



RUSHMOOR BOROUGH COUNCIL

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

*at the Council Offices, Farnborough on
Monday, 22nd November, 2021 at 7.00 pm*

To:

Cllr Sue Carter (Chairman)
Cllr P.J. Cullum (Vice-Chairman)

Cllr Jessica Auton
Cllr Jib Belbase
Cllr Sophia Choudhary
Cllr A.K. Chowdhury
Cllr Christine Guinness
Cllr A.J. Halstead
Cllr Prabesh KC
Cllr Sarah Spall
Cllr Jacqui Vosper

Mr Tom Davies – Independent Member (Audit)

STANDING DEPUTIES

Cllr J. Canty
Cllr K. Dibble

Enquiries regarding this agenda should be referred to the Committee Administrator,
Kathy Flatt, Democracy and Community, Tel. (01252 398829) or email
kathy.flatt@rushmoor.gov.uk.

A G E N D A

1. **MINUTES – (Pages 1 - 8)**

To confirm the Minutes of the Meeting held on 27th September 2021 (copy attached).

2. **STATEMENT OF ACCOUNTS 2019/20 - UPDATE 6 – (Pages 9 - 14)**

To consider the Executive Head of Finance's Report No. FIN2123 (copy attached) which informs Members of audit progress for the Council's Statement of Accounts for 2019/20.

3. **INTERNAL AUDIT - AUDIT UPDATE – (Pages 15 - 32)**

To receive the Interim Internal Audit Manager's Report No. AUD2105 (copy attached), which provides an update and revised plan for completion of outstanding high priority audit issues.

4. **UPDATE TO THE MEMBERS CODE OF CONDUCT – (Pages 33 - 48)**

To consider the Monitoring Officer's Report No. LEG2105 (copy attached), which proposes minor updates to the Members' Code of Conduct to reflect adjustments made to the National Code.

PUBLIC PARTICIPATION AT MEETINGS

Members of the public may ask to speak at the meeting on any of the items on the agenda by writing to the Committee Administrator at the Council Offices, Farnborough by 5.00 pm two working days prior to the meeting.

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Monday, 27th September, 2021 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr Sue Carter (Chairman)
Cllr P.J. Cullum (Vice-Chairman)

Cllr Jessica Auton
Cllr Jib Belbase
Cllr Sophia Choudhary
Cllr A.K. Chowdhury
Cllr A.J. Halstead
Cllr Sarah Spall

Apologies for absence were submitted on behalf of Cllr Christine Guinness, Cllr Prabesh KC and Cllr Jacqui Vosper.

15. MINUTES

The Minutes of the Meeting held on 27th July 2021 were signed as a correct record of the proceedings.

16. APPOINTMENT OF INDEPENDENT PERSON (AUDIT)

The Committee considered the Executive Director and Monitoring Officer's Report No. ED2101, which set out the outcome of the process to appoint an Independent Person (Audit) to the Committee and recommended that the Council should be asked to confirm the appointment of Gwilym Davies (known as Tom Davies) as an Independent Member of the Corporate Governance, Audit and Standards Committee.

It was noted that the appointment had followed a public advertisement, written application, and interview panel which had comprised the Chairman of the Committee, the Chief Executive and Executive Director/Monitoring Officer.

The Report set out the background to the appointment, role description and a synopsis of Mr Davies' area of expertise and experience.

The Committee was introduced to Mr. Tom Davies who addressed the Committee on his background and work experience.

The Committee **RECOMMENDED TO THE COUNCIL** that Mr Gwilym Davies (known as Tom Davies) be confirmed as an Independent Person (Audit) on the Corporate Governance, Audit and Standards Committee for a three-year term.

17. ANNUAL OMBUDSMAN COMPLAINT REVIEW LETTER 2021

The Committee received the Monitoring Officer's Report No. IT2175 which updated the Committee on the Annual Review Letter 2021 of the Local Government and Social Care Ombudsman (LGSCO), which provided an annual summary of statistics on the decisions made by the LGSCO in respect of the Council for the year ending 31st March 2021. It was noted that, at the end of March 2020, the LGSCO had taken the step of temporarily stopping its casework, in the wider public interest, to allow authorities to concentrate efforts on vital frontline services during the first wave of the Covid-19 outbreak. Following feedback from authorities, it had been decided that it would be unnecessary for the LGSCO to pause casework again. Instead, authorities had been encouraged to talk to the LGSCO on an individual basis about difficulties responding to any stage of an investigation, including implementing LGSCO recommendations.

The Report advised that the LGSCO had carried out no detailed investigations on Rushmoor during 1st April 2020 to 31st March 2021 and therefore there were no further recommendations for service improvement. The Report provided the Council with the evidence that the Council was responding well to complaints through the current Complaints Policy without any having had to be escalated to the Ombudsman during the review period in question.

RESOLVED: That the Monitoring Officer's Report No. IT2175 be noted.

18. RUSHMOOR COMMUNITY AWARD 2021

The Head of Democracy and Community reported that the small group of Members from the Committee, which had been appointed at the previous meeting, had met on 2nd September 2021 to consider over 30 nominations for the Community Award 2021. The nominations had been assessed against the criteria for the Community Award.

The Committee was advised that Beryl Yeomans and Judi Page had been selected to receive the Award. It was noted that the Award to Judi Page was a posthumous award and that members of her family would be invited to receive the award. The presentation of the Award would be made at the Council Meeting on 8th December 2021.

It was further noted that those people who had been nominated for their voluntary work during the Covid-19 pandemic would be invited to an event hosted by Rushmoor Voluntary Services and the Council at Princes Hall in November 2021 to recognise volunteers and to say thank you for their work during the pandemic.

RESOLVED: That the Head of Democracy and Community's report be noted.

19. **STATEMENT OF ACCOUNTS 2019/20 - UPDATE NO. 5**

The Committee received the Executive Head of Finance's Report No. FIN2120, which informed Members of audit progress for the Council's Statement of Accounts for 2019/20 and the audit opinion since the Committee meeting on 27th July 2021. The Committee was reminded that the deadline for issuing a final set of audit statement of accounts and audit opinion of 30th November 2020 had not been met.

The Chairman welcomed to the meeting (via Microsoft Teams), Maria Grindley and Justine Thorpe from Ernst & Young (EY).

The Committee was advised that following consideration by the Committee of Audit Results Report at its meeting on 27th July 2021, officers from the Council and EY had held further meetings in July and August to assess progress and resolve audit queries in relation to the 2019/20 audit opinion. It had become clear during August 2021 that there would be no prospect of the outstanding information being provided before the end of the month, preventing the audit reaching a conclusion. It had therefore been agreed to work towards a revised timescale for the audit opinion and this was anticipated to be available during October 2021, subject to outstanding issues having been resolved. The Chief Executive and the Committee Chairman had been made aware of the delay and the consequential impact this would have on the timescale for the 2020/21 audit work.

The Committee was advised that the detailed Disclosure Note that addressed Going Concern issues had been provided to EY during August with a cashflow forecast covering the period required. This set out the updated impact on the Council's finances from Covid-19 and any Post Balance Sheet Event (PBSE) given the ongoing risk Covid-19 posed to the Council's financial standing.

It was also confirmed that all of the outstanding EY queries had been sent over to EY at the end of the previous week and were currently being looked at by EY. Maria Grindley confirmed that the company was pushing to get the audit opinion signed off as soon as possible and, if the answered queries had provided all the information required, every attempt would be made to finalise the audit opinion by the end of October 2021.

