
NOTICE OF MEETING

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

WEDNESDAY, 24 JANUARY 2024 AT 10.00 AM

**THE EXECUTIVE MEETING ROOM - THIRD FLOOR, THE GUILDHALL,
PORTSMOUTH**

Telephone enquiries to James Harris on 023 9260 6065
Email: james.harris@portsmouthcc.gov.uk

If any member of the public wishing to attend the meeting has access requirements, please notify the contact named above.

Membership

Councillor Leo Madden (Chair)
Councillor Stuart Brown (Vice-Chair)
Councillor Graham Heaney
Councillor Emily Strudwick
Councillor Benedict Swann
Councillor Daniel Wemyss

Standing Deputies

Councillor Chris Attwell
Councillor Hannah Brent
Councillor Jason Fazackarley
Councillor Abdul Kadir
Councillor George Madgwick
Councillor John Smith
Councillor Mary Valley

(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 recommendation/s). Email requests are accepted.

AGENDA

1 Apologies for Absence

2 Declarations of Members' Interests

3 Minutes of the meeting held on 22 November 2023 (Pages 7 - 12)

RECOMMENDED that the minutes of the meeting held on 22 November 2023 be approved and signed by the Chair as a correct record.

4 2022/23 Statement of Accounts and Audit Update (Pages 13 - 14)

Purpose

The purpose of this report is to provide Members with an update on the status of the City Council's 2022/23 Statement of Accounts and the related Audit activity.

RECOMMENDED that the Governance & Audit & Standards Committee notes the report.

5 Portsmouth City Council Audit Results Report Year Ended 31 March 2022 (Pages 15 - 74)

Purpose

The purpose of this report is to provide a summary of the audit of Portsmouth City Council for the year ended 31 March 2022, which was substantially complete.

RECOMMENDED that the Governance & Audit & Standards Committee notes the report.

6 Corporate Complaints Policy Update (Pages 75 - 78)

Purpose

The purpose of this report is to bring to the attention of the Governance & Audit & Standards Committee interim changes to the Corporate Complaints Policy, required to meet the legislative requirements of the Social Housing Regulation Act (2023) from 1 April 2024; and to provide the committee with an update on plans to formally review the [corporate complaints policy](#) once the outcome of a Local Government and Social Care Ombudsman (LGSCO) consultation on a statutory code for complaints is known.

RECOMMENDED that the Governance & Audit & Standards Committee notes the report.

7 Whistleblowing Annual Report and Policy (Pages 79 - 90)

Purpose

The purpose of this report is to update members of this Committee on the nature and handling of any whistleblowing concerns which have been raised for the period January 2023 to December 2023.

In addition to this to confirm that, following the annual review of the whistleblowing policy, there are no current proposed changes, since those agreed at the January 2022 committee meeting.

Recommendation

RECOMMENDED that Members of the Committee:

- (i) Note this report and the attached Appendix A and consider whether any further action is required; and**
- (ii) Note the whistleblowing policy, Appendix B, where there are no proposed changes.**

8 Internal Audit Performance Status Report to 8th January 2024 (Pages 91 - 110)

Purpose

The purpose of this report is to update the Governance and Audit and Standards Committee on the Internal Audit Performance for 2023/24 to 8th January 2024 against the Annual Audit Plan, highlight areas of concern and areas where assurance can be given on the internal control framework.

Recommendations

It is recommended:

- (i) That Members note the Audit Performance for 2023-24 to 8th January 2024 and**
- (ii) That Members note the highlighted areas of concern in relation to audits completed from the 2023/24 Audit Plan, including follow up work performed.**

9 Treasury Management Monitoring Report for the Third Quarter of 2023/24
(Pages 111 - 122)

Purpose

The purpose of the report is to inform members and the wider community of the Council's Treasury Management position, i.e., its borrowing and cash investments as of 31 December 2023 and of the risks attached to that position.

Whilst the Council has a portfolio of investment properties and some equity shares which were acquired through the capital programme; these do not in themselves form part of the treasury management function.

Recommendations

- (i) That the Council's Treasury Management activities have remained within the Treasury Management Policy 2023/24 in the period up to 31 December 2023 and**
- (ii) the actual Treasury Management indicators as at 31 December 2023 set out in Appendix A be NOTED.**

10 Report to Governance & Audit & Standards Committee on complaints received into alleged breaches of the Code of Conduct by Members of the Council for the calendar year 2023 (Pages 123 - 128)

Purpose

The purpose of the report is to update Members of the Committee in relation to complaints which have been progressed within the calendar year 2023 and which allege that Councillors may have breached the Code of Conduct.

Recommendations

- (i) It is recommended that Members of the Committee note the report;**
- (ii) It is recommended that Members of the Committee consider whether any further action is required by them; and**
- (iii) It is recommended that Members of the Committee place on record their thanks to the Independent Persons.**

Members of the public are permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting nor 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.

Whilst every effort will be made to webcast this meeting, should technical or other difficulties occur, the meeting will continue without being webcast via the Council's website.

This meeting is webcast (videoed), viewable via the Council's YouTube account at:
[Portsmouth City Council - Democratic Services - YouTube](#)

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Agenda Item 3

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Wednesday, 22 November 2023 at 10.00 am in The Executive Meeting Room - Third Floor, The Guildhall, Portsmouth

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

Present

Councillor Leo Madden (in the chair)

Councillor Abdul Kadir
Councillor Emily Strudwick
Councillor Mary Vallely

Officers

Peter Baulf, City Solicitor
Natalie Brahma-Pearl, Chief Executive
Elizabeth Goodwin, Chief Internal Auditor
Helen Klemm, Technical & Financial Planning Finance Manager
Kelly Nash, Corporate Performance Manager
Paul Somerset, Deputy Chief Internal Auditor
Richard Webb, Deputy Director of Finance

46. Apologies for Absence (AI 1)

Apologies had been received from Councillor Stuart Brown, Councillor Graham Heaney, Councillor Benedict Swann and Councillor Daniel Wemyss.

Councillor Abdul Kadir was in attendance as standing deputy for Councillor Stuart Brown and Councillor Mary Vallely was in attendance as standing deputy for Councillor Graham Heaney.

47. Declarations of Members' Interests (AI 2)

There were no declarations of interest.

48. Minutes of the meeting held on 20 September 2023 (AI 3)

RESOLVED that the minutes of the meeting held on 20 September 2023 be approved and signed by the Chair as a correct record.

As matters arising it was confirmed that:

- The Corporate Performance Manager would follow up with the Assistant Director of Corporate Services the question of whether the Unreasonable Customer Behaviour Policy could be applied to correspondence received by councillors.

- In respect of home to school transport, the Chief Internal Auditor confirmed that there had been significant improvements which had resulted in a rating of 'reasonable assurance'. School transport would feature as an audit item each year until internal audit were satisfied that the ratings were stable.

49. Corporate Performance Report - Q2 2023/24 (AI 4)

(TAKE IN REPORT)

Kelly Nash, Corporate Performance Manager, introduced the report which reported any significant performance issues arising from Q2 2023-24 performance monitoring.

A key theme which she wished to highlight related to challenges around the workforce, in terms of recruiting and retaining the right skills for the organisation. She assured that plans were in place to address these challenges, which also applied to contractors who worked on behalf of the council.

In response to a questions about care experienced young people, it was explained that whilst the number of care experienced young people had increased, it had not increased by a large number. The Corporate Performance Manager agreed to report back to the committee on trends.

Having read the narrative, the Chair felt that the red performance indicators in relation to care experienced young people seemed quite a harsh assessment. In response, the committee was advised that the importance of this area, and the fact that the directorate had considered the service to be below the standard that it aimed for, had been the reason for the red rating.

RESOLVED that the committee NOTED the report.

50. Treasury Management Mid-Year Review 2023/24 (AI 5)

(TAKE IN REPORT)

Helen Klemm, Technical and Financial Planning Finance Manager, introduced the report, which informed members of the Council's Treasury Management position at 30 September 2023 and of the risks attached to that position.

She advised that the council continued to operate within the limits set in the Treasury Management Policy and that the return on investments remained higher than expected due to the increase in interest rates.

RESOLVED that the Governance & Audit & Standards Committee NOTED:

- (i) **That the Council's Treasury Management activities have remained within the Treasury Management Policy 2023/24 in the period up to 30 September 2023; and**
- (ii) **the actual Treasury Management indicators at 30 September 2023 set out in Appendix A.**

51. Internal Audit Performance Status Report to 7 November 2023 (AI 6)

(TAKE IN REPORT)

Elizabeth Goodwin, Chief Internal Auditor, introduced the report which updated on the internal audit performance for 2023/24 to 7 November 2023 against the Annual Audit Plan.

The committee was advised that there were no areas of significant concern to report.

In response to a concern about the correct procedures not always being adhered to around hire cars, the committee was advised that in some instances the urgent need for a vehicle may have been a factor around procedures being missed. The matter had however been raised with the relevant directorates.

In response to a question on incomplete audit actions, it was explained that if 'critical' they would be followed up on after three months. If not critical, all actions would have an agreed date for a follow up, which are reviewed the proceeding year. If the matters had not been addressed at that time, internal audit would work with the directorate to potentially modify the actions to ensure that the risk could be mitigated.

RESOLVED that the committee NOTED the Audit Performance for 2023-23 to 7 November 2023 and the highlighted areas of concern in relation to audits completed from the 2023/24 Audit Plan, including follow up work performed.

52. RIPA Policy (AI 7)

(TAKE IN REPORT)

Paul Somerset, Deputy Chief Internal Auditor, introduced the report which provided an update on the IPCO desktop exercise, the authority's use of regulatory powers for the period from 6th January 2021 to 8th November 2023 and policy changes.

In response to a question about these powers having only been used twice by the council in the past three years, it was explained that this was due to the

very high threshold required to permit their use. Any potential offence being investigated needed to attract a minimum of a six-month custodial sentence if convicted.

RESOLVED that the Governance and Audit and Standards Committee NOTED:

- (i) the desktop inspection carried out by IPCO Surveillance Inspector and results presented;
- (ii) that there have been two RIPA applications authorised since the last report to this Committee on the 15 January 2021; and
- (iii) the changes highlighted within the policy following legislative changes.

53. Compliance with Gifts & Hospitality Protocol (AI 8)

(TAKE IN REPORT)

Peter Baulf, City Solicitor, introduced the report which updated the committee on any issues regarding compliance with the Gifts & Hospitality protocol and to advise on remedies.

The City Solicitor confirmed that a high level of compliance had been demonstrated and no concerns had been raised.

The Chair commended the report, which he believed reflected well on council staff.

RESOLVED that the report be NOTED.

54. Consideration of the political balance rules in relation to the constitution of Sub-Committees considering complaints against Members (AI 9)

(TAKE IN REPORT)

Peter Baulf, City Solicitor, introduced the report.

The Committee was asked to consider whether it wished to disapply the political balance rules in respect of its Sub-Committees and the Initial Filtering Panels which considered complaints against Members.

The committee had no questions in respect of this item.

RESOLVED that the political balance rules are disapplied in respect of Governance and Audit and Standards Sub-Committees which are considering complaints against Members and also the same arrangement should apply in respect of Initial Filtering Panel membership.

The meeting concluded at 10.38 am.

Councillor Leo Madden
Chair

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Agenda Item 4



THIS ITEM IS FOR INFORMATION ONLY

(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

Title of meeting:	Governance and Audit and Standards Committee Meeting
Subject:	2022/23 Statement of Accounts and Audit Update
Date of meeting:	24 th January 2024
Report by:	Richard Webb, Deputy Director of Finance
Wards affected:	All

1. Purpose

The purpose of this report is to provide Members with an update on the status of the City Council's 2022/23 Statement of Accounts and the related Audit activity.

2. Update

The Accounts were produced and presented to the Auditors in July 2023 and were also published on the Council's website on 28th July 2023¹. The statutory deadline for the completion of the Audit and the issue of the opinion for 2022/23 was 30th September 2023.

The Accounts and Audit (Amendment) Regulations 2022 required the City Council to publish its audited Statement of Accounts by 30 September 2023. However, the national delay and backlog of audits in respect of Local Authority accounts, has meant that there has been a delay in the external audit of the City Council's 2022/23 Statement of Accounts. A statement has been published on the City Council's website to explain the current position¹.

Historically, the Statement of Accounts have been presented to this committee in September alongside the external auditor's Audit Results Report. Once the audit of the 2022/23 Statement of Accounts has been completed, they will be presented to this Committee for approval.

¹ <https://www.portsmouth.gov.uk/services/council-and-democracy/transparency/transparency-agenda/>



THIS ITEM IS FOR INFORMATION ONLY

(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

The government has recognised the national delay in the audit of Local Authorities' accounts for 2022/23 and previous years. On 14th July, the Department for Levelling Up Housing & Communities (DLUHC) published a proposal to address these delays² with the aim of "resetting the system", which should clear the audit backlog and ultimately prevent a recurrence of the delays in future years. This is likely to involve setting statutory deadlines for completion of the audit work resulting in qualifications or disclaimers, due to the reduced testing that may be undertaken and therefore the reduced reliance that auditors will be able to obtain from the audit work for many Statements of Accounts. However, at the time of writing, we are still awaiting on the outcome of DLUHC's consultation with sector bodies on the implementation of the proposed actions. An update will be provided to you in due course when we have more information about the way forward.

For context, as at November 2023, the Public Sector Audit Appointments³ body stated that only 5 of the 467 local government bodies' 2022/23 audit opinions were given at the publishing date of 30 September 2023, meaning that 99% have either not yet been started or work completed, and opinions issued.

In the meantime, if you wish to see the City Council's draft Statement of Accounts for 2022/23 you can find them on the Council's website¹.

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Signed by (Director)

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

² <https://committees.parliament.uk/publications/40932/documents/199432/default/>

³ www.psa.co.uk

Portsmouth City Council
Audit results report

Year ended 31 March 2022

December 2023



Building a better
working world



Portsmouth City Council
Civic Offices
Guildhall Square
Portsmouth
PO1 2BG

13 December 2023

Dear Governance and Audit and Standards Committee Members

We are pleased to attach our audit results report, summarising the status of our audit.

Our audit of Portsmouth City Council for the year ended 31 March 2022 is substantially complete.

The audit is designed to express an opinion on the 2021/22 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Portsmouth City Council's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects.

This report is intended solely for the use of the Governance and Audit and Standards Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your management team and staff for their help during the engagement.

Yours faithfully

Andrew Brittain, Partner
For and on behalf of Ernst & Young LLP
Encl

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to Governance and Audit and Standards Committee and management of Portsmouth City Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Governance and Audit and Standards Committee, and management of Portsmouth City Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Governance and Audit and Standards Committee and management of Portsmouth City Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary



Executive Summary

Scope update

In our audit planning report presented at the 20 July 2022 Governance and Audit and Standards Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan.

