



Communities Directorate

26 May 2015

Joint Governance Committee

Date: 4 June 2015

Time: 6:30pm

Venue: Council Chamber, Civic Centre, Shoreham-by-Sea

Adur District Council: Councillors Rod Hotton (Chairman), Fred Lewis, Ann Bridges, Emily Hilditch, David Donaldson, James Butcher, Paul Graysmark and Barry Mear

Worthing Borough Council: Councillors Elizabeth Sparkes (Chairman), Paul Yallop, Joan Bradley, Michael Cloake, Alex Harman, Lionel Harman, Louise Murphy and Bob Smytherman

Agenda

Part A

1. Declarations of Interest

Members and officers must declare any disclosable pecuniary interests in relation to any business on the agenda. Declarations should also be made at any stage such an interest becomes apparent during the meeting.

If in doubt contact the Legal or Democratic Services representative for this meeting.

2. Minutes

To approve the minutes of the Joint Governance Committee meeting held on 24th March 2015, copies of which have been previously circulated.

3. Public Question Time

To receive any questions from members of the public.

(Note: Public Question Time will operate for a maximum of 30 minutes.)

4. Items Raised Under Urgency Provisions

To consider any items the Chairman of the meeting considers to be urgent.

5. Internal Audit Progress Report (including the Internal Audit Annual Reports)

To consider a report by the Acting Head of Internal Audit, copy attached as item 5.

6. The Annual Governance Statements 2014/15 - Review and Approval

To consider a report by the Director for Digital & Resources, copy attached as item 6.

7. Proposed Revision of Contract Standing Orders

To consider a report by the Director for Digital & Resources, copy attached as item 7.

8. Audit Committee Self-Assessment

To consider a report by the Director for Digital & Resources, copy attached as item 8.

9. Audit enquiries to those charged with Governance

To consider a report by the Director for Digital & Resources, copy attached as item 9.

10. Officer Employment Procedure Rules

To consider a report by the Monitoring Officer, copy attached as item 10.

Part B - Not for Publication – Exempt Information Reports

None

For Democratic Services enquiries relating to this meeting please contact:

Neil Terry
Senior Democratic Services Officer
01903 221073
neil.terry@adur-worthing.gov.uk

For Legal Services enquiries relating to this meeting please contact:

Susan Sale
Solicitor to the Council
01903 221119
susan.sale@adur-worthing.gov.uk

The agenda and reports are available on the Councils website, please visit
www.adur-worthing.gov.uk

Internal Audit Progress Report

Report of the Acting Head of Internal Audit

1.0 Summary

- 1.1 This report notes the performance of the Internal Audit Section for the period 1st to 30th April 2015 against the agreed 2014/15 and 2015/16 Annual Internal Audit Plans.
- 1.2 This report provides a summary of the key issues raised in final audit reports issued since our last report to this Committee and provides the current status on the follow-up on the agreed audit recommendations made in final audit reports.
- 1.3 This report provides the Head of Internal Audit's opinion reports on the system of internal control at Adur District Council and Worthing Borough Council during 2014/15 and provides a detailed summary of the audit work completed against the 2014/15 audit plan and the key issues identified from this work.

2.0 Background

- 2.1 Each quarter a report is produced for this Committee which details the Internal Audit Section's performance against the current year of the agreed 3 year Strategic Internal Audit Plan, and summarises the results of audit work carried out.

Internal Audit Performance - 2014/15

- 2.2 The 2014/15 Annual Internal Audit Plan agreed by the Joint Governance & Audit Committee on 20 March 2014 contained 773 days and 66 items of audit work to be undertaken by the Internal Audit Service during the year.
- 2.3 Since approval, the audit plan has been revised to accommodate requests to move audits to different parts of the year and to take account of changes in requirements. The current plan is summarised as:

| Period | No of audits planned | No of days planned | % of days planned |
|--------------------------------|----------------------|--------------------|-------------------|
| Quarter 1 (April – June) | 13 | 134.25 | 18.7% |
| Quarter 2 (July – September) | 15 | 187.75 | 26.2% |
| Quarter 3 (October – December) | 10 | 156.25 | 21.8% |
| Quarter 4 (January – March) | 18 | 238.75 | 33.3% |
| | 56 | 717 | 100 |

- 2.4 At 30 April, 661.84 days (92.3%) of the planned days had been delivered against revised 717 days. The days still to be completed relate to audits currently in progress or under review.

