
NOTICE OF MEETING

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

FRIDAY, 26 JUNE 2015 AT 2.00 PM

CONFERENCE ROOM A - CIVIC OFFICES

Telephone enquiries to 023 9283 4058
Email: Vicki.plytas@portsmouthcc.gov.uk

Membership

Councillor Simon Boshier (Chair)
Councillor Ian Lyon (Vice-Chair)
Councillor John Ferrett
Councillor Steve Hastings
Councillor Hugh Mason
Councillor Phil Smith

Standing Deputies

Councillor Ryan Brent
Councillor Ken Ferrett
Councillor Scott Harris
Councillor Lynne Stagg
Councillor David Tompkins
Councillor Matthew Winnington
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 of the Meetings held on 13 March and 17 April 2015** (Pages 1 - 14)

To confirm the minutes of the meetings held on 13 March 2015 and 17 April 2015 as a correct record.

RECOMMENDED that the minutes of the meetings held on 13 March 2015 and 17 April 2015 be confirmed and signed by the Chair as a correct record.

- 4 **Sector Update from External Auditor** (Pages 15 - 26)

Sector Update from External Auditor for discussion and noting.

- 5 **External Auditor's Progress Report June 2015** (Pages 27 - 32)

External Auditor's Progress Report - June 2015 - for discussion and noting.

- 6 **Changes to the designated independent person dismissal procedures** (Pages 33 - 42)

(Also going to Full Council)

The purpose of the report is to inform members of a change to the procedures that must be followed for the dismissal of designated posts (Head of Paid Service, Monitoring Officer or Chief Finance Officer) using a designated independent person and to seek, from G&A&S, a recommendation to council to amend the Council's *Officers' Employment Procedure Rules in Part 3D of the Constitution* to reflect these new procedures. Members are also asked to agree that a copy of the report should be sent to Employment Committee for information.

RECOMMENDED

1. That the new process for dismissal of a designated person (set out in paragraphs 4.1-4.3) of the report be noted.
2. That Full Council agrees that the **Officers' Employment Procedure Rules in Part 3D of the Constitution be amended to reflect the change in process. The proposed changes are attached as Appendix 1**
3. That the Director of Legal, HR and Performance be tasked with the creation of any such panel if it is required
4. That this report be sent to Employment Committee for information.

7 Annual Governance Statement monitoring 2014/15 (Pages 43 - 48)

The purpose of the report is to update members on progress against a number of issues identified as governance risks in the 2013/14 Annual Governance Statement, and to highlight matters of relevance in preparing the 2014/15 statement.

RECOMMENDED that the Governance and Audit and Standards Committee are asked to:

- 1) note and agree the recommendations relating to each of the governance issues set out in section 4.1 of the report.**
- 2) reinforce their expectations in relation to corporate governance for 2015/16 as set out in paragraph 5.5 of the report.**

8 Annual Internal Audit Report for the 2014/15 Financial Year (Pages 49 - 84)

The purpose of this report is to give the Annual Audit Opinion on the effectiveness of the control framework, based on the Internal Audit findings for 2014/15 and highlight areas of concern and to advise Members of the Audit Plan for 2015/16.

RECOMMENDED that

- 1. Members note the Audit Performance for 2014/15**
- 2. Members note the highlighted areas of control weakness for the 2014/15 Audit Plan**
- 3. Members note the Annual Audit Opinion on the effectiveness of the system of internal control for 2014/15**
- 4. Members endorse the Audit Plan for 2015/16**

9 Revision to Planning Code (Pages 85 - 100)

(Also going to Full Council)

The purpose of the report is to ask the Committee to approve the revised Planning Code so that it may be incorporated into the Council's constitution.

RECOMMENDED that the Planning Code is approved and incorporated into the Constitution.

10 Consideration of the political balance rules in relation to the constitution of Sub-committees (Pages 101 - 104)

The purpose of the reports is to ask the Committee to consider whether it

wishes to disapply the political balance rules in respect of its Sub-Committees which are considering complaints against Members.

RECOMMENDED that the Committee is asked to consider whether it wishes to disapply the political balance rules in respect of its Sub-Committees which are considering complaints against Members.

Members of the public are now permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting or records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at meetings open to the public is available on the Council's website and posters on the wall of the meeting's venue.

Agenda Item 3

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Friday, 13 March 2015 at 2.30 pm at the Conference Room A - Civic Offices

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

Present

Councillor Simon Boshier (in the chair)

Councillor John Ferrett
Councillor Steve Hastings
Councillor Leo Madden
Councillor Hugh Mason

Officers

Michael Lawther, City Solicitor
Lyn Graham, Chief Internal Auditor
Michael Lloyd, Directorate Finance Manager (Technical & Financial Planning)
Matt Gummerson, Principal Strategy Adviser
Roland Bryant, Learning and Development Business Partner
Greg Povey, Procurement Manager
Paddy May, Corporate Strategy Manager

External Auditor

Mark Justesen, External Auditor (Ernst & Young)

19. Apologies for Absence (AI 1)

Apologies for absence were received on behalf of Kate Handy, External Auditor and from Councillor Eleanor Scott. The City Solicitor sent apologies for lateness.

20. Declarations of Members' Interests (AI 2)

There were no declarations of interests.

The chair of the committee said that the order of items as advertised on the agenda would be varied to accommodate the City Solicitor who was unavoidably delayed owing to other council business.

21. Minutes - 30 January 2015 (AI 3)

RESOLVED that the minutes of the meeting held on 30 January 2015 be confirmed and signed by the chair as a correct record subject to the addition of Councillor Steve Hastings in the list of those attending.

22. Updates on actions identified in the minutes (AI 4)

There were no updates on actions.

23. External Audit - Audit Plan Year Ending 31 March 2015 (AI 5)

(TAKE IN REPORT)

Mr Justesen advised that the plan summarises the external auditor's initial assessment of the key risks driving the development of an effective audit for the council and outlines their planned audit strategy in response to those risks. He advised that an overview of the report was set out on page 2.

Mr Justesen advised that the financial statement risks were set out on page 5 of the report and included risk of management override and asset valuation and accounting. Pages 7 and 8 of the audit plan includes a table that provides a high level summary of the external auditor's value for money risk assessment and their proposed response to those risks. Although no significant risks had been identified they will be monitoring the council's progress on the specific risk areas set out in that table. He said that the external auditors would keep their risk assessment under review throughout their audit and would communicate to the Governance & Audit & Standards Committee any revisions to the specific risks identified in the plan and any additional local risk based work external auditors may need to undertake as a result.

Mr Justesen also said that Kate Handy is now in her sixth year as leader of the engagement team with Portsmouth City Council. The Audit Commission is required to give explicit approval for an individual to continue in this role beyond five years. This approval has been given by the Audit Commission. Members confirmed they were assured of her on-going independence.

With regard to fees Mr Justesen said that these would be in accordance with the scale fee for all authorities. The indicative fee scale for the audit of Portsmouth City Council is £199,250. This may need to be varied if correspondence increases.

In response to questions, the following matter was clarified:

- Mr Justesen confirmed that the Audit Commission make available value for money profiles that can be used to benchmark Portsmouth City Council against its nearest statistical neighbours. This showed the Council as within the highest 33% for spend on management and support (back-office) services as a proportion of total service spend. Mr Justesen noted that there may be inconsistencies in the way different councils classify expenditure as front-line or back-office.

The chair thanked Mr Justesen for the audit plan.

RESOLVED that the audit plan be received and noted.

24. Performance Management update, Quarter 3, 2014-15 (AI 14)

(TAKE IN REPORT)

Mr Paddy May introduced the report which was to inform members of performance issues arising in the third quarter of the 2014/15 reporting period. He advised that the reports are based on the quarterly highlighted reports prepared by heads of service which are in turn based on the priorities for their services identified by strategic directors. He advised that Appendix 1 contained a full summary of the quarterly responses provided by heads of service against the service priorities. Although there are some service specific issues there are also common themes that may be worth considering and these are set out in 4.2 of the report. Examples of these issues are set out in 4.3 of the report.

Mr May explained that it was agreed at a previous meeting of the Governance & Audit & Standards Committee that significant governance issues arising from the most recent annual governance statement would also be considered alongside the quarterly performance report and that lead officers for the issues would attend to provide updates to the committee on development. The three issues that are being considered this quarter are

- Mandatory training
- Non-completion of financial rules training resulting in non-compliance with financial rules
- Report on action points following Ofsted inspection in July 2014.

Mr Roland Bryant, HR Learning and Development Business Partner, advised that with regard to training, a new one-day induction training day was being implemented for new starters. During this there will be an assessment to check that staff have understood key messages and at the end of their first year all staff will be expected to have completed training. In addition PDRs would now include statements of application of key knowledge and most of these would be service specific.

With regard to financial rules training, this was delivered through MLE and a major review had taken place in 2013. Parts 1 and 2 need to be completed. Parts 3 and 4 are being updated as they cover Procurement Rules. With regard to the Ofsted inspection in July 2014, Appendix 2 gives details of the performance improvement plan which means there is now considerable governance. Mr Bryant advised that two papers had been taken to Employment Committee recently concerning PDRs with a view to making them more meaningful and tailored.

In response to questions the following matters were clarified:

- Training courses that were mandatory could be delivered either by online training or face to face.
- There was no plan to include all training online. It was intended to provide different options to allow for different learning styles and to accommodate different access to IT.
- With regard to comments made about updating, for example financial materials, Mr May said that a review was currently being undertaken concerning contract procedure rules.
- With regard to procurement, local authorities set different levels of expenditure before certain actions have to be taken so local differences mean it is not possible to combine training across different authorities.
- The Chief Internal Auditor said that financial rules do not cover Procurement Rules.

During discussion the following matters were raised:

- Members were concerned that if PDRs themselves were not mandatory then training attached to them could not be mandatory. If a person had not received a PDR then the learning requirement could not be included in it. Members felt that this inconsistency ought to be dealt with.

RESOLVED that the Governance & Audit & Standards Committee

- (1) noted the report;**
- (2) commented on the performance issues highlighted in section 4, including agreeing if any further action is required;**
- (3) requested that the Head of HR, Legal and Performance be asked to consider how to resolve the conflict between the PDR itself not being compulsory but the training identified as a need in the PDR being compulsory.**

25. Contract Management Review (AI 15)

(TAKE IN PRESENTATION)

Mr Greg Povey went through the slides providing a brief explanation of each to members of the committee.

During discussion Mr Povey explained that much is being done to ensure that the council is getting the best possible deal in relation to contracts. For example contracts let some time ago were now being looked at again as the environment has now changed.

The chair thanked Mr Povey for his presentation and noted that an update report would be brought to the November meeting of this committee.

26. Health and Wellbeing Board's Constitution (AI 13)

(TAKE IN REPORT)

Mr Matt Gummerson introduced the report which concerned changes to the constitution for the Health and Wellbeing Board. Support for the consequent constitutional changes was being sought from this committee prior to it going to full council for approval. Mr Gummerson explained that the changes sought to broaden the members of the Health and Wellbeing Board to allow a wider voice to shape policy. He said that the specific changes proposed were set out in paragraph 4 of the report and confirmed that the Portsmouth Clinical Commissioning Group fully support the changes.

During discussion concern was expressed by one member that 2.3 of Appendix A limits the voting on Part B items to two members (or their nominated representatives) being the Leader of the Council and the leader of the largest opposition group which would mean that not all groups represented in the council would be entitled to vote.

RESOLVED that

- (1) Governance & Audit & Standards Committee recommended to full council that it approves the changes to the constitution for the Health and Wellbeing Board set out in the report; and**
- (2) Governance & Audit & Standards Committee supported the consequent constitutional change and gave authority to the City Solicitor to include wording in the standing orders to allow appropriate appointments to the Health and Wellbeing Board to be made at annual council.**

27. Review of Members' Code of Conduct and Committee Arrangements for Assessment, Investigation and Determination of Complaints (AI 6)

(TAKE IN REPORT)

The City Solicitor introduced the report and said that at the meeting on 30 January 2015 it was resolved that the City Solicitor produce a report concerning the options for amending and bringing up to date the members' code of conduct and arrangements for assessment, investigation and determination of complaints. He explained that the procedure which the council adopted for complaints consideration substantially mirrored the approach taken under the old Standards regime. However, experience since the adoption of these procedures has suggested that some enhancements could be made.

During discussion the following points were raised:

- Members were uncomfortable about the proposed filtering system. This could in effect mean that one member from one party would be taking a decision about whether or not a complaint proceeded to the

Assessment Sub-Committee stage. Other members felt uncomfortable about being involved in the complaints process at all.

- A member queried whether the word "must" in Part 2 of Appendix 1 paragraph 1.1 should be changed to "you should".
- With regard to the complaint form, members requested that under 3 the words "or someone appointed by him" be changed to "or someone appointed by the City Solicitor."
- In item 5 the words "if possible" should be deleted from the third bullet point.
- In Appendix C paragraph 4, all references should be to chair rather than some being chair, some being chairman.
- In 5.2 of Appendix C, members queried whether the word "shall" should in fact be "should" and this was dependent upon whether the meeting can continue if only two members turn up rather than three.
- Members requested that where a complaint was made before the decision being complained of had been made, then these complaints would not be taken forward.

Members felt that in view of the many revisions to the report and appendices, it would be helpful to see exactly what the revisions were by comparison to the previous version. In addition, members felt that a decision should be deferred to allow time for concerns raised at this meeting to be further considered and for the report to be revised to take account of these. The City Solicitor agreed to bring a revised report and appendices to a special meeting of this committee to be held in time for the report to go to the annual council meeting on 19 May.

RESOLVED that members of the committee

- (1) request a revised report and appendices to be brought to a special meeting of this committee;**
- (2) that the meeting be arranged to enable revisions to be recommended to council for approval at the annual council meeting in May.**

28. Review of Adult Safeguarding Practice (AI 7)

(TAKE IN REPORT)

The City Solicitor introduced the report and said that a point had been raised by Councillor Eleanor Scott about whether there was a conflict in that the report had been written by Julian Wooster who was Director of Adult Social Care. The City Solicitor advised that Mr Wooster had not been the director at the time when the incident referred to had taken place and that his report had been based on his view and his policies. He further advised that things had moved on now and the rules were different. In similar circumstances an advocate would be appointed to assist the complainant.

During discussion members commented that the report was very short considering the subject matter.

The City Solicitor said that the report was as a result of a deputation made by a member of the public at full council .

The City Solicitor said he would send a letter to all members about the situation concerning the appointment of an advocate which would include information about the selection procedure for such advocates.

Members thanked Mr Wooster for his report.

RESOLVED that members of the committee

- (1) noted the report;**
- (2) considered whether any further action is required by them.**

29. Councillor Training and Development (AI 8)

(TAKE IN REPORT)

The City Solicitor introduced the report advising that its purpose was to update members on the review of the councillor training programme and make recommendations based on the findings.

During discussion the following matters were raised:

- Members felt that training should be rolled out to everyone and not just the new members.
- Members felt that whatever training is offered be offered at several different times and dates in order to provide maximum opportunity for attendance.
- Members were concerned about the mandatory aspect of training saying that they felt it should be available but that it would be up to members as to whether or not they take up the training.
- Members felt that it would be good to receive more formal information and training and this was especially important for new members.

The City Solicitor advised that this committee in the past had agreed that Licensing and Planning training should be compulsory although it was not mandatory by law. However he advised that decisions taken by members sitting on those particular committees without training could lead to PCC being challenged. To date there had not been any challenges but at the moment there is a requirement for training to take place. However, there are no sanctions in place if training is not undertaken before sitting on the committees.

- One Member commented that the public may find it strange if a member is suspended for not attending training.
- Members wanted a directory specifying officers in key roles throughout the council, to be available immediately after the elections, particularly

for new members so they would know who to contact on a particular subject to enable them to deal with residents' queries

In general members felt that the report should be more detailed particularly in setting out a training programme for councillors (including new members). This should include protocols for members on how to deal with members of the public.

The City Solicitor said he would look at whether it would be possible to include on the internal Outlook photographs of individuals so members could identify them.

Members felt that the revised report should change recommendation (1) so that it did not apply only for new members but to which all members of council would be invited and that it should take place within a month of the Election. Members felt that at the annual meeting (when Members would know who had been allocated to Planning and Licensing) an announcement should be made at that time about the training offered.

RESOLVED that the City Solicitor bring back a revised report dealing with all the matters raised at this meeting to a special meeting of the committee and in particular to include a detailed training programme for members.

30. Exclusion of Press and Public (AI 9)

It was proposed by Councillor Boshier, seconded by Councillor Madden that in view of the contents of the following item on the agenda the meeting moves into exempt session. This was agreed.

RESOLVED 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.

31. Data Breaches (AI 10)

(TAKE IN REPORT)

The City Solicitor introduced the report which informed the committee of any data security breaches and actions agreed/taken since the last meeting. He advised that heavy fines could be imposed for data breaches and that the city council is constantly trying to improve procedures to avoid data breaches from occurring. He advised that dismissal would always be considered for any wilful data breaches. In response to questions the following matters were clarified:

- The City Solicitor confirmed that the outcome of reporting data breaches to the Information Commissioner's Office could take up to a year although more serious breaches would be processed much more quickly.

RESOLVED 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).

Following this item, the meeting resumed in open session.

32. Treasury Management Policy for 2015/16 (AI 11)

(TAKE IN REPORT)

Michael Lloyd introduced the report advising that it was before this committee for information only and would also go via Cabinet to full council for approval. He advised that the Treasury Management Policy statement includes

- Annual minimum revenue provision for debt repayment statement and annual investment strategy

During discussion the following matters were clarified:

- The security of unrated building societies was assessed by virtue of a database being prepared each year by the Building Societies' Association and if the building society concerned was below the average by a certain amount, it would be excluded from the list.
- With regard to risk appetite, the key parameters are that the investments have to be reasonably secure and for that reason investments where there was a great deal of price volatility would not be made. The City Solicitor said that ultimately Chris Ward would give his advice as part of his duties as Section 151 Officer.

33. Audit Performance Status Report (AI 12)

(TAKE IN REPORT)

The Chief Internal Auditor introduced the report saying that its purpose was to update the committee on the internal audit performance for 2014/15 to 6 February 2015 against the annual audit plan, highlight areas of concern and areas where assurance can be given on the internal control framework.

She advised that there had been two new critical risk exceptions, a further three audits resulting in no assurance being given and that further details could be found under section 6 of this report.

The Chief Internal Auditor advised that a breakdown of the assurance levels on completed audits is contained in Appendix A.

In response to queries the following matters were clarified:

- With regard to item 6.4.3 it was confirmed that actions had been agreed with the whole governing body of the school concerned and would be followed up as part of the 2015/16 audit plan.

- With regard to item 6.3.2, this related to a breach of PCC financial rules which had been mentioned already in this meeting. The Chief Internal Auditor confirmed that the names of all those who have completed financial rules training had been sent to managers and that this would be done on a six monthly basis.

RESOLVED that members

- (1) note the audit performance for 2014/15 to 6 February 2015; and**
- (2) note the highlighted areas of control weakness for the 2014/15 audit plan.**

The chair requested that a special meeting be arranged to consider the two reports from the City Solicitor deferred from decision at today's meeting

- (1) on the Review of Members' Code of Conduct and committee arrangements for assessment, investigation and determination of complaints and
- (2) Councillor training and development.

This was agreed.

The meeting concluded at 5.05 pm.

Councillor Simon Boshier
Chair

DRAFT

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Friday, 17 April 2015 at 2.30 pm in Conference Room A - Civic Offices

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

Present

Councillor Simon Boshier (in the chair)
Councillor John Ferrett
Councillor Steve Hastings
Councillor Hugh Mason
Councillor Phil Smith (deputising for Councillor Leo Madden)

Officers

Michael Lawther, Deputy Chief Executive and Monitoring Officer
Jon Bell, Director of HR, Legal & Performance
Liz Aplin, Operational Training Manager, Learning & Development

34. Apologies for Absence (AI 1)

Apologies for absence were received on behalf of Councillor Leo Madden. Apologies for lateness were received from Councillor Hugh Mason who arrived at 2.36pm.

35. Declarations of Members' Interests (AI 2)

There were no declarations of members' interests.

36. Councillor Training and Development (AI 3) (TAKE IN REPORT)

The Deputy Chief Executive introduced the report which was to update members on the review of the councillor training programme in light of comments made at the 13 March 2015 meeting of this committee and make recommendations for future member training and development.

During discussion, the following matters were clarified

- Members were not generally aware of the availability of e-learning and felt this was of increasing importance and that better communication of its availability would lead to more members making use of it. Members also felt it would be useful to provide refresher training to members on how to access PCC systems via the VPN system.