During discussion, Members raised questions concerning the reasons for the time taken to respond to information requested by EY and the impact on the 2020/21 audit. In response, Members were advised that staff absence due to sickness and other priority work for the Property Team together with historic information not yet being available digitally had all contributed to the delays. The Committee was also advised that, for the 2020/21 audit, there was a requirement to revalue all of the Council's properties. To ensure that similar issues were not experienced for the 2020/21 audit, steps had been taken to mitigate this including additional staffing resource and the roll out of the new property system.

RESOLVED: That

- (i) the Statement of Accounts Update Report No. FIN2120 be noted:

- (ii) the indicative timetable for approval of the 2019/20 Statement of Accounts and receiving the Audit Opinion be noted; and
- (iii) subject to all Members of the Committee being provided with a copy of the audited Statement of Accounts and the Audit Results Report in advance, the Chairman of the Committee and the Executive Head of Finance be authorised to approval formally and certify the audited Statement of Accounts 2019/20 and to receive the final External Auditor's Report.

20. **ANNUAL GOVERNANCE STATEMENT - 2020/21**

The Committee considered the Executive Head of Finance's Report No. FIN2117, which presented the Annual Governance Statement 2020/21 (set out in Appendix A to the Report) for review and approval. The Council was required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement in order to report publicly on the extent to which the Council complied with its Code of Corporate Governance, including how the Council monitored the effectiveness of its arrangements in the year and on any planned changes to the governance arrangements in the coming year.

The Report set out the methodology for compiling the Annual Governance Statement and the requirements of the Committee in reviewing the Annual Governance Statements in order to be satisfied that the Annual Governance Statement reflected the risk environment and any actions required to improve it and demonstrated how governance supported the achievement of the Council's objectives.

During discussion, Members asked for an update on the temporary delegation arrangements currently in place due to the Covid-19 pandemic and when these would be removed.

RESOLVED: That

- (i) the Council's Annual Governance Statement 2020/21 be approved;
- (ii) approval be given to the Chief Executive and the Leader of the Council signing the Annual Governance Statement; and
- (iii) approval be given to the publication of the Annual Governance Statement alongside the Council's Statement of Accounts.

21. **TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2020/21**

The Committee received the Executive Head of Finance's Report No. FIN2121, which set out the main activities of the treasury management and non-treasury investment operations during 2020/21. This was a statutory requirement under the CIPFA Code of Practice on Treasury Management.

It was noted that the Council's treasury team had continued to concentrate on the security of investments, taking due regard of the returns available. The return on

treasury management activity was in line with the revised budget for 2020/21. Pooled funds had proved to be robust and had performed well given the wider economic downturn as a result of Covid-19. The Report advised that, with increased levels of borrowing, the treasury team continually reviewed the Borrowing Strategy, weighing up interest rate levels and risk of refinancing. During the 2020/21 financial year short-term interest rates had remained low and were forecast to remain low. However, borrowing levels had increased, raising refinancing risk. It was confirmed that levels of borrowing would be continually reviewed to mitigate refinancing risk.

The Committee was advised that total borrowing as at 31st March 2021 was £102 million, which was an increase of £12 million from the 2019/20 year-end position. The increased level of borrowing had been offset by reduced interest rate for borrowing. This had resulted in interest cost of borrowing decreasing by £83,000 compared with 2019/20 costs. The Council's non-treasury investments risk exposure as at 31st March 2021 was £155.1 million, of which £91.6 million was funded via external loans. The rate of return across all the Council's investments had been variable. However, the aggregate rate of return on all Council investments was in line with the estimated return for 2020/21 which was due to the cost associated with commercial property being clarified during the financial year and the impact of Covid-19.

During discussion, Members raised questions regarding the Civic Quarter and Union Yard projects, the work of Arlingclose and whether Arlingclose could provide updates and training to the Committee.

RESOLVED: That the Executive Head of Finance's Report No. FIN2121 be noted.

22. **INTERNAL AUDIT - AUDIT UPDATE**

The Committee received the Interim Audit Manager's Report No. AUD2104 which provided: an update on work carried out by Internal Audit in Quarters 1 and 2 2021-22; an update on progress towards the Audit Plan for 2021-22; a schedule of work expected to be delivered in Quarter 3; and, an update on the outstanding audit issues from Internal Audit reports covering 2019-20 and 2020-21 focusing on the high-risk issues and management agreed actions with deadlines.

In discussing the Report, Members raised questions regarding: staffing resources contingency plans in place in respect of both Internal and External Audit work; the possible effect of more flexible working on work to be done; the need for more collaboration with service managers; and, the Section 113 Agreement with Wokingham Borough Council and how effective this had been. Members requested that an updated plan setting out achievable timescales for each of the outstanding actions be provided at the next meeting and were advised that this work was already underway. In some cases, this would require some re-prioritisation and/or additional resources to ensure outstanding work was completed within a reasonable timeframe.

RESOLVED: That

- (i) the audit work carried out in Quarters 1 and 2 be noted;

- (ii) the update to the expected deliverables for Quarter 3 be noted: and
- (iii) a revised plan setting out clear timings for the completion of the outstanding high priority audit issues be provided by the next meeting of the Committee.

23. **INTERNAL AUDIT OPINION 2020/21**

The Committee considered the Audit Manager's Report No. AUD2105 which set out the Internal Audit coverage, findings and performance for 2020/21 and presented the Audit Manager's overall assurance opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment. The Report also covered the self-assessment which had been carried out against the Public Sector Internal Audit Standards (PSIAS) and the progress on the Quality and Assurance Improvement Plan (QAIP) for the year.

The Internal Audit Plan for 2020/21 had been approved by the Committee on 23rd March 2020. Due to the Covid-19 pandemic, changes had had to be made to the Plan as assurances had been required in other areas of the organisation. Subsequent changes to the Audit Plan had been communicated to the Committee within regular update reports. Covid-19 had had an adverse impact on the delivery of audits against the Audit Plan. The Council had prioritised its response to the pandemic and focused on supporting communities and ensuring vital services were provided. This had meant that planned audits had in some cases been deferred as the availability of auditors and Council staff had not necessarily been aligned. Remote working during the pandemic had also had an impact on the scope of audits covered during the year. Appendix A to the Report set out the areas of assurance which had been obtained in order to form the audit opinion.

In the opinion of the Internal Audit Manager, the reduced number and scope of audits meant that it was not appropriate to provide a full overall audit opinion on Rushmoor Borough Council's framework of governance, risk management and management controls. This had been due to a combination of factors including reduced audit resources and diversion of service resources to the Council's response to the pandemic. Where audits had identified areas for improvement, Internal Audit had worked with management to agree appropriate corrective actions and a timescale for improvement. The Report also advised on the reasons for the key areas of non-compliance for the PSIAS.

RESOLVED: That

- (i) the coverage assurance of assurance obtained across the Council be noted;
- (ii) the level of internal control assessed in 2020/21 through opinion-based audit assurance work be noted;
- (iii) the Audit Opinion given for 2020/21, set out in Appendix A to the Report, be noted;
- (iv) the Performance Indicators for the internal audit activity for 2021/22 be endorsed;

- (v) the self-assessment exercise against the Public Sector Internal Audit Standards and the areas of non-conformance with the standards be noted; and
- (vi) the Quality and Assurance Improvement Plan for 2020/21 set out in Appendix 3 to the Internal Auditor's Opinion, which detailed the areas of improvement to reduce the areas where audit activity did not conform to the PSIAS standards be endorsed.