Status of the audit

Our audit of Portsmouth City Council for the year ended 31 March 2022 is substantially complete. Subject to satisfactory completion of the following outstanding items we expect to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3.

The following are outstanding or are to be completed as part of the conclusion of the audit:

- review of the final version of the financial statements
- completion of subsequent events review
- receipt of the signed management representation letter
- completion of procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts (WGA) submission

We do not expect to issue the audit certificate at the same time as the audit opinion, due to the possibility that we will need to complete additional procedures at the request of the NAO for the WGA. The NAO has not yet confirmed which bodies this will impact; the certification cannot be performed until this is known. Currently, there is no confirmed timescale from the NAO. In addition, our Auditors Annual Report will be issued within 3 months of the audit opinion as stipulated in the Code; this is also a pre-requisite of issuing the certificate.

Executive Summary

Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability
How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance
How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Page 20 Status of the audit – Value for Money

At the Governance and Audit and Standards Committee meeting held on 20 July 2022, we reported that our planning procedures for the value for money conclusion remained ongoing.

Our VFM work is now complete, and no significant weaknesses in your arrangements in 2021/22 were identified.

We plan to issue the VFM commentary as part of issuing the Auditor's Annual Report, following completion of the audit.

Audit differences

We identified one audit difference and one post balance sheet event, which have been adjusted by management. The audit difference related to the re-classification of the provision for COVID-19 Additional Relief Fund from short term to long term. The post balance sheet event related to updated information about the pension liability from the completion of the 2022 Triennial valuation.

We identified three audit differences which management have chosen not to adjust, related to Property, Plant and Equipment valuations, due to a combination of quantifiable error and differences in judgment giving rise to the misstatements, and because two of them are projected differences from the sample testing we conducted. These differences are not material individually or in aggregate, hence we are satisfied that PPE will not be materially misstated if these remain unadjusted.

In addition, a number of amendments were made to disclosures in the financial statements as a result of our work.

Further details are shown in section 4.



Executive Summary

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We will submit the return required by the National Audit Office (NAO) in respect of the Whole of Government Accounts (WGA) at the same time as issuing our auditor's report. The Council is below the threshold for full WGA procedures, so no further work is required at this time. However, there is a possibility that we will need to complete additional procedures at the request of the NAO for the WGA. The NAO has not yet confirmed which bodies this will impact and currently there is no confirmed timescale for this.

We have no other matters to report.

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

However, we have identified a weakness in the evidence available to support the valuations performed by its internal valuers, as the result of the use of temporary staff in 2021/22, which has contributed to significant additional audit work. We are aware that the Council has put measures in place to prevent a reoccurrence of this going forward. See Section 07 for further details.

Independence

Please refer to Section 9 for our update on Independence.

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Executive Summary

Areas of audit focus

In our audit planning report we identified a number of key areas of focus for our audit of the financial statements of Portsmouth City Council. This report sets out the status of our work and our observations in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

Fraud Risk	Findings & Conclusions
Misstatements due to fraud or error	Our work in this area is now complete. We have not identified any material weaknesses in controls or evidence of material management override, instances of inappropriate judgements being applied; or any other transactions during our audit which appear unusual or outside the Council's normal course of business.
Inappropriate capitalisation of revenue expenditure	Our sample testing of additions to Property Plant & Equipment (PPE) and Revenue Expenditure Funded from Capital Under Statue (REFCUS): <ul style="list-style-type: none"> • Found costs had been correctly classified as capital and included at the correct value. • Did not identify any revenue items that were incorrectly classified as capital. Our review of judgements taken by management found them to be reasonable.
Inappropriate recognition of trading and investment property income	Our sample testing of trading and investment property income: <ul style="list-style-type: none"> • Did not identify any revenue items that were recognised at the wrong amount or in the wrong period. Our review of judgements taken by management found them to be reasonable.

Significant Risk	Findings & Conclusions
Valuation of Investment Property and Land and Buildings (valued using EUV & FV method)	Our work in this area is now complete. Further details of findings from this work are set out in section 2.
Valuation of Lakeside North Harbour asset	Our work in this area is now complete. No issues were identified from our testing of the valuation of Lakeside North Harbour.
Infrastructure asset valuation	Our work in this area is now complete. Further details of findings from this work are set out in section 2.

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Executive Summary

Areas of audit focus (continued)

Area of audit focus / Inherent risk	Findings & Conclusions
Pension Liability Valuation (inherent risk)	Our work in this area is now complete. Further details of findings from this work are set out in section 2.
Accounting for Covid-19 related government grants (inherent risk)	The accounting treatment adopted for Covid-19 related government grants accorded with the Council's assessment of whether it was acting as agent or principal. Our detailed testing of funding claimed identified no issues.
Restatement of the Comprehensive Income and Expenditure Statement (CIES), Expenditure and Funding Analysis (EFA) and related disclosure notes (inherent risk)	No issues have been identified from our work to address this risk. The restatements were consistent with general ledger data and the revised Council portfolio structure.
Group accounts assessment (inherent risk)	No issues have been identified from our work to address this risk. We judged the Council's group accounts assessment to be reasonable.
Valuation of Land & Buildings valued at Depreciated Replacement Cost (DRC), and Housing Revenue Account (HRA) properties (inherent risk)	Our work in this area is now complete. Further details of findings from this work are set out in section 2.
New ledger system (inherent risk)	No issues have been identified from our work to address this risk. The transfer of balances to the new ledger was complete and accurate.

We ask you to review these and any other matters in this report to ensure:

- There are no other considerations or matters that could have an impact on these issues
- You agree with the resolution of the issue
- There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Governance and Audit and Standards Committee.



02 Areas of Audit Focus



Areas of Audit Focus

Fraud risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What judgements are we focused on?

Our assessment of risk led us to create a series of criteria for the testing of journals, focusing specifically on areas that could be open to management manipulation. We have also focused specifically on capitalisation of expenditure as a potential area of manipulation, which is recorded as a separately identified significant risk on the following page of this report.

Our work on estimates focussed on PPE valued at FV/EUV (including Lakeside) and Investment Property valuation which we have identified as areas of significant risk, and other PPE valuations and IAS19 pension estimates, which we have identified as areas of higher inherent risk. Our findings in these areas are set out on the subsequent pages in this section of our report.

What did we do?

Our approach focused on:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- Assessing accounting estimates for evidence of management bias.
- Evaluating the business rationale for significant unusual transactions.

Further to this, we have:

- Inquired of management about risks of fraud and the controls put in place to address those risks, as well as gaining an understanding of the oversight given by those charged with governance of management's processes over fraud.
- Considered the effectiveness of management's controls designed to address the risk of fraud.

What are our conclusions?

Our work in relation to this risk is now complete.

- We have not identified any evidence of material management override.
- We have not identified any instances of inappropriate judgements being applied or other management bias both in relation to accounting estimates and other balances and transactions.
- We have not identified any other transactions which appeared unusual or outside the Council's normal course of business



Areas of Audit Focus

Fraud risk

Risk of fraud in revenue and expenditure recognition inappropriate capitalisation of revenue expenditure

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure, as there is an incentive to reduce expenditure which is funded from council tax. This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.

The value of additions to Property, Plant & Equipment (PPE) including Assets Under Construction in 2021/22 was £169m. The value of Revenue Expenditure Funded from Capital Under Statue (REFCUS) was £52.6m.

What judgements are we focused on?

Our work has focussed on any judgements exercised in determining whether expenditure is capital in nature, and therefore appropriate to be capitalised rather than charged to the Comprehensive Income and Expenditure Statement.

What are our conclusions?

Our testing of additions and REFCUS expenditure has not identified any indications of inappropriate capitalisation of revenue expenditure or inappropriate classification of transactions as REFCUS.

What did we do?

Our approach focused on:

- We selected a sample of additions, using lowered testing thresholds, to test and confirm the item was appropriate to capitalise through agreement to evidence such as invoices and capital expenditure authorisations.
- We selected a sample of REFCUS expenditure, using lowered testing thresholds, to confirm it was appropriate for the expenditure incurred to be funded from capital sources.



Areas of Audit Focus

Fraud risk

Risk of fraud in revenue and expenditure recognition, through inappropriate recognition of trading and investment property income

What is the risk?

As set out on the previous page, under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have also assessed that the risk may occur through inappropriate recognition of revenue from trading income and investment property rentals being recognised at the wrong amount or in the wrong period.

The value of trading and investment property income in 2021/22 was £31m.

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What judgements are we focused on?

Our work has focussed on any judgements exercised in determining the value of income to be recognised in the Comprehensive Income and Expenditure Statement and the period to which it relates.

What did we do?

Our approach focused on:

- Testing revenue from trading income and investment property rentals using lowered testing thresholds, to ensure the income is being recognised at the correct value and in the correct accounting period.

What are our conclusions?

Our testing of trading and investment property income has not identified any issues in respect of the valuation or timing of income recognition.



Areas of Audit Focus

Significant risk

Valuation of Lakeside North Harbour asset

What is the risk?

During the 2019/20 financial year, Portsmouth City Council purchased the Lakeside North Harbour office complex located in Portsmouth as part of their regeneration policy for the area.

The business campus sits in a 120-acre site, located to the north of Portsmouth City Centre, and comprises 594,000 sq ft of offices, 3,000 parking spaces, a day nursery and 8.7 acres of development land.

This is a highly significant and material property, plant and equipment asset. The valuation of the asset is carried out in accordance with the methodologies and bases for estimation set out in relevant professional standards. However, a number of key inputs into the valuation are judgmental and subjective.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet in respect of this asset.

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What did we do?

We commissioned an EY specialist (EY Real Estates) to review the valuation and specifically to:

- consider the competence, capability and objectivity of the Council's valuers;
- consider the scope of valuers' work; and
- challenge the assumptions and methodology used by the valuers by reference to external evidence.

We also:

- confirmed that the valuation has been accurately processed in the financial statements.

What are our conclusions?

Our specialists' review of the valuation of Lakeside North Harbour has concluded that each of the assets comprising the Lakeside campus is within the expected valuation range. We therefore have not identified any issues with the valuation of Lakeside in the financial statements.





Areas of Audit Focus

Significant risk

Valuation of Investment Property and Land and Buildings (valued using EUV & FV method)

What is the risk?

The value of Investment Property (IP) and Land and Buildings (valued using EUV/FV method) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews, depreciation and market fluctuations. Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

The market volatility brought about by the advent of Covid-19, which has continued during 2021/22, relates primarily to assets carried at a market value – either fair value (investment property and surplus assets) or Existing Use Value (EUV) as a proxy for FV (some of land and buildings). Assets carried at depreciated replacement cost (DRC) and EUV-SH (Council housing) are not considered to be impacted in the same way.

The value of IP in the draft accounts at 31/03/2022 was £197m. The Council has revalued £248m out of the total balance of other land and building assets at EUV, and £7m of surplus assets at FV in 2021/22.

What did we do?

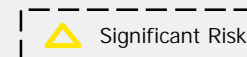
We:

- Commissioned EY Real Estates, our internal specialists on asset valuations, to consider the valuation approach in more detail for a sample of assets.
- Considered the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- Sample tested key asset information used by the valuer in performing its valuation and challenged the key assumptions used by the valuer.
- Tested whether valuations have been correctly processed in the financial statements.
- Considered the annual cycle of valuations to ensure that assets have been valued within a suitable rolling programme as required by the Code for PPE, and annually for IP. We will also consider if there are any specific changes to assets that have occurred and whether these have been communicated to the valuer.
- Reviewed assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated.

What are our conclusions?

Our work on valuations is now complete. We have involved our internal specialists in testing a representative sample of investment property and land and buildings (valued using EUV & FV method), with the remainder of the sample being tested by the audit team.

Further information on our findings from this work is shown on the next page.





Areas of Audit Focus

Valuation of Investment Property and Land and Buildings (valued using EUV & FV method)

What are our conclusions? (continued)

We tested a sample of 18 investment properties and 22 land and buildings assets valued at existing use value (excluding Lakeside, which is reported on separately above).

As a result of this work we identified one audit difference which management has chosen not to adjust, as follows. This matter is also reflected in Section 4:

- For one land and buildings asset in our representative sample, the valuer used a market rent of £56,000 but the evidence we received for the 2021/22 rental income showed an amount of £44,250. In the absence of contrary evidence or a supporting rationale for the use of £56,000, we have used the actual market rent in our testing, which resulted in our recalculated valuation being lower than the figure used in the financial statements. As this asset was part of our representative sample, we projected the error of £0.13m over the residual population, resulting in an overstatement of the land and buildings balance of £2.49m, which is above our reporting threshold but not material.



Areas of Audit Focus

Significant risk

Infrastructure Asset Valuation

What is the risk?

Where management incur subsequent expenditure to replace part of an asset, the CIPFA Code requires management to write out the value of the old part being replaced.

Nationally, audit firms have identified an issue with applying this accounting treatment to infrastructure assets, namely that assets have been replaced or renewed, but the original assets have not been derecognised. Across the country authorities are not keeping sufficient detailed records of infrastructure spend to allow the value of the part being replaced to be written out.

Subsequent to our Audit Planning Report of July 2022, changes have been made to the Local Authority Accounting Code by CIPFA, and DLUHC has issued a Statutory Instrument to temporarily change accounting rules in this area. These changes provided temporary relief not to report gross cost and accumulated depreciation for infrastructure assets from 1 April 2021 to 31 March 2025, subject to devising a longer-term solution, and allowed for any part of or whole infrastructure asset replaced to be assumed to be at nil value. A Local Authority Accounting Panel (LAAP) bulletin has also been issued by CIPFA which covers illustrative examples of how highways infrastructure assets should be depreciated.

Due to the highly material value of the Council's infrastructure assets balance, this risk was increased from inherent to significant subsequent to the planning stage of the audit.

What judgements are we focused on?

The risk is that the gross cost and gross accumulated depreciation of the Council's infrastructure assets are materially overstated, as assets or components that have been replaced are no longer recognised.

This may have no impact on the net book value if the assets were fully depreciated at the point of replacement, but if not then the net book value may also be materially misstated.

Furthermore, the Council needs to be able to demonstrate that it can associate the recorded values to specific identifiable assets; that they exist at the balance sheet date and are held at an appropriate value.

What did we do?

- We have reviewed the draft financial statements to identify prima facie whether the Council is recording disposals of infrastructure assets, or components.
- We have made enquiries to understand management's current processes, including bringing forward our knowledge from previous year's audits.
- We identified whether the process is compliant with the Code.
- We considered whether the underlying issue is relevant to other categories of property, plant and equipment, and focused our existence testing accordingly.





