Care, the Portsmouth LINK, the City Council, the Cabinet and other scrutiny topic panels, and to other relevant bodies and individuals.
7. To evaluate and review the effectiveness of its recommendations.
8. In undertaking its functions the Panel's role and purpose should be to:
 - Focus on opportunities for improvement;
 - Promote healthy lifestyles and reduce health inequalities;
 - Provide a process for partnership between the local authorities and the relevant health bodies;
 - Not duplicate the work of other health inspection bodies or scrutiny committees;
 - Not cover individual cases, clinical issues, children's social care or NHS staffing;
 - Seek and take account of the views of Portsmouth's residents.

Appendix 2 - Proposed Terms of Reference

TERMS OF REFERENCE

PORTSMOUTH HEALTH OVERVIEW AND SCRUTINY PANEL (HOSP)

1. To undertake all the statutory functions in accordance with 'The Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013'. These regulations followed from changes made to local authority health scrutiny in the Health and Social Care Act 2012.
2. To produce an annual work programme which the HOSP believes will contribute to the development of policy to improve health and reduce health inequalities.
3. To review and scrutinise any matter relating to the planning, provision and operation of health services in Portsmouth and SE Hampshire¹, the health of the local residents and matters of general concern affecting the determinants of health for the community of the area.
4. To set up appropriate procedures, in accordance with the relevant statutory framework, to facilitate the conduct of health review and scrutiny in consultation with local NHS bodies², the Portsmouth Health and Wellbeing Board and local Healthwatch.
5. To produce reports and make recommendations to local NHS bodies, Portsmouth City Council or other organisations on any health matter reviewed or scrutinised by it.
6. To evaluate and review the effectiveness of the HOSP's recommendations on an annual basis.
7. In undertaking its functions, the HOSP's role and purpose should be to:
 - Focus on opportunities for improvement;
 - Promote healthy lifestyles and wellbeing and to reduce health inequalities;
 - Provide a protocol for partnership working between HOSP and key stakeholders (such as the Portsmouth Health & Wellbeing Board, Healthwatch Portsmouth and NHS bodies) including information sharing, communication, engagement reporting mechanisms and organisational liaison;
 - Not duplicate the work of other health inspection bodies (such as local Healthwatch, Care Quality Commission) or scrutiny committees;
 - Not cover individual cases, clinical issues, children's social care or NHS staffing;
 - Seek and take account of the views of local residents including through Healthwatch Portsmouth.

¹ Defined as people living in Portsmouth and SE Hampshire (the catchment for Queen Alexandra Hospital)

² A local NHS body is any organisation or body which provides, or arranges for the provision of, or performs any management function in relation to, NHS services to persons residing within Portsmouth and SE Hampshire.



Decision maker:	Governance & Audit & Standards Committee
Subject:	Regulation of Investigatory Powers Act 2000 (RIPA)
Date of decision:	27 th June 2013
Report from:	Michael Lawther City Solicitor and Strategic Director
Report by:	Lyn Graham, Chief Internal Auditor
Wards affected	All
Key decision (over £250k)	N/A

1. Summary

- 1.1 One Regulation of Investigatory Powers Act (RIPA) application regarding a blue badge fraud has been made since the last report to Governance and Audit Members in March. Following an inspection by the Office of Surveillance Commissioners (OSC) on the 4th April 2013, there have been further minor amendments required to the Policy. The changes have been provided to all relevant staff. The OSC Inspector has issued their report which found that all previous recommendations had been actioned, that PCC has raised their compliance to a high level and make one recommendation regarding recording of surveillance details and product at the cancellation stage.

2. Purpose of report

- 2.1 To update Members on the Authority's use of Regulatory Powers for the period from March 2013 and the changes required to the Policy following the visit by the OSC Inspector as well as the outcome of that visit.

3. Background

- 3.1 PCC has a Policy and Procedures to ensure that officers comply with the Regulation of Investigatory Powers Act requirements to mitigate any legal challenge risks and this is updated when there are changes in the codes of practice, legislation including case law. Amendments to the Policy and Procedures were approved by this Committee at their March meeting however following the OSC Inspectors visit further minor changes are required.
- 3.2 The Authority is subject to inspection on our RIPA activity and compliance with the Codes of Practice by the Office of Surveillance Commissioners (OSC) and an inspection was carried out on the 4th April 2013.

