



NOTICE OF MEETING

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

FRIDAY, 27 JUNE 2014 AT 3.00 PM

CONFERENCE ROOM B - CIVIC OFFICES

Telephone enquiries to Vicki Plytas on 023 9283 4058

Email: Vicki.plytas@portsmouthcc.gov.uk

Membership

Councillor Simon Boshier (Chair)
Councillor Eleanor Scott (Vice-Chair)
Councillor John Ferrett
Councillor Colin Galloway
Councillor Leo Madden
Councillor Hugh Mason

Standing Deputies

Councillor David Fuller
Councillor Phil Smith
Councillor Rob Wood

(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 - 13 March 2014

To confirm the minutes of the meeting held on 13 March 2014 as a correct record.

RECOMMENDED that the minutes of the meeting held on 13 March 2014 be confirmed and signed by the Chair as a correct record.

4 Updates on actions identified in the minutes

5 External Audit (1) Sector Update and (2) Progress Report - Ernst & Young (Pages 1 - 20)

(1) Sector Update

The purpose of this report is to provide an overview of issues relevant to the local government sector and also wider matters of potential interest to PCC.

(2) Audit Progress Report to June 2014

The purpose of this report is to provide the Audit Committee with an overview of progress against the milestones set out in the 2012/13 Audit Plan and is the first step in ensuring that the audit is aligned with the Committee's service expectations.

RECOMMENDED that

(1) the sector update be noted;

(2) the Audit Progress Report to June 2014 be noted.

6 Update on the council's compliance with its Equality Duty and Equality Impact Assessment Process (Pages 21 - 26)

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 30 January 2014

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**

7 Update on the Annual Governance Statement (Pages 27 - 66)

The purpose of this report is to provide an update on progress made in addressing the significant governance issues reported in the 2012/13 Annual Governance Statement and to outline steps taken to develop the Annual Governance Statement for 2013/14.

RECOMMENDED that the Committee

- (1) **Note the work that has been undertaken to address the significant governance issues reported in the 2012/13 Annual Governance Statement and confirm if the committee is satisfied that they have received adequate assurance on mitigating measures taken to resolve the issues identified.**
- (2) **Note the process followed to develop the draft 2013/14 Annual Governance Statement and provide feedback on the contents.**

8 Performance Management Update - Quarter 4, 2013-14 (Pages 67 - 82)

The purpose of the report is to inform members of performance issues arising in the final quarter of the 2013-14 reporting period.

RECOMMENDED that the Governance and Audit and Standards Committee are asked

- (1) **to note the report; and**
- (2) **to comment on the performance issues highlighted in section 4.**

9 Notice of Motion Referral re publication of reports (Complaints procedures) (Pages 83 - 86)

10 Filming, photographing and recording of public meetings of the Council (Pages 87 - 92)

The purpose of the report is to provide information to the Council on how best to ensure compliance with the new legislative requirements under the Local Audit and Accountability Act 2014, which requires (once the necessary secondary legislation is in place) Councils to allow the filming, photographing and recording of all meetings of the Council to which the public are admitted.

RECOMMENDED

- (1) **that the Council agree the proposed rules for governing the filming, photographing and recording of Council meetings to**

which the public are entitled to attend (see appendix A below) which will form part of the Constitution, subject to any revisions that may be necessary once the Secondary legislation is published

- (2) that Standing Order 36 (c) relating to public conduct be deleted and replaced by the following -**

The public and broadcasters are permitted to film or record meetings to which they are allowed access so long as they do so from areas specifically allocated to them and in a manner which does not disrupt the running of the meeting

The use of digital and social media recording and communication tools including Twitter, Blogging or audio recording will be allowed so long as it does not interfere with the running of the meeting.

The filming or recording of members of the public is prohibited in circumstances where they are not making representations to the meeting. Where a member of the public who is addressing the meeting does actively object to being filmed, they should also not be filmed.

The Chair of the meeting or anyone designated by the Chair shall stop the meeting and take appropriate action if anyone breaches the rules governing the filming, photographing and recording of Council meetings (appendix A refers)

- (3) that Standing order 34 (a) (iii) relating to conduct of Councillors and members of the public in meetings, be deleted**
- (4) it is not considered necessary to make any material changes to the facilities currently afforded to the press and public in the meeting chamber and rooms currently used by the Council, however this may need to be reviewed once the detail of the Secondary legislation is known and if additional facilities are required to be provided; if such a review is required, it be undertaken through a Member/officer working group comprising representatives of all Groups on the Council.**

11 Composition of Sub-Committees considering complaints against Members (Pages 93 - 94)

The purpose of the report is to ask the Committee to consider whether it wishes to dis-apply the political balance rules in respect of its Sub-Committees which are considering complaints against Members. This would consequently mean that the three member panel shall wherever possible comprise a representative of three of the four groups on the Council, all the time those groups are represented on the main committee.

RECOMMENDED that Members are asked to consider whether they wish to dis-apply the political balance rules in respect of its Sub-Committees when considering complaints against Members.

12 Annual Internal Audit Report for the 2013/14 Financial Year (Pages 95 - 136)

The purpose of the report is

- (1) to give the Annual Audit Opinion on the effectiveness of the control framework, based on the Internal Audit findings for 2013/14 and highlight areas of concern.
- (2) to advise Members of the Audit Plan for 2014/15.

RECOMMENDED that

- (1) Members note the Audit performance for 2013/14.**
- (2) the highlighted areas of control weakness for the 2013/14 Audit Plan are noted by Members and actions being taken to remedy those weaknesses are endorsed**
- (3) Members note the Annual Audit Opinion on the effectiveness of the system of internal control for 2013/14.**
- (4) Members endorse the Audit Plan for 2014/15.**

13 Service Charges Housing (Pages 137 - 166)

This report is to advise Members of the outcome of an Audit Investigation carried out at the request of the City Solicitor & Monitoring Officer on the complaints made by private owners of ex-Council flats on some of their service charges. The full report is attached as Appendix A.

RECOMMENDED that members note the outcome of the investigation namely

- 1) A service review to be undertaken of changes in mark-up percentages on jobs and of the 12.5% professional fee.**
- 2) Internal Audit to undertake a review of the benchmarking of repair charges as well as trend analysis and analytical reviews of performance data.**

14 Procurement Management Information (Pages 167 - 172)

(NB Please note that appendices 2 and 3 of this report are Exempt and if the Committee wish to refer to these, there is provision to do so following the

exclusion of the press and public (see agenda item 16)

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 members note

- 1) **we have surpassed the target of 95% conformance and achieved 98% for March 2014.**
- 2) **the performance of our suppliers and contractors and action in progress to address poor performance.**

15 Data Security Breach Reporting (Pages 173 - 174)

(NB Please note that the appendix to this report is Exempt and if the Committee wish to refer to this, there is provision to do so following the exclusion of the press and public (see agenda item 16)

To inform the Committee of any Data Security Breaches actions agreed/taken since the last meeting.

RECOMMENDED that Members of the Governance & Audit & Standards Committee note the breaches (by reference to Exempt Appendix A) that have arisen and the action determined by the Corporate Information Governance Panel (CIGP).

16 Exclusion of Press and Public

That in view of the contents of the following items 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 items on the grounds that the reports 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.

Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012, regulation 5, the reasons for exemption of the listed items is shown below.

Members of the public may make representation as to why the item should be held in open session. A statement of the Council’s response to representations received will be given at the meeting so that this can

be taken into account when members decide whether or not to deal with the item under exempt business.

(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>
14. Procurement Management Information - Exempt Appendices 2 and 3	3
15. Data Security Breach Reporting - Exempt Appendix 1	1,2 and 3
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)	

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Local Government Audit Committee Briefing

Contents at a glance

Economic and sector issues

Accounting, auditing and Governance

Regulation news

Key Questions for the Audit Committee

Find out more

Introduction

This sector briefing is one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving. It covers issues which may have an impact on your organisation, the Local government sector and the audits that we undertake. The public sector audit specialists who transferred from the Audit Commission form part of EY's national Government and Public Sector (GPS) team. Their extensive public sector knowledge is now supported by the rich resource of wider expertise across EY's UK and international business. This briefing reflects this, bringing together not only technical issues relevant to the local government sector but wider matters of potential interest to you and your organisation. Links to where you can find out more on any of the articles featured can be found at the end of the briefing, as well as some examples of areas where EY can provide support to Local Authority bodies. We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local audit team.





Economic and sector issues

Economic Outlook

The ITEM Club, one of the UK's foremost independent economic forecasting groups, sponsored by EY, has published its Spring Forecast. With GDP projected to grow 2.9% this year and 2.3% in 2015, and interest rates unlikely to rise until late 2015, the outlook is for a period of 'steady as she goes', with sustained if unspectacular growth underpinned by relatively low inflation. Whilst the report highlights the concern that risks remain, it considers that the UK's economic recovery is on an increasingly firm footing.

The scenario outlined above is seen by the group to be dependent on several things, notably that consumer spending is supplemented by a rebound in business investment and exports – which official figures suggest is starting to happen. The report indicates that this would help the economy to register steady growth in output over the next few years whilst avoiding excessive rises in credit.

The ITEM Club highlights that a key challenge will be maintaining a balance between different areas of the economy, preventing each from expanding too fast or too far e.g. growing workforce keeping wage inflation under control, and the policing of mortgage lending by the FCA limiting house price rises.

DWP Single Fraud Investigation Service

The formation of a Single Fraud Investigation Service (SFIS) was announced in the Chancellor's Autumn Statement. SFIS will exist as a single organisation within DWP, and will be an element of DWP's new Fraud and Error Service. Its role will be to investigate and prosecute Social Security welfare benefits and Tax Credit fraud, bringing together investigations which are currently the remit of DWP, local authorities and HMRC, with prosecutions conducted by the Crown Prosecution Service in England and Wales. DWP has said that it will continue to work with local authorities to ensure that data is shared where permissible.

The main objectives of the scheme as cited by the DWP are:

- ▶ To operate under a single policy and set of procedures for investigating all welfare benefit fraud.
- ▶ To conduct single investigations covering all welfare benefit fraud.
- ▶ To rationalise existing investigations and prosecution policies, improving efficiency, consistency and fairness.
- ▶ To enhance closer working between DWP, HMRC and local authorities.
- ▶ To bring together the combined expertise of all three services.
- ▶ To support the fraud and error integrated strategy of preventing fraud and error in the benefit system by detecting and correcting fraud and punishing and deterring those who have committed fraud.



Economic and sector issues

Some concerns have been raised by Local Authorities and trade unions about the proposals:

UNISON has raised concerns about the proposals to transfer current local authority investigations staff into the Department – a change from the original proposal to remain employed by Local Authorities but work under DWP policies and procedures. This could affect around 790 staff.

The LGA has questioned the need to establish SFIS due to what is in their view the successful record of local authorities on addressing benefit fraud. It has also challenged whether or not SFIS would be able to achieve its stated aim of conducting single investigations covering all welfare benefit fraud, since some elements of fraud against local authority services (such as fraud against localised Council Tax Support scheme, social housing tenancies and Blue Badge disabled parking) would be considered out of scope. This is linked to the concern that by centralising housing benefit fraud investigations, local expertise will be lost.

Implementation is planned to start from October 2014, continuing until March 2016, although the Department is considering a small number of test sites beforehand. Pilots have been running since early 2013 in four local authority areas (Corby Borough Council; Glasgow City Council; London Borough of Hillingdon; Wrexham Council), with an additional pilot in Oldham covering Universal Credit which began in April 2013.

Council service sharing saves taxpayers £350mn

According to the LGA there are now 337 councils engaged in 383 shared service agreements, resulting in £357mn of efficiency savings. The total saved has increased by £83mn since last year, with the biggest increases seen in adult services and culture, leisure and tourism.

At least 95% of all English councils now share services with other local authorities and public sector bodies. Information about shared services is contained in an interactive map on the LGA's website; this map also records external collaboration for the first time. Councils can use this map to develop shared services in their own organisations.

Contracting out public services to the private sector

“Government is clearly failing to manage performance across the board, and to achieve the best for citizens out of the contracts into which they have entered.”

This is a conclusion reached by the House of Commons Committee of Public Accounts (the 'PAC') in March 2014 after the PAC took evidence from the National Audit Office and central government bodies such as the Cabinet Office and Department of Health.

Although aimed at central government, the PAC's report is a timely reminder that for many Local Government bodies, the delivery of public services is increasingly dependent on the interaction between the private and public sectors. However, as pointed out by the PAC, in order for this relationship to result in the efficient delivery of public services, the public sector needs to demonstrate its commitment to effective contract management.

The PAC made a range of recommendations in four key areas. In this briefing we consider contract management and delivery. We will consider Capability, Transparency and Ethical Standards in our next quarterly briefing.



Economic and sector issues

Contract management and delivery

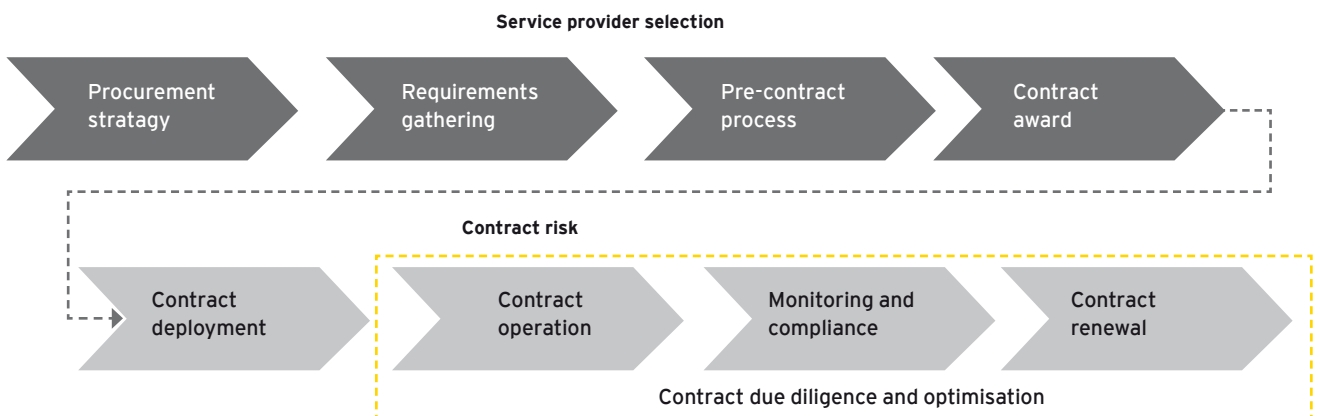
Our own experience suggests that both central and local government invest large amounts of time in selecting service providers, but relatively little time thereafter ensuring that contracts are managed effectively to deliver the intended benefits, and to manage contract risk. The diagram below illustrates the relevant phases of the overall contract process.

Critically, we often find that performance indicators are not considered in detail or agreed until after contracts have been awarded. Accordingly, there is a risk that these indicators:

- ▶ Are not effectively targeted towards the required performance objectives and/or.
- ▶ Are not subject to audit because of a lack of access rights.

Furthermore, as identified by the PAC, penalties for non-performance are not always enforced even where they are available and identified. The failure to enforce penalties only increases the likelihood of continued under-performance in the delivery of public services and the sense that the public sector does not take contract management seriously.

The PAC report therefore highlights an opportunity for Local Government bodies to both save money and increase public confidence in the use of public funds, through effective contract management.





Accounting, Auditing and Governance

Accounting for schools in local authorities

CIPFA has recently held a single issue consultation on Accounting for Schools in Local Authorities in England and Wales relating to the 2014/15 Code of Practice on Local Authority Accounting in the United Kingdom. The 2014/15 Code will apply to accounting periods starting on or after 1 April 2014. The consultation focuses largely on the application of the 2014/15 Code's provisions on primarily the Group Accounting Standards, and sets out CIPFA/LASAAC's proposals for developing an addendum for the 2014/15 Code. The Working Group has concluded that for local authority maintained schools (including community schools, voluntarily controlled, voluntary aided and foundation schools), the balance of control is with the local authority, and their transactions should therefore be included in the local authority financial statements. The Working Group has considered the practical implications and recommends that consideration is given to schools being included in the local authority single entity financial statements. The consultation closed on 4 April 2014.

Accounting for infrastructure projects within enterprise zones and tax increment financing funded programmes

The Local Authority Accounting Panel (LAAP) has issued a discussion paper on this topic to assist local authorities who are considering such schemes. There are a number of initiatives involving local authorities investing in infrastructure or other development projects on the basis that the investment will result in increased business rates yields which can be used to finance the cost. However, there is a risk that projections of incremental income may not be wholly reliable, and there are also accounting issues which may determine whether a project is viable. The local authority will need to consider the extent to which they are a principal or an agent, the accounting implications for the various vehicles in which they may acquire an interest, and the potential for a revenue deficit in the early part of the programme as costs are incurred in advance of income being receivable. The potential revenue deficit is the issue which is most likely to threaten a project's viability, as costs may be incurred in advance of new income being receivable, and councils are obliged to budget to break even each financial year.



Accounting, Auditing and Governance

A Framework for Audit Quality

The International Auditing and Assurance Standards Board (IAASB) published a report on 18 February 2014 on audit quality with the aim of generating positive discussions within organisations to improve audit quality. 'A Framework for Audit Quality – Key elements that create an environment for audit quality' sets out three key objectives:

- ▶ Raising awareness of the key elements of audit quality.
- ▶ Encouraging key stakeholders to explore ways to improve audit quality.
- ▶ Facilitating greater dialogue between key stakeholders on the topic.

The Framework recognises that there is no universally accepted definition of audit quality and has set out various factors which they consider contribute to audit quality at the engagement, audit firm and national levels. It highlights the importance of a range of contextual factors, including laws and regulations, the litigation environment, corporate governance, and the financial reporting framework, which together can impact the nature and quality of financial reporting and, directly or indirectly, audit quality.

The IAASB will maintain a focus in 2014 to encourage dialogue on audit quality.

Future of Local Audit

Following the receipt of Royal Assent by the Local Audit and Accountability Act 2014 in January 2014, approval of secondary legislation will be required in order to give effect to many of the provisions of this Act. Following a consultation on this secondary legislation, which closed in December 2013, the Government has now published its response. The consultation paper covered the following areas:

- ▶ **Smaller authorities' regulations**, including draft regulations for a specified person to appoint auditors to smaller authorities. The Government does not intend to allow smaller bodies to opt out of this regime during a contract period, nor to allow the specified person to forcibly opt out a body; authorities which exceed the £6.5mn threshold, or choose to undergo a full code audit will automatically be opted out. The Government proposes to specify a maximum contract period of five years. The consultation also set out the Government's policy intention for smaller bodies with turnover not exceeding £25,000 per annum to be exempt from routine audit. There are several circumstances where the exemption will not apply, including during the first three years after the authority is established, and authorities which qualify for the exemption may still choose to have an audit.



Accounting, Auditing and Governance

- ▶ **Auditor panel and auditor independence regulations;** the draft regulations extend the definition of an independent panel member, set out the minimum membership of an auditor panel, and apply several existing local authority enactments to panels. An audit committee can already act as an auditor panel provided it has an independent chair and majority. Several authorities may share an audit panel, and where authorities have opted in to national procurement arrangements, the Government intends that the requirement to appoint an auditor panel will not apply. This section of the consultation also covers auditor resignation and removal; which the Government expects to be a rare occurrence.
 - ▶ **Eligibility and regulations of auditors;** a local audit register will be published containing the names of those deemed competent to take primary responsibility for a local audit. An appropriate qualification will be considered necessary, but not sufficient – individuals will also need an appropriate level of competence. The draft regulations also contain thresholds defining which bodies' audits will be considered a 'major local audit' and hence subject to quality monitoring from the Financial Reporting Council's Audit Quality Review team. The Government is considering how to clarify some of the definitions in these regulations.
 - ▶ **Conduct of local audit** – the Government intends to modify the requirement for some bodies (including Port Health Authorities and Internal Drainage Boards) to consider a public interest report or recommendation within one month, to 'as soon as is practicable'.
 - ▶ **Accounts and Audit Regulations;** this section of the consultation covered the provisions for financial management, internal control and internal audit, as well as the process for preparing and approving the statement of accounts. Comments were also invited on bringing forward the timetable for local government audit, and on changes to the framework for the exercise of public rights of inspection and objection. The Government intends to keep public inspection rights, but to address the issues surrounding low take-up of these rights in the draft regulations proposed for consultation in May 2014.
- The Government plans to amend the draft regulations in line with the responses noted above and to issue a further consultation in May 2014 covering further regulations associated with smaller authorities, regulations to allow for the establishment of a sector-led body to procure and appoint local auditors, and Accounts and Audit regulations. The intention is that these regulations will be laid before Parliament later this year.



Regulation News

Role of the Chief Finance Officer in the Local Government Pension Scheme

CIPFA has issued a consultation draft on the role of the CFO in the Local Government Pension Scheme (LGPS), as a supplement to the statement on the role of the CFO in Local Government. The statement sets out five principles, including a summary, shown below. The supplement on the LGPS sets each of these principles in the context of the financial management of the LGPS, which highlight the importance of the role of the CFO in relation to the LGPS.

The CFO in a public service organisation:

- ▶ Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest.
- ▶ Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy.
- ▶ Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

- ▶ Must lead and direct a finance function that is resourced to be fit for purpose.
- ▶ Must be professionally qualified and suitably experienced.

Future of NFI and counter fraud following the closure of the Audit Commission

The Audit Commission's National Fraud Initiative matches data from 1,300 public sector and 77 private sector organisations. The outcomes since 1996 include the prevention and detection of pension overpayments, council tax single person discounts incorrectly awarded, and housing benefit overpayments, together worth over £860mn. Following the closure of the Audit Commission in March 2015, the NFI will transfer to the Cabinet Office.

The Chartered Institute of Public Finance and Accountancy (CIPFA) will also take on some of the Audit Commission's counter fraud roles. The counter-fraud function currently undertaken by the Commission will transfer to a new public sector 'Counter Fraud Centre', which will be established by CIPFA. Existing counter-fraud work undertaken by the Commission includes the annual 'Protecting the Public Purse' report, tailored fraud briefings for local authorities, and the survey of fraud and corruption in England. The new Centre will build on this existing work and



Regulation news

introduce new practical guidance for tackling fraud and corruption. Although CIPFA will not have the same statutory powers as the Commission, it intends to continue the annual comprehensive survey of fraud and corruption, as well as expanding the Counter Fraud Centre's reach beyond local government.

Government consultation on flexibility in the use of capital receipts

Between July and September 2013, the Government ran a consultation on allowing capital receipts from new asset sales to be used for one-off revenue purposes. The results of this consultation have now been published. The aims of the proposal were to encourage good asset management planning, and to enable additional resources from asset sales to give flexibility for reforming, integrating or restructuring services. The response to the consultation was clearly positive, so as part of the Autumn Statement the Government announced that they will allow some flexibility for local authorities to use £200mn of receipts from asset sales across 2015/16 and 2016/17 to fund one-off costs of service reforms. Authorities will have to bid for a share of this allowance, and permission for flexible use of capital receipts will be through a capitalisation direction from the Secretary of State under section 16(2)(b) of the Local Government Act. Capital receipts obtained prior to the issue of this consultation will not be allowed to be used for this purpose as one aim of the policy is to encourage new asset sales. As part of the bid process, local authorities will need to assess the extent to which the asset sales are additional to sales which would have occurred anyway.

Consultation on the process for setting up a new town/parish council

The Government ran a consultation ending in May 2014 on a proposal to make it easier to set up a new town or parish council. The proposed new measures are intended ease the process by reducing the burden from the current Community Governance Review process. The current process requires either the Local Authority to carry out a review, or the local community petitioning the Local Authority to create a new parish council, as part of which process the petitioner must also propose the boundaries of the new parish. A minimum number of signatories to the petition are required, depending on the size of the neighbourhood area in question, and the high number required can be a barrier to local campaigns. The current process is also relatively slow, as the required twelve month timescale does not include time for the Local Authority to carry out preparatory work. The proposed new measures include lowering the thresholds of signatures required, shortening the amount of time the Local Authority can take to carry out a Community Governance Review, and allow Neighbourhood Forums to trigger a Community Governance Review.

Audits in 2014/15: work programme and scale fees

Following consultation, the Audit Commission has confirmed the work programme and fee scales for the audit of the accounts for 2014/15 for local government, fire, police and health bodies (including CCGs). The scale fee for individual Local Government bodies is available on the Audit Commission website.



Regulation news

The Audit Commission expects to close on 31 March 2015, as a result of the provisions of the Local Audit and Accountability Act 2014. It will set the fees and work programme for 2015/16, which will be the first year of audit following their closure. The responsibility for overseeing the audit contracts of nearly 11,000 public organisations, spanning local authorities, police, health, fire bodies and rescue services, and for setting fees under them, will pass to a transitional body from April 2015. Ministers have announced that this body will be an independent private company to be set up by the Local Government Association. It will also have responsibility for the Value for Money Profiles tool. The Commission's current contracts with audit suppliers will run until 2016/17, with a possibility of extension up to 2020. Following this, audited bodies will be able to appoint their own auditors.

Award of Audit Contracts

Prior to the decision to abolish the Audit Commission's audit practice, approximately 30% of local public audits were carried out by private sector audit firms. In April 2013 the Audit Commission announced that it would be retendering these contracts which had been awarded in 2006 and 2007.

Following a competitive tendering process, the Audit Commission confirmed the award of two year contracts to:

- ▶ BDO LLP, to the value of £4.6mn a year, covering audits in the South.
- ▶ EY LLP, to the value of £9.6mn a year, covering audits in the North and the South.
- ▶ KPMG LLP, to the value of £9.6mn a year, covering audits in the North and the South.

There will now be a consultation with the audited bodies concerned on the appointment of auditors, prior to putting the appointments to the Audit Commission Board for approval in December 2014.



Key Questions for the Audit Committee

What questions should the Audit Committee be asking itself?

Following client feedback we have introduced a section which draws together some of the key messages from the briefing for consideration by Audit Committee members:

- ▶ What impact will the introduction of the SFIS have on our capacity and expertise to tackle other areas of fraud risk, such as council tax, business rates, housing and other corporate fraud?
- ▶ Is there scope for us to take advantage of further opportunities for efficiency savings resulting from joint working with other public sector bodies?
- ▶ Where joint working arrangements are already in place, are they still fit for purpose or do we need to consider modifying the arrangements in line with our changing challenges and priorities?
- ▶ What level of governance does our organisation have around contract management and delivery with both our public and private sector partners?
- ▶ How can we work with our audit engagement team to improve audit quality?



Find out more

Economic Outlook

For the full analysis go to:

<http://www.ey.com/UK/en/Issues/Business-environment/Financial-markets-and-economy/Economic-Outlook>

DWP Single Fraud Investigation Service

Read more about the proposals at:

<https://www.gov.uk/government/collections/single-fraud-investigation-service>

Council service sharing saves taxpayers £350mn

Find out more at <http://www.local.gov.uk/shared-services-map>

Contracting out public services to the private sector Read the NAO report at:

<http://www.nao.org.uk/wp-content/uploads/2013/11/10296-001-BOOK-ES.pdf>

To find out how EY can help with contract management, contact a member of your engagement team.

Accounting for schools in local authorities

The consultation has now closed, however, you can view the details at:

<http://www.cipfa.org/SingleIssueITCAccountingforSchoolsinLocalAuthorities>

Accounting for Infrastructure Projects within Enterprise Zones and Tax Increment Financing Funded Programmes

Read more at:

<http://www.cipfa.org/-/media/files/policy%20and%20guidance/panels/local%20authority%20accounting%20panel/accountingforenterprisezones.pdf>

A Framework for Audit Quality

The publication can be found in the 'Focus on Audit Quality' section of the IAASB's website:

<https://www.ifac.org/auditing-assurance/focus-audit-quality>

Future of Local Audit

Find out more at:

<https://www.gov.uk/government/consultations/future-of-local-audit-consultation-on-secondary-legislation>

Role of the Chief Finance Officer in the Local Government Pension Scheme

Find out more at:

<http://www.cipfa.org/-/media/files/policy%20and%20guidance/consultations/140211role%20of%20the%20chief%20finance%20officer%20in%20the%20lgpsconsultation%20draft.pdf>



Find out more

Future of NFI and counter fraud following the closure of the Audit Commission

Further information is available at:

<http://www.audit-commission.gov.uk/2014/03/commissions-national-counter-fraud-function-will-go-to-safe-hands/>

Government consultation on flexibility in the use of capital receipts

Details of the response to the Government's consultation are available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/300060/Proposals_for_the_use_of_capital_receipts_from_asset_sales_to_invest_in_reforming_services_-_response_to_consultation.pdf

Consultation on the process for setting up a new town / parish council

Details of the consultation are available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/297813/Consultation_on_a_proposal_to_use_a_Legislative_Reform_Order_for_making_it_easier_to_set_up_a_town_and_parish_council.pdf

Audits in 2014/15: work programme and scale fees

The scale fees are published at:

<http://www.audit-commission.gov.uk/audit-regime/audit-fees/201415-work-programme-and-scales-of-fees/>

Award of Audit Contracts

Read the Audit Commission press release at:

<http://www.audit-commission.gov.uk/2014/03/the-audit-commissions-legacy-includes-a-further-25-per-cent-reduction-in-annual-audit-fees/>

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ED None

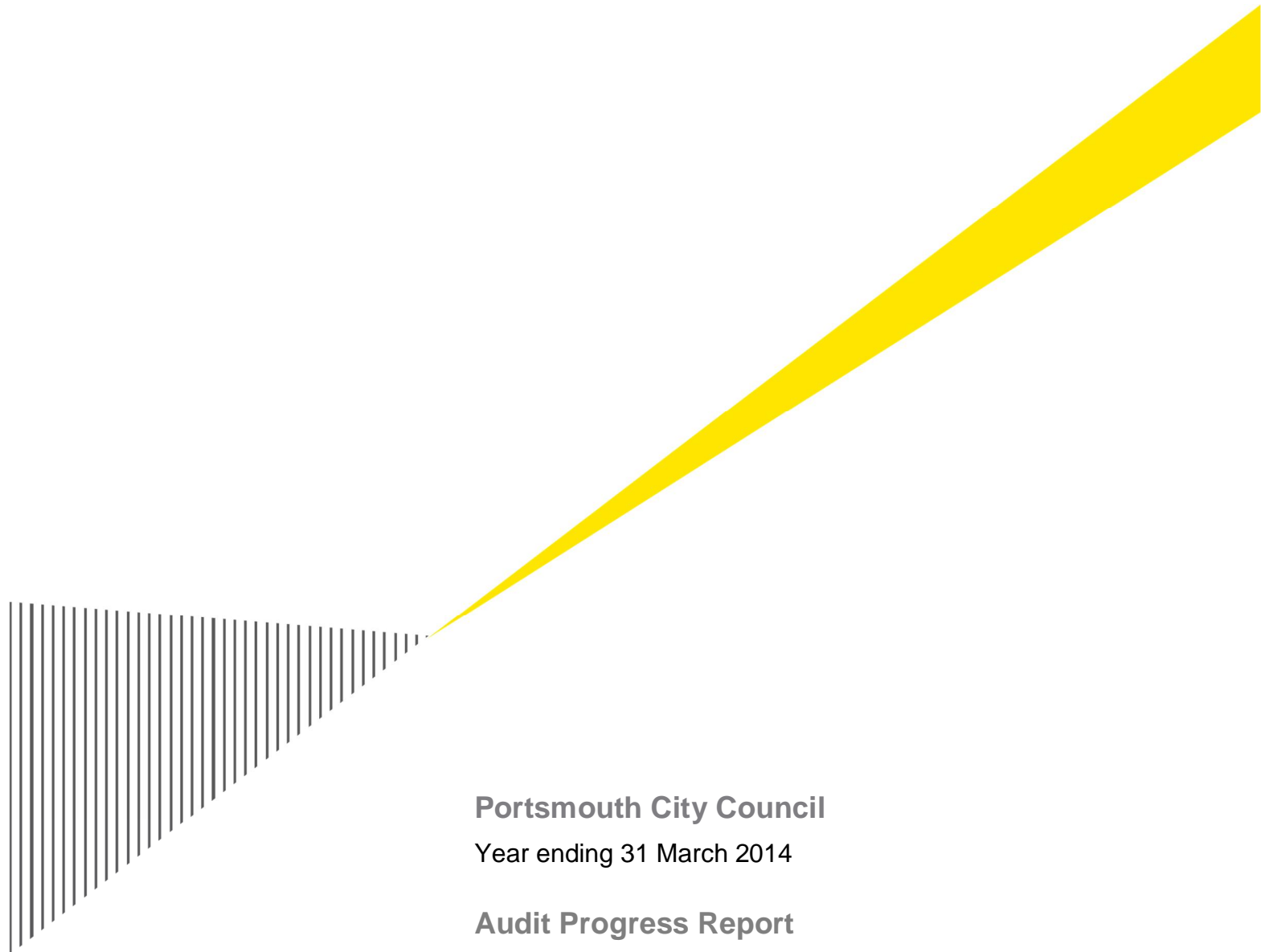
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Portsmouth City Council

Year ending 31 March 2014

Audit Progress Report

June 2014

Governance, Audit and Standards Committee
Portsmouth City Council
Civic Offices
Guildhall Walk
Portsmouth
PO1 2AL

06 June 2014

Dear Sir/Madam

Audit Progress Report – 2013/14

We are pleased to attach our June 2014 Audit Progress Report. The purpose of this report is to provide the Audit Committee with an overview of progress against the milestones set out in your 2013/14 Audit Plan and is the first step in ensuring that our audit is aligned with the Committee's service expectations.