Areas of Audit Focus

Significant risk

What are our conclusions?

We provisionally concluded that the accounting of the Council for Infrastructure Assets was not in line with the CIPFA Local Authority Accounting Code 2021/22 as originally issued. This was because:

- The Council records some infrastructure assets within the fixed asset register and the general ledger as a single line entry per annum. Although infrastructure assets are derecognised when fully depreciated, asset components are not derecognised from accounting records when they are replaced. The Council does record other infrastructure assets, such as certain coastal defences and port assets as separate items in the asset register and has annual line items for highways PFI expenditure.
- This means the Council does not have sufficient records to show that that the gross cost and accumulated depreciation of some infrastructure assets are not materially overstated. PFI costs are grouped into annual expenditure lines rather than as separately identifiable assets. The grouping of some assets means the existence of individual items is difficult to evidence.
- The Council concludes it is impracticable for it to make a correction.

Changes were made to the Local Authority Accounting Code by CIPFA and DLUHC has issued a Statutory Instrument to temporarily change accounting rules in this area. The Statutory Instrument and Code update temporarily resolves the derecognition and existence issues identified above, and the Council has amended the disclosures in its financial statements to comply with the revised requirements. We are content with the changes made. A Local Authority Accounting Panel (LAAP) bulletin has also been issued by CIPFA which includes guidance and illustrative examples on how highways infrastructure assets should be depreciated. Management produced an assessment of the approach taken by the Council to depreciating infrastructure assets against this guidance. We are satisfied that the approach taken by management is reasonable.

The Statutory Instrument and Accounting Code are only expected to provide a temporary solution to this issue, with the Code update only currently extending to 31 March 2025. We therefore raise the following recommendation for improvement.

Recommendation - Develop more granular accounting records and/or further supportable estimation techniques to allow for infrastructure assets and components to be derecognised when they are replaced, and to demonstrate the continued existence of assets accounted for.

Management response - Like most other local authorities, we do not hold historic records for many of these long life assets therefore disaggregating the larger assets into individual assets and/or components is both not practical or even possible, or would be subject to arbitrary or estimated splits. In particular PFI life cycle replacement costs (nearly 50% of the total) cannot be broken down but simply reflect the appropriate figure from the PFI model. We will however continue to assess this in line with further information from CIPFA as to future accounting requirements.



Areas of Audit Focus

Other areas of audit focus

Valuation of Land & Buildings valued at Depreciated Replacement Cost (DRC), and Housing Revenue Account (HRA) properties

What is the risk?

The value of Property, Plant and Equipment (PPE) represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

The Council has revalued £146m out of the total balance of DRC assets in 2021/22, and £703m of HRA properties.

What did we do?

- Page 33
- Considered the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
 - Sample tested key asset information used by the valuers in performing their valuation and challenged the key assumptions used by the valuer;
 - Tested whether valuations have been correctly processed in the financial statements;
 - Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code. We will also consider if there are any specific changes to assets that have occurred and whether these have been communicated to the valuer;
 - Reviewed assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated

What are our conclusions?

Our work on valuations is now complete. We have involved our internal specialists in testing a representative sample of land and buildings (valued at DRC), with the remainder of the DRC sample, and HRA property valuations, being tested by the audit team.

Further information on our findings from this work is shown on the next page.



Areas of Audit Focus

Valuation of Land & Buildings valued at Depreciated Replacement Cost (DRC), and Housing Revenue Account (HRA) properties

What are our conclusions? (continued)

We tested a sample of 26 land and buildings assets valued at DRC and 37 HRA assets .

We undertook extensive work to review the key assumptions used in the valuation process, both by the Council's internal valuations team, and by its external valuation specialists. As a result of this work we identified two overall audit differences which management has chosen not to adjust, as follows. These matters are also reflected in Section 4:

- As a result of an audit query, the valuer identified a general arithmetical error in all valuations using the DRC method. The valuer had applied the obsolescence rate on the Gross Replacement Cost (GRC) of the asset, rather than GRC minus straight line depreciation, as should have been the case. We also noted that the valuer had applied minimal or zero allowance for external works in most valuations. In some cases we did not judge this to be appropriate, given the land area valued is relatively much larger than the building footprint. We have therefore corrected the formula in respect of the obsolescence, and incorporated an estimate of the value of external works in our testing. The approach to external works is a matter of valuer judgment; we have used the approach recommended by our professional internal valuation specialists, which is to apply a benchmark percentage to the total asset value as a general approach for all assets, as a reasonable estimate of the expected value of external works.
- We also identified a significant number of other differences which were specific to individual DRC valuations, as a result of:
 - calculation errors including double counting or excluding of parts of the valuation;
 - differences in internal and external area measurements;
 - differences in pupil numbers used in school valuations compared with third party information;
 - treatment of professional fees in the valuation calculation; and
 - build cost rates which were outside the expected range.

The combined impact of these and the methodological issues reported above was an understatement of £4.32m, across the population of assets above our testing threshold.

- The methodological issues in respect of obsolescence and external works were also present in our representative sample of DRC assets below the testing threshold. As a result, we have extrapolated the errors identified in our representative samples across the residual DRC population, to estimate the additional error arising. The total error value of £3.6m resulted in a projected misstatement of £5.1m (understatement of assets).
- No errors were identified in our testing of HRA properties.



Areas of Audit Focus

Other areas of audit focus

Pension Liability Valuation

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Hampshire County Council. The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

The net pension liability in the draft accounts at 31 March 2022 was £396m.

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What did we do?

We:

- Liaised with the auditors of Hampshire County Council Pension Fund to obtain assurances over the information supplied to the actuary in relation to Portsmouth City Council.
- Assessed the work of the Pension Fund actuary (Aon Hewitt) including the assumptions they used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team.
- Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

What are our conclusions?

We have completed our programme of work on the pension liability valuation.

While the 2021/22 was in progress, the updated triennial valuation as at 31 March 2022 was finalised and issued. As this was potentially an adjusting post balance sheet event, we asked the Council to obtain an updated IAS19 valuation report based on the revised underlying data and assumptions used in the triennial valuation at 31 March 2022. The updated report confirmed that the pension liability had reduced materially, by £58.2m, as a result of the updated inputs into the actuarial calculation. Management has adjusted the accounts to reflect the revised liability.

We have no other matters to report.



Areas of Audit Focus

Other areas of audit focus

Accounting for Covid-19 related government grants

What is the risk?

The Council has received a significant level of government funding in relation to Covid-19. Whilst there is no change in the CIPFA Code or accounting standard (IFRS 15) in respect of accounting for grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment in the 2021/22 statements.

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What did we do and what judgements are we focused on?

We considered the Council's judgement on material grants received in relation to whether it is acting as:

- Agent, where it has determined that it is acting as an intermediary; or
- Principal, where the Council has determined that it is acting on its own behalf.

We sought to determine whether conditions were attached to the grant funding received and whether those conditions were met or not.

Considering the outcome of the above we considered the appropriateness of the accounting treatment for the grants, in particular whether the grants were correctly classified, and whether associated disclosures were also accurate.

What are our findings & conclusions?

Based on our work we are satisfied that the accounting treatment adopted for Covid-19 related government grants accorded with the Council's assessment of whether it was acting as agent or principal, the underlying conditions of the grant and whether those conditions had been met.



Areas of Audit Focus

Other areas of audit focus

Group Accounts Assessment

What is the risk?

IFRS 10, 11 and 12 set out the requirements which must be followed when assessing and disclosing group and joint arrangements. Where the Council has interests in other entities, it needs to undertake qualitative and quantitative assessments to inform its decisions as to whether group accounts are required. This is an area of potential complexity and judgement requiring regular review.

What did we do?

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Asked the Council to update its qualitative and quantitative group accounts assessment for all relevant entities and critically evaluated this as early in the audit cycle as possible;

- Undertook our own assessment and compared this with the Council's review, to identify any areas where additional work may have been required to form a conclusion on whether group accounts are required under the accounting standards.

What are our conclusions?

We have reviewed the Council's updated group accounts assessment, and undertaken our own review to assess whether the Council has any arrangements which would require the production of group accounts.

We are satisfied that group accounts are not required for 2021/22. This is an area which will need to be kept under review going forward.



Areas of Audit Focus

Other areas of audit focus

Restatement of Comprehensive Income and Expenditure Statement, Expenditure and Funding Analysis, and related disclosure notes

What is the risk?

Under CIPFA's "Telling the Story" agenda, the Council is required to disclose its income and expenditure in accordance with the structure used for internal reporting, rather than the previous presentation as prescribed by SERCOP.

The Council has changed its internal reporting structure in 2021/22, which will mean the prior period comparators in the Comprehensive Income and Expenditure Statement, the supporting Expenditure and Funding Analysis, and related disclosure notes, will need to be restated in line with the new structure.

Page 38

What did we do?

We:

- Agreed the restated comparative figures back to the Council's prior year financial statements and supporting working papers
- Reviewed the analysis of how these figures are derived from the Council's ledger system

What are our conclusions?

The Comprehensive Income and Expenditure Statement, the Expenditure and Funding Analysis, and related disclosure notes, have been restated appropriately following the change to internal reporting structures, and to have no matters to report as a result of the work performed.



Areas of Audit Focus

Other areas of audit focus

New Ledger System

What is the risk?

The Council introduced its new Oracle Fusion financial management system with effect from 01 April 2021. It put in place measures to migrate transactions and balances from the old to the new financial management system prior to implementation. The Council's 2021/22 financial statements will be prepared using data taken from the new general ledger at the end of the financial year. To ensure the production of materially accurate and complete 2021/22 financial statements, it is essential that the Council is assured over the completeness and accuracy of the transfer of financial data from the old system to its new general ledger.

What did we do?

- Page 39
- Met with officers to discuss, understand and walkthrough the process for implementing the new financial management system.
 - Reviewed the actions taken by the Council to ensure the complete and accurate migration of financial data to the new general ledger. This included reviewing the effectiveness of reconciliation processes. We undertook our own testing on the completeness and accuracy of data migration as necessary.
 - Had regard to the findings of any work by Internal Audit in relation to the new ledger system.
 - Reviewed how data from the new system maps to the statement of accounts, as part of our understanding of the accounts production process for 2021/22.

What are our conclusions?

- We have not identified any issues regarding the completeness and accuracy of data migrated from the old ledger system to the new system.
- We have documented our understanding of the process for implementing the new ledger system and our review of the effectiveness of the reconciliation process.
 - We undertook our own testing of the data migration output.
 - We are not aware of any work completed by Internal Audit in relation to the new ledger system.
 - We have gained a sufficient understanding of the mapping to the statement of accounts to enable our 2021/22 audit work.
- We have no matters to report as a result of our work.



03 Audit Report



Audit Report

Draft audit report – example only

Our opinion on the financial statements

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF PORTSMOUTH CITY COUNCIL

Opinion

We have audited the financial statements of Portsmouth City Council (‘the Council’) for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income & Expenditure Statement ,
- Balance Sheet,
- Cash Flow Statement
- the related notes 1 to 42 and Expenditure & Funding Analysis
- Collection Fund and the related notes 1 to 3.
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes 1 to 12

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of Portsmouth City Council as at 31 March 2022 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and the Comptroller and Auditor General’s AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance & Resources (S151 Officer)’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council’s ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance & Resources (S151 Officer) with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Council’s ability to continue as a going concern.



Audit Report

Our opinion on the financial statements

Other information

The other information comprises the information included in the Statement of Accounts 2021/22, other than the financial statements and our auditor's report thereon. The Director of Finance & Resources (S151 Officer) is responsible for the other information contained within the Statement of Accounts 2021/22.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

Responsibility of the Director of Finance & Resources (S151 Officer)

As explained more fully in the Statement of the Director of Finance & Resources (S151 Officer) Responsibilities set out on page 40, the Director of Finance & Resources (S151 Officer) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Director of Finance & Resources (S151 Officers) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance & Resources (S151 Officer) is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Audit Report

Our opinion on the financial statements

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Council and determined that the most significant are :

- Local Government Act 1972,
- Local Government and Housing Act 1989 (England and Wales),
- Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- Education Act 2002 and school Standards and Framework Act 1998 (England),

- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- National Health Service Act 2006,
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Council has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment legislation, tax legislation, general power of competence, procurement and health & safety.

We understood how Portsmouth City Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, those charged with governance and the monitoring officer and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Council's committee minutes, and through the inspection of other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Council's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance (through improper recognition of revenue), inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.



Audit Report

Our opinion on the financial statements

To address our fraud risk around the manipulation of reported financial performance through improper recognition of revenue, we tested trading and investment property income using lowered thresholds, to ensure the income was recognised at the correct amount and in the correct period.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Council's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested the appropriateness of journal entries recorded in the general ledger, assessed accounting estimates for evidence of management bias, and evaluated the business rationale for any identified significant unusual transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether Portsmouth City Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Portsmouth City Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Portsmouth City Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Portsmouth City Council. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.



Audit Report

Our opinion on the financial statements

Use of our report

This report is made solely to the members of Portsmouth City Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

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Andrew Brittain (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Reading



04 Audit Differences



Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of unadjusted differences

We highlight the following misstatements to the financial statements and/or disclosures which were not corrected by management. We request that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Governance and Audit and Standards Committee and provided within the Letter of Representation. Narrative detail on these differences is included in Section 2.

Page 47	Errors	Effect on the current period:		Net assets (Decrease)/Increase			
		OCI Debit/(Credit)	CIES Debit/(Credit)	Assets current Debit/(Credit)	Assets non-current Debit/(Credit)	Liabilities current Debit/(Credit)	Liabilities non-current Debit/(Credit)
Uncorrected misstatements 31 March 2022 (£'000)							
Factual differences:							
<ul style="list-style-type: none"> Land and Buildings Depreciated Replacement Cost Valuations: Difference arising from wrong application of obsolescence and depreciation, lack of external works allowance, etc. 		(1,190,000)	(3,126,080)		4,316,080		
Total Factual Differences		(1,190,000)	(3,126,080)		4,316,080		
Projected differences:							
<ul style="list-style-type: none"> Land and Buildings Depreciated Replacement Cost Valuations: Difference arising from wrong application of obsolescence and depreciation, lack of external works allowance, etc. 		(1,407,360)	(3,699,170)		5,106,529		
<ul style="list-style-type: none"> Land and Buildings Existing Use Value Valuations: Difference arising from incorrect rent figure used in calculation 		687,039	1,805,844		(2,492,883)		
Total Projected Differences		(720,321)	(1,893,325)		2,613,646		
Total effect of uncorrected misstatements before turnaround		(1,910,321)	(5,019,406)		6,929,727		
<ul style="list-style-type: none"> Turnaround Effect (the impact of uncorrected misstatements related to the prior period, on results of the current period) 			963,602				
Income effect of uncorrected misstatements after turnaround			(4,055,804)				



Audit Differences

Summary of unadjusted differences - continued

There is no impact on the General Fund balance as a result of the unadjusted audit differences shown on the previous page.