Internal Audit Performance - 2015/16

- 2.5 The 2015/16 Annual Internal Audit Plan agreed by the Joint Governance Committee on 24 March 2015 contained 770 days and 64 items of audit work to be undertaken by the Internal Audit Service during the year.
- 2.6 Since approval, the audit plan has been revised to accommodate requests to move audits to different parts of the year and to take account of changes in requirements. The current plan is summarised as:

| Period | No of audits planned | No of days planned | % of days planned |
|--------------------------------|-----------------------------|---------------------------|--------------------------|
| Quarter 1 (April – June) | 13 | 157.25 | 20.2% |
| Quarter 2 (July – September) | 18 | 200.75 | 25.8% |
| Quarter 3 (October – December) | 18 | 214.25 | 27.5% |
| Quarter 4 (January – March) | 16 | 205.75 | 26.5% |
| | 65 | 778 | 100 |

- 2.7 At 30th April, 29 days (3.7%) of the planned days had been delivered against the planned 778 days. As work has only recently started on this plan we will report detailed information on progress in our next report to this Committee.
- 2.8 Recommendations made in audit reports are categorised according to their level of priority as follows:

| | |
|-------------------|--|
| Priority 1 | Major issues for the attention of senior management. |
| Priority 2 | Other recommendations for local management action. |
| Priority 3 | Minor matters. |

Final Audit Reports

- 2.9 Internal Audit's assurance opinions accord with an assessment of the controls in place and the level of compliance with these controls. During the course of an audit, a large number of controls will be examined for adequacy and compliance. The assurance level given is the best indicator of the system's control adequacy. The assurance levels and their associated explanations are:-

| | |
|-------------------------------|--|
| Full Assurance | There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied. |
| Satisfactory Assurance | While there is a basically sound system, there are weaknesses that put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk. |
| Limited Assurance | Weaknesses in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk. |

| | |
|---------------------|---|
| No Assurance | Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse. |
|---------------------|---|

- 2.10 The report attached as **Appendix 1** provides a summary of key issues raised in all final reports issued since our last report to this Committee, including those with a Limited Assurance opinion. Since the previous Committee, 16 reports have been finalised, of these ten were Satisfactory assurance and six were Limited assurance. A total of eleven P1 recommendations were raised within these reports.

Follow up of Audit Recommendations

- 2.11 In accordance with the Council's Follow-Up Protocol, Internal Audit has continued following-up the status of implementation of recommendations contained in final audit reports.
- 2.12 Follow-up audits are undertaken to ensure that all recommendations raised have been successfully implemented according to the action plans agreed with the service managers. The Follow-up Protocol requires implementation of 80% of all priority 2 and 3 recommendations and 100% of priority 1 recommendations. The performance in relation to these targets as at 30 April is shown in the tables below.

Analysis of status of recommendations 2012/13

| | Total Due | Imp | % | Carried Over (Not Impl'd) | % | FU & Overdue | % | FU & No Response | % | Total % NOT Impl'd | FU Not Due | Total |
|--------------|------------|------------|--------------|---------------------------|--------------|--------------|--------------|------------------|-----------|--------------------|------------|------------|
| P1 | 34 | 29 | 85.3% | 3 | 8.8% | 2 | 5.69% | 0 | 0% | 14.7% | 2 | 37 |
| P2 | 177 | 129 | 72.9% | 31 | 17.5% | 17 | 9.6% | 0 | 0% | 27.1% | 6 | 185 |
| P3 | 18 | 14 | 77.8% | 3 | 16.7% | 1 | 5.6% | 0 | 0% | 22.2% | 0 | 18 |
| Other | 20 | 3 | 15% | 0 | 0% | 17 | 85% | 0 | 0% | 85% | 0 | 28 |
| Total | 249 | 175 | 70.2% | 37 | 14.9% | 37 | 14.9% | 0 | 0% | 29.8% | 8 | 257 |