Our audit is undertaken in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Audit Commission Standing Guidance, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Kate Handy
Director
For and behalf of Ernst & Young LLP
Enc

Contents

1. Work completed.....	2
2. Timetable.....	3
Appendix 1: Audit Progress on Deliverables	4

1. Work completed

Assessment of the Council's internal controls

We reviewed the design of the majority of the Council's core financial systems and tested the operation of key controls within those systems. We have provisionally concluded that we can rely on them for opinion purposes and have identified no issues of note to report to members. However, it is clear the move to Oracle EBS R.12 has involved a number of complications that have required system workarounds.

Year end audit

We plan to commence our final accounts audit on 07/07/14. We held a wash-up meeting with the Council in January and have been in ongoing discussion with officers on a number of issues;

- with the Oracle team: about obtaining the necessary data for our analytics work;
- with the financial accounting team: about emerging technical and accounting issues, working paper requirements and improving the quality of the financial statements;
- with the Housing finance team: about proposed transfer of estate into the HRA
- with internal audit: about the relocation of our office space, their work programme and counter fraud returns, and;
- with the Asset Management Service: about arrangements for estate valuation given delayed roll-out of Concerto..

Value for Money Conclusion

We have started our work on the conclusion, and have interviewed a range of officers about business planning and the Better Care Fund work.

We plan to conduct a second phase of interviews over the summer, as Q1 performance reporting is underway.

Grant claim certification

The Audit Commission has confirmed that we will not be required to certify the PEN05 Teachers Pension Contributions grant claim in 13/14.

Harbour Accounts Audit

The Department for Transport have determined that the harbour accounts need to be prepared and audited, and the Audit Commission has confirmed we are appointed auditors for this engagement.

The Council is reviewing the draft accounts previously prepared, to ensure they are in Companies Act compliant format, and ensuring full supporting working papers are available. No date has yet been agreed for the audit of the accounts.

2. Timetable

Audit Committee Timeline

We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts, and the deliverables we have agreed to provide to you through the 2013/143 Audit Committee cycle.

We have provided formal reports to the Audit Committee throughout our audit process as outlined below.

Audit phase	Timetable	Audit Committee timetable	Deliverables
High level planning:	April 2013		Audit Fee letter
Risk assessment and setting of scopes	February 2014	March 2014	Audit Plan
Testing of routine processes and controls	March/June	June 2014	Interim Report, if needed
Value for money conclusion	March/June	September 2014	Report to those charged with governance
Year-end audit	July – September	September 2014	Report to those charged with governance
			Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources).
			Audit completion certificate
			Whole of Government Accounts certification
Reporting	October	November 2014	Annual Audit Letter
Grant claims	December	January 2015	Report on the audit of grant claims

In addition to the above formal reporting and deliverables we provided practical business insights and updates on regulatory matters through our Sector Briefings.

Appendix 1: Audit Progress on Deliverables

Progress against key deliverables

Key deliverable	Timetable in plan	Status	Comments
Fee Letter	April 2014	Completed	Reported to Chief Executive, Chair of Governance, Audit and Standards Committee, Head of Finance and Head of HR, Legal & Performance
Audit Plan	March 2014	Completed	Discussed with officers and agreed with Members at the March Committee
Report to Those Charged with Governance	September 2014		
Audit Report (including opinion and vfm conclusion)	September 2014		
Audit Certificate	September 2014		
WGA Certificate	September 2014		
Annual Audit Letter	October 2014		
Report on the Audit of Grant Claims	December 2014		

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Agenda Item 6



Portsmouth
CITY COUNCIL

Agenda item:

Title of meeting: The Governance and Audit & Standards Committee

Date of meeting: 27 June 2014

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 30th January 2014.

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, which requires the council to consider the impact of its day-to-day activities, including development of new or changed policies, strategies, projects and services, on people with any of the eight 'protected characteristics'. These are age, race, disability, sex, gender reassignment, sexual orientation, religion or belief, and pregnancy and maternity. The council must take steps to identify and mitigate any potential discriminatory or disproportionately negative impact of its activities on any of the equality groups as part of its decision-making and implementation process. A full explanation of the council's obligations under the Equality Duty was provided to the Governance and Audit & Standards Committee in the report of 11 November 2011.
- 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 (EIA) process which assists compliance with the Equality Duty. The process requires that a preliminary EIA, if relevant, should be undertaken at the initial stage of (re)design / development of a policy, strategy, project or service. If the preliminary EIA identifies a potential negative impact on any of the groups protected under the Equality Act 2010, a full EIA should be undertaken before any final decision is made. The full EIA should take into account results of any public consultation and any other relevant local and national information available, including any effects of similar initiatives elsewhere in the UK.
- 3.1.4. The EIA process requires that all completed EIAs are sent to the Equality & diversity team for quality assurance before being submitted with a relevant report for a decision.

3.2. Compliance of council services with the Equality Impact Assessment process

- 3.2.1.** As part of the council's EIA process, council services are required to undertake review EIAs 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'.

The table below shows the individual services' compliance with the council's 3 yearly rolling EIAs as at 17th June 2014. The table illustrates that the majority of the services are currently 100% compliant with the process. Transport &

Environment Services have recently improved their compliance to 100%. Housing & Property Services have been given extra time to complete their outstanding EIAs as they are in the process of reviewing some of their policies and plan to undertake satisfaction surveys with service users. The delay is also partially attributed to current lack of staff capacity within the service to carry out a number of EIAs at the same time. This is however being resolved with the service management. Finance Services have improved their compliance and have only one outstanding EIA, which is in the process of being undertaken. The Equality & diversity team is working with these services to ensure that these EIAs are completed without further delay. The monitoring by this Committee has proved beneficial in improving the services' compliance with the EIA process.

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% - up from 88%
	Adult Social Care	100% - no change
	Revenues and Benefits	100% - no change
Regeneration	City Development & Cultural Services	100% - no change
	Corporate Assets, Business & Standards	100% - up from 90%
	Transport & Environment	100% - up from 77%
	Housing & Property Services	100% - up from 74% due to extension of time given to complete 3 x outstanding EIAs
Performance / Support Services	Information Services	100% - no change
	Finance	86% - up from 58% 1 of 7 outstanding since 15.10.13 (8 months ago)
	HR, Legal & Performance	100% - no change
	Customer, Community & Democratic Services	100% - no change

3.2.2. All additional EIAs being undertaken on proposed new or changed projects, policies, services and strategies, that are placed before relevant decision-makers, are regularly monitored by the Equality & diversity team through the Future Work Programme, liaison with democratic services, equality leads and other officers in individual services, and by checking agendas in advance of council decision meetings.

Council services are overall pro-active in planning for equality analysis as part of their project processes and contacting the Equality & diversity team for advice and support. Occasional prompting is necessary as well as the team's support in ensuring the EIAs are of good quality. When that happens, the team provides additional training and guidance to individual officers in question.

In addition, in order to ensure that council officers and members are provided with information about latest developments in the Equality Law and their implications for the way council services operate, and understand the council's EIA process, the Equality & Diversity Team:

- a) Provides reports on developments in equality law to Strategic Directors Board, Departmental Management Team Meetings, and the Governance and Audit & Standards Committee.
- b) Works with our Learning & development services to ensure that their training courses are up-to-date.
- c) Provides advice and training to council officers on an individual basis - this is often preferred to group training sessions as it helps our officers understand the practical relevance of the Equality Law in the context of their service's work.
- d) Makes information about the council's legal obligations and the EIA process available on our main website at:
<https://www.portsmouth.gov.uk/ext/community-and-environment/community/equality-and-diversity.aspx>.
- e) Provides regular legal updates as well as information about diversity events on our Equality & diversity in Portsmouth blog at:
<http://pccequality.blogspot.co.uk/>.

4. Reasons for recommendations

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

5. Equality impact assessment (EIA)

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

6. Head of legal services, comments

- 6.1. The report indicates that the Authority is engaged in meeting its full liability with respect to the Public Sector Equality Duty ("the duty"), this being undertaken via a clear policy of engagement and where appropriate the initiation of an Equality

Impact Assessment. This process of EIA, which goes beyond the strict legal duty, to have due regard to the PSED thereby mitigates risk and provides a clear structure for assessment and consideration of equality issues. It is to be remembered that the PSED requires that within the Authority decision making process steps are undertaken to eliminate discrimination, advance equality of opportunity and foster good relations.

7. Head of finance’s comments

7.1. 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 7

Agenda item:

7

Title of meeting: Governance and Audit and Standards Committee
Date of meeting: Friday 27 June 2014
Subject: Update on the Annual Governance Statement
Report From: Megan Barnard, 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 provide an update on progress made in addressing the significant governance issues reported in the 2012/13 Annual Governance Statement and to outline steps taken to develop the Annual Governance Statement for 2013/14.

2. Recommendations

- 2.1. It is recommended that the Governance and Audit and Standards Committee:
 - a) Note the work that has been undertaken to address the significant governance issues reported in the 2012/13 Annual Governance Statement and confirm if the committee is satisfied that they have received adequate assurance on mitigating measures taken to resolve the issues identified.
 - b) Note the process followed to develop the draft 2013/14 Annual Governance Statement and provide feedback on the contents.

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 directly before the annual accounts at the Governance and Audit and Standards Committee in September 2014.
- 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 by outlining significant governance issues facing the organisation and steps that will be taken to address them.

4. Progress in addressing the 2012/13 significant governance issues

- 4.1. The Governance and Audit and Standards Committee have requested quarterly progress updates on actions taken to address the significant governance issues highlighted in the Annual Governance Statement. Progress has been made in tackling the governance issues identified in the 2013/14 Annual Governance Statement. A summary of progress can be found in **Appendix A**.

5. Steps taken to develop the 2013/14 Annual Governance Statement

- 5.1. The 2013/14 Annual Governance Statement has been prepared in accordance with the proper practice framework–Delivering Good Governance in Local Government issued jointly by SOLACE¹ and CIPFA² in 2007 (addendum issued in 2012). The draft Annual Governance Statement for 2013/14 can be found in **Appendix B**. The content of the 2013/14 Annual Governance Statement has been updated with input from relevant officers to ensure that current practice is reflected.
- 5.2. The Council is responsible for conducting a review of the effectiveness of its governance framework in order to identify any weaknesses.
- 5.3. Considerable progress has been made in addressing the significant governance issues identified in the 2012/13 Annual Governance Statement. However, it is proposed that some of the issues roll over into the 2013/14 Annual Governance Statement to allow further work (see the far right hand column in Appendix A).
- 5.4. Heads of Service have completed an internal control questionnaire to evaluate their services compliance with the 9 internally agreed corporate governance controls³. Analysis of these returns indicates that there are a number of common compliance issues. These have been incorporated into the Annual Governance Statement and actions will be put in place to ensure governance arrangements are strengthened in these areas. Some services have made suggestions for additional mechanisms to monitor/evidence compliance e.g. the code of conduct could be completed through Policyhub. Policyholders (who have been assigned to each control) will consider the feedback and implement additional tools where possible.
- 5.5. To support the review of effectiveness, the following sources have been reviewed:
 - a) External Audit's Annual Plan and opinion.
 - b) Issues identified through business planning and performance management.
 - c) Data protection and information governance issues.
 - d) Corporate complaints and freedom of information requests.
 - e) Employee Opinion and Pulse Survey results.
 - f) Annual Internal Audit report and opinion.
 - g) The Corporate Risk Directory.
- 5.6. Additionally, analysis of recommendations and actions arising from the following peer challenges/inspections has been undertaken:
 - a) Corporate peer challenge (March 2013).
 - b) Inspection of RIPA activity and compliance with codes of practice by the Office of Surveillance Commissioners Inspection (April 2013)
 - c) 14-19 peer challenge (June 2013).
 - d) HMIP Inspection (December 2013).
 - e) Pre-birth to 5 peer challenge (January 2014).

¹ Society of Local Authority Chief Executives and Senior Managers

² Chartered Institute of Public Finance and Accountancy

³ a- All services have a business plan that reflects the vision of the authority; meets a minimum set of standards; is actively managed; and is refreshed and published annually; b- Risk is regularly reviewed and tangible mitigation measures are in place and regularly tested; c- All posts that fall within the legislation must be checked in line with DBS guidelines; d- All staff must adhere to the clear desk and clear screen policy wherever they are working and ensure that sensitive/personal information is appropriately secured when travelling to/from work; e- The Council understands its legal equalities duties, and embed them as part of service projects/plans; f- All services have business continuity plans in place that are regularly tested and reviewed; g- Complaints are responded to within a timely manner, causes addressed, and outcomes recorded; h-100% of staff are given good quality PDRs and any actions resulting from the PDR must be completed within agreed timescales; i-100% of staff complete the code of code of conduct form on joining the Council and notify managers if there are any changes.

5.7. Taking into consideration findings from the review of effectiveness, the table on pages 12-15 of the draft Annual Governance Statement sets out the proposed list of significant governance issues that need to be tackled over the coming year.

6. Further work

6.1. To support the review of effectiveness a self-assessment of the Governance and Audit and Standards Committee will need to be completed by the current Chair of the Governance and Audit and Standards Committee (with support from the previous Chair) in the next two months.

6.2. The Governance and Audit and Standards Committee are asked to highlight any additional sources to review and identify any outstanding areas where they believe significant governance issues may exist.

6.3. Portsmouth City Council has approved and adopted a local code of governance, which is consistent with the six CIPFA/SOLACE good governance principles. The code summarises 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. Due to the recent launch of the new Council website, many of the hyperlinks within the document are now broken. Work is needed to ensure that the Local Code reflects current policy/practice and that hyperlinks are working.

6.4. 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 September Governance and Audit and Standards Committee for approval, alongside the annual accounts. Following approval, they will need to be published on the Council website.

7. Equality Impact Assessment (EIA)

7.1. 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.

8. Legal Implications

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

9. Head of Finance Comments

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

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

Appendices:

Appendix A	Summary of progress on actions to address the 2012/13 annual governance issues
Appendix B	Annual Governance Statement for 2013/14 (draft)

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
Delivering good governance in Local Government: Framework (addendum 2012)	http://www.cipfa.org/Services/Networks/Better-Governance-Forum/Corporate-Governance-Documentation/New-addendum-for-Annual-Governance-Statements
Annual Governance Statement 2012/13	http://democracy.portsmouth.gov.uk/ieListDocuments.aspx?CId=148&MId=2250&Ver=4
Local code of governance 2013	http://democracy.portsmouth.gov.uk/ieListDocuments.aspx?CId=148&MId=2250&Ver=4
Analysis of Internal Control Questionnaires 2014	Strategy Unit
Corporate Peer Challenge feedback presentation	Strategy Unit
OSC RIPA Inspection	Internal Audit
External Audit's Annual Plan	Strategy Unit
14-19 peer challenge feedback presentation	Strategy Unit
HMIP Inspection feedback report	Strategy Unit
Pre-birth to 5 peer challenge feedback presentation	Strategy Unit
Employee opinion and pulse results	Corporate Communications
G&A&S Committee self-assessment checklist	Strategy Unit
Annual Internal Audit report and opinion	Internal Audit

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
1	Possible weaknesses in people management	Commission and promote a new management training programme.	Increased participation Increased satisfaction with 'my manager' as reflected in the pulse / Employee Opinion Survey Qualitative and quantitative data from managers as to impact on their practice	Gemma Limburn	The Leadership & Management Programme (LAMP) reached the end of its planned lifespan in 2013 with over half of all managers (across all services) attending at least the Introduction module. It was planned that after LAMP, a review would be undertaken of organisational needs around leadership and management. This piece of work commenced in March 2014 and will be on-going until late spring. This work will inform the creation of the new offering for management development but is likely to be around a flexible package of options (e.g. classroom based, peer support, action learning, coaching etc.)	No
		Report to be progressed to Employment Committee following the review of the PDR process.	100% of staff to have a PDR. All services to be using the new template. Qualitative and quantitative data from staff members as to the value of the process	Gemma Limburn	The council's arrangements for PDRs are still felt to be inadequate, both in terms of the process and implementation. A report will be provided to Employment Committee once the arrangements have been reviewed and a proposal developed. Whilst 100% compliance is the desired outcome, this does not enforce or assess the quality of the interaction nor the value for the manager and staff member. Any new process will need support and communication about making the experience valuable and worthwhile	Yes (Ref 5)
		Continue to monitor staff opinion survey results regarding staff satisfaction with management and leadership.	Increased satisfaction	Gemma Limburn with support from Tarnia Goodsell	The current Pulse and Staff opinion Surveys are being reviewed by the comms team in consultation with HoS and HR in relation to content, timing and purpose. The staff survey is currently run every 6 months. The 'Pulse' survey was held with staff in April 2013 and saw increased satisfaction across all measures (separate breakdown of full results available). It was planned that the outcomes from the survey would inform an action plan with services, but this only happened on a very ad hoc basis. For future surveys to have value, a plan for 'what happens next' will need to be in place from the outset.	No

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
2	Non-completion of financial rules training, resulting in non-compliance with Financial Rules	<p>Parts A-D of Financial Rules to be uploaded onto PolicyHub</p> <p>Parts E-G of Financial Rules to be finalised and uploaded onto PolicyHub</p> <p>Training programme on new financial rules to be rolled out.</p>	<p>100% of relevant staff have read Parts A-D.</p> <p>100% of relevant have read Parts E-G.</p> <p>Relevant staff have attended the training</p>	Chris Ward	The Financial Rules have been finalised and published on PolicyHub. Training will be rolled out early in 2014, which will be co-ordinated by Paul Thomas.	Yes (Ref 3)
3	All posts that fall within the legislation need to be checked in line with the Disclosure and Barring Service guidelines that came into effect on the 17 June 2013	<p>Recruitment to ensure that relevant guidance and advice is issued to the manager and candidate as required, checks are undertaken for casual employees, and the recruiting manager is aware of the correct process to follow</p> <p>Disclosure and Barring Service Policy to be updated</p>	<p>All staff have up-to-date checks</p> <p>Current guidance available on Intralink</p>	Julie Barratt	<p>Where applicable rolling checks are in place and all posts are assessed at initial recruitment to assess eligibility for DBS. Sessions have been completed for social care managers, Recruitment Officers ensure new Managers or Managers that have not recruited for a long time are briefed. All questions/queries of compliance are funnelled to the lead counter signatory for investigation / answering.</p> <p>Guidance on Policy Hub is in line with current legislation. When the new interlink goes live there will be a simplified FAQ for managers developed to ensure understanding and compliance.</p>	No

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
4	Business Continuity Plans could be strengthened	Services to participate in a tabletop exercise within a year of producing the service business continuity plan to test the robustness of the plan.	100% services complete a tabletop exercise	Kate Scott	Public Health Business Continuity Plan produced and a tabletop exercise held on 4 March. Complete review of BC Plans for HR, Legal and Performance and a joint tabletop exercise held on the 10 March. An internal audit of Business Continuity completed January / February 2014 identified several actions. The Civic Contingencies Unit and IS are producing a joint paper considering the actions and summarising recommendations to be delivered to SDB June / July 2014. Services that have not completed a tabletop exercise have again been offered by the BC lead to facilitate an exercise. To date only one service has agreed a timeframe for action.	Yes (Ref 6)
5	The Council's Equality and Diversity Strategy needs to be refreshed and compliance and monitoring of equalities duties could be improved.	Set up an equalities project group to: review guidance; feedback on the peer challenge findings; consider lessons from recent consultation activities; evaluate the previous approach of the Fairness and Equalities Group; inform the revision of the Council's Equality and Diversity Strategy (2010-13) and Single Equality Scheme (SES); and review the current EIA process. Managers to ensure that all staff complete the equalities healthcheck (needs to be completed every 3 years). Improve the quality of workforce data	New Equality and Diversity Strategy and Single Equalities Scheme in place EIA process reviewed and in place 100% of staff to complete Better understanding of the workforce	Iwona Defer	A new Equalities strategy has now been approved by Cabinet and Governance, Audit and Standards; the refreshed strategy is a more interactive document which provides opportunities to look at data and information more dynamically. A review of the Equalities is currently underway, and as part of this work, discussions are taking place with neighbouring authorities to see where there is scope to share services. There are currently discussions taking place with the policy holder for Equalities (Louise Wilders) about the role and purpose of training within meeting our organisational obligations. SDB and CTB are also taking an active role in defining the future of mandatory equalities training as part of a wider review of mandatory training. It is likely that the results of these discussions will be known by early spring 2014. In terms of the current mandate around Equalities training, X staff are currently trained and up to date which is around Y% of the workforce. However, in some cases training has been deemed unnecessary or has been achieved through different means. The implementation of HR Self-Serve should enable the Council to improve the quality of its workforce data. The pilot is currently underway.	No

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
6	Not all services are undertaking comprehensive succession planning	A review of workforce planning to be developed which will seek to identify and share areas of good practice and encourage the development of robust succession planning across all services.	Revised workforce planning approach in place.	Gemma Limburn/ HR Business Partners	A report went to SDB on workforce planning progress on the 13th November. The report covered emerging themes and next steps. As one of the steps GL will be developing a Work Force Planning Strategy. A revised approach to workforce planning is now in place and the majority of services have developed plans for their workforce. The suggested format for workforce plans includes seven themes of which succession planning is one. In completing their plans, most services have identified succession planning as an area for improvement and work is underway to address this issue in a number of areas, for example through the use of trainee roles.	No
7	The approach to risk management needs to be fully embedded following the 2013 review.	Communicate the outcomes of the review and issue information and guidance to staff on the development of a risk culture and the 9 areas SDB require assurance on.	SDB receive assurances against the 9 specified areas from 100% of Services around risk management.	Lyn Graham	A draft risk register has been put together. A Risk Policy has been published on PolicyHub. Training on managing risk, has been piloted by staff in culture during December 2013. The risk software is being re-developed to make it more user-friendly.	Yes (Ref 8)
8	Performance management arrangements need strengthening	Adopt a corporate approach to the performance management of business plans	Better understanding of performance and expenditure across the Authority.	Kelly Nash	Discussions on performance management have concluded that there does need to be more rigour, clarity and consistency, and the quarterly reporting is now done to a common template and more challenge is being offered. The link with risk management is being explicitly explored. For further information, please refer to Kelly Nash's quarter 4 <u>performance monitoring report</u> .	Yes (Ref 8)
9	The Council's approach to project management could be strengthened	Strengthening of the role of the Corporate Programmes Board, and Project Directors around assurance and challenge. Assuring that all projects are managed appropriately by skilled, competent and qualified Project Management Professionals	More robust project governance and assurance frameworks, an appropriately qualified and skilled internal PM resource.	Karen Jones	More detailed work has been commenced on the commissioning and external spend to support major projects. This will link not only to the workforce planning around skills, but also inform the re-commissioning of the professional services framework. The inclusion of more non-capital programmes and projects at CPB has broadened the discussions, and has created a much more rounded discussion on projects. There continues to be a shortfall on project management capacity internally.	No

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
10	Member training and political development is not systematic nor sufficiently championed and would benefit from more robust succession planning	Review of the effectiveness of the current member support offer, approach to training needs analysis, the development offer (including succession planning arrangements), and information flow to members. Consider the introduction of a more systematic and tailored political development and training offer for Councillors including the introduction of tailored Personal Development Plans and member training and development champions.	Review complete Increased member participation in non-compulsory training	Michael Lawther	A paper has been drafted that summarises the current training offer and recommendations for a more systematic and tailored political development and training offer. The paper will be progressed to the next group leaders meeting.	Yes (Ref 2)
11	There is scope to improve the council's relationship with the Voluntary and Community Sector	Revisit the compact and use this process to establish rules of engagement both strategically and tactically.	New compact in place.	Rob Watt/ Mandy Lindley	A full review of the Compact has taken place, led by the VCS. This was presented to the Public Service Board and was subject to a 3 month consultation period. The process confirmed that the document was sound, but needed rigorous implementation. The section regarding dispute resolution also needed firming up and social value has been included in more detail. The compact has also been developed as a standalone document, rather than part of the wider framework, to give it more profile and ownership by the VCS, who have designed the new branding. Importantly, the move of the VCS work in the council to the ICU has been seen as a positive thing by the sector, which strengthens the links to the commissioning process and gives the VCS a voice in service design as well as delivery. The revised compact will be launched in July arrangements are in place for the action plan to support is implementation.	No

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
		Consider a member portfolio for the Voluntary and Community	Considered and implemented if necessary		Cllr Hugh Mason (Cabinet Member for Resources) has been the lead member for the VCS, and work has been done to make this clearer to officers and the VCS. Cllr Mason chaired a summit as part of the Compact redraft, and has been active throughout the process, which has demonstrated the role clearly. The engagement with the sector is now easier, as an elected representative structure for the VCS is now in place.	
12	There is scope to further develop the Cabinet and Strategic Directors Board as one team, with shared goals and expectations.	Consider building the capacity of Cabinet and the Strategic Directors Board as a single leadership team.	Considered and implemented if necessary	David Williams/ Cllr Gerald Vernon-Jackson	Peer challenge recommendation needs further development and comment from the Strategic Directors Board.	No
13	There is scope to improve the articulation of the council's corporate vision	Consider the Peer Challenge recommendations to develop a more compelling narrative for Portsmouth as a place and as a community and to outline financial and other challenges over the short, medium and long term and how the council plans to deal with them.	Improved articulation of the Council's corporate vision.	Kelly Nash/Paddy May/Strategic Directors Board	The narrative around the Great Waterfront City and how the city council is working to achieve this has now developed into the SDB plan on a page, and has been cascaded to all staff through team brief. The narrative should form the basis of business planning in 2014/15 and a wider programme of corporate communication. Work is ongoing to align this with performance management.	No

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
14	The Shaping the Future Programme would benefit from more robust programme management arrangements	Develop a high level programme narrative and review performance management arrangements for Shaping the Future of Portsmouth to ensure clarity around ownership and delivery of the actions and that actions arising from the Business Growth and Skills Plan are fully integrated.	More rigorous programme management.	Bev Lucas/ Nicola Waterman	Working with the Business Leaders Advisory and Workstream Chairs & LEP Groups, individual work plans have been created for each of the eleven workstreams. The work plans include the high level actions (from the regeneration strategy and Business Growth & Skills Plan) that the work stream is contributing to; details of the activities that the work stream will undertake in the year ahead to deliver/contribute to delivering the high level actions (as agreed at a meeting of the workstream chairs on 11 February 2014); and measures of success in relation to these activities. The work plans also identify the KPIs that the work stream is contributing to (directly or indirectly). The individual workstream work plans have been supplemented by a simple, one-page matrix that provides a summary of each workstream's priority actions to facilitate co-ordination of activity and avoid duplication. A suite of KPIs (covering both the regeneration strategy and Business Growth & Skills Plan) has been developed, although this may evolve further over time (reflecting changing priorities as objectives are met and new ones emerge). As agr	No
		Hold an annual Shaping the Future Conference to communicate the development of the programme	Raise awareness	Kathy Wadsworth	A Shaping conference was held on 18 November 2013 and included a mixture of debate, keynote speakers, presentations and information stands. The date and theme of the next Shaping conference has yet to be announced.	

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
15	A number of governance issues were raised as a result of the safeguarding peer challenge	The Portsmouth Safeguarding Children Board (PSCB) has been responsible for the governance of the issues arising from the LGA Safeguarding Children Peer Review.	All immediate actions to be completed.	Helen Donelan	The mapping of actions from the Peer Review into existing plans was completed. Action has been taken against all concerns raised where considered appropriate. A number of areas will continue to be a focus for improvement over the next quarter. The progress against these actions is monitored through the work of the PSCB's Monitoring Evaluation and Scrutiny Committee which regularly reports to the PSCB.	No
16	There is scope to strengthen procedures around data protection.	All staff to ensure that confidential/personal data is locked away. Spot checks to ensure that this is taking place. Introduction of new Multi-functional devices to ensure locked printing. Services to delete or archive confidential/personal data that is no longer required whilst ensuring that data retention requirements are met. Relevant staff to undertake information governance training	Reduction in the number of data breaches	Heads of Service/Lyn Graham	Following recent Audit carried out by Internal Audit following actions agreed:- Children's Services A follow up audit showed that some information is still not being locked into drawers at night and further actions taken with individuals and with training and awareness. All other Heads of Services informed of individual circumstances and actions taken by those Heads of Services with individuals concerned. Roll out of new MFD's will ensure individuals have to log in to print, reducing the risk of picking up/sighting data in error. Corporate Information Governance Panel to consider how regular programme of destruction can be implemented authority-wide To be identified through PDRs	Yes (Ref 7)
17	The December 2012 budget and performance report forecast a significant overspend on the assisted home to school transport budget	Michael Lawther and Julian Wooster will liaise with Chris Ward (Head of Finance and 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.	Reduced overspend in 2014/15.	Julia Katherine/ Meg Southcott	On 3rd March 2014 Cabinet approved a number of changes to the allocation and provision of home-to-school and home-to-college transport assistance, which aim to create a fairer and more consistent system; protect and support vulnerable families in the City and bring about reductions in expenditure. The full recommendations and minuted decisions can be found on the PCC website under Cabinet papers.	No

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
		Review of the eligibility criteria for home to school transport, the application and assessment process for determining eligibility and the mode of transport used to meet eligible children and young people.			Cabinet agreed to remove the current discretionary eligibility criteria for home-to-school/college transport assistance. Transport assistance will only be provided if the child/young person has a statutory entitlement or if the child and/or their family have been assessed as having exceptional needs.	
18	Work undertaken by the Building Control Surveyor is not checked	The department is currently being restructured and at the time of the audit there was 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 Head of Planning Services	Spot checks carried out on a regular basis.	Claire Upton-Brown	A Building Control Manager is now in post. The standard fees applied are entered onto a charge sheet which is attached to the file, which are spot checked. Where estimated fees are required a programme prepared by Fareham is used.	No
19	The Accounts Receivable Audit revealed errors in the completion of credit note request forms, reducing our control over preventing fraud.	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.	New monitoring process successfully implemented	Chris Ward	This action has been completed. A more detailed update can be found in Appendix B, Update on previously raised critical exceptions of Lyn Graham's Audit Performance Annual Report.	No

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
20	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	The Port Senior Building Surveyor has stated that "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".	More consistent testing and monitoring	Jon Crawford	Action complete - Portsmouth International Port management team have adopted the Councils' new corporate legionella management policy and now pro-actively work with the Corporate Legionella Advisor to ensure compliance with corporate policy and UK legislative requirements	Yes (Ref 9)
		A Corporate Legionella Management Policy will be introduced by the Health and Safety Manager		Frank Regan	Action complete - Corporate Legionella Management Policy agreed at SDB level and published on 1st July 2013.	
		Letter to go to all schools explaining their responsibilities and for PCC Schools a process to demonstrate compliance.		Jon Crawford	Action complete - Mike Stoneman (Strategic Commissioning Manager, CFL SSE) completed this action on 21st October 2013.	
		New management of the Pyramids by BH Live will have contacts in place for Legionella testing/monitoring and management. These will be audited annually as part of the annual inspection of all the Pyramids.		John Bean	Action complete - Pyramids (as with other properties of this nature) are subject to audit in accordance with corporate policies and service-specific policies (Housing and Property Services) and any non-conformances identified will be addressed in accordance with contractual agreements and UK legislation. A more detailed update can be found in Appendix B, Update on previously raised critical exceptions of Lyn Graham's Audit Performance Annual Report.	