The meeting closed at 9.02 pm.

CLLR SUE CARTER (CHAIRMAN)

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**CORPORATE GOVERNANCE, AUDIT
AND STANDARDS COMMITTEE
22 NOVEMBER 2021**

**EXECUTIVE HEAD OF FINANCE
REPORT NO. FIN2123**

STATEMENT OF ACCOUNTS 2019/20 – UPDATE 6

SUMMARY:

The purpose of this report is to inform Members of audit progress for the Council's Statement of Accounts for 2019/20 and provision of the audit opinion since the meeting on 27 September 2021. The Committee is reminded that the deadline for issuing a final set of audit statements of accounts and audit opinion of 30 November 2020 was not met.

RECOMMENDATIONS:

It is recommended that the committee

- i) Note the Statement of Accounts Update Report
- ii) Note the indicative timetable for approval of the 2019/20 Statement of Accounts and receiving the Audit opinion.
- iii) Subject to all Members of the Committee being provided with a copy of the audited Statement of Accounts and the Audit Results Report in advance, the Chairman of the Committee and the Executive Head of Finance be authorised to approve formally and certify the audited Statement of Accounts 2019/20 and to receive the final External Auditor's Report.

1 BACKGROUND

- 1.1 This report updates members on the status of the 2019/20 Statement of Accounts and Audit Opinion.

2 INTRODUCTION

- 2.1 Owing to the impact of Covid-19 deadlines for the completion and publication of the 2019/20 accounts have been relaxed recognising the possible disruption to relevant authorities caused by the spread of coronavirus
- 2.2 The table below sets out the changes made to the deadlines, as set out in the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which came into force on 30 April 2020.

Action	Deadline as set out in Accounts and Audit Regulations 2015	Revised Deadline as set out in Accounts and Audit (Coronavirus) (Amendment) Regulations 2020
Draft Accounts completion	31 May	31 August
Public Inspection period	First 10 working days of June of the financial year immediately following the end of the financial year to which the statement relates	First 10 working days of September of the financial year immediately following the end of the financial year to which the statement relates
Publication of Accounts	31 July	30 November

- 2.3 The Council published a draft statement of account 2019/20 on 31 August 2020. These are available on the Council's website:
<https://www.rushmoor.gov.uk/statementofaccounts>
- 2.4 The Council is required under regulation to obtain an independent external audit opinion on the true and fair nature of the statement of accounts. Following provision of the external audit opinion the relevant Council Committee (being Licencing, Audit and General Purposes Committee) is required to approve the accounts and publish both the approved set of account and the audit opinion by 30 November 2020.
- 2.5 As reported to the Corporate Governance, Audit and Standards committee in July 2021 and September 2021, there were several outstanding issues around asset valuations and the Going Concern consideration. Officers have been working closely with EY to resolve these issues and queries arising from EY's review of the audit. This report and the draft Audit Results Report from EY provides members with an update on progress made since the last meeting in September 2021.

3 CURRENT STATUS OF THE AUDIT

- 3.1 Members will be aware from the meeting in November 2020 that the Council's external auditors set out in the Audit Plan an outline of the timetable and work required to complete their audit and issue an Audit Results Report.
- 3.2 At the LA&GP meeting in January 2021, members were informed that following discussions with EY on 14 January 2021, it was agreed that the current audit work would be paused until mid-February. This would allow the finance team to complete work on the 2021/22 budget setting process unencumbered by other work pressures. The audit would be reconvened in mid-February with the intention to have a scaled-up audit resource to allow the completion of the audit process to be achieved in advance of the next meeting of LA&GP in March 2021.

- 3.3 Audit work was restarted late in February 2021 and worked through some of the remaining issues. However, there were several audit queries that remained unresolved which meant the audit opinion was not available for the committee to consider at the meetings on 29 March 2021, 27 May 2021, 27 July 2021 or 27 September 2021.
- 3.4 Officers from the Council and EY held further virtual meetings in July and August to assess progress and resolve the audit queries. However, it became clear during August 2021 that there was no prospect of the property and valuation related audit issues being resolved before the end of the month preventing the audit reaching a conclusion.
- 3.5 It was agreed to work towards a revised timescale for receiving the audit opinion and this was anticipated to be available during October 2021 subject to the outstanding issues being resolved. The Chief Executive and Chair of the Committee were made aware of the delay and the impact this would have on the timetable for the 2020/21 audit work.
- 3.6 The detailed Disclosure Note that addresses Going Concern issues was provided to EY during August with a cashflow forecast covering the period required. This sets out the updated impact on the Council's finances from Covid-19 and any Post Balance Sheet Event (PBSE) given the ongoing risk Covid-19 poses to the Council's financial standing.
- 3.7 The Council and EY will need to assess the timing of finalising the audit opinion on the 2019/20 accounts given the outstanding matters that were outlined in the Audit Results Report considered by members at the meeting in July 2021.
- 3.8 At the time of writing this report there has not been any significant progress on resolving the remaining property and valuation related queries. Whilst these are relatively minor queries for the Council to resolve they are material to allow EY to form their audit opinion. EY do require all issues to be resolved before they are able to consider the next stage of the audit opinion process.
- 3.9 Once all queries have been addressed consideration will need to be given to any adjustments proposed by EY to the financial statements. The Council will need to satisfy itself that these adjustments are reasonable and supported by appropriate evidence and detailed accounting guidance.
- 3.10 It is not clear when the audit opinion will be received due to the outstanding queries outlined above. It had been anticipated that the audited Statement of Accounts, Audit Opinion, and the Final Audit Results Report will be available in October 2021 and prior to the next scheduled meeting of the committee (i.e. 22 November 2021).
- 3.11 Should it be possible to resolve all remaining queries and receive the audit opinion during November and December 2021 it is proposed to agree the accounts and audit opinion before the next scheduled meeting of the committee. Subject to all Members of the Committee being provided with a

copy of the audited Statement of Accounts and the Audit Results Report in advance, the Chairman of the Committee and the Executive Head of Finance be authorised to approve formally and certify the audited Statement of Accounts 2019/20 and to receive the final External Auditor's Report.

4 2020/21 STATEMENT OF ACCOUNTS AND AUDIT TIMINGS

- 4.1 Deadlines for the completion and publication of the 2020/21 and 2021/22 accounts were amended as part of the Government's response to the recommendations contained in the independent Redmond Review into the effectiveness of external audit and transparency of financial reporting in local authorities. The Redmond review reported on 08 September 2020.
- 4.2 The regulations will amend the draft and final accounts publication deadlines for relevant bodies from 1 June and 31 July to 1 August and 30 September for the next 2 accounting years – i.e. 2020/21 and 2021/22 and the position will be reviewed at that time. The regulations come into force on 31 March 2021.