- With regard to whether or not training was mandatory, the Deputy Chief Executive advised that it was not possible to make it mandatory, even where it was a matter of good practice. However, if members were not trained for certain committees, then it was likely that they would not be asked to sit on them.
- Members discussed the timing of training sessions - some felt that concentrating all the training in a complete day was useful so that those who worked full time would only need to take one day off to receive training. They suggested that all the training that was strongly advisory could be concentrated in a day. Other members felt that several shorter sessions could be held as some members would find that less daunting to cope with. In general, members were content with the times the induction training was being offered with the exception of moving the start time of the evening session to a later start time if possible as they felt this would enable more members to attend.
- Members felt that the involvement of Group Leaders is vital to member training being given a higher profile and to encourage higher take-up.
- Members suggested that e learning modules could be extended to include Planning, Licensing, Employment Committee and Governance and Audit and Standards training - not to replace face to face training but as a refresher.
- Ms Aplin agreed to find out whether other councils provided interactive e-learning and also to find out whether members' learning progress could be monitored by Learning and Development so there was a record kept of who had done what with automatic certification being given.
- The Deputy Chief Executive agreed to contact Group Leaders with regard to promoting their greater involvement in member training and in communicating the availability of e-learning. He said he would try to ensure that there was a good variety of options for training and that training for those on committees where training was strongly advised would be arranged in a timely way.

RESOLVED that Members

- (1) Support an enhanced induction programme for new members and ongoing training (Appendix 1 - Elected Member Training Calendar 2015)**
- (2) Support the expectation that members (and standing deputies) receive training prior to committee membership or that appropriate records are kept to demonstrate that formal training is not required for an individual councillor**
- (3) Support improved partnership working between officers and Group Leaders regarding ongoing professional development training**

37. Review of Members' Code of Conduct and Committee Arrangements for Assessment, Investigation and Determination of Complaints (AI 4)

(TAKE IN REPORT)

The Deputy Chief Executive introduced the report and appendices.

He dealt first with Appendix C - and outlined the complaints procedure and the suggested variation. Basically this was to introduce an informal filtering process having the same attendees as the current assessment sub-committee but being informal would be much quicker to arrange. He said that most of the complaints received were relatively minor and it was usually very obvious if an investigation was warranted. Although technically this would mean that the "decision" on whether or not to proceed further with the complaint would be taken by the monitoring officer, he would abide by the majority decision of the elected members - other than on occasions when as monitoring officer his view was that the matter should be formally investigated. A complainant would still be able to appeal the initial decision which would then go to a review sub-committee.

During discussion the following matters were raised

- Members agreed that the suggested informal filtering process should be introduced
- Members who had participated in sub-committee meetings said that on most occasions complaints could be resolved by an apology being made
- Members agreed to recommend to Council adoption of revised Appendix C.

The Deputy Chief Executive then advised of proposed changes to Appendix B - the complaint form. The proposal was to simplify it generally as shown and to delete the Equality Monitoring Questions (as the information collected was not used for anything). Members agreed to recommend to Council adoption of revised Appendix B.

The Deputy Chief Executive then advised the proposed changes to Appendix A - Code of Conduct for Members.

During discussion, the following matters were raised:-

- Members commented that there was no definition of "lobbying"
- Members said that item 11 under "General Obligations of Members" should be deleted as members could not defend themselves against being lobbied.
- It was agreed that the Deputy Chief Executive would meet with Councillor Hugh Mason outside the formal meeting concerning the Local Authority Code of Publicity referred to in the text.

Members agreed to recommend to full Council the adoption of Appendix A, subject to the deletion of item 11 under "General Obligations of Members" and minor changes to text and lay-out.

.....
The Deputy Chief Executive said that the changes would not take effect unless agreed by Full Council.
The Chair suggested that the Code of Conduct could form an appendix to the Standing Orders booklet.

RESOLVED that Members of the Committee agree and recommend to Council for adoption the proposed changes to

- (1) Appendix A, the Code of Conduct, subject to the deletion of item 11 under the "General Obligations of Members" and minor changes to the text and lay out.**
- (2) Appendix B, the Complaint Form**
- (3) Appendix C, the Arrangements for Assessment, Investigation and Determination of Complaints , including the procedure for the initial filtering of complaints**

The meeting concluded at 3.25pm.

Councillor Simon Boshier
Chair

Local government audit committee briefing

Contents at a glance

Government and economic news

**Accounting, auditing and
Governance**

Regulation news

**Key Questions for the Audit
Committee**

Find out more

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.



Government and economic news

EY Item Club Spring 2015 Forecast

In its latest quarterly forecast the EY Item Club forecasts strong economic performance with GDP growth of 2.8% this year, rising to 3% in 2016. The Consumer Prices Index (CPI) Inflation is expected to average 0.1% for 2015, but expected to rise above 1% this winter, paving the way for possible base rate rises in spring 2016. Consumption is forecast to grow by 2.8% this year (mainly due to a real income increase of 3.7%) and strong growth over the medium term supported by buoyant incomes rather than borrowing. An additional driver for growth is the fall in the Euro against the pound. Business surveys indicate that the effect of this exchange rate move on export competitiveness has been countered by the strength of the European market.

The report highlights that its forecasts are far more positive than the Office of Budget Responsibility (OBR) which it accepts needs to be cautious, seeing room for expansion in the consumer and housing markets without significant adverse effect on household debt or house prices. Additionally long term output growth prospects are better than indicated by OBR projections. The forecast suggests that the outlook for the government post-election will be more positive than official statistics.

Manchester devolution

On the 27 February 2015, a memorandum of understanding was signed between Greater Manchester's 10 local authorities, 12 NHS clinical commissioning groups and 15 NHS providers, as well as NHS England chief executive Simon Stevens and Chancellor George Osborne. This memorandum builds on the devolution

settlement for Manchester which was signed in November 2014, and proposed the devolution of powers to Greater Manchester in various areas including transport, planning and housing.

NHS England worked with the Manchester bodies to develop a plan for further joined up and integrated health and social care. The next stage will be the development of a roadmap, followed by production of a business plan. Due for publication in October, the outline business plan will outline the scope for possible savings through integration; as well as setting out the capital investment that will be needed to deliver the proposed shift from acute care to the primary and community sectors.

Under the plan, a new joint decision-making process for all £6bn of health and social care spending will be developed. A Greater Manchester Strategic Health and Social Care Partnership Board will be set up, and will oversee the development of the health and care system. A joint commissioning board will be responsible for financial plans and budget proposals for the sizeable budget, which represents approximately a quarter of all public spending in the region.

George Osborne has said that this reform was "exactly what we want to see more of in our health care."

Greater Manchester Combined Authority chair Lord Peter Smith confirmed his commitment to working with NHS colleagues in the city: "By ensuring that decisions about health for Greater Manchester are taken in Greater Manchester, we can ensure we have a system specifically tailored to the needs of people in our area."



Government and economic news

This radical change follows on from the Community Budget programme, of which Manchester was one of the four pilots. This programme was intended to pool funds to improve the effectiveness of public spending across the city's 10 councils. An analysis from EY commissioned by the Local Government Association concluded that more than £4bn could be saved every year if all areas adopted a Community Budget approach and were able to cut the unnecessary waste, duplication and red tape. Of these, it was estimated 80% would come from the budgets of central government departments and agencies.

DWP Welfare Reforms

The NAO has produced a report which considers the changes made by the Department for Work & Pensions (DWP) over the past five years and its mixed record of implementation. The report is intended to provide the DWP and other readers with an opportunity to learn from experience. They have also produced a briefing with more general relevance – *'Lessons for major service transformation'* which draws out broader principles from their DWP review.

Eleven lessons are identified which may be helpful for authorities seeking to transform services and processes in the face of budget constraints:

- ▶ Transformation programmes raise the greatest risks of failure
- ▶ Set realistic goals and be honest about what really matters
- ▶ Policy development must take account of implementation
- ▶ Don't be tempted to score benefits early
- ▶ Do identify tangible short-term gains
- ▶ Recognise the (senior) organisational cost of transformation
- ▶ Don't underestimate what you can learn from engagement
- ▶ Recognise the value of learning and market development
- ▶ Do anticipate the need to make changes in live running
- ▶ Recognise the opportunities and limits of technology
- ▶ Set out clear decision-making and challenge



Accounting, auditing and governance

Transport Infrastructure Assets

What are transport infrastructure assets (TIA) and why are they relevant to highway and non-highway authorities?

The *Code of Practice on Transport Infrastructure Assets (TIA Code)* was first published in 2010 and updated in 2013. The key aim of this document was to improve the asset management of TIA. The TIA Code classified TIA as:

- ▶ Carriageways
- ▶ Footways and Cycleways
- ▶ Structures
- ▶ Street Lighting
- ▶ Traffic Management Systems
- ▶ Street Furniture

The TIA Code also sought to provide the basis for improved financial information by setting out a move to valuation of such assets on a Depreciated Replacement Cost (DRC) basis, which in simple terms is the difference between the current costs of replacing an asset less an allowance (depreciation) for the age of the current asset.

Local Government continued to use depreciated historic cost (DHC) as the valuation approach for infrastructure assets when the *Code of Practice on Local Authority Accounts in the United Kingdom (Accounting Code)* moved to an IFRS basis effective from 1 April 2010. Thus one of the key elements for full implementation of the TIA Code, valuing assets using DRC, was not in place within Local Government.

Following consultations over a number of years, CIPFA initially announced through the 2014/15 Accounting Code, and confirmed in the 2015/16 Accounting Code, that TIA within local government

will be valued at DRC with effect from 1 April 2016. It has been estimated centrally that this will add some £200bn to the net worth of local government balance sheets. Our work to date with clients suggests that this is a significant underestimate. At an individual client level the inclusion of TIA, at this different valuation basis, will transform the balance sheet.

Although the above will apply to all highway authorities there will also be a number of non-highway authorities who hold material TIA under the new valuation basis. In particular, cycleways, structures and roads on industrial estates may lead to material levels of TIA at non-highway authorities. It is important to note that for those non-highway authorities the full requirements of the TIA Code will have to be met.

What are the implications?

This is a fundamental change in approach which will require new accounting and estimation approaches as well as amendments to existing systems, or implementation of new systems design and operation. Early engagement and project planning were highlighted as core requirements in *LAAP BULLETIN 100: Project Plan for Implementation of the Measurement Requirements for Transport Infrastructure Assets by 2016/17*, to the effective delivery of this change within the tight timetable.

The change is to be applied retrospectively and thus will require valuations as at 1 April 2015 and comparative values for 2015/16. CIPFA issued specific Guidance Notes on TIA in May 2015 and have identified a number of proposed changes to the Accounting Code for 2016/17 that will be consulted upon over the summer.

Close working through the implementation period with external auditors is highlighted as being pivotal to successful implementation. We have identified a number of areas that are crucial to the delivery of this project and will be discussing these with officers over the coming months.



Accounting, auditing and governance

The additional audit work involved in this area was recognised by the Audit Commission in their 2015/16 fee consultation. It did not however, identify a fee; leaving that to local negotiation due to the scale of work required. Following local fee discussions we will be looking to have carried out initial detailed work for all audit clients by the end of the calendar year. This work could range from confirming with non-highway authorities that they do not have material TIAs and therefore do not have to implement the changes, to major systems reviews at highway authorities.

At all authorities with material TIA, further work will be required to address the results of the changes proposed in CIPFA's consultation on the 2016/17 Accounting Code. Our intention is to have reviewed the remaining areas of implementation before the end of the 2015/16 financial year at all audit clients.

Working together

In addition to the work undertaken locally, following requests from clients, we will be running specific transport infrastructure assets workshops for officers of highway authorities across the country in July and August at the following venues:

- ▶ 28 July 2015 – London Becket House
- ▶ 29 July 2015 – EY Birmingham Office
- ▶ 5 August 2015 – London Becket House
- ▶ 6 August 2015 – EY Newcastle Office
- ▶ 13 August 2015 – EY Manchester Office
- ▶ 14 August 2015 – London MLP

Formal invitations will be issued in early June. If you have any questions regarding these events please contact Neil Gibson on ngibson@uk.ey.com.

For non-highway authorities with material TIA we will, in addition to our local work, facilitate contact between clients and, if there is demand, arrange similar workshops for them.

As with all major changes, early engagement with your local audit team will assist in a smooth implementation of the changes.

Thought leadership – board effectiveness

EY has worked with The Investment Association to produce a thought leadership report 'Board effectiveness – continuing the journey'. The report is based on debates on board effectiveness held as a series of individual meetings and roundtables with leading chairmen, board directors and senior investors. Whilst the report recognises that all boards are different, it aims to identify leading practice and point to new ideas for boards to improve and demonstrate their effectiveness. It addresses board effectiveness across seven themes:

- ▶ Role of the chairman
- ▶ The role of non-executive directors (NEDs)
- ▶ Progress on diversity
- ▶ Board succession and the work of the nomination committee
- ▶ The purpose and impact of board evaluations
- ▶ Information flows to the board
- ▶ The role of investors

To encourage discussion between management, NEDs and stakeholders, the report includes a checklist of questions under each of the seven themes.



Accounting, auditing and governance

2015-16 work programme and scales of fees

Public Sector Audit Appointments Ltd (PSAA) has now confirmed the work programme and scale fees for the audit of the accounts for 2015-16 for local government, fire, police and health bodies.

For most local government, fire, and police bodies scale fees show a reduction of 25% to the fees applicable for 2014-15. This does not, however, apply to pension fund audits (where fee pressures have been rising due to the increasing complexity of the funds audited) or to local government audited bodies with 2014/15 scale audit fees below £20,000.

The current expectation is that these fee reductions will apply until the end of the audit contracts (subject to annual review).

The current contracts with audit suppliers run until 2017, with a possible extension for up to three years. Under its responsibility to manage the audit contracts, PSAA is required to consult on and set fees for 2016-17.

In addition to the core accounts audit work, auditors have a responsibility to satisfy themselves about an audited body's arrangements to secure economy, efficiency and effectiveness in its use of resources, and in some cases certification of claims. Fees to cover the costs of any special investigations, (e.g., arising from disclosures under the Public Interest Disclosure Act 1998) are charged as a variation to the scale fee.

The scale audit fees for individual bodies and the work programme are published on the PSAA website, with the aim of supporting transparency and helping audited bodies compare their fees with those of similar bodies. They are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes.

It is a matter for the auditor to decide the work necessary to complete the audit. Where an auditor considers more or less work

is required than is represented in the scale fee, they are required under the audit contracts to seek approval from PSAA for a variation to the scale fee, and to agree the amount of this variation with the audited body. PSAA also consider the reasonableness of the explanations provided before agreeing to any variation to the scale fee.

Whole of Government Accounts: 2013-2014

The Comptroller and Auditor General, Amyas Morse, released his audit report on the 2013/14 Whole of Government Accounts at the end of March. This is the fifth year that the Treasury has produced the Whole of Government Accounts, which is intended to show in a single document the overall financial position of the UK public sector by consolidating the financial activities of more than 5,400 organisations across the public sector into a single set of audited accounts. The bodies that are consolidated include central and local government bodies, as well as other public corporations including the Bank of England.

The audit opinion has again been qualified this year on six counts:

- ▶ The application of the WGA accounting boundary
- ▶ Inconsistencies in the underlying accounting treatments within the WGA
- ▶ Disagreement on the accounting treatment of 3G/4G mobile licences
- ▶ Lack of evidence in support of the completeness and valuation of school assets
- ▶ Underlying material qualifications of the Department for Education and Ministry of Defence accounts
- ▶ Inaccuracies in the elimination of intragroup transactions and balances



Accounting, auditing and governance

Overall, Amyas Morse has commended the progress made by HM Treasury, whilst noting areas for improvement:

“We are strongly supportive of the way HM Treasury is moving forward with the Whole of Government Accounts project. The Department is improving the content of the WGA and the document has been produced faster than ever. This is welcome and represents a significant step forward for the WGA. The Department is also taking steps to make sure that more information is being given to taxpayers on how government spends their money and longer terms risks on the balance sheet are being highlighted. However, there are opportunities to exploit the WGA’s potential more fully and to improve the WGA to enable me to remove my qualifications. The Treasury also needs to work with the bodies that provide data to improve the timeliness and accuracy of the information that it receives. Furthermore, better analysis by the Department of trends in government’s assets and liabilities will help to demonstrate the full financial impact of changes in the delivery of public service in the next Parliament.”

Financial reporting simplification agenda

The need to simplify and streamline local government financial statements has been a topic of discussion since the introduction of International Financial Reporting Standards (IFRS) in 2010/11. In December 2013 CIPFA issued *Financial Statements: A Good Practice Guide for Local Authorities* which includes a chapter around materiality and clutter. The report highlighted the negative impact of two types of clutter identified by the Financial Reporting Council in their report *Cutting Clutter*, namely:

- ▶ Immaterial disclosures that inhibit the reader’s ability to identify and interpret relevant information
- ▶ Explanatory information that remains unchanged from year to year

Since the publication of the good practice guide, CIPFA carried out a specific consultation on the potential for simplifying and streamlining local authority accounts during the summer of 2014. As a result greater emphasis was placed in the *Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and 2015/16* on removing immaterial disclosures. CIPFA also issued a second edition of its report *How to Tell the Story: Local Authority Financial Statements, including this within the Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners 2014/15*.

CIPFA/LASAAC and CIPFA remain committed to enable the financial reporting of local government bodies to relate a more streamlined story that is understandable to the varied users of their financial statements. It has been stated that the consultations on the *Code of Practice on Local Authority Accounting in the United Kingdom 2016/17* will include more fundamental changes.

Key proposals are expected to include a:

- ▶ New funding statement that more clearly reconciles the accounting and funding regimes
- ▶ Refocussing of the Comprehensive Income and Expenditure Statement
- ▶ Revision of the existing Movement in Reserves Statement

The progress on these changes will impact on the detailed approach that local government bodies make to achieve the earlier closedown requirements from 2018. Thus that work should be fully integrated with the streamlining agenda.

EY has also produced a think piece on earlier closedown; if you have not already received a copy, please contact your audit team for more information.



Regulation news

The Transparency Code

The Local Government Transparency Code 2014, intended to increase democratic accountability by giving people the tools and information they need to enable them to contribute to the local decision making process, was published by DCLG on 3 October 2014.

It is governed by three main principles:

- ▶ Demand led – new technology should support transparency and accountability. Public bodies should release data in a way that allows the public and other interested parties to use it
- ▶ Open – availability of public data should be promoted and publicised. Presentation should be helpful and accessible
- ▶ Timely – data should be made public as soon as possible following production

The Code is a statutory requirement for local government bodies; however, it does not apply to Police and Crime Commissioners. It sets out the minimum data and information that all local authorities must publish; the frequency at which it should be published and how it should be published.

One of the mandatory disclosures contained in the Code is the requirement to publish information on senior managers' salaries. The Accounts and Audit (England) Regulations (2011) and section 3.4 of the Accounting Code set out the disclosure requirements in relation to senior management remuneration required for the financial statements.



Key questions for the audit committee

What questions should the Audit Committee be asking itself?

- ▶ Have we fully considered opportunities for integration with other local services and whether this could offer improvements to service delivery as well as cost savings?
 - ▶ Have we reviewed the NAO briefing 'Lessons for major service transformation' and is there anything that could be taken from it to increase the likelihood of successful implementation of projects?
 - ▶ Are we as an organisation fully aware of the implication of future accounting requirements for TIA and do we have a plan in place to meet these?
 - ▶ Have we considered the EY report 'Board effectiveness – continuing the journey' and whether it can support the improvement and effectiveness of our Committee?
 - ▶ Are we aware of the 2015-16 scale fee/work programme and confident that arrangements ensure that accounts provided for audit are materially correct and fully supported, and that it has sufficient resources to support the audit process?
- ▶ What steps are we taking to plan for the earlier financial statement closedown arrangements for 2017/18?
 - ▶ Have we critically reviewed the accounts and identified areas where they can be streamlined?
 - ▶ Have we identified any disclosures or other areas which could be prepared early?
 - ▶ Is resourcing within finance areas sufficient? Are there any areas which will need additional support?
 - ▶ Do we have plans in place to start producing interim financial statements at month nine if this is something that we do not already do?
 - ▶ Do we engage in early discussions with our auditors over working paper requirements and any proposed amendments to the accounts compared to the prior year?
 - ▶ Do we engage in early discussions with our auditors over key areas of judgement and technical accounting areas well before closedown?
 - ▶ Are we aware of the disclosure requirements contained in the transparency code and are we actively monitoring compliance?
 - ▶ Have we engaged with our local communities to identify the areas where there is an appetite for more data to be shared?
 - ▶ Do we publicise the access that is available to public data?
 - ▶ Is the data that we make publicly available easily accessible both in terms of its location and its format?



Find out more

EY Item Club spring 2015 forecast

For details of the EY Item Club's latest forecast, see <http://www.ey.com/UK/en/Issues/Business-environment/Financial-markets-and-economy/ITEM---Forecast-headlines-and-projections>

Manchester devolution

For a copy of the Memorandum of Understanding for Greater Manchester Health and Social Care devolution, see http://www.agma.gov.uk/cms_media/files/mou.pdf

DWP Welfare Reforms

For copies of the NAO's reports, see <http://www.nao.org.uk/wp-content/uploads/2015/05/Welfare-reform-executive-summary.pdf> and http://www.nao.org.uk/wp-content/uploads/2015/05/Briefing_Lessons_for_major_service_transformation.pdf

Transport Infrastructure Assets

For more information about Transport Infrastructure Assets, please contact Neil Gibson for details of how to attend one of the EY courses.