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
21	The Financial Controller post at the MMD 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.	The Financial Controller to be removed as an administrator of the Sage Payroll system.	Financial Controller removed as an administrator.	MMD (Shipping Services)	A more detailed update can be found in Appendix B, Update on previously raised critical exceptions of Lyn Graham's Audit Performance Annual Report.	No
22	MMD cannot evidence which staff access levels to Navision (a finance and distribution system).	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	Clear and appropriate staff access levels		Please see update provided by internal audit on critical exceptions identified during the annual internal audit report.	No
23	Members of staff at the MMD who have access to Navision have the ability to amend supplier and customer details, including bank details.	To improve segregation of duties, the setting up / editing of supplier accounts needs to be restricted to the Management Accountant and, in their absence, by the Desktop Support Analyst.	Restricted editing rights.		A more detailed update can be found in Appendix B, Update on previously raised critical exceptions of Lyn Graham's Audit Performance Annual Report.	No

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
24	The Client Affairs Team takes responsibility for the finances of Social Care clients 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.	Formalised procedure to be put in place that covers client property searches and also a template for recording items that have been removed from clients homes. A copy of the procedure and template has been provided to Internal Audit and a follow up audit will review its application.	Clear, formalised procedure in place.	Julian Wooster/ Rob Watt	There is a formalised process in place regarding property searches and the removal of goods. Both the procedure notes and the log sheets have been communicated to staff and documents stored on the shared drive. Internal Audit have received a copy of the processes and are happy with the safeguards in place.	No
25	There are a high number of critical and high risk exceptions and therefore only limited assurance on the effectiveness of internal control framework can be given.	Internal Audit to work with Heads of Service to improve specific areas of control weaknesses.	Less critical and high risk exceptions identified in the 2013/14 Annual Audit Opinion	Lyn Graham	The high risk areas are largely contained within 2 areas of focus. Effort has been concentrated in these areas and the issues are being addressed.	No

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
26	Surveillance and product details need to be recorded at cancellation of Authorisation.	Update policy and application forms.	Policy to be revised.	Lyn Graham	Policy and application forms have been updated and re-issued. PCC has raised their compliance to a high level and make one recommendation regarding recording of surveillance details and product at the cancellation stage.	No
27	There is scope to strengthen the governance arrangements for the Joint City Deal between Portsmouth and Southampton	Formation of a City Deal Joint Statutory Committee (JSC) comprising of the two Cities, Solent LEP, and other Solent Local Authorities, together with an invitation to key statutory agencies party to the deal (Highways Agency, DFT, HCA, DEFRA family, DWP and SFA) to work with the JSC.	Unity of policy making for the local area	David Williams/ Robert Parkin/ Mark Heath (SCC)	Because of the final nature of the City Deal there was no need for any joint committee and the existing governance arrangements of the Councils is being used to oversee delivery of the City Deal with no need for joint accountability.	No
28	Operating within the new public health arrangements.	Increase awareness across members and officers of the City Council's public health responsibilities and implications including through the following: Discussion with lead member and other relevant portfolio holders, Briefing notes to all Members CTB presentation, Team Brief information.	Budget decisions supporting key public health priorities	Janet Maxwell	Understanding the prevention agenda and prioritisation of public health priorities is still embryonic. Progress is being made through the H&WB and with political groups however there is still significant work to be done to achieve the balance of priorities setting to gain the best health outcomes for the city.	Yes (Ref 10)
		Embed the Health and Wellbeing Board as a committee of the council and an effective partnership providing strategic direction to the council and CCG's approach to improving the health and wellbeing of local people.	Continued engagement of key partners. Delivery against priorities in agreed Joint Health and Wellbeing Strategy	Janet Maxwell	As previously reported system leadership and co-ordination is very much an ongoing development area. The refresh and implementation of the Joint Health & Wellbeing Strategy will play an important role in helping to improve city-wide health issues. The strategy now features key public health messages and priorities.	

Page 43

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
		Ensure effective relationships are maintained with institutions including providers and commissioning groups that make up the local health system.	Effective inter-agency working.	Janet Maxwell	This is an ongoing area of development.	
		Ensure Public Health resource allocation achieves intended maximum health gain and outcomes through appropriately evidenced and evaluated intervention activity.	Difference in life expectancy and healthy life expectancy between communities is reduced. Outcome indicators demonstrate improvement	Janet Maxwell	Work is progressing on a city-wide public health strategy and health outcomes plan to focus on key areas of the council where the greatest health gain can be achieved. Coupled with this is a complete review of public health services to implement an integrated healthy lifestyles service which is aimed at broader population behaviour change and health improvement	
		Resolve outstanding information governance issues with access to NHS data and information in line with national guidance and enabling legislative changes.	Relevant NHS data and information is made available and appropriate governance arrangements in place	David Price	Access to NHS data is an ongoing national issue however, provision is being made to get access to hospital data. Locally an Information Governance Improvement Plan is underway. A major strand of this plan is the completion of the Health & Social Care Information Centre IG toolkit which has recently been submitted for approval.	
		Embed Public Health objectives into council decision making, for instance, by using Health Impact	Health is incorporated into decision making	Matt Smith	This remains an ongoing area of work which links with the implementation of the city-wide public health strategy and health outcomes plan.	
29	The Council is letting the Brunel wing of the Civic Offices and as a result will be reconfiguring the Civic Offices	Ensure regular communications about the new culture of mobile and flexible working are cascaded to staff.	Staff are kept informed and comply with the new ways of working.	Tarnia Goodsell	The conclusion of the Expression of Interest process for Brunel Wing in early July 2013 allowed a serious possibility to emerge, but also for thinking to develop further about the use of the wing. It is now agreed that a mixed economy of occupancy is the ideal scenario, and a procurement exercise has started for an innovation centre operator to take some of the space. In the meantime, the first commercial tenant has moved in, and the programme of decanting council staff continues.	No

APPENDIX A - Progress Update on 2012/13 Annual Governance Issues

Ref	Governance issue	Actions	Measures of Success	Lead/s	Update on Progress	Roll over to 2013/14 AGS?
		Develop a culture change package to support 'working anywhere' based on a new management style.		Kelly Nash	Programmes of communication material and staff workshops continue to run alongside office moves to provide staff with an opportunity to share their thoughts and address concerns in a supportive environment.	

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Annual Governance Statement 2013-2014

www.portsmouth.gov.uk

Contents

What is the annual governance statement?	2
What do we mean by governance?	2
Scope of responsibility	2
About Portsmouth and the Council.....	2
What is the governance framework?	4
CIPFA/SOLACE Good governance principles and the local code of governance	5
1-Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.....	1
2-Members and officers working together to achieve a common purpose with clearly defined functions and roles.	1
3-Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behavior.	1
4-Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.	1
5-Developing the capacity and capability of Members and Officers to be effective.	1
6-Engaging with local people and other stakeholders to ensure robust public accountability.....	1
Corporate governance controls	11
Monitoring and evaluating the effectiveness of the governance framework	12
Significant governance issues for 2013/14	14
Effectiveness of the system of internal audit	18
Summary of significant governance issues for 2013/14	18

What is the annual governance statement?

Legislation¹ requires local authorities to prepare and publish an Annual Governance Statement, in order to report publically on the effectiveness of the Council's governance arrangements. The statement provides an overview of the current governance framework and a summary of the review on the effectiveness of Portsmouth City Council's governance framework between September 2013 up until the end of August 2014 (which co-insides with the approval of the annual statement of accounts). The statement openly communicates significant governance issues that have been identified during the review and sets out how the authority will secure continuous improvement in these areas during over the coming year.

What do we mean by governance?

By governance, we mean the arrangements that are put in place to ensure the intended outcomes for local people are defined and achieved. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled. Good governance is about making sure the Council does the right things, in the right way for the right people, in a timely inclusive, open, honest and accountable manner.

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, properly accounted for and used economically, efficiently and effectively. It 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.

About Portsmouth and the Council

Home to the Royal Navy, Portsmouth is a bustling island city on the south coast of England, with an estimated population of 207,000 people residing within 15.5 square miles. This makes Portsmouth the most densely populated City in the UK outside of London. There are over 85,500 households and 5,500 businesses in Portsmouth.

Portsmouth's Council comprises of 42 Councillors (19 Lib Dem Councillors and 1 unaligned Lib Dem Councillor, 12 Conservative Councillors, 6 UKIP Councillors and 4 Labour Councillors) who represent 14 wards across the City. It operates a minority administration under a Leader (Cllr Donna Jones, Conservative²) and Cabinet structure with Cabinet Members responsible for individual portfolios.

The Council employs around 4,000³ members of staff and provides an extensive range of services to residents, businesses and visitors in the City, including: city development and cultural services, regulatory business and standards services, transport and environmental services, housing and property services, children's and adult's social care and safeguarding, education services, revenues and benefits and health and welfare services.

¹ Accounts and Audit (England) Regulations 2011, regulation 4(3)

² From 3 June 2014

³ Excluding school staff



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What is the governance framework?

The governance framework comprises of the systems and processes, cultures 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 they have led to the delivery of appropriate services and value for money. The system of internal control is a significant part of the Council's governance framework and is designed to manage risk to reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable not absolute assurance of effectiveness. The system of internal control is based on an ongoing 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.

By assurance we mean the ways in which Managers/Directors/Members are given confidence/evidence/certainty that what needs to be done is being done. The below chart provides a high level overview of the Council's key responsibilities, how they are met and the means by which assurance is delivered.

What we need to do					
Focusing on the purpose of the Authority; deliver outcomes for the Community and create and implement a vision for the local area.	Working together to achieve a common purpose with clearly defined functions and roles	Promote values for the authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour	Take informed and transparent decisions which are subject to effective scrutiny and managing risk	Develop the capacity and capability of members and officers to be effective	Engage with local people and other stakeholders to ensure robust public accountability.
How we do it					
<ul style="list-style-type: none"> Organisational goal Guiding principles Business planning Performance management Strategies 	<ul style="list-style-type: none"> The Constitution The Monitoring Officer Section 151 Officer 	<ul style="list-style-type: none"> Codes of conduct Ways of working Financial management and MTRS Anti-fraud, Bribery and Corruption Policy Whistleblowing Policy HR Policies and procedures 	<ul style="list-style-type: none"> Freedom of information requests Complaints procedure Reports considered by legal and finance experts Equality impact assessments Corporate risk directory 	<ul style="list-style-type: none"> Robust interview and selection process Training and development Workforce planning Succession planning Performance development reviews 	<ul style="list-style-type: none"> Community engagement statement Have your say Consultations Terms of reference for partnerships
How we know what needs to be done is being done					
Governance and Audit and Standards Committee function and self-assessment; Corporate Governance Group function; Scrutiny Reviews; Review of progress made in addressing issues; Performance monitoring; Review of compliance with corporate governance controls; Review of accounts; Employee opinion surveys; Internal audits and external audits; Inspections and recommendations made by external agencies.					



Annual Governance Statement

CIPFA/SOLACE Good governance principles and the local code of governance

In 2007 CIPFA/SOLACE issued best practice guidance for 'Delivering Good Governance in Local Government'⁴. The framework sets out six principles that should underpin the governance of each Local Authority. Portsmouth City Council has approved and adopted a local code of governance, which is consistent with the CIPFA/SOLACE good governance principles. The code summarises the Council's internal arrangements that have been put in place to ensure effective governance and includes hyperlinks to supporting documentation. A copy of the authority's code is on our website at www.tbc.co.uk or can be obtained from the Council. The following sections look at how the Council is held to account for these six principles.

1-Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

Organisational goal and aspirations for the City



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

Portsmouth City Council has a shared organisational goal (above), which is designed to be simple, reflecting the fact that although we are a diverse organisation, everything the council does is designed to make the city a better place and improve life for our residents. Over the last year, the Council has developed a new corporate plan on a page, which sets out the aspirations for a City that:

- has a sustainable economy that delivers regeneration and inward investment, creates opportunities and drives prosperity for all residents;
- has high quality homes;
- is great place to live that makes best use of our natural assets and supports a vibrant and diverse culture;
- offers excellent education and training so all residents can achieve their full potential;
- protects and supports vulnerable residents, encourages independence and enables them to achieve their full potential; and
- keeps residents healthy and the city safe.

Guiding principles

The organisational goal is supported by the following nine corporate principles:

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

⁴ <http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework>

Business planning and performance management

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. In the last five years Portsmouth City Council has made £60m of efficiencies and savings but has another £30m more to find by 2016/17 in a climate of rising demand for many of the Council's services. This means that it is important that, whilst we focus on achieving the organisational goal and aspirations, we plan services in detail on an annual basis, focusing on challenges over the coming year but also considering the medium term horizon.

Heads of Service are responsible for preparing business plans that include detail on: core business that must be delivered; plans for improvement, development and disinvestment; financial planning; arrangements for addressing key governance issues; key service risks and management/mitigation activity and arrangements for robust performance management within the service. As part of the business planning process, services have been 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. All Business Plans for 2014/15 will be formally agreed by the Portfolio Holder and are being monitored on a quarterly basis by the respective Strategic Director, 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.

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

The Constitution

The constitution⁵ sets out the how the Council operates; the roles and responsibilities of members, officers and the scrutiny and review functions; how decisions are made; and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. Although there is no longer a statutory requirement, Portsmouth City Council has taken the decision to continue with this arrangement internally and is in the process of updating the constitution to ensure it reflects current practice. As well as working together as a single organisation, it is important that members and officers continue improve their working relations with other organisations too, both locally and sub-nationally, to achieve a common purpose of improved efficiency and effectiveness.

The Monitoring Officer

The Monitoring Officer (Michael Lawther) is a statutory function and ensures that the Council, its officers, and its elected members, maintain the highest standards of conduct in all they do. The Monitoring Officer is assisted when required by appointed deputies. 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.

Section 151 Officer

Whilst all Council Members and Officers have a general financial responsibility, the s151 of the Local Government Act 1972 specifies that one Officer in particular must be responsible for the financial administration of the organisation and that this Officer must be CCAB qualified. This is typically the highest ranking qualified finance officer and in Portsmouth City Council this is Chris Ward, who is also the Head of Finance.

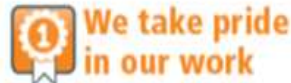
⁵ A copy of the constitution can be found at <https://www.portsmouth.gov.uk/ext/the-council/policies-and-strategies/constitution.aspx>

3-Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behavior.

Codes of conduct

On joining the Council, members and officers are provided with a contract outlining the terms and conditions of their appointment. All staff must sign a code of conduct and declare any financial interests, gifts or hospitality on a public register. Additionally, members are expected to declare any interests at the start of every meeting that they attend in accordance with Standing Orders. Members and officers are required to comply with approved policies. In the last 2 years, the Council has introduced a system called Policyhub that enables effective dissemination of general and job-specific policies, and has the built in functionality to measure compliance i.e. that a member of staff has read and agreed to the policy.

Ways of working



Portsmouth City Council has developed 'ways of working' as a tool to help staff manage themselves and others, evaluate performance and recruit new staff. Whilst members and officers are monitored on their standards of conduct and behaviour throughout the year, managers are required to hold good quality Personal Development Reviews with all of their staff on an annual basis, including a discussion on the ways of working.

Financial management

The Head of Finance and s151 Officer is responsible for leading the promotion and delivery 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. He advises on financial matters to both the Cabinet and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. 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.

Financial Rules were revised in 2013/14 by the s151 Officer so that Portsmouth City Council can meet all of its responsibilities under various laws. They set the framework on how we manage our financial dealings and are part of our City Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks. The s151 Officer has a statutory duty to report any unlawful financial activity or failure to set or keep to a balanced budget. He also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

Anti-fraud, bribery and corruption

The Council is committed to protecting any funds and property to which it has been entrusted and expects the highest standards of conduct from Members and Officers regarding the administration of financial affairs. The Council's **Anti-Fraud, Bribery and Corruption Policy**⁶ (revised in 2014) conforms

⁶ Add hyperlink

to legislative requirements and sets out steps to minimise the risk of fraud, bribery, corruption and dishonesty and procedures for dealing with actual or expected fraud.

Whistleblowing

The Council is committed to achieving the highest possible standards of openness and accountability in all of its practices. The Council's Whistleblowing policy⁷ (revised in 2013) sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter. The 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 quarterly.

Governance and Audit and Standards Committee

As its name suggests, the Governance, and Audit and Standards Committee has the responsibility for receiving many reports that deal with issues that are key to good governance. The Committee undertakes the core functions of an Audit Committee identified in CIPFA's practical guidance⁸. The group has an agreed set of terms of reference⁹, which sets out their roles and responsibilities of its members¹⁰. On an annual basis the Chair of the Committee undertakes a self-assessment, which informs the overall review of effectiveness of the Council's governance arrangements.

4-Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

Transparency

The Council and its decisions are open and accessible to the community¹¹, service users, partners and its staff. The Freedom of Information Act 2000 (FoI) gives anyone the right to ask for any information held by a public authority, which includes Portsmouth City Council, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

All reports requiring a decision 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. Portsmouth City Council wants to ensure that equality considerations are embedded in the decision-making and applied to everything the Council does. To meet this responsibility, equality impact assessments are carried out on all major council services, functions, projects and policies in order to better understand whether they impact on people who are protected under the Equality Act 2010 in order to genuinely influence decision making.

Risk management

The Council has reviewed its approach to managing risks over the last year and approved a revised **Risk Management Policy**¹², which seeks to embed a culture of risk awareness within everyday activities. All significant risks (defined as something that may result in failure in service delivery, significant financial loss, non-achievement of key objectives, damage to health, legal action or reputational damage) must be logged on a Corporate Risk Directory, profiled (as high/medium/low), and mitigating measures/assurances must be put in place. The new approach minimises formal

⁷ A copy of the whistleblowing policy can be located at :

<http://democracy.portsmouth.gov.uk/Data/Governance%20&%20Audit%20&%20Standards%20Committee/20130314/Agenda/GAS20130314r10.pdf>

⁸ 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>

⁹ The Governance and Audit and Standards Committee Terms of Reference can be found at:

<http://www.portsmouth.gov.uk/media/SC20120716r5app4.pdf>

¹⁰ Membership can be found at: <http://democracy.portsmouth.gov.uk/mgCommitteeDetails.aspx?ID=148>

¹¹ Meetings, agendas and minutes: <http://democracy.portsmouth.gov.uk/uucoverpage.aspx?bcr=1>

¹² Add hyperlink

processes and unnecessary documentation, whilst ensuring that risk management remains an effective part of the governance framework.

Effective scrutiny

The Council operates six Scrutiny Panels¹³, governed by their own terms of reference. It is important that Scrutiny Panels act effectively as one of their key tasks is to review and challenge the policy decisions that are taken by Cabinet. Topics that are chosen to be 'scrutinised' are looked at in depth by a cross party panel of Councillors. They assess how the Council is performing and see whether they are providing the best possible, cost effective service for people in the city. The panel's findings are reported to the Cabinet and may result in changes to the way in which services are delivered.

Complaints

There is a clear and transparent complaints procedure¹⁴ for dealing with complaints. The Council operates a three-stage complaints procedure and promises to acknowledge complaints within 5 working days and respond fully within 10 working days for first-stage complaints, 15 working days for second-stage complaints and 20 working days for third-stage complaints. If complainants remain dissatisfied they have the right to refer the matter to the Local Government Ombudsman.

5-Developing the capacity and capability of Members and Officers to be effective.

Recruitment and induction

The Council operates a robust interview and selection process to ensure that Officers are only appointed if they have the right levels of skills and experience to effectively fulfil their role. If working with children and/or vulnerable adults they will be subject to an enhanced criminal records check prior to appointment. New Officers must attend an induction day, which provides information about how the organisation works. Newly elected Councillors are required to attend an induction which includes information on: roles and responsibilities; political management and decision-making; financial management and processes; health and safety; information governance; and safeguarding.

Training and development

All Officers are required to complete a number of mandatory e-learning courses including health and safety, equalities and diversity, financial rules, and information governance. Officers and Members have access to a range of IS, technical, soft skills and job specific training courses. Compulsory training is provided for Members who sit on the following committees: Governance and Audit and Standards Committee, Licensing Committee, and the Planning Committee. Other member-led training is available to Councillors through Democratic Services and Learning and Development. The package of support available gives Members the opportunity to build on existing skills and knowledge in order to carry out their roles effectively.

Performance monitoring

All Officers receive regular one to ones with their Manager in order to monitor workload and performance and Managers are required to carry out a performance development review on an annual basis, which seeks to identify future training and development needs. Services consider workforce plans as part of the annual business planning process. Our business plans paint a picture of what we want to achieve; workforce planning helps to establish the nature of the workforce needed to deliver that vision, and produce a plan to fill the gaps. This helps to ensure we have the right people, with the right skills, in the right jobs, at the right time.

¹³ Further information on our Scrutiny Panels can be found at: <http://democracy.portsmouth.gov.uk/mgListCommittees.aspx?bcr=1>

¹⁴ Complaints procedure: <https://www.portsmouth.gov.uk/ext/the-council/transparency/comment.-compliment-or-complaint.aspx>

6-Engaging with local people and other stakeholders to ensure robust public accountability.

Engagement and communication

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. The views of customers are at the heart of the council's service delivery arrangements. Portsmouth City Council has developed a Community Engagement Statement¹⁵, which reflects the council's ambition to enable and empower communities to shape the places within which they live and work, influence formal decision making and make informed choices around the services they receive. The Community Engagement Statement asserts the following objectives for the council's 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 and aims to build upon the council's commitment to finding ways to inform,
- Consult and involve local people in all areas of life.

To be effective this process aims to inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders. There are a number of ways people can get involved and connect with the council, many of which are listed on the 'Have your say' council webpage¹⁶. 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 forum, council meetings (open to the public), their local Councillor¹⁷ and through a new citizens panel that launched in 2014.

Consultations

The council keeps a forward plan of planned 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 website¹⁸.

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. Portsmouth City Council regularly engages with its employees to ensure they are kept informed about the council and the city. There are communication channels for "off-line" and online employees and a dedicated communications point of contact for staff. Employees are regularly asked to complete opinion surveys so the council can get a better understanding of what's working and what's not. The results are carefully considered and used to address issues.

¹⁵ Community Engagement Statement: <https://www.portsmouth.gov.uk/ext/documents-external/cou-community-engagement-statement.pdf>

¹⁶ Opportunities to have your say can be found at: <https://www.portsmouth.gov.uk/ext/community-and-environment/community/have-your-say.aspx>

¹⁷ Who are your Councillors, MPs and MEPs: <http://democracy.portsmouth.gov.uk/mqMemberIndex.aspx?bcr=1>

¹⁸ Consultations: <https://www.portsmouth.gov.uk/ext/the-council/transparency/consultations.aspx>

Partnership working

Partnerships are about the council coming together with right organisations to deliver improved outcomes for local people. Portsmouth City Council is involved in many different partnerships at different levels, each with their own set of terms of reference for effective joint working. There are 4 strategic partnerships in Portsmouth - The Children's Trust Board, The Health and Wellbeing Board, Safer Portsmouth Partnership and Shaping Portsmouth, which are involved in delivering the city's desired outcomes. Reviews of strategic priorities for each of the partnerships have been aligned in order to better understand shared priorities, reduce duplication and improve commissioning and delivery activity.

Corporate governance controls

On an annual basis Portsmouth City Council agrees a set of corporate governance controls with the aim of strengthening governance arrangements in key areas. In 2014 the Council agreed the following nine corporate governance controls that all Services are required to comply with:

1	All services have a business plan that reflects the vision of the authority; meets a minimum set of standards; is actively managed; and is refreshed and published annually
2	Risk is regularly reviewed and tangible mitigation measures are in place and regularly tested.
3	All posts that fall within the legislation must be checked in line with DBS ¹⁹ guidelines.
4	All staff must adhere to the clear desk and clear screen policy wherever they are working and ensure that sensitive/personal information is appropriately secured when travelling to/from work.
5	The Council understands its legal equalities duties, and embed them as part of service projects/plans.
6	All services have business continuity plans in place that are regularly tested and reviewed.
7	Complaints are responded to within a timely manner, causes addressed, and outcomes recorded
8	100% of staff are given good quality PDRs and any actions resulting from the PDR must be completed within agreed timescales.
9	100% of staff complete the code of code of conduct form on joining the Council and notify managers if there are any changes.

¹⁹ Disclosure and Barring Service (DBS) Guidelines: <https://www.gov.uk/government/organisations/disclosure-and-barring-service/about>

Monitoring and evaluating the effectiveness of the governance framework

Portsmouth City Council has the responsibility for conducting at least annually, a review of the effectiveness of its governance framework. 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 statutory 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 Officer, 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

There is an agreed formal process for evaluating the effectiveness of internal control, and for 2013/14 this has included:

- An evaluation of progress against previously identified governance issues.
- Analysis of compliance with the nine internal corporate governance controls. This requires Heads of Service to complete an internal control questionnaire to evidence their services' compliance with each of the controls.
- **A self-assessment review of the Governance and Audit and Standards Committee, which was completed by the current Chair of the Governance and Audit and Standards Committee and the previous Chair of the Governance and Audit and Standards Committee.**
- Reviews of:
 - The effectiveness of Internal and External Audit.
 - External Audit's Annual Plan and opinion.
 - The Annual Internal Audit report and opinion.
 - The Corporate Risk Directory.
 - Issues identified through business planning and performance management.
 - Corporate complaints and any complaints regarding Members.
 - Freedom of information requests.
 - Data protection and information governance issues.
 - Employee Opinion and Pulse Survey results.
- Analysis of recommendations and actions arising from the following peer challenges/inspections:
 - Corporate peer challenge (March 2013).
 - Inspection of RIPA activity and compliance with codes of practice by the Office of Surveillance Commissioners Inspection (April 2013)
 - 14-19 peer challenge (June 2013).
 - HMIP Inspection (December 2013).
 - Pre-birth to 5 peer challenge (January 2014).
 - Safeguarding Ofsted Inspection (tbc)
 - School Improvement Ofsted Inspection (tbc)

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Significant governance issues for 2013/14

Portsmouth City Council have completed a number of actions over the last year, that have addressed or alleviated significant governance issues identified in the 2012/13 Annual Governance Statement. The following significant governance issues have been identified and further actions have been put in place against each, in order to strengthen the Council's governance arrangements.

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
1	The Constitution has not been reviewed/formally updated for a number of years.	Highlighted by the Corporate Governance Group	a-Set up a working group to review the Constitution.	Updated constitution published on Council website	Michael Lawther, City Solicitor	tbc
2	After 11 years, there has been a change in the political administration. There are a number of new Councillors, some of whom may have limited experience of working within a Council environment.	Election results May 2014/ Corporate Peer Challenge	a-All new Councillors to attend the induction programme and complete committee training where appropriate.	100% of new Councillors attend the induction programme and 100% of new committee members attend compulsory committee training.	Michael Lawther, City Solicitor	3 June 2014
			b-Members to consider the introduction of a more systematic and tailored political development and training offer for Councillors including the introduction of tailored Personal Development Plans and member training and development champions.	Increased member participation in non-compulsory training		
3	Mandatory training requirements are unclear and staff are not completing known requirements such as financial rules training.	Highlighted through ICQs and Internal Audit findings.	a-Learning and Development to communicate mandatory training requirements.	100% of staff have completed the mandatory training requirements.	Gemma Limburn Assistant Head of HR - Strategy	tbc
			b-Managers to check staff complete outstanding mandatory training requirements through the PDR process.			
4	Policyhub is not accessible to all staff and there is scope to improve the reporting capability.	Highlighted through ICQs	a-Managers to ensure relevant policies are cascaded to and read by staff who are unable to access Policyhub.	100% of staff receive relevant policies and reports can be run to check % of staff within each service who have read corporate policies.	Policyhub Board	tbc
			b-Policyhub board to consider upgrading Policyhub to enable more intelligent reporting.			

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
5	Not all members of staff are receiving Performance Development Reviews (PDRs).	2012/13 AGS and highlighted through ICQs	a-Report to be progressed to Employment Committee outlining the findings of the PDR review.	Recommendations to be implemented.	Julie Barratt, Assistant Head of Human Resources - Operational	tbc
			b- All managers ensure that there staff have received a PDR within the last year.	100% staff have received a PDR within the last year		
6	Not all services have completed table-top exercises to test the robustness of their service business continuity plan.	2012/13 AGS and highlighted through ICQs	a-All services to complete a table-top exercise and amend their plans based on the findings.	100% of services have completed a table-top exercise.	Kate Scott	tbc
7	There has been an increase in the number of data breaches and there is scope to improve data security.	Data breaches incident log and ICQs	a-All staff to adhere to the clear desk clear screen policy and Managers must undertake a programme of spot checks to test compliance. If issues are found, they must be escalated and addressed.	Reduction in data breaches.	Helen Magri, Corporate Information Officer/ Michael Lawther, City Solicitor	April 2015.
			b-In order to prevent inappropriate access to customer records for personal gain the following actions need to be undertaken: <ul style="list-style-type: none"> • Formal Action Policy instigated in each case • Incidents reported to the ICO. • Reminder sent to all staff via Team Brief not to access accounts without a business need • Staff with access to certain systems have signed specific declarations to say systems will not be accessed inappropriately • Auditing functionality introduced on systems. • Revisit Data Protection Healthcheck with a view to rolling out again across the Authority 	Reduction in number of complaints received/instances identified.		
8	Corporate performance management arrangements need strengthening.	Peer Challenge March 2013	a-Further develop the corporate approach to performance management, with a greater focus on KPIs, milestones and risk management.	A more consistent approach to the performance management of business plans, identifying performance risks and good practice	Kelly Nash, Corporate Performance Manager	Developing on a quarterly basis

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
9	There are public buildings that do not come under the auspices of the Council to undertake legionella testing.	2012/13 AGS	a-A system needs to be established to ensure high risk areas are tested. b-All issues identified need to be escalated to Janet Maxwell, Director of Public Health.	Issues are identified, addressed and flagged with the Director of Public Health.	John Bean, Head of Maintenance	tbc
10	There is scope to improve the governance arrangements following the transfer of public health functions to the Council.	2012/13 AGS	Tbc	tbc	David Price, Head of Business Strategy (Public Health Portsmouth)	tbc
11	The governance, partnership and management arrangements for Portsmouth Youth Offending Team (YOT) were judged to be ineffective by the HM Inspectorate of Probation.	December 2013 YOT Inspection	a-The Management Board provides effective leadership by holding the YOT and its partners to account to ensure high quality practice and achieve successful outcomes (HMIP1). b-All partners contribute actively to effective leadership, including through regular attendance at the YOT Management Board (HMIP2).	To have in place an effective YOT Board with full, consistent and appropriate membership to lead the improvement programme.	Stephen Kitchman, Head of Children's Social Care and Safeguarding	April 2014
			c-The YOT have a full complement of competent case managers and other specialist staff in place. This includes a suitably skilled education officer to maintain the effectiveness of this work and to develop the range of training opportunities and links with employers (HMIP3).	To have in place a full complement of suitably qualified and experienced case managers including specialist roles.		June 2014
			d- Data on appropriate local outcome measures, including health; education, training and employment; diversity; and safeguarding are received, scrutinised by the YOT Management Board and used to improve services (HMIP4).	The YOT Board has access to accurate and timely data through a new Performance Management Framework		June 2014
			e-Case managers have a good understanding of effective practice and YOT expectations upon them, and are subject to effective performance management (HMIP7).	All staff will be clear on effective practice and effectively and robustly performance managed.		October 2014

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
12	During 2013, the Council failed to respond to 15.5% of Freedom of Information requests within statutory timescales.	Internal Audit	Actions tbc following completion of audit.	Pending	Helen Magri	April 2015
13						
14						

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Effectiveness of the system of internal audit

On 1st April 2013 the 'Public Sector Internal Audit Standards' (PSIAS) were formally adopted across the UK, as the prescribed Auditing Standards in accordance with the Accounts & Audit Regulations. The PSIAS replaces the CIPFA Code of Practice for Internal Auditors in Local Government.

In accordance with the Standards the Chief Internal Auditor carries out an annual self-assessment of the Internal Audit Section's performance against PSIAS measuring the compliance with the definition of Internal Audit and the Code of Ethics. There is also a requirement to have an external assessment every five years and it is proposed that this will be a peer review carried out by another local authority. All results i.e. compliance or non-compliance with the standards, will be communicated to the Governance & Audit & Standards Committee along with an improvement plan if required and regular progress reports. The Annual Audit opinion must declare whether the service complies with the Standards or not and any action required to ensure compliance as well as being reported in the Annual Governance Statement.

Summary of significant governance issues for 2013/14

The review of effectiveness has identified **12** significant governance issues within the Council's governance framework. Over the coming year, Portsmouth City Council will take steps to address the issues that have been identified in order to improve the Council's governance arrangements and improve assurance in the areas of most concern. Progress will be monitored and reported to the Governance and Audit and Standards Committee on a quarterly basis over the next year.

Signed on behalf of Portsmouth City Council

.....
David Williams
Chief Executive

.....
Date

.....
Cllr Donna Jones
Leader of the Council

.....
Date

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Agenda Item 8

Agenda item:

8

Title of meeting: Governance and Audit and Standards Committee

Date of meeting: 27th June 2014

Subject: Performance Management Update - Q4, 2013-14

Report by: Head of HR, Legal and Performance

Wards affected: N/A

Key decision (over £250k): No

Full Council decision: No

1. Purpose of report

- 1.1 To inform members of performance issues arising in the final quarter of the 2013-14 reporting period.

2. Recommendations

The Governance and Audit and Standards Committee are asked to:

- 1) note the report; and
- 2) comment on the performance issues highlighted in section 4.

3. Background

- 3.1 As previously reported to the G&A&S committee, Heads of Service have produced a series of business plans, summarised as "Plans on a Page" that are the bedrock of performance monitoring in the organisation. These summary plans generally contain:
- 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)
- 3.2 For this reporting year, Heads of Service have provided performance updates against these summary plans on a quarterly basis.
- 3.3 A detailed summary of issues raised as part of the final quarter is attached as Appendix 1.

3.4 In as much as common themes emerge from the reports, it is clear that diminishing or insufficient resource is seen to be the key point. However, it is not clear from many reports (or indeed the root business plans) how the parameters around standards of delivery have been arrived at, and despite many debates around the idea of "tipping points" and quantifying impact, the reports do not in most cases provide clarity on these matters. This is an area that will be explored in more detail in the 2014/15 reporting period.

3.5 There is also a secondary issue around workforce planning and development, mentioned in a number of reports. The impact of welfare reform is picked up both by Revenues and Benefits and Housing and Property Services.