Action	Deadline as set out in Accounts and Audit Regulations 2015	Revised Deadline as set out in Accounts and Audit (Amendment) Regulations 2021
Draft Accounts completion	31 May	01 August
Public Inspection period	First 10 working days of June of the financial year immediately following the end of the financial year to which the statement relates	First 10 working days of September of the financial year immediately following the end of the financial year to which the statement relates
Publication of Accounts	31 July	30 September

- 4.3 The Council has amended its 2020/21 accounts closure process to meet the revised Accounts and Audit Regulation 2021 timetable. It is unclear when the audit of the 2020/21 financial statement will commence as the audit process for 2019/20 is not yet completed.
- 4.4 For context, the number of audit opinion completed by the statutory deadline shown in the table below is significantly lower than the 2 previous years underlining the on-going performance of local audit and the challenging external audit environment. Public Sector Audit Appointments issued the following note on 12 October 2021:

Delayed audit opinions continue to be a major concern in the local audit system. The growing scale of the challenge is illustrated by the latest figures compiled by PSAA. As at the target date of 30 September 2021 only 9% of local government bodies' 2020/21 audits have been completed. The position compares to completion of 45% of 2019/20 audits and 57% of 2018/19 audits by the respective target dates of 30 November 2020 and 31 July 2019.

The challenges posed by Covid-19 have contributed to the current position. However, a range of further pressures documented in the Redmond Report are also continuing to impact performance. In particular there is a shortage of auditors with the knowledge and experience to deliver the required higher quality audits of statements of accounts, which increasingly reflect complex structures and transactions, within the timeframe expected. The growing backlog of audits is also a concern, with 70 of the 2019/20 audits still incomplete.

The new Liaison Committee established by the Department for Levelling Up Housing and Communities (DLUHC) has a vital role in helping to ensure co-ordinated action in response to Sir Tony Redmond's recommendations and in overseeing the overall progress and performance of the local audit system. It is currently working to develop a strategy to improve the timeliness of opinions within a more resilient, sustainable system.

DLUHC's Spring Statement and recent consultation on the Local Audit Framework are key steps in addressing necessary improvements including the need for effective systems leadership.

- 4.5 Further discussions will need to take place over the coming weeks with EY to schedule the 2020/21 audit work. It is unlikely the audit work will be able to commence until early 2022 and is dependent on the 2019/20 audit being concluded.

5 CONCLUSION

- 5.1 There is some uncertainty around the timing of when the Council will receive the audited financial statements and EY's Audit Opinion as it is dependent on the Council providing further information to resolve the outstanding property-related queries. Subject to EY's internal consultation process, officers and EY will work towards a formal completion of the audit during November and December 2021. However, there remains some risk around the exact timing given the need to agree the final accounts position, review any proposed adjustments and a revision to the Council's financial statements.
- 5.2 It is worth reassuring members that the additional time taken is not due to errors, omissions or matters concerning the quality of the final accounts.

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INTERNAL AUDIT – AUDIT UPDATE

SUMMARY:

This report describes:

- The work carried out by Internal Audit since the last report;
- An update on the overall progress on the 2021-22 Audit Plan, and
- An update on outstanding audit issues from reports issued in 2019-20 & 2020-21.

RECOMMENDATION:

Members are requested to:

- i. Note the audit work carried out in Quarter 3 to date.
- ii. Note the update to the expected deliverables for Quarters 3 & 4.
- iii. Note the outstanding audit issues and engagement by the Services to address them.

1 Introduction

1.1 This report is to provide Members with:

- An overview of the work carried out by Internal Audit in Q3 2021-22 to date;
- An update on progress towards the Audit Plan for 2021-22;
- A schedule of work expected to be delivered in Q3 & Q4; and
- An update on the outstanding audit issues from Internal Audit reports covering 2019-20 & 2020-21 focusing on the high-risk issues.

2 Overview of Work Carried Out in Q3 to date

2.1 Since the last report, Internal Audit has been working with Heads of Service and Service Managers to action and update the outstanding audit issues from 2019-20 and 2020-21 Audit reports. Significant progress has been made (see Section 6).

2.2 Internal Audit has also been conducting two audits – Contractors & IR35 and Risk Management. The first audit's fieldwork has been completed, the report has been drafted, factual accuracy of the findings agreed and formal management responses with implementation dates, if applicable, are now awaited. The second audit's fieldwork is being completed and the report is being drafted.

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

INTERIM AUDIT MANAGER

22nd NOVEMBER 2021

REPORT NO. AUD 21/05

- 2.3 Wokingham Borough Council (WBC), under a s113 Agreement to conduct audits on behalf of Internal Audit, has finalised and issued two audit reports for Finance – Benefits and FMS¹ & Bank Reconciliations.
- 2.4 WBC has also commenced an audit in Finance on Insurance over the Council's assets including the commercial property portfolio. The fieldwork should be completed soon, and a draft report issued for formal management responses is expected by the end of November.
- 2.5 The Interim Audit Manager is still trying to finalise the External Tenants of the Council Building audit from 2020-21, but there has been a lack of coordination between the owner of the report, being the Head of ICT & Facilities, and the Executive Head of Regeneration & Property to provide satisfactory management responses and implementation dates. Recent discussions with both have moved this forward.
- 2.6 Finally, the Interim Audit Manager is reviewing the status of the 2020-21 follow up audit reports for Corporate Governance and Depot (Capital Project) with the Executive Head of Finance for merit in progressing them. The former has been drafted, but not issued, and the second has not been started. Progress on these will be advised to the Committee at the next meeting.

3 Progress towards the 2021-22 Audit Plan

- 3.1 Since the last update to the Committee the following changes have been made to the Audit Plan:
 - The audit of National Non-Domestic Rates (NNDR) & Council Tax Recovery has been changed to focus on NNDR Billing, Collection & Recovery only, as this process has significant financial risk for RBC with local businesses recovering from the pandemic. Hence, the Council Tax Recovery aspect will be expanded to a separate audit of Council Tax Billing, Collection & Recovery, but deferred to Q1 of 2022-23.
 - The Value for Money audits of Financial Grants to Organisations (FGO) and of the Crematorium have been postponed to 2022-23 following consultation with the Executive Directors and the Executive Head of Finance. The FGO audit will be covered by the CREP Programme and the Crematorium is undergoing a feasibility study currently. Instead, the Interim Audit Manager will focus on the capital project audit of Voyager and assistance with the Union Yard regeneration project.

¹ FMS = Financial Management System

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

INTERIM AUDIT MANAGER

22nd NOVEMBER 2021

REPORT NO. AUD 21/05

- The audit of Procurement has been postponed to 2022-23, as the Council's Procurement Officer has left recently, and the function has been moved to a temporary shared service with Portsmouth City Council, being coordinated by the Assistant Chief Executive.
- The remaining IT audits over Remote Working/Windows 10 and the Property System have been postponed. Whilst both audits were developed with the Head of ICT & Facilities earlier this year, the Windows 10 and Property System projects are part of the ICE Programme (now merged with CREP to become ICE3) and are delayed. So, audits will be done as part of 2022-23. Regarding Remote Working, the technical side will be covered as part of the PSN Certification process, which is scheduled for Q4 and will be conducted by a third party, SureCloud. Internal Audit will review the governance side separately.

There should not be any further changes to the 2021-22 Audit Plan.

- 3.2 The table below provides a summary of progress relevant to the 2021-22 Audit Plan, including the changes to the plan detailed above in 3.1:

Audit Status	Number of reviews	%
Finalised	3	16.7
Draft report with Auditee for management response	1	5.5
Testing in progress	2	11.1
Not yet started	5	27.8
Postponed to 2022-23	5	27.8
Cancelled	2	11.1
Total	18	100%

- 3.3 The difference in the number of planned reviews from the number last reported, 16, is due to a combination of an audit that was brought forward from 2020-21, but not counted, and a calculation error of 1, as the previous report's total should have been 17. However, this means that 11 planned audits will be delivered in 2021-22.