Thought leadership – board effectiveness

The report can be found at [http://www.ey.com/Publication/vwLUAssets/EY-UK-board-effectiveness-report/\\$FILE/EY-UK-board-effectiveness-report.pdf](http://www.ey.com/Publication/vwLUAssets/EY-UK-board-effectiveness-report/$FILE/EY-UK-board-effectiveness-report.pdf)

2015-16 work programme and scales of fees

Details of the 2015-16 work programme and scales of fees are at <http://www.psaa.co.uk/wp-content/uploads/2015/03/Work-programme-and-scales-of-fees-2015-16-Local-Gov-FINAL-250215.pdf>

Whole of Government Accounts: 2013-14

For the Certificate and Report of the Comptroller and Auditor General on the 2013-14 Whole of Government Accounts, see <http://www.nao.org.uk/wp-content/uploads/2015/03/Whole-government-account-2013-14.pdf>

Financial reporting simplification

For more information about the Financial reporting simplification agenda, please contact your local audit team.

The Transparency Code

For a copy of the new transparency code, see https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/360711/Local_Government_Transparency_Code_2014.pdf

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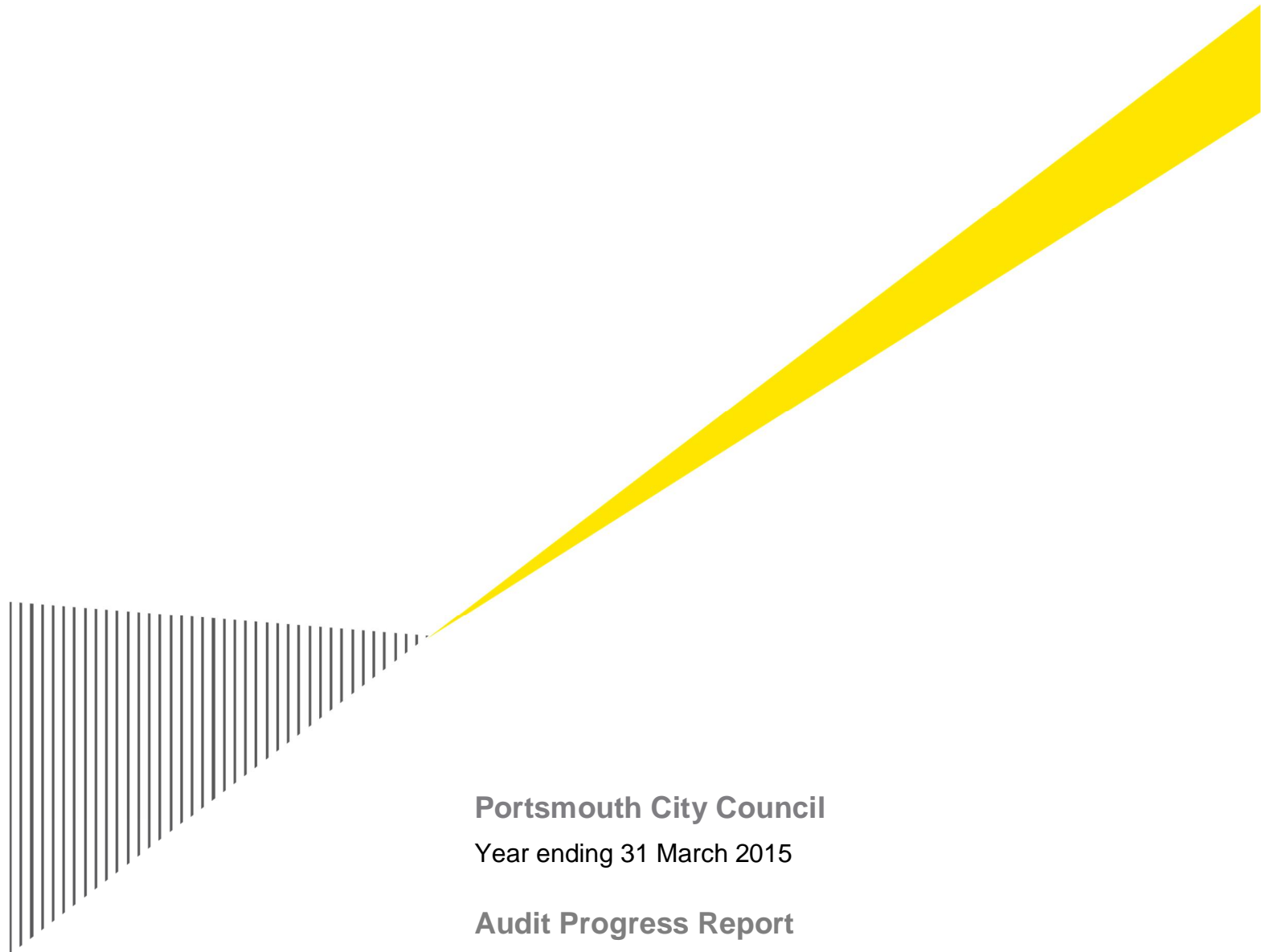


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Agenda Item 5



Portsmouth City Council

Year ending 31 March 2015

Audit Progress Report

June 2015

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

16 June 2015

Dear Sir/Madam

Audit Progress Report – 2014/15

We are pleased to attach our June 2015 Audit Progress Report. The purpose of this report is to provide the Audit Committee with an overview of progress with the 2014/15 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

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1. Work completed

Audit Plan

We presented our audit plan to the March 2015 Governance and Audit and Standards Committee.

Assessment of the Council's internal controls

We completed our interim visit in March, which involved:

- reviewing the design of fourteen Significant Classes of Transactions (SCOTs), walking-through their operation to confirm our understanding of the control environment;
- undertaking detailed controls testing on Accounts Payable, Accounts Receivable, Cash and Bank, and SWIFT;
- selecting some of the samples for our income and expenditure substantive testing so officers can source the supporting evidence early and reduce the pressure at our opinion visit .

In accordance with plan, we are mid-way through our Housing Benefit controls testing (which we will complete in June) and will complete our testing of year end controls during our opinion visit.

Year end audit

We plan to commence our final accounts audit planning on 20 July 2015, with the majority of the team starting on site on 27 July, and completing our fieldwork by the 27 August 2015. We 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 (in particular the changed requirements for accounting for infrastructure assets),
 - on improvements to the valuation and disclosure of Plant Property and Equipment, and
 - on a change in the Council's accounting policy for the Minimum Revenue Provision.
- with internal audit: about relying on their work where appropriate.

Value for Money Conclusion

We are starting our work on the VFM conclusion and are in the process of setting up the programme of meetings needed.

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.

We are awaiting draft accounts for 2012/13, 2013/14, and 2014/15, along with full supporting working papers. No date has yet been agreed for the audits of these periods of account.

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Agenda Item 6



Portsmouth
CITY COUNCIL

Agenda item:

Title of meeting: Governance & Audit & Standards (G&A&S)
Full Council

Date of meeting: 26th June 2015
7th July 2015

Subject: Changes to the designated independent person dismissal procedures

Report From: Director of HR, Legal & Performance

Report by: Paddy May, Corporate Strategy Manager

Wards affected: All

Key decision: No

Full Council decision: YES

1. Purpose of report

- 1.1. To inform members of a change to the procedures that must be followed for the dismissal of designated posts (Head of Paid Service, Monitoring Officer or Chief Finance Officer) using a designated independent person and to seek, from G&A&S, a recommendation to council to amend the Council's *Officers' Employment Procedure Rules in Part 3D of the Constitution* to reflect these new procedures. Members are also asked to agree that a copy of the report should be sent to Employment Committee for information.

2. Recommendations

- 2.1. That the new process for dismissal of a designated person (set out in paragraphs 4.1-4.3) be noted.
- 2.2. That Full Council agrees that the Officers' Employment Procedure Rules in Part 3D of the Constitution be amended to reflect the change in process. The proposed changes are attached as Appendix 1
- 2.3. That the Director of Legal, HR and Performance be tasked with the creation of any such panel if it is required
- 2.4. That this report be sent to Employment Committee for information.

3. Background

- 3.1. The Heads of Paid Service, the Monitoring Officers and the Chief Finance Officers (S151 officer) all have statutory responsibilities to discharge to their councils. As they work with, and report to elected members, they discharge

these responsibilities in a political environment. Any allegation of misconduct against any of these officers has to be undertaken by a Designated Independent Person (DIP) and no disciplinary action can be taken other than that which has been recommended in a report by the DIP.

- 3.2. The purpose of this requirement is to ensure that these officers can discharge their duties without any fear of being influenced by elected members or of being dismissed without good reason. However there is concern that the process of appointing a DIP and undertaking an investigation is bureaucratic, complex, time consuming and expensive. The Local Government Association (LGA) has estimated that the minimum legal cost of this process is £100k (excluding the cost of undertaking the actual investigation, preparing the case or briefing lawyers). In practice most local authorities appoint a barrister with experience of employment law as their DIP.

4. The proposed new arrangements

- 4.1 The intention of the new regulations is to "simplify and localise the disciplinary process for the most senior officers". The requirement to appoint a DIP will be removed and instead a decision will be taken by Full Council who must consider:
- any advice, views or recommendations from an independent panel
 - the conclusions of any investigation into the proposed dismissal
 - any representations from the officer concerned.
- 4.2 If a council wishes to undertake a disciplinary process against the Head of Paid Service, the Monitoring Officer or the Chief Finance Officer it must invite independent persons who have been appointed for the purposes of the members' conduct regime under section 28(7) of the Localism Act 2011 to form an independent panel. A panel will be formed if two or more independent persons accept the invitations. Councils should issue invitations in accordance with the following priority order:
- an independent person who has been appointed by the council and who is a local elector
 - any other independent person who has been appointed by the council
 - an independent person who has been appointed by another council or councils
- 4.3 The regulations limit the remuneration that should be paid to the independent persons on the panel to the level that they would receive as an independent person in the conduct regime. It is suggested that this will significantly reduce the costs of any process. The revised arrangements are to come into force by councils modifying their standing orders. Within Portsmouth our process is described in our "Officers' Employment Procedure Rules in Part 3D of the Constitution" rather than in our standing orders. Councils should make this modification no longer than at the first ordinary council meeting held after the 7 May election. This is the first meeting after the Council's Annual Meeting. For Portsmouth, this means that the recommended changes should be taken to the Council meeting scheduled for 7 July 2015.
- 4.4 The wording of the Officers' Employment Procedure Rules in Part 3D of the Constitution, including the proposed changes that will need to be made, is

attached as Appendix 1. In terms of the need to set up any such panel it is recommended that this responsibility should not rest with any of the posts that could be affected by this change in process. On this basis it is proposed that the Director of HR, Legal and Performance should have the responsibility to set up any panel that needs to be created.

4.5 There are a number of concerns that have been raised about these new requirements and these are detailed in Appendix 2.

5. Reasons for recommendations

5.1 The City Council is required to modify the procedures for taking disciplinary action against the Head of Paid Service, the Monitoring Officer or the Chief Finance Officer. There is a requirement that the Council takes a report to the first Ordinary Council meeting after the elections to approve the changes to Standing Orders (or in Portsmouth's case the Officers' Employment Procedure Rules in Part 3D of the Constitution).

6. Equality impact assessment (EIA)

6.1 A preliminary EIA has been completed, indicating that there is no requirement for a full EIA at this stage.

7. City Solicitor comments

7.1 All legal comments are contained within the body of the report.

8. Head of finance's comments

8.1 No specific budget provision exists for such an event and should this situation arise, costs would represent a call on contingency.

.....
Signed by: Jon Bell, Director of HR, Legal & Performance Improvement

Appendices:

Appendix 1 - Proposed Officers' Employment Procedure Rules from Part 3D of the Constitution

Appendix 2 - Issues that have been raised nationally about the new process

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

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

.....
Signed by: Name and Title

Officers' Employment Procedure Rules in Part 3D of the Constitution**Part 3D - Officers' Employment Procedure Rules ¹**

These rules determine procedures to be followed in the recruitment of senior officers of the council and in any disciplinary action which may become necessary and the involvement of Members in such matters. Further details of the disciplinary process for senior officers are contained in relevant policies agreed by the Employment Committee.

1. Recruitment and appointment
 - (a) Declarations
 - i) The council will draw up a statement requiring any candidate for appointment as an officer to state in writing whether they are related to, or in a relationship with, any existing councillor or employee of the council; or of the partner of such persons.
 - ii) No candidate so related to a councillor or an officer will be appointed without the authority of the relevant chief officer or an officer nominated by him/her.
 - (b) Seeking support for appointment.
 - i) Subject to paragraph (iii), the council will disqualify any applicant who directly or indirectly seeks the support of any councillor for any appointment with the council. The content of this paragraph will be included in any recruitment information.
 - ii) Subject to paragraph (iii), no councillor will seek support for any person for any appointment with the council.
 - iii) Nothing in paragraphs (i) and (ii) above will preclude a councillor from giving a written reference for a candidate for submission with an application for appointment.
2. Recruitment of head of paid service and chief officers

Where the council proposes to appoint a chief officer and it is not proposed that the appointment be made exclusively from among their existing officers, the council will:

 - (a) draw up a statement specifying:
 - i) the duties of the officer concerned; and
 - ii) any qualifications or qualities to be sought in the person to be appointed;
 - (b) make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it;
 - (c) make arrangements for a copy of the statement mentioned in paragraph (1) to be sent to any person on request;
3. Where a post has been advertised as provided in paragraph 2(b), the council shall -
 - (a) interview all qualified applicants for the post, or
 - (b) select a short list of such qualified applicants and interview those included on the short list.
4. Where no qualified person has applied the council shall make further arrangements for advertisement in accordance with paragraph 2(b),
5. The council may authorise a chief officer to carry out any or all of the steps in paragraphs 2, 3 and 4 above and unless the council otherwise directs, the chief executive is authorised to carry out those steps in respect of any chief officer post.

¹ Last updated on [to be added]

6. **Appointment of head of paid service**

- (a) The arrangements for the appointment of the head of paid service (the chief executive) are reserved to the council².
- (b) Where the Employment Committee or an appointments sub committee is acting on behalf of the authority, the full council must approve the appointment before an offer of appointment is made.³
- (c) The council may only make or approve the appointment of the head of paid service where no well-founded objection has been made by any member of the Cabinet.

7. **Appointment of chief officers**

- (a) The arrangements for and appointment of all chief officers and staff on the Joint National Council for Chief Officers conditions of service is delegated to the Employment Committee who are authorised to delegate any such process and appointment (including the terms of any contract for such appointment) to an 'appointments sub committee', which shall comprise such members as the Employment Committee thinks fit, but must include at least one member of the Cabinet.
- (b) An offer of employment under (a) above must not be made by the Employment Committee or the appointments sub committee until —
 - (i) the chief executive has been notified of the names of the shortlisted candidates together with any particulars considered relevant to the proposed appointment;
 - (ii) the chief executive has notified every member of the Cabinet of —
 - the names of the shortlisted candidates;
 - any particulars relevant to the proposed appointment of any of the shortlisted candidates;
 - the period within which any objection to the making of any offer is to be made by the Leader of the Council on behalf of the Cabinet; and
 - (iii) either —
 - The Leader has, within the period specified, notified the committee that the Cabinet has no objection to the making of any offer;
 - the chief executive has notified the committee that no objection was received from the Leader within the period specified; or
 - the committee is satisfied that any objection received from the Leader of the Council within the period specified is not material or is not well-founded.

8. **Other appointments**

- (a) Officers other than head of paid service and chief officers
Appointment of officers on any other scheme of condition of service is the responsibility of the relevant chief officer or his/her nominee, and may not be made by councillors.

² The head of paid service (usually referred to as the Chief Executive) is a statutory appointment pursuant to section 4 of the Local Government and Housing Act 1989.

³ Paragraph 4 of Part 2 of Schedule 1 of the Local Authorities (Standing Orders) (England) Regulations 2001(as amended).



9. **Disciplinary action of Relevant Officers**

- (a) **Suspension.** The head of paid service, monitoring officer and chief finance officer may be suspended whilst an investigation takes place into alleged misconduct. That suspension will be on full pay and last no longer than two months. - *NB It is arguable (but not entirely clear) that the 2015 regulations require this paragraph to be removed.*
- (b) councillors will not be involved in disciplinary action against any officer other than those employed on the Joint National Council for Chief Officers conditions of service.

10. **Dismissal of the Head of Paid Service, Monitoring Officer or Chief Finance Officer**

- (a) In this paragraph 10:
- "the 2011 Act" means the Localism Act 2011;
 - "independent person" means a person appointed under section 28(7) of the 2011 Act;
 - "local government elector" means a person registered as a local government elector in the council's area
 - "The Panel" means a committee appointed by the council for the purposes of advising the council on matters relating to the dismissal of the head of paid service, the monitoring officer or the chief financial officer;
 - "relevant meeting" means a meeting of the full council to consider whether or not to approve a proposal to dismiss the head of paid service, the monitoring officer or the chief financial officer
- (b) Where the Employment Committee or a committee acting on its behalf is discharging on behalf of the council the function of dismissal of an officer designated as the head of paid service, as the monitoring officer or as the chief finance officer, the full council must approve that dismissal before notice of dismissal is given to that person.
The head of paid service, monitoring officer or chief finance officer may not be dismissed unless the procedure set out in the following paragraphs 10(b) (i) to (vi) is complied with:
- (i) The council must invite relevant independent persons to be considered for appointment to the Panel, with a view to appointing at least two such persons to the Panel
 - (ii) In paragraph (i) "relevant independent persons" means any independent person who has been appointed by the council, or where there are fewer than two such persons, such independent persons as have been appointed by another authority or authorities as the council considers appropriate.
 - (iii) Subject to paragraph (iv), the council must appoint to the Panel such relevant independent persons who have accepted an invitation issued in accordance with paragraph (i) in accordance with the following priority order-
 - (1) a relevant independent person who has been appointed by the council and is a local government elector;

- (2) any other relevant independent person who has been appointed by the council;
- (3) a relevant independent person who has been appointed by another authority or authorities.
- (iv) the council is not required to appoint more than two relevant independent persons in accordance with paragraph (iii) but may do so.
- (v) The council must appoint any Panel at least 20 working days before the relevant meeting.
- (vi) Before the taking of the vote at the relevant meeting on whether or not to approve such a dismissal, the full council must take into account, in particular-
 - any advice, views or recommendations of the Panel;
 - the conclusions of any investigation into the proposed dismissal; and
 - any representations of the officer whose dismissal is being considered at the meeting
- (vii) Any remuneration, allowances or fees paid by the council to an independent person appointed to the Panel must not exceed the level of remuneration, allowances or fees payable to that independent person in respect of that person's role as independent person under the 2011 Act.

11. Dismissal of other Senior Officers

- (a) councillors will not be involved in the dismissal of any officer other than those who are employed on the Joint National Council for Chief Officers conditions of service.
- (b) Where the Employment Committee or a committee acting on its behalf is discharging the function of dismissal of an officer on the Joint National Council for Chief Officers Conditions of Service, at least one member of the Cabinet must be a member of that committee.
- (c) Notice of the dismissal of an officer on the Joint National Council for Chief Officers Conditions of Service must not be given by the council, the Employment Committee, a sub committee or officer until —
 - (i) the chief executive has been notified of the name of the person whom it is proposed to dismiss and any particulars which are considered relevant to the dismissal;
 - (ii) the chief executive has notified every member of the Cabinet of —
 - the name of the person whom it is proposed to dismiss;
 - any particulars relevant to the proposed dismissal;
 - the period within which any objection to the proposed dismissal is to be made by the Leader of the Council on behalf of the Cabinet; and
 - (iii) either —
 - The Leader has, within the period specified, notified the committee or officer taking the decision that the Cabinet has no objection to the dismissal;
 - the chief executive has notified the committee or officer taking the decision that no objection was received from the Leader within the period specified; or
 - the committee or officer is satisfied that any objection received from the Leader of the Council within the period specified is not material or is not well-founded.

(These Rules incorporate where required within paragraphs 6, 7, 8, 9, 10 and 11, the provisions of the Local Authorities (Standing Orders) (England) Regulations 2001)(as amended).

NOTE:

The term chief officer includes Directors.

Appendix 2**Issues that have been raised nationally about the new process**

- 1) **Distinguishing between dismissal and disciplinary action**
 - a. The regulations state that the new independent panel process must be followed before a Chief Officer can be dismissed. No such obligation applies to other disciplinary action sanctions (unlike the current DIP process). However the view is that it is not often that a disciplinary process will be followed which will not have dismissal as a possible sanction.

- 2) **Expertise of the independent panel members**
 - a. It is thought that panel members appointed for the purpose of the members code of conduct under S28 of the Localism Act may well not have the necessary expertise to carry out the investigation and report. The authority will still need to ensure that a proper investigation is carried out as part of the process and so may need to appoint a DIP type person to undertake this role.