The "turnaround effect" shown at the foot of the table is a consideration of unadjusted audit differences from the prior year, and their impact on the final surplus/deficit on the provision of services position in the current year.

Summary of adjusted differences

We have not identified any adjusted audit differences greater than our performance materiality of £9.4m which would require individual reporting here. The adjustment to the pension liability reported on page 21 was as a result of a post balance sheet event, rather than an error in the draft financial statements.

A number of disclosure amendments have been made to the financial statements as a result of our work. In our judgment, none of these require separate reporting here.



05

Value for Money



Value for money

The Council's responsibilities for value for money (VFM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in an annual governance statement. In preparing its annual governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the CIPFA Code of Practice on Local Authority Accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

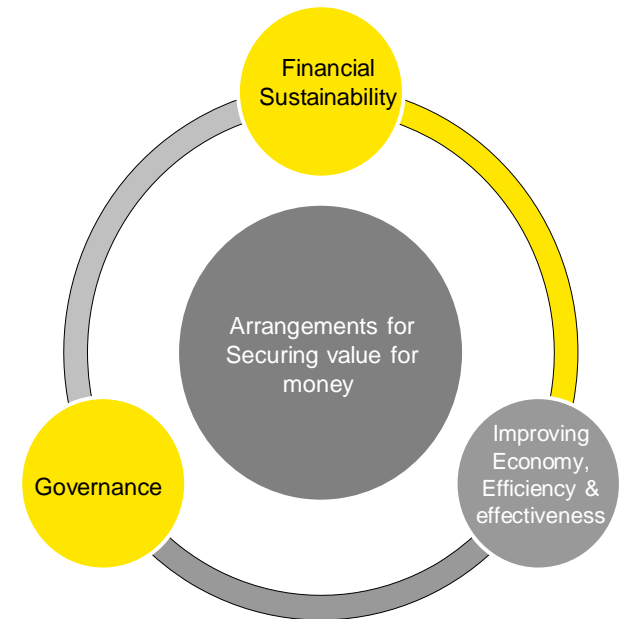
Risk assessment

At the Governance and Audit and Standards Committee meeting held on 20 July 2022, we reported that our planning procedures for the value for money conclusion remained ongoing.

Our VFM work is now complete, and no significant weaknesses in your arrangements in 2021/22 were identified.

Status of our VFM work

We have no matters to report by exception in the auditor's report (see Section 03). We plan to issue the VFM commentary as part of issuing the Auditor's Annual Report within three months of issuing the audit report.



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06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2021/22 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2021/22 and published with the financial statements is consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and that we have no other matters to report.

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Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We will submit the return required by the National Audit Office (NAO) in respect of the Whole of Government Accounts (WGA) at the same time as issuing our auditor's report. The Council is below the threshold for full WGA procedures, so no further work is required at this time. However, there is a possibility that we will need to complete additional procedures at the request of the NAO for the WGA. The NAO has not yet confirmed which bodies this will impact and currently there is no confirmed timescale for this.

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (as amended) to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Council, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014 (as amended). We did not identify any issues.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

We have nothing to report.



07

Assessment of Control Environment

Assessment of Control Environment

Financial controls

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control. We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

However, we would like to bring an internal control deficiency to your attention:

- Property valuations performed by the Council's internal valuers – the Council needs to ensure that all key inputs are supported by sufficient documentary evidence which is retained for audit purposes and that a thorough review is undertaken of the valuations which could enable potential issues to be identified before the financial statements are prepared. The audit of the valuation of these assets requires the key inputs to be verified to source data and this has proved difficult to do as the valuation documents do not contain references to some of the supporting information. We realise that these issues have been exacerbated by turnover in the valuations team which is outside of management's control. This area of the audit has taken extensive effort to perform and conclude, with some samples being revisited on multiple occasions.
- In relation to the point above, we would like to bring a particular matter to your attention. For the Ex-Delancey Assets and Elm Grove, Kingsway and Registry assets, our internal valuations specialists have noted that management has relied upon an historic acquisition price, whereas they would have expected a formal revaluation to have been performed at year-end. This is especially the case for the Delancey assets, as the interest now owned is not the same as that which was acquired. For these assets, our specialists concluded that the value as at 31 March 2022 was within the expected range. However, we recommend that the Council ensure an up to date valuation of these properties is prepared for the 2022/23 financial statements.

Management response:

- New systems and processes have been implemented to ensure all key inputs are documented within the body of the valuation document, and all assumptions justified. We are also implementing a system of peer review for all valuations to offer an additional layer of checks.
- It is important that it is recognised that the auditors are working to higher and more rigorous regulatory requirements in relation to the audit and this requires more work, so additional audit time was incurred as a result of the significant number of questions raised by the auditors for proof of evidence over and above that previously accepted by the auditors.
- For acquired sites, unless there is specific evidence to suggest a change in values to the value, the purchase price often reflects the best evidence available to support the valuation. As noted by the auditor the appointed specialist has concluded the valuations was within the expected range, suggesting the approach adopted on this occasion was reasonable. Each asset is reviewed and the appropriate valuation adopted at the date of valuation.



08 Data Analytics



Use of Data Analytics in the Audit

Data analytics – Income & expenditure testing, payroll testing and journals

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2021/22, our use of these analysers in the Council's audit included testing selecting samples for general income and expenditure testing, testing payroll costs, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll Analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.



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09

Independence

Relationships, services and related threats and safeguards



The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, senior management and its affiliates, including all services provided by us and our network to your Authority, senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1st April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The table on the next page sets out a summary of the fees for the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute. As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Relationships, services and related threats and safeguards

	Final fee 2021/22	Planned fee 2021/22	Final Fee 2020/21
	£	£	£
Scale Fee – Code work	115,067	115,067	115,067
2021/22 proposed scale fee rebasing amount (Note 1)	TBC	TBC	
2020/21 fee variation determined by PSAA (Note 2)			57,736
2021/22 PSAA expected additional minimal core fees (Note 3): <ul style="list-style-type: none"> • VFM • ISA 540 accounting estimates 	TBC	10,000 to 19,000 4,400	
2021/22 proposed fee variation - other (Note 4)	TBC		
Total fees	TBC	TBC	172,803

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All fees exclude VAT

(1) The 2021/22 proposed fee includes an amount for rebasing of the scale fee. This is yet to be agreed. The background to the proposed rebasing has been reported in prior years.

The amount we expect to propose is consistent with the submission we made to PSAA subsequent to issuing our 2020/21 Auditors Annual Report, at which time guidance on the process for 2020/21 additional fees had been outstanding. It will be based on the figure calculated in 2019/20 (£80,727), incorporating the 25% increase in hourly rates set out by PSAA for 2020/21 onwards.

(2) The 2020/21 additional fee relates principally to rebasing of the scale fee, additional work performed in relation to areas of audit risk (PPE and IP valuations, pensions, PFI, group accounts assessment, C-19 grants, CIES/EFA restatement), and changes to auditing standards and the Code. This is final, and has been agreed with PSAA.

(3) In September 2022, PSAA published 'Additional information for 2021/22 audit fees'. PSAA commissioned external independent technical research for setting standardised fee variations to assess the expected impact on audit work programmes of a range of new and updated audit requirements. PSAA determined a minimum range for VFM (£10k-£19k) and a minimum amount for ISA540 (£4.4k).

(4) Any further additional fees (over and above VFM and ISA540) for 2021/22 will be communicated to the Director of Finance and Resources following the completion of the audit. Areas of work which will be impacted include PPE/IP valuation, infrastructure assets, pensions, new ledger system and other areas where additional work has been performed.

Other communications

EY Transparency Report 2023

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2023:

[ey-uk-2023-transparency-report.pdf](#)



10

Appendices

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- Existence: An asset, liability and equity interest exists at a given date
- Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

All material figures in the Balance Sheet have been substantively tested, as set out in our Audit Planning Report of July 2022. This is consistent with our audit approach in the prior year.

Appendix B

Summary of communications

Date 	Nature 	Summary 
Throughout the year	Meetings, calls and emails.	The Partner, Senior Manager and Assistant Manager have been in regular contact with the Director of Finance & Resources (Section 151 Officer) and the finance team in respect of the Council's risks, accounts closedown and the audit approach.
All Governance and Audit and Standards Committee meetings held in the year	Committee attendance	<p>The Senior Manager and Partner have attended meetings of the Governance and Audit and Standards Committee held throughout the financial year and to the date of issue of this report, other than where no external audit papers/updates were to be presented. The financial statements briefing meeting was also attended.</p> <p>Specific reports issued and communications with the Committee are detailed in Appendix C.</p>




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In addition to the above specific meetings the audit team met with the finance team multiple times throughout the audit to discuss audit progress and findings.

Appendix C

Required communications with the Governance and Audit and Standards Committee

There are certain communications that we must provide to the Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Terms of engagement	Confirmation by the Governance and Audit and Standards Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies	
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report – 20 July 2022	
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report – 20 July 2022	
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report – 2 March 2023 and 13 December 2023	





Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about Portsmouth City Council's ability to continue for at least 12 months from the date of our report.
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	Audit results report – 2 March 2023 and 13 December 2023
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the Governance and Audit and Standards Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit results report – 2 March 2023 and 13 December 2023
Fraud	<ul style="list-style-type: none"> • Enquiries of the Governance and Audit and Standards Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Council • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the Council, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Governance and Audit and Standards Committee responsibility. 	Audit results report – 2 March 2023 and 13 December 2023

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Council’s related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the Council 	Audit results report – 2 March 2023 and 13 December 2023
Independence	<p>Communication of all significant facts and matters that bear on EY’s, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner’s consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Plan – 20 July 2022</p> <p>Audit results report – 2 March 2023 and 13 December 2023</p>
External confirmations	<ul style="list-style-type: none"> • Management’s refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations

Appendix C

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Consideration of laws and regulations	<ul style="list-style-type: none"> • Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur. • Enquiry of the Governance and Audit and Standards Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Committee may be aware of. 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit. 	Audit results report – 2 March 2023 and 13 December 2023
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> • Written representations we are requesting from management and/or those charged with governance 	Audit results report – 2 March 2023 and 13 December 2023
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> • Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report – 2 March 2023 and 13 December 2023
Auditors report	<ul style="list-style-type: none"> • Any circumstances identified that affect the form and content of our auditor’s report 	Audit results report – 2 March 2023 and 13 December 2023
Fee Reporting	<ul style="list-style-type: none"> • Breakdown of fee information when the audit planning report is agreed • Breakdown of fee information at the completion of the audit • Any non-audit work 	Audit Plan – 20 July 2022 Audit results report – 2 March 2023 and 13 December 2023

Management representation letter

Provisional Management Representation Letter

Andrew Brittain
Partner
Ernst & Young
R+ Building
2 Belgrave Street
Reading
RG1 1AZ

This letter of representations is provided in connection with your audit of the financial statements of Portsmouth City Council (“the Council”) for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of Portsmouth City Council as of 31 March 2022 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls and the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.

Management representation letter

Provisional Management Representation Letter

Page 70

5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [\[specify reasons for not correcting misstatement\]](#).

6. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

- involving financial improprieties;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;

- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

Management representation letter

Provisional Management Representation Letter

3. We have made available to you all minutes of the meetings of the Full Council and the Cabinet (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following dates:
 - Full Council: 12 December 2023
 - Cabinet: 4 December 2023
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From the date of our last management representation letter at 9 February 2022 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note 1 to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

Management representation letter

Provisional Management Representation Letter

F. Subsequent Events

1. Other than as described in Note 6 to the financial statements, there have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Statement, Financial Statements 2021-22 – Commentary and Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and reflected in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), aligned with the statements we have made in the other information or other public communications made by us (see section G).

I. Comparative information – corresponding financial information

1. As set out in Note 5, the prior period comparators in the Expenditure and Funding Analysis (EFA), the Comprehensive Income and Expenditure Statement (CIES) and their supporting notes have been restated to reflect a change in the Council's portfolio structure in 2021/22.
2. The comparative amounts have been correctly restated to reflect the above matters and appropriate note disclosure of these restatements have also been included in the current year's financial statements.

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of land and buildings, council dwellings and investment property, the IAS19 pension liability, and business rates appeals provision and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Estimates

Valuation of Land and Buildings, Council Dwellings and Investment Property, and IAS19 Pension Liability Estimates

1. We confirm that the significant judgments made in making the valuation of land and buildings, council dwellings and investment property, and IAS19 pension liability estimates have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.

Management representation letter

Provisional Management Representation Letter

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of land and buildings, council dwellings and investment property, and IAS19 pension liability estimates.
 3. We confirm that the significant assumptions used in making the valuation of land and buildings, council dwellings and investment property, and IAS19 pension liability estimates appropriately reflect our intent and ability to carry out the revaluations on behalf of the entity.
 4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
 5. We confirm that appropriate specialized skills or expertise has been applied in making the valuation of land and buildings, council dwellings and investment property, and IAS19 pension liability estimates.
 6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements, including due to the COVID-19 pandemic.
- L. Retirement benefits
1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Chris Ward, Director of Finance and Resources and Section 151 Officer

Councillor Leo Madden, Chair of the Governance & Audit & Standards Committee

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ED None

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Agenda Item 6



Portsmouth
CITY COUNCIL

Title of meeting: Governance and Audit and Standards Committee

Date of meeting: 24 January 2024

Subject: Corporate Complaint Policy: review and update

Report by: City Helpdesk Manager &
Assistant Director of Corporate Services

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

To bring to the attention of the Governance & Audit & Standards Committee interim changes to the Corporate Complaints Policy, required to meet the legislative requirements of the Social Housing Regulation Act (2023) from 1 April 2024; and to provide the committee with an update on plans to formally review the [corporate complaints policy](#) once the outcome of a Local Government and Social Care Ombudsman (LGSCO) consultation on a statutory code for complaints is known.

2. Background

The current corporate complaint policy was developed in line with best practice guidance from the LGSCO and implemented in December 2021. The policy makes provision for biennial annual reviews to ensure it remains fit for purpose in terms of managing corporate complaints in line with our customers' expectations.

The first formal review of the policy was therefore due in December 2023 but has been put on hold pending the outcome of a consultation run by the LGSCO and the Housing Ombudsman on the introduction of a combined statutory code for complaints.