4. Audit Work Completed

- 4.1 The table below provides an overview of the assurance opinions, given to completed audits since the last update, based on Internal Audit's assessment of the control environment:

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

**INTERIM AUDIT MANAGER
22nd NOVEMBER 2021
REPORT NO. AUD 21/05**

Audit Title	Assurance Opinion	Recommendations by Priority		
		High	Medium	Low
2021-22 Internal Audit Plan				
Benefits	Substantial	1	0	0
FMS & Bank Reconciliations	Substantial	0	2	2

4.2 The table above highlights two audits, both in Finance. The one high risk-rated issue in the Benefits audit relates to information governance and security. This is a repeat issue from February 2019 (2018-19 Audit Plan) concerning document storage and scanning. The medium risk-rated issues from the FMS & Bank Reconciliations audit relate to the budget monitoring timetable tasks and uncleared suspense account items, both of which have been addressed.

5. Expected Deliverables for Q3 & Q4 2021-22

5.1 The Audit Plan has been reviewed and updated. There has been a change of audit timings for the Sales Ledger and NNDR Billing, Collection & Recovery audits, as the latter audit is an amended carry forward from 2020-21 and so will be done in Q3 instead. The Sales Ledger audit will move to Q4.

The work expected to be carried out and completed in Q3 & Q4 is detailed within the table below:

Service	Audit/ follow up/descriptor	Status
HR	Contractors/Consultants & IR35 – <i>A review of the IR35 contracts in RBC with reference to the relevant budget costs and compliance with IR35 guidelines</i>	Report issued for management responses
ACE	Corporate Risk Management – <i>A review of the process for identifying, assessing, monitoring and reporting risk across RBC.</i>	In draft report stage
Finance	Insurance – <i>A key financial system review looking at adequate coverage for RBC assets.</i>	In progress
Finance	NNDR Billing, Collection & Recovery –	Due to commence

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

**INTERIM AUDIT MANAGER
22nd NOVEMBER 2021
REPORT NO. AUD 21/05**

	<i>A key financial system review looking at business rates billing, collection & recovery.</i>	
Regeneration & Property	Voyager (Capital Project) – <i>A review of the regeneration project</i>	Due to commence
Regeneration & Property	Union Yard (Capital Project) – <i>Audit is providing Project Assurance and will be working alongside the Project Manager</i>	Due to commence, but will go beyond Q3
Finance	CIPFA Financial Code – <i>A key financial system review looking at compliance with the code</i>	Planned for Q4
Finance	Sales Ledger – <i>A key financial system review looking at debtors and recovery</i>	Planned for Q4

6. Outstanding Audit Issues from 2019-20 & 2020-21

6.1 From a review of the Audit reports issued during 2019-20 & 2020-21, the following information was identified:

Year	# of Reports	# of Issues	# Implemented (@22/09/21)	% Implemented (@22/09/21)
2019-20	12	106	59 (18)	56 (17)
2020-21	12	118	47 (31)	40 (35)

6.2 Overall, there has been a significant increase in issues implemented for both audit years with auditees engaging with Internal Audit positively and promptly.

6.3 For 2019-20, of the 106 issues raised, 17 were high-risk and 8 (47%) have been implemented. Per the previous report, only 4 had been completed. For 2020-21, of the 118 issues raised, 17 were high-risk and 7 (41%) have been implemented. Per the previous report, 5 had been completed.

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

INTERIM AUDIT MANAGER

22nd NOVEMBER 2021

REPORT NO. AUD 21/05

6.4 Details of the outstanding high-risk issues for the two years are attached in Appendix A below. They include management updates and, in some cases, revised target dates.

7. Recommendation

7.1 Members are requested to note the information provided within the report in relation to the audit work carried out in Quarter 3 to date, the expected deliverables for Quarters 3 & 4 and the outstanding audit issues from 2019-20 & 2020-21.

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HEAD OF SERVICE: David Stanley, Executive Head of Financial Services

References: *Internal Audit – Audit Plan* report, presented to the Committee on the 29th March 2021.

[Agenda for Corporate Governance, Audit and Standards Committee on Monday, 29th March, 2021, 7.00 pm - Rushmoor Borough Council](#)

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

**INTERIM AUDIT MANAGER
22nd NOVEMBER 2021
REPORT NO. AUD 21/05**

APPENDIX A

OUTSTANDING HIGH-RISK AUDIT ISSUES

Year of Audit			
2019-20			
Report	Key findings	Management response and agreed action	Action by whom and when
PCI DSS	<p>a) The Council are allegedly paying a fine as a result of not being fully compliant with PCI DSS standards. This is due to the card terminal within the Princes Hall Theatre not transferring Cardholder data securely to the in-house CAPITA 360 system. This could not be confirmed at the time of audit.</p> <p>b) There is no management or oversight of the alleged fine within the Council, with no one being able to provide details i.e. start date, monthly amount, expiry date or whether this was still ongoing.</p>	<p>AGREED The Council has been making a monthly payment to CAPITA since late-2018 in respect of “CAPITA PCI DSS ANNUAL MGMT FEE”. Whilst the charge is relatively low (£10 per month) it is unclear what this fee covers.</p> <p>In the absence of any detailed knowledge or awareness across Finance and IT teams, the Executive Head of Finance will review.</p> <p><i>Update: a) The Council pays CAPITA an additional processing fee. There is no fine. Issue addressed.</i></p> <p><i>b) A project has been established to ensure the Council is PCI DSS compliant with options available depending on the way in which car</i></p>	<p>David Stanley, Executive Head of Finance 30/09/2022</p>

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

INTERIM AUDIT MANAGER

22nd NOVEMBER 2021

REPORT NO. AUD 21/05

Page 22

		<p><i>payments flow through the Council's systems.</i></p> <p><i>An independent assessment is being commissioned (SAQ Assessor) to ensure the Council fully addresses the PCI DSS compliance issues given its varied payment processes.</i></p> <p><i>It is unlikely the project will be completed until Q1/Q2 2022/23 given the complexity and IT solutions.</i></p>	
Estates Management & Commercial Lettings	<p>Information Sharing</p> <p>Prior to the Property and Estates Manager joining the council in March the graduate surveyor was the only officer with full knowledge of how to manage the records management spreadsheet</p>	<p>But now the knowledge sits with the P&E Manager and alternative means to manage this needs to be put in place, with a dedicated Admin role to do so.</p> <p><i>Update: Others within the team have knowledge of the workings as an interim measure.</i></p>	<p>Paul Brooks, Head of Property, Estates & Technical Services</p> <p align="center">31/01/2022</p>
Estates Management & Commercial Lettings	<p>Debt Write Off</p> <p>Audit were advised by the Sales Ledger team that a debt of £26,595 relating to one of the two tenants at Wellesley House was awaiting write off authorisation. However, the property team were unclear who had responsibility to do this and the process to follow for writing off/chasing debts was unclear.</p>	<p>The current procedures contain debt management within the Finance Team. This responsibility needs to be shared and properly communicated through clear and jointly owned information collected in a way that reflects property as a different kind of debt to others.</p> <p>See above</p>	<p>Paul Brooks, Head of Property, Estates & Technical Services / David Stanley, Executive Head of Finance</p> <p align="center">30/06/2022</p>