4. Recommendations

It is recommended that Members of the Governance and Audit and Standards Committee:

- 4.1 Note the RIPA application authorised since March 2013,
- 4.2 Approve the required changes to Policy as a result of the OSC Inspection regarding the inclusion of the 4 proportionality tests, recording of dates and times of surveillance, update of Code of Practice references and removal of urgency provisions,
- 4.3 Note the OSC inspectors report from the 4th April 2013 inspection.

5. Regulation of Investigatory Powers Act Authorisations

- 5.1 RIPA activity is normally reported to Members every six months and this was last done in March 2013. However, as a report had to be brought to this meeting regarding the Inspection and subsequent changes in Policy, it was considered appropriate to update Members on the latest RIPA authorisation.
- 5.2 One RIPA application for blue badge fraud has been authorised since the last meeting of this Committee in March 2013. The application was taken to Magistrates by the investigating officer and approval obtained. Following investigations prosecution is pending.

6. Changes to Policy

- 6.1 The proposed changes to the RIPA Policy are highlighted as follows:

- 1.8 **Statutory Instrument 2010/521** restricts authorising officers in local authorities to prescribed offices of no lower a level than assistant chief officer, assistant head of service, service manager or equivalent.

3.12 Proportionality means that the use of surveillance is not excessive, i.e. that it is in proportion to the significance and level of offence being investigated and collateral intrusion impacts. **The Home Office Revised Code of Practice (3.6) states that the following elements of proportionality should be considered:**

- **Balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;**
- **Explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;**
- **Considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result;**
- **Evidencing as far as reasonably practicable, what other methods had been considered and why they were not implemented.**

4.32 To include "The date of Magistrates approval or rejection" on the central register.

- 6.1 The use of CCTV must be accompanied by clear signage in order for monitoring to be overt. **Signage in itself does not make the use of CCTV overt. Where CCTV is to be**

used to target individuals or as part of an operation then the use is covert. If it is intended to use CCTV for covert monitoring e.g. by using either hidden cameras, or without any signs, or overt camera used covertly then RIPA authorisation is likely to be required. In any case CCTV must be used in accordance with the Codes of Practice and Protection of Freedoms Act.

6.2 Changes mainly relate to expanding on the information relating to the tests of proportionality, code of practice references and to remove the urgency provisions. These provisions allow for immediate oral authorisation and are only to be used in matters of serious consequence such as life or death. We have never used them and are unlikely ever to do so especially now as Magistrates approval is required which builds in a time delay.

7. Inspection Report

7.1 The OSC inspectors report is attached as an exempt item Appendix A and the covering letter states that:

"I am pleased to see that the recommendations made following the last inspection 3 years ago have been completed. Your Council has raised its compliance standards to a high level with some very positive results from covert activity.

The single recommendation is that, at cancellation, applicants advise authorising officers of the dates and times of surveillance undertaken to enable suitable comment to be made on outcome, any collateral intrusion and product management."

It is recommended that the attached Appendix A is considered as an exempt/confidential matter and the press and public are excluded under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act 1985, for the following reasons:

- **Exempt information is defined in section 100I and, by reference, Schedule 12A of the Local Government Act 1972. To be exempt, information must fall within one of the categories listed in paragraphs 1 to 7 of schedule 12A, must not fall within one of the excluded categories in paragraphs 8 and 9 and the public interest in maintaining the exemption must outweigh the public interest in disclosing the information.**
- **Although there is a public interest favouring public access to local authority meetings, given the legally and personal sensitive information contained in the Appendix, the public interest in maintaining the exemption outweighs the public interest in disclosing the (exempt) information.**
- **Appendix A has been deemed exempt under paragraph number 7(a) Information is subject to any obligation of confidentiality**

8. Equality impact assessment (EIA)

This is an information report only and therefore does not require an equalities impact assessment.

9. City Solicitor's comments

The Legal implications are incorporated within the body of this report. There are no other immediate legal implications arising from this report

10. Head of Finance's comments

N/A

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Signed by: Michael Lawther, City Solicitor and Strategic Director

Appendices: Appendix A OSC Inspection Letter and Report Exempt item not for publication