4. Areas for development

4.1 The process for reporting on performance, which for a period of time was looser, has now started to embed across the organization, and there is more rigour than has been the case for a few cycles.

4.2 We are now seeking to develop greater challenge and triangulation, looking at issues such as risk, customers and finance, as part of quarterly reporting. We are also analyzing business plans to check the extent to which these fit with corporate objectives and the existing budgetary and policy framework, and to ensure that the highest priority issues are reported appropriately.

5. Internal Audit review

5.1 An Internal Audit review has been carried out looking at performance management arrangements in the organization. Many of the issues highlighted as exceptions, or in the accompanying narrative, will be familiar to members of the committee from previous discussions on the matter, significantly the importance of bringing together a wide variety of information to ensure sufficient triangulation and challenge.

5.2 The report also highlights the need to ensure that the patchwork of arrangements across the organisation and its partnerships provides comprehensive coverage, and again, this is work that is underway as part of the business plan analysis. We are also undertaking assurance mapping to consider where senior officers and members gain their assurance on key points.

5.3 The audit also highlights the absence of the Port from current arrangements reported to Strategic Directors and members as part of the central corporate performance management framework, although there are management board arrangements in place, where Port performance is considered.

6. Equality impact assessment (EIA)

6.1 Any equality matters arising through performance or value for money consideration will be considered as a discrete process, as separate EIAs will be completed for these areas of work.

7. Legal implications

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

9. Finance comments

9.1 There are no financial implications to bring to members' 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 - Summary of service performance issues

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
1. 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 2014.

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Signed by:

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Appendix 1 – Summary of performance reports, Q4 2013-2014

What has gone well?	What needs watching?	What needs to be improved?
Revenues and Benefits		
<ul style="list-style-type: none"> - Overall, a good year with most key measures achieved and customer satisfaction at a respectable level. This has been a remarkable performance considering the Service has seen staff reductions of over 30% and work increases of over 20% since 2009. - Policies and work processes on 2 new areas, Council Tax Support and Local Welfare Assistance have been highly successful, running within forecasted budgets - Single Person Discount review 2013/14 produced a best ever net increase of £152,770 	<ul style="list-style-type: none"> - Council Tax collection (in year) was £768k below plan, although the value collected is £3.6m more than in 2012/13 - Business rates collection (in year) was £542k below plan, although value collected is over £2m more than in 2012/13 - Single Fraud Investigation Service - transfer of work and potentially staff will occur some time between Oct 2014 and Mar 2016 (date tba). Work has started on preparing for this change. - Discretionary Housing Payment expenditure outstripped 2012/13 demand by a factor of 3. Criteria & awards will need to be tracked in 2014/15, with continued focus on budgeting/money advice etc - Universal Credit introduction in Portsmouth has been postponed, with no planned date currently known 	<ul style="list-style-type: none"> - Based on savings targets (provided February 2014) over £1m savings not yet identified for the years 2015/16 to 2017/18. This as yet unmet requirement will place severe pressure on HB subsidy and income - Government has stated it will not provide funding for Local Welfare Assistance from April 2015. Work is in progress to identify what other support and funding options could be pursued.
Positive Family Steps Service		
<ul style="list-style-type: none"> - Second year 2013/14 targets met - Trajectory graph confirms confidence in meeting our three year targets (NB. 2014/15 is the last year of Phase 1 of the troubled families programme) - Successful Payment by Results (PbR) claim in the January 2014 	<ul style="list-style-type: none"> - Barnardos/MST will have a high volume of case closures in next quarter - need to maintain flow rates into the services - Local evaluation behind schedule due to a combination of factors - first evaluation report now due April 2014 - Emergence of detail about Phase 2 of 	<ul style="list-style-type: none"> - Peer to peer review of our family intervention services - stalled - Retrospective PbR claim (historic claim going back to December 2010) not yet fully explored - plan in place to do so (visit to Bristol planned 6th April) - Movement of performance measures

What has gone well?	What needs watching?	What needs to be improved?
<p>window</p> <ul style="list-style-type: none"> - Positive DCLG families team visit on the 26th March 2014 	<p>Troubled Families programme (Summer 2014) - alignment to our current programme, funding for Troubled Families Co-ordinator post, eligibility criteria etc</p>	<p>used to capability charts (measuring trends rather than snapshots)</p>
Integrated Commissioning Unit		
<ul style="list-style-type: none"> - Completed the restructure of the team with a permanent Head of Service and Deputy Head of Service in post - Finalised and agreed the s75 agreement with an integrated service spec between Adult Social Care and Solent NHS trust for the delivery of Learning Disability Service after an extended period of getting the partners to work together and resolve issues - In conjunction with stakeholders developed and submitted the Better Care Fund plan to the DoH which received positive feedback and assurance - Completed a remodeling report on Child and Adolescent Mental Health Service based on stakeholder consultation with recommendations for development and an options paper on pre-birth to 5 service model - Successfully completed the tendering of Mental Health supported living services with cash efficiencies achieved 	<ul style="list-style-type: none"> - To continue to meet the business needs of its different stakeholders and balance the conflicting priorities of its partners, ensure that the growing remit of the Integrated Commissioning Unit is well managed and adequately resourced - To address increasing level of demand, ensuring high quality of services and outcomes whilst achieving cash efficiencies - Ensure key and high profile work programmes such as Better Care Fund, Pre-Birth to 5 pathway are on track and delivered within agreed timescale - Establish a robust contract management system overseen by a small contracts team 	<ul style="list-style-type: none"> - Streamlined HR and budget management process across the council and Clinical Commissioning Group (CCG) - Improved contracts management across Children's and Adult's Social Care and Education - Effective management of health provider/s and engagement with the voluntary sector - Efficient governance arrangements across the CCG and council to minimize duplication, reduce bureaucracy and maximize efficient use of staffing resources

What has gone well?	What needs watching?	What needs to be improved?
<ul style="list-style-type: none"> - Completed remodeling of substance misuse service 		
Adult Social Care		
<ul style="list-style-type: none"> - Better Care Fund programme has been submitted to and agreed by Department of Health - KPIs identified - Development of a Resource Allocation System (RAS) for Older People and Physically Disabled People (OP/PD) - now LIVE whilst the Learning Disability RAS is currently being developed - Changes to the statutory reporting requirements are progressing - Zero Based Review project established - Overhaul of client recording system started, removal of unnecessary fields/creation of outcome based fields. Mandatory training being developed to ensure accurate data capture and management reporting - AIS performance dashboard developed 	<ul style="list-style-type: none"> - AIS upgrade to version 28.1SPS - Zero based review - Care Bill implications - Statutory Return Data 	<ul style="list-style-type: none"> - Number of people receiving personal budgets - Number of people with a learning disability in employment - Number of people with a mental health problem in employment - Numbers of people with a learning disability living in their own home
Education and Strategic Commissioning		
<ul style="list-style-type: none"> - % schools that are either good or outstanding now just above 70% with approx. 75% of Ofsted inspections in this academic year so far judged good or outstanding - Estimate for all 2014 look promising for all key stages 	<ul style="list-style-type: none"> - Monitor capacity required to deliver implementation of SEND reforms - Impact of info sharing protocols on improving the reach of data of families accessing health service - SEN places- all our special provision is forecast to be oversubscribed in 2014/5 	<ul style="list-style-type: none"> - 5+ GCSE A*-C (inc E&M) results have slipped back by 5% points from last year - validated results confirm - Improving school attendance - Condition issues at Harbour@Fratton to be resolved - financial feasibility on potential move to Vanguard

What has gone well?	What needs watching?	What needs to be improved?
<ul style="list-style-type: none"> - 2 year places remain sufficient - target numbers of 617 exceeded (635 funded) - Reshaped parenting offer - Good progress on implementation of SEND reforms - on track to be compliant with the new duties - Child support services vision, strategy and action plan in place - restructure underway - School organization - amalgamation of Milton Park schools; academy transfers completed for ALNS and Flying Bull; pre-statutory consultations underway for CPBS, Copnors and Meons/Moorings Way 	<ul style="list-style-type: none"> - Budget pressure of £0.5m for current school sufficiency programme - Academy transfers for Miltoncross, Priory and Charles Dickens by Sept 2014; Newbridge and IJB to follow - Universal Infant Free School Meals implementation - Future pressure on secondary school places - workshops planned with secondary heads in summer term - Working Anywhere/moving to electronic filing - impact on service delivery 	<ul style="list-style-type: none"> - Pressure on Year R and year 3 places for Sept 2014 and 2015
Children's safeguarding and social care		
<ul style="list-style-type: none"> - Social work matters programme is evidencing ongoing impact via improvements in the quality of assessments and care planning - Joint Action Team continues to evidence impact and developments are ongoing with plans in place to further early help support - Adoption Scorecard for % children adopted from care increased from 11% to 15% - Fostering activity is showing annual increase exceeding targets set - Review of annual participation work 	<ul style="list-style-type: none"> - Care pathway plans need on-going monitoring for consistency of quality - Need to ensure consistency of implementation of arrangements to address Child Sexual Exploitation - Progress of the Youth Offending Team action plan requires careful monitoring - Monitoring of service volumes, including duration of Child Protection Plans 2 years+ currently 11% 	<ul style="list-style-type: none"> - Further development is needed of our strategy to effectively address NEET issues - Adoption A2 indicator outturn remains above England and threshold average, practice has been reviewed and tracking systems are in place - Sickness within the service is reducing but remains above PCC average at 10.8% - Budget pressures remain, outturn for 2013/14 circa £2m+

What has gone well?	What needs watching?	What needs to be improved?
<p>indicates good levels of feedback and high satisfaction rates from service users in line with business plan priority</p> <ul style="list-style-type: none"> - Local authority designated officer (LADO) continuing to have a positive impact in relation to referral numbers and response rates 		
Housing and property services		
<ul style="list-style-type: none"> - Significant work has been undertaken to establish new build and major upgrade works to HRA properties and the main development projects are detailed in our business plan for 2014/15 - We continue to seek new funding for improvement projects following successful bids this year 	<ul style="list-style-type: none"> - The impact of welfare reform on our rental income opportunities continues; however, mitigation work is well underway to improve front-line support for residents 	<ul style="list-style-type: none"> - We continue to work on developing long-term work programmes for non-HRA assets and this work will continue well into the 2014/15 business plan period
City Development and Cultural Services		
<ul style="list-style-type: none"> - Museums welcomed 276,000 visitors in the year which represents an increase of 12% from 2012, exceeding the target of 7% - Events attendance was 260,000 in 2013 and the target in 2014 is ambitious at 400,00 visitors. - Virtual visits to Libraries reached 100,000 – an increase of over 100%. The launch of Freegal, the music download service in Q4, will encourage further digital engagement 	<ul style="list-style-type: none"> - The current Macmillan service in the libraries is well-supported and linked to key health outcomes for the city. However, alternative funding is required as existing funding is ending in 2014 	<ul style="list-style-type: none"> - To digitize archives to increase access locally, and to attract global audience; staff capacity and budget constraints but funding and volunteer options are being explored.

What has gone well?	What needs watching?	What needs to be improved?
<p>in 2014 .</p> <ul style="list-style-type: none"> - First Employment & Skills Plan progress for Portsmouth- the First Wessex housing development at Hilsea Bus Station site (59 dwellings plus 2 commercial premises on the ground floor). There is an advisory group to support this development with representatives from Highbury College, Jobcentre Plus, First Wessex, City Development and PCMI. - D-Day75 application to HLF - submitted 6 February 2014 and the outcome will be in May. Also progress on the D-Day Museum Trust - financial framework in place and the application submitted to the Charity Commission. Further to this, the Dulverton Trust have advised that the Trustees have pledged £50K to the D-Day75 project (subject to the support of the HLF). - Launch of "Enterprising Libraries" at the Central Library, a funded project until March 2014, to support creative starts ups in the city linked to the Intellectual Property and Patent Library support already in place and provide database information for marketing and research purposes for small businesses. - City Deal Sites progress:£48.75M grant 		

What has gone well?	What needs watching?	What needs to be improved?
<p>received from HMG 28th March- tender for professional support live</p> <ul style="list-style-type: none"> - The Hard - continuing to work with colleagues as part of the council's project team delivering a new transport interchange at the Hard. Planning application is due to be submitted at the end of April 2014 and works due to start in January 2015. 		
Corporate Assets, Business and Standards		
<ul style="list-style-type: none"> - The redevelopment opportunities identified through the review of the investment portfolio, and the engagement of asset holding external partners to consider shared services and regeneration of the city - Responsiveness to the high volume of service requests from the private rented sector, whilst successfully introducing Additional Licensing - a proactive approach which will improve standards in up to 3000 of the city's highest risk properties - Delivery of 218 new affordable homes by working with our housing association partners - Additional Primary Authority Agreements signed, demonstrating a continued emphasis on engaging and supporting businesses to improve both environmental health and trading 	<ul style="list-style-type: none"> - We need to understand new business opportunities and risks around external funding and income to ensure that we can sustain services that will benefit the city e.g. Employment and Skills services, manufacturing, Telecare, enterprise centres 	<ul style="list-style-type: none"> - We need to continuously review our workforce's skills to adapt to the changing demands e.g. Taking a strategic approach to investment assets, shifting consumer habits, increased support for the private rented sector, and new funding routes for employment and skills services

What has gone well?	What needs watching?	What needs to be improved?
<p>standards in the city</p> <ul style="list-style-type: none"> - Successful integration of the new Employment, Learning and Skills service, and gaining new contracts and funding to support more people in the city and the sub-region to gain skills and obtain work 		
Transport and environment		
<ul style="list-style-type: none"> - Successful delivery of Tipner Park and Ride and Northern Road Bridge - Local Flood Risk Management Strategy (LFRMS) consultation has been completed - Parking Strategy adopted - We continue to collect and dispose of household waste effectively within the contract and within budget; the contractor continues to operate within all contract key performance indicators (which are cost and service based) - The first recycling data since the start of the Big Recycle showed a small increase in recycling rates - this will need at least 2 more quarters before a trend can be established. 	<ul style="list-style-type: none"> - Parking income reduced due to park and ride operations - PCC have begun the formal process for procuring a new contractor to manage the recycling centre - issues surrounding opening hours and use by traders will need to be monitored during the procurement - ERC, the contractor who collects textiles, has agreed a reduction in income rates with the framework authority (Fareham Borough Council) - this will impact on the income received by PCC - New finance staff have begun working with the waste teams, and the lack of knowledge is initially increasing the workload on operational staff 	<ul style="list-style-type: none"> - Constraints/affordability of PFI - Expected economic growth is likely to raise waste volumes, thus increasing waste management costs beyond any budget pressures - Contractual negotiations with Veolia are being led by HCC. There may be some savings, but it is likely to be a difficult and complex process similar to the PFI modernization project.
Community Safety and Licensing		
<ul style="list-style-type: none"> - The ASB Crime and Policing Bill has now become an Act introducing new tolls and powers in the coming year - First Shared Service Board meeting 	<ul style="list-style-type: none"> - Impact of budget cuts for frontline services e.g. 6 community warden posts deleted leading into 2014/15 - First stage of accommodation moves take 	<ul style="list-style-type: none"> - Continued need for partners to be working together as in time of austerity there is a tendency to retreat into silo working

What has gone well?	What needs watching?	What needs to be improved?
<p>held</p> <ul style="list-style-type: none"> - Consensus from SPP responsible authorities to take the Delivering Differently work to the next stage - All crime reduced by 7%, and violent crime by 8% (q3 figures) - Domestic abuse scrutiny review completed - final report to be presented in July - Review of licensing fees (total cost recovery) focus on hackney carriage and private hire licensing 	<p>place weekend of the 6th June - workshops for managers planned</p> <ul style="list-style-type: none"> - Large number of change related projects across the service - staff are working to capacity - Potential increase of private hire vehicle numbers and review of the hackney carriage and private hire licensing policies will not be met favourably by trade 	
Public Health		
<ul style="list-style-type: none"> - PSHE pilot implemented and being extended due to initial success - Attracting investment - Portsmouth Gateway, Chances 4 change - Significant development of the JSNA has expanded reputation - Healthy Living Pharmacy evaluation achieved 93% satisfaction - Alcohol Interventions Team continuing to receive a high number of referrals - Alcohol work shortlisted for MJ awards 	<ul style="list-style-type: none"> - Obesity rates for year R similar to the England average - Ongoing Tier 3 weigh management service arrangements to be agreed within the CCG 	<ul style="list-style-type: none"> - Obesity rates in year 6 worse than the England average - 16-18 conception rates still above the national average - Pregnancy rate for school aged children (under 16s) needs reviewing as we have a very high number of 14 year olds getting pregnant - Pneumococcal vaccination rates, influenza vaccine in pregnancy and under 65s, and pre-school boosters were all below the national target and require improvement
Information Services		
<ul style="list-style-type: none"> - Demand for new work and improvements very high - Great results from recruitment campaign, high quality people 	<ul style="list-style-type: none"> - PSN - Government requirements affecting business ability to deliver agile solutions for mobile and flexible working 	<ul style="list-style-type: none"> - Poor perceptions laid down by customers based on a gap in their resource limitations to plan is prolific at present, meaning we have to

What has gone well?	What needs watching?	What needs to be improved?
<p>recruited with good potential, lots of home grow opportunities for future secured</p> <ul style="list-style-type: none"> - Good morale and energy in service - Continue to deliver good results for the business 		<p>overdo the due diligence on audit trails. The current blame culture is dissipating IS resource as the amount of time needed to cover backs is growing.</p>
Customer, community and democratic services		
<ul style="list-style-type: none"> - Communications achieved £717,124 EAV - Creative design input on RISE and JLP - Print review - collaborative working with Portsmouth Uni - New web and intralink near to completion - Consultation review - reducing consultations 47% - Mod Gov implementation - Elections, FOI and CHD reviews - Pulse results - 62% staff feeling well-informed - FOI increase in requests by 36% with same resource - LGA coverage of new income work - Superintendent Registrar taking Regional Lead role on proposed changes to immigration bill - 1900 press enquiries dealt with 	<ul style="list-style-type: none"> - Increased customer demand against a background of reduced resource across all PCC services is impacting service delivery - we plan to fully investigate and deliver recommendations around channel shift - Introduction of IER and delivery of elections (reliance on support from across PCC and increased costs) - Amount of corporate pull on services around areas such as creative design, income generation and consultation - as resource reduces and is reviewed in other services work lands with us and we do not have capacity and many areas of our service now self-funded to so this is adding risk to our delivery and staff - we are seeking to address this via forward planning with services and agreement on funding models - Potential issues with Coroner's Office and Medical Examiner role - watching brief. 	<ul style="list-style-type: none"> - As per previous column
HR, Legal and Performance		
<ul style="list-style-type: none"> - Overall sickness absence reduced to 	<ul style="list-style-type: none"> - Maintaining levels of support in light of 	<ul style="list-style-type: none"> - Workforce planning

What has gone well?	What needs watching?	What needs to be improved?
<p>8.4 days</p> <ul style="list-style-type: none"> - Audit plan completed - Rollout of HR self-service to pilot services complete - New child protection cases now completed <30 weeks on average - New print shared service with university - Ongoing and improving levels of support across the council and its partnerships 	<p>ongoing budget cuts</p> <ul style="list-style-type: none"> - Tension between stronger governance and organizational efficiency - Ability of organization to seek/receive/act on constructive challenge 	<ul style="list-style-type: none"> - Capacity planning for major projects and other work - Full development of L&D offering

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Agenda item:

Decision maker:	Governance & Audit & Standards Committee
Subject:	Arrangements for Assessment, Investigation and Determination of a Complaint that a Member has failed to Comply with the Members' Code of Conduct
Date of decision:	Governance & Audit and Standards Committee 27 th June 2014 Council 15 th July 2014
Report by:	City Solicitor
Wards affected	N/A
Key decision (over £250k)	No

1 Background

1.1 Following Council's consideration of a Notice of Motion on the 13th February Council resolved that the matter set out below, was referred to the Governance & Audit & Standards Committee.

"The Council's arrangements for the determination and consideration of complaints approved by Council on the 17 July 2012 provide that when the Monitoring Officer produces a report into an alleged breach of a Code of Conduct, that a copy of that report is provided to the Councillor who is the Subject of the Complaint.

The Governance and Audit and Standards Committee are asked to consider a review to these arrangements to require that when a Consideration Sub-Committee accept an independent investigators report into a member complaint on behalf of the GA&S Committee, that the report should be published, complying with the Data Protection Act, and that a copy of the report should be provided to the Complainant also."

1.2 The Committee is asked to consider whether it is content to make this amendment to the present arrangements for the assessment, investigation and determination of complaints. In the event that the Committee makes any change to those arrangements that decision will be required to be approved by Council.

2 Purpose of Report

2.1 To enable Members to consider whether they are content to agree the proposed change to the arrangements so that any independent investigators report into a complaint is published and a copy provided to the complainant, subject to compliance with the Data Protection Act.

3 Present situation with regard to investigation reports produced as part of the consideration of complaints.

- 3.1 Following the receipt of a complaint an Assessment Sub-Committee of the Governance and Audit and Standards Committee is established to consider the complaint. The purpose of the Sub-Committee is to decide if what has been complained about could, if it is proven, amount to a breach of the Council's Code of Conduct. It is not to decide on whether or not there has been a breach of the Code. In the event that it is decided that it could amount to a breach of the Code then the Sub-Committee can if they consider it to be a sufficiently serious breach refer it for investigation. Depending upon the allegations in the complaint this may be investigated internally or externally. A report is then produced for the Sub-Committee to consider.
- 3.2 A copy of the report is made available to the Councillor who is the subject of the Complaint. This is to enable the Councillor to respond to the investigators findings which is essential to enable a proper consideration of the complaint and it is also necessary in the interest of justice that the Subject Councillor is made aware of the allegations and evidence against them.
- 3.3 At present the report is not published. This is to allow the details of the allegation and the result of the investigation to remain confidential until such time as the Sub-Committee have been able to consider the report, decide if they accept its findings and also reach a conclusion on those findings. It is a concern that if the report was published before the Sub-Committee had fully considered it this could impact upon the Sub-Committee and would be unfair for any Councillor who is the subject of a complaint. In particular that it may prejudice the outcome of the matter before it was fully considered. It is for these reasons that this change is not recommended.
- 3.4 A copy is also not at present automatically made available to the Complainant. The complainant is not provided with a copy as they are considered to be witness to the events complained of and in that capacity. The complainant will, however, inevitably be interviewed as part of the investigation and their concerns examined by the investigator in his report.
- 3.5 The proposal to provide the complainant with a copy would in reality not give the complainant greater rights than they presently enjoy, as they are entitled to obtain a copy if they are referred to in the report, under the Data Protection Act. Any such copy of the report would in any event be redacted to protect the rights of the Councillor who is the subject of the complaint. It may, however, be felt that the procedure for the assessment investigation and determination of complaints should be amended to make this right of the complainant explicit. It could also be further amended to require copies of any report which is produced as part of an investigation to be provided to the complainant, whether it is produced by an independent investigator or the Monitoring Officer.

4 Recommendation

- 4.1 For the reasons outlined above the investigation report is not published in whole, or in part, but that the Council's procedure for the assessment investigation and determination of complainants is amended to allow a redacted copy of the investigators report to be provided to the complainant at the same time that it is provided to the councillor who is the subject of the complaint.

5 Equality Impact Assessment (EIA)

- 5.1 The contents of this report does not have any relevant equalities impact and therefore an equalities assessment is not required.

6 City Solicitor's Comments

- 6.1 The City Solicitor's comments are included in this report.

7 Head of Finance & S151 Officer Comments

- 7.1 There are no financial implications arising from the recommendations set out in this report.

.....
Signed by: Michael Lawther City Solicitor

Appendices:

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	N/A

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Agenda Item 10



Portsmouth
CITY COUNCIL

Agenda item:

Title and Date of meeting:

**Governance and Audit and Standards Committee
27 June 2014**

Full Council 15 July 2014

Subject:

Filming, photographing and recording of public meetings of the Council

Report by:

Local Democracy Manager

Wards affected:

N/A

Key decision:

No

Full Council decision:

Yes

1. Purpose of report

The purpose of the report is to provide information to the Council on how best to ensure compliance with the new legislative requirements under the Local Audit and Accountability Act 2014, which requires (once the necessary secondary legislation is in place) Councils to allow the filming, photographing and recording of all meetings of the Council to which the public are admitted.

2. Recommendations

RECOMMENDED

(1) that the Council agree the proposed rules for governing the filming, photographing and recording of Council meetings to which the public are entitled to attend (see appendix A below) which will form part of the Constitution, subject to any revisions that may be necessary once the Secondary legislation is published

(2) that Standing Order 36 (c) relating to public conduct be deleted and replaced by the following -

The public and broadcasters are permitted to film or record meetings to which they are allowed access so long as they do so from areas specifically allocated to them and in a manner which does not disrupt the running of the meeting

The use of digital and social media recording and communication tools including Twitter , Blogging or audio recording will be allowed so long as it does not interfere with the running of the meeting.

The filming or recording of members of the public is prohibited in circumstances where they are not making representations to the meeting. Where a member of the public who is addressing the meeting does actively object to being filmed, they should also not be filmed.

The Chair of the meeting or anyone designated by the Chair shall stop the meeting and take appropriate action if anyone breaches the rules governing the filming, photographing and recording of Council meetings (appendix A refers)

(3) that Standing order 34 (a) (iii) relating to conduct of Councillors and members of the public in meetings, be deleted

(4) it is not considered necessary to make any material changes to the facilities currently afforded to the press and public in the meeting chamber and rooms currently used by the Council, however this may need to be reviewed once the detail of the Secondary legislation is known and if additional facilities are required to be provided; if such a review is required, it be undertaken through a Member/officer working group comprising representatives of all Groups on the Council.

3. Background

The Full Council on 10 December 2013, resolved that the issues raised in the below notice of motion be considered by Scrutiny Management Panel for report back to Council at a later date.

"The Council supports the principles of openness and transparency and encourages filming, recording and the taking of photographs at council meetings that are open to the public. It also welcomes the use of social networking websites (such as Twitter and Facebook) and micro-blogging to communicate with people about what is happening, as it happens at council meetings.

The Council instructs the Chief Executive to prepare a report for the next Governance and Audit and Standards Committee meeting on how the terms of this motion can best be implemented."

Since that time the Local Audit and Accountability Act 2014, received Royal Assent - a relevant extract from which is produced below for ease of reference.

"Access to local government meetings and documents

- (1) The Secretary of State may by regulations make provision for and in connection with allowing persons—

- (a) to film, photograph or make sound recordings of proceedings at a meeting of a body to which this section applies, or of a committee or sub-committee of such a body;
 - (b) to use other means for enabling persons not present at such a meeting to see or hear proceedings at the meeting, as it takes place or later;
 - (c) to report or provide commentary on the proceedings at such a meeting, orally or in writing, so that the report or commentary is available, as the meeting takes place or later, to persons not present at the meeting.
- (2) Regulations under subsection (1) may in particular make provision—
- (a) for allowing persons to make available to the public or a section of the public using any medium (including the internet) things produced as a result of activities within that subsection;
 - (b) about the facilities to be made available by bodies to which the regulations apply to enable persons to carry on such activities;
 - (c) about the steps to be taken by persons before carrying on such activities;
 - (d) about the circumstances in which persons may not carry on such activities, including for enabling a person specified in the regulations to prevent them from doing so in the circumstances specified in the regulations."

On 18 March 2014, Full Council considered and agreed the Scrutiny Management Panel's recommendation that a working group be set up to prepare a report on how the practicalities of this impending requirement can be implemented as soon as possible, including how the Council's Standing Orders should be amended. In the circumstances, the timescale involved over the pre and post election period has not allowed a working group to undertake this work prior to the Governance and Audit and Standards Committee meeting, which in turn is required to report to the Full Council in July, so the requisite changes can be approved before the relevant Regulations requiring compliance are in place. Consequently, this report seeks to help ensure the necessary information is before Full Council for determination before compliance is imposed by Regulation.

4. Conclusion

Clearly until the subsequent Regulations/secondary legislation and accompanying guidance is published, it is not possible to know the detailed application and operational requirements, however this report seeks to address the principles of the Act, whilst recognising that some revisions to the proposals may be necessary when more information is produced.

5. 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.

6. Legal Implications

These have been taken into account In the preparation of this report.

7. Finance Comments - There are no financial consequences arising from the recommendations in the report.

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Signed by:

Appendix:A Rules Governing the Filming, Photographing and Recording of public meetings of the Council.

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	

Appendix A - Rules governing the Filming, Photographing and Recording of public meetings of the Council.

The filming, photographing and recording of all Council, Cabinet (including portfolio holder meetings), Committee, Sub Committee and Panel meetings (collectively known as Council meetings) to which the public are admitted shall be allowed.

Meetings or parts of meetings from which the press and public are excluded may not be filmed or recorded.

The public and broadcasters are permitted to film, photograph or record meetings to which they are allowed access so long as they do so from areas specifically allocated to them and in a manner which does not disrupt the running of the meeting.

The use of digital and social media recording and communication tools including Twitter, Blogging or audio recording will be allowed so long as it does not interfere with the running of the meeting.

The filming, photographing or recording of members of the public is prohibited in circumstances where they are not making representations to the meeting and the Council will take action as it considers appropriate against any person found to be contravening this restriction.

Where a member of the public who is addressing the meeting does actively object to being filmed, photographed or recorded, they should not be filmed, photographed or recorded.

The Chair of the meeting or any Council representative designated by the Chair, has the Authority to stop the meeting and take appropriate action if any person breaches these rules or is considered to be filming, photographing or recording in a disruptive or otherwise inappropriate manner.

Any person or organisation choosing to film, photograph or record any meeting of the Council, is responsible for any claims or other liability resulting from them doing so and by choosing to film, photograph or record proceedings, they accept that they are required to indemnify the Council, its members and officers in relation to any such claims or liabilities.

The Council will display the requirements as to filming, photographing or recording, at its meeting venues and those undertaking these activities will be deemed to have accepted them whether they have read them or not.

The Council will publish the guidance on the filming, photographing and recording of meetings on its web site.

Agenda item:

Decision maker:	Governance & Audit & Standards Committee
Subject:	Composition of Sub-Committees considering complaints against Members.
Date of decision:	27 th June 2014
Report by:	City Solicitor
Wards affected	N/A
Key decision (over £250k)	No

1 Background

- 1.1 The Council agreed on 17th July 2012 to "disapply" the political balance rules in respect of Sub-Committees of Governance and Audit and Standards Sub-Committees which were dealing with complaints. ¹This meant the Sub-Committees' membership would in future not be made up of Members in the same proportion as the political groups are represented on the Council. Instead it was agreed that the Sub-Committees would be "cross party as far as reasonably practicable." This was considered important to ensure the greatest transparency in the decision making of these Sub-Committees where complaints against Members were considered.
- 1.2 However, Section 17 (2), Local Government and Housing Act 1989 provides that any decision not to apply the political balance rules shall come to an end if there is any change in the make-up of a committee where they have been disappplied. In January 2013, the Committee membership changed and therefore the Council was required to once again apply the political balance rules. From that date all Sub-Committees were made up of two Lib-Dems Members and one Conservative Member in accordance with the political balance rules. The Committee further considered the question on 30th January 2014 and decided not to suspend the political balance rules.
- 1.3 As there has again been a change in the political make-up of the Council, Members have asked to reconsider the matter. If the decision is made to disapply the political balance rules then they shall be applied only until the end of this council year in May 2015 when the matter would again have to be reconsidered.
- 1.4 The decision is one which this Committee can make without further reference to council but it must be made without any of the Members present voting against it.

¹ <http://www.legislation.gov.uk/ukpga/1989/42/section/17>

2 Purpose of Report

2.1 The purpose of the report is to ask the Committee to consider whether it wishes to dis-apply the political balance rules in respect of its Sub-Committees which are considering complaints against Members. This would consequently mean that the three member panel shall wherever possible comprise a representative of three of the four groups on the Council, all the time those groups are represented on the main committee.

3 Recommendation

3.1 Members are asked to consider whether it wishes to dis-apply the political balance rules in respect of its Sub-Committees which are considering complaints against Members.

4 Equality Impact Assessment (EIA)

4.1 The contents of this report do not have any relevant equalities impact and therefore an equalities assessment is not required.

5 City Solicitor's Comments

5.1 The City Solicitor's comments are included in this report.

6 Head of Finance & S151 Officer Comments

6.1 There are no financial implications arising from the recommendations set out in this report.

.....
Signed by: Michael Lawther City Solicitor

Appendices:

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	N/A



Decision maker:	Governance & Audit & Standards Committee
Subject:	Annual Internal Audit Report for the 2013/14 Financial Year
Date of decision:	27 June 2014
Report by:	Chief Internal Auditor
Wards affected	All
Key decision (over £250k)	No

1. Summary

- 1.1 In 2013/14 Internal Audit raised 18 critical exceptions, 15 of these have previously been reported to this Committee and the remaining three are detailed in this report. Although the number of critical's has increased since the previous year, 9 relate to one school and should be considered in isolation. Overall the number of high and critical exceptions has remained consistent over the last three years.
- 1.2 There is one audit report currently in draft that has a potential additional critical exceptions and is awaiting finalisation, this will be reported at the next meeting.
- 1.3 99% of the revised Annual Audit Plan has been completed. This represents 143 Audits from the revised plan of 150. Five audits have been deferred or removed and are detailed in this report.
- 1.4 In addition to the planned audits there are 13 areas of on-going work and 5 of continuous audits which contribute to risk assurance.
- 1.5 Areas of Assurance for the 2013/14 audits are shown in Appendix A.
- 1.6 257 days of reactive work were undertaken in 2013/14, with 245 days set aside in the 2013/14 Audit Plan.