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

INTERIM AUDIT MANAGER

22nd NOVEMBER 2021

REPORT NO. AUD 21/05

		<p>Through proactive tenant management the situation has improved on the retained office part occupied in the building and as at Jan 2020 the tenant had caught up with the rental payments for that Ground Floor Office Suite only.</p> <p><i>Update: Executive Head of Finance to provide HoS with supplementary debt management guidance.</i></p>	
Estates Management & Commercial Lettings	<p>Aged Debt The 63.1% of the total debt (29/8/19), £142,238.36, has been outstanding for over 90 days.</p>	<p>As above.</p> <p><i>Update: Executive Head of Finance to provide HoS with supplementary debt management guidance.</i></p>	<p>Paul Brooks, Head of Property, Estates & Technical Services/ David Stanley, Executive Head of Finance 30/06/2022</p>
Estates Management & Commercial Lettings	<p>Financial Monitoring There is currently no reporting on the performance requirement that the Council needs to achieve a net initial yield of approximately 5.25% to make an asset purchase financially viable. In addition, there is confusion as to whose responsibility it is to undertake this monitoring and reporting</p>	<p>LSHIM is reporting on the Investment and Legacy portfolios to the PIAG There is no such reporting on the remainder of the Councils properties managed in house by the Estates Team. These do not sit comfortably within the same performance parameters or expectations as the Investment/Legacy Portfolios but still a means to measure and to report will be required to be developed.</p>	<p>Paul Brooks, Head of Property, Estates & Technical Services 30/06/2022</p>

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

INTERIM AUDIT MANAGER

22nd NOVEMBER 2021

REPORT NO. AUD 21/05

		<p><i>Update: Rent collection data is reported to PIAG for the nine LSHIM asset managed properties. The new asset management system will allow performance data to be collected to assess this.</i></p>	
<p>Taxi Licencing</p>	<p>Due to the manual nature of inputting the data into the system this has highlighted a number of human errors. Ranging from not recording payments which have been made against accounts, to the incorrect amount being inputted and charged. Options should be considered to see if elements of the system could be more automated to minimise the potential for errors and have a more efficient process.</p>	<p>We recognise that the current systems and processes for Taxi Licencing are open to human error, due to the lack of automation available with the systems that we are working on. The errors identified have been corrected as far as possible, and changes have been made to the documents, processes and performance monitoring of the work to reduce the likelihood of errors, and to identify errors sooner. Longer term, we are reviewing the way that licences are processed, with a view to improving the technology to allow for more automation, therefore reducing the likelihood of human error, whilst improving the service to customers. We are undergoing continuous review, and where errors are identified, consideration is given to any process or system change that could be implemented to reduce the likelihood of the same error occurring. Since implementing this, we have seen a</p>	<p>Shelley Bowman, Principal Licencing Officer 31/01/2022</p>

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

INTERIM AUDIT MANAGER

22nd NOVEMBER 2021

REPORT NO. AUD 21/05

		<p>reduction in the error rate on the cases which are reviewed.</p> <p><i>Update: Since our last update Operations have purchased Enterprise (IT System which allows automation of process) and RBC have additionally purchased the connectors which will further improve automation and self-service.</i></p> <p><i>Through the ICE project Manage my Licence has been designed and a prototype tested. We are anticipating a go live date on our website November 21. This IT based approach will reduce pressure on the officers and give them time to review charges, carry out checks and reduce opportunity for human error in the processing of taxi license request.</i></p> <p><i>In addition, we have introduced an administrative support role within the Licensing Team and are currently exploring new ways to structure the team to further improve service delivery, capacity and reduce error.</i></p>	
Building Control Partnership	2010 Building Regulations Requirement Hart do not publish their surplus or deficit figures as is required by the 2010 Building Regulations	Look to resolve during negotiations on new Deed, referring to The Building	Martin Hobley, Building Control Partnership Manager

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

INTERIM AUDIT MANAGER

22nd NOVEMBER 2021

REPORT NO. AUD 21/05

		<p>(Local Authority Charges) Regulations 2010. Review of Regs to agree how the Partnership adheres to the requirement.</p> <p><i>Update: The figures have been received through another route. However, the issue continues to be pursued with writing to the finance team as well as pursuing through their Head of Finance.</i></p>	<p>31/01/2021</p>
S106 SANGS	<p>a) There should be a plan in place as to how the funds are properly utilised and regular meetings to monitor this. This needs to include a plan of how to utilise monies that the Council may currently hold over 5 years or determine to repay sums. This would ensure that all monies that have been paid to the Council are utilised appropriately and prevent Developers successfully requesting funding back.</p> <p>b) There should be knowledge of who manages this fund. There should be regular meetings to discuss the value to enable full oversight.</p>	<p>Recommendation agreed. As part of the process of compiling the register and cleansing data any sums held for over 5 years will be identified. Regular meetings will be held between the Head of Economy, Planning and Strategic Housing, Planning and finance will be held quarterly starting in September All sums will be allocated to specific officers and teams and monitored through the quarterly meetings.</p> <p><i>Update: This process is ongoing due to the extent of the work. Additional funds have been identified over 5 years. The focus is on ensuring expenditure and developing proposals for an officer who will deliver these projects funded from s106, which will be considered by</i></p>	<p>Tim Mills, Head of Economy, Planning and Strategic Housing 30/11/2021</p>

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

**INTERIM AUDIT MANAGER
22nd NOVEMBER 2021
REPORT NO. AUD 21/05**

		<i>ELT shortly and it is anticipated this will be agreed.</i>	
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CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

INTERIM AUDIT MANAGER

22nd NOVEMBER 2021

REPORT NO. AUD 21/05

OUTSTANDING HIGH-RISK AUDIT ISSUES

Year of Audit			
2020-21			
Report	Key findings	Management response and agreed action	Action by whom and when
Alderwood Leisure Centre	It is unclear to identify if payments have been received for all of the bookings made as clear payment records are not held on the EZ facility system and unclear narratives on the Integra code.	EZ confirm certain aspects can be tied into RBC system. Nigel Swan emailed for guidance 30/11/21.Meeting with Alex Shiell 6/01/2021 to discuss requirements to integrate the two systems. <i>Update: This is a system connectivity issue. However, until a solution is found, a manual workaround is in place.</i>	Chris Beckett, ALC Manager 31/01/2022
Application Patch Management	IT are in the process of documenting processes, although application change management/patching has not yet been covered. When this is documented both overall and system specific arrangement need to be addressed. Linked to this further investigation needs to be carried out regarding systems where there is limited user testing of changes (see findings below, on roles and responsibilities). Specific to Express future changes need to be applied to test and tested/signed off, prior to migration to live.	The council has a small IT team and tends to focus its limited resources on key line of business applications support. There are plans to recruit a service delivery manager to improve consistency of application support. It should be noted that key systems e.g payments, payroll, revenues and benefits, business rates are well supported, including the use of external support companies – to ensure applications are patched and upgraded to the correct level.	Nick Harding, Head of ICT, Facilities & Projects 30/10/2021 Revised 31/07/2022