While the formal corporate complaint policy review is on hold, interim changes are needed to enable the council to comply with the requirements of the Social Housing Regulation Act from 1 April 2024.

3. The Social Housing Regulation Act (2023)

The Social Housing Regulation Act (2023) places the Housing Ombudsman's [Complaint Handling Code](#) on a statutory footing, which means from 1 April 2024 the council will have to handle landlord complaints in accordance with the code.

Housing, Neighbourhood and Building Services (HNBS) is establishing a dedicated complaint function to manage landlord complaints. A complaint manager has been recruited who will be responsible for establishing and managing a complaint policy and process for local authority housing landlord services, designed to ensure the council adheres to the code, which includes different requirements around timescales and reporting.

The new policy and process will be in place from 1 April 2024, and the following changes will be made to the [corporate complaint policy](#), also from 1 April 2024.

- Section 1.4: local authority housing landlord services complaints, including tall building complaints, will be added to the list of complaints that are outside the scope of the corporate complaint policy, and a link to the new policy and process will be included.
- Section 6, reference to the Housing Ombudsman will be removed.
- Section 8, an additional section will be added to explain that complaints relating to contractors/third-party providers working on behalf of the council acting in its capacity as a landlord will be dealt with in accordance with the local authority housing landlord services complaints policy and process.

4. Combined statutory code for complaints

Alongside the move to put the Housing Ombudsman's complaint handling code on a statutory footing, the Housing Ombudsman and the LGSCO have been running a consultation on the possible introduction of a [joint statutory code for complaint handling](#), aiming to ensure the same standards are applied across corporate and landlord complaints for those councils that are also social landlords.

The consultation ran from 28 September to 23 November. At the time of writing, there were no published timescales from the LGSCO around when to expect their response.

However, if a new joint statutory code is introduced based on the version that has been consulted on, it is anticipated the council will need to make changes to the existing corporate complaints policy to ensure compliance. This could include reducing the timescales for responding to stage one complaints from 15 working days to 10 working

days as well as adjusting the process around requests for complaints to be escalated to stage two.

Further, if the outcome of the consultation is to introduce a joint complaint handling code across complaints overseen by the Housing Ombudsman and the LGSCO, it is also likely the council will be expected to have one policy that covers all complaints. If that is the case, the local authority housing landlord services complaints policy and process and the corporate complaints policy and process will be formally reviewed to bring them into line.

A formal review of the corporate complaints policy is therefore on hold pending the outcome of the consultation and the publication of a clear way forwards from the LGSCO and the Housing Ombudsman. The interim changes being made to the corporate complaints policy are limited to the changes necessary to ensure the council is compliant with the Social Housing Regulation Act (2023).

In anticipation of a formal review of the policy, consultation will be carried out with customers in early 2024 to gather feedback on the current corporate complaints policy and process and to understand what improvements can be made to better meet the needs of our customers. Directorate complaints leads and complaints link officers will also be consulted on their views around potential improvements to the policy and process.

.....
Signed by: Charlotte Smith, Assistant Director, Corporate Services

Appendices: Nil

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

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

Title of document	Location
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Portsmouth City Council: Corporate Complaints Policy	https://www.portsmouth.gov.uk/services/council-and-democracy/your-say/complaints/corporate-complaints-policy-2021/
LGSCO: joint complaint handling code	Joint Complaint Handling Code - Local Government and Social Care Ombudsman



Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	24 th January 2024
Subject:	Whistleblowing Annual Report and Policy
Report by:	Elizabeth Goodwin - Chief Internal Auditor
Wards affected:	Not applicable
Key decision:	No
Full Council decision:	No

1 Purpose of report

1.1 To update Members of this Committee on the nature and handling of any whistleblowing concerns which have been raised for the period January 2023 to December 2023. In addition to this to confirm that, following the annual review of the whistleblowing policy, there are no current proposed changes, since those agreed at the January 2022 committee meeting.

2 Recommendations

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

- 2.1 Note this report and the attached Appendix A and consider whether any further action is required.
- 2.2 Note the whistleblowing policy, Appendix B, where there are no proposed changes.

3 Background

3.1 The Public Interest Disclosure Act 1998 gives employees certain rights in relation to whistleblowing. An employee has a right to make a protected disclosure to prescribed persons where the employee reasonably believes:

- 3.1.1 A criminal offence has, or is going to be committed;
- 3.1.2 There is a breach of a legal obligation;
- 3.1.3 A miscarriage of justice;
- 3.1.4 There is a danger to the health and safety of any individual;
- 3.1.5 There will be damage to the environment; or
- 3.1.6 There is deliberate concealment of information tending to show any of the above five matters.

3.2 The Act provides that employees shall suffer no detriment to their employment as a result of blowing the whistle, including disciplinary action.

- 3.3 The Policy applies to all Council staff, including employees, temporary workers, agency staff and any contractor remunerated by the Council.
- 3.4 As requested by the Governance & Audit & Standards Committee, an annual report is produced each year in respect of whistleblowing concerns. This year's report is attached as Appendix A.
- 3.5 After having considered Appendix A, Members are asked to decide whether there is any cause for concern and to consider whether any further action is required by the Committee, or the Chief Internal Auditor.
- 3.6 Six whistleblowing cases were received during 2023. By comparison, in 2022, 3 whistleblowing cases were received.

4 Reasons for recommendations

- 4.1 To make Members of the Committee aware of the current position with regard to whistleblowing and ensure that any appropriate action is taken.

5 Equality Impact Assessment (EIA)

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

6 Legal implications

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

7 Director of Finance's comments:

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

.....
Chief Internal Auditor

**Appendices: Appendix A - Schedule of Whistleblowing Concerns Jan 2023 - Dec 2023
Appendix B - Whistleblowing Policy**

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
Whistleblowing Policy	http://svp-policyhub02/PolicyHubAdmin/Inbox/MyLibrary

Appendix A - Schedule of Whistleblowing (January 2023 to December 2023)

Date	Area	Investigated / Referred	Outcome
January 2023	Director of Adults - Z209 Safeguarding/ poor practice & contractor bribery concerns raised.	Preliminary investigation performed by Internal Audit, including liaison with service & external agencies. Further investigative work performed by service.	Service to continue with contract monitoring arrangements and liaison with multi agencies.
January 2023	Director of Adults - Z210 Concerns raised of bullying.	Referred to Service & HR	Additional training provided within the service and communication/ awareness 'see it, say it' issued within the directorate.
January 2023	Director or Neighbourhoods and Housing - Z211 Concerns raised of breach of confidence	Referred to Service	Training provided to individuals concerned.
July 2023	Director of Adults & Director of Neighbourhoods & Housing - Z214 Concerns raised in relation to safeguarding (external parties) and lack of action by authority.	Referred to Service	Investigated by the service (Neighbourhoods in liaison with ASC) support/ intervention provided
October 2023	Director of Finance - Z213	Investigated by Internal Audit as part of audit performed.	Investigated by Internal Audit noncompliance unsubstantiated. Arrangements in place to maintain service provision.

	Concerns raised regarding compliance with regulatory conditions and sustainability of service.		
November 2023	Director of Regeneration - Z215 Allegations of misappropriation of funds & favouritism	Under investigation by Internal Audit	Under investigation

Summary:

This policy is for all Council staff, including employees, temporary workers, agency staff and people working for contractors and relates to how to raise genuine concerns of illegal, unethical or immoral conduct.

Note: This policy should be read in conjunction with The Anti-Fraud Bribery and Corruption Policy, Raising a Grievance Informally guidance and Employees Code of Conduct.

ID	Whistle Blowing Policy
Last Review Date	January 2023
Next Review Date	January 2024
Approval	Governance and Audit and Standards Committee
Policy Owner	Chief Internal Auditor
Policy Author	Deputy Chief Internal Auditor
Advice & Guidance	Audit & Counter Fraud or Monitoring Officer
Related Documents	Freedom of Information Act 2000 http://www.legislation.gov.uk/ukpga/2000/36/contents Data Protection Act 1998 http://www.legislation.gov.uk/ukpga/1998/29/contents
Applicability	Guidance for all staff, including employees, temporary workers, agency staff and people working for contractors.

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4	How to raise a concern.....	4
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1 Introduction

- 1.1 The Council is committed to achieving the highest possible standards of openness, probity and accountability in all of its practices. This policy is here to help you as an employee, to raise a concern you may have in the right way without fear.
- 1.2 We all have, at one time concerns about what is happening at work. Usually these concerns are easily resolved. However, when the concern is about illegal, unethical or immoral conduct i.e. malpractice; it can be difficult to know what to do. You may feel worried about raising an issue and decide to keep the concern to yourself, perhaps feeling that it is none of your business, only a suspicion or possibly a misunderstanding or interpretation. You may feel that raising the matter may be disloyal to colleagues, managers or the Council itself. Or perhaps you have tried to raise the matter, but found you have spoken to the wrong person or raised the issue in the wrong way and are not sure what to do next.
- 1.3 The Council would prefer you raise any concern about such malpractice when it is just a concern, rather than wait for proof. This policy aims to help you raise any concern about malpractice in the right way. It explains the routes open to all Council staff, including employees, temporary workers, agency staff and people working for contractors. This policy does not replace the Council's complaints procedure, which is open to all members of the public.

2 Scope of this policy

- 2.1 This whistleblowing policy is primarily for a serious concern, which affects the interests of others, such as service users, the public, colleagues or the council itself. Concerns may include but are not excluded to:
 - Breach of the law or committing an offence
 - Unauthorised or misappropriation of public funds
 - Suspected fraudulent activities
 - Approaches of bribery
 - Physical or sexual abuse of clients
 - Safeguarding of clients as a result of poor practice
- 2.2 If you want to bring a complaint or grievance that is about your employment or the way you have been treated, please use the Grievance Procedure.

If in doubt – please raise it!

3 Our assurances to you

Your safety

- 3.1 We recognise it may be difficult to raise a concern.
- 3.2 If you raise a genuine concern under this policy you will not be at risk of losing your job or suffering any reprisal as a result. Provided that you raise the matter honestly, it does not matter if you are mistaken. Of course we do not extend this assurance to someone who maliciously raises a concern they know is untrue. Any such conduct may be liable to disciplinary action or other appropriate action.
- 3.3 If disciplinary action or redundancy procedures have already been started, raising a concern will not, in itself, halt them.

Your confidence

- 3.4 We will not tolerate the harassment or victimisation of anyone raising a genuine concern. However we recognise that there may be some circumstances when you would prefer to speak to someone in confidence under this policy. If this is the case please say so at the outset. If you ask not to disclose your identity, we will not do so without your consent unless required by law. You should understand that there may be circumstances when we are unable to resolve a concern without revealing your identity (for instance where your personal evidence is essential) and in such cases we will discuss with you whether and how best we can proceed.

Anonymity

- 3.5 Please remember that if you do not tell us who you are it may be more difficult for us to look into the matter, as further clarification may be needed in relation to the concerns raised. In addition we will not be able to protect your position and or be able to provide you with the same support and assurances if you report a concern anonymously.

4 How to raise a concern

- 4.1 Please remember that you do not need to have firm evidence of malpractice before raising a concern. However, we do ask that you explain as fully as you can the information or circumstances that gave rise to your concern. Remember the earlier you raise a concern the easier it is to resolve it. If you wish, you may be accompanied by a union or professional association representative or a friend.

Option One

- 4.2 We hope that you will feel able to raise your concern openly with your manager. This may be done orally, or if you prefer, in writing.

Option Two

- 4.3 If you feel unable to raise the matter with your manager for whatever reason, or if you think the concern has not been properly addressed, please raise it with a senior manager in your area or contact:

Whistleblowing line on 023 9284 1373 email:
Whistleblowing@portsmouthcc.gov.uk

Or via post (marked Private & Confidential) to:

Audit & Counter Fraud
Portsmouth City Council
Civic Offices
Guildhall Square
Portsmouth
PO1 2AR

Or contact one of the following officers:

Paul Somerset, Deputy Chief Internal Auditor (023 9283 4673) email:
Paul.Somerset@portsmouthcc.gov.uk

Elizabeth Goodwin, Chief Internal Auditor (023 9283 4682) email:
Elizabeth.Goodwin@portsmouthcc.gov.uk

Peter Baulf, Monitoring Officer & City Solicitor (023 9283 4041) email:
Peter.Baulf@portsmouthcc.gov.uk

These people have been given special responsibility and training in dealing with whistle blowing concerns.

5 How we will handle the matter

- 5.1 Once you have raised your concern we will acknowledge (within 3 working days) that it has been received and confirm our understanding of the issues raised, to ensure that your concern is fully understood.
- 5.2 Initial enquiries will then be made to decide whether an investigation is appropriate and, if so, what form it should take. All investigations undertaken within the Authority are directed by the 'Investigations Steering Panel' whose panel members include, Monitoring Officer, Deputy section 151 Officer and Audit & Counter Fraud. If deemed appropriate, the concern raised may be:
- Investigated by Audit & Counter Fraud or Management.
 - Referred to the Police
 - Referred to the External Auditor
 - The subject of an independent inquiry
 - A combination of the above

- 5.3 While we cannot guarantee that we will respond to all matters in the way that you might wish, we will handle the matter fairly and properly. We will not be able to disclose specific details of how this will be achieved. We will however give you limited feedback on the outcome of any investigation. Please note, that we will not be able to tell you about disciplinary or legal action, when it infringes a duty of confidence we owe to third parties.
- 5.4 Portsmouth City Council in issuing this policy is mindful of its responsibility under the General Data Protection Regulations, Data Protection and Freedom of Information Acts. These pieces of legislation impose an obligation on PCC to allow access to information held in relation to such investigations (subject to legal exemptions) whilst protecting the rights of individuals whom the data is about.
- 5.5 If you have any personal interest in the matter, we do ask that you tell us at the outset. If we think your concern falls more properly within the Grievance Procedure, we will tell you.

6 Independent advice

If you are unsure whether to use this policy or you want independent advice at any stage, free advice is available from:

- Your Trade Union, if applicable
- Protect, either by telephone on 020 3117 2510 or by email at whistle@protect-advice.org.uk

7 External contacts

- 7.1 While we hope this policy gives you the reassurance you need to raise a concern internally, we recognise that there may be circumstances where you can properly report matters to outside bodies, such as the External Audit or other appropriate regulator, or in very serious situations, to the police.
- 7.2 Protect, or if applicable, your union will be able to advise you on such an option and on the circumstances in which you may be able to contact an outside body safely.