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
1 Covert Surveillance Code of Practice Issued by the Home Office and Covert Human Intelligence sources Code of Practice issued by the Home Office	http://www.homeoffice.gov.uk/counter-terrorism/regulation-investigatory-powers/Regulation of Investigatory Powers Act-codes-of-practice/
2 Regulation of Investigatory Powers Act 2000	http://www.legislation.gov.uk/ukpga/2000/23/contents
3 Portsmouth City Council Regulation of Investigatory Powers Act Policy	Revised Policy attached as Appendix to this report.
4 Home Office guidance	http://www.homeoffice.gov.uk/publications/counter-terrorism/ripa-forms/local-authority-ripa-guidance/?view=Standard&pubID=1079688
5 Protection of Freedoms Bill	http://www.homeoffice.gov.uk/publications/about-us/legislation/protection-freedoms-bill/
6 OSC Inspection Report 18 th April 2013	Internal Audit

Agenda Item 16



Portsmouth
CITY COUNCIL

Agenda item:

Title of meeting: Procurement Management Information

Date of meeting: 27th June 2013

Subject: Performance

Report by: Jon Bell

Wards Affected: Not Applicable

Key decision: No

Full Council decision: No

It is recommended that the attached appendices 2 & 3 be considered as an exempt/confidential matter and that the press and public are excluded for the following reasons:

- Exempt information is defined in section 100A and, by reference, Schedule 12A of the Local Government Act 1972 ("the 1972 Act"). To be exempt, information must fall within one of the categories listed in paragraphs 1 to 7 of Schedule 12A, must not fall within one of the excluded categories in paragraphs 8 and 9 and the public interest in maintaining the exemption must outweigh the public interest in disclosing the information;
- The attached Appendices 2 & 3 contains some information relating to the financial or business affairs of particular companies as well as PCC; and
- Although there is a public interest favouring public access to local authority meetings, given the financial and commercially sensitive information contained in the report the public interest in maintaining the exemption outweighs the public interest in disclosing the (exempt) information.

1. Purpose of report

- 1.1. The purpose of the report is to update Members on steps being taken to demonstrate that PCC is achieving value for money from its contracts for goods and services.

2. Recommendations

- 2.1 That members note we have surpassed the target of 95% conformance and achieved 98% for April 2013.
- 2.2 That members note the performance of our suppliers and contractors and action in progress to address poor performance.

3. Background

3.1. Conformance Checks

- 3.2. In September 2010 the Head of Procurement submitted a report to the Governance and Audit Committee outlining steps that are being taken to demonstrate that PCC is achieving value for money for its contracts for goods and services.
- 3.3. Fundamental to this is that the City Council has the ability to demonstrate that we are paying competitive rates by subjecting Procurement to a competitive process (where practical). In addition we need to ensure that we obtain the quality of service that we are paying for.
- 3.4. Members approved a recommendation of a target of 95% conformance with Contract Procedure Rules be achieved by 31/03/2011. This report takes Payments to Contractors from the Oracle System and matches them to contracts held on the Contracts Register. Legal services have commented that whilst this methodology is indicative of good practice, is not definitive as to compliance with legal requirements.
- 3.5. The purpose of this the report is to update members on progress made by services up to the end of April 2013 and to provide Members with a progress report to monitor the situation (see appendix 1 for year to date performance).
- 3.6. An explanation of those service areas where conformance requires improvement is detailed in appendix 2 (Exempt).
- 3.7. Conformance has improved year on year from 93% in April 2012 to 98% in April 2013 and year to date conformance is 98%.
- 3.8. In April 2013 there was £211,157 value of admin errors that was compliant with Contract Procedure Rules but not registered correctly on the E Sourcing system "InTend", had these contracts been entered correctly the conformance figure would have been 99% .

Category Business Partners from Procurement are working in partnership with services to implement solutions to resolve non-conformance and reduce administration issues.

4. Performance of our Suppliers and Contractors

- 4.1. The following table shows the performance of our suppliers and contractors comparing information from Sept 2010 to April 2013.

4.2. The results of the contracts being monitored are:

	No of Contracts	Gold	Green	Amber	Red
Sept 10	162	19%	57%	22%	2%
Dec 10	294	21%	61%	15%	2%
May 11	306	18%	64%	15%	2%
Aug 11	399	14%	70%	15%	1%
Dec 11	407	20%	65%	14%	1%
April 12	458	19%	64%	16%	1%
August 12	392	17%	71%	11%	1%
April 13	382	14%	72%	12%	2%

Gold Flag – Excellent Provider

Green Flag – Performing to Standard

Amber Flag – Some areas of improvement required

Red Flag – Failing to perform

4.3. There are seven contracts where the suppliers are performing to an unsatisfactory level and remedial action was taken (see appendix 3 - exempt). Contract Managers inform providers of their red status as they seek improvements / remedies.