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

INTERIM AUDIT MANAGER

22nd NOVEMBER 2021

REPORT NO. AUD 21/05

	<p>Retain evidence for future nontrivial changes/patches applied. This should aim to capture:</p> <ul style="list-style-type: none"> • Identification of change/patch, i.e. what was applied. • Evidence of testing (unit, integration and user, as applicable) and outcomes. • Sign offs/approval. <p>Longer term a Configuration Management Database (CMDB) could be investigated, to store this information in a structured manner.</p> <p>IT are in the process of increasing the IT Team, specifically recruiting additional staff to support changes to applications, including bringing back in-house changes currently processed by third parties; this should continue as planned.</p> <p>Batching is a symptom of current under resourcing and reliance on third parties. While a pragmatic approach is sensible, current batching levels are excessive. How batching is approached needs to be covered in documentation (i.e. assessment and decision for each change) and, as far as possible, minimised.</p>	<p>The regulatory services applications e.g GIS/LLPG, Confirm and Uniform have dedicated IT staff employed to carry out upgrade works and maintain the systems to the correct level. It is agreed that the exception is the financial system, which is of ongoing concern. There are plans for a major review planned for 2021 as part of the ICE programme. On Risk, the over-reliance point is more a management prioritisation issue both for Heads of IT and Finance.</p> <p><i>Update: Change Management – Jul 2022 as dependent on a new service desk system that incorporates Change. UAT – April 2022. Asset Management – new solution trial aimed to complete during Q4 2021/22 All other recommendations are ongoing.</i></p>	
<p>Application Patch Management</p>	<p>Locate/put in place fit for purpose contracts for all systems. At a high level these should:</p> <ul style="list-style-type: none"> • Be up to date/in date. • Refer/link to current legislation. 	<p>Disagree – this is in medium priority and not a priority at this time/ the ICE and C19 projects have a higher priority. If</p>	<p>Nick Harding, Head of ICT, Facilities & Projects 31/12/2022</p>

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

INTERIM AUDIT MANAGER

22nd NOVEMBER 2021

REPORT NO. AUD 21/05

Page 30

	<ul style="list-style-type: none"> • Set out performance expectations, ideally quantified. • Set out support arrangements/response times. • Set out a realistic level of reporting, to confirm that performance/support expectations are being met. For example, annual/quarterly reports, against contract expectations. • Identify a realistic level of oversight, for example, periodic calls/meetings with account managers. 	<p>additional resource are provided this task could be agreed Many of the Councils line of business applications have been in place with suppliers for many years and over time contracts have not been reviewed as the systems and support have been satisfactory. The councils has good ongoing working and support arrangements so contracts have only been reviewed as services have decided to change applications. If for any reason, we needed to request an up to date contract from a supplier this would be possible. Given the amount of work involved we have not been able to allocate resources from IT to Legal to carry this task.</p> <p><i>Update: Review of contracts status by March 2022. Reviews with suppliers between Nov 2021 and April 2022. Where agreed re-negotiation needs to take place – throughout 2022</i></p>	
<p align="center">Contract Management Follow Up</p>	<p>There is no Contract Management corporate framework in place to provide guidance for Contract Managers, Procurement and management to: a) Assess the level of contract management required, e.g. formal, ad-hoc, 'light touch';</p>	<p>The New Constitution with the Contract Standing Orders, which covered the elements highlighted in the recommendation, went to Cabinet in May and was agreed. The Policy and</p>	<p align="center">Principal Procurement Officer 30/06/2022</p>

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

INTERIM AUDIT MANAGER

22nd NOVEMBER 2021

REPORT NO. AUD 21/05

	<p>b) Assess the risk to the business, e.g. financial, Health and Safety, reputational, business continuity, etc;</p> <p>c) To re-assess the level of contract management as the contract becomes established and client relationships evolve;</p> <p>d) Set out the requirement of recording meeting minutes / contract issues / progress, including the need for a standard template;</p> <p>e) Set out the steps to take if a contractor's performance / quality of delivery is inadequate, e.g. KPIs.</p> <p>f) Set out the process for the review / monitoring of continual contracts, e.g. HAGS/SMP Ltd, those contracts with expiry dates and any action required, e.g. PHS;</p> <p>g) Set out the process for adding on to the Contract Register;</p> <p>h) Set out the process when handing over an on-going contract to a new manager to oversee, e.g. PHS.</p> <p>i) Set out the reporting requirements to senior management and Members</p>	<p>Project Advisory Board (PAB) were consulted on the Council's Procurement Strategy 2020-2024 at their meetings in November 2019 and June 2020. A final draft of the Procurement Strategy was considered by Cabinet in August 2020. Training and Guidance will be produced for all officers involved in the procuring of services following the adoption of the revised Contract Standing Orders and Procurement Strategy.</p> <p><i>Update: Procurement responsibility changed September 2021 with Portsmouth CC providing support. Head of Finance and Asst CEX to review Q1 2022</i></p>	
<p align="center">Contract Management Follow Up</p>	<p>There is no corporate guidance that sets out the clear roles and responsibilities for the Contract Managers, Procurement and management</p>	<p>The updated Contract Standing Orders (CSO), sets out the roles and responsibilities. However, training on the update CSO will be given in the next few months so that contract managers are aware are their roles and responsibilities.</p>	<p align="center">Principal Procurement Officer 30/06/2022</p>

CORPORATE GOVERNANCE, AUDIT & STANDARDS COMMITTEE

INTERIM AUDIT MANAGER

22nd NOVEMBER 2021

REPORT NO. AUD 21/05

Page 32

		<i>Update: Procurement responsibility changed September 2021 with Portsmouth CC providing support. Head of Finance and Asst CEX to review Q1 2022</i>	
Disabled Facilities Grants Follow Up	Two quantity surveyors are exclusively used (with one particularly favoured- BJC Design with payments in 2018/19 of c.£46k). The Contract Standing Orders 'requirement of aggregation' are not applied in assessing contract requirements.	<p>The Procurement Officer is working with Property Services to set up a separate framework agreement for surveyors and to advertise for new surveyors to be 'procured' and vetted. The Procurement Officer confirmed this will go out to competition for acquiring new contractors/surveyors (see also recommendations 5 and 6 above).</p> <p><i>Update: Working with Portsmouth CC to understand where they can support this process.</i></p>	<p>Hilary Smith, Private Sector Housing Manager 31/12/2021</p>

**CORPORATE GOVERNANCE,
AUDIT AND STANDARDS
COMMITTEE****MONITORING OFFICER****22ND NOVEMBER, 2021****REPORT NO. LEG2105****UPDATE TO THE MEMBERS CODE OF CONDUCT****1. INTRODUCTION**

- 1.1 This Report proposes minor adjustments to the Code of Conduct for Members, to reflect amendments to the published Local Government Association (LGA) Model Code of Conduct related to Members Interests. A copy of the current Code is attached as Appendix 1 with the proposed updates shown as track changes.

2. BACKGROUND

- 2.1 In February and March 2021, a six-week public consultation was carried out on a draft new Rushmoor Code of Conduct for Councillors, to mirror the new national Model Code produced by the LGA. Following a recommendation by this Committee, the Council agreed to adopt the new Code at its meeting in April 2021, to take effect from the beginning of the current Municipal Year.
- 2.2 The Corporate Governance, Audit and Standards Committee has responsibility to monitor the operation of the Members Code of Conduct.

3. SUMMARY OF AMENDMENTS

- 3.1 To ensure that Rushmoor's Code continues to mirror the National Code, the proposed adjustments are to Appendix B in respect of registering interests. They relate to the disclosure of non-registerable interests and clarify the following:
- 3.2 Paragraph 8 – where a matter arises at a meeting which affects a financial interest or wellbeing of a body included under Other Registrable Interests as set out in Table 2, Members must disclose that interest at the meeting. The current version references Table 1 in error.
- 3.3 Paragraph 9 - Should read 'Where a matter affects the financial interest or wellbeing'. The word 'the' replaces the current word 'your'. This clarifies that the test for whether a councillor can remain in the meeting after declaring a non-registerable interest, relates to all of the reasons in paragraph 8.