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 findings for 2013/14 and highlight areas of concern.
- 2.2 To advise Members of the Audit Plan for 2014/15.

3. Background

- 3.1 The Annual Audit Plan for 2013/14 was drawn up in accordance with the agreed Audit Strategy approved by this Committee on 24th January 2013 following consultation with Heads of Services, Strategic Directors, Chief Executive and the previous Chair of this Committee.

3.2 The Annual Audit Plan for 2014/15 has been drawn up in accordance with the agreed Audit Strategy approved by this Committee on 30th January 2014 and following consultation with the Heads of Services, Strategic Directors, Chief Executive and the previous Chair of this Committee.

4. Recommendations

4.1 That Members note the Audit performance for 2013/14.

4.2 That the highlighted areas of control weakness for the 2013/14 Audit Plan are noted by Members and endorse actions being taken to remedy those weaknesses.

4.3 Members note the Annual Audit Opinion on the effectiveness of the system of internal control for 2013/14.

4.4 Members endorse the Audit Plan for 2014/15.

5. Audit Plan Status for 2013/14

Percentage of approved plan completed

5.1 99% of the annual audit plan has been completed. Appendix A shows the completed audits for 2013/14. This percentage is made up as follows;

- 138 new reviews (95%) where the report is finalised, 5 (4%) in draft awaiting agreed actions from management and 2 (1%) currently in progress.

5.2 One of the audits currently in draft has a potential critical exception which will be reported during the next meeting.

5.3 The two audits that have not been completed are Housing Rents and Management of Markets; these are currently being worked on and will be reported as part of the 2014/15 Audit Plan.

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

Changes to the Audit Plan during 2013/14

5.5 At the last meeting it was reported that the Audit Plan had been revised to 150 audits and a further 5 have been taken out as follows:

- Commercial Rent Reviews and Valuations has been deferred pending implementation of the new asset management system.
- Special Educational Needs has been deferred pending implementation of a new process commencing in September 2014.
- Quality Assurance has been removed from the plan as the scope of review has already been covered by the service.
- Super Connected City was not audited as no auditable claim had been received for 2013/14.
- Hospital Based Social Work Team has not been followed up as the work carried out was of an advisory nature.

Reactive Work

5.6 245 days have been allowed for reactive work and investigations in 2013/14 and 257 days were used.

- 5.7 The 257 reactive days were used for:
- 20 special investigations
 - 46 items of advice (of half a day or more- advice which takes less time than this is not recorded)

As well as the following unplanned reviews:

- Department of Energy & Climate Change Local Authority Fuel Poverty Grant
- Troubled Families Grant
- Energy & Climate Change Grant
- Pilots National Pension Fund verification of contributions

Exceptions Arising From Audits Completed 2013/14

5.8 Of the programmed reviews completed so far this year the number of exceptions in each category have been:

- 18 Critical
- 215 High Risk
- 55 Medium Risk
- 8 Low Risk (improvements)

5.9 The table below is a comparison of the audit status figures for 2013/14 and the previous two years.

	2009/10	2010/11	2011/12	2012/13	2013/14
% of the audit plan completed	99%	98%	96%	100%	99%
No. of Audits Completed for the year	156	169	167	125	143
No. of Critical exceptions	14	3	8	8	18
No. of High risk exceptions	273	184	198	184	215*
Ratio of number of high risks to audits (excl. schools)	1.6:1	0.9:1	0.8:1	1.35:1	1:11
No. of reactive days (**adjusted for consistency)	329	235	285	252	257**

*9 of the critical and 86 of the high risk exceptions relate to Schools where full review programmes are being carried out in 2013/14 that were not carried out in the previous two years.

**In the years 2009/10, 2010/11 & 2011/12 the reactive days included an amount of time spent on carried forward audits, this has been excluded to provide an accurate comparison

Other Non-Audit Activities Undertaken

- 5.10 The following 13 areas are on-going areas of work carried out by Internal Audit;
- Regulation of Investigatory Powers Act (RIPA)- authorisations and training
 - Anti-Money Laundering review of Policy and training and SARs reporting

- Investigations (included in the 245 days of reactive work)
- Financial Rules, review, waivers, training
- National Fraud Initiative (NFI) to facilitate national data matching carried out by the Audit Commission
- Internal Data Matching of the Council's own data
- National Anti-Fraud Network (NAFN) bulletins and intelligence follow up
- Counter Fraud Programme
- Policy Hub project to ensure that all Council policies are held in one place and staff are notified of the policies relevant to them
- G&A&S Committee reporting and attendance and Governance
- Audit Planning and Consultation
- Risk Management
- Oracle R12 support and advice throughout the planned upgrade.

Continuous Audit Areas

5.11 The following 5 areas are subject to continuous audit (i.e. regular check to controls) and feed into overall assurance;

- Legionella Management
- Asbestos Management
- Key risks management in services
- Performance Management
- Business Continuity/Emergency Planning

6. Areas of Concern

6.1 There are three new critical exceptions highlighted since the last meeting:

6.2 Independent Fostering Agreement

- (i) Two critical exceptions were raised as a result of audit testing. Firstly testing evidenced that no checking is carried out by the Project Manager at Hampshire County Council (the lead authority for the framework) to ensure that Disclosure and Barring Service (DBS) checks are in place and reliance is placed on the 3 yearly Ofsted inspections. Secondly testing also highlighted a lack of checks carried out on insurance documentation.
- (ii) This lack of checking is not in line with Portsmouth City Council's standard contract monitoring procedures for Children's Social Care contracts as followed by the Contracts Officer in the Integrated Commissioning Unit.

Agreed Action

- (iii) Additional contract compliance capacity has been requested and supported by the management team to ensure that DBS and insurance checks are undertaken in line with PCC policies. To be implemented May 2014.

6.3 Children's Services Commissioning

- (i) Testing of contract monitoring found that:
- A contract for youth services had no evidence on file that the provider had an up-to-date insurance policy in line with the contract requirements, or evidence that the provider was carrying out DBS checks on its staff.
 - For a contract for parent participation the insurance document seen during the May 2013 contract review expired at the end of September 2013. The current certificate had not yet been obtained from the provider.

- For a Special Educational Needs contract the Inclusion Manager confirmed that under the Children's Cross Regional Arrangements Group (CCRAG) each authority looks at 2 or 3 providers using a 'Form B' template, which covers insurances as well as DBS checking. However, for the placement tested the Inclusion Manager had not been sent a copy of the completed review and therefore it is not possible to tell if insurances and DBS checks have been reviewed.
- (ii) Without seeing the insurance certificates the Authority has no assurance that the providers are adequately insured. If providers are not insured or not adequately insured then claims could be made against PCC instead, which would have an impact on the Authority's finances.
- (iii) The Authority has a responsibility to ensure that all contractors providing social care services DBS check their employees. If an incident occurred and it was found that the employee had not been DBS checked or was not working under direct supervision a claim could be made against both the provider and PCC. This could have a large impact on the Authority's finances.
- Agreed Action**
- (iv) Contract one - Documents will be requested along with DBS check numbers and insurance details. These will be regularly reviewed by the Manager to ensure they are up to date. This will be implemented from the date of the audit.
- (v) Contract two - a copy of the current insurance has been requested by the Short Breaks Officer.
- (vi) Contract three - Special Educational Needs contract - the Special Educational Needs and Disability Team Manager will request a copy of the most recent Form B for the placement tested plus for all schools where PCC has placed children. Special Educational Needs Manager to request updated on-line portal access to enable him to view the completed Form B's online. This will be completed by 31st May 2014.

Updates on previously raised critical exceptions

6.4 Appendix B provides a summary of the previously raised critical exceptions in 2012/13 and 2013/14 with updates from follow-up reviews.

7. No Assurance Audits

7.1 Audits where 'no assurance' is noted do not always include critical exceptions however they are highlighted in this report as the level of high risk exceptions identified during the audit indicate that there are significant control weaknesses overall.

There are 11 new no assurance audits from the date of the last meeting.

7.2 Capital Scheme and PFI Contract

- (i) A review of the processes and procedures in place for Capital call off work under the Highways PFI was undertaken.
- (ii) Schemes are designed by PCC and then priced by Colas using the set schedule of rates. Audit testing showed that the schedule of rates was first established in 2004 and from correspondence seen it was always PCC's intention to expand it. This has not happened and Colas class an item that is not on the schedule of rates as a rogue item.

The price of the rogue item has a 12% overhead and an 8% profit added, but as they base it on sales it equates to a 25% mark up on cost being added.

- (iii) Prices on the Schedule of Rates are subject to an annual uplift which is currently set at 10.5%. Audit testing also highlighted the use of various other uplifted rates which do not appear to comply with the Highways PFI model contract.
- (iv) With the use of the Schedule of Rates, various up lifts and rogue items being used to cost the schemes it is not possible to establish if PCC are receiving value for money on the Capital call of schemes.

Agreed Action

- (v) The Highways PFI contract is currently in the process of being renegotiated and is being resourced by a comprehensive project team.

7.3 Housing Voids

- (i) Testing identified that following the systems thinking intervention in 2007/08 there are no written policy and procedures in place which document the roles and responsibilities of the different teams involved in ending the tenancy through to property reallocation.
- (ii) Testing was unable to ensure compliance with Housing Act 1988/1996 for ending tenancies and Local Government (Misc. Provisions) Act 1982 for dealing with possessions left by former tenants. Testing highlighted inconsistent paperwork and incorrect information recorded on various systems.
- (iii) Testing was also carried out to ensure that tenants uncollected property is held securely awaiting collection/disposal and to ensure there are procedures in place to prevent incorrect clearance of property. This highlighted that locks were changed before the former tenant or their representative had confirmed they had cleared the property of any possessions. The legal guidance for storage of property was not being followed, the quality of the data recorded on the void records was inconsistent and there was no consistent record of which shed belongs to which property.

Agreed Action

- (iv) Guidance is to be written and standard documents to be produced to assist staff at all stages of the void process. The Area Housing Managers will ensure that the guidance is understood and followed in their area. This is to be completed by December 2014.

7.4 Domiciliary Care

- (i) Currently all of the Key Performance Indicators (KPI) returns are reported quarterly, based on a sample week determined by the Contracts Officer. Using a sample week for KPI data does not give a full picture of how the providers are performing over the whole quarter.
- (ii) It was confirmed that invoices are based on the hours of care shown in the individual service contract that is in place between the Domiciliary Care provider and the service user and not on the actual care provided. Reports are provided by the Domiciliary Care companies from their Electronic Monitoring Systems showing the actual cumulative variances for clients that have received more or less care than planned for in the sample week used for KPI monitoring. Testing found a potential overpayment of £695 across a sample of clients. As the information provided is only for a sample week it is not possible to tell whether the cumulative variances balanced to zero over the year, or if there was on-going under provision of care resulting in further overcharging.

Agreed Action

- (iii) Performance is measured using the corporate KPIs in Intend. Targets will be reintroduced against each KPI (1-4b).
- (iv) PCC will consider moving to paying providers in arrears for actual hours delivered rather than ½ arrears and ½ in advance for planned hours.
- (v) PCC will ask the provider to generate a report showing all visits for the quarter for these clients. Once we have reviewed the data and having checked against invoices received in this period, PCC will arrange to visit the provider to discuss and if necessary request a credit.

7.5 Direct Payments (DP) Follow Up

- (i) The current direct payments manual is obsolete but there are current documented processes that are being followed. Clients are to be moved over to pre-paid cards in 2014/15 and operational procedures will be developed as the pre-paid cards come into force. All clients are expected to be on pre-paid cards by the end of March 2015.
- (ii) Sample testing of DP clients found that support plans are still not always clearly setting out how the direct payment is to be spent.
- (iii) Social Workers have not been verifying the existence of carers (personal assistants). However, this will be addressed as part of the move to prepaid cards.
- (iv) Sample testing found that:
 - Returns are not always being chased up in a timely manner by the Payments Team
 - Social Workers are not always arranging reviews of direct payments or actioning review requests in a timely manner

Agreed Action

- (v) Direct Payment Support Worker's to verify existence of carers as part of move to pre-paid cards - by the end of 2014/15 and compliance against the procedure by the Payments Team is to be monitored by the Policy, Projects and Payments Officer.
- (vi) If Social Workers do not arrange joint review meetings in line with the procedure timescale this should be flagged up to the manager of the Social Worker by the Financial Assessments, Income and Recovery Team Leader.
- (vii) Social Workers to be reminded of the need to clearly specify how direct payments are to be spent.

7.6 Debt Recovery Follow Up

- (i) Follow up testing identified that Debt Recovery Policies and Procedures are currently being updated. Members of the Debt Recovery Team have revised the Recovery Process Notes and they are awaiting review by the Debt Recovery Enforcement Team Leader.
- (ii) The Debt Recovery Enforcement Team Leader confirmed that there is a new performance database currently being built. This data base will allow for benchmarking and performance statistics which are currently not available.

- (iii) A sample of staff was selected to ensure that they had completed PCC mandatory training; 75% had completed Anti- Fraud, Bribery & Corruption training and 50% of staff had completed all 3 modules of Financial Rules training.
- (iv) Testing evidenced that 1 of the members of staff had access to their current personal council tax account.

Agreed Action

- (v) Procedures and processes are to be finalised and circulated to all relevant staff. Performance monitoring will commence once the system goes live and staff training will be undertaken where required. Access to all personal accounts will be restricted.

7.7 External Bailiffs

- (i) There is no signed agreement between PCC and the seven external bailiff companies appointed under the current framework. Anecdotal evidence confirmed that two of the seven companies have been appointed under the framework agreement from May 2010 to the current date.
- (ii) Testing was also unable to evidence any performance monitoring during the period of May 2010 to April 2014 on the work carried out by these companies. Statistical data is received from the external bailiff provider which is currently unchallenged. An analytical review on collections over a 3 year period indicated an increase in the average monthly collection rate. However, this data is not reliable as it has not been possible to compare this to the total debt that the bailiff held at any given time against what PCC believe they hold.

Agreed Action

- (iii) The framework is due for renewal in May 2014 and will be signed by the enforcement companies. Training on the Intend system will be undertaken to ensure that monitoring is undertaken on a quarterly basis. The tender document for the new framework states that it would be desirable to have an interface for monitoring purposes. Minutes of meetings with enforcement companies will be formally documented and circulated.

7.8 Inspection and Maintenance of Paths

- (i) The Highways Act 1980 states that the City Council have "a duty to ensure a safe passage along a highway". Audit enquiries were unable to identify a complete plan of all of the paths in the city that the Authority has a responsibility to maintain.

Agreed Action

- (ii) The Assistant Head of Service (Infrastructure) will establish who is responsible for paths city wide and determine if there is an inspection and maintenance programme in place.

7.9 Advertising - Follow-up

- (i) The original audit highlighted that there were insufficient controls in place to prevent and detect fraud and actions were agreed to review the process and put in place more checks and balances with a role specifically over-seeing these.
- (ii) In the follow-up review the Head of Customer Community & Democratic Services has confirmed that the agreed action for a specific role to oversee additional checks has not been implemented.

Agreed Action

- (iii) Internal Audit will carry out a full audit of the selling of advertising in 2014/15 which will work with the service to review and implement additional controls in the current system.

7.10 Right to Buy

- (i) Testing was carried out to ensure that there are effective processes to prevent and detect fraud. Testing identified that information gathered in the right to buy process is not passed onto Housing Benefit where the tenant is claiming Housing Benefit and Council Tax Support.
- (ii) Testing also highlighted that there is no fair process notice as part of the application. This is included on most Council forms to inform the applicant that the information that they complete may be shared, for example for the prevention and detection of fraud.

Agreed Action

- (iii) The Right to Buy Officer contacted both the Housing Benefit Support Team and Local Taxation to put in place a process where they are alerted should any potential fraud be evident.
- (iv) The Right to Buy Officer will still continue to ask right to buy applicants how funding the purchase will be achieved, and will flag with both departments should inheritance, gifts of money or additional members of the family be added to an application who are not listed on existing HB or Council Tax claims.

7.11 Accounts Payable

- (i) Testing identified:
 - a) Non-compliance with Financial Rules as purchase orders were raised once invoices had been received
 - b) That payment of invoices were being made early or outside of the agreed terms.
 - c) That HMRC employment status checks on new suppliers were not being completed in all cases
 - d) That staff were not utilising their purchase cards for low value payments.

Agreed Action

- (ii) Two different Accounts Payable module specifications have been put forward to the E-Business Suite (EBS) Governance Board for a decision. It is hoped that should approval be given the resulting work will help resolve this area of non-compliance.
- (iii) Payment Performance Report are to be produced and discussed with Finance Managers at the monthly Finance Managers meeting with a view to identifying and resolving reasons why invoices are being paid early/late.
- (iv) When a member of staff requests the setup of a sole trader they will be asked to send the Accounts Payable team a copy of the HMRC assessment so it can be stored within their supplier record on EBS.
- (v) Intranet pages relating to Purchase Cards will be updated for the launch of the new Authority intranet reminding users not to use invoicing for low value transactions.

8. Annual Audit Opinion

- 8.1 Due to the number of critical and high risk exceptions the Audit opinion for 2013/14 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 and B.

- 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 and high risk exceptions for 2013/14 has increased, however nine of the criticals raised relate to one secondary school and should be considered in isolation. In addition to this there has been an increase in the number of audits performed since the previous year which influence the number of high risk exceptions identified, most of increase relates to schools and a comparison of ratios shows an overall small improvement for 2013/14 against the previous year.
- 8.4 Internal Audit is concerned with the overall effectiveness of the control framework and is working with Heads of Services, Strategic Directors and the Chief Executive to improve on specific areas of control and risk management weaknesses.
- 8.5 Any significant corporate weaknesses and agreed actions will be reflected in the Annual Governance Statement. The impact of the Internal Audit work for 2013/14 may affect that years' work for External Audit. It may also inform their work for 2014/15 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 true and fair view of the financial position and compliance with professional codes of practice.
- 8.6 Internal Audit has carried out a self-assessment and confirms that they are compliant with the Public Sector Internal Audit Standards (PSIAS).

9. 2014/15 Audit Plan

- 9.1 The Audit Plan planned coverage for 2014/15 has been drawn up using the Strategy approved by Members of this Committee at their 30th January 2014 meeting. It covers approximately 25% of the risk assessed audit universe, which is a list of all auditable activities within the Organisation.
- 9.2 Meetings have been held with all Heads of Services, Strategic Directors, the Chief Executive, Director for Public Health and the previous Chair of the Governance & Audit & Standards Committee who have all been consulted on the areas planned and the overall Audit Plan.
- 9.3 The 2014/15 Audit Plan is attached as Appendix C to this report. There are currently 137 Audits & 45 Follow up Audits identified although this will be reviewed quarterly to take account of changing risks & priorities, which will be reported to this Committee.

10. Equality impact assessment (EIA)

- 10.1 The contents of this report do not have any relevant equalities impact and therefore an equalities assessment is not required.

11. City Solicitor's Comments

- 11.1 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.

12. Head of Finance & S151 Officer Comments:

- 12.1 There are no financial implications arising from the recommendations set out in this report.
- 12.2 As stated, a significant number (86) of the high risk exceptions relate to schools. Whilst the primary responsibility for the effective financial management and operation of internal controls rests with the school Governing Body, the S151 Officer has an overriding responsibility for the safeguarding and financial stewardship of all public funds administered by the City Council. Should the S151 Officer not be satisfied that effective financial management is taking place, he has the power to withdraw delegation of the schools budget and control and administer it centrally.
- 12.3 A significant proportion of the non-compliance with Financial Rules revolves around the themes of:
- Use of EBay
 - Failure to obtain VAT receipts
 - Proper inventory records
 - Security of cash
 - Failure to raise purchase orders
 - Handling of income

In December 2013, the Head of Finance & S151 Officer circulated a communication to all staff reminding them of their responsibilities with regard to these areas and the importance of the controls in protecting the Council's financial interests and ensuring proper accountability.

- 12.4 Overall, the S151 Officer is content with the performance against the Annual Audit Plan for 2013/14 and the agreed actions are sufficient to comply with his statutory obligations to ensure that the Authority maintains an adequate and effective system of internal audit of its accounting records and its system of internal control.

.....
Signed by: Lyn Graham, Chief Internal Auditor

Appendices:

- Appendix A - Completed audits from 2013/14 Audit Plan
- Appendix B - Previously reported critical exceptions identified during
- Appendix C - 2014/15 Audit Plan

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	http://www.legislation.gov.uk/ukxi/2011/817/contents/made
2 Audit Strategy 2013/14	http://democracy.portsmouth.gov.uk/Data/Governance%20&%20Audit%20&%20Standards%20Committee/20130124/Agenda/gas20130124r7appB.pdf
3 Audit Strategy 2014/15	http://democracy.portsmouth.gov.uk/documents/s2745/Appendix%20B%20-%20Audit%20Strategy%202014%202015.pdf

4	Internal Audit Charter & Code of Ethics	http://democracy.portsmouth.gov.uk/documents/s1176/Appendix%20A%20-%20Audit%20Charter%20and%20Code%20of%20Ethics.pdf
5	Previous Audit Performance Status and other Audit Reports	Refer to Governance and Audit and Standard meetings – reports published online http://democracy.portsmouth.gov.uk/ieListMeetings.aspx?Committeed=148

Appendix A - Completed Audits 2013/14

Service	Function	Exceptions				Assurance					Actions agreed by Head of Service	Summary of areas where no assurance can be given
		Critical	High	Medium	Low	Internal Control Environment	Compliance with Laws, Regs, Rules, Procedures and contract conditions	Safeguarding of assets	Effectiveness of ops	Reliability and Integrity		
Finance- Chris Ward	Accounts Receivable	0	0	1	0	GREEN	GREEN		RED	AMBER	✓	Testing identified an inadequate system, in place for the authorisation of credit notes. Testing also identified that sundry debt performance targets have not been implemented due to issues relating to the R12 system.
	Income Handling Project	0	0	1	0	GREEN	GREEN			AMBER	✓	Testing highlighted that the Portsmouth Income Management System (PIMS) project manager is not provided with up to date budgetary information on the project.
	Accounts Payable	0	4	0	0		RED		AMBER		✓	Testing identified that 44% of orders tested had been raised after receipt of the invoice breaching Financial Rule R9. HMRC employment status checks had not been carried out in all cases tested (31%). Testing also identified that staff were still failing to use the purchase card to pay low value invoices. i.e. those below £500.
	Payroll/ HR	0	2	0	0	AMBER	GREEN	AMBER		GREEN	✓	Testing highlighted that one non-payroll user had access to the payroll element of E-Business Suite (Oracle Finance System) and that there was no contract in place for 20 of the external groups for whom PCC provide a payroll service for.
	Capital Accounting	0	0	0	0	GREEN	GREEN		GREEN	GREEN	N/A	No exceptions raised
	Treasury Management	0	0	1	0	GREEN	AMBER		GREEN		✓	Testing highlighted that not all members of the Treasury Management Group has completed the PCC declaration of interests.
	General Ledger	0	0	1	0		GREEN	GREEN	AMBER	GREEN	✓	Testing highlighted a lack of monitoring on journals that were above the users authorisation level, this control had been deactivated in the E-Business Suite (Oracle Finance System) upgrade.
	Aggregated Spend (Budgetary Control and Transparency Agenda)	0	2	0	0	GREEN	AMBER		AMBER		✓	Testing highlighted non compliance with the contract procedure rules where spends over £5,000 and a lack of monitoring reports from E-Business Suite (Oracle Finance System) undertaken in 13/14

Appendix A - Completed Audits 2013/14

Service	Function	Exceptions				Assurance					Actions agreed by Head of Service	Summary of areas where no assurance can be given
		Critical	High	Medium	Low	Internal Control Environment	Compliance with Laws, Regs, Rules, Procedures and contract conditions	Safeguarding of assets	Effectiveness of ops	Reliability and Integrity		
	Debt Recovery Follow up	0	0	0	0	AMBER	AMBER		RED		✓	A follow up review identified that a review of the policies and procedures in place was still outstanding, although it had commenced. In addition to this mandatory training was yet to be completed by all members of staff. And one officer was identified as having access to their own council tax account.
	External Bailiffs	0	4	1	0	RED	RED		AMBER		✓	Testing was unable to obtain a signed framework agreement for the provision of external bailiff services and no monitoring had been undertaken on the key performance indicators (KPI's) of the contract, sole reliance is placed on collection STATS received monthly from the external bailiff provider and there are no written enforcement procedures for the enforcement process.
	Cash Collection	0	5	0	0	AMBER	AMBER	AMBER		AMBER	✓	Testing highlighted not all staff in the main cash complex had signed the cash handling instructions, floats are not randomly spot checked, lack of separation of duties when checking money and at Portsmouth Dog Kennels the spare keys to the safe were held in it. (3 exceptions relate to Finance & 2 relate to dog kennels - Transport)
	Cashiers Complex Civic Offices	0	0	0	0		GREEN	GREEN	GREEN		N/A	No exceptions were raised
	Banking	0	1	1	0	GREEN	AMBER	GREEN	AMBER	GREEN	✓	Testing highlighted that non compliance with financial rules in relation to account reconciliation's. Testing also evidence that PCC do not have a current contract directly with the security company G4S, this is being managed through the Hampshire contract.

Appendix A - Completed Audits 2013/14

Service	Function	Exceptions				Assurance					Actions agreed by Head of Service	Summary of areas where no assurance can be given
		Critical	High	Medium	Low	Internal Control Environment	Compliance with Laws, Regs, Rules, Procedures and contract conditions	Safeguarding of assets	Effectiveness of ops	Reliability and Integrity		
	Petty Cash/Imprest Accounts	0	5	1	0		AMBER	GREEN	AMBER		✓	Testing highlighted that the list of petty cash/imprest accounts was not up to date, not all claims had sufficient evidence to support the payment, reconciliations had not always been carried out on a monthly basis, not all claims were supported by a VAT receipt. Follow up testing evidenced that management checks had only just commenced on the main cash complex.
	Controlled Stationery	0	1	0	0	GREEN	GREEN	GREEN	AMBER		✓	Non compliance with procedures for the chasing of receipt memos to ensure stationery has been received was identified.
	Local Enterprise Partnership funding (e.g. growing places)	0	1	0	0	AMBER	GREEN			GREEN	✓	At the time of testing there was no contract in place for the provision of financial services as the previous contract expired in October 2013.
	Purchase cards	2	1	0	0	AMBER	RED		RED		✓	Testing highlighted that the Purchase card policy was out of date and that there had been various breaches with these procedures, HM Revenue & Customs (HMRC) VAT regulations and Financial Rule G38. Follow up testing identified that the Purchase Card Policy is due to be added to PolicyHub. There were 5 areas of non compliance with the policy, HMRC VAT regulations and PCC Financial Rule G38 still.
	Compliance with Financial Rules	0	0	0	0		AMBER				✓	This report is a compilation of audit findings from reviews carried out in 2013/14, specifically relating to where Financial Rules have been tested. Where areas of non compliance have been identified these have been reported in the relevant audit report and actions agreed with the Manager.

Appendix A - Completed Audits 2013/14

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Corporate Governance- Michael Lawther/ Chris Ward/ Jon Bell	Corporate Governance arrangements	1	3	1	1	AMBER	AMBER	AMBER	AMBER	AMBER	✓	Testing identified breach of the Data Protection Act (DPA) steps had not been taken to secure sensitive information, not all staff in Children's Services were using the locked print function, correspondence sent out was not correctly addressed, Lack of information governance training amongst staff in Children's Services, data is being held for longer than required for. Freedom of Information (FOI) requested timescales are not being met
Housing and Property Management- Owen Buckwell	Security	0	1	0	0	GREEN	GREEN	GREEN		AMBER	✓	Testing identified that there were 527 of ID swipe cards that had not been used in the last 3 months.
	Cleaning contract	0	0	0	1	GREEN	AMBER		GREEN		✓	Testing identified that on some passes held by the cleaners it was not possible to identify them.
	Stock Conditions Database (Annual Conditions Survey)	0	1	1	0	AMBER	AMBER		GREEN	GREEN	✓	Testing identifies that the results from the conditions surveys are not being reported in a consistent manner. Testing also identified that PCC were in breach of their statutory landlord conditions as 78.4% of housing blocks did not have valid fire risk assessments and 9.84% of individual dwellings did not have a valid electrical inspection condition report.
	Energy and sustainability	0	1	0	0		AMBER	GREEN			✓	Testing identified a breach of the Energy Performance of Buildings Directive as a property had been re-let without an Energy Performance Certificate being issued.
	Risk Assessments of outlying buildings	0	0	3	0	GREEN	AMBER		GREEN	AMBER	✓	Testing highlighted that there is currently no tool to verify compliance with health and safety policies at service/departmental level thought out the authority. There was no evidence of first aid training for 1 of the 10 areas visited and first aid boxes were not being checked to confirm the contents were still in date.

Appendix A - Completed Audits 2013/14

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	Sheltered Housing Service	0	2	3	1	GREEN	AMBER		AMBER		✓	Testing highlighted that the safe at one of the blocks was not compliant with insurance requirements, appointeeship funds did not reconcile and in some cases did not show a running balance, residents reviews of their support plans are not being recorded on their files, cash handling instructions had not been signed by staff, money was being held in a glass jar at one of the sheltered blocks and gifts and hospitality sheets are not being reviewed by management.
	Void properties- removal and clearance including sheds and garages	0	9	0	0	RED	RED	RED			✓	Testing highlighted that there were no documented procedures or processed. There was non-compliance with legislation for the ending of tenancies and the administration of property left behind. There were many inconsistencies between paperwork and the various systems used. There are no records to show which shed belongs to which property which has led to incorrect clearance
	Sub letting prevention (Tenancy Fraud prevention)	0	2	1	0	GREEN		AMBER	AMBER		✓	Testing was undertaken on 15 properties in Portsea to identify any breaches of tenancy, it was found that 4 appears to be abandoned, 5 tenants were unavailable, 1 was thought to be sub-let and 5 tenants were correct. Testing also identified a breach of the subletting and non occupation procedural guidance and there did not appear to be a clear strategy for dealing with the findings.
	Right to buy due diligence checks	0	2	0	0	AMBER	RED				✓	Testing identified that information gathered in the right to buy process is not passed onto Housing Benefit where the tenant is claiming Housing Benefit and Council Tax Support. There is also an opportunity to involve Housing Officers more in the application and make Surveyors aware when they carry out their survey of who should be living at the property.

Appendix A - Completed Audits 2013/14

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Corporate Assets Business and Standards- Alan Cufley	Pest Control	0	0	1	0	GREEN	GREEN	AMBER	GREEN		✓	Testing highlighted that there was not a current up to date inventory in place for the equipment used by Pest Control Operatives.
	Leases	0	1	0	0		AMBER				✓	The audit highlighted that for one lease tested where rent was based on the lessee's own management accounts rather than certificate from the Accountant.
	Seizure of Property					AMBER			AMBER		✓	The review highlighted inconsistencies in the data and format used when recording items in the seizure log
Follow Ups	Welfare Burials	0	0	0	0	AMBER	GREEN	AMBER	GREEN		✓	Follow up testing identified succession planning to be implements by January 2014 and items held in the store cupboard relating to old cases to be destroyed.
Adult Social Care- Rob Watt	Appointeeships	0	4	0	0	GREEN	GREEN	AMBER	GREEN		✓	Testing identified that the GEN 13 form was not being double signed when issuing personal allowances, no receipt on file to support residents request for new clothes, lack of separation of duties as the same member of staff signs cheques and reconciles the account and lack of verification of bank details when setting up appointeeship accounts.
	Data Quality and security checking procedure	0	2	0	0	GREEN	AMBER	AMBER	GREEN		✓	Testing identified client reviews were not always timely and there was a lack of case notes on clients files to ensure that post had been sent to the correct address.
	Individualised Budgets/Self Directed Support	0	2	0	0	GREEN	AMBER		AMBER		✓	Testing identified non compliance with the process and that the monitoring in place is not operating effectively.
	Commissioned Services	0	1	0	0	GREEN	GREEN	GREEN	AMBER		✓	Testing identified that 33% of the sample were reviewed outside of the 12 monthly review cycle.
	s75 agreements - Mental Health, Substance misuse (going out to tender), continuing Healthcare, PRRT, Learning disability	0	0	0	0	GREEN	GREEN	GREEN	GREEN		N/A	No exceptions raised.