- 3) **Invites to the independent panel**
 - a. The regulations state that the authority must invite "relevant independent persons to be considered for appointment to the Panel, with a view to appointing at least two". It is thought that authorities will have to invite all their independent persons and then appoint in accordance with the priority order set by the regulations. An authority could have a panel larger than 2 and so the authority can decide on the size and the selection criteria (as long as it is line with the recommendations).

- 4) **Recommending a level of sanction**
 - a. There is no sanction recommendation requirement so the panel could opt out. Full Council could also decide on a more serious sanction than the panel recommended although this might cause a problem in any future tribunals.

- 5) **Who advises the panel?**
 - a. The regulations do not state who should advise the panel and so an authority may want to set up an advice system involving an external independent adviser.



Title of meeting:	Governance and Audit and Standards Committee
Date of meeting:	26 th June 2015
Subject:	Annual Governance Statement monitoring 2014/15
Report by:	Director of HR, Legal and Performance
Wards affected:	n/a
Key decision:	No
Full Council decision:	No

1. Purpose of report

- 1.1 To update members on progress against a number of issues identified as governance risks in the 2013/14 Annual Governance Statement, and to highlight matters of relevance in preparing the 2014/15 statement.

2. Recommendations

The Governance and Audit and Standards Committee are asked to:

- 1) note and agree the recommendations relating to each of the governance issues set out in section 4.1**
- 2) reinforce their expectations in relation to corporate governance for 2015/16 as set out in paragraph 5.5.**

3. Background

- 3.1 This report is part of the regular series of reports highlighting progress against issues highlighted in the last Annual Governance Statement as governance risks. In agreeing the statement, members of the committee agreed a high level timetable for reporting against the risks identified. The items for reporting in this update are:
- Information governance - data breaches
 - Freedom of information response rates update and actions from audit report
 - Business continuity - table top exercises
 - Public health - understanding of public grant and its intended use is fully understood at political and corporate levels.
 - Public health - impact of restricted access to NHS data and impact on public health intelligence analysis

3.2 An update on legionella monitoring was also originally scheduled for this update, but following detailed audits, a fuller report including an update on asbestos records will come to the committee in September.

4. Reasons for recommendations

4.1 Appendix 1 contains a full summary of the position against each of the risk areas identified. Following from these position statements, it is recommended that:

- No further reports are required in relation to the public health ringfenced grant, or restricted access to NHS data
- That a report in progress on business continuity is received at the first meeting of the 2016/17 cycle
- That ongoing reports are received by the committee in relation to data breaches
- That quarterly performance monitoring highlights performance in relation to FoI response times.

5. Preparing the next Annual Governance Statement

5.1 The Authority has a duty to produce and publish an Annual Governance Statement (AGS). This sets out how Portsmouth City Council has complied with the Local Code for Governance, and how the authority meets the requirements of Regulation 4(3) of the Accounts and Audit (England) Regulations 2011.

5.2 It is a key role of the Governance and Audit committee to monitor governance issues across the authority and ensure they are addressed. The Governance and Audit and Standards Committee receive regular updates on progress. To support this activity, governance issues are also reviewed regularly at officer level by the Corporate Governance Group. The officers regularly in attendance at Corporate Governance Group are the Chief Executive, the Deputy Chief Executive, the Director of HR, Legal and Performance, the Director of Finance and IT, and the Chief Internal Auditor.

5.3 The purpose of the Annual Governance Statement is to set out the systems and processes in place to ensure that Council business is conducted lawfully and in accordance with proper standards. Compliance helps ensure 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.

5.4 The 2014/15 Annual Governance Statement will be 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). As part of this process, the Council is responsible for conducting a review of the effectiveness of its governance framework in order to

identify any weaknesses. To support the review of effectiveness the following exercises will take place:

- a) self-assessment of the Governance and Audit and Standards Committee by the current Chair of the Governance and Audit and Standards committee) supported the committee clerks
- b) review of External Audit's Annual Plan and opinion.
- c) review of issues identified through business planning and performance management.
- d) review of data protection and information governance issues.
- e) review of corporate complaints and freedom of information requests.
- f) review of Employee Opinion and Pulse Survey results.
- g) Annual Internal Audit report and opinion.
- h) review of the corporate risk directory

- 5.5 There will be significant changes required to the Annual Governance Statement this year to reflect the organisational changes following from the senior management restructure. However, Governance and Audit and Standards committee are recommended to reinforce their expectation that strong management of resources, performance, projects and risk, and adherence to standards of corporate governance will continue to take place in the new structure and way of working; that Directors will produce plans against which these expectations can be measured; and that they will continue to receive quarterly reports to provide assurance that this is the case.

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.

8. Finance Comments

- 8.1 There are no financial implications to bring to member's attention at this stage. However, it should be noted that there could be further financial implications following further exploration of any of the 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, Director of HR, Legal and Performance

Appendices: Appendix 1 - Summary of progress on significant governance 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.Summary business plans	Strategy Unit

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by Governance and Audit and Standards Committee on 26th June 2015.

.....
Signed by:



Appendix 1 - Summary of progress against significant governance issues

Issue identified in AGS, 2013/14	Lead officer identified in AGS	Progress
Understanding of public health grant and its intended use is fully understood at political and corporate levels.	David Price	Significant activity has taken place over the last year to grow the understanding of the public health grant, including the development of the Building Healthier Cities programme as the mechanism for driving strategic redistribution of the grant across the local authority. However, it is important that the appropriate use of the grant is regularly considered, and that account is taken of the recently announced cuts to the grant nationally, which will have an impact locally. The Health and Wellbeing Board reviewed the use of the grant at their 17 th June meeting, and it is recommended that the HWB continues to keep the issue under review. It is therefore not recommended to roll this issue forward into the next governance statement.
Restricted access to NHS data and impact on public health intelligence analysis.	David Price	<p>The issue of restricted access to NHS data is a wider national issue following disaggregation of public health from the NHS. In local terms, there are some minor impacts around access to population data, but representations are being made on this issue at a national level through Public Health England. Such progress as can be made locally is being progressed by the Health and Social Care Information Centre Information Governance toolkit.</p> <p>Given that there is a national dialogue taking place to resolve these issues, it is not recommended to roll this issue forward into the next governance statement.</p>
Table top exercises	Kate Scott	<p>Over the last year, 5 tabletop exercises took place in the local authority to give services the opportunity to test the effectiveness of their business continuity plans. These were conducted with HR, Revenues and Benefits, Public Health, IS and Education.</p> <p>The quality standard for business continuity plans has now changed to ISO22301, and given that all plans will need to be reviewed following the senior management restructure, there will be an opportunity to ensure they meet this new standard. Directors have been asked to identify the key critical continuity areas in their new directorates, and ensure that they are satisfied the procedures in place are sufficiently robust. New templates for completion for full plans will be issued at the end of the calendar year, with an expectation that these are completed ready for the new financial year. It is recommended that GAS committee receives a report on progress with this this issue at the first available meeting in the 2016/17 cycle.</p>



Issue identified in AGS, 2013/14	Lead officer identified in AGS	Progress
Data breaches	Helen Magri	<p>Breaches in data confidentiality continue to be a priority for the local authority, and all breaches are reported to GAS committee, with an update on any actions that are being taken to mitigate the likelihood and impact of breaches. The most significant ongoing themes relate to staff accessing records not required for their work (in which cases disciplinary action is taken leading to dismissal if appropriate) and failure to correctly secure paper records. A recent Internal Audit review also identified a risk around laptops left in the office without being properly secured, and the need to review some policies, which will be completed by August.</p> <p>Given the importance of this issue, and the potential exposures to the local authority, it is recommended that the GAS committee continues to retain a focus on this issue as one of its most significant governance matters, and continues to receive regular reports as breaches occur.</p>
Freedom of information response rates update and actions from audit report	Helen Magri	<p>Freedom of information response times are reported quarterly as part of directorate performance reporting, and there has been declining performance. This is largely as a result of increased volumes of requests (outside of business as usual) every year since the introduction of the act (1400 last year against 200 in the first year); and reduced resources to process these requests centrally. Reduced staffing in directorate administration and business management functions also appears to be increasing the length of time for staff to respond to requests.</p> <p>It is recommended that the GAS committee continue to receive reports on performance against Fol response times on a regular basis, and to consider as part of these reports if any additional action is required.</p>

Agenda Item 8



Portsmouth
CITY COUNCIL

Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	26 th June 2015
Subject:	Annual Internal Audit Report for the 2014/15 Financial Year
Report by:	Chief Internal Auditor
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Summary

- 1.1 In 2014/15 Internal Audit raised 11 Critical Risk exceptions, 6 of these have previously been reported to the Committee and 4 are detailed within this report. The final exception is currently at the draft report stage and is awaiting a response from the client. A further 8 audits have been given no assurance since the last meeting and are detailed in Section 6.
- 1.2 The final audit plan contained 102 full audits and 48 follow up audits. 100% of the revised 2014/15 Audit Plan has been completed with one outstanding report which is still work in progress.
- 1.3 In addition to the planned audits there are 11 areas of on-going work and 4 continuous audits which contribute to risk assurance.
- 1.4 Areas of Assurance are shown in Appendix A.
- 1.5 248 Days of reactive work was undertaken during 2014/15, with 200 days set aside within the 2014/15 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 2014/15 and highlight areas of concern.
- 2.2 To advise Members of the Audit Plan for 2015/16.

3. Recommendations

- 3.1 That Members note the Audit Performance for 2014/15

3.2 That Members note the highlighted areas of control weakness for the 2014/15 Audit Plan

3.3 Members note the Annual Audit Opinion on the effectiveness of the system of internal control for 2014/15

3.4 Members endorse the Audit Plan for 2015/16

4. Background

4.1 The Annual Audit Plan for 2015/16 has been drawn up in accordance with the agreed Audit Strategy approved by this Committee on 30th January 2015 following consultation with (at the time) Heads of Services, Strategic Directors and the Chair of this Committee. The Plan will be revised in October/ November this year to take account of any changes in risks/ priorities, in accordance with the Strategy.

5. Audit Plan Status 2014/15

Percentage of the approved plan completed

5.1 100% of the annual audit plan has been completed or is in progress as at 1st June 2015. Appendix A shows the completed audits for 2014/15. Appendix B shows the completed follow up audits for 2014/15

The overall percentage figure is made up as follows:

- 90 (60%) new reviews where the report has been issued and 12 (8%) in draft form.
- 40 (26%) planned follow ups where the report has been issued, 7 (5%) in draft form and 1 (1%) where work is in progress.

5.2 As requested by Members of the Committee a breakdown of the assurance levels on completed audits is contained in Appendix A. Where specific parts of the control framework have not been tested on an area (because it has been assessed as low risk for example) it is recorded as NAT (No Areas Tested) within the Appendix.

Changes to the 2014/15 Audit Plan

5.3 The final 2014/15 Audit Plan contained 102 full audits and 48 follow ups. Audits removed since the last meeting are detailed below.

5.3.1 Adult Social Care - Care Home Placements - this audit was amalgamated with the ICU Care Home Place audit as the areas overlapped.

5.3.2 Finance - Cashiers - This area was covered in part by the 14/15 Cash Collection audit and will be included within a 2015/16 audit of the Portsmouth Income Management System (PIMS)

- 5.3.3 Finance - Local Enterprise Partnership Grant - This audit was removed as the grant does not require Internal Audit sign off.
- 5.3.4 Housing & Property - Emergency Procedures - This audit was covered by the audit of Risk Assessments for Outlying Buildings
- 5.3.5 Finance - Public Health Grant - This audit has been deferred and the work conducted as part of the 2015/16 audit of this area. Due to the Finance department's end of year priorities it was agreed that the audits of the 13/14 and 14/15 Grant would be conducted together in June 2015.
- 5.3.6 Corporate Assets and Business Standards - Asset Register & Valuations - The audit of this area has been deferred until 2016/17 due to the changeover to new software (Concerto).
- 5.3.7 HR, Legal & Procurement - Insurance Follow Up - The follow up of this area has been removed from the 14/15 plan. The areas of concern will be followed up in a 2016/17 audit of the Asset Register and Valuations
- 5.3.8 Culture and City Development - Community Infrastructure Levy - The 13/14 audit of this area did not have any exceptions; therefore there was no requirement for a follow up.

Reactive Work

- 5.4 200 days have been allowed for reactive work and investigations in 2014/15 and 248 were used.
- 5.5 The 248 reactive days were used for:
- 30 special investigations
 - 35 items of advice
- As well as the following unplanned reviews
- Adoption Reform Grant
 - Pilots National Pension Fund verification of contributions
 - Personal Travel Budgets
 - Parking Cash Office

Exceptions

- 5.6 Of the 2014/15 full audits either completed or at the draft report stage the number of exceptions within each category have been:
- 11 Critical Risk
 - 186 High Risk
 - 46 Medium Risk
 - 10 Low Risk (Improvements)
- 5.7 The table below is a comparison of the audit status figures for this financial year and the previous two years

	2012/13	2013/14	2014/15
% of the audit plan completed	100%	99%	100%
No. of Audits Completed for the year	125	143	150
No. of Critical exceptions*	8	18 (9)	11 (0)**
No. of High risk exceptions	184	215 (86)	186 (95)**
No. of reactive days	252	257	248

* For 2013/14 and 2014/15 the number of exceptions relating to those raised in Schools have been placed in brackets alongside the overall total.

**Please note that the figures within the table for 2014/15 include exceptions raised in audits currently at the Draft Report stage to provide an accurate comparison to previous years. The additional Critical Risk noted relates to the Legionella Audit. Internal Audit is currently awaiting a response from the parties involved and full details will be reported at the next meeting.

Ongoing Areas

- 5.8 The following 11 areas are on-going areas of work carried out by Internal Audit;
- Regulation of Investigatory Powers Act (RIPA)- authorisations
 - Anti-Money Laundering monitoring and reporting
 - Investigations (included in the 200 days of reactive work)
 - Financial Rules waivers
 - National Fraud Initiative (NFI) to facilitate national data matching carried out by the Audit Commission
 - 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

Continuous Audit Areas

- 5.9 The following 4 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

6. Areas of Concern

New Areas of Concern

6.1 **Finance - Accounts Payable**

6.1.1 Two high risk exceptions were raised in relation to non-compliance with Financial Rules resulting in the audit being given "No Assurance":

- Rule R9 - Purchase orders should be raised before expenditure is incurred. A sample of 25 purchase orders were tested and 52% were raised after an invoice had been received. This means that expenditure is being committed before the proper authorisation is in place. This could lead to budgets becoming over committed as the budget holder will not have been made aware the expenditure has been incurred. It could also result in expenditure being committed in areas which would not have gained budget holder approval or fulfil a genuine business need.
- Rule R15 - Payment of invoices. A 3month period (October-December 2014) was tested and from 18,039 invoices 48% were found to have been paid early or late and therefore non-compliant with Financial Rules. Early payment of invoices is an inefficient use of the Authority's cash flow and could affect the Authority's ability to meet other financial commitments. Late payments could adversely affect the Authority's relationship with its suppliers who could withdraw their offer of credit or their goods/services completely, may incur financial penalties and impact on the Authority's reputation if small local suppliers are paid late.

6.1.2 Agreed Actions:

- Purchase Orders - Testing results are to be reviewed to identify reasons for non-compliance. A communication from the s.151 Officer is to be sent to staff on the Intranet reminding them to raise a purchase order before incurring expenditure
- The Accounts Payable team will investigate the testing results to determine the reason for early payments. Further actions to be discussed dependent on the results

6.1.3 Accounts Payable is a fundamental systems audit and as such will be followed up by Internal Audit as part of the 2015/16 Audit Plan.

6.2 **Finance - Accounts Receivable**

6.2.1 During both the 12/13 & 13/14 Audits of this area, a critical risk exception was raised as testing identified there were insufficient controls over the authorisation of credit notes. 5,861 credit notes were produced from 1st April 2014 - 9th March 2015 equating to £8.15m. Follow up testing has confirmed that the agreed action of "*Monthly reports are to be produced by the Accounts Receivable team and emailed to nominated finance officers who will be responsible for monitoring and verifying the validity of the credit notes raised in*

their area of responsibility." has not been implemented therefore the risk of fraud or loss remains.

- 6.2.2 **Agreed Actions:**
The Accounts Receivable team will conduct periodic analysis of the credit notes report to identify any areas of concern. In addition monthly credit note reports are to be sent to Finance Managers to review
- 6.2.3 Accounts Receivable is a fundamental systems audit and as such will be followed up by Internal Audit as part of the 2015/16 Audit Plan. A follow up of the critical risk exception will be carried out in Q2
- 6.3 **Finance - Debt Recovery**
- 6.3.1 The audit of Debt Recovery was given no assurance as the auditor was unable to undertake any testing regarding the effectiveness of the quality checking and performance management framework
- 6.3.2 Due to a change in team management quality checking processes are still in their infancy and therefore it was not possible to produce the data required to test against the processes. The current reporting from the W2 document management system does not provide enough detail to be used as a management tool.
- 6.3.3 **Agreed Action:**
To continue develop a functional quality checking and performance monitoring framework
- 6.3.4 To be followed up as part of the 2015/16 Audit Plan
- 6.4 **HR Legal & Procurement - Declaration of Interests**
- 6.4.1 Two high risk exceptions were raised as part of the Declaration of Interest Audit resulting in the audit being given "No Assurance"
- 6.4.2 The first exception was raised as testing identified that of 140 staff in band 13 and above 36 (26%) staff did not have a copy of their Declaration of Interest within their electronic EBS HR record. Of those 36, 25 had no evidence of a signed declaration. The remaining 11 had signed a declaration and it was sourced from their manager.
- 6.4.3 **Agreed Actions:**
All employees are to complete a declaration within 28 days of starting at the Authority; this will then be updated annually. Moving forward employees will also not be able to pass probation without a signed declaration. Finally the Deputy Chief Executive will make enquiries to determine if signed declarations can be incorporated into the HR Self Serve module of EBS.

- 6.4.4 The second exception was raised as the current Code of Conduct document was found to be unclear in relation to the process for retention of the signed documents, does not adequately define when declarations should be reviewed and was not easily located by staff on the Intranet.
- 6.4.5 **Agreed Action**
The Deputy Chief Executive is to review and update the Code of Conduct before uploading it to Policy Hub.
- 6.4.6 To be followed up as part of the 2015/16 Audit Plan
- 6.5. **HR, Legal & Procurement - Corporate Project Management**
- 6.5.1 Three high risk exceptions were raised as a result of this audit. The first exception was raised as minutes of project board meetings did not contain the expected level of challenge on the progress of a project. Secondly due to the management restructure 48% of the 33 major projects of the time no longer had a Project Director assigned to them. Finally the Corporate Project Board structure and purpose is under review. If this were to be removed there would be a lack of independent oversight and review of projects
- 6.5.2 **Agreed Action:**
Jon Bell (Director of HR, Legal & Procurement) to take the highlighted risks to the next meeting of the Corporate Governance Group for discussion and further agreed actions.
- 6.5.3 A decision on whether this area will be followed up will be dependent on the outcome of the next Corporate Governance Group meeting.
- 6.6 **Housing & Property Services - Safer Recruitment**
- 6.6.1 A critical risk exception was raised with regard to the storage of Disclosure & Barring Service (DBS) checks on a central HR database. Of a sample of 82 who would have required a DBS check 4 (5%) could not be found within the database. Further discussions identified that in 2014 of the 408 DBS requests sent out only 211 (52%) had been received back by the recruitment team.
- 6.6.2 **Agreed Actions:**
- In the short term recruitment managers and assistants to be reminded to follow up with managers and candidates currently undergoing a recruitment exercise to ensure DBS details are captured within the central record
- In the medium term individuals without a record within the central record are to be contacted to obtain their DBS number and expiry date. HR plan to implement a new HR Tracker Data Base which will automatically alert managers when a DBS response has not been achieved. Finally the Intranet will be updated to remind managers to contact recruitment once DBS certificates have been sighted

In the long term HR are to consider the implementation of the e-bulk service which would allow customers to submit and receive back multiple applications electronically.

6.6.3 To be followed up in Quarter 1 2015/16

6.7 **Information Service - Data Archiving Modern Records**

6.7.1 Three high risk exceptions were raised as a result of this audit resulting in "No assurance" being given. The first exception was raised as no assurance could be placed on the accuracy of the guidance within the Corporate Retention Schedule. A second exception was raised as testing sampled 338 files held within Modern Records, 92 (27%) were found to be over 6 months past their disposal or review date. The third exception was raised as 3 of the 35 main folders within the W:/ were searched for files last modified between 1990 and 2005. A number of files were identified as being past their retention times. All three exceptions could result in the Authority being in breach of the retention times stipulated by legislation as well as the Data Protection Act. This could result in financial penalties and reputational damage.

6.7.2 Agreed Action:

A review and update of the Corporate Retention schedule will form part of the Information Management project plan which is being lead by Jo Duckenfield (Business Manager). This action was agreed for all three exceptions noted above.

6.7.3 To be followed up by Internal Audit in September 2015.

6.8 **Transport & Environment - Home to School Transport**

6.8.1 Two critical risk exceptions were raised as a result of this review. They related to a lack of checking to confirm that operators had the correct insurances specified within the contract and that the drivers supplied by the operators had a valid DBS certificate.