8 Administration

- 8.1 If you have any questions about the whistleblowing policy and how it applies, you can contact Audit & Counter Fraud or the City Solicitor & Monitoring Officer who will be pleased to answer your questions.
- 8.2 The Chief Internal Auditor has overall responsibility for the maintenance and operation of this policy and will report to the Governance and Audit and Standards annually on the application of this policy. The Deputy Chief Internal

Auditor maintains a record of concerns raised and the outcomes (but in a form which does not endanger staff confidentiality).

8.3 This policy will be reviewed annually by the Governance and Audit and Standards Committee.

See also: -

- The Anti-Fraud, Bribery and Corruption Policy
- The Complaints Policy
- The local Code of Conduct
- Employees Code of Conduct and Formal Action Policy
- The Council's Grievance Procedure and Raising a Grievance Informally

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Agenda Item 8

- Official -



Portsmouth
CITY COUNCIL

Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	24 th January 2024
Subject:	Internal Audit Performance Status Report to 8 th January 2024
Report by:	Chief Internal Auditor
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Summary

- 1.1 This is an Internal Audit Performance Status Report for the 2023-24 planned audit activities. Appendix A includes the detail of progress made against the annual plan and documents individual audit findings. Appendix B shows an update from the Director of Adults on the position of risk exposure as previously highlighted during internal audit reviews.

2. Purpose of report

- 2.1 This report is to update the Governance and Audit and Standards Committee on the Internal Audit Performance for 2023/24 to 8th January 2024 against the Annual Audit Plan, highlight areas of concern and areas where assurance can be given on the internal control framework.

3. Recommendations

- 3.1 That Members note the Audit Performance for 2023-24 to 8th January 2024
3.2 That Members note any highlighted areas of concern in relation to audits completed from the 2023/24 Audit Plan, including follow up work performed.

4. Background

- 4.1 The Annual Audit Plan for 2023-24 has been drawn up in accordance with the agreed Audit Strategy and was approved by this Committee on 8th March 2023 following consultation with Directors and relevant parties. The Plan is reviewed monthly in order to take account of any further changes in risks levels or corporate priorities.

5 Integrated Impact Assessment

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

6. Legal Implications

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

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

7 Finance Comments

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

7.2 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.

.....
Signed by: Elizabeth Goodwin, Chief Internal Auditor

Appendices:

Appendix A – Internal Audit Progress Report

Appendix B – Supporting report from Director of Adults for Direct Payments

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/uksi/2011/817/contents/made
2 Previous Audit Performance	Refer to Governance and Audit and Standard meetings – reports published online.



Status and other Audit Reports	
3 Public Sector Internal Audit Standards	http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards

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

.....
Signed by:

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Portsmouth
CITY COUNCIL

Internal Audit Progress Report 8th January 2024

Elizabeth Goodwin, Chief Internal Auditor

1. Introduction

Internal Audit is a statutory function for all local authorities.

The requirement for an Internal Audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015 as to:

Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance

The standards for ‘proper practices’ are set out in the Public Sector Internal Audit Standards [the Standards – updated 2016].

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

This report includes the status against the 2023/24 internal audit plan.

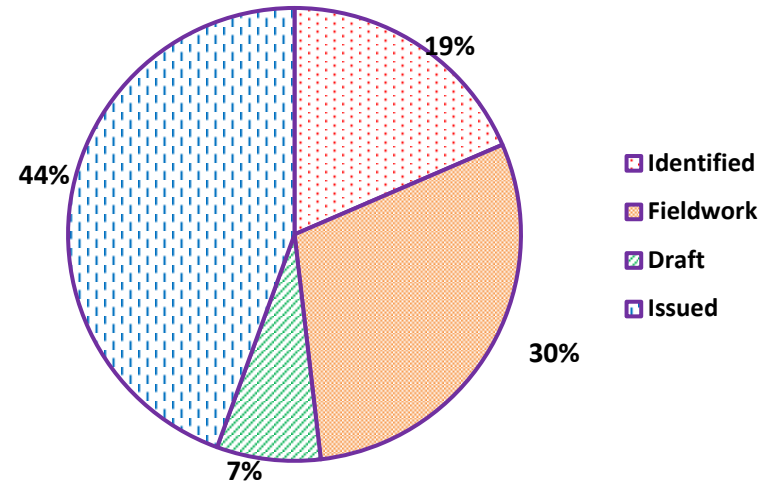
2. Audit Plan Progress as of 8th January 2024

There are 32 full audits, 16 first follow ups, 6 second follow up reviews, 1 consultancy reviews and 10 grants, in the revised plan for 2023/34, totalling 65 reviews. *

To date, 55 (85%) have been finalised or currently in progress as of 8th January 2024.

Status	Audits
Identified	10
Fieldwork	16
Draft Report	4
Final Report	35

Audit Plan Progress as of 8th January 2024



**Figures are only in relation to PCC audits and are excluding any SLEP or Portico reviews.*

3. Ongoing Internal Audit Involvement

Internal Audit has provided advice, ongoing reviews and is involved work in the following areas. (For reference, advice is only recorded when the time taken to provide the advice exceeds one hour):

- Regulation of Investigatory Powers Act (RIPA) - authorisations. These are reported separately, along with any policy review.
- Anti-Money Laundering - monitoring, reporting and policy review.
- Financial Rules Waivers
- National Fraud Initiative (NFI) to facilitate national data matching carried out by the Cabinet Office
- National Anti-Fraud Network (NAFN) bulletins and intelligence follow up
- Counter Fraud Programme - proactive work to reduce the risk exposure to the authority
- Governance & Audit & Standards Committee - reporting and attendance
- Audit Planning and Consultation
- Risk Management & Annual Governance Statement
- Performance Management
- 164 investigation cases - (includes, corporate, benefit and council tax support cases)
- 9 items of advice

4. Audit Plan Status/Changes.

The original audit plan agreed on the 8th March 2023 had a total of 68 reviews. The following changes have been made since the last progress report.

Audits added to the Audit Plan:

- Local Authority Delivery - Grant added into the 2023/24 Audit Plan as sign off is required.
- Enterprise Centre - Audit added to the 2023/24 Audit Plan due to lack of previous coverage.

Audits removed from the Audit Plan:

- Rental Income - Full audit to be completed as part of the 2024/25 Audit Plan, removed from 2023/24 due to resourcing issues within Internal Audit.
- Disrepair Claims - removed as suitable coverage has been provided within the Insurance and Damp & Mould reviews.
- Special Education Needs & Delivery- due to a reform being in progress the audit has been deferred to the 2024/25 Audit Plan.

5. Areas of Concern

No new areas of concerns

6. Assurance Levels

Internal Audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework for risk management, control and governance designed to support the achievement of management objectives for the area under review.

Assurance Level	Description / Examples
Assurance	<i>No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority</i>
Reasonable Assurance	<i>Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority</i>
Limited Assurance	<i>Control weaknesses or risks were identified which pose a more significant risk to the Authority</i>
No Assurance	<i>Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit</i>
NAT	<i>No areas tested</i>

Audits rated No Assurance are specifically highlighted to the Governance and Audits and Standards Committee along with any Director's comments. The Committee is able to request any director attends a meeting to discuss the issues.

7. Exception Risk Ranking

The following table outline the exceptions raised in audit reports, reported in priority order and are broadly equivalent to those previously used.

Priority Level	Description
Low Risk (Improvement)	<i>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</i>
Medium Risk	<i>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</i>
High Risk	<i>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not 'show stopping' but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</i>
Critical Risk	<i>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the Council's objectives in relation to: The efficient and effective use of resources, The safeguarding of assets, The preparation of reliable financial and operational information, Compliance with laws and regulations and corrective action needs to be taken immediately.</i>

Any critical exceptions found the will be reported in their entirety to the Governance and Audits and Standards Committee along with Director's comments

8. 2024/24 Audits completed to date (8th January 2024)

No full audits have been completed since the previous reporting period; however, two grants have been certified.

Bus Subsidy Grant - Director of Regeneration

Grant Verification - Sample testing was able to evidence that the terms and conditions had been met which allowed the Chief Executive and Chief Internal Auditor to sign the declaration confirming compliance.

Warm Homes Grant - Director of Housing, Neighbourhoods and Building Services

Grant Verification - Sample testing and full testing of the final figures (expenditure and measures installed) was able to evidence that the terms and conditions had been met which allowed the Chief Executive and Chief Internal Auditor to sign the declaration confirming compliance.

9.2023/24 Follow-up Audits to date (8th January 2024)

Direct Payments - Director of Children, Families and Education

Original Exceptions Raised

Critical	High	Medium	Low
0	2	3	0

Follow Up Exception Position

Critical	High	Medium	Low
0	1	1	0

Original Assurance Level

No Assurance

Follow Up Assurance Level

Limited Assurance

The new implantation dates are scheduled to be completed by December 2023

Follow Up Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Limited Assurance
Reliability and Integrity of Data	NAT

In summary, 2 medium and 1 high risk exception has been closed as a result of follow up work and 1 high and 1 medium risk exceptions remain open or in progress. The high risk that is in progress relates to the lack of annual financial reviews, follow up testing confirmed that an audit proforma has been created and that all direct payment accounts will receive an audit by the end of the year, at time of testing 8 trial audits had been completed. The medium risk exception that is open relates to the lack of evidence for Direct Payment performance monitoring, follow up testing established that the direct payment

audit tracker will be used by management to monitor the progress of direct payment audits; however, at the time of testing the supervision arrangements for the newly appointed Business Support Officer who will be undertake the Direct Payment Audits was being agreed.

Medina School - Director of Children Services & Education
Original Exceptions Raised

Critical	High	Medium	Low
0	2	2	0

Follow Up Exception Position

Critical	High	Medium	Low
0	1	0	0

Original Assurance Level

Reasonable Assurance

Follow Up Assurance Level

Reasonable Assurance

The new implantation date is scheduled to be completed immediately.

Follow Up Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	Reasonable Assurance
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	NAT

Original audit testing highlighted two high and two medium risk exceptions. At the time of the original audit the medium risk associated with cash holdings was accepted by the Headteacher. Follow up testing confirmed that one high and one medium risk exception have been closed and verified. The remaining high risk exception is in progress, testing found that an asset register had been compiled but evidence of asset audits were not being documented.

Wimborne Primary - Director of Children Services & Education
Original Exceptions Raised

Critical	High	Medium	Low
0	1	3	2

Follow Up Exception Position

Critical	High	Medium	Low
0	0	0	0

Original Assurance Level

Reasonable Assurance

Follow Up Assurance Level

Assurance

Follow Up Assurance Level by Scope Area

Achievement of Strategic Objectives	Assurance
Compliance with Policies, Laws & Regulations	NAT
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	NAT

Original audit testing highlighted one high, three medium and two low risk exceptions. Follow up testing confirmed that all 6 exceptions have been closed.

Craneswater School - Director of Children Services & Education
Original Exceptions Raised

Critical	High	Medium	Low
0	2	3	1

Follow Up Exception Position

Critical	High	Medium	Low
0	0	2	0

Original Assurance Level

Reasonable Assurance

Follow Up Assurance Level

Reasonable Assurance

The new implantation dates are scheduled to be completed by 31st December 2023

Follow Up Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Reasonable Assurance
Safeguarding of Assets	Reasonable Assurance
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	NAT

Original audit testing highlighted two high, three medium and one low risk exception. Follow up testing confirmed that two high, one medium and one low risk exception have been closed. The remaining two medium risk exceptions surrounding policies were found to be in progress with new completion dates of 31st December 2023.

Corporate Health and Safety - Director of Corporate Services
Original Exceptions Raised

Critical	High	Medium	Low
0	5	3	0

Follow Up Exception Position

Critical	High	Medium	Low
0	4	2	0

Original Assurance Level

Limited Assurance

Follow Up Assurance Level

Limited Assurance

The new implantation dates are scheduled to be completed by March 2024

Follow Up Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	NAT

5 high risk exceptions around accident reporting, fire safety training and First Aid training and 3 medium risk exceptions relating to out-of-date policies, Health and Safety training, DSE Assessment training and completion of home working DSE's were raised. Follow up testing confirmed that 1 high and 1 medium risk exception has been closed and verified and the remaining 6 exceptions are open or in progress. This relates to the lack of compliance for the Corporate Health and Safety training, Accident Reporting training, DSE Assessment training, Fire Safety training, First Aid training and the monitoring of compliance for all training. These exceptions are contingent on the procurement of the new LMS. Until then, levels of non-compliance cannot be monitored, nor can meaningful statistical data be provided. Audit have been advised that a supplier for the new system should be finalised around

December 2023, work will then be undertaken for the following months to ensure all the data inputted is accurate, which will give the Health and Safety team, as well as the Learning and Development team, the capability of running reports which could indicate this data.

Fusion and HR General Controls- Director of Finance and Resources
Original Exceptions Raised

Critical	High	Medium	Low
0	1	2	0

Follow Up Exception Position

Critical	High	Medium	Low
0	1	1	0

Original Assurance Level

Reasonable Assurance

Follow Up Assurance Level

Reasonable Assurance

The new implantation dates are scheduled to be completed by April 2024

Follow Up Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Reasonable Assurance
Safeguarding of Assets	Reasonable Assurance
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	NAT

Original audit testing highlighted one high and two medium risk exceptions. Actions to mitigate one of the medium risk exceptions were implemented during the initial audit. Follow up testing found that the high risk exception in relation to reporting on bank holiday leave is in progress and further time has been requested to allow work to be undertaken by an external consultant. The medium risk exception concerning producing compliant statutory reports is also in progress with alternative solutions being investigated.

Income Dues Compliance- Port Director
Original Exceptions Raised

Critical	High	Medium	Low
0	2	0	0

Follow Up Exception Position

Critical	High	Medium	Low
0	0	2	0

Original Assurance Level

Limited Assurance

Follow Up Assurance Level

Assurance

Follow Up Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	Assurance

Original audit testing highlighted two high risk exceptions. Follow up testing confirmed that both exceptions had been closed as the Port were undertaking reviews of the information provided by the ferry company as agreed.

10. 2023/24 2nd Follow-up Audits to date (8th January 2024)

As raised during the July 2020 Governance & Audits & Standards meeting. Internal Audit has scheduled in 2nd follow-up reviews for all areas where a 1st review highlighted risk exposure/s still unmitigated. The audits below detail the position as at a 2nd review.

Water Safety (2nd Follow Up) - Director of Culture, Leisure & Regulatory Services

1st Follow-Up Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

2nd Follow Up Exception Position

Critical	High	Medium	Low
0	1	0	0

1st Follow-Up Assurance Level

Reasonable Assurance

2nd Follow Up Assurance Level

Assurance

2nd Follow Up Assurance Level by Scope Area

Scope Area	Assurance
Achievement of Strategic Objectives	Assurance
Compliance with Policies, Laws & Regulations	NAT
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	NAT

Initial follow up testing confirmed that of the exceptions raised in the original audit; one high risk exception relating to a policy was in progress. Testing during the 2nd follow up found that a draft policy was now in place which is expected to be fully adopted by June 2024. Internal Audit was satisfied that the risk exposure is now being suitably managed effectively.