Appendix A - Completed Audits 2013/14		Exceptions				Assurance					Actions agreed by Head of Service	Summary of areas where no assurance can be given
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	Domiciliary care	0	3	0	0	RED	GREEN	RED	AMBER		✓	Testing highlighted a lack of monitoring and spot checking work from the care provider and lack of meaningful targets for performance monitoring of the care providers.
	Residential and Day Centres self assessments	0	3	0	0	AMBER	AMBER	AMBER			✓	Testing highlighted at one day centre there is no log of who has keys to the building, purchase orders are being raised after invoices are received and there was a lack of control over amenity funds.
Follow Ups	Client Affairs	0	0	0	0	GREEN	GREEN				N/A	All exceptions closed
	Deferred Payments	0	0	0		Green					N/A	All exceptions closed
	Help in the Home Contract	0	0	0	0	Green	AMBER				✓	Follow up testing identified that although the Age UK financial strategy had been provided it was lacking information
	Direct Payments	0	0	0	0	AMBER	AMBER	AMBER	AMBER		✓	Follow up testing highlighted that procedures will be implemented once the pre-paid cards are fully implemented.
HR, Legal and Performance- Jon Bell	Performance Management	0	2	1	0	AMBER	GREEN	GREEN	AMBER		✓	Testing highlighted inconsistency in reporting performance information to SDB
	Insurance	0	2	0	0			RED	GREEN		✓	Testing identified a number of differences in the valuations of assets with some valued as nil. Testing also reviewed the IT assets and established that some items did not need to be insured.
	Gifts and Hospitality	0	1	1	0	AMBER	AMBER		GREEN	GREEN	✓	Testing highlighted that the policy required reviewing and items over the gift limit were being accepted, as raised in the 2012/13 audit.
	PDR's & Mandatory Training	0	3	0	0	GREEN	AMBER		AMBER		✓	Testing contacted 2 heads of service who were unable to provide evidence that staff within these services had had a PDR. Testing also evidenced that 76% of the sample tested had not had a PDR in 2013 which lead to a lack of mandatory training being undertaken by staff.
	Disclosure & Barring Service (DBS) checks	0	0	0	0	GREEN	GREEN		GREEN		N/A	No exceptions raised

Appendix A - Completed Audits 2013/14		Exceptions				Assurance					Actions agreed by Head of Service	Summary of areas where no assurance can be given
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	Solicitors fees Court Costs	0	1	1	0	AMBER			AMBER		✓	Testing highlighted that there was no formal guidance available to client departments on the application for and collection of awarded court costs. Testing also highlighted that payments are being left in the suspense account.
	Land Charges	0	0	1	0	AMBER	GREEN	GREEN			✓	Testing highlighted that there are no written procedures for the administration of Land Charges.
	Data Quality checks-completeness of case information process/ Court case preparation/ Case performance monitoring	0	1	4	1	AMBER			AMBER	AMBER	✓	Testing highlighted that performance was not being monitored, cases were not being formally closed, no analysis of files is carried out to establish training needs, staff are not aware of the amount of work being outsourced, client feedback is not formally sought and the cost of external works can not be analysed in an efficient manner
	Programme/ Project management	0	5	2	0	AMBER	AMBER	GREEN	GREEN		✓	Testing highlighted non compliance with Corporate Projects Methodology. 20 projects were registered at the time of audit, however 3 additional projects were identified, 2/20 recorded projects were no longer projects, only 7/20 had identified project assurance roles.
	Mobile phones	0	0	0	0	AMBER	GREEN	GREEN	GREEN		✓	Follow up testing highlighted that the Mobile Phones Contract is due for renewal and volunteers mobile phones will be addressed as part of the renewal and policy review.
	HR Files and records	0	0	0	0	AMBER	AMBER	AMBER		AMBER	✓	Follow up testing identified that HR are still looking to introduce a document management software for HR files and the Human Resources IT Strategist is in the process of updating the structure diagram and security groups.
Education and strategic Commissioning- Julien Kramer	Commissioning (Children's Services)	1	2	0	0	RED	RED					Motiv8 contract - ITYSS manager had not reviewed the organisation's policies, insurance documents or DBS register.

Appendix A - Completed Audits 2013/14

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	Schools themed Audits (4) Schools Financial Value Standards	0	0	0	0		AMBER				✓	Testing highlighted that only 5 out of 15 schools (33%) where a full audit was conducted had completed the SFVS return "inline with our judgement" and this raises concern regarding the integrity of the SFVS returns.
Schools - Responsibility of the Governing Body											✓	
	City Boys Secondary	0	5	2	0	AMBER	AMBER	AMBER	GREEN	GREEN	✓	No compliance with Schools Financial Value Standards, data protection, lack of income spot checks, non compliance with financial rules for purchase cards and inventory.
	St Pauls RC Primary	0	6	0	0	GREEN	AMBER	AMBER	GREEN	AMBER	✓	Non compliance with financial rules for income, purchase cards, inventory. Non compliance with the Scheme for Financing Schools in relation to voluntary funds
	Newbridge Junior	0	1	1	0	GREEN	AMBER	GREEN	GREEN	AMBER	✓	The review highlighted a lack of current IT policy inclusive of principle 7 from the Data Protection Act. Non compliance with the Scheme for Financing Schools in relation to voluntary and private funds.
	Mayfield Secondary	0	14	1	0	AMBER	AMBER	AMBER	GREEN	AMBER	✓	Non compliance with financial rules for petty cash, purchase cards, separation of duties in relation to income, purchase orders, quotations and inventory. Lack of Minibus Driver Awareness Scheme (MiDAS) training and recording of odometers. Retention of Disclosure & Barring Service (DBS) check against Data Protection Act requirements. Non compliance with the Scheme for Financing Schools in relation to delegated spending limit and hire agreement forms
	College Park Infant	0	0	0	0	GREEN	GREEN	GREEN	GREEN	GREEN	✓	No exceptions raised.
	Medina Primary	0	6	1	0	AMBER	AMBER	AMBER	GREEN	GREEN	✓	Non compliance with financial rules for petty cash, inventory, quotations and purchase cards. Lack of clarity in relation to budget monitoring and controls in relations to the odometer readings of the mini buses

Appendix A - Completed Audits 2013/14

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	Moorings Way Infant	0	9	1	0	AMBER	AMBER	AMBER	GREEN	GREEN	✓	Testing evidenced that the chair of Governors is also the Chair of Finance, keys are not removed from site breaching insurance requirements, inappropriate use of petty cash, petty cash account had gone overdrawn, purchase card statements had not been reviewed by an appropriate officer, inventory is not in accordance with financial rules, pecuniary interests had not been registered, lack of quotes for work undertaken, incorrect budget approval and lack of public liability insurance on record for after school club coordinators.
	Charles Dickens	0	10	2	1	AMBER	AMBER	AMBER	AMBER	GREEN	✓	Testing evidenced non compliance with the Schools Financial Values Standards (SFVS), purchase orders were not being raised in advance of expenditure and the infants school account had not been closed, breach of Data Protection Act principle 7 and DPA registration for the infants school ceased in Nov 13 and Juniors is due to cease in Dec 13, Breach of the PCC scheme of financing schools, petrol claims for mileage that cannot be accounted for, breach of Disclosure & Barring Service (DBS) code of practice, breach of financial rules in relation in inventory. No evidence that staff are aware of and have signed the whistleblowing policy and register of pecuniary interests is not kept up to date.
	Cumberland Infant	0	1	1	0	GREEN	AMBER	AMBER	GREEN	GREEN	✓	Testing evidenced that purchase card transaction logs were not being signed by an appropriate manager and that the inventory was held electronically but not password protected and a reason for disposal of items was not given.

Appendix A - Completed Audits 2013/14

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	Fernhurst Junior	0	2	1	0	GREEN	AMBER	AMBER	GREEN	AMBER	✓	Testing highlighted access to cash in the school office during working hours was not restricted, disposal from the inventory were not being written off by the Head Teacher and no audit of the voluntary and private funds had been conducted.
	Court Lane Infant	0	2	0	1	GREEN	AMBER	AMBER	GREEN	AMBER	✓	Testing highlighted that serial numbers were no longer being recorded on the inventory sheets, there was no evidence of independent audit of the voluntary and private funds and access to cash in the school office during working hours was not restricted.
	Meon Junior	0	4	2	0	GREEN	AMBER	AMBER	GREEN	GREEN	✓	Testing identified a breach of the Data Protection Act as Disclosure & Barring Service (DBS) checks are being held in personnel files. There were no receipts for bank deposits as a "drop box" system was being used. The hire agreement for the hall does not reflect charges and agreed method of payment. Not all petty cash vouchers were not supported by receipts, purchase orders were not raised in advance and the inventory is to be sequentially numbered.
	Milton Park Primary	0	6	1	0	AMBER	AMBER	AMBER	GREEN	GREEN	✓	Testing identified that the Governing Body minutes did not evidence that the Governors were given a copy of the budgetary report and interests had not be registered, breaching the Scheme of Financing Schools. Petty cash had been used to pay a supplier, there wasn't any supporting evidence for quotes obtained, inventory items are not recorded correctly. The log sheets for the school mini bus did not hold sufficient information and a lack of Minibus Driver Awareness Scheme (MiDAS) certificates for staff that use the mini bus.

Appendix A - Completed Audits 2013/14

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	Stamshaw Infant	0	4	1	0	AMBER	AMBER	GREEN	GREEN	GREEN	✓	Testing identified a conflict of interest as the chair of Governors is also the Chair of Finance, breach of Data Protection Act as Disclosure & Barring Service (DBS) checks are held on files, purchase orders were not raised in advise of expenditure, a payment exceeding the purchase card limit had been in 3 transactions and the inventory did not list reference numbers and there was no evidence of annual checks.
	King Richard Secondary	0	7	1	0	GREEN	AMBER	AMBER	GREEN	GREEN	✓	Testing identified breach of financial rules in relation to the inventory and petty cash payments. DBS checks were retained in staffs personal files and recruitment and vetting checks we not undertaken for 2 out of the 3 staff selected for testing. There was no evidence of questioning or challenge when discussing the budget.
Children's Social Care and Safeguarding- Stephen Kitchman	Targeted Youth Support 9-16 emerging needs										✓	Testing identified that assessments aware not always being completed in the 6 week agreed timeframe, outcome sheets are not always completed making it difficult to identify if the young person needs have been met and there was a significant lack of evidence to support the outcome being achieved. This may result in on-going needs not being met or a further referral to the team which will impact on resources.
	Youth Offending Team	0	3	0	0	GREEN	GREEN		AMBER	AMBER		
		0	6	0	0	AMBER	AMBER		AMBER			Testing identified that staff are not fully aware of the National Standards timeframes as completion of asset assessments and contact being made is not always in compliance, scoring of young people during assessments did not always clearly link to their risk of reoffending, intervention plan targets are not generally meeting SMART criteria and do not always link to the highest scoring risks, assessments and intervention targets are not always being reviewed in a timely manner

Appendix A - Completed Audits 2013/14		Exceptions				Assurance					Actions agreed by Head of Service	Summary of areas where no assurance can be given
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	Independent Fostering Team Agreements	2	0	0	0	GREEN	RED	GREEN	GREEN		✓	Testing evidenced that no checking is carried out by the Project Manager at Hampshire County Council to ensure that DBS checks are in place and reliance is placed on the 3 yearly Ofsted inspections. Testing also highlighted a lack of checks carried out on insurance documentation.
	National Policy for Community Orders (Recruitment of YOT Volunteers)	0	1	0	0	GREEN	AMBER	GREEN	GREEN		✓	Testing highlighted that the recruitment process had not been adhered too,
	Looked after children Issues Resolution Process	0	0	0	1	GREEN	GREEN		GREEN		✓	Testing highlighted that not all notifications were being recorded in the same place.
	Permanency planning and adoptions	0	2	0	0	GREEN			AMBER		✓	Testing highlighted some gaps in assessments when cases transferred to adoption workers, contact arrangements were not always in line with best practice for adoption cases, and cases were not always being progressed in a timely manner.
	Kinship Policy	0	1	0	0	AMBER	GREEN		GREEN	GREEN	✓	Testing highlighted a lack of knowledge of the Friends and Family careers framework.
	Foster Placements and residential care self assessments	0	1	1	0	AMBER	AMBER		GREEN		✓	Testing highlighted at one of the units is no longer staffed 24/7, however there is no intruder alarm and not all staff had completed Information Governance training. Testing also highlighted at one unit there is only one signatory for the petty cash account.
	HR Safer recruitment Children's Services	0	3	0	0	AMBER	AMBER		GREEN		✓	Testing highlighted a lack of Safer Recruitment training, recruitment checks are not carried out, documentation (interview notes) was not always retained and references were not always sought from appropriate parties (family members etc.).
	Interfaces Housing, Children's Social Care re Homeless 16-18 year olds	0	0	0	0	GREEN	GREEN		GREEN		N/A	No exceptions arose as a result of audit testing.
Follow Ups	Transfer of cases between teams	0	0	0	0	GREEN	GREEN		GREEN		✓	Testing evidenced that all previously raised exceptions have been implemented as agreed.

Appendix A - Completed Audits 2013/14

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	PACT -Protection of Court Teams - cases in legal proceedings first follow up	0	0	0	0	GREEN	GREEN		AMBER		✓	Follow up testing highlighted that pre-proceedings letters and court applications are still not being actioned within 5 working days, also training had not been delivered by Legal Services on changes in the law relating to cases in legal proceedings.
	PACT -Protection of Court Teams - cases in legal proceedings second follow up	0	0	0	0	GREEN	GREEN		GREEN		N/A	Testing evidenced that all previously raised exceptions have been implemented as agreed.
	Family Support Team	0	0	0	0		AMBER				✓	Follow up testing identified the team has been restructured however it was not possible to confirm if procedures are being complied with
	Family Support Team Second Follow Up	0	0	0	0		AMBER				✓	Second follow up testing identified that after the procedures were changed, there was no child in need plan for one case, one plan did not identify actions and planning meetings were not always within 4 weeks.
	EC Roberts Centre	0	0	0	0				AMBER		✓	Follow up testing highlighted that spot checks are not being recorded, it was therefore not possible to evidence that the previously agreed action had been implemented.
Customer, Community and Democratic Services- Louise Wilder	Registrars	0	1	0	0	AMBER	GREEN	GREEN	GREEN	GREEN	✓	Testing highlighted that staff had not completed mandatory training or signed the cash handling instructions
	Elections	0	0	1	0	GREEN	GREEN	GREEN	AMBER		✓	Testing highlighted that there was no consistence in payments made to schools for the use of the site as polling stations
	Selling of Advertising	0	0	0	0		GREEN	RED			✓	
City Development and Cultural Services - Stephen Baily	Mountbatten Centre Client Monitoring	0	1	0	0		GREEN	AMBER	GREEN		✓	Testing highlighted that the checks had not been undertaken to ensure that the correct value was being insured.
	CIL Community Infrastructure Levy	0	0	0	0	GREEN	GREEN				N/A	No exception arose as a result of audit testing.
	Libraries Cash System	0	0	0	0	AMBER	GREEN	AMBER	GREEN	GREEN	✓	A follow up review identified that a the library management system replacement plan was yet to be produced and that the value of the library collection was yet to be revalued for insurance purposes.
	New Theatre Royal	0	0	0	0	GREEN			GREEN		N/A	No exceptions raised

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HIDS, Community Safety and Licensing- Rachel Dalby	Disclosure & Barring Service (Licensing)	0	0	0	0		GREEN				N/A	No exceptions raised
	Business Continuity/Emergency planning	0	2	2	0	AMBER	AMBER		GREEN		✓	Testing evidenced that the Paulsgrove Housing Office, identified as alternative emergency accommodation is insufficient to accommodate all key services. Not all services have testing their business continuity plans and working from home will not work if the Civic's IT system is taken out.
	CCTV	0	3	1	0	AMBER	GREEN	GREEN	AMBER	GREEN	✓	Tested identified that the CCTV Code of Practice and CCTV policies required updating. Testing also highlighted that camera sightings and signage needed to be reviewed.
Follow Ups	Anti-Social Behaviour Order (ASBO)	0	0	0	0		GREEN		GREEN		N/A	Testing evidenced that all previously raised exceptions have been implemented as agreed.
Information Services- Mel Burns	Bring your own device	0	0	0	0	GREEN	GREEN	GREEN		GREEN	N/A	No exceptions raised
	Interfaces	0	0	0	0			GREEN	GREEN	GREEN	N/A	No exceptions raised
Follow Ups	Physical Security	0	0	0	0	GREEN	AMBER		GREEN		✓	Follow up testing identified that equipment is still being moved into the new data centre.
	EMS (Education) Database - Now Capita One	0	0	0	0			GREEN	GREEN	GREEN	N/A	No exceptions raised
	Policies	0	0	0	0		AMBER		AMBER		✓	Testing evidenced that 17% of policies tested were overdue the review date on the policy, testing also evidenced that there is currently no process in place to follow up and ensure that staff have read policies that are uploaded in Policy hub.
	Disposal of Equipment	0	0	0	0	GREEN	GREEN	AMBER	AMBER		✓	Follow up testing highlighted that there were more desktops recorded than held in the redeployment room. The process of updating the inventory has changed and is still being implemented.
PORT	Camber letting- agent collecting Harbour dues	0	2	0	0	GREEN	AMBER		AMBER		✓	Testing highlighted weak controls on work carried out by the Managing agent at the Camber, the previous management checks had not been followed up to ensure agreed actions had been implemented. Non compliance with section 4 of the special conditions of the contract.

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	Contracts	0	0	0	0	GREEN	GREEN				N/A	No exceptions arose as a result of audit testing.
	Parking- winter storage use	0	1	0	0	AMBER	GREEN				✓	Testing highlighted that no records are kept of checks undertaken at The Camber of boats stored on the quay.
	Income dues	0	0	0	0	GREEN	GREEN				N/A	No exceptions raised
Public Health	Transfer of Staff	0	1	1	0	AMBER		AMBER		GREEN	✓	Testing identified that PCC payroll did not have the facility to pay mileage to Primary Care Trust (PCT) staff and non compliance with the filling of posts in receiving organisations policy.
	Governance, Planning and Performance and Health and Well Being Board	0	1	0	0	AMBER	GREEN		GREEN		✓	Testing identified that the Joint Health and Wellbeing Strategy did not include an assessment of risk.
	Commissioned Services	0	0	0	0			GREEN	GREEN		N/A	No exceptions raised
	Statement of Grant Usage	0	0	3	0	GREEN	AMBER				✓	Testing highlighted that the grant return is not correct and is understated.
Revs and Bens- Ed Woodhouse	Housing Benefits and Council Tax Benefits	0	0	0	0	GREEN	GREEN				N/A	No exceptions raised
	National Non Domestic Rates & Council Tax	0	2	1	0	GREEN	GREEN		AMBER	GREEN	✓	Testing highlighted that the current tracing process does not contain guidance on after a credit search is completed, write off are not being monitored my management and Discretionary Rate Relief was not awarded inline with the policy
Transport and Environment- Simon Moon	Carbon Reduction programme	0	0	0	0	GREEN	GREEN			GREEN	N/A	No exceptions raised
	Colas- Clean City	0	0	0	0	GREEN	GREEN		GREEN		N/A	No exceptions raised
	Flood and Water Management Act 2010	0	0	0	0		GREEN				N/A	No exceptions raised
	Capital Scheme and PFI- Colas- PFI Highways	0	2	0	0	RED	RED			RED	✓	Testing highlighted that the schedule of rates was first established in 2004 & PCC intended to expand this. This has not happened and Colas price items as rouge items, they have a12% overhead and an 8%profit added, based on its sales it equates to a 25% mark up on cost being added. Testing also established that Colas are applying a number of uplifts to their rates. It has not been possible to establish how these rates comply with the Highways PFI model contract terms.
	Public Transport retender	0	0	0	0		GREEN				N/A	No exceptions raised

Appendix A - Completed Audits 2013/14

Service	Function	Exceptions				Assurance					Actions agreed by Head of Service	Summary of areas where no assurance can be given
		Critical	High	Medium	Low	Internal Control Environment	Compliance with Laws, Regs, Rules, Procedures and contract conditions	Safeguarding of assets	Effectiveness of ops	Reliability and Integrity		
	Hire Cars	0	3	1	0	AMBER	GREEN	GREEN	AMBER		✓	The review highlighted lack of checks on driving licences and hire car request forms, a lack of system to record mileage, damage and fuel consumption. No requirement for a business need for the hire is required. Lack of separation of duties when confirming invoices.
	Fuel purchases	0	2	0	0		AMBER				✓	Testing highlights non retention of VAT receipts and lack of evidence and monitoring that the fuel purchased is proportionate to the business requirement
	Park and Ride project	0	0	0	0	GREEN	GREEN		GREEN	GREEN	N/A	No exceptions raised
	Payments for staff parking and fines	0	0	0	0		GREEN				N/A	No exceptions raised
	Parking- resurfacing contract	0	0	1	0	GREEN	GREEN		AMBER		✓	Testing highlighted that planned works were not carried out within the timeframe stipulated.
	Parking - Closure of front office	0	0	0	1			AMBER	GREEN		✓	Potential efficiencies were identified in relation to queue management and customer relations
	Waste collection, waste disposal and recycling contract	0	1	0	0		AMBER				✓	Testing highlighted that Portsmouth City Council do not undertake any independent health and safety checks.
	Inspections and maintenance of paths	0	1	0	0	RED	RED		RED		✓	Testing was unable to evidence a programme for inspection and maintenance of paths city wide .
	Local Strategic Transport Fund (LSTF) Grant 2012/2013	0	0	0	0	GREEN	GREEN				N/A	No exceptions raised
Follow Ups	Car Parking 3rd Party Cash Collection (Parking - cancelled Parking Charge Notices and appeals)	0	3	0	0	AMBER	GREEN	GREEN	AMBER		✓	Follow up testing identified that there is still not a full set of signed contact documentation. The Finance team are now supporting Parking Services ensuring the rates to the contacts are checked to their latest uplift and there is consistency.
External	Spinnaker Tower	0	1	1	0	GREEN	AMBER		AMBER		✓	Testing highlighted lack of responsibility of debt and discrepancy of income collected due to promotional offers.
	Langstone Harbour Board	0	0	0	0	GREEN	GREEN	GREEN	GREEN	GREEN	N/A	No exceptions raised
	MMD - Transport	3	1	0	0	RED	RED		RED		✓	Testing highlighted that no insurance documents had been obtained for the sub-contractors. The risk of fraud had not been adequately mitigated and assets had not been protected.

Appendix A - Completed Audits 2013/14

Service	Function	Exceptions				Assurance					Actions agreed by Head of Service	Summary of areas where no assurance can be given
		Critical	High	Medium	Low	Internal Control Environment	Compliance with Laws, Regs, Rules, Procedures and contract conditions	Safeguarding of assets	Effectiveness of ops	Reliability and Integrity		
	MMD - Accounts Payable	0	0	0	0	GREEN	GREEN	AMBER	GREEN		✓	The follow-up review highlighted that there was still non-compliance with the purchase order rules.
	MMD - Accounts Receivable	0	0	0	0	GREEN	AMBER	RED	AMBER		✓	The follow-up review highlighted that MMD had not completed the review of access to the finance system and there was still reliance on key individuals although this was improving and
	MMD - Assets	0	0	0	0	GREEN	GREEN	GREEN	GREEN		N/A	All exceptions closed
	MMD - Payroll	0	0	0	0	GREEN	AMBER		GREEN	RED	✓	Follow-up testing highlighted that the Financial Controller was still a administrator in the payroll system. Overtime payments were still not effectively recorded in shift logs with justification.
	MMD Audit Customs Agency	0	4	0	0	AMBER	AMBER		AMBER	GREEN	✓	Testing highlighted that there is currently no succession planning in place to cover the loss of the Customs Agency Manager, 31% of invoices passed for payment in the sample tested were incorrect. There are not written agreements in place between customers and the agency.
	A Secondary School	9	9	0	0	RED	RED	RED	RED	RED	In progress	The work carried out highlighted a complete failure by the School to maintain any effective internal control framework over governance, risk management and financial probity.
		18	215	55	8							

Page 124

Appendix B - Update on Previously Raised Critical Exceptions

Audit	Issue	Status	Follow-up results	Follow-up Actions
Client Affairs	There were no formalised procedures on how to deal with client property searches or records that need to be kept.	Closed	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	N/A
Home to School Transport Budget	The budget had been overspent in previous years with no assurance that the work being carried out would bring the budget in line	Open	A consultation is currently being carried out to review the provision and entitlement for Home to School Transport	N/A
Page 125 Planning & Building Control	Testing identified that work undertaken by Building Control Surveyor is who has authorisation to apply partnership discounts and to calculate fees depending on estimated costs is not checked.	Open	The restructure of the services is still being finalised. The building regulation charge sheet was reviewed on 26 February 2014; at the time of audit testing this had not been reviewed to clearly record the base calculation.	The post is no longer vacant; as there is a member of staff acting up as the Building Control Manager. Building regulation charge sheet to be reviewed
Accounts Receivable	The system for authorisation of credit notes was inadequate	Open	No action had been taken when the exception was followed up.	Monthly reports to be run and be reviewed by nominated Finance Officers
Legionella	At the Port there was no evidence provided of testing undertaken on the cold water storage tank. There are public buildings that do not come under the auspices of the Council to undertake		Update to be provided at the main meeting	

Appendix B - Update on Previously Raised Critical Exceptions

	legionella testing and these include, for example, some schools and the Pyramid Centre			
MMD (Shipping Services) Ltd Accounts Payable	All members of staff who had access to the Finance System could amend supplier details including bank accounts	Closed	Access to amend supplier bank account details has now been restricted	N/A
MMD (Shipping Services) Ltd Accounts Receivable	MMD could not evidence which staff had current access to the finance system or what that access enables them to do	Open	The review of user access had not been completed.	The Director has confirmed that an analysis of the access rights and security groups within Navision will be completed in May 2014
MMD (Shipping Services) Ltd Payroll	The Financial Controller had administrator access to the payroll system and the bank payments system.	Open	The follow-up review highlighted that the administrator access was still held by the Financial Controller.	There are good operational reasons why the Financial Controller has admin rights to the payroll. The set up periodically requires amending. SAGE has an audit trail log and we can now review the changes that are made a director will review this regularly
MMD (Shipping Services) Ltd Transport	No goods in transit insurance certificates were held for haulage sub-contractors	Open	The insurance schedule was provided which listed the expiry dates for the insurance of 25 subcontractors, it was noted there were a number of sub-contractors had been regularly used in March 2014 but did not appear on the schedule and MMD did not have copies of insurance certificates	Transport Manager to update the schedule and obtain insurance certificates

Appendix B - Update on Previously Raised Critical Exceptions

Page 127			for them.		
		The system places significant reliance on the Transport Manager, and does not have adequate controls to prevent or detect fraud and error.	Open	A number of additional controls have been proposed and some have been implemented with other in the process of being implemented. There are however data quality issues preventing some controls working effectively.	All non-standard customers are to have an SLA with agreed rates. Data quality in the system to be reviewed on a monthly basis with orders being raised promptly to ensure completeness.
		There were no records maintained to record the utilisation of hire trailer units	Open	Trailer utilisation is now being recorded, however there are no spot checks on equipment	Financial Controller to verify and introduce new spot check procedure
	Purchase Cards	Breaches of policy in relation to forbidden expenditure (eBay) and VAT accounting	Open	Follow up testing highlighted 5 areas of non-compliance with the Purchase Card Policy, HMRC VAT Regulations and PCC Financial Rules.	Chris Ward (Head of Finance and S151) to draft an email to go via Comms to all managers who sign off transaction logs, card users and co-ordinators re VAT reclaiming and that cards for persistent offenders will be withdrawn. To be actioned by end May 2014 Internal Audit to revisit by end May 2014 users who, as part of testing had failed to obtain receipts and managers who had signed the logs off to establish why they were in breach of the Rules.
		The second critical exception related to a specific service that had been tested in further detail because of the number of breaches in relation to VAT accounting and errors in paperwork	Open		

Appendix B - Update on Previously Raised Critical Exceptions

Corporate Governance Arrangements	Breaches of the Clear Desk Policy in the Civic Offices, including legal and children's services	Open		
Secondary School	Failure to obtain best value on the purchase of ink and toner cartridges and upgraded IT equipment.	Open	A full audit of the School has been arranged for August 2014	
	Lack of internal control for monitoring and checking stock or IT equipment Additionally, there is no evidence that the IT purchases were an efficient use of resources.	Open	ditto	
	During the course of testing it was established that ten of the fifty six promotional items which were sent to the School as a result of bulk purchasing with one company were unaccounted for.	Open	ditto	
	The School has unaccounted assets and therefore no assurances can be given that theft has not occurred	Open	ditto	
	Manual disposal sheets are in place to evidence authorisation of asset disposal. The majority of these sheets do not record the reason for disposal and dates indicate that authorisation was obtained after disposal - in some instances up to two months later.	Open	ditto	
	At various stages throughout the Internal Audit review it became apparent by either individual acknowledgement or evidenced by breaches that a significant number of staff were either: <ul style="list-style-type: none"> Not fully aware of the requirements of the Scheme for Financing Schools, the Authority's Financial Rules or the School's own policies, 	Open	ditto	

Appendix B - Update on Previously Raised Critical Exceptions

Page 129	<p>i.e. Gifts and Hospitality and Curriculum IT use or had.</p> <ul style="list-style-type: none"> • Or had failed to adhere to them either due to lack of knowledge or potential deliberate circumvention. 		
	<p>Testing identified that for the financial years 2011/12, 2012/13 and 2013/14 to date, expenditure for the purchase of ink and toner cartridges was found to have been coded to various other budget headings instead of all of it to the correct budget heading i.e. Printer and Ink. No explanation for this action has been provided. In addition to this there is no evidence that the over spend on ink and toner was presented accurately to the Head teacher or the Governing Body.</p>	Open	ditto
	<p>Whilst performing a physical verification of the Schools assets, Internal Audit were advised of a 'loft' used for storage. The loft was located by means of using a chair to climb out of a second floor window, onto a placed chair on a flat roof, followed by a walk over two further flat roofs to a vertical ladder (five steps) and hatch approximately four foot high. The loft runs the length of the main building and is part boarded. Various items were located in the loft namely;</p> <ul style="list-style-type: none"> • 35 flat screen monitors • Pupil records • Tables • Christmas decorations • Personal possessions 	Open	A full audit of the School has been arranged for August 2014

Appendix B - Update on Previously Raised Critical Exceptions

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 130</p>	<p>Subsequent to this visit PCC's Fire Safety Advisor has performed an independent risk assessment over the access and use of this loft. The following main issues have been raised and are noted below, however a separate 'Fire Risk Assessment' report will be issued.</p> <ul style="list-style-type: none"> • The access route to the loft is unprotected and dangerous. • The stacking of document filed boxes on wooden joists (i.e. not on the boarded area) is also dangerous. 		
	<p>It is Internal Audit's understanding that on some occasion's pupils have assisted in transferring items to and from this loft, yet the access is clearly dangerous for both adults and children.</p>	<p>Open</p>	<p>A full audit of the School has been arranged for August 2014</p>

2014-15 Audit Plan			
	Service	Project Code	Project Name
1	Adult Social Care - Rob Watt	1415-001	ASC - Care Home Placements
2		1415-002	ASC - Appointeeships
3		1415-003	ASC - Self Directed Support
4		1415-004	ASC - Maritime Lodge
5		1415-005	ASC - New Models of Care
6	Children's Social Care & Safeguarding - Stephen Kitchman	1415-006	CSC - Corporate Parenting
7		1415-007	CSC - Children with Disabilities
8		1415-008	CSC - Young Person Support
9		1415-009	CSC - Looked after Children's Funds
10		1415-010	CSC - Private Foster Carers
11		1415-011	CSC - Placement Panel
12		1415-012	CSC - Direct Payments
13		1415-013	CSC - Family Support Children in need
14		1415-014	CSC - Portsmouth Safeguarding Children's Board
15		1415-015	CSC - Social Work Matters
16	City Development & Culture - Stephen Baily	1415-016	CDC - Historic Records
17		1415-017	CDC - Guildhall
18		1415-018	CDC - Development Control
19		1415-019	CDC - Enforcement
20		1415-020	CDC - Contaminated Land
21		1415-021	CDC - Northern Quarter
22		1415-022	CDC - Tipner Regeneration
23		1415-023	CDC - City Deal
24		1415-024	CDC - Seafront Events
25		1415-025	CDC - Maintenance of Infrastructure
26		1415-047	CDC - Portsdown Hill & Hilsea Lines Rangers
27	Corporate Assets & Business Standards - Alan Cufley	1415-026	CAB - Accommodation & Enabling
28		1415-027	CAB - Homecheck Telecare
29		1415-028	CAB - Housing Assistance
30		1415-029	CAB - Asset Register & Valuations
31		1415-030	CAB - Rent Reviews
32		1415-031	CAB - Maintenance of Roads outside of contract
33		1415-032	CAB - Employment, Training and Adult Learning
34		1415-033	CAB - Business advice & intervention
35		1415-034	CAB - Animal Health