6.8.2 Agreed Actions:

Operators have been contacted and asked to provide the relevant insurance certificates and DBS certificates for their drivers. Moving forward annual and random spot checks will be undertaken in both areas.

6.8.3 To be followed up as part of the 2015/16 Audit Plan.

6.9 **Corporate Assets & Business Standards - Management of Markets**

6.9.1 Four high risk exceptions were raised during this audit resulting in "No Assurance" being given.

- 6.9.2 The first high risk exception was raised as testing found that there was no documented strategy for the management of markets within the service's business plan.
- 6.9.3 Agreed Action:
A documented strategy for the management of markets is to be produced by the City Centre Manager
- 6.9.4 The second high risk exception was raised as testing found there was no effective controls in place to check stall holders electrical appliances and required safety equipment
- 6.9.5 Agreed Action:
A checklist is to be produced so that Market Inspectors can undertake these safety spot checks
- 6.9.6 The third high risk exception was raised as the records available did not allow the Auditor to determine which traders occupied which pitch and as such what fees they should be charged.
- 6.9.7 Agreed Action:
A review of the market fees is to be undertaken as well as a control sheet being produced to detail who has which pitch and what the fees should be.
- 6.9.8 The final exception was raised as testing found that there is currently no monitoring in place on the performance of the Market Inspectors
- 6.9.9 Agreed Action:
The duties of the Market Inspectors are being reviewed; changes will be implemented by September 2015 along with the removal of any cash handling responsibilities as alternative methods of payment are agreed.
- 6.10. **External - Highbury Primary**
- 6.10.1 The full school audit of Highbury Primary School resulted in 12 high risk and two medium risk exceptions being raised, as such Internal Audit were unable to give any assurance as to the effectiveness of the financial management controls at the school.
- 6.10.2 The high risk exceptions related to non-compliance with PCC Financial Rules, Policies, the Scheme for Financing Schools or SFVS requirements which has resulted in an audit opinion that the Governor's self-assessment of the financial management of the School is not in line with our findings as per the Schools Financial Value Standard (SFVS):
- **Financial Rules** - High Risk (the minutes do not reflect which budgetary reports were presented at the meetings or details of the current spend, keys to the safe were not taken off site outside of business hours, , Hire of the premises was not invoiced in accordance with the Lettings Policy,

poor inventory management, poor petty cash administration, cash handling instructions were not signed by the Finance Officer, Receipts had not been issued for all income exceeding £15.00, unaccounted mileage within the mini bus journey log sheets, no CCTV Policy).

- **HR Policy** - High Risk (retention of DBS documentation)
- **Scheme for Financing Schools** - High Risk (no agreed delegated spending limit for the Head teacher and no evidence of an Audited Statement of Account for the PTA fund).

6.10.3 Actions have been agreed and will be followed up as part of the 2015/16 Audit Plan.

6.11 External - Copnor Primary

6.11.1 The full school audit of Copnor Primary School resulted in 9 high risk and 3 medium risk exceptions being raised, as such Internal Audit were unable to give any assurance as to the effectiveness of the financial management controls at the school.

6.11.2 The high risk exceptions related to non-compliance with PCC Financial Rules, Policies, the Scheme for Financing Schools or SFVS requirements which has resulted in an audit opinion that the Governor's self-assessment of the financial management of the School is not in line with our findings as per the Schools Financial Value Standard (SFVS):

- **Financial Rules** - High Risk (safe combination not changed when previous Finance Staff left, no evidence of a current charging scale for Hire of the premises or a signed hire agreement form for the hirer, the inventory is not subject to an independent check and assets are not uniquely referenced, an instance of the petty cash reconciliation not being authorised, lack of controls over mini bus driver MIDAS certificates, no CCTV Policy, no evidence that staff have read, are aware of, or signed the IT Acceptable Use Policy).
- **PCC Scheme for Financing Schools** - High Risk (PTA Account - No audited statement of account)
- **SFVS** - High Risk (No clear framework of the relative responsibilities of the Head teacher, Finance Officer and Governors to ensure that effective financial management standards are in place and operating)

6.11.3 Actions have been agreed and will be followed up as part of the 2015/16 Audit Plan.

7. Annual Audit Opinion

7.1 Due to the number of critical and high risk exceptions the Audit opinion for 2014 /15 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

- 7.2 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.
- 7.3 The Audit opinion for last year was also limited assurance due to the level of critical and high risk exceptions. The number of critical exceptions for 2014/15 has increased compared to the previous year although nine of these relate to one secondary school and should be considered in isolation. In addition to this there has been an increase in the number of investigations that have involved staff.
- 7.4 Internal Audit is concerned that the overall effectiveness of the control framework position has declined/not improved, which is not adequately reflected in the 'limited assurance' and will continue to work with Directors, the Deputy Chief Executive and the Chief Executive to improve on specific areas of control and risk management weaknesses.
- 7.5 Any significant corporate weaknesses and agreed actions will be reflected in the Annual Governance Statement. The impact of the Internal Audit work for 2014/15 may affect that years' work for External Audit. It may also inform their work for 2015/16 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.
- 7.6 Internal Audit has carried out a self-assessment and confirms that they are compliant with the Public Sector Internal Audit Standards (PSIAS).

8. 2015/16 Audit Plan

- 8.1 The Audit Plan planned coverage for 2015/16 has been drawn up using the Strategy approved by Members of this Committee at their 30th January 2015 meeting.
- 8.2 Meetings have been held with (at the time) all Heads of Services, Strategic Directors and the Chief Executive and the Chair of the Governance & Audit & Standards Committee who have all been consulted on the areas planned and the overall Audit Plan.
- 8.3 The 2015/16 Audit Plan is attached as Appendix C to this report. There are currently 90 Audits & 24 Follow up Audits identified although this will increase once preliminary audit work commences on areas such as schools, contracts and grants which are currently undetermined. In addition to this a six monthly review will be carried out to take account of changing risks & priorities, all of which will be reported back to this Committee.

9. Equality impact assessment (EIA)

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

10. Legal Implications

10.1 The City Solicitor has considered the report and is satisfied that the recommendations are in accordance with the Council’s legal requirements and the Council is fully empowered to make the decisions in this matter.

10.2 Where system weaknesses have been identified he is satisfied that the appropriate steps are being taken to have these addressed.

11. Finance Comments

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

11.2 The S151 Officer is content that the progress against the Annual Audit Plan 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.

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Signed by: Lyn Graham, Chief Internal Auditor

Appendices:

- Appendix A – Completed audits from 2014/15 Audit Plan
- Appendix B - Completed follow up audits from 2014/15 Plan
- Appendix C - 2015/16 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 Previous Audit	Refer to Governance and Audit and Standard meetings –

Performance Status and other Audit Reports	reports published online http://democracy.portsmouth.gov.uk/ieListMeetings.aspx?Committeed=148
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The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by:

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APPENDIX A

2014/15 Completed Full Audits between 1st April - 26th August

Audit Title	Critical Risk	High Risk	Medium Risk	Low Risk - Improvement	Total Exceptions	Internal Control Environment	Compliance	Effectiveness of Operations	Safeguarding of Assets	Reliability & Integrity	Audit Assurance	Summary	
Children's Social Care - Stephen Kitchman													
1415-006 CSC - Corporate Parenting	0	0	0	0	0	0	No areas tested (NAT)	0	NAT	NAT	Assurance	No exceptions were raised from this audit. It was found that the Corporate Parenting Strategy follows best practice as set out by the Local Government Association, clearly sets out the governance arrangements. Performance targets are monitored closely by the Corporate Parenting Board and Children's Trust Board and the targets take into account the views of Looked After Children.	
1415-010 CSC - Private Foster Carers	1	3	1		5	1	2	2	NAT	NAT	No Assurance	One critical exception was raised in relation to Disclosure and Baring Service checks. Three high risk exceptions were raised which relate to non-compliance with PCC procedures, incomplete 'capacity to care assessments' and a lack of monthly supervision of private fostering cases	
1415-013 CSC - Family Support Children in need			1		1	0	1	0	NAT	NAT	Limited Assurance	Testing has highlighted an improvement in compliance with procedures in comparison to previous reviews in this area. One medium risk exception has been raised as a result of testing in relation to the fact that there was no evidence that 3/10 Children in need Plans for the sample tested had been signed and copied to all concerned within 5 working days of the planning meeting.	
1415-015 CSC - Social Work Matters	0	0	0		0	0	0	0	NAT	NAT	Assurance	No exceptions were raised from this audit. It was found that there is a clear framework within which the project was managed and the programme board was given regular progress updates. The objectives of the project appear to have been met.	
HR, Legal & Performance - Jon Bell													
1415-067 HLP - eBay Account		1	1	1	3	1	0	NAT	1	1	Limited Assurance	A high risk exception was raised as passwords for Paypal and eBay were found to be identical and weak in nature. Medium risk exception raised as whilst procedures are in place they are in need of expansion.	
Integrated Commissioning Unit - Preeti Sheth													
1415-089 ICU - Care homes placements		0	2		2	4	1	2	1	NAT	NAT	Limited Assurance	Two medium risk exceptions were raised, the first is in relation to a lack of communication between Social Workers/ Care Managers and Contract Officers prior to care home reviews. The second is in relation to a lack of evidence of checks of staff turnover and/or financial checks undertaken as part of the monitoring review process.
Transport & Environment - Simon Moon													
1415-111 T&E - Climate Change and Sustainability	0	0	0		0	0	0	NAT	NAT	0	Assurance	An audit of the Carbon Reduction Return for 2013/14 was undertaken before submission of the required figures to the Environment Agency. Assurance was given on the accuracy of the return based on the arithmetical checking of the return and sample testing.	

APPENDIX A

2014/15 Cont

External																							
1415-119 EXT - Gatcombe Park Primary		4	2			6	1	3	1	0	1	Limited Assurance	The Full Audit resulted in four high risk exceptions relating to the petty cash account being overdrawn, an out of date internet policy, a failure to take up references for a member of staff and a failure of the Friends of Gatcombe Park to submit an audited statement of account within the expected timeframe. Two medium risk exceptions were also raised. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2014 is in line with Internal Audit's judgment.										
1415-121 EXT - Northern Parade Primary		1	1			2	0	2	0	0	0	Limited Assurance	The Full Audit, highlighted one high risk exception in relation to non compliance with Cash Handling instructions and one medium risk exception was also raised. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2014 is in line with Internal Audit's judgment.										
1415-132 EXT - Meredith Infant		2	1			3	0	1	0	1	1	Limited Assurance	The Full Audit resulted in two high risk exceptions relating to a failure of staff to sign the responsible internet use statement and a lack of internal control in relation to the inventory. One medium risk exception was also raised. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2014 is in line with Internal Audit's judgment.										
1415-133 EXT - St Judes Primary		6	2			8	1	7	0	0	0	Limited Assurance	The Full Audit, resulted in six high risk exceptions in relation to retention of DBS documentation, lack of / or out of date hire agreement forms, no signed cash handling instructions by finance staff, non compliance with quotation requirements, an incomplete register of pecuniary interest and a failure of the Friends of St Judes to submit an audited statement of account within the expected timeframe. Two medium risk exceptions were also raised. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2014 is in line with Internal Audit's judgment.										
1415-135 EXT - Devonshire Infant & Nursery	0	0	0	0	0	0	0	0	0	0	0	Assurance	The Full Audit resulted in no exceptions being raised for any of the areas tested. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2014 is in line with Internal Audit's judgment.										
Grand Total For Period	1	17	11	3	32	5	18	4	2	3													

APPENDIX A

2014/15 Completed Full Audits
Between 26th August & 6th October

Audit Title	Critical Risk	High Risk	Medium Risk	Low Risk - Improvement	Total Exceptions	Internal Control Environment	Compliance	Effectiveness of Operations	Safeguarding of Assets	Reliability & Integrity	Audit Assurance	Summary
Children's Social Care - Stephen Kitchman												
1415-012 CSC - Direct Payments	2	1	1		4	1	2	1	0	NAT	No assurance	The audit highlighted that the checks carried out to ensure that the expenditure incurred is genuine are inadequate. Members of the Finance Team were not provided with the appropriate information as to the agreed use of the Direct Payment as detailed in the young person's care plan or the vetted carers, this is essential when considering the appropriateness of the returns. In addition to this a number of the returns were found to be overdue and identified concerns had not been escalated to the Social Work staff to follow-up. Overall our opinion is that no assurance is given in relation to Children's Social Care Direct Payments.
Customer, Community & Democratic Services - Louise Wilders												
1415-038 CCD - Freedom of Information (FOI)		1			1	NAT	1	NAT	NAT	NAT	Limited Assurance	The review found that the Authority is currently not meeting the Information Commissioners Office target of answering Freedom of Information requests within 20 working days
City Development & Cultural Services - Stephen Baily												
1415-047 CDC - Portsdown Hill & Hilsea Lines Rangers			1	1	2	1	0	NAT	1	NAT	Limited Assurance	Testing has highlighted one medium risk exception in relation to evidencing an annual 'Work Activities' Health & Safety Risk Assessment. One low-risk improvement exception was also raised.
Financial Services - Chris Ward												
1415-064 FIN - Payment of travel and subsistence			2		2	0	1	0	1	NAT	Limited Assurance	Two medium risk exceptions raised. First exception relates to small areas of non compliance in respect of subsistence limits and mileage claims being checked and queried by managers. The second relates to members of staff not providing proof that they have the required insurance to drive their vehicle for work purposes.
Housing & Property Services - Owen Buckwell												
1415-077 H&P - Homelessness & Temporary Accommodation		1	1		2	NAT	1	0	1	NAT	Limited Assurance	Testing found 1 high risk and 1 medium risk exception. One for incorrect payments to suppliers and the other for a previous breach of legislation, Homelessness Order 2003.
1415-084 H&P - Maintenance Repairs					0	NAT	NAT	0	NAT	NAT	Assurance	No exceptions were raised as a result of this audit. Testing reviewed customer satisfaction measures confirmed how value for money was obtained within the Repairs & Maintenance and Green & Clean services

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Information Service - Mel Burns												
1415-097 INS - Vendor Management			1		1	NAT	0	1	NAT	NAT	Limited Assurance	One medium risk exception relating to lack of monitoring on a IS related contract which arose from a lack of clarity from the service as to who was responsible for this monitoring.
Revenues & Benefits - Ed Woodhouse												
1415-103 R&B - Housing & Council Tax benefits					0	NAT	0	0	NAT	NAT	Assurance	No exceptions were raised as a result of this audit. Testing reviewed a sample of 25 Housing Benefit and Council Tax support claims, no areas of conflicting evidence were identified. Performance and quality management were also reviewed. At the time of this audit testing established there are good controls in place when monitoring individual performance and overall quality.
Transport & Environment - Simon Moon												
1415-107 T&E - PFI Contract					0	0	NAT	NAT	NAT	NAT	Assurance	Audit have reviewed the negotiation strategy formulated to renegotiate the Highways PFI Modernisation Programme (HPMP), along with the changes made to the insurance cover for the Highways PFI contract and have no comment to make at this time due to the Highways PFI contract being under renegotiation with the contractor Ensign. No further audit work will be undertaken until the renegotiation process has been completed.
1415-108 T&E - PFI Contract Claims					0	0	NAT	NAT	NAT	NAT	Assurance	
External												
1415-120 EXT - Secondary School		14	1		15	2	9	4	0	0	No assurance	Internal Audit reviewed the effectiveness of the Internal Control Framework, specifically, but not exclusively on the financial operations, including preparation, monitoring and oversight. No judgement has been made on the academic side of the school's activities. Overall, areas of weak financial practices and non-compliance with PCC Financial Rules, Ofsted requirements, DBS Code of Practice, Data Protection Act and Keeping Children Safe in Education legislation were identified. Based on audit testing, no assurance overall is given.
1415-125 EXT - Meon Infant		2	1		3	0	1	0	1	1	Limited Assurance	The Full Audit resulted in two high risk exceptions relating to non-compliance with Insurance requirements in relation to keys to the 'safe' and weaknesses in the administration and control of assets. One low risk improvement was also raised. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2014 is in line with Internal Audit's judgment
1415-128 EXT - Corpus Christi		3	3		6	1	2	2	0	1	Limited Assurance	The Full Audit resulted in three high risk exceptions relating to the petty cash account being overdrawn, the Single Central Register not being current and a failure to take up references and evidence qualifications for 3 members of staff. Three medium risk exceptions were also raised. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2014 is in line with Internal Audit's judgment

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1415-130 EXT - St Swithuns Primary		2	1		3	0	1	0	1	1	Limited Assurance	The Full Audit resulted in two high risk exceptions relating to a lack of income trail for uniform purchases and a weakness in controls for the administration of school assets. One medium risk exception was also raised. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2014 is in line with Internal Audit's judgment
1415-134 EXT - Langstone Harbour Board						0	0	0	0	0	Assurance	External work
Grand Total For Period	2	24	11	2	39	5	18	8	5	3		

2014/15 Completed Full Audits
Between 6th October & 22nd
December 2014

Audit Title	Critical Risk	High Risk	Medium Risk	Low Risk - Improvement	Total Exceptions	Internal Control Environment	Compliance	Effectiveness of Operations	Safeguarding of Assets	Reliability & Integrity	Audit Assurance	Summary
Audit Social Care - Julian Wooster												
1415-004 ASC - Maritime Lodge					0	0	0	0	NAT	0	Assurance	Audit testing has not highlighted any exceptions relating to the Four Sites Scheme (Maritime House). As no exceptions have been raised as a result of this review, based on the testing, Internal Audit considers this to be of low risk to the Authority at this stage.
Children's Social Care - Stephen Kitchman												
1415-009 CSC - Looked after Children's Funds		4			4	2	1	0	1	NAT	No Assurance	Four high risk exceptions were raised as part of this review. These related to a formal procedures for the processing of savings payments, a lack of controls throughout the Looked After Children's Funds operation, reviews not being undertaken on Disabled Living Allowance expenditure and incorrect payments of foster allowances being made.
1415-014 CSC - Portsmouth Safeguarding Children's Board		4			4	3	NAT	1	NAT	NAT	Limited Assurance	Four high risk exceptions were raised as part of this review. These related to a lack of clarity within the Boards Constitution, a lack of risk register being in place, no consultation having taken place when forming the business plan and there being no formal escalation process in place
City Development & Cultural Services - Stephen Baily												
1415-018 CDC - Development Control				1	1	0	1	NAT	NAT	NAT	Limited Assurance	1 medium risk exception arose under testing for compliance relating to the length of time taken for decision. From the sample taken 16% breached the statutory 8 week requirement.
Corporate Assets, Business & Standards - Alan Cufley												
1415-028 CAB - Housing Assistance					0	0	0	0	0	NAT	Assurance	No exceptions were raised during this audit. Testing reviewed the procedures in place for awarding Housing Assistance as well as testing that those procedures had been complied with for a sample of 25 cases.

Education & Strategic Commissioning - Julien Kramer													
1415-051 ESC - Health & Safety School Trips					0	0	0	0	NAT	NAT	Assurance		Based on the testing conducted, assurance can be given that the Authority is complying with the Health & Safety at Work Act 1974 in relation to school off-site activities and trips.
1415-053 ESC - School Sufficiency Programme		1			1	0	NAT	0	1	NAT	Limited Assurance		One exception arose regarding an overspend on the project due to unexpected remedial works. Testing confirmed that the processes involved within the School Sufficiency Programme were adequate and assurance can be given on those areas
Financial Services - Chris Ward													
1415-060 FIN - Cash Collection		5			5	NAT	4	NAT	0	1	No Assurance		Five high risk exceptions have been raised in relation to a lack of separation of duties at Portsmouth Dog Kennels, a breach of the PCC anti-money laundering policy at the Main Cashiers, cash handling instructions not being signed by staff at the Somerstown Hub. Testing also identified at the Somerstown hub cashiers floats were not being spot checked in accordance with cash handling instruction and the safe was reviewed which identified a gift of £100 cash and a previous tenants new debt card.
Housing & Property Services - Owen Buckwell													
1415-076 H&P - Claims		2		1	3	1	1	NAT	NAT	1	Limited Assurance		Two high risks were raised as a result of audit testing. The first relates to a lack of process for handling claims under the £500 departmental excess. The second relates to an inconsistency across the services when handing claims resulting in insufficient evidence of the damage, no signed documentation from the tenant, payments being made against incorrect cost codes and a lack of separation of duties.
1415-086 H&P - PAT Testing		1		2	3	1	1	0	1	NAT	No Assurance		Testing found 1 critical risk, 1 high risk and 1 medium risk exception. The critical risk exception relates to coverage of PAT testing throughout the Civic Offices. This lack of coverage poses a risk of damage to property and equipment as well as risk of death and injury from potentially faulty equipment and risk of subsequent litigation claims. The high risk relates to a lack of suitable PAT testing monitoring in investment properties and the medium to incorrect details in recharge forms.
Integrated Commissioning Unit - Preeti Sheth													
1415-088 ICU - Contract Monitoring					0	0	0	0	0	NAT	Assurance		Tested looked at the contract monitoring process for 5 ICU contracts and found no exceptions
External													
1415-123 EXT - Langstone Infant		5			5	1	2	2	0	0	Limited Assurance		The Full Audit resulted in five high risk exceptions relating to unclear definitions of financial responsibility and accountability, lack of clarity of financial reporting to the Full Governing Body, incomplete Business Continuity Plan, a School Improvement Plan that is not linked to the budget and missing bank statements. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2014 is not in line with Internal Audit's judgment.