3.4 Paragraph 10 – Adjustment to tidy the arrangements for executive decisions made by individual Members to match existing provisions in the Constitution. Individual Cabinet Members should not use their delegated powers where they have an interest in the matter.

3.5 Table 2 - To add in missing text provided by the LGA that councillors must register any unpaid directorships as an Other Registrable Interest.

4. **CONCLUSIONS AND RECOMMENDATION**

4.1 These minor adjustments/clarifications are proposed to ensure that the Local Code of Conduct continues to mirror the National Code.

4.2 It is Recommended that:

(i) the amendments to Appendix B of the Members' Code of Conduct be approved as set out in Appendix 1.

(ii) a copy of the updated Code of Conduct be circulated to all Members.

CATRIONA HERBERT
CORPORATE MANAGER – LEGAL AND DEPUTY MONITORING OFFICER

IAN HARRISON – MONITORING OFFICER

Contact: Jill.shuttleworth@rushmoor.gov.uk Service Manger - Democracy

CODE OF CONDUCT FOR COUNCILLORS

1. INTRODUCTION

Definitions

For the purposes of this Code of Conduct, a “councillor” means a member or co-opted member of a local authority. A “co-opted member” is defined in the Localism Act 2011 Section 27(4) as “a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;
- b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

Purpose of the Code of Conduct

The purpose of this Code of Conduct is to assist you, as a councillor, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow councillors, local authority officers and the reputation of local government. It sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct. The LGA encourages the use of support, training and mediation prior to action being taken using the Code. The fundamental aim of the Code is to create and maintain public confidence in the role of councillor and local government.

General principles of councillor conduct

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers; should uphold the Seven Principles of Public Life, also known as the Nolan Principles.

Building on these principles, the following general principles have been developed specifically for the role of councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of councillor

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest

Application of the Code of Conduct

This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.

This Code of Conduct applies to you when you are acting in your capacity as a councillor which may include when:

- You misuse your position as a councillor
- Your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor;

The Code applies to all forms of communication and interaction, including:

- At face-to-face meetings
- At online or telephone meetings
- In written communication
- In verbal communication
- In non-verbal communication
- In electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times when acting as a councillor.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer or your two Deputy Monitoring Officers on any matters that may relate to the Code of Conduct.

2. STANDARDS OF COUNCILLOR CONDUCT

This section sets out your obligations, which are the minimum standards of conduct required of you as a councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

Guidance is included to help explain the reasons for the obligations and how they should be followed.

General Conduct

1. Respect

As a Councillor:

1.1 I treat other councillors and members of the public with respect.

1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the local authority's councillor-officer protocol.

2. Bullying, harassment and discrimination

As a Councillor:

2.1 I do not bully any person.

2.2 I do not harass any person.

2.3 I promote equalities and do not discriminate unlawfully against any person.

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient.

Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

3. Impartiality of officers of the council

As a Councillor:

3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.

Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

4. Confidentiality and access to information

As a Councillor:

4.1 I do not disclose information:

- a) Given to me in confidence by anyone
- b) Acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless
 - i. I have received the consent of a person authorised to give it;
 - ii. I am required by law to do so;
 - iii. The disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or
 - iv. The disclosure is:

1. Reasonable and in the public interest; and
2. Made in good faith and in compliance with the reasonable requirements of the local authority; and
3. I have consulted the Monitoring Officer prior to its release.

4.2 I do not improperly use knowledge gained solely as a result of my role as a councillor for the advancement of myself, my friends, my family members, my employer or my business interests.

4.3 I do not prevent anyone from getting information that they are entitled to by law.

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

5. Disrepute

As a Councillor:

5.1 I do not bring my role or local authority into disrepute.

As a Councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or your local authority and may lower the public's confidence in your or your local authority's ability to discharge your/it's functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute.

You are able to hold the local authority and fellow councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the council whilst continuing to adhere to other aspects of this Code of Conduct.

6. Use of position

As a Councillor:

6.1 I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the local authority provides you with certain opportunities, responsibilities and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these

opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

7. Use of local authority resources and facilities

As a Councillor:

7.1 I do not misuse council resources.

7.2 I will, when using the resources of the local authority or authorising their use by others:

- a) act in accordance with the local authority's requirements; and
- b) ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.

You may be provided with resources and facilities by the local authority to assist you in carrying out your duties as a councillor.

Examples include:

- Office support
- Stationery
- Equipment such as phones, and computers
- Transport
- Access and use of local authority buildings and rooms.

These are given to you to help you carry out your role as a councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the local authority's own policies regarding their use.

8. Complying with the Code of Conduct

As a Councillor:

8.1 I will undertake Code of Conduct training provided by my local authority.

8.2 I will cooperate with any Code of Conduct investigation and/or determination.

8.3 I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.

8.4 I will comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.

It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer or the Deputy Monitoring Officers.

Protecting your reputation and the reputation of the local authority.

9. Interests

As a Councillor:

9.1 I register and disclose my interests.

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the authority.

You need to register your interests so that the public, local authority employees and fellow councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other councillors when making or taking part in decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or disclose a disclosable pecuniary interest as set out in Table 1, is a criminal offence under the Localism Act 2011.

Appendix B sets out the detailed provisions on registering and disclosing interests. If in doubt, you should always seek advice from your Monitoring Officer.

10. Gifts and hospitality

As a Councillor:

- 10.1** I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.
- 10.2** I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.
- 10.3** I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.

In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a councillor. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are

not related to your role as a councillor, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a councillor. If you are unsure, do contact your Monitoring Officer or Deputy Monitoring Officers for guidance.

Appendices

Appendix A – The Seven Principles of Public Life

The principles are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix B – Registering Interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in “The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012”. You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

“**Disclosable pecuniary interest**” means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in **Table 1** below.

“**Partner**” means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A ‘sensitive interest’ is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a ‘sensitive interest’ you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non-participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a ‘sensitive interest’, you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.
5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Disclosure of other registerable interests

6. Where a matter arises at a meeting which **directly relates** to one of your Other Registerable Interests (as set out in Table 2), you must disclose the interest. You may speak on the matter only if members of the public are also

allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of non-registerable interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
 - a) your own financial interest or well-being;
 - a) A financial interest or well-being of a friend, relative, close associate; or
 - b) ~~A body included in those you need to disclose under Disclosable Pecuniary Interests as set out in Table 1~~ A financial interest or wellbeing of a body included under Other Registrable Interests as set out in Table 2.

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter **affects the your** financial interest or well-being:
 - a) To a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b) A reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

10. ~~Where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must make sure that any written statement of that decision records the existence and nature of your interest.~~ Where you have an Other Registrable Interest or Non-Registrable Interest on a matter to be considered by you as a Cabinet Member under individual delegation arrangements in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012.

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the Council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land and Property	<p>Any beneficial interest in land which is within the area of the Council.</p> <p>'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.</p>
Licences	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.

Corporate tenancies	Any tenancy where (to the councillor's knowledge) - (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and (b) either - (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registerable Interests

You must register as an Other Registerable Interest:

~~You have a personal interest in any business of your authority where it relates to or is likely to affect:~~

- a) any unpaid directorships
- b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority
- c) any body
 - (i) exercising functions of a public nature
 - (ii) directed to a charitable purpose; or

(iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

of which you are a member or in a position of general control or management.