Item 12C - Copy of Appendix C - 2014-15 Audit Plan

	Service	Project Code	Project Name
36		1415-035	CAB - Air Quality
37	Customer, Community & Democratic Services - Louise Wilders	1415-036	CCD - Coroners Inquests
38		1415-037	CCD - Cashiers
39		1415-038	CCD - FOI
40		1415-039	CCD - Data Protection Security
41		1415-040	CCD - Corporate Complaints
42		1415-041	CCD - Information Governance
43		1415-042	CCD - Selling of Advertising
44		Education & Strategic Commissioning - Julien Kramer	1415-043
45	1415-044		ESC - Early Years
46	1415-045		ESC - Pupil referral units
47	1415-046		ESC - Out of city placements
48	1415-048		ESC - Attendance monitoring
49	1415-049		ESC - SFVS
50	1415-050		ESC - Letting of Contracts
51	1415-051		ESC - Health & Safety School Trips
52	1415-052		ESC - Schools IT
53	1415-053		ESC - School Sufficiency Programme
54	Financial Services - Chris Ward	1415-054	FIN - Accounts Payable
55		1415-055	FIN - Accounts Receivable
56		1415-056	FIN - Purchase Cards
57		1415-057	FIN - Treasury Management
58		1415-058	FIN - Main Accounting
59		1415-059	FIN - Budget monitoring Transparency Agenda
60		1415-060	FIN - Cash Collection
61		1415-061	FIN - Debt Recovery
62		1415-062	FIN - Banking
63		1415-063	FIN - Grant Claims
64		1415-064	FIN - Payment of travel and subsistence
65		1415-065	FIN - Payroll
66		1415-066	FIN - Concessionary Travel Passes
67		HR, Legal & Performance - Jon Bell	1415-067
68	1415-068		HLP - Portsmouth Children's Trust
69	1415-069		HLP - Data quality checks
70	1415-070		HLP - Declaration of Interests
71	1415-071		HLP - Corporate Project Management
72	1415-072		HLP - Working Anywhere

Item 12C - Copy of Appendix C - 2014-15 Audit Plan

	Service	Project Code	Project Name
73	Health, Safety & Licensing - Rachael Dalby	1415-073	HSL - Business Continuity
74	Housing & Property Services - Owen Buckwell	1415-074	H&P - Rent Income
75		1415-075	H&P - Court action & evictions
76		1415-076	H&P - Claims
77		1415-077	H&P - Homelessness & Temporary Accommodation
78		1415-078	H&P - Safer Recruitment
79		1415-079	H&P - Charges to Leaseholder & Leasehold accounts
80		1415-080	H&P - Emergency Procedures
81		1415-081	H&P - Fire Safety
82		1415-082	H&P - Asbestos
83		1415-083	H&P - Legionella
84		1415-084	H&P - Maintenance Repairs
85		1415-085	H&P - Contract Management
86		1415-086	H&P - PAT Testing
87	Integrated Commissioning Unit - Preeti Sheth	1415-087	ICU - Commissioning Strategy
88		1415-088	ICU - Contract Monitoring
89		1415-089	ICU - Care homes placements
90		1415-090	ICU - Domiciliary Care
91		1415-091	ICU - Contracts taken over from PCT
92		1415-092	ICU - Contract Monitoring Children's
93		1415-093	ICU - Pre birth to 5 care pathway review
94	Information Service - Mel Burns	1415-094	INS - License Management
95		1415-095	INS - Data Archiving Modern Records
96		1415-096	INS - Access Controls
97		1415-097	INS - Vendor Management
98	Portsmouth International Port - Martin Putman	1415-098	PIP - Port Finance
99		1415-099	PIP - Income Dues
100		1415-100	PIP - Use & Management of Assets
101		1415-101	PIP - Maintenance
102	Revenues & Benefits - Ed Woodhouse	1415-102	R&B - Council Tax & NNDR
103		1415-103	R&B - Housing & Council Tax benefits
104		1415-104	R&B - Local Welfare Assistance
105		1415-105	R&B - Discretionary Housing Payments
106	Transport & Environment - Simon Moon	1415-106	T&E - Sea Defences & Drainage
107		1415-107	T&E - PFI Contract
108		1415-108	T&E - PFI Contract Claims

	Service	Project Code	Project Name
109		1415-109	T&E - LSTF Grant
110		1415-110	T&E - Home to school transport
111		1415-111	T&E - Climate Change & Sustainability
112		1415-112	T&E - The Hard Interchange
113		1415-113	T&E - Parking Strategy
114	Corporate	1415-114	COR - Troubled Families
115	External	1415-115	EXT - MMD Distribution
116		1415-116	EXT - MMD Audit 2
117		1415-117	EXT - MMD Audit 3
118		1415-118	EXT - MMD Audit 4
119		1415-119	EXT - Gatcombe Park Primary
120		1415-120	EXT - Redwood Park Secondary
121		1415-121	EXT - Northern Parade Primary
122		1415-122	EXT - St Georges Beneficial
123		1415-123	EXT - Langstone Infant
124		1415-125	EXT - Meon Infant
125		1415-126	EXT - Court Lane Junior
126		1415-127	EXT - Langstone Junior
127		1415-128	EXT - Corpus Christi
128		1415-129	EXT - Manor Infant
129		1415-130	EXT - Copnor Infant & Junior
130		1415-131	EXT - Wimborne Infant
131		1415-132	EXT - Meredith Infant
132		1415-133	EXT - St Jude's Primary
133		1415-134	EXT - Langstone Harbour Board
134			EXT- St Swithuns
135			EXT-Wimborne Junior
136			EXT- Highbury Primary
137			EXT- Stamshaw Junior

2014-15 Follow Up Audit Plan

1	Adult Social Care - Rob Watt	F1314-044	ASC - Data Quality and security checking procedure
2		F1314-045	ASC - Individualised Budgets/Self Directed Support
3		F1314-050	ASC - Residential and Day Centres self assessments
4	Corporate Assets & Business Standards - Alan Cufley	F1314-042	CABS - Houses in Multiple Occupation
5		F1314-039	CABS - Leases of land
6		F1314-041	CABS - Management of markets commercial road and cosham

Item 12C - Copy of Appendix C - 2014-15 Audit Plan

	Service	Project Code	Project Name
7		F1314-038	CABS - Seizure of property
8	City Development & Culture - Stephen Baily	F1314-089	CDCS - Building and Planning Fees
9		F1314-088	CDCS - Community Infrastructure Levy
10		F1314-087	CDCS - Mountbatten Centre Client Monitoring
11	Corporate	F1314-020	Corp - Corporate Governance arrangements
12		F1314-022	Corp - Mandatory Training & PDRs
13	Children's Social Care & Safeguarding - Stephen Kitchman	F1314-079	CSCS - Foster Placements and residential care self assessments
14		F1314-080	CSCS - HR Safer recruitment Children's Services
15		F1314-073	CSCS - Independent Fostering Team Agreements
16		F1314-076	CSCS - Kinship Policy
17		F1314-078	CSCS - Permanency planning and adoptions
18		F1314-071	CSCS - Targeted Youth Support 9-16 emerging needs
19		F1314-074	CSCS - YOT Volunteer Recruitment
20		F1314-072	CSCS - Youth Offending Team
21		External	F1314-121
22	Financial Services - Chris Ward	F1314-015	FS - Controlled Stationery
23		F1314-138	FS - External Bailiffs
24		F1314-018	FS - Local Enterprise Partnership funding (e.g. growing places)
25		F1314-014	FS - Petty Cash/Imprest Accounts
26	Health, Safety & Licensing - Rachael Dalby	F1314-091	HIDS&CS - CCTV
27		F1314-101	PH - Governance, Planning and Performance and Health and Well Being Board
28	Housing Management - Owen Buckwell	F1314-027	HM - Energy and sustainability
29		F1314-036	HM - Right to buy due diligence checks
30		F1314-030	HM - Risk Assessments of outlying buildings
31		F1314-024	HM - Security
32		F1314-031	HM - Sheltered Housing Service
33		F1314-026	HM - Stock Conditions Database
34		F1314-035	HM - Sub letting prevention
35		F1314-032	HM - Void properties- removal and clearance including sheds and garages
36	HR, Legal & Performance - Jon Bell	F1314-056	HRLP - Gifts and Hospitality
37		F1314-055	HRLP - Insurance
38		F1314-051	HRLP - Performance Management
39		F1314-059	HRLP - Solicitors fees Court Costs
40	Portsmouth International Port - Martin Putman	F1314-116	Port - Winter Storage
41		F1314-098	Port- Camber letting- agent collecting Harbour dues
42	Transport & Environment - Simon Moon	F1314-113	T&E - Fuel purchases

Item 12C - Copy of Appendix C - 2014-15 Audit Plan

	Service	Project Code	Project Name
43	TMOU	F1314-112	T&E - Hire Cars
44		F1314-120	T&E - Inspections and maintenance of paths
45		F1314-118	T&E - Waste collection, waste disposal and recycling contract

Agenda Item 13



Portsmouth
CITY COUNCIL

Agenda item:

Title of meeting: Governance & Audit & Standards

Date of meeting: 27th June 2014

Subject: Service Charges Housing

Report by: Chief Internal Auditor

Wards affected: None

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. To advise Members of the outcome of an Audit Investigation carried out at the request of the City Solicitor & Monitoring Officer on the complaints made by private owners of ex- Council flats on some of their service charges. The full report is attached as Appendix A

2. Recommendations

- 2.1. It is recommended that Members note the outcome of the investigation namely:

- A Service review to be undertaken of changes in mark-up percentages on jobs and of the 12.5% professional fee.
- Internal Audit to undertake a review of the benchmarking of repair charges as well as trend analysis and analytical reviews of performance data

3. Background

- 3.1. Since the enlistment of a project officer in 2011/12 to review the way leasehold service charges are recorded and recharged, a new system of analysing works & costs data was introduced and charges more accurately accounted for. The impact of this change has resulted in more costs being recovered from leaseholders. Because of undercharging for so many years the increase in costs were phased in with a discretionary capping in 11/12 for both repairs and cleaning and in 12/13 for cleaning only.
- 3.2. There are over 17,000 properties in the housing stock, of these, 1,889 (as at 3rd February 2014) are privately owned leasehold properties. All individual flats that are owned privately in Council housing blocks are leasehold and private owners required

to pay proportionately to the upkeep of communal areas, fabric of the building and communal service charges e.g. cleaning.

- 3.3 Each year, across the housing stock as a whole, over 47,000 day to day repairs are undertaken (not including electrical testing, gas appliance testing, planned maintenance etc. which brings the total closer to 73,000). In addition some 50,000 green and clean jobs are undertaken (not including bulk refuse and shopping trolley collection etc. which brings the total closer to 90,000).
- 3.4 With these numbers to administer, repair contracts were let via a proper tendering exercise to two contractors to manage repairs in different parts of the City. There is an in-house Green & Clean Team to manage cleaning and gardening whose purpose is to 'keep the local area clean and tidy'.
- 3.5 The repair contracts are financially based models detailing the operatives, vehicles, materials, management and profits to deliver maintenance to the Housing stock. It is estimated that to try and give individual jobs to hundreds of different contractors (or even several different contractors) would become prohibitively costly in administration as well as delivering inconsistent quality. Housing aim to work in partnership with the contractors to deliver a consistent, reliable, value for money service that meets customer demands.
- 3.6 The Contractors submit monthly valuations which are checked for reasonableness at a high level (e.g. operatives charge out rates) and specific jobs are spot checked by relevant estates surveyors for reasonableness of charge and quality. The valuations include an estimated mark up on jobs to recover the overheads and profit as agreed in the tender. This mark-up will vary slightly during the year as upfront costs may be recovered at the start.
- 3.7 A flat rate management fee is recovered from all leaseholders (currently £120) which attempts to recover the costs of the leasehold management team. In addition, a professional fee currently set at 12.5% (based on a mid-range of current industry practice) is applied to external contracts. This attempts to recover contract management costs such as procurement, specification, surveying, site supervision etc.
- 3.8 The queries raised by two private owners of flats are with regard to leasehold properties and where there are communal areas such grounds, entranceways etc., they are required to pay a proportion of the relevant costs of the services and maintenance as part of their lease agreements.

The objectives of the review were to:

- 1) Establish the legal position re service charges on leasehold properties to ensure that PCC are acting within the law;
- 2) Review processes for recharging private owners in leasehold properties to ensure that appropriate charges are made;

- 3) Review some of the specific disputed charges to establish whether there is a clear audit trail, that they are fair, lawful, in accordance with the Lease and would meet the tests of an external Tribunal

4. Reasons for recommendations

- 4.1 The leases with the private owners of flats in Council blocks allow for the recovery of all the related communal costs.
- 4.2 There is evidence that supervision and control of costs is sufficient taking into account the context of the size of the operation in servicing over 17,000 homes.
- 4.3 There is sufficient detail to account for the work carried out on the specific complaints made by two private owners and Housing considers the standard and cost of work to be reasonable. Where errors have been found accounts have been credited.
- 4.4 There are some areas that may need review by the Service:
- Changes in mark-up percentages on jobs (although it is not known if this would be material to each job as percentages vary only slightly).
 - The 12.5% professional fee to check that it is adequate to recover the management costs associated with external contracts such as specification, procurement and supervision.
- 4.5 Internal Audit to undertake a review of the benchmarking of repair charges as well as trend analysis and analytical reviews of performance data

5. Equality impact assessment (EIA)

- 5.1 The contents of this report do not have any relevant equalities impact and therefore an equalities assessment is not required.

6. City Solicitor's Comments

- 6.1 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.

7. Head of Finance & S151 Officer Comments:

- 7.1 There are no financial implications arising from the recommendations set out in this report.

.....
Signed by: Lyn Graham - Chief Internal Auditor

Appendices:

Appendix A Detailed Findings Housing Service Charges

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
Investigation	Internal Audit

Appendix A - Internal Audit Report on Housing Service Charges

1. Introduction

- 1.1 On the 8th November 2013, Internal Audit was asked by the Monitoring Officer to review allegations made by private owners of ex Council flats, disputing some of their service charges.
- 1.2 Since the enlistment of a project officer in 2011/12 to review the way leasehold service charges are recorded and recharged, a new system of analysing works & costs data was introduced and charges more accurately accounted for. The impact of this change has resulted in more costs being recovered from leaseholders. Because of undercharging for so many years the increase in costs were phased in with a discretionary capping in 11/12 for both repairs and cleaning and in 12/13 for cleaning only.
- 1.3 One of the lessons learnt by the Service following the complaints is to improve proactive management of the leaseholder expectations on the charges they can expect to incur.
- 1.4 Payments are initially made based on an estimate from previous years' costs and predicted activity in future years. Actual costs are subsequently charged 6 months after the end of the relevant financial year.

2. Background

- 2.1 There are over 17,000 properties in the housing stock, 1,889 as at 3rd February 2014, of these are privately owned leasehold properties. All individual flats that are owned privately in Council housing blocks are leasehold and private owners required to pay proportionately to the upkeep of communal areas, fabric of the building and communal service charges e.g. cleaning.
- 2.2 Each year, across the housing stock as a whole, over 47,000 day to day repairs are undertaken (not including electrical testing, gas appliance testing, planned maintenance etc. which brings the total closer to 73,000). In addition some 50,000 green and clean jobs are undertaken (not including bulk refuse and shopping trolley collection etc. which brings the total closer to 90,000).
- 2.3 With these numbers to administer, repair contracts were let via a proper tendering exercise to two contractors to manage repairs in different parts of the City. There is an in-house Green & Clean Team to manage cleaning and gardening whose purpose is to 'keep the local area clean and tidy'.

- 2.4 The repair contracts are financially based models detailing the operatives, vehicles, materials, management and profits to deliver maintenance to the Housing stock. It is estimated that to try and give individual jobs to hundreds of different contractors (or even several different contractors) would become prohibitively costly in administration as well as delivering inconsistent quality. Housing aim to work in partnership with the contractors to deliver a consistent, reliable, value for money service that meets customer demands.
- 2.5 The Contractors submit monthly valuations which are checked for reasonableness at a high level (e.g. operatives charge out rates) and specific jobs are spot checked by relevant estates surveyors for reasonableness of charge and quality. The valuations include an estimated mark up on jobs to recover the overheads and profit as agreed in the tender. This mark-up will vary slightly during the year as upfront costs may be recovered at the start.
- 2.6 A flat rate management fee is recovered from all leaseholders (currently £120) which attempts to recover the costs of the leasehold management and team as well as a professional fee currently set at 12.5% (based on a mid-range of current industry practice) applied to external contracts only, to recover contract management costs such as procurement, specification, surveying etc.
- 2.7 The queries raised by two private owners of flats are with regard to leasehold properties and where there are communal areas such grounds, entranceways etc., they are required to pay a proportion of the relevant costs of the services and maintenance as part of their lease agreements.

3.1 Objectives

The objectives of the review were to:

- 1) Establish the legal position re service charges on leasehold properties to ensure that PCC are acting within the law;
- 2) Review processes for recharging private owners in leasehold properties to ensure that appropriate charges are made;
- 3) Review some of the specific disputed charges to establish whether there is a clear audit trail, that they are lawful, in accordance with the Lease and would meet the tests of an external Tribunal

3.2 Methodology

- 1) Review of the Law, advice and guidance
- 2) Analytical review of numbers of properties/ numbers of repairs etc.
- 3) Walk through of the processes with Housing, Green & Clean & the Contractor
- 4) Visits to some of the properties concerned
- 5) Review of specific allegations
- 6) Interviews with the complainants

4. DETAILED FINDINGS

The Law

4.1 Section 11 of the Landlord and Tenant Act places an obligation on the Landlord to maintain:

- The structure & exterior of the dwelling
- The installations for the supply of water, gas, electricity and sanitation
- The installations for the supply of any space heating and water heating
- The communal areas and installations associated with the dwelling
- The required repair will vary depending on the age, character and prospective life of the property and its' location. This means that the landlord need not maintain a run-down property in an inner city area to the same high standards expected in an expensive central London apartment
- Landlords have the right to view the condition and state of repair of the inside leaseholders property on giving them 24 hours' notice

Lease

4.2 This is the contract between the leaseholder and landlord giving conditional ownership for a fixed period of time. The Lease sets out the contractual obligations of the two parties; what the leaseholder has contracted to do which will include the payment of any ground rent, contribution to the costs of maintaining and managing the building and certain conditions on the use and occupation of the flat; what the landlord is bound to do including managing and maintaining the structure, exterior and common areas of the property, to collect service charges from the leaseholders and keep the accounts.

4.3 When a flat changes hands the seller passes on all the rights and responsibilities of the lease to the purchaser including any future payments of service charges that have not yet been identified.

4.4 A review of all the leases assigned to the complainants confirmed that they all allow for the payment of rent, proportion of taxes, service charges and a management charge and allow the Authority to maintain, decorate, secure, improve and insure the building and property or part thereof or any equipment fixtures or apparatus.

Service Charges

4.5 Section 18 (1) of the Landlord and Tenant Act 1985 defines a service charge as "an amount payable by a tenant of a dwelling as part of or in addition to the rent"

- 4.6 These are payments made by leaseholders for all the services the landlord provides. These will include maintenance and repairs, insurance of the building, provision of central heating if appropriate, lifts, alarm systems, estate staff, lighting, cleaning of common areas, maintenance of grounds and the cost of management.
- 4.7 Service charges vary from year to year; they can go up or down without any limit other than that they are reasonable. The Landlord can only recover the costs of services which are reasonable. Although reasonable is not defined leaseholders can challenge service and any admin charges that they feel are unreasonable at the First Tier Tribunal (Property) Chamber
- 4.8 The Tribunal has powers to make decisions on a number of issues, inter alia:
- Whether service charge costs are reasonable
 - Whether services are of a reasonable standard
 - Whether repairs have been carried out to a reasonable standard
 - Whether specifications for future repairs are reasonable
- 4.9 And may ask the following questions:
- Was it or would it be in the circumstances reasonable for the costs to be incurred and if so
 - Were or will the works or services provided be to a reasonable standard?
 - What are the landlord's procedures for assessing and controlling the costs including supervision?
 - Whether the service charge is payable under the lease?
- 4.10 Details of what can and cannot be charged by the landlord and the proportion of the charge to be paid by the leaseholder will be set out in the Lease. Case law has established that any items not specified in the Lease cannot be re-charged.
- 4.11 The landlord arranges provision of the services and the leaseholder pays for them. All costs must be met by the leaseholders; the landlord will generally make no financial contribution (however this is not the case with PCC see 4.59). Some leases allow for the landlord to collect service charges in advance repaying any surplus or collecting any shortfall at the end of the year.
- 4.12 Some leases allow for reserve funds to collect sums in advance to ensure that sufficient money is available for future scheduled major works such as external decorations or lift replacement. The Lease should set out the arrangements for this. Contributions are not repayable when the flat is sold.
- 4.13 Section 42 of the Landlord and Tenants Act requires that where leaseholders are required under the terms of their leases to make advance contributions towards future major works that monies are held in in trust.

- 4.14 Leaseholders can demand summaries of costs of the services, details of the insurance cover and have the right to inspect invoices for services and other documents within six months of receiving their account for actual charges.
- 4.15 Section 20 of the Landlord and Tenants Act requires that landlords formally consult with leaseholders on major (qualifying) works (works or repair, maintenance or improvement) where it costs any leaseholder more than £250. If the landlord doesn't do this they are unable to recover the costs of the works from the leaseholder beyond the statutory £250 per leaseholder limit.
- 4.16 Leaseholders must also be formally consulted on certain long term agreements or contracts for any service over 12 months where the cost to any leaseholder is more than £100 per year e.g. for the maintenance of a lift or door entry system or window, or other cleaning (with the exception of contracts of employment.).
- 4.17 In cases where the works are considered urgent e.g. a leaking roof the landlord may apply to the Tribunal for an order to dispense with the consultation procedure. In such cases the Tribunal will notify the service charge payers of the proposal. Failure to do so mean the landlord cannot recover more than the statutory limit of £250 from the leaseholder.
- 4.18 Demands for payment must be served within 18 months. Failure to do so mean the landlord cannot recover the cost.

Systems

Analytical review

4.19 Housing Stock

year	01-Apr-2011	01-Apr-2012	01-Apr-2013
Leasehold Properties	1,850	1,863	1,889
Rented properties	15,154	15,163	15,118
Total Stock	17,004	17,026	17,007
Leaseholders as % of stock	10.88%	10.94%	11.10%

Levels of housing stock and % of leaseholders have remained fairly constant over the last three years.

4.20 No of repairs to HRA dwellings and communal areas and costs over the last four years.

	01-Apr-10	01-Apr-11	01-Apr-12	01-Apr-13
REPAIRS				
No of dwelling repairs	32,578	33,061	34,088	35,693
No of communal repairs	10,640	11,034	11,544	11,962
Total repairs	43,218	44,095	45,632	47,655
Cost of dwelling repairs	7,033,000	7,412,000	8,372,000	9,027,000

Cost of communal repairs	2,032,000	2,484,000	2,801,000	2,967,000
Total cost	9,065,000	9,896,000	11,173,000	11,994,000

leasehold recovery as % of repair costs (not weighted for No of leaseholders)

communal repairs	11.595%	10.936%	18.707%
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This data is taken from the repairs database, it shows, between 2010 and 2013, an increase in 10.3% in the number of repairs but an apparent increase in expenditure of 32.3%. This variation is due to a change in the method of cost recording. From 2011/2012 the service provider profit and overhead was incorporated directly into the costs loaded into the database. This has been continued to improve visibility of the repair costs.

2010/2011 the cost in the database was exclusive of the service providers profit and overhead and this was added to the leaseholders' charges afterwards for each of the four service providers at the time.

2011/2012 was the first year that the service provider profit and overhead was incorporated into the costs loaded into the database by the four service providers, there was no need to add any other costs afterwards. This was undertaken to improve visibility of the repair costs

2012/2013 the contracts changed including the way valuations were presented by the two service providers who had won the contracts The model for calculating the costs of repairs loaded into the database was further improved to check that all costs were correctly apportioned.

2013/2014 the same model has continued to be used for calculating the costs to go into the repairs database.

In addition to the above other works have been incorporated into the repairs database that weren't recorded in the database in the first year such as undertaking EICR reports to dwellings, as the repairs system has proved to be the most effective method to undertake these reports.

4.21 Demand and Jobs completed per annum Green and Clean

	Cleaning		Gardening		Total
	demand	jobs	demand	jobs	jobs
2010/11	3,984	49,939	1,088	5,961	55,900
2011/12	6,141	45,833	1,338	7,669	53,502
2012/13	7,781	42,590	1,915	7,705	50,295

Cleaning jobs completed have dropped by just over 14.7% since 2010/11 although demand has increased by 9.5%. Gardening jobs have increased by just over 29% in

this period while the costs have decreased by 10.5%. It is understood that this is due to the purchase of better machinery that is more efficient. The table at 4.23 shows that the overall Green & Clean budget has only increased by 6.6%.

4.22 Hours cleaning and grounds maintenance for one of the blocks concerned for each of the last three years

	Cleaning	Gardening	moss spraying/ treatment	weed spraying
Apr 10- Mar 11	113.88hrs	40.57hrs	-	-
Apr 11 - Mar 12	59.97hrs	48.57hrs	2hrs 20mins	26 mins
Apr 12 - Mar 13	141.07hrs	94.22hrs	15.88 hrs	1hr

It is understood from The Green & Clean Service Manager that:

- Gardening has been fairly consistent - the longer time in 2012/13 was down to the poor weather experienced throughout the first half of the year - they did less jobs across the board but when they did them they took longer due to weather conditions and lower frequency which led them to have more to do when they got there.
- The increase in cleaning times in April 2011 followed some in the work time which highlighted that although the value steps were being carried out - frequency was not enough to meet the purpose of 'keeping the local area clean and tidy' (49 visits in 10/11 - 25 visits 11/12. There also weren't many pulls (demands by tenants & staff) for anything as it was not visited frequently by other housing staff (Estate Supervising Officers (ESOs), etc.). The way they work has now changed and the ESO team are more demand led.
- Last year one of the blocks subject to a complaint re cleaning charges was added to the mobile round to make it more easily accessible and to deliver the service more efficiently.

4.23 Green & Clean budgets per annum last three years and year to date

	10-11 Budget	10-11 Actual	11-12 Budget	11-12 Actual	12-13 Budget	12-13 Actual	13-14 Budget	13-14 YTD Actual
Out of hours	248,904	269,124	337,746	318,408	338,899	327,467	338,406	209,052
Cleaning	3,603,812	3,462,404	3,966,759	3,776,249	4,105,596	3,601,799	4,005,302	2,721,999
Pest eradication	90,000	81,378	91,000	80,101	90,000	90,487	90,000	56,920
Grounds maintenance	403,558	321,470	362,950	312,107	365,000	391,348	356,900	300,424
	4,346,274	4,134,376	4,758,455	4,486,866	4,899,495	4,411,102	4,790,608	3,288,395

It can be seen that within this timeframe:

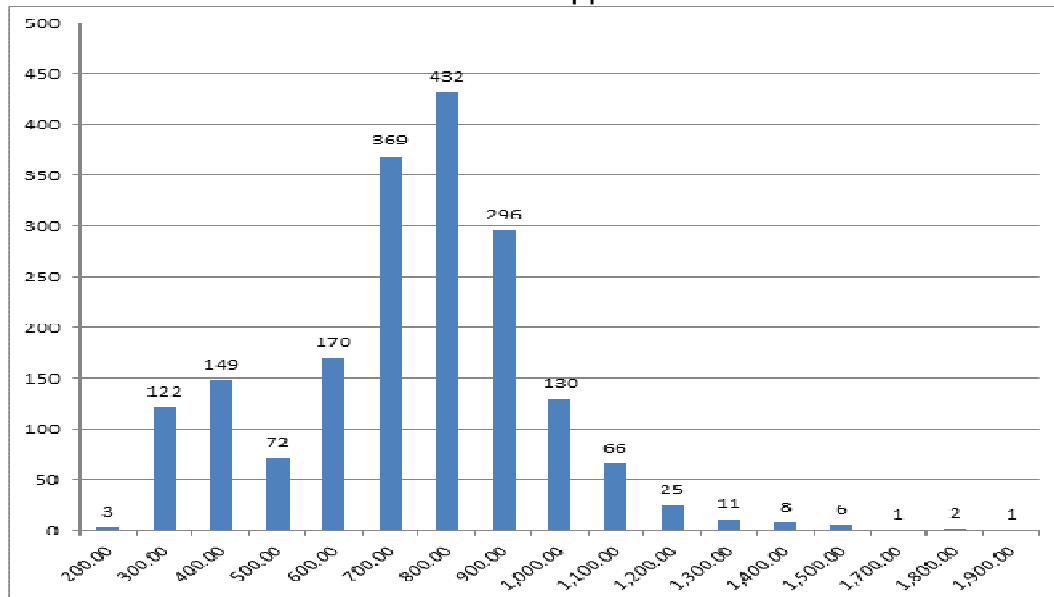
- the Grounds Maintenance estimated budget has decreased by over 10.5% since 2010/11 to 2012/13, no charge to leaseholders
- the pest eradication has remained within a similar parameter, no charge to leaseholders

- cleaning has increased by approximately 12.5% and
- out of hours by 36%.
- It is understood from the Accountant concerned that the increases are mainly due to taking on other services. Even including this the overall actual spend has only increased by 6.6% from 2010/11.

4.24 The distribution of service charges (per annum).

For the 2013/14 estimated service charges the average is £740. This does not include reserve fund contributions. The graph shows the distribution (rounding the charges to the nearest £100).

Those at the low end are likely to be in very small blocks with no communal facilities (thus no charge for cleaning or lifts etc.). Approximately 60% of leaseholders are in the middle area of approx. £650 - £950.



PCC Lease Documents

4.25 The Lease documents used have been revised four times;

- the original - dated 1981
- second revision - (date of this not clear)
- third revision - dated 2004
- latest version - dated 2012

4.26 The two leaseholders who have raised objections to some of the charges made have signed leases in 1988, 1989, 1998, 1991 and 2004. Contracts are effective from date of sale and do not change when the property is sold on. PCC therefore holds a variety of contracts depending on the year the lease was entered into.

4.27 Leases allow for all relevant costs to be recovered and both a management fee and a professional fee to be included.

4.28 Two clauses in the lease dated 2012 are cause for concern and are with Legal to respond:

- **Clause 12.11.1 seems to imply that the tenant has no right to challenge the cost of an item. That appears to go against the established legal right of a tenant to challenge the reasonableness of a charge at tribunal.**

The Tenant shall not be entitled to object to any items comprised in the Service Costs by reason only that the materials work service or other matter in question might have been provided or performed at a lower cost

- **Clause 12.9 appears to go against the legal ruling that something has to be charged for within 18 months of the final bill or it cannot be charged. This could be construed as an unfair clause.**

The Landlord shall keep accounts, records and receipts relating to the Service Costs incurred by the Landlord. If any cost is omitted from the calculation of the Service Charge in any Service Charge Year, the Landlord shall be entitled to include it in the estimate and certificate of the Service Charge in the two following Service Charge Years Otherwise, and except in the case of manifest error, the Service Charge certificate shall be conclusive as to all matters of fact to which it refers

Green & Clean; Cleaning, Waste & Grounds work

- 4.29 It is understood from the Leasehold Project Officer and Green & Clean Service Manager that the purpose of the Service is to 'keep the local area clean and tidy'. As such there are no fixed cleaning or gardening schedules or specifications. Jobs are carried out at each block on the basis of either demand or learning.
- 4.30 A demand can be made at any time by tenants, leaseholders, contractors or any Housing or PCC staff.
- 4.31 Learning from the patterns of previous demand is used to anticipate requirements. This learning is dynamic and constantly evolves in response to changes in the patterns of demand. Demand is variable and dependent on a range of factors. The single biggest factor is the way the blocks are treated by residents and visitors.
- 4.32 The dynamic and responsive nature of the service has implications on the ability to provide leaseholders with predictable advance estimates and also results in variations in leasehold charges year on year.
- 4.33 Cleaners/gardeners are given one job at a time and will stay at the job until it is finished and the amount of time spent will depend on what is found on each visit. The cleaners/ gardeners report in via Mobile phone when they start (usually text) and again when they have finished and these are recorded

immediately on the database and they are given the next job. Cleaning is recorded separately from gardening, bulk removal, moss cleaning, window cleaning and jet washing.