1415-129 EXT - Manor Infant			13			13	1	8	2	1	1	No Assurance	Thirteen high risk exceptions have been raised as a result of non compliance in relation to the Head Teacher delegated spending limit, security of safe keys, ICT acceptable use policy, income trail from receipt to banking, Financial reports to Governors, School Emergency Plan, Administration and control of assets, school uniform, petty cash and purchase card, CCTV policy, references and voluntary fund. Overall no assurance can be given on the effectiveness of financial controls. A follow up audit has been arranged for April 2015.
1415-136 EXT - Wimborne Junior			1	1		2	1	0	0	0	1	Limited Assurance	The Full Audit resulted in one high risk exception in relation to weakness in controls for the Voluntary Fund which is being run on behalf of the School. One medium risk exception was also raised. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2014 is in line with Internal Audit's judgment
1415-138 EXT - Stamshaw Junior			2	1		3	1	2	0	0	0	Limited Assurance	The Full Audit resulted in two high risk exception in relation to a lack of financial framework for the Interim Education Board and no evidence of obtaining three quotations for replacement windows. One medium risk exception was also raised. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2014 is in line with Internal Audit's judgment
Transport & Environment - Simon Moon													
1415-141 T&E - Park & Ride			1			1	0	1	NAT	0	NAT	Limited Assurance	One high risk exception has been raised, at the time of audit testing it was not possible to get live data from the ticketing machine.
Exceptions for the period	1	38	5		1	45							

Completed Audits between 22nd December 2014 and 6th February 2015

Audit Title	Critical Risk	High Risk	Medium Risk	Low Risk - Improvement	Total Exceptions	Internal Control Environment	Compliance	Effectiveness of Operations	Safeguarding of Assets	Reliability & Integrity	Audit Assurance	Summary
City Development & Cultural Services - Stephen Baily												
1415-022 CDC - Tipner Regeneration		1			1	1	NAT	NAT	NAT	NAT	Limited Assurance	Audit testing has highlighted one high risk exception relating to the finalising of the risk register. Details of the project risk register highlighted a number of risks which could have a serious financial & reputational effect to the Authority and should be flagged up on the Corporate risk register. The Corporate risk register has now been updated
1415-023 CDC - City Deal					0	0	NAT	0	0	NAT	Assurance	Based on the testing conducted, assurance can be given that an adequate governance framework currently exists, relevant project objectives are being set and project. monitoring is occurring at both an operational and strategic level
1415-025 CDC - Seafrost Water Safety		3			3	2	1	0	NAT	0	Limited Assurance	Three high risks exceptions were highlighted two relating to policy and strategy and one related to procedure. All of which have been progressed.

External													
1415-122 EXT - St George's Beneficial					0	0	0	0	0	0	0	Assurance	The Full Audit resulted in no exceptions being raised for any of the areas tested. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2014 is in line with Internal Audit's judgment.
1415-127 EXT - Langstone Junior					0	0	0	0	0	0	0	Assurance	The Full Audit resulted in no exceptions being raised for any of the areas tested. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2014 is in line with Internal Audit's judgment.
1415-131 EXT - Wimborne Infant		12			12	3	5	2	1	1		No assurance	Twelve high risk exceptions have been raised as a result of non compliance in relation to the Governors Financial Competency Matrix, ICT acceptable use policy, income trail from receipt to banking, School Emergency Plan, Administration and control of assets, petty cash, whistle blowing policy, cash handling instructions, single central record, retention of DBS documentation, references and voluntary fund. Overall no assurance can be given on the effectiveness of financial controls. Discussions were held with the HT regarding a follow up audit for 2015/2016.
1415-142 EXT - Redwood Park Secondary - Review		2			2	0	2	0	0	2		Limited Assurance	Overall, based on the testing conducted, Internal Audit can give assurance that good progress has been made by the School to strengthen the weaknesses highlighted in the previous Audit Report and a cohesive financial management framework is now in place and being actively monitored by the Governing Body.
Total For Period	2	25	1	2	30								

**Audits Completed
Between 6th February
and 1st June 2015**

Audit Title	Critical Risk	High Risk	Medium Risk	Low Risk - Improvement	Total Exceptions	Internal Control Environment	Compliance	Effectiveness of Operations	Safeguarding of Assets	Reliability & Integrity	Audit Assurance	Summary
Adult Social Care - Robb Watt												
1415-002 ASC - Appointeeships					0	0	NAT	NAT	NAT	NAT	Assurance	An audit review of the process to change to individual client PCC bank accounts was conducted. The review confirmed that separation of duties appears reasonable. Anecdotal evidence from Jonathon Mackay confirmed that the various stages of the process will be spot check by staff in the billing and recovery team to verify the accuracy of the transfers. All financial documentation will be stored electronically on the clients file with access restricted to only the billing and Recovery team.
City Development & Culture - Stephen Bailly												
1415-017 CDC - Guildhall		4			4	1	1	1	1	NAT	Limited Assurance	4 high risk exceptions arose resulting in overall no assurance. The exceptions relate to non current KPI's, inconsistent financial returns from the PCT, lack of assurance on grant funding levels and overall a lack of formal contract monitoring
1415-019 CDC - Enforcement					0	0	0	NAT	NAT	NAT	Assurance	No exceptions arose, testing showed Planning Enforcement is compliant with PCC's enforcement strategy.

1415-020 CDC - Contaminated Land		2			2	1	0	1	NAT	0	Limited Assurance	Audit testing has highlighted two high risk exceptions. Contaminated Land Strategy needs updating. The Strategy was last reviewed in March 2001 and needs updating to ensure it is in line with the revised legislation around Part 2A of April 2012 and gives a clear view of the Authority's approach for dealing with Contaminated Land. If Part 2A contamination is found on land owned by the Authority the cost of remediation could be very high. These risks could have a serious financial & reputational effect to the Authority and should be flagged up on the Corporate risk register
Corporate Assets, Business & Standards - Alan Cufley												
1415-030 CAB - Rent Reviews		1	2		3	1	1	0	NAT	1	Limited Assurance	Two medium risk exceptions arose under testing relating to the rent reviews process. These relate to the potential financial loss of the backlog low value reviews which are yet to be conducted and the second related to inaccurate data within the estateman system. One high risk exception arose in relation to the data being uploaded into the Concerto system. Due to its known inaccuracies, no assurance can be placed on the management reports which may come from Concerto in the future.
1415-143 CAB - Management of Markets		4			4	2	1	1	Nat	NAT	No Assurance	Four high risk exceptions were raised as a result of this review. The first two were in relation to a lack of strategy for the management of markets, a lack of controls over stall holders electrical equipment and safety equipment. The final two exceptions were due to a lack of clarity of the fee and charging structure in place and the failure to monitor the work of market inspectors
Customer, Community & Democratic Services - Louise Wilders												
1415-040 CCD - Corporate Complaints		2			2	0	1	NAT	NAT	1	Limited Assurance	Two high risk exceptions were raised as a result of audit testing the first was in relation to complaints not being answered in accordance with the timeframes set in the policy. The second exception was raised as some Services in the Authority are not following the Corporate Complaints process and logging complaints outside of the central system.
1415-041 CCD - Information Governance		3			3	2	1	0	0	NAT	Limited Assurance	Three high risk exceptions were raised. One related to a number of security breaches identified during sweeps of the civic offices. Two information governance policies were found to be in need of review and testing found that mandatory training in relation to information governance was not being undertaken.
Education & Strategic Commissioning - Julien Kramer												
1415-044 ESC - Early Years					0	0	0	0	NAT	NAT	Assurance	No exceptions raised as a result of audit testing.

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1415-049 ESC - SFVS					0	NAT		0	NAT		NAT	NAT	Limited Assurance	Due to the fact that 4 units did not submit the SFVS DSG CFO Assurance Statement for 2013/2014 and based on audit testing for 2014/2015, Internal Audit can only give limited assurance that effective financial management standards are in place across the Schools which are under Local Authority control in Portsmouth.
1415-052 ESC - Schools IT		1			1	0	NAT		0		1	NAT	Limited Assurance	One exception raised in relation to weak password controls in 60%(3/5) schools tested. Further audit testing will be conducted in 2015/16 Audit Plan regarding School User Account Security
Financial Services - Chris Ward														
1415-054 FIN - Accounts Payable		2	1		3	0		2		1	NAT	NAT	No Assurance	Two high risk and one medium risk exceptions have arose. High risk exceptions relate to a breach of financial rules R9 and R15 which relate to raising Purchase orders retrospectively and invoices being paid outside of terms. Medium risk exception relates to use of AP system instead of purchase cards for low value orders.
1415-055 FIN - Accounts Receivable	1		1		2	0		0		1	0	1	No Assurance	One critical and one medium risk exception arose within the audit. The critical relates to the lack of sufficient authorisation on the raising of credit notes. The medium risk exception relates to a lack of performance targets for the accounts receivable service.
1415-057 FIN - Treasury Management					0	0		0		0	0	NAT	Assurance	No exceptions arose within the audit. Testing reviewed the succession plans in place to cover a key change in officer for treasury management. Compliance with required standards was also verified.
1415-058 FIN - Main Accounting					1	1		0		0	0	1	Assurance	No exceptions were raised as a result of this audit. A low risk improvement note was raised in relation to the removal of journal authorisation limits within EBS.
1415-061 FIN - Debt Recovery		1		1	2	0		2		0	NAT	NAT	No Assurance	One high risk exception has been raised as a result of audit testing in relation to accounts where the debtor's address is unknown and is being traced. At the time of the audit it was not possible to carry out testing on the quality and performance of staff as the process had been amended following an upgrade to the system and a change in line management.
1415-065 FIN - Payroll		3			3	2		0		NAT		1	Limited Assurance	Three high risk exceptions were raised. One regarding inappropriate access to EBS has been resolved. The other two exceptions relate to the provision of external payrolls. Invoicing for traded services was found to have not occurred promptly in some cases and there remains a number of external payrolls without a formal contract
1415-140 FIN - Superconnected City Grant		1			1	NAT		1		NAT		NAT	Limited Assurance	Testing highlighted one high risk exception with regard to payments being made on the voucher scheme without the receipt of a signed claim form as required by DCMS
HR, Legal & Performance - Jon Bell														
1415-070 HLP - Declaration of Interests		2			2	NAT		2		NAT		NAT	No Assurance	Two high risk exceptions were raised as a result of this audit. The first related to non compliance of staff in signing Declaration of Interest forms. The second was raised as the current Code of Conduct was found not to be unclear in a number of areas regarding Declaration of Interests.
1415-071 HLP - Corporate Project Management		1			1		2	NAT		1	0	NAT	No Assurance	Three high risk exceptions arose within the audit. They relate to a lack of evidenced challenge in project board meetings, vacant project director roles on a significant number of projects and the potential disbandment of the Corporate Project Board
Housing & Property Services - Owen Buckwell														
1415-075 H&P - Court action & evictions		2			2	0		1		1	NAT	0	Limited Assurance	Two medium risk exceptions were raised as a result of audit testing. The first related to a delay in contacting tenants that fall into arrears and the second relates to one tenant with excessive arrears.

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1415-078 H&P - Safer Recruitment	1	1			2	0	1	1	NAT	NAT	No Assurance	One critical exception in relation to the lack of monitoring procedures for the Central DBS database and one high risk exception relating to the retention of DBS documentation have been raised as a result of this review.	
Integrated Commissioning Unit - Preeti Sheth													
1415-087 ICU - Commissioning Strategy					0	0	0	0	NAT	NAT	NAT	Assurance	From the areas tested no exceptions have been raised as a result of this review. Continuous reviews of the various services strategies and work plans will need to be undertaken to ensure that in the light of the ongoing budget savings being required the desired outcomes for the people of Portsmouth can be achieved. Due to the high level of expenditure and complexity of services provided this is a high risk area for the Authority.
Information Service - Mel Burns													
1415-095 INS - Data Archiving Modern Records		3			3	1	2	0	NAT	NAT	No Assurance	3 high risk exceptions arose within this audit. One relates to being unable to verify the accuracy of the corporate retention schedule. The other two exceptions relate to the retention of data, in both electronic and physical forms, past their required retention date	
Portsmouth International Port - Martin Putman													
1415-098 PIP - Port Finance		1			1	0	1	0	0	0	0	Limited Assurance	One high risk exception was raised as 16/25 purchase orders raised were not authorised in accordance with Financial Rules.
1415-101 PIP - Maintenance		1			1	1	0	0	NAT	NAT	0	Limited Assurance	Whilst there is a signed contract in place between PIP and Mountjoy it is not specifically for the maintenance of the Port. Until an addendum to the contract to reflect the works undertaken at the Port has been produced and agreed; the contract in the current format is not suitable for the Port to use
Revenues & Benefits - Ed Woodhouse													
1415-105 R&B - Discretionary Housing Payments					0	0	0	0	NAT	NAT	Assurance	At the time of audit testing no exceptions were raised in relation to the administration of Discretionary Housing Payments.	
Transport & Environment - Simon Moon													
1415-106 T&E - Sea Defences & Drainage					0	0	0	0	NAT	NAT	0	Assurance	No exceptions were raised through this audit.
1415-109 T&E - LSTF Grant					0	0	0	0	NAT	NAT	NAT	Assurance	No exceptions raised. The 2013/14 grant claim for the Local Sustainable Transport fund was found to have been accurately compiled and in line with EBS records.
1415-110 T&E - Home to school transport	2	2			4	NAT	2	1	1	NAT	No Assurance	Two critical risk exceptions were raised as testing found that there were not sufficient controls in place to ensure that operators were complying with their contractual responsibilities in relation to DBS checks and insurances. A high risk exception was raised as testing found insufficient evidence to support 5 tender awards	

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External												
1415-124 EXT - Copnor Primary		9	3		12	3	7	0	1	1	No Assurance	Nine high exceptions have been raised as a result of non compliance or weakness in controls in relation to the SFVS statement, ICT acceptable use policy, School Emergency Plan, Administration and control of assets, petty cash, whistle blowing policy, voluntary fund, the disaster recovery plan and hire agreement forms. Three medium risk exceptions were also raised. Overall no assurance can be given on the effectiveness of financial controls.
1415-126 EXT - Court Lane Junior		4	7		11	2	6	2	1	0	Limited Assurance	The Full Audit resulted in four high risk exceptions relating to no Employment Status check being carried out for a petty cash payment to a supplier, retention of DBS supporting documentation, CCTV cameras on site but no CCTV Policy and no rolling repairs and maintenance plan in place. Seven medium risk exceptions were also raised.
1415-137 EXT - Highbury Primary		12	2		14	2	7	3	1	1	No Assurance	Twelve high risk exceptions have been raised as a result of non compliance in relation to the HT permitted delegated spending limit, administration and control of assets, petty cash, cash handling instructions, retention of DBS documentation, voluntary fund, budget reports, security of cash, lettings agreement and invoicing, non issue of receipts, administration and control of the mini buses and CCTV Policy. Overall no assurance can be given on the effectiveness of financial controls. There were also 2 medium risk exceptions.
Total For Period	4	62	16		2							
Total For Year	10	166	44		10							230

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2013/14 Followed Up Audits - Critical Risk Exceptions	Critical Risk Open		Critical Risk Closed		Total Critical Risk	Comments
Audit Title						
F1314-073 Children's Social Care & Safeguarding - Independent Fostering Team Agreements	0	0%	2	100%	2	The critical risk exception as reported on as part of the January 2015 meeting was downgraded to a high risk exception
1213-063 Second Follow Up - Planning and Building Control	0	0%	1	100%	1	
Total	0	0%	2	100%	2	

2013/14 Followed Up Audits - High Risk Exceptions	High Risk Open		High Risk Closed		High Risk Total	Comments
Audit Title						
F1314-014 Financial Services - Petty Cash/Imprest Accounts	3	75%	1	25%	4	One high risk exception remains open and two high risk exceptions remain in progress at the time of follow up testing. The open high risk is in relation to updating the petty cash account list to reflect current accounts only. Further testing also identified that children's homes appeared twice and four schools that are now academies are still on the balance sheet. The two high risk that remained in progress were as a result of a reminder to schools highlighting breaches of Financial Rules not being actioned as agreed.
F1314-015 Financial Services - Controlled Stationery	2	100%	0	0%	2	The controlled stationery process is to be reviewed to include guidance on chasing receipt acknowledgement memos that have not been returned and future reports will now be retained. The second high risk exception was for information only and reported on in the 2013/14 Performance Development Review and Mandatory Training audit.
F1314-018 Financial Services - Local Enterprise Partnership funding (e.g. growing places)	0	0%	1	100%	1	
	2	67%	1	33%	3	The two open exceptions relate to ongoing work on an overhaul of the PDR and Mandatory Training process
F1314-022 Corp - Mandatory Training & PDRs						
F1314-024 Housing Management - Security	1	100%	0	0%	1	Due to a system upgrade the facility to complete the agreed action was not available. Reports are being rebuilt in conjunction with IS and software provider
F1314-024 HM - Security	1	100%	0	0%	1	The agreed action was to reduce the number of properties without a Fire Risk Assessment and/or an electrical certificate. This is an ongoing process where good progress has been evidenced
F1314-027 HM - Energy and sustainability	1	100%	0	0%	1	Follow up testing identified 9 leaseholder properties which had recently transferred from Housing Options to the Leasehold & Commercial department and were missed as part of the changeover. The Repairs and Maintenance Team will now conduct EPC's for the Leasehold Team.
F1314-031 Housing Management - Sheltered Housing Service	0	0%	2	100%	2	
F1314-035 Housing Management - Sub letting prevention	0	0%	2	100%	2	

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F1314-038 CABS - Seizure of property	0	0%	1	100%	1	
F1314-042 Corporate Assets, Business & Standards - Houses in Multiple Occupation	0	0%	2	100%	2	
F1314-044 ASC - Data Quality and security checking procedure	0	0%	2	100%	2	
F1314-045 ASC - Individualised Budgets/Self Directed Support	0	0%	2	100%	2	
F1314-050 Adult Social Care - Residential and Day Centres self assessments	1	50%	1	50%	2	The high risk exception that has not been addressed was due to some purchase orders not being raised in advance. The reason given behind this is that these are usually for spend on repairs and maintenance of items and the units do not have any idea how much these will cost until the company has been out to do the work and have then invoiced PCC. Action agreed is that purchase orders will be raised in advance even if they are with a nominal amount.
F1314-056 HR, Legal & Performance - Gifts and Hospitality	1	100%	0	0%	1	Agreed action to highlight and take action on non compliant gifts was not fully implemented, (previously in place then lapsed). Process to identify non compliance now working. City Solicitor to keep a log of actions taken from now on.
F1314-059 HR Legal & Performance - Solicitors fees Court Costs	0	0%	1	100%	1	
F1314-071 Children's Social Care & Safeguarding- Targeted Youth Support 9-16 emerging needs	0	0%	3	100%	3	
F1314-072 Children's Social Care & Safeguarding- Youth Offending Team	5	83%	1	17%	6	Four of the open high risk exceptions relate to issues within producing and reviewing asset assessments and intervention plans. These are to be resolved by having every assessment reviewed by the YOT management board on a monthly basis and exception reports being escalated to the Head of Children's Social Care. The final exception relates to a lack of evidence of young people completing self assessment forms. In response the service are going to review the tools used in assessments.
F1314-074 Children's Social Care & Safeguarding - YOT Volunteer Recruitment	0	0%	1	100%	1	
F1314-076 Children's Social Care & Safeguarding - Kinship Policy	0	0%	1	100%	1	
F1314-078 CSCS - Permanency planning and adoptions	0	0%	2	100%	2	
F1314-079 Children's Social Care & Safeguarding - Foster Placements and residential care self assessments	1	100%	0	0%	1	The high risk exception that has not been addressed related to Information Governance training. 6 casual staff transferred to permanent in April 2014 and had not as at 28/5/14 carried out this training. Unit Manager agreed that staff will do this training by the end of November 2014.
F1314-080 Children's Social Care & Safeguarding - HR Safer recruitment Children's Services	2	67%	1	33%	3	One high risk exception that has not been addressed relates to Safer Recruitment Training. Some staff had booked onto the course but had not attended and some staff had not booked onto the course at all. The other issue related to interview notes not being returned to Human Resources who will chase these but are not always successful in getting them returned by the service.