5. Reasons for recommendations

5.1. To satisfy the Governance and Audit and Standards Committee reporting requirements.

6. Equality impact assessment (EIA)

6.1. An Equality Impact Assessment is not required as this is not a change to policy or service delivery

7. City Solicitor's Comments

7.1. The comments of the City Solicitor are contained within the body of this report. It is within the powers of the Governance and Audit and Standards Committee under Part 2 section 2 of the Constitution to approve these recommendations.

8. Head of finance’s comments

8.1. There are no financial implications directly arising from the recommendations in this report. However, the report has identified issues which could have value for money implications and consequently will need addressing in the short term. It should also be noted that the report on contract compliance is based upon orders raised over £5,000 although orders up to £10,000 do not have to be included on the contracts register.

.....
Signed by:

Appendices:

- Appendix 1 - Year to Date Performance
- Appendix 2 - Conformance required Improvement (Exempt)
- Appendix 3 - Contract Performance (Exempt)

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Contracts on the Contracts Register	Intend System
Payments to Contractors	Oracle System

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

.....
Signed by:

Service	Total Year to Date			April 2013		
	Total Non Conforming Value	Total Transaction Value	% Non Compliant	Total Non Conforming Value	Total Transaction Value	% Non Compliant
Chief Executive Service	0.00	53,431.90	0%	£0.00	£53,431.90	0%
Corporate Assets, Business & Standards	3,274.35	196,520.68	2%	£3,274.35	£196,520.68	2%
HR, Legal and Performance Improvement	1,700.00	294,048.30	1%	£1,700.00	£294,048.30	1%
Health Safety and Licensing	56.25	54,088.73	0%	£56.25	£54,088.73	0%
City Development and Culture Services	17,239.03	360,992.41	5%	£17,239.03	£360,992.41	5%
Customer Community and Democratic Services	0.00	88,344.47	0%	£0.00	£88,344.47	0%
Education and Strategic Commissioning	0.00	3,463,639.71	0%	£0.00	£3,463,639.71	0%
Financial Services	12,882.98	505,395.90	3%	£12,882.98	£505,395.90	3%
Information Services	69,750.18	209,103.71	33%	£69,750.18	£209,103.71	33%
Housing & Property Services	118,026.39	3,542,361.43	3%	£118,026.39	£3,542,361.43	3%
Port	0.00	593,317.79	0%	£0.00	£593,317.79	0%
Revenues and Benefits	0.00	49,966.93	0%	£0.00	£49,966.93	0%
Childrens Social Care & Safeguarding	98,830.17	743,138.97	13%	£98,830.17	£743,138.97	13%
Adult Social Care	287.38	3,691,855.36	0%	£287.38	£3,691,855.36	0%
Swift Interface	0.00	2,680,591.82	0%	£0.00	£2,680,591.82	0%
Transport and Environment	84,882.28	4,197,761.31	2%	£84,882.28	£4,197,761.31	2%
Other (Insurance Accounts)	0.00	0.00	0%	£0.00	£0.00	0%
Grand Total	£ 406,929.01	£ 20,724,559.42	2%	£ 406,929.01	£ 20,724,559.42	2%

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It is recommended that Appendix A is considered as an exempt/confidential matter and that the press and public are excluded under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985 for the following reasons:

- Exempt information is defined in section 1001 and, by reference, Schedule 12A of the Local Government Act 1972. To be exempt, information must fall within one of the categories listed in paragraphs 1 to 7 of Schedule 12A, must not fall within one of the excluded categories in paragraphs 8 and 9 and the public interest in maintaining the exemption must outweigh the public interest in disclosing the information.

- Appendix A contains information relating to the financial or business affairs of the Council and those of a commercial operator which therefore falls into paragraph 3 of the categories listed in Schedule 12A.

Although there is a public interest favouring public access to local authority meetings, given the legally and commercially sensitive information contained in Appendix A the public interest in maintaining the exemption outweighs the public interest in disclosing the (exempt) information.

Agenda item: 17

Title of meeting: Governance & Audit & Standards
Informal Cabinet (For Information)

Subject: SCLL Internal Audit Report

Date of meeting: 27th June 2013

Report by: Head of Finance & Section 151 Officer

Wards affected: St Judes & Eastney and Craneswater

1. Requested by

- 1.1 This report has been requested by the City Solicitor & Monitoring Officer and the Section 151 Officer.