- 4.34 If it is a particularly large block then some cleaners may have to go in every day. Cleaning is recorded separately from gardening, bulk removal, moss cleaning, window cleaning and jet washing. New staff are buddied with experienced staff for a period to learn "the ropes".
- 4.35 Each area has a manager and a resource controller who routinely visit staff to see how they are doing and to assure themselves of the quality and necessity of the work. It is also understood that the Supervisors and Green and Clean Manager regularly carry out comparisons of data e.g. such as amount of cleaning carried out in a block and complaints or recalls to see if there are any performance issues that need to be addressed.
- 4.36 The Mobile Estates Services Team will also pick up if communal repairs and cleaning are done properly and if there are any issues will report back.
- 4.37 Performance measures include looking at capability, capacity, budgets, demand measures and comparison of date. Costs and budgets are looked at monthly and this includes looking at usage of materials. Performance is measured regularly by each area manager including ad-hoc measures to improve any areas where performance needs improving.
- 4.38 Sickness absence management is high on the agenda; staff are out in all weathers, doing manual work and consist of mainly an older workforce. There are approx. 180+ staff and 333 days sick per month. Steps have been taken to provide appropriate training and review individual cases regularly.
- 4.39 Gardening involves grass cuts when required but can be approx. every two weeks, however in 2012 it was a particularly wet year and the equipment struggled. Visits were fewer because of the weather but took longer because grass had to be gone over twice. New equipment was purchased and 2013 was a better year weather wise.
- 4.40 A walk through of the system with the Green and Clean Service Manager showed that demand is recorded in a database along with the allocation of work. Once cleaners or gardeners arrive on site they will determine the amount of work required.
- 4.41 The Green & Clean Service Manager has stated inter alia that "work is demand led but local knowledge is used as well as data analysis to understand where resources should be sent. All housing staff can also make

demands to help address what is happening on the estate" (These demands are shown in the data table in para 4.21) "Teams are aware that if they are sent to a job and then don't need to do anything that they should call back for another job - but this is rare."

- 4.42 The Green & Clean Service Manager went onto say:
"We have worked hard so that our ESO teams are not visiting sites we know will need cleaning or where cleaning staff are already working. An example of this is that in City South the team will nearly always allocate cleaners to the tower blocks first thing on a Monday as we don't clean over the weekend. The ESO team know this so they will focus on the blocks at which the cleaners are not present. Similarly with gardening the grass grows across the estate at similar rates and as we move around we are hopefully keeping on top of things so that we don't receive pulls. Our purpose is to 'keep the local area clean and tidy' ".

Repairs; Contractor

- 4.43 The contractor who won the tender for the repair and maintenance of Council Housing Stock for the area in question have a signed NEC3 Contract dated 24/1/13.
- 4.44 The system is that repair demand job numbers are phoned through to the Contractor's Call Centre via the Housing Service. The Housing Service provides the customer detail and appointment time.
- 4.45 The Call Centre raises a new job and cuts and pastes from the PCC system into the Contractor's database.
- 4.46 The Contractor has live access to PCC's asbestos database and checks any applicable repairs.
- 4.47 PCC will generally put in the applicable trade if known, if not known the Contractor interprets the request and allocates a trade from a drop down menu in their system.
- 4.48 The jobs are sorted into repair appointment time order and the next available relevant trade is allocated the work. They text or phone once on site and advise what needs to be done and how long they will be and that is recorded as job in progress in the system. When they have finished they ring into the Call Centre and report what they have done and what part number has been used from their van stock so that it can be replenished.
- 4.49 If a non-stock item is required the operative will call their trade suppliers who deliver direct to the site. Vans are stocked based on a review of stock range used over the last three months for each trade. A summary of what stock usage has gone up and what has gone down is used to increase or remove

items from the van stock. Each operative gets a laminate sheet with the parts and part numbers.

- 4.50 There are approx. 123 vans and 150 operatives in total and 9 supervisors who undertake, inter alia, stock and health & safety audits as well as reviewing the quality of work. From demand analysis sheets Supervisors review failure demand, recalls by type and frequency, look at parts and material usage and pick up any trends that need addressing.
- 4.51 All staff receive a two day induction with staff advising what they are and are not skilled to do. They are supervised closely for about 3 months and their skills matrix updated from supervisor observation and inspection. The system used to allocate work will not allow assignment to an unskilled operative or inappropriate skill e.g. will not allow work for a plumber to go to a bricklayer.
- 4.52 Performance is reviewed by Supervisors who look at time comparisons trends of data over average end to end start and finish times per area office and by trade. Comparisons are made of average times overall to individual times including numbers of recalls and whether early or late for appointments and efficient use of stock.
- 4.53 It is understood from the Contractor's management that demand can be as much as (approx.) 100 repair requests a day.
- 4.54 It is understood from the Repairs & Maintenance Manager, that:
- The Property Service Managers undertake audits of valuations submitted by the service providers throughout the year, the focus of the audits will vary throughout the year and will be discussed by the Property Service Manager and Senior Building Surveyor at the time a valuation is submitted.
 - Typical audits will include checks to validate the claim including hourly rates, timesheets, vehicles, insurance or materials. Periodically specific repairs or void costs will also be checked to ensure that the costs can be justified. The Property Service Manager will keep records of areas that they have audited and/or meetings and clarifications that they have sought from the service provider.
 - With regard to the complaints at one of the properties a Property Service Manager at Leigh Park did audit the costs charged for the communal work and found them to be proportionate for the work undertaken

Costs

- 4.55 Costs for cleaning/ gardening and repairs are reviewed by the Housing Service for any significant anomalies (see also paragraph 2.5 - this is in addition to the spot checks carried out by Maintenance Surveyors). This is

carried out annually before service charges are sent out but it is proposed to move to monthly checks.

- 4.56 Any anomalies are referred back to the relevant party for investigation and further detail.
- 4.57 For example before the last set of recharges went out Housing Service staff reviewed the Green and Clean jobs. They checked any for nil resource and job times; 873 out of 52,694 tasks were challenged and 213 of these were amended or adjusted and revised.
- 4.58 For Green & Clean work the total for communal areas is picked up from the database (there is some work required to align accountancy information from the Northgate system) and the proportion recharged to leaseholders is based on the rateable value of each flat. Collection of shopping trolleys and bulk waste removal is not recharged to leaseholders and is borne exclusively by the tenants because of the difficulties in apportioning to a specific block.
- 4.59 Following on from the review in 2011/12 analysis of the overhead rate data for cleaning communal areas became more accurate. This showed that a higher hourly rate could now be substantiated (and should have applied in previous years). Because of this change in accounting practice the increase in costs were phased in for 2011/12 and 2012/13 with discretionary capping to limit the effect on the increase as a proportion of the original estimate. In 2011/12 the capping rule was that extra costs to be no more than £10 per month per property or no more than 150% of the estimate In 2012/13 the rule was simplified to ensure that no-one is to pay £100 more than their estimate. Estimates of charges are based on historical data from the previous two to three years and are sent out in February; 18 months later leaseholders receive an account for the actual charges (refer also to paragraph 1.3). Clearly estimates are likely to be a variance with actuals, especially given variations in the weather and other demand factors from year to year.

Specific complaints

Complainant 1

- 4.60 Complainant 1, has made complaints via various emails (the first one being 30th September 2013) to the Housing Service about the additional money being requested over the original estimate and requesting a breakdown of costs.
- 4.61 In a meeting with Audit on the 21st January 2014 complainant 1 stated that:

- Service charges have gone up way beyond inflation. The last 10 years actuals have more or less matched estimates e.g. Green & Clean £124 per household per grass cutting but this year it's treble that- 21 times for up to 5.5 hours at a time. He had never seen them demoss, no picking up, raking or cutting borders.
- Bill for £654 received, nearly 60% of which is for replacement floor tiles at a cost of £2,046. 1 floor tile reported as being broken, was told that actually three floor tiles were replaced and floors latexed; however all the floor tiles were replaced. Was it necessary?
- Contacted a company (who used to do work for PCC) and quote was all in; supply fit and disposal (for 14 sq. metres) £420 + VAT including latexing as well, removal and disposal of asbestos waste. Another quote from a flooring company was £300 + VAT all in.
- The contractor actually did it on top of the old ones because doors had to be chamfered and tiles not disposed of. Wasn't the best job or best materials- sheet vinyl.
- He was challenging the reasonableness of the charge- residents were not consulted and although PCC took £46 off the charge residents have incurred £250 each for flooring.

4.62 The Complainant 1 also went onto say:

- There were other total charges that he felt were unreasonable such as £928 to fix a door catch. The flat owner and another person were present when the contractor came and he did not remove the door.
- Another charge that appears unreasonable was £635 for a gutter clean; for a block 4 flats wide and 2 hallways, two men did one side squirting silicone to seal the joint.
- Green & Clean do not estimate the cleaning required. Another company had said that there is an industry standard of 200sq metres per hour to sweep and mop. Therefore at 46sq metres + two sets of stairs once a week say 6 or 7 hours a week max. These are all elderly residents and the place doesn't get that dirty. There has been no improvement in cleanliness.
- Door closures on flats had to be removed because they were too tight for the elderly residents to open. Three or 4 were removed because the occupant couldn't open their doors safely.
- Complainant 1 doesn't feel that they have had a satisfactory explanation
- Charged £4k per flat for fire safety- 8 doors at £200-£300 per door and fire alarms. Fitting of a communal TV ariel would be £600 per household so opted out. Seem to be no challenges on charges made by Green & Clean, no benchmarking, no scrutiny of number of hours/ days taken
- They want Housing to deal with what has been said and respond please. They had a meeting with Housing which was a total waste of time as they didn't want to listen.

4.63 The Housing Service responded to Complainant 1 and met with him following email correspondence. The explanations included the following (in an email from "Fiona" in SOCHHS):

- Floor tile replacement. (From Fiona SOCHHHS) in an email dated 28 October 2013. The email states "..... it is important to realise that there is a big difference on "Description of Original Repair" and "Description of Actual Repairs". We actually did far more than replace 1 tile. 3 tiles were replaced and the whole floor was re-latexed. The cost includes 2 operatives to complete the floor repairs over 2 days and a carpenter was needed to adjust 2 shed doors and an electric cupboard door after the floor had been repaired. Also correct disposal and handling of asbestos was built into the costs."

"The same repair was capped and £40.62 was refunded. The reason for this was due to the total cost being in excess of £250 to the flat owner and as such a section 20 notice should have been served, warning of the cost. If we had correctly issued the notice we would not have refunded the £40.62. This job was not a result of planned maintenance but it was a day to day repair reported to the local housing office by a Green and Clean Operative whilst they were on site."

- Broken Door closer. "With regard to £928.00 to repair the broken door, again I refer too (sic) "Description of Original Repair" and "Description of Actual Repairs"; we actually made repairs to 3 other doors, as on assessment, the operative that attended, deemed similar repairs were required."

" I have asked the Property Manager if he is happy with the costing's (sic) of the jobs; he has scrutinised them and has not found them to be excessive, given the work that was actually carried out."

- Gardening & Cleaning. "I have also checked with The Green & Clean Service Manager and he has confirmed that the 16* gardening visits relate too (sic) April 2012 to Mar 2013 inclusive."

*The complainant stated that the account shows 21 visits not 16

4.64 Contractor costs for each job show:

(a) Floor Tile replacement.

(1) There are two jobs listed for tile replacement at this housing block .

(2) The first job was originally scoped to remove 3 floor tiles in the entrance foyer of flats 1-7. The "actual work done" record states that two operatives took up and replaced 8 floor tiles from the main entrance foyer and disposed of them as asbestos waste in November 2012 at a total

contractor cost of £391.24 but with the addition of management fees the job amounted to £440.15. The bonded asbestos cost is detailed as 200kg at a cost of £144.00. There are two communal entrance ways and it is understood that this work was carried out on the right hand entrance way.

- (3) The second job was undertaken in March 2013, approx. 4 months after the first job; again it states the location as 1-7 ground floor rear entrance, and the scope is detailed as a white floor tile being loose by the rear door. This work was carried out on the left hand entrance way. The actual work is detailed as 4 operatives (2 from the Contractor + 2 self-employed contractors) removing all the floor tiles, disposing of the asbestos waste and latexing the hallway twice as the floor was uneven. On the same job number it states that two shed doors and an electric cupboard door were cut down and intermittent strips fitted onto each door. The latex was also scraped and rubbed back. The labour is shown as £549.33 and materials as £789.33 with contractor overheads and profit as £475.22 totalling £1,813.88. With the addition of Housing Management Fees of 12.5% the total cost for the job amounts to £2,040.62.
 - (4) The bonded asbestos cost is shown as 360kg and a cost of £232.80. Hazardous Waste Regulations 2005 Consignment notes numbers EXECOM/0514 and EXECOM/0515 totalling 360kg (180kgs each) were transferred to L&S Waste Management on the 6/3/13 at a cost of £265.80 plus VAT. This confirms that the asbestos tiles from the site were removed and properly disposed of.
 - (5) Whilst it is not material there are two lots of Admin charges at £12 each marked as PLANT against this job and it is not known what these admin charges relate to.
 - (6) The explanation given by Housing to Complainant 1 makes no mention of there having been two jobs.
 - (7) Audit visited the Housing Block concerned on the 6th December. The area was clean and tidy and there was clear evidence of new flooring to the left hand entranceway as it was noted that the original curved skirting observed in the right hand entranceway is now squared off in the left hand entranceway.
- (b) Gutter repair
- (1) Complainant 1 challenged the cost of £633.51 for a gutter repair. The Scope of the work is described as "seamless guttering at front and rear of block is leaking from joints midway across block on both sides of block LH."

- (2) The Contractor's records show that the property was first visited by two operatives on the 16th January where the record states "too cold to clear as all moss and debris is frozen. Gem"
- (3) A second visit was made by two operatives on the 21st January 2013 and the actual work done is recorded as "clear section of gutterin (sic) to front and rear to allow to dry and aquapole joints. hw" the time given for this is 2.53 hours per operative inclusive of travel.
- (4) A third visit was made by two operatives on the 28th January and the actual work done is recorded as "cleared the gutters to back and front of the property cleared all down pipes shed gutters and gullies. vw" the time given for this is 8.50 hours per operative inclusive of travel.
- (5) The sub total is shown as £415.59 with an addition of contractor overheads & profit at 35.5%, giving a further subtotal of £563.13. With the further addition of the Housing Management Fee of 12.5% the total cost amounts to £633.51.

(c) Broken Door closer

- (1) In the original scope for works the job description states "latch on rear entrance of block 9-15 is sticking once open. em".
- (2) Two visits were made to the property but the recording of the operatives and dates do not seem correct. Visit number 76664/1 has one operator attending on the 19th October 2012 at 10:15 until 17:00 at a cost of £20.78 per hour and against the same visit number has one operative on the 25th October which is the date of the second visit.
- (3) However, the total hours for the two visits amounts to 24.5 hours and the Actual work done is described as; visit 1 "3 doors required works 2 have been overhauled 1 more needs doing temp repair has been made DL" . There is additional scope on the second job of "overhaul 1 more door DL 2 man job." The Actual work done states Removed door and repaired closer on rear door overhauled top arm pivit (sic) tested all ok DL"
- (4) The total cost for the labour amounts to £479.43. A new closure (Adams Rite Transom Closure (65mm Pivot Center (sic)) Non Hold Open) amounted to £129.39 with contractor's overheads and profit at £216.13 sub totalling £824.95. With the addition of the management fee the total sum amounts to £928.07.

(5) The contractor has stated that this was a 2 man job because these are heavy doors (fire doors) and two visits were required which they consider reasonable.

(d) Green & Clean records show for cleaning and gardening jobs:

	2010 -11		2011 - 12		2012 -13		2013-14 (first 5 months)	
Type	Jobs	task effort	Jobs	task effort	Jobs	task effort	Jobs	task effort
Cleaning	48	110.68	48	123.34	46	141.10	10	36.77
Gardening	15	31.90	7	53.12	16	94.22	13	28.58
Moss Spraying			1	2.34	1	7.50		
Moss treatment					2	8.38		
Weed spraying			1	0.44	1	1.00		
Windows			4	4.48	4	3.84	2	1.82
Grand Total	63	142.58	61	183.72	70	256.04	25	67.17

Which shows that the number of cleans is fairly consistent over the last 3-4 years but time spent has increased by approx. 27%. The Green & Clean Service Manager has stated that "The increase in cleaning times in April 2011 followed some in the work time which highlighted that although the value steps were being carried out - frequency was not enough to meet the purpose of 'keeping the local area clean and tidy' Last year the block was added to the mobile round to make it more easily accessible and to deliver the service more efficiently."

"..... we don't work to a schedule so the team do what needs to be done and this can vary depending on how the block has been used by residents and visitors. There are also variations for poor weather and 12/13 was a very wet summer. This year so far (13/14) we have cleaned 37 times and this totals 100.98 hours. We will probably do another 3-4 cleans there this year and since January 2014 the avg task time is approx. 1.5hrs so it looks like this year the time will actually be lower - although I cannot confirm this until the year has ended. The cleaners are not just cleaning the internal spaces but also litter picking outside space which includes the garage area. The operative will also have to clean the bin sheds."

Complainant 2 (4 properties)

4.65 Complainant 2's complaints fall into two categories:

- Planned major works and
- Cleaning, gardening and repair costs for all the properties he owns in council blocks.

4.66 Complainant 2 emailed the Leasehold & Commercial Service Officer on the 11th July 2013 in response to a section 20 letter (planned major works) dated

9th July 2013. The letter states that works are required for external repairs, external decorations, emergency lighting and new stairwell screens and will be seeking competitive tenders for the work estimated at £223,500. The estimated contribution from Complainant 2 is £20,500.

4.67 Complainant 2 stated in his email that inter alia:

'You were asked by my solicitor two years ago if any major expenditure was planned for my property and he was informed nothing had been planned. I amshocked the block has taken such a drastic u (sic) turn in such a short time.I have been informed that the block was ear mark (sic) as part of a rejuvenation project for replacement but this has now been cancelled is this the reason for the blocks neglect and now such a major refurbishment are (sic) needed to fix a problem your deliberate inaction have (sic) created.....'

4.68 The Leasehold & Commercial Service Officer responded by email on the 24th July as follows:

'...In June 2011 when the vendor's solicitor wrote to us the only planned works that we were aware of, were those that we identified to the solicitor (and a copy of the relevant Section 20 Notice was provided). In March 2013 a surveyor undertook a full evaluation of this block and has determined that a scheme of works is now required.

The surveyor has advised that a significant proportion of the expenditure is due to the works associated with the replacement of the stairwell screens as they have effectively reached the end of their serviceable life.

Other factors that have impacted on the proposed works are the requirement to undertake a Fire Risk Assessment on the block and implement recommendations from it, an obligation under the Regulatory Reform Fire Safety Order 2005. This legislation would not have applied to previous projects and has an impact on cost.....

The planned Maintenance department undertake works based on demand rather than a rigid cyclical programme.

.....Maintenance works do carry a separate, variable on cost which is the 12.5% you refer to. This is to cover the additional professional fees of surveying and contract management of those specific works.....'

4.69 Complainant 2 responded the same day expressing his dissatisfaction with the reply and asking specifically:

- 1) 'Who takes overall responsibility for the maintenance of my block going back over the last 7 years?
- 2) How often is the block inspected? And to what level and who by?

- 3) Was this block earmarked for improvement or replacement as part of the rejuvenation project that has now been cancelled, please give dates
- 4) I put it to you that you have knowingly let this block fall into dilapidation to (sic) you agree or disagree.'

4.70 The Leasehold Accounts Manager, wrote a letter to Complainant 2 on the 28th August 2013 following an on-site meeting with him, a Senior Building Surveyor, and two Leasehold & Commercial Service Officers, on the 8th August, stating inter alia that:

- Whilst planned maintenance schemes had temporarily ceased due to the Somerstown Project... day to day repairs continued to be undertaken
- Responses to Complainant 2's specific questions including ' why the demand some years ago for remedial work did not happen?'
- That the demand raised in July 2011 resulted in an assessment by the planned maintenance manager that the screens were reaching the end of their serviceable life and required replacement but they would not deteriorate significantly if not done within the next 1-2 years.
- The block was added to the list of future works which required a review of existing programmes of work in order, with the intention of undertaking a detailed evaluation in late 2012/13 and works in 2013/14.
- Day to day planned repairs can be raised by any person having dealings with a building including residents, leaseholders, cleaners, contractors, councillors and any PCC member of staff. Since 2010 this block had had 105 visits by PCC Housing staff in respect to repair appointments. Estate Service Officers inspect all blocks approximately once a week to check the general upkeep of the building, functioning of doors/lights, ensuring escape routes are clear and that no bulk rubbish are (sic) present.
- This block was earmarked for demolition as part of the Somerstown regeneration project. Although planned schemes on the block would have ceased, day to day repairs were on-going and any individual elements of works that were required in the interim would have been undertaken i.e. If the block had a leaking roof, or some property windows needed replacing etc.
- The Government announced in November 2011 that funding for this project (Somerstown Regeneration Scheme) was to be withdrawn.

4.71 Complainant 2 responded by email on the 1st October stating that he had asked for copies of the inspection of the block used to calculate repair costs each year, as the block was last overhauled in 2002 and would like the information going back to 2000 to see what was reported year on year. He had read the structured approach to repairs outlined in the letter and believes that the 7 points listed should have triggered repair work before 2011 and believes that PCC stopped maintaining this block and others as we expected them to be demolished. He also states that he intends to take the matter to the leasehold tribunal unless 'we can come to a compromise on costs to me'.

- 4.72 A further letter was sent to Complainant 2 on the 18th October with the actual tendered costs of the works and a response to his email which reiterated previous communications with Complainant 2 and stating that the accepted tender has proved to be lower than the initial estimate which in turn reduces the required contribution. It ends by saying ' We remain confident of the proportionality and reasonableness of the proposed scheme but fully respect your right to take this matter to leasehold tribunal.'
- 4.73 Complainant 2 then put in a Freedom of Information Request asking for 'copies of correspondence (email and hardcopy) and any other relevant information relating to the on-going maintenance of the block in question going back to the year 2000.....'
- 4.74 A letter was sent from the Project Officer Leasehold and Commercial Services, to Complainant 2 on the 11th December 2013 following a meeting on the 3rd December at two of the properties in question. The letter gave responses to Complainant 2's queries regarding cleaning and gardening as well as the major planned works at one of the blocks and giving Complainant 2 a 30 year major work cost projection for all the blocks in which he has an interest
- 4.75 Complainant 2 had emailed Councillors on the 3rd October alleging that 'having received a breakdown of costs for Green & Clean 2012/13' for one of the properties 'there are a number of items that show what could be called fraudulent claims.' He then goes onto list several examples of costs that he considers to be exceptionally high such as, inter alia, 42.05 hours moss killing on 6th December 2012 at a cost of £573.02 and 31.7 hours gardening on 9th January 2013 at a cost of £431.98; he also refers to a cost of £3,512.60 on the 3/1/13 to fix an intercom. Complainant 2 also asks what checks are in place to 'see that we are getting value for money.'
- 4.76 The Leasehold and Commercial Services Manager responded to Councillors, copying in Complainant 2 on the 11th October 2013. She referred to the various jobs Complainant 2 had challenged and stated that the costs were all correct apart from the moss clearing where the recorded time failed to reflect the gap between start and finish times. A correction was made which reduced the total block cost by £389 but which did not result in any reduction to Complainant 2 because of the discretionary recharge cap of £100. (See paragraph 4.59). The Leasehold & Commercial Services Manager also stated that the repair cost of the intercom system was correct and legally chargeable. She acknowledged however that the cost did not represent value for money and made a discretionary discount of 17% which resulted in a credit of £33.70 to Complainant 2. The value for money judgement was based on the amount of labour hours claimed by the specialist sub-contractor who undertook this job. This sub-contractor only undertook a limited number of jobs before being replaced.

4.77 Complainant 2 emailed again on the 13th October questioning a cleaning item on the 21/1/13 of 159.90 hours by one person at a cost of £2,165.36 and why the cleaner had booked 3 days in a row at one of the housing blocks.

4.78 The Project Officer Leasehold & Commercial responded on the 22nd October re one of the properties Leasehold Charges 2012/13 and others in which he explains that the variations in cleaning times are due to trying to avoid deep cleaning by keeping on top of the cleaning at all times; that there is no cleaning schedule or specification but cleaners are sent to blocks as a demand arises.

He goes onto say that the 3 days cleaning in a row at one block in particular and a gardening job at another property have been referred back to The Green & Clean Service Manager to check. He acknowledges an error with moss clearing and gives a credit of £33.70 in response to the intercom repair.

4.79 A further response from The Project Officer Leasehold & Commercial on the 24th October gives additional detail and he states:

- Property 1 cleaning item totalling 159.90 hours- 'We are now confident that this reflects the amount of effort undertaken on this job, which involved an extensive clean to floors, ceilings and panels'
- Property 2 - cleaning three days in a row in June-' We are confident this is correct. The demand for these three jobs was respectively 1. " Urine in the main entrance area, check and clear alleyways adjacent to block", 2. "2nd floor smells" (presume urine) and 3. "Clean internally and litter pick required on grounds" '
- Property 3- Intercom repair- attached details of labour and material costs showing the gross cost and net value for money adjustment. Gardening on 9th January 2012. Confirmed as correct "This job involved the raking out of old dead leaves from under hedges. No further gardening was required until March."

4.80 Complainant 2 responded on the same day; disputing the need for the clean at Property 1 as he believes it contradicts a previous response about keeping on top of cleaning to avoid a deep clean. He does not understand why a reduction in costs on the moss clearing at Property 3 does not result in a reduction of charges and questioning the need to rake out dead leaves rotting under hedges as unnecessary work as well as continuing to challenge the cleaning jobs.

4.81 The Project Officer Leasehold & Commercial responded on 8th November 2013 reiterating previous correspondence and explaining that the reduction in cost had no impact on the charges because it reduced the discount already applied and did not exceed the estimate by more than £100.

- 4.82 Correspondence on the 11th and 13th November between The Project Officer Leasehold & Commercial & Complainant 2 are to do with arranging a meeting which clearly occurred on the 3rd December 2013 and is referred to in correspondence relating to the s20 proposed works to Property 1
- 4.83 At the meeting with Internal Audit on the 22nd January 2014 Complainant 2's main concern was with the proposed s20 work at Property 1 and related charges; he seemed reconciled to the cleaning and gardening charges although in his view "some pop out" and he feels that there is a failure in process and it is not managed or challenged.
- 4.84 Internal Audit visited Property 1 and Property 3 on the 6th December 2013 accompanied by the Leasehold and Commercial Services Manager, the Project Officer Leasehold & Commercial and the Leasehold Accounts Manager. The block was very tatty although the communal stairs, landings and surroundings were clean. There is evidence of concrete erosion where stairwells are exposed to the elements. It is understood from the Housing Staff concerned that a cleaner was on site for some time due to the ceilings being black with accumulated dirt. The operative did not use abrasive chemicals to clean because the stairs are in constant use which would have been a health and safety hazard and therefore cleaning had to be done by hand. It was also stated that some deep cleans are inevitable and unavoidable where areas cannot be subject to regular cleaning such as ceilings.
- 4.85 Property 3 communal grounds are mainly laid to lawn with paths crossing the grounds and a very large tree in the middle of one of the lawned areas. It is understood from Housing Staff that leaves have to be collected because they blow onto the paths and can cause a slipping hazard. It was noted that there was a build-up of moss on the tarmacked drying area which will need to be removed again because it causes a slipping hazard.

Other

- 4.86 The professional fee is set at 12.5%. It is understood from the Project Officer, Leasehold & Commercial that this equates to average fees charged by professional management companies.
- 4.87 Valuations of repair work are scrutinised monthly by PCC Property Service Managers and individual jobs by the Contractors through supervision, review on start and finish times, use of materials, complaints and feedback as well as spot checked by PCC Maintenance Surveyors (although the detail has not been tested by Audit at this time, just the overall process from the online database). Before charges are made to leaseholders a further check is made by the Commercial & Leasehold Housing Staff to ensure that there are no obvious errors. Any charges that look unreasonable are challenged and referred back to either the relevant contractor or Green & Clean Service

Manager and this has been evidenced at Audit. Valuations contain a calculation of the overheads/profit percentage to be applied to each job that will equate to the total valuation sum. This percentage is marginally greater at the start of the year because expenditure is front loaded to account for the purchase of equipment etc. e.g. 40%. The current mark up on jobs is 35.5%. The changes in the percentage are not currently reflected in the on cost of repairs but this may not be material as the changes are not generally significant and maybe currently to the benefit of leaseholders

- 4.88 It is understood from the Property Service Manager Leigh Park that when the valuation is received a sample by trade each month is reviewed and cross referred to the repairs database to ensure that jobs done match the information in PCC's database. Maintenance Surveyors also carry out audits on a sample of specific jobs. This is anecdotal and Audit has not tested at this stage.
- 4.89 Currently the 30 top items of materials used for both City Contractors are being compared by the Property Service Managers and it is anticipated that they will then be compared to specific large suppliers to ensure that value for money continues to be achieved.
- 4.90 At the start of the contract process Property Service Managers also benchmarked the hourly rates with 3 different agencies; compared the highest and lowest and took the average. They also compare the two City Contractors with each other, and have concluded there is little difference.

5. CONCLUSION

- 5.1 The leases with the private owners of flats in Council blocks allow for the recovery of all the related communal costs.
- 5.2 There is evidence that supervision and control of costs is sufficient taking into account the context of the size of the operation in servicing over 17,000 homes.
- 5.3 There is sufficient detail to account for the work carried out on the specific complaints made by two private owners and Housing considers the standard and cost of work to be reasonable. Where errors have been found accounts have been credited.
- 5.4 There are some areas that may need review by the Service:
- Changes in mark-up percentages on jobs (although it is not known if this would be material to each job as percentages vary only slightly).

- The 12.5% professional fee to check that it is adequate to recover the management costs associated with external contracts such as specification, procurement and supervision.

5.5 Internal Audit to undertake a review of the benchmarking of repair charges as well as trend analysis and analytical reviews of performance data

LW Graham
Chief Internal Auditor
5/3/14
Revised 8/4/14
Final update 16/6/14

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Agenda item: **14**

Title of meeting: Governance and Audit and Standards Committee

Date of meeting: 27th June 2014

Subject: Procurement Management Information

Report by: Head of HR, Legal and Performance

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 March 2014.
- 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 March 2014 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 consistently been above target. 98% in March 2013 and 98% in March 2014.
- 3.8. In March 2014 there was £171,546 value of admin errors that were 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 March 2014.

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%
Oct 13	353	12%	74%	13%	1%
March 14	462	18%	70%	11%	1%

Gold Flag – Excellent Provider

Green Flag – Performing to Standard

Amber Flag – Some areas of improvement required

Red Flag – Failing to perform

4.3. There is only one contract where the supplier is performing to an unsatisfactory level and remedial action is taken place (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			March 2014		
	Total Non Conforming Value	Total Transaction Value	% Non Compliant	Total Non Conforming Value	Total Transaction Value	% Non Compliant
Chief Executive Service	4,950.00	150,960.02	3%	£0.00	£27,605.85	0%
Corporate Assets, Business & Standards	116,897.36	2,032,080.65	6%	£30,882.58	£151,114.27	20%
HR, Legal and Performance Improvement	189,090.21	1,315,758.32	14%	£39,800.29	£226,572.63	18%
Health Safety and Licensing	34,859.34	966,553.01	4%	£20,926.59	£302,918.04	7%
City Development and Culture Services	65,046.98	1,183,592.59	5%	£22,755.46	£129,494.17	18%
Customer Community and Democratic Services	8,423.93	254,682.39	3%	£2,848.08	£8,069.74	35%
Education & Strategic Commissioning	75,976.73	8,375,107.41	1%	£32,173.00	£519,714.72	6%
Financial Services	274,186.25	4,044,111.30	7%	£7,721.13	£749,397.32	1%
Information Services	320,980.67	1,688,098.30	19%	£16,687.20	£302,552.76	6%
Housing & Property Services	1,002,525.94	32,568,741.31	3%	£43,204.08	£5,880,033.73	1%
Port	145,623.17	3,524,375.30	0%	£20,838.82	£1,319,194.62	2%
Revenues and Benefits	0.00	128,565.21	0%	£0.00	£11,728.49	0%
Childrens Social Care & Safeguarding	169,930.33	4,264,452.57	4%	£605.00	£652,193.97	0%
Adult Social Care	10,043.40	16,532,260.11	0%	£0.00	£1,972,028.63	0%
Swift Interface	0.00	13,733,026.06	0%	£0.00	£2,458,160.55	0%
Transport and Environment	221,837.59	24,447,667.96	1%	£14,311.28	£3,403,914.32	0%
Other (Insurance Accounts)	56,509.36	1,279,685.98	0%	£48,135.36	£48,135.36	100%
Public Health				£0.00	£486,106.82	0%
Grand Total	£ 2,696,881.26	£ 116,975,825.31	2%	£300,888.87	£18,648,935.99	2%

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Agenda item:

Title of meeting: Governance and Audit and Standards Committee

Date of meeting: 27 June 2014

Subject: Data Security Breach Reporting

Report by: Helen Magri - Corporate Information Governance Officer

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

To inform the Committee of any Data Security Breaches and actions agreed/taken since the last meeting.

2. Recommendations

It is recommended that Members of the Governance and Audit and Standards Committee note the breaches (by reference to Exempt Appendix A) that have arisen and the action determined by the Corporate Information Governance Panel (CIGP).

2. Background

The Corporate Information Governance Panel, formed of representatives from across the authority and chaired by Michael Lawther in the role of Senior Information Risk Owner (SIRO) meet every other month to

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

A message has been included in this month's Team Brief, reminding staff that inappropriate access to customer records is a criminal offence. This can lead to prosecution by the Information Commissioner's Office and a fine of up to £5000 and/or dismissal.

4. Reasons for recommendations

N/A

5. Equality impact assessment (EIA)

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 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 will assist in meeting those requirements.

7. 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:

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