Direct Payments (2nd Follow Up) - Director of Adult Care

1st Follow-Up Exceptions Raised

Critical	High	Medium	Low
0	3	0	0

2nd Follow Up Exception Position

Critical	High	Medium	Low
0	3	0	0

1st Follow-Up Assurance Level

Reasonable Assurance

2nd Follow Up Assurance Level

Reasonable Assurance

2nd Follow Up Assurance Level by Scope Area

Scope Area	Assurance
Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Reasonable Assurance
Safeguarding of Assets	Reasonable Assurance
Effectiveness and Efficiency of Operations	Reasonable Assurance
Reliability and Integrity of Data	NAT

One medium-risk and one high-risk exception were closed at the conclusion of the first follow up with three high-risk exceptions in progress. Evidence provided during the previous review, supported by additional testing, confirmed that there had been significant improvement in maintaining client reviews within SystemOne, and in adding explanatory notes to ContrOCC. There were, however, still issues, notably around the lack of records kept during the service-wide review, as well as discrepancies in the DP amount between some support plans and the finance system.

2nd follow up testing of a recent sample of 10 ASC DP cases highlighted that more discrepancies were found in the second follow up testing than the first follow up testing. It should be noted that the first follow up agreed a revised action date of 1st April 2024 for all relevant exceptions, which has not yet been reached. Based on second follow up retesting carried out, the assurance level remains as reasonable assurance over ASC DPs function.

A supporting paper by the Director of Adults has been provided for information and is attached to the covering report for this paper - Appendix B.

11. Exceptions

Of the 2023/24 full audits completed, 30 exceptions have been raised. *

Risk	Total
Critical Risk	0
High Risk	16
Medium Risk	11
Low Risk - Improvement	3

*These figures are excluding Portico and SLEP



THIS ITEM IS FOR INFORMATION ONLY

(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

1. Purpose of report

- 1.1 This is a report prepared to update the Governance and Audit and Standards Committee on the work undertaken within Adult Social Care to address the risks identified following an Internal Audit review within Adult Social Care regarding its provision of Direct Payments.
- 1.2 An initial audit was completed in 20/21 with subsequent follow up internal audits taking place in December 2022 and August 2023. Whilst both follow up reviews noted progress, actions to mitigate risk exposure has taken longer than originally envisaged. All recommendations from audits to date relating to finance systems and processes have been implemented.
- 1.3 The main areas of risk were linked to recording and consistency of practice. This included the following:
 1. Support planning did not always state outcomes and allowable expenditure was not always clear.
 2. Reviews were not undertaken within the required timeframe.
 3. Support plans were not always updated to reflect changes in need.
 4. Practice was inconsistent.
 5. Financial information was not always consistent across System1 and ContrOCC.
 6. Lack of governance processes in place to assess quality of practice.

2. Position update

- 2.1 A number of pieces of work have been undertaken to address the risks that internal audit raised, with respect of Direct Payments. A flowchart has been produced which details what actions are needed to set up a direct payment. In consultation with a group of adults who use Direct Payments a draft policy has been produced. Once this policy has been signed off workshops will be planned in with social care and finance colleagues to ensure the requirements for setting up a Direct Payment are clear.
- 2.2 Resources have been deployed to target recent case file reviews of all Direct Payment cases to ensure the direct payment calculator, support plan and order on ControCC (electronic system) are consistent. There is now a requirement that supervisors undertake two audits per practitioner per year using a Direct Payment audit tool. Quarterly governance meetings have been set up and Direct Payments will be a standing agenda item.



THIS ITEM IS FOR INFORMATION ONLY

(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

2.3 It is noted that the last internal audit report found that there were still some inconsistencies in recording. The requirement for supervisors to audit, and report findings into a quarterly governance meeting will provide ongoing internal scrutiny of this area of practice.

3. Work outstanding.

3.1 Progress has been made in improving practice, however there is more work to be done.

The following work is planned for 2024:

1. Direct Payments project, which will review options for improving the way Direct Payments are currently delivered.
2. Embedding of strength-based practice across all teams. This will include work on outcome-based support planning. This will ensure allowable expenditure is clearly articulated and linked to outcomes recorded in the support plan.
3. Review of the existing documentation, to include the development of a separate support plan document.
4. Focus on increasing the number of residents who take up Direct Payments, supporting more choice and control.

.....
Signed by (Director)

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
Self-Directed Support - Direct Payments PCC23/24 - 003	Internal Audit and Adult Social Care

Agenda Item 9

Title of meeting:	Governance and Audit and Standards Committee
Date of meeting:	24 January 2024
Subject:	Treasury Management Monitoring Report for the Third Quarter of 2023/24
Report by:	Chris Ward, Director of Finance and Resources (Section 151 Officer)
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Executive Summary

This report outlines the Council's performance against the treasury management indicators approved by the City Council on 14 March 2023.

The Council's Treasury Management activities have remained within the Treasury Management Policy 2023/24 in the period up to 31 December 2023

No borrowing has been either undertaken in 2023/24 or is currently planned for the remainder of this year.

There have been no changes to the Council's risk appetite in its treatment of surplus cash.

2. Purpose of report

The purpose of the report is to inform members and the wider community of the Council's Treasury Management position, i.e. its borrowing and cash investments at 31 December 2023 and of the risks attached to that position.

Whilst the Council has a portfolio of investment properties and some equity shares which were acquired through the capital programme, these do not in themselves form part of the treasury management function.

3. Recommendations

It is recommended that the following be noted:

- 3.1 That the Council's Treasury Management activities have remained within the

Treasury Management Policy 2023/24 in the period up to 31 December 2023

- 3.2 That the actual Treasury Management indicators as at 31 December 2023 set out in Appendix A be noted.

4. Background

The Council's treasury management operations encompass the following:

- Cash flow forecasting (both daily balances and longer-term forecasting)
- Investing surplus funds in approved cash investments
- Borrowing to finance short term cash deficits and capital payments
- Management of debt (including rescheduling and ensuring an even maturity profile)

The key risks associated with the Council's treasury management operations are:

- Credit risk - that the Council is not repaid, with due interest in full, on the day repayment is due
- Liquidity risk - that cash will not be available when it is needed, or that the ineffective management of liquidity creates additional, unbudgeted costs
- Interest rate risk - that the Council fails to get good value for its cash dealings (both when borrowing and investing) and the risk that interest costs incurred are in excess of those for which the Council has budgeted
- Maturity (or refinancing risk) - this relates to the Council's borrowing or capital financing activities, and is the risk that the Council is unable to repay or replace its maturing funding arrangements on appropriate terms
- Procedures (or systems) risk - that a treasury process, human or otherwise, will fail and planned actions are not carried out through fraud or error

The treasury management budget accounts for a significant proportion of the Council's overall budget.

The Council's Treasury Management Policy aims to manage risk whilst optimising costs and returns. The Council monitors and measures its treasury management position against the indicators described in this report. Treasury management monitoring reports are brought to the Governance and Audit and Standards Committee for scrutiny.

The Governance and Audit and Standards Committee noted the recommendations to Council contained within the Treasury Management Policy 2023/24 on 8 March 2023. The City Council approved the Treasury Management Policy 2023/24 on 14 March 2023.

5. Reasons for Recommendations

To highlight any variance from the approved Treasury Management Policy and to note any subsequent actions.

To provide assurance that the Council's treasury management activities are effectively managed.

6. Integrated impact assessment

An integrated impact assessment is not required as the recommendations do not directly impact on service or policy delivery. Any changes made arising from this report would be subject to investigation in their own right.

7. Legal Implications

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

8. Director of Finance and Resources (Section 151 Officer) comments

All financial considerations are contained within the body of the report and the attached appendices.

.....
Signed by Director of Finance and Resources (Section 151 Officer)

Appendices:

Appendix A: Treasury Management Mid-Year Review 2023/24

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:

<u>Title of document</u>	Location
1 Treasury Management Records	Financial Services

TREASURY MANAGEMENT MID YEAR REVIEW FOR 2023/24

A1. SUMMARY OF TREASURY MANAGEMENT INDICTORS

The City Council approved the authorised limit (the maximum amount of borrowing permitted by the Council) and the operational boundary (the maximum amount of borrowing that is expected) when it considered the budget on 28 February 2023. The Council's debt on 31st December was as follows:

Table 1: Council's Debt

Prudential Indicator	Approved 23/24 £m	Actual £m
Authorised Limit - the maximum amount of borrowing permitted by the Council	1,176	736
Operational Boundary Limit - the maximum amount of borrowing that is expected	1,143	736
Capital Financing Requirement	1,143	997

- The Council's actual borrowing is £736m

The maturity structure of the Council's fixed rate borrowing was:

Table 2: Council's Mature Fixed Rate Debt

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Minimum proportion of loans maturing	0%	0%	0%	0%	0%	0%	0%	0%
Maximum proportion of loans maturing	10%	10%	10%	20%	30%	40%	40%	40%
Actual proportion of loans maturing	1%	1%	4%	13%	15%	8%	31%	27%

The maturity structure of the Council's variable rate borrowing was:

Table 3: Council's Mature Variable Rate Debt

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Minimum proportion of loans maturing	0%	0%	0%	0%	0%	0%	0%	0%
Maximum proportion of loans maturing	10%	10%	20%	20%	30%	40%	40%	40%
Actual proportion of loans maturing	2%	2%	7%	11%	24%	26%	13%	15%

Surplus cash invested for periods longer than 365 days on 31st December was:

Table 4: Council's Surplus Cash beyond 365 days

	Limit	Quarter 3 Actual
	£m	£m
Maturing after 31/3/2024	130	10
Maturing after 31/3/2025	50	8
Maturing after 31/3/2026	50	5

A2. GOVERNANCE

The Treasury Management Policy approved by the City Council on 14 March 2023 provides the framework within which treasury management activities are undertaken.

There have been no breaches of these policies during 2023/24 up to the quarter ending 31st December 2023

A3. INTEREST RATE FORECASTS

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates.

The latest forecasts are shown below.

Table 5: PWLB is the Public Works Loans Board

Link Group Interest Rate View		08.01.24											
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.80	4.30	3.80	3.30	3.20	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.60	4.10	3.70	3.20	3.20	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

At the latest Bank of England's monetary policy meeting on 14th December 2023 interest rates were left unchanged for the third time in a row, maintaining its anti-inflationary stance. The Bank of England interest rate is seen to have peaked and is not anticipated to rise above 5.25% and Link now expects that interest rates will fall to 4.25% by the end of 2024 and 3% by the end of 2025.

The Bank of England needs to continue to manage inflation volatility that could be caused by contributing factors such as Geopolitical issues and the general election. The crisis in the Middle East could broaden and then impact both oil prices and shipping costs affecting both supply chains and consumer prices. With the forthcoming UK General Election, the Spring Budget on 6th March 2024 is likely to focus on spending and taxation policy decisions.

A4. BORROWING ACTIVITY

The Council's capital financing requirement (CFR) for 2023/24 is now estimated to be £997m. This denotes the Council's underlying need to borrow for capital purposes. Table 1 above shows the Council has borrowings of £736m and it will need to utilize £261m of cash flow funds in lieu of borrowing during this year. This is a prudent and cost-effective approach in the current economic climate but requires ongoing monitoring as interest rates start to fall.

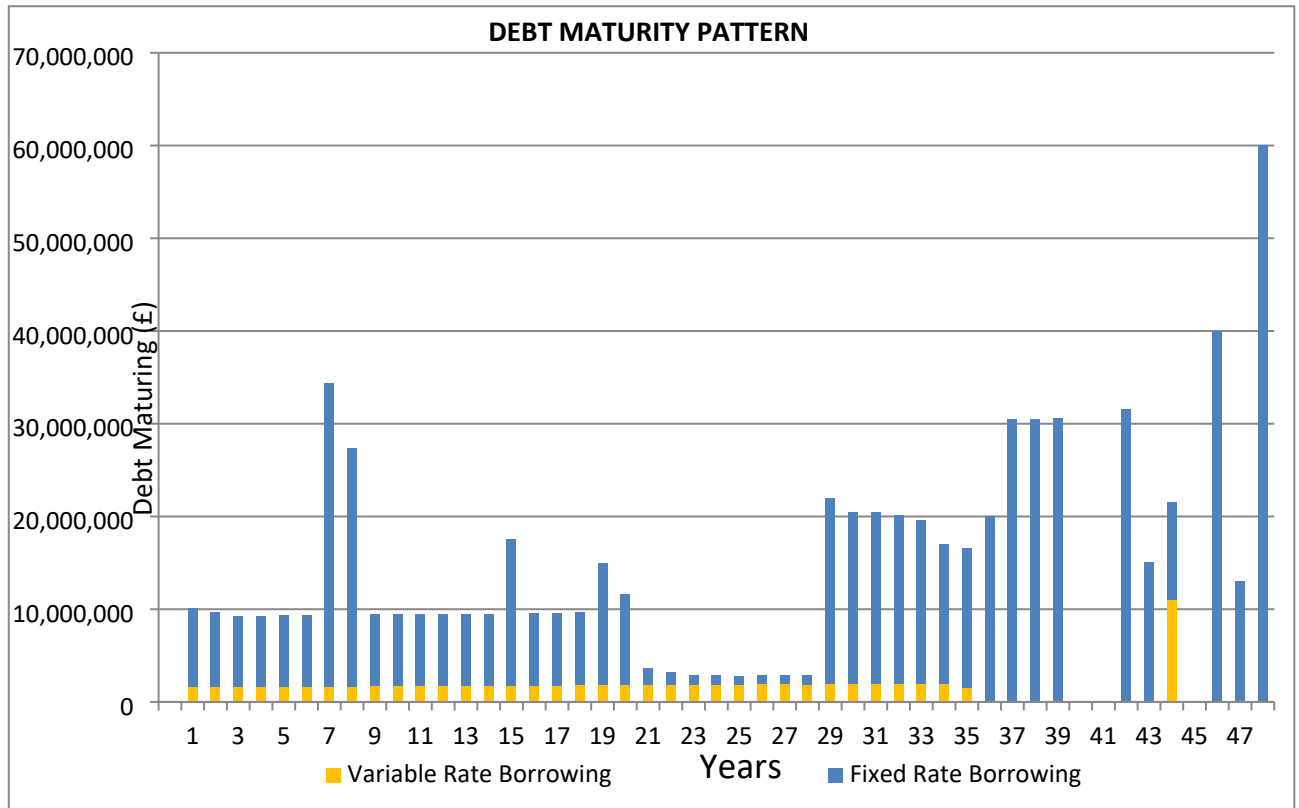
No borrowing was undertaken during 2023/24 and it is anticipated that further borrowing will not be undertaken this financial year.