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F1314-087 CDCS - Mountbatten Centre Client Monitoring	0	0%	1	100%	1	
F1314-091 HIDS&CS - CCTV	0	0%	3	100%	3	
F1314-098 Port- Camber letting- agent collecting Harbour dues	2	100%	0	0%	2	Testing found that whilst progress had been made on both exceptions further work was needed before they could be closed. These related to the Port conducting their own "audit checks on the company and better controls over the collection of money due under the contract.
F1314-101 PH - Governance, Planning and Performance and Health and Well Being Board	0	0%	1	100%	1	
F1314-112 T&E - Hire Cars	2	67%	1	33%	3	The high risk exception relating to a system for monitoring fuel purchases and damage has yet to be fully implemented. Fuel cards now monitor fuel use but testing of an online system for confirming the vehicle condition was not successful. Further development is planned once the contract is retendered. The transferring of the invoicing process to the admin team was in progress at the time of testing and has since been completed
F1314-113 Transport & Environment - Fuel purchases	1	50%	1	50%	2	The open exception relates to a school failing to adequately complete it's mini bus mileage log. The finance officer for the school will now check and evidence the log on a termly basis.
F1314-116 Port - Winter Storage	1	100%	0	0%	1	
F1314-118 T&E - Waste collection, waste disposal and recycling contract	1	100%	0	0%	1	
F1314-120 T&E - Inspections and maintenance of paths	0	0%	1	100%	1	
F1314-138 Financial Services - External Bailiffs	3	100%	0	0%	3	Due to the implementation of the new contract agreed actions have been delayed. Quarterly contract monitoring to commence in August 2014 and the agendas of the meetings will be retained. A reconciliation of accounts held with company A was undertaken on 4 August 2014. Monthly STATs will be reviewed to ensure that all requested information is provided.
1213-032 Revenues & Benefits - Debt Recovery	0	0%	1	100%	1	
1213-023 CCDS Comms Selling of Advertising	0	0%	1	100%	1	
1213-063 Second Follow Up - Planning and Building Control	2	67%	1	33%	3	Two high risk exceptions remained open as a result of follow up testing. The service is currently working on securing a partnership with Fareham and Gosport Councils. If this partnership is successful then procedures will need to be reviewed in line with the partnering authorities and as such the review has not yet been undertaken. The second exception is in relation to Performance Development Reviews (PDR's). At the time of the second follow up, the City Development Manager confirmed that Team Leaders PDR's were being undertaken and all PDR's are scheduled to be completed by April 2015
Total	32	55%	26	45%	58	

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2013/14 Audits Followed Up - Medium Risk Exceptions

Audit Title	Medium Risk Open		Medium Risk Closed		Medium Risk Total
	Count	Percentage	Count	Percentage	
F1314-026 HM - Stock Conditions Database	0	0%	1	100%	1
F1314-030 HM - Risk Assessments of outlying buildings	0	0%	3	100%	3
F1314-031 Housing Management - Sheltered Housing Service	0	0%	3	100%	3
F1314-035 Housing Management - Sub letting prevention	0	0%	1	100%	1
F1314-039 CABS - Leases of land	0	0%	1	100%	1
F1314-042 Corporate Assets, Business & Standards - Houses in Multiple Occupation	0	0%	1	1%	1
F1314-050 Adult Social Care - Residential and Day Centres self assessments	1	100%	0	0%	1
F1314-056 HR, Legal & Performance - Gifts and Hospitality	0	0%	1	100%	1
F1314-059 HR Legal & Performance - Solicitors fees Court Costs	0	0%	1	100%	1
F1314-061 HR, Legal & Performance - Data Quality checks	0	0%	5	100%	5
F1314-079 Children's Social Care & Safeguarding - Foster Placements and residential care self assessments	0	0%	1	100%	1
F1314-089 CDCS - Building and Planning Fees	1	100%	0	0%	1
F1314-091 HIDS&CS - CCTV	0	0%	1	100%	1
F1314-112 T&E - Hire Cars	1	100%	0	0%	1
F1314-138 Financial Services - External Bailiffs	1	50%	1	50%	2
Total	4	20%	16	80%	20

2013/14 Audits Followed Up - Low Risk Exceptions

Audit Title	Low Risk Open		Low Risk Closed		Low Risk Total
	Count	Percentage	Count	Percentage	
F1314-031 Housing Management - Sheltered Housing Service	0	0%	1	100%	1
F1314-061 HRLP - Data Quality checks	0	0%	1	100%	1
F1314-089 CDCS - Building and Planning Fees	1	100%	0	0%	1
Total	1	33%	2	67%	3

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2013/14 Audits Followed Up - All Exceptions

Audit Title	Original Number of Exceptions	% Open	% Closed
F1314-014 FS - Petty Cash/Imprest Accounts	4	75%	25%
F1314-015 FS - Controlled Stationery	2	100%	0%
F1314-018 FS - Local Enterprise Partnership funding (e.g. growing places)	1	0%	100%
F1314-022 Corp - Mandatory Training & PDRs	3	67%	33%
F1314-024 HM - Security	1	100%	0%
F1314-026 HM - Stock Conditions Database	2	50%	50%
F1314-027 HM - Energy and sustainability	1	100%	0%
F1314-030 HM - Risk Assessments of outlying buildings	3	100%	0%
F1314-031 HM - Sheltered Housing Service	6	0%	100%
F1314-035 HM - Sub letting prevention	3	0%	100%
F1314-036 HM - Right to buy due diligence checks	2	100%	0%
F1314-038 CABS - Seizure of property	1	0%	100%
F1314-039 CABS - Leases of land	1	0%	100%
F1314-042 CABS - Houses in Multiple Occupation	3	0%	100%
F1314-044 ASC - Data Quality and security checking procedure	2	0%	100%
F1314-045 ASC - Individualised Budgets/Self Directed Support	2	0%	100%
F1314-050 ASC - Residential and Day Centres self assessments	3	33%	67%
F1314-056 HRLP - Gifts and Hospitality	2	50%	50%
F1314-059 HRLP - Solicitors fees Court Costs	2	0%	100%
F1314-061 HRLP - Data Quality checks	6	0%	100%
F1314-071 CSCS - Targeted Youth Support 9-16 emerging needs	3	0%	100%
F1314-072 CSCS - Youth Offending Team	6	83%	17%
F1314-073 CSCS - Independent Fostering Team Agreements	2	0%	100%
F1314-074 CSCS - YOT Volunteer Recruitment	1	0%	100%
F1314-076 CSCS - Kinship Policy	1	0%	100%
F1314-078 CSCS - Permanency planning and adoptions	2	0%	100%
F1314-079 CSCS - Foster Placements and residential care self assessments	2	50%	50%
F1314-080 CSCS - HR Safer recruitment Childrens Services	3	67%	33%
F1314-087 CDCS - Mountbatten Centre Client Monitoring	1	0%	100%
F1314-089 CDCS - Building and Planning Fees	2	100%	0%
F1314-091 HIDS&CS - CCTV	4	0%	100%
F1314-098 Port- Camber letting- agent collecting Harbour dues	2	50%	50%
F1314-101 PH - Governance, Planning and Performance and Health and Well Being Board	1	0%	100%
F1314-112 T&E - Hire Cars	4	75%	25%
F1314-113 T&E - Fuel purchases	2	50%	50%
F1314-116 Port - Winter Storage	1	0%	100%
F1314-118 T&E - Waste collection, waste disposal and recycling contract	1	0%	100%
F1314-120 T&E - Inspections and maintenance of paths	1	0%	100%
F1314-138 FS - External Bailiffs	5	80%	20%
1213-032 Revenues & Benefits - Debt Recovery	1	0%	100%
1213-023 CCDS Comms Selling of Advertising	1	0%	100%
1213-063 Second Follow Up - Planning and Building Control	3	67%	33%
Overall	99	38%	62%

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2014/15 Audits Followed Up In Year	Critical Risk Open		Critical Risk Closed		Total Critical Risk	Comments
1415-010 Children's Social Care - Private Foster Carers	0	0	1	100%	1	All 5 exceptions for this audit were followed up in December 2015. Actions have been implemented as agreed for the 1 critical risk and 3 high risk exceptions. The medium risk exception related to working procedures being outdated. The new
	High Risk Open		High Risk Closed		Total High Risk	
1415-010 Children's Social Care - Private Foster Carers	0	0%	3	100%	3	
	Medium Risk Open		Medium Risk Closed		Total Medium Risk	
1415-010 Children's Social Care - Private Foster Carers	1	100%	0	0%	0	

Appendix C

2015/16 Full Audits

	Service	Code	Title
1	Adult Services - Rob Watt	1516-001	ASC - IS Application Data Quality and security (Swift)
2		1516-002	ASC - Assessment & support team , care act and better care funding
3		1516-003	ASC - Self Directed Support -Individual budgets- managed budgets (by PCC)
4		1516-004	ASC - Appointeeships
5		1516-005	ASC - Client Affairs includes pre-paid bank cards
6		1516-006	ASC - Self Directed Support -Direct Payments - verification of carers existence, bank accounts, care need
7		1516-007	ASC - Deprivation of Liberty Safeguards
8	Children Social Care - Stephen Kitchman	1516-008	CSC - Service Development - Data Quality & Performance Management
9		1516-009	CSC - Young Persons Support - Children Leaving Care
10		1516-010	CSC - Young Persons Support - Asylum Seekers
11		1516-011	CSC - Out of City Placements including Placement Panel
12		1516-012	CSC - Direct Payments - verification of carers existence, bank accounts, care need
13	Culture & City Development - Stephen Baily	1516-013	CDC - Historic Records
14		1516-014	CDC - Guildhall
15		1516-015	CDC - Pyramids
16		1516-016	CDC - Building Control Fees and Income
17		1516-017	CDC - Planning fees
18		1516-018	CDC - Dunsbury Hill Farm
19		1516-019	CDC - Events Organised or Infrastructure Provided
20		1516-020	CDC - Beach Huts
21		1516-021	CDC - Visitors Guide to Portsmouth
22		1516-022	CDC - Contract Monitoring
23		1516-023	CDC - Hillside and Wymering
24		1516-024	CDC - Licensing & Enforcement
25	Public Health - Janet Maxwell	1516-025	PHS - Public Health
26	Transport, Environment & Business Support Alan Cufley	1516-027	TES - Hire Cars
27		1516-028	TES - Enterprise Centres
28		1516-029	TES - PCMI Manufacturing
29		1516-030	TES - Employment & Training
30	Community & Communication - Louise Wilders	1516-031	C&C - Cashiers & Cash Collection
31		1516-032	C&C - Members Allowances
32		1516-033	C&C - Register of Electors
33		1516-034	C&C - Information Governance/ Data Protection/ Data security
34		1516-035	C&C - Council Tax and NNDR
35		1516-036	C&C - Housing & Council Tax Benefits
36		1516-037	C&C - Security & Reception Arrangements
37	Children Services & Education - Di Smith	1516-038	CSE - Pupil referral units, statemented pupils etc;Excluded Pupils and Harbour School
38		1516-039	CSE - Pupil Premium funding
39		1516-040	CSE - School User Access Security
40		1516-041	CSE - Procurement Practices
41		1516-042	CSE - Special Education Needs
42		1516-043	CSE - Children with Disabilities
43		1516-092	CSE - St Edmunds
44	Finance & Information Service - Chris Ward	1516-044	FIS - Accounts payable
45		1516-045	FIS - Accounts receivable
46		1516-046	FIS - Payroll/ Pension
47		1516-047	FIS - Treasury Management
48		1516-048	FIS - General Ledger, Main accounting and budget monitoring
49		1516-049	FIS - Compliance with Financial Rules
50		1516-050	FIS - Pilot Pension
51		1516-051	FIS - Grants (PH, LSTF etc)
52		1516-052	FIS - Application Archiving
53		1516-053	FIS - Access Controls
54		1516-054	FIS - PIMS
55		1516-055	FIS - Mobile/Smartphone Project
56		1516-056	FIS - Cloud Storage
57	1516-057	FIS - Port IT	

58	HR, Legal & Procurement - Jon Bell	1516-058	HLP - Declarations of Interest
59		1516-059	HLP - Gifts and Hospitality
60		1516-060	HLP - Budget Estimates for Capital Schemes.
61		1516-061	HLP - Coronors
62	Regulatory Services & Community Safety - Rachael Dalby	1516-062	RCS - Emergency Planning
63		1516-063	RCS - Business Continuity Planning
64		1516-064	RCS - Troubled Families Grant
65		1516-065	RCS - Business Services & Advice
66		1516-066	RCS - Air Quality
67		1516-067	RCS - Climate Change & Sustainability (CRC)
68		1516-068	RCS - Delivering Differently
69	Property & Housing - Owen Buckwell	1516-026	HSP - Empty Properties
70		1516-069	HSP - Rent Income
71		1516-070	HSP - Decoration Allowance
72		1516-071	HSP - Sheltered Housing
73		1516-072	HSP - Housing Hardship Fund
74		1516-073	HSP - Housing Waiting List and Under Occupation
75		1516-074	HSP - Adventure Playgrounds
76		1516-075	HSP - Right to Buy
77		1516-076	HSP - Property Purchases
78		1516-077	HSP - Building of New Council Housing
79		1516-078	HSP - Contract Management Housing
80		1516-079	HSP - Security Passes and Building Access
81		1516-080	HSP - Asbestos includes property's under J Bean
82		1516-081	HSP - Legionella includes property's under J Bean
83		1516-082	HSP - CCTV
84		1516-085	HSP - Disposals
85	Integrated Commissioning Unit - Preeti Sheth	1516-086	IPC - Individual Service Contracts
86	Portsmouth	1516-087	PIP - Income Dues Brittany
87	International Port - Martin Putman	1516-088	PIP - ContractsPort
88	External	1516-089	PIP - Capital Repairs/Projects
89	External	1516-090	EXT - MMD
90	External	1516-091	EXT - LHB

2015/16 Follow Up Audits

	Service	Code	Title
1	Children's Social Care - Stephen Kitchman	F1415-009	CSC - Administration of Looked After Children's Funds
2		F1415-010	CSC - Private Foster Carers & Support Lodgings Providers
3		F1415-014	CSC - Portsmouth Safeguarding Children's Board
4	Culture & City Development - Stephen Baily	F1415-020	CDC - Contaminated Land
5		F1415-025	CDC - Seafront Water Safety
6		F1415-143	CDC - Markets Management
7	Transport, Environment & Business Support - Alan Cufley	F1415-027	TES - Homecheck/ Telecare
8		F1415-110	TES - Home to school transport
9		F1415-066	TES - Travel concessions
10		F1415-141	TES - Park & Ride
11		F1415-031	HSP - Maintenance of roads outside of COLAS contract
12	Community & Communication - Louise Wilders	F1415-040	C&C - Corporate Complaints
13	Children's Services & Education - Di Smith	F1415-046	CSE - Out of city placements re special schools
14		F1415-129	EXT - Manor Infant
15		F1415-124	EXT - Copnor Primary
16		F1415-137	EXT - Highbury Primary
17		F1415-123	EXT - Langstone Infant
18		F1415-131	EXT - Wimbourne Infant
19	Finance & Information Service - Chris Ward	F1415-061	FIS - Recovery of debts including external bailiffs
20	HR, Legal & Procurement - Jon Bell	F1415-067	HLP - Ebay Account
21	Property & Housing - Owen Buckwell	F1415-076	HSP - Claims
22		F1415-077	HSP - Temporary Accommodation
23		F1415-086	HSP - PAT Testing
24	Portsmouth International Port - Martin Putman	F1415-099	PIP - Income Dues Condor



Title of meeting:	Governance & Audit & Standards Committee and Full Council
Date of meeting:	Governance & Audit & Standards Committee - 26 June 2015 Full Council - 7 July 2015
Subject:	Revision to Planning Code
Report by:	City Solicitor
Wards affected	N/A
Key decision	No
Full Council decision	Yes

1 Purpose of Report

- 1.1 The Committee is asked to approve the revised Planning Code so that it may be incorporated into the Council's constitution.

2 Recommendations

- 2.1 It is recommended that the Planning Code is approved and incorporated into the Constitution.

3 Background

- 3.1 The Planning Code, contained in part 4 of the Constitution, sets out the standards of conduct the City Council requires of all members and officers of the Council in dealing with planning matters, including applications, policy development, and enforcement.
- 3.2 Following the changes brought about by the Localism Act 2011, the Council adopted a new code in 2012 and this was further revised in the May 2015 Council meeting. The attached Planning Code reflects the updating which has taken place in the most recent version of the Code of Conduct presented to Council. It is otherwise unchanged.

4 Reasons for recommendations

- 4.1 The Committee is asked to approve the revised Planning Code so that it reflects the approved Code of Conduct adopted by the Council in May 2015 so that it may be incorporated into the Council's constitution.

5 Equality Impact Assessment (EIA)

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

6 Legal implications

6.1 The adoption of the new proposed Planning Code will ensure that the Planning Code reflects the Code approved by Council in May 2015 and will avoid the inconsistencies arising in its application.

7 Finance comments

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

.....
Signed by: City Solicitor

Appendices: Appendix A - revised Planning Code

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

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

.....
Signed by:

CODE FOR MEMBERS AND OFFICERS IN RESPECT OF PLANNING MATTERS¹

1. Introduction

1.1. This Planning Code sets out the standards of conduct the City Council requires of all members and officers of the Council in dealing with planning matters, including applications, policy development, and enforcement.

1.2. Councillors and officers must make themselves aware of the Planning Code and put it into practice consistently.

~~1.1. If you have any doubt or concern regarding the appropriate application of the Code in a particular situation, you should refer to the Head of Planning and Regeneration or to the Monitoring Officer as soon as possible.~~

~~1.2. Always bear in mind that, with or without taking advice, you are personally responsible for the standards you apply to your conduct as a councillor or officer.~~

1.3. Officers should be aware of the provisions of the Code, for their own guidance, and to enable them to support councillors who must have regard to it. OfficersPlanning Code, and must also comply with any professional codes of conduct applicable to their own profession (regardless of whether they are members of the relevant professional body).

2. Relationship to the Members Code of Conduct

2.1. If you are a member of the Council, the rules in the Members' Code of Conduct ~~must be applied first and always, including~~apply as a priority, in particular the rules relating to declarations of personal ~~or prejudicial~~and disclosable pecuniary interests².

2.2. The rules in this Planning Code supplement the Members' Code of Conduct for the purposes of planning matters. Where members or officers fail to abide by the requirements of the Codes the Council will be at risk of legal challenge ~~which could lead to its decision being quashed, or complaint~~and sanctions may be ~~made~~applied to the ~~Ombudsman. If the failure to comply is also a breach of the~~ Ombudsman. ~~If the failure to comply is also a breach of the~~ Members' Code of Conduct by an individual member, complaints of maladministration may be upheld, and, for the member concerned there is a risk of reference to the by the Governance and Audit and Standards Committee.

3. General Role and Conduct of Councillors and Officers

3.1 Whilst this Planning Code deals primarily with development proposals at both the pre application /planning applications and post decisions, its principles also apply ~~with equal vigour~~ to consideration of planning policy, enforcement cases, and all other planning matters.

¹ For ease referred to as "the Planning Code"

² See the Council's Constitution, Part 4A

3.2 You should comply with the Planning Code equally in formal decision making, in Council meetings, and in less formal circumstances, such as member/officer meetings, meetings with the public, and consultative meetings.

3.3 Decisions by the Council in its role as local planning authority must be made in accordance with the Development Plan unless material considerations indicate otherwise.³⁺ There are additional statutory obligations in respect of decisions affecting a listed building or its setting, or development within a Conservation Area, which require impacts to be given special consideration as a priority before other material considerations.⁴

4 Member Declaration and Registration of Interests

4.1 Councillors who have substantial property interests, or other interests which would prevent them from voting on a regular basis, should avoid serving on the Planning Committee.

~~In addition to 4.2~~ Under the Members' Code of Conduct, ~~guidance on personal and prejudicial members are obliged to register disclosable pecuniary interests, and responsibilities for members~~ personal interests. Advice on when to declare ~~disclose~~ such interests is available from the Monitoring Officer.

4.3 **It is each Councillor's personal responsibility to seek such advice and to decide how to act in respect of the advice received. This should be sought in advance of the Committee meeting (or before any other planning related meeting).** The Members' Code requires Councillors to declare all personal interests ~~and~~. Councillors must not seek to participate if that person they have a disclosable pecuniary interest is also a prejudicial interest in a matter being considered.

4.4 Whether or not you are a member of the Planning Committee and may be called upon to make decisions in respect of planning matters, when dealing with any planning matter you are required to disclose ~~both the existence and the nature of your interest at any relevant meeting,~~ or in any dealings with planning officers.

4.5 The need to secure transparent conformity to the highest standards of public service ~~necessitate~~ necessitates compliance with the Members' Code and the Planning Code, and declaration of relevant interests not only in formal situations but also in all informal meetings and discussions with developers, applicants or officers.

4.6 In the same way as your declaration of interest must be recorded for formal meetings, you should ensure that such declarations are recorded on the application file as soon as possible. It is best practice to disclose your interest at the beginning of the meeting or as soon as it becomes apparent to you.

4.7 **Effect of having a personal interest in a matter at a Planning Committee Meeting;**

³ See Section 38(6), Planning and Compulsory Purchase Act 2004

⁴ See Sections 66 and 72, Planning (Listed Buildings and Conservation Areas) Act 1990

Once such an interest has been declared and specified, you may stay and take part in the debate and decision on that item. However, if you have an interest that might lead to a perception of bias on your part, either in favour of or opposed to a particular decision, then you should withdraw from the meeting to enable the decision to be made without risk of legal challenge.