2. Purpose

- 2.1 To update Members on any progress made by Southsea Community Leisure Limited (SCLL) in addressing the issues and concerns raised in an earlier audit carried out in August 2012

3. Recommendations

3.1 It is recommended that:

Given a number of improvements are still to be implemented and those which have been cannot yet be assumed to be embedded a further follow-up audit is undertaken in the autumn of 2013.

4. Information Requested

4.1 In 2012 Internal Audit were asked by the City Solicitor & Monitoring Officer and the Section 151 Officer to review a number of the financial records and supporting systems in operation at SCLL. The purpose of the review was to ensure that public funds, by means of a loan from PCC, were being used appropriately and that value for money in the use of these funds is being achieved.

4.2 At the conclusion of this review an action plan to address identified weaknesses was agreed between PCC and SCLL and as a result a second audit was carried out in February 2013 to ascertain any progress made. The results of this second visit are detailed in the attached Exempt Appendix A.

5. Conclusion

5.1 The conclusions drawn from this review are that there has been an overall improvement in both the internal control framework and the implementation of those controls. There still remain a number of areas that require improvement and recommendations have been made by Internal Audit and agreed with the management of SCLL.

5.2 On balance, limited assurance only, can be given that SCLL is using public funds appropriately and that value for money, for the areas reviewed during this audit is being achieved.

6. Equality impact assessment (EIA)

6.1 An equality impact assessments is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

7. City Solicitor's comments

7.1 Central to the role of the S151 Officer is the need to ensure effective stewardship of public money and value for money in its use. This report helps to fulfil that role in providing information to Members on SCLL and its operation of the Pyramids on behalf of the Council.

8. Head of Finance's comments

8.1 The comments of the Head of Finance are incorporated into the body of this report.

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Signed by Head of Finance & Section 151 Officer

Appendices:

Appendix A - Exempt Internal Audit Follow-up Report February 2013.

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Working Papers/ emails	Internal Audit
Financial/ personnel/ operational records	SCLL

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Agenda Item 19

Item 19

Decision Maker:	Governance and Audit and Standards Committee
Subject:	Data Breach reporting
Date of decision:	27 th June 2013
Report from:	Michael Lawther City Solicitor and Strategic Director
Report by:	Peter Harding Corporate Information Governance Officer
Wards Affected:	All
Key decision (over £20k)	N/A

1. Summary

To advise G&A&S of Data Breaches brought to their attention and where appropriate considered by the Corporate Information Governance Panel during the previous 12 months.

2. Purpose of report

To update Members on Data Breaches that have arisen during 2013 and the actions taken. The appended report is exempt.

3. Background

In 2011 PCC signed an Undertaking following a reportable data breach to the Information Commissioner's Office (ICO). The ICO followed this with an onsite audit of which one recommendation was to establish a central body for Information Governance. The Corporate Information Governance Panel (CIGP) was formed chaired by Michael Lawther in the role of Senior Information Risk Owner (SIRO).

Administration of this panel is by the Corporate Information Governance team (Peter Harding/Helen Magri) and representation from most business areas. The Terms of Reference (briefly):

- To establish policy and procedures for Information Governance;
- To maintain a log of data breaches and determine onward action.

4. Recommendations

It is recommended that Members of the Governance and Audit and Standards Committee note the breaches that have arisen and the action determined by CIGP.

5. Data Breaches - Rolling year June 2012 - 2013

A potential data breach is presented to CIGP by the service in which the breach occurred and CIGP determine the severity, remedial actions and need for onward reporting to the ICO.

8 potential breaches have been reported to CIGP.

6. Equality impact Assessment

An equality impact assessment is not required as the recommendation does not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

9. Legal Implications

The Council is required to ensure that it has robust procedures in place to comply with its obligations under the Data Protection Act. Bringing this report to the Committee's attention assists in meeting those requirements.

10. Finance comments

The ICO can issue fines of up to £500,000 for serious breaches of the Data Protection Act and Privacy and Electronic Communications Regulations. The size of any monetary penalty is determined by the Commissioner taking into account the seriousness of the breach and other factors such as the size, financial and other resources of the data controller. Any breaches put the City Council at risk of the unbudgeted cost of a financial penalty which would have to be met from the service responsible for the breach.

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Signed by: Michael Lawther, City Solicitor and Strategic Director

Appendices: One exempt Appendix

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Nil	N/A