The Council's gross borrowing on 31st December 2023 of £736m is within the Council's Authorised Limit (the maximum amount of borrowing approved by City Council in December 2023) of £1,176m and within the Council's Operational Boundary (the limit beyond which borrowing is not expected to exceed) of £1,143m.

The Council plans for gross borrowing to have a reasonably even maturity profile. This is to ensure that the Council does not need to replace large amounts of maturing borrowing when interest rates could be unfavourable.

The actual maturity profile of the Council's borrowing is within the limits contained within the Council's Treasury Management Policy (see paragraph A1).

Table 6: Debt Maturity Pattern



Early Redemption of Borrowing

No debt rescheduling or early repayment of debt has been undertaken during 2023/24 as it has not been financially advantageous for the Council to do so.

A5. INVESTMENT ACTIVITY

In accordance with the Annual Investment Strategy which forms part of the Treasury Management Policy Statement approved by the Council on 14 March 2023, the investment priorities of security first, portfolio liquidity second and then yield are followed. The aim is to achieve the optimum yield that is commensurate with proper levels of security and liquidity within the Council's appetite for risk.

Currently, most of the Council's new investments are being kept short in preparedness for the acquisition of the Housing Stock from the Clarion Housing

Association, which is expected to happen by the end of this financial year. Once sufficient investments are kept short-term to cover cashflow requirements, there is a benefit to seek out value available in periods up to 12 months with highly creditworthy counterparties. These counterparties' credit ratings are monitored weekly to ensure that they continue to meet the Council's minimum requirements set in the Treasury Management Strategy. Whilst there have been a few changes to counterparties' ratings during the current quarter, there have been no breaches of the Treasury Policy approved by Council in investments placed with them.

The average level of funds available for investments was £416m in the 9 months to 31 December 2023. The funds invested made an average annualized return of 4.86% during this period. This is compared with the performance to earlier in the year in Table 7 below.

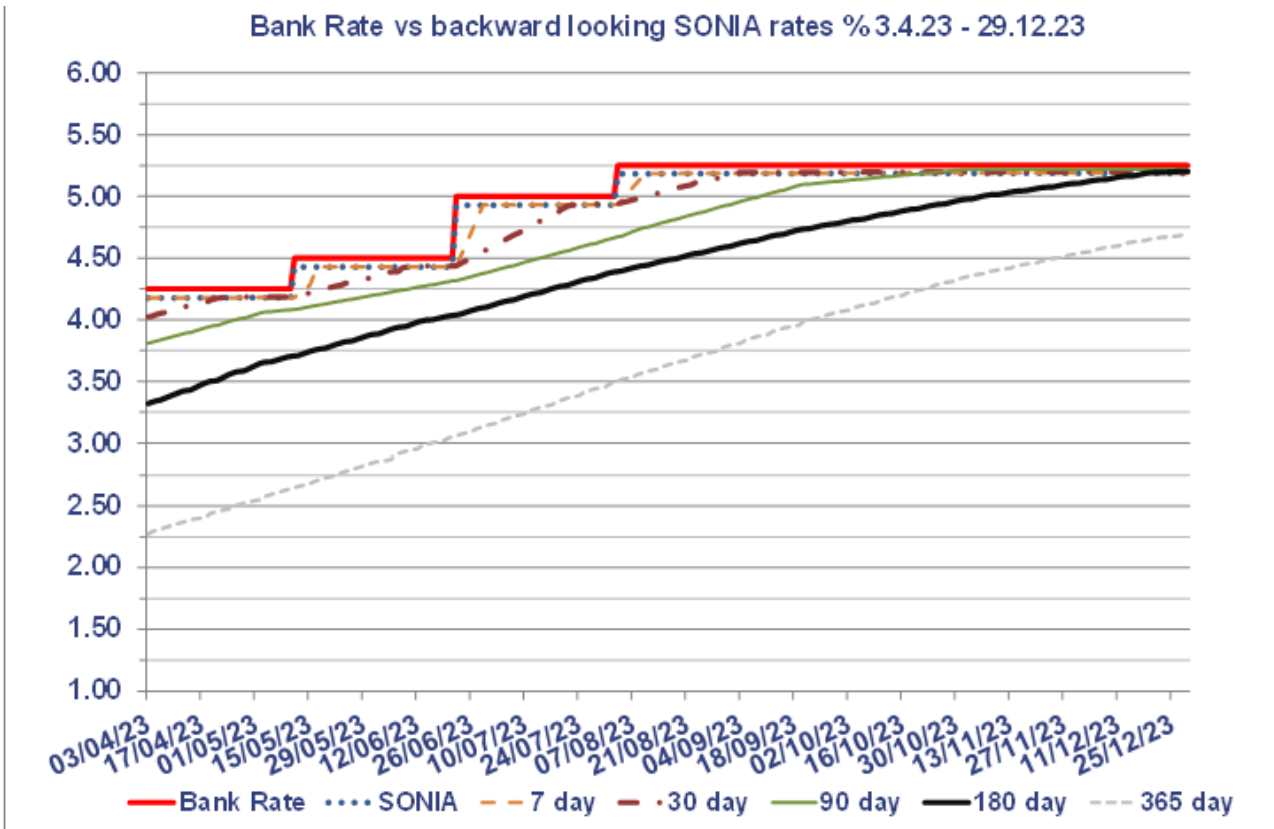
Table 7: Debt Maturity Pattern

	Average Value (Proportion) of Portfolio	Annual Return at 31 March 2023	Annualised Return at 30 September 2023	Annualised Return at 31 December 2023
Externally Managed Funds -Tradable Instruments	£11M (3%)	-6.52%	-1.44%	7.57%
Tradable Structured Interest-Bearing Deposit	£10M (2%)	-0.10%	5.28%	6.96%
Vanilla Interest Bearing Deposits	£395M (95%)	1.72%	4.50%	4.73%
Overall Return	100%	1.42%	4.37%	4.86%

By the end of this third quarter, the value of the tradable structures notes has improved when compared with the values reported at the mid-year review. When interest rates are increasing, the returns on long-term managed funds and tradable structured notes often move in the opposite direction but as interest rates are now considered to have peaked, these investments are starting to see more positive returns. The tradable Investment returns are based on market prices if sold but the Council's intention is not to sell but hold until they reach their maturity when we will receive the full repayment of the investment.

The above returns in Table 7, can be compared to the backward-looking rates in the graph below, Table 8, which reflects where average market rates were positioned when investments were placed.

Table 8: Bank Overnight Rates



As market interest rates have stabilised over the period, the returns achieved on the Council's "Vanilla Interest Bearing Deposits" have levelled off for new investments in the third quarter of 2023/24 but are still higher than in quarter 2 and earlier in the year.

With the increases in the base rate, new investments made in the first nine months of this financial year have had higher returns, and this has helped to increase the overall rate of return on the Council's investments. This is expected to continue in the immediate future as more of the Council's investments, which were made when interest rates were lower, reach maturity and any surplus funds can be reinvested at current rates, subject to considerations around the security and liquidity of the funds.

A6. COMBINED BORROWING AND INVESTMENT POSITION (NET DEBT)

The Councils net debt position on 31st December is summarised in the table below.

Table 9: Combined Borrowing and Investments

	Principal	Average Interest Rate	Interest to 31st Dec 2023
Borrowing (including finance leases & private finance initiative (PFI) schemes)	£736m	3.36%	£18.57m
Investments	(£390m) *	(4.86%)	(£15.18m)
Net Debt / Net Interest	£346m		£3.39m

*Although the Council's investments were £390m on 31st December 2023 the average sum invested over this period was £416m.

ⁱ Externally Managed Funds are traded on the open market and managed by an external asset management company
Tradable Structured Interest Bearing Deposit - are placed with financial institutions are deposit accounts and may include complex structured financial instruments
Vanilla Interest Bearing Deposits are cash deposits that just earn interest and easily accessible making them less complex

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Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	24 January 2024
Subject:	Report on complaints received into alleged breaches of the Code of Conduct by Members of the Council for the calendar year 2023
Report by:	City Solicitor
Wards affected:	N/A
Key decision:	No
Full Council decision:	No

1 Purpose of report

- 1.1 To update Members of the Committee in relation to complaints which have been progressed within the calendar year 2023 and which allege that Councillors may have breached the Code of Conduct.

2 Recommendations

- 2.1 It is recommended that Members of the Committee note the report.
- 2.2 It is recommended that Members of the Committee consider whether any further action is required by them.
- 2.3 It is recommended that Members of the Committee place on record their thanks to the Independent Persons.

3 Background

- 3.1 Upon acceptance of office, all Councillors undertake to comply with the Code of Conduct. In the event that a Councillor may have failed to comply with the Code of Conduct, a complaint may be made. The City Solicitor, as the Council's Monitoring Officer, is appointed to receive such complaints. The complaints are then considered in accordance with the guidance provided under the Local Government Act 2000.
- 3.2 The City Solicitor, as requested by the Governance & Audit & Standards Committee, maintains records on the progress of complaints and each year produces a report to this Committee. This year's report is attached at Appendix A.
- 3.3 The Monitoring Officer has, in this report, detailed the nature of the complaints, but is constrained by the information which can be provided in an open report, to protect the identity of the Subject Member(s), particularly in those cases where the Sub-Committee has decided that the Code has not been breached. In the

circumstances the Monitoring Officer advises that if Members require more detailed information they should seek it from the Monitoring Officer prior to the Committee meeting or during the meeting. If the latter, the meeting will be moved into exempt session.

- 3.4 After having considered Appendix A and Appendix B, Members are asked to decide whether there are any matters of concern or whether further action is required by the Committee or City Solicitor.

4 Reasons for recommendations

- 4.1 To make Members of the Committee aware of the current position with regard to complaints and ensure that appropriate action is taken.

5 Integrated Impact Assessment (IIA)

- 5.1 An integrated impact assessment is not required as the recommendations do not have a positive or negative impact on communities and safety, regeneration and culture, environment and public space or equality and diversity.

6 Legal implications

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

7 Director of Finance's comments:

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

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City Solicitor

Appendices:

Appendix A - Schedule of Complaints

Appendix B - Local Assessment Criteria

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

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

Title of document	Location

Appendix A - Schedule of Complaints - for year 2023 (complaints received and concluded)

Complaint No.	Date complaint received	Summary and outcome of complaint	Complaint by -
1.	May 2023	<p>The subject member was alleged to have:</p> <ul style="list-style-type: none">a) Failed to treat others with respect.b) Failed by compromising the impartiality of the Authority's officers.c) Failed to not disclose confidential information (other than in limited circumstances permitted by law and following consultation with the Authority's Monitoring Officer).d) Failed to conduct yourself in a manner which could reasonably be regarded as bringing your office or the Authority into disrepute.e) Failed by using or attempting to use your position as a member improperly to confer on or secure for yourself or any other person an advantage or disadvantage. <p>The complaint was deemed to both engage the Local Assessment Criteria and breach of the Code, by failing to treat others with respect.</p> <p>The agreed outcome was that the Member is requested to:-</p> <ul style="list-style-type: none">1. Provide an apology.2. Meet with the Monitoring Officer to talk through the learning & training opportunities to avoid similar in the future.	Public
2.	June 2023	<p>The subject member was alleged to have:</p> <ul style="list-style-type: none">1. Failed to treat others with respect.2. Failing to not bully a person.3. Failing to conduct yourself in a manner which could reasonably be regarded as bringing your office or the Authority into disrepute. <p>The complaint was deemed to both engage the Local Assessment Criteria and breach of the Code of Conduct.</p> <p>The agreed outcome was that the Member is requested to:-</p> <ul style="list-style-type: none">1. Provide an apology.2. Both members meet (together) with the Monitoring Officer to talk through use of social media.	Councillor

Complaint No.	Date complaint received	Summary and outcome of complaint	Complaint by -
3.	October 2023	<p>The complaint was levied at three subject members was alleged to have:</p> <ol style="list-style-type: none">1. Failed to treat others with respect. <p>The complaint was deemed to both engage the Local Assessment Criteria breach of the Code of Conduct.</p> <p>One of the three members was deemed not have broken the code with no further action.</p> <p>The other two members were found in breach of the Code of Conduct and were:</p> <ol style="list-style-type: none">1. Provide a written apology.	Public

Arrangements for consideration of complaints

LOCAL ASSESSMENT CRITERIA

The following criteria shall be applied to the Standards and Governance and Audit Assessment Sub-Committee and the Standards and Governance and Audit Review Sub-Committee when considering allegations that a Councillor has failed to comply with the Members' Code of Conduct.

- 1 Is the complaint within the jurisdiction of the Committee?
- 2 Is it a complaint against one or more named Member or co-opted Members of the Council covered by the Members' Code of Conduct?
- 3 Was the named Member in office at the time of the alleged conduct and the Code of Conduct was in force at the time?
- 4 Would the complaint, if proven, be a breach of the Code under which Member was operating at the time of the alleged misconduct?

NOTE: If the complaint fails one or more of the above tests, it cannot be investigated as a breach of the Code.

- 5 Is there prima facie evidence of a breach of the Code?
- 6 Is it serious enough to warrant a sanction?
- 7 Is this part of a continuing pattern of less serious misconduct that is unreasonably disrupting the business of the Council and is there no other avenue left to deal with it except investigation?
- 8 In considering the case, the Sub-Committee will take into account the time that has passed since the alleged conduct occurred.
- 9 Would an investigation serve a useful purpose?
- 10 Is the case suitable for local investigation?
- 11 Does it appear that the complaint is really about dissatisfaction with a council decision?
- 12 Is there is not enough information currently available to justify a decision to refer the matter for investigation?

Factors to consider when deciding whether the identity of the complainant and/or written summary of the allegation should be disclosed to the Member the subject of the allegation.

- 1 Are there reasonable grounds for believing that the complainant will be at risk of physical harm if their identity is disclosed?
- 2 Is the complainant an officer who works closely with the Member and afraid of the consequences to their employment if their identity is disclosed?
- 3 Is there evidence of any medical risks associated with the complainant's identity being disclosed?
- 4 Is it feasible for the complaint to be investigated without the complainant's identity being disclosed (eg where the allegation is bullying of the complainant)?
- 5 Are there reasonable grounds for believing that disclosure of the complainant's identity and/or the provision of a written summary of allegation, may lead to intimidation of witnesses or the destruction of evidence?