4.8 Effect of having a ~~personal and prejudicial~~ pecuniary interest in a matter;

During a Planning Committee meeting you must leave the meeting room/

⁺~~See Section 38(6), Planning and Compulsory Purchase Act 2004~~

chamber for the duration of consideration and decision on the item and not seek to influence the debate or decision. You are required to leave in these circumstances to avoid inhibiting the freedom of expression of members who remain and who have to discuss and decide the matter before them. ~~If you wish to speak at a Planning Committee meeting in a personal capacity and to exercise your public speaking rights, you may address the Committee (or meeting) make your representations, or answer questions (if any), provided you have made your intention to do so known in accordance with requirements of the Council's Constitution. It is also best practice to make the Chairman aware of your intentions.~~

~~Once **4.9** Where you have finished addressing the Committee you must leave the room immediately.~~

~~Where your **a pecuniary interest** is personal and prejudicial;~~

- Make sure that the Register of Member Interests has been properly completed.
- Do not participate, or give the appearance of trying to participate, in the making of any decision on the matter, including any decision whether the matter should be dealt with by officers or referred to the Planning Committee.
- Do not get involved in the processing of the relevant application.
- Do not seek or accept any preferential treatment, or place yourself in a position that could lead the public to think you are receiving preferential treatment, because of your position as a councillor.
- Your normal rights as councillor to have information about any matter of Council business as required to fulfil the duties of your role and serve those whom you represent are suspended. In a matter where you have a prejudicial interest your role as councillor is also suspended, and you have only the rights of any other private citizen: (except that you may not make personal representations at Committee meetings or in writing as a representation to a planning application). You should not seek information about the matter that would not be available to a member of the general public.
- If members of the public, other councillors or officers attempt to refer to you about a matter where you have a personal and prejudicial disclosable pecuniary interest, you should recommend to them another councillor with whom they might discuss their concerns.

4.11 When you are not a member of the Planning Committee or standing deputy and you attend a meeting of the Committee to observe proceedings generally, or in respect of a particular application, you must also disclose any relevant interests you have in a matter to be considered by the Committee. In these circumstances you must conform to the same rules, including retiring from the room.

5. Development Proposal Submitted by Councillors and Officers

5.1 The following requirements apply to city council members making or opposing any planning application or any other application under the Town and Country Planning Acts in respect of land or premises in the city of Portsmouth. The code will apply:

(a) whether the application is made, or opposition expressed by the member, or by his/her agent or other person acting on their behalf;

(b) to applications made, or expressions of opposition ~~expressed by or on behalf of partnerships to which the member belongs or to companies in which the member~~ approval where the councillor has a pecuniary interest where the member knows of the application in the relevant matter;

(c) to applications made or opposition expressed by members of the immediate family of the member where the member knows of the application or objection.

5.2 On or before the date when any application or objection as set out in ~~65.1~~ is made, the Councillor concerned shall inform the ~~Head of Planning and Regeneration Services~~ Monitoring Officer by a letter ~~addressed to "The Head of Planning and Regeneration Services"~~ marked "personal and confidential" and giving:

(a) the address of the site of the relevant application;

(b) a description of the nature of the proposed development, or the other matters referred to by the application or objection; and

(c) full details of the councillor's interest in the site and or the application or the objection.

~~The head of planning and regeneration services~~ The Monitoring Officer shall acknowledge receipt of this letter and will inform the Chief Executive personally that such an application has been made and also advise the City Development Manager.

5.3. Should the Councillor or his/her agent wish to obtain further information concerning the application, or objection, or to carry out any discussions on it, these should be undertaken directly with either the ~~head of planning and regeneration services in person or the chief executive in person~~ City Development Manager or the Officers appointed to act in ~~their~~ her absence and not with any other member of the respective staffs of the departments. A record shall be kept of any verbal or telephone conversation with the relevant application file. The normal rules of information disclosure in regard to planning applications shall apply to such records.

5.4. Any application will be processed in the normal way. Any statutory or other advertisements shall not disclose the applicants' name or status, unless required by statute to do so.

5.5 In the circumstances of such an application, all the other controls and guidance in the Member Code and this Planning Code shall apply.

5.6 Where a member has any personal or prejudicial pecuniary interest in a planning application made to the Council it must be made known to the Monitoring Officer. Members must comply with the requirement to enter any relevant interests in the Register.

5.7 In having regard to the aim of assuring public confidence in open, ethical and effective decision-making in respect of planning matters, any member or officer seeking planning permission should take steps to avoid any appearance that they may receive preferential treatment. In such circumstances, to maintain the best appearance of propriety it is preferable to appoint agents to act in their name, rather than dealing directly with planning officers. This necessitates an additional expense, but it protects both the applicant and the Council from allegations of maladministration which may be based on confusion or malice, but nevertheless beis time-consuming and expensive to rebut.

5.8 Where an officer, his or her relatives or friends make an application for permission, the officer should make appropriate reference to the interest in the application in the Register of Officer Interests.

5.9 Best practice requires that serving councillors, or officers other than planning officers, should not act as agents for private individuals or companies pursuing or objecting to a planning application made to the City Council.

5.10 Where there appears to be no alternative to submitting an application on your own behalf, or on behalf of a friend or professional client, in addition to being recorded in the Register of Member/Officer interests, the matter should be brought to the attention of the Monitoring Officer. In such a case, all communications about the proposal should be solely through the Council's Planning Service. There should be no reason to contact other officers or Councillors, which would be a form of lobbying prevented by the Member Code and or this Planning Code.

5.11 Proposals submitted by Councillors and those Council staff who work in the Planning Department, or by agents acting on their behalf, should be reported to the Planning Committee as written agenda items and not dealt with by officers under delegated powers. As part of the committee report, the Monitoring Officer must confirm that, as far as he/she is aware, the application has been processed normally. This requirement applies to contractors working for the Council who, although not part of the Council's established staff, are normally located within the Council's principal office at the Civic Offices, Portsmouth.

6 Development proposed by the Council

6.1 Parliament has decided that local planning authorities are, in the majority of circumstances, the appropriate body for determining planning applications affecting the area, including where the application is submitted by the Council itself. There are separate statutory requirements for the Council in determining applications to develop its own land, or to develop it jointly with another body.

~~determining applications to develop its own land, or to develop it jointly with another body.~~

6.2 Proposals for the Council's own development (or development involving the Council and another party) should be treated by members and officers involved in reaching a determination of the application in the same way as those by private developers. The planning decisions must be made strictly on planning merits and without regard to any financial or other gain that may accrue to the Council if the development is permitted. It is important that the Council is seen to be treating such applications on an equal footing with all other applications, as well as actually doing so.

7. Making decisions transparently, and fairly

7.1 Members who have to make decisions on planning matters and applications will begin to form a view as more information and options become available. When approached by applicants, developers or objectors, members must make it clear that the decision on any planning matter must be taken in accordance with the law, and can only be taken at the Planning Committee when all available information is to hand and has been considered.

7.2 Individual Councillors should reach their own conclusions on an application or other planning matter after considering all the information, advice and material available to them and relevant to the decision. Rather than follow any previously expressed opinion, the lead of another Councillor, or of any political group, each councillor must weigh up the factors that are relevant, ignore matters that are not relevant, and make a reasonable decision that could be justified if challenged.

7.3 Officers who are wholly or partly involved in the processing or determination of planning matters should not attend public meetings in connection with pre-application development proposals or submitted planning applications unless their attendance has been agreed by their manager. To do so could lead to allegations of prejudice or bias to a particular point of view. If it occurs accidentally that officers are put in such a position, officers should limit remarks and comments to provide information and give no view on the merits or otherwise of the proposal.

7.4 When attending public meetings, Councillors should take great care to maintain their impartial role as a Councillor, listen to all the points of view expressed by the speakers and public and not state a conclusive decision on any pre-application proposals and submitted planning applications.

7.5 If Councillors consider that they have been exposed to undue or excessive lobbying or approaches, these should be reported to the Monitoring Officer, who will advise the Councillor.

8. Pre-application discussions

- 8.1** A comprehensive written note of pre-application discussions in meetings and telephone calls must be made to be kept on subsequent related application files. This is best practice: it helps to protect the reputation of the Council, its members and officers, and gives transparency to the planning process. Having a record of discussions may also prevent any misrepresentation by members of the public, whether caused by confusion or malice.
- 8.2** Pre-application discussions between applicants, officers and, on occasions Councillors, can be of great benefit in addressing key issues at an early stage in the application process. It may be of particular relevance to involve Councillors when dealing with major or sensitive development schemes. The exchange of views and information can allow Councillors to understand the proposal and bring to the applicant's attention possible local concerns. Officers may gain some understanding of particular sensitivities and concerns expressed by Councillors on behalf of local residents and businesses. It is now recognised that this interaction can help achieve positive outcomes for all involved in the process.
- 8.3** It is preferable if this form of engagement takes place before the application has been submitted. Before the application is submitted, it may be appropriate for Members of the Planning Committee to be involved in the same way as Ward Councillors. At any such meeting it must be made explicit that these discussions cannot bind in any way the decision of the Council or control the voting intentions of the Councillor.
- 8.4** Planning officers should always be in attendance at pre-application discussions with applicants and agents involving Councillors. A comprehensive note of the meeting should be placed on file and sent to the Member concerned. **If an application is made following such discussions, a copy of the note must be put on that application file.**
- 8.5** Where planning officers are involved in pre-application discussions, it should always be made clear at the outset of discussions that by law they cannot commit the Council to make a particular decision. Officers should also make it known that any views expressed are their provisional professional opinions, based on their knowledge of development plan policies and of locally relevant material considerations. **A note that these statements were made should be kept on file.**
- 8.6** Every effort will be made to ensure that the advice of planning officers is consistent and that there are no significant differences of interpretation of planning policies between planning officers. **A note of the advice given should be kept on file.**
- 8.7** Planning officers will ensure that their advice does not favour the interests of particular individuals or groups, to reduce any risk that their subsequent advice could be seen as advocacy for a particular point of view. Two or more officers will attend potentially contentious meetings and a follow-up letter should be sent, particularly when material has been left with the Council by

the applicant or agent.

8.8 If a Councillor is approached by a potential applicant the first course of action should be a clear written note from the Councillor to the ~~Head of Planning Service~~City Development Manager recording what has been discussed and any specific comments or advice that has been given by the Councillor.

9. Predisposition, Predetermination and Bias

9.1 Members of the Planning Committee must avoid giving any appearance that an application or other matter referred to the Committee has already been determined before the Committee has the opportunity to consider the merits and demerits of a matter in accordance with the law, in public, and in accordance with the normal conduct of the Committee business. Every person making application to the Council or objecting to an application must be encouraged to believe that in considering the matter before it, the Committee will give consideration to all views that are expressed, that such views will be openly heard, and fairly considered in a balanced way before the Committee's decision is made.

9.2 It is particularly important that members of the Planning Committee do not give the impression that they have already made up their mind about a matter that will come before the Committee, or that their minds are closed to any alternative, and that no additional or different information or advice will persuade them to change that fixed view. Such "pre-determination" has been held to amount to the "surrender by a decision-maker of its judgment by having a closed mind and failing to apply it to the task".

9.3 The Localism Act 2011 has clarified the position of members of the Council who have expressed a preference for a particular outcome of an application as it proceeds to determination. Such a "pre-disposition" is acceptable and the Councillor concerned will not be taken to have had a closed mind when making the decision just because they have previously done or said anything to indicate the view that had been or might be taken in respect of a matter.

9.4 Members and officers should also be concerned to avoid the appearance of bias, that is, appearing to give undue weight to particular matters on the basis of personal attributes, or social acquaintance, that may influence their conduct generally. Whilst it may remain possible for a member to apply an open mind to the matter to be determined in such circumstances, Councillors must avoid giving the impression or appearance that particular personal interests or attributes would lead them to consider aspects of an application more carefully or with more regard than other aspects unaffected by their own character and experience. ~~Lord Denning stated~~ It should be understood that the perception of justice "is rooted in confidence, and that confidence is destroyed when right-minded people go away thinking that the judge was biased".⁵

⁵ Lord Denning

~~"is rooted in confidence, and that confidence is destroyed when right-minded people go away thinking that the judge was biased".~~

9.5 From time to time, members are invited by prospective developers or objectors to attend meetings to discuss proposed development schemes and questions have been asked about the propriety of such attendance. Members and the Council have been challenged in the past where they have expressed their opinion of proposals during or after such meetings, or in advance of Committee consideration.

9.6 The administrative system by which planning applications are determined in accordance with the law, and as necessary in a democratic society, would be brought into disrepute if it became evident that decisions favourable to an applicant or an objector could be obtained by lobbying members outside the procedural framework. On the other hand, members may be said to have a duty, particularly as Ward Councillors, to inform themselves of proposals which affect their wards and to be alive to public opinion. Members can play a constructive role in listening to and objectively gathering and reporting such views to the Councillors who will determine the application.

9.7 With these points in mind, it is suggested that the following guidelines may be helpful to members when considering whether to accept an invitation to a meeting.

1. Where members accept invitations to meetings from prospective developers or objectors when an application for planning permission has been received, even if the invitation is made to them ostensibly as a Ward Councillor, they should avoid expressing any fixed view of the matter.
2. Councillors must not make any commitment to determine a matter in a particular way, for any reason
3. Ward Councillors (subject to paragraphs 1 and 2 above) should not accept invitations to meetings from prospective developers or objectors unless it is clear to them that the meeting is either a public meeting or one to which residents or other persons with an interest in the potential development have also been invited. If a Ward Councillor attends such a meeting in the belief that others have been invited but finds that no other persons are present apart from the developer and Councillor(s), s/he should decline to take part in any discussion of the scheme.
~~Subject to the normal rules about the acceptance of gifts and hospitality,~~ There is no reason to distinguish between meetings in neutral premises and meetings in the prospective developer's or ~~objectors~~objector's own premises.
4. There is nothing to stop members inspecting a site if they choose to do so in order to better acquaint themselves with the details, but members should be aware of the risk of contact with the applicant or objector and inferences which might be made.

5. There is nothing to stop members responding to invitations to a meeting if properly convened through the Chief Executive or ~~head-off by~~ officers in the planning and regeneration services service to which all relevant members have been invited, provided that if the merits and problems of the application are discussed Councillors make it clear that they have no fixed view of the matter at that stage.

It will, of course, remain open for the ~~appropriate~~ Governance and Audit and Standards Committee of the Council to sanction a departure from these guidelines in special circumstances.

10. The Decision Making Process and Decisions Contrary to Officer Recommendations and/or the City Plan

10.1 All Committee decisions are made by a simple majority.

10.2 In discussing, and determining a planning application or other planning matter, Councillors should try to confine their discussion to the policies of the Development Plan, and to those material considerations which should influence their decision. The reasons for making a final decision should be clear, convincing and supported by material considerations and the planning merits.

10.3 However, it is acknowledged that deputations by applicants or members of the public may refer to matters which should not properly be part of the reasoning of the members' decision. On such occasions it may be difficult for members of the Planning Committee to confine their comments to the appropriate planning issues without appearing to disregard expressed concerns. Where it appears that the clarity of the decision-making process may be undermined, the Committee Chairman and officers may give guidance on any elements of the discussions which refer to irrelevant or immaterial considerations, and any elements which should be disregarded by the Committee in formulating its decision. Officers will clarify the weight to be given to the details of reports, or information which comes forward during deputations or in the course of debate.

10.4 If Councillors wish to refuse an application against officer advice, to impose additional conditions on a planning permission, or to approve an application contrary to officer recommendation, an officer should explain the implications of such action.

10.5 Where they do not accord with the officer's recommendation, the Committee's reasons to grant an application or to refuse it or any additional conditions to be applied must be clearly stated by the member making the proposal to grant the application.

10.6 If members cannot give sound and clear-cut reasons for a decision which may override the recommendations of the officers, it is not appropriate to require or

expect that the officers can explain such decisions to applicants, objectors or a planning inspector.

When the Committee has made such a decision, the Chairman will allow brief discussion to ensure that officers have understood the intentions and reasons of the Committee. All conditions, including ones which the Committee may wish to impose on a planning permission, must be⁶ necessary, relevant to planning and to the development to be permitted, enforceable, precise and reasonable in all other respects.

10.7 If the report of the ~~Head of Planning Services~~City Development Manager recommends approval of a departure from the City Plan, the full justification for that recommended departure will be included in the report.

11 **Member/Officer relations and Planning decisions**

~~An experienced planning officer~~11.1 The City Development Manager or someone deputising will always attend meetings of the Planning Committee to ensure that procedures have been properly followed and planning issues properly addressed.

11.2 Other senior officers with appropriate professional and technical experience will also be present when an application has aspects relating to their professional expertise. Where the Council's professional experts, such as environmental protection officers or highway engineers, attend Committee to ensure that appropriate advice can be given and discussed with their assistance, members must give due weight to such advice. It is the obligation of such officers to give considered and independent advice for the benefit of the Council.

12. **Site Visits by Councillors**

12.1 The other guidance in the Member Code and this Code applies equally to considering whether to conduct a site visit, and to the conduct of officers and members during the site visit.

12.2 Members and officers must remember, in conducting a site visit, that their presence is permitted in circumstances where anything said or done by them should be restricted to the purposes and interest of the Council as local planning authority.

12.3 The purpose of an organised Council site visit is for Councillors to gain knowledge of the development proposal, the application site and its relationship to adjacent sites. The potential benefit of attending the site should be sufficient to justify the administrative expense and any consequential delay to determining the application.

⁶ See National Planning Practice Guidance, Paragraph: 003 Reference ID: 21a-003-20140306

12.4 The decision to hold a site visit prior to the Committee meeting is to be made by the ~~Head of Planning and Regeneration or representative~~most senior planning officer responsible for preparing the agenda in consultation with the Chairman.

12.5 The ~~purpose~~purposes of a formal site visit prior to the Committee meeting ~~is~~are:

- to view the setting of the application,
- to consider any other matters seen on site which may be material to consideration of the application, and
- to find facts, especially when the application site is not visible from public land.

During a site visit members and officers should avoid any appearance of impropriety, and must not accept gifts or hospitality. Comments should be restricted to planning matters, and questions should be put through the planning officers attending the site visit. Officers and members must refrain from making comments that might be construed as supporting or opposing a particular view, and from making any personal comments.

12.6 The purpose of a formal site visit is not to receive or allow representations to be made outside the formal Committee meeting. Where members and officers attending site during a formal visit are approached by persons wishing to speak about the application, officers will explain that any representations may be made by deputation to the Committee at the meeting, and give the website reference to the explanation of how deputations may be made.

12.7 Site visits should be requested by Councillors, prior to the application being reported to Committee. Councillors should only request a site visit when the application has reached the determination stage if they consider it essential to clarify an issue that cannot be understood without such a visit, and which could not have been considered earlier. The Committee may decide to visit a site because particular factors to be seen on site are significant in terms of the weight to be afforded to them in determining the application and because, following discussion in Committee, members have reduced confidence that such factors can be fairly considered in the absence of a site visit to assess such details. In proposing a site visit, the member who wishes the Committee to have additional opportunity to do so should specify the factors to be noted if the site visit is agreed.

12.8 Councillors with a pecuniary interest in a planning application should not make representations seeking a site visit in respect of an application.
Councillors with a pecuniary interest in a particular application or agenda item must not attend any related site visit

13. Review of planning decisions

13.1 From time to time arrangements will be made for Councillors to visit a sample

of implemented planning permissions, so that a regular review of the quality of planning decisions can be undertaken.

| 13.2 The outcome of this review will be considered by the Planning Committee, and may lead to identification of possible amendments to existing policies or practice.

14. Complaints and record keeping

| 14.1 In order that planning procedures are undertaken properly and that any complaints can be fully investigated, record keeping will be complete and accurate. Every planning application file will contain an accurate account of events throughout its life, particularly the outcomes of meetings, significant telephone conversations and any declarations of interest by Councillors.

| 14.2 The same principles of good record keeping will be observed in relation to all enforcement and planning policy matters. The monitoring of record keeping will be undertaken regularly by the ~~Head of Planning and Regeneration~~. City Development Manager.



Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	26 June 2015
Subject:	Consideration of the political balance rules in relation to the constitution of Sub-Committees considering complaints against Members
Report by:	City Solicitor
Wards affected:	N/A
Key decision:	No
Full Council decision:	No

1. Purpose of report

1.1. The Committee is asked to consider whether it wishes to disapply the political balance rules in respect of its Sub-Committees which are considering complaints against Members.

2. Recommendations

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

3. Background

3.1. The Committee agreed on 27th June 2014 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.

3.2. 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 disapplied.

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

3.3. As there has 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 2016 when the matter would again have to be reconsidered.

3.4. The decision is one which this Committee can make but it must be made without any of the Members present voting against it.

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. Legal implications

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

6. Finance comments

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

.....
Signed by:

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

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

.....
Signed by:

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