Analysis of status of recommendations 2013/14

| | Total Due | Imp | % | Carried Over (Not Impl'd) | % | FU & Overdue | % | FU & No Response | % | Total % NOT Impl'd | FU Not Due | Total |
|--------------|------------|-----------|--------------|---------------------------|--------------|--------------|--------------|------------------|-----------|--------------------|------------|------------|
| P1 | 11 | 10 | 90.9% | 0 | 0% | 1 | 0% | 0 | 0% | 9.1% | 4 | 15 |
| P2 | 94 | 56 | 59.6% | 22 | 16.8% | 16 | 16.8% | 0 | 0% | 40.4% | 7 | 101 |
| P3 | 22 | 16 | 72.7% | 5 | 15% | 1 | 5% | 0 | 0% | 27.3% | 0 | 22 |
| Other | 0 | 0 | 0% | 0 | 0% | 0 | 83.3% | 0 | 0% | 0% | 6 | 6 |
| Total | 127 | 82 | 64.6% | 27 | 21.2% | 18 | 14.2% | 0 | 0% | 35.4% | 17 | 144 |

Analysis of status of recommendations 2014/15

| | Total Due | Imp | % | Carried Over (Not Impl'd) | % | FU & Overdue | % | FU & No Response | % | Total % NOT Impl'd | FU Not Due | Total |
|-------|-----------|-----|-------|---------------------------|----|--------------|-------|------------------|-------|--------------------|------------|-------|
| P1 | 7 | 4 | 57.1% | 0 | 0% | 2 | 28.6% | 1 | 14.3% | 42.9% | 16 | 23 |
| P2 | 21 | 13 | 61.9% | 0 | 0% | 4 | 19% | 4 | 19% | 38.1% | 80 | 101 |
| P3 | 4 | 2 | 50% | 0 | 0% | 0 | 0% | 2 | 50% | 50% | 24 | 28 |
| Other | 1 | 1 | 100% | 0 | 0% | 0 | 0% | 0 | 0% | 0% | 1 | 2 |
| Total | 33 | 20 | 60.6% | 0 | 0% | 6 | 18.2% | 7 | 21.2% | 39.4% | 121 | 154 |

- 2.13 Attached as **Appendices 2, 3 & 4** are tables which summarise the current follow-up status of recommendations made in final audit reports for 2012/13, 2013/14 and 2014/15. The shaded boxes indicate where changes have occurred since our last report. As reported in our last progress report to this Committee, we continue to monitor the recommendations outstanding for 2011/12 audit reports for which the percentage of outstanding recommendations is now 2.5%.

Head of Internal Audit's Opinion – 2014/15

- 2.14 Each year a Head of Internal Audit (HoIA) Report is generated to meet the Head of Internal Audit's annual reporting requirements set out in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. The HIA Report is an opinion statement provided for the use of the Council in support of its Annual Governance Statement.
- 2.15 Attached as **Appendices 5 and 6** are the Head of Internal Audit's Annual Reports for Adur District Council and Worthing Borough Council for the year 2014/15.
- 2.16 Attached as **Appendix 7** is the detailed summary of the 2014/15 audits summarised in the HoIA reports.

3.0 Proposals

- 3.1 That the Committee note the performance of the Internal Audit Section for 1st to 30th April 2015 against the 2014/15 and 2015/16 Audit Plan.
- 3.2 That the Committee note the summary of the key issues raised in final audit reports issued since our last report to this committee and the current status on the follow-up on Internal Audit recommendations made as a result of audits completed during 2012/13, 2013/14 and 2014/15.
- 3.3 That the Committee note the Head of Audit's opinion on the system of internal control at both Adur District Council and Worthing Borough Council during 2014/15 and the updated summary of the 2014/15 audits.

4.0 Legal

- 4.1 There are no legal matters arising as a result of this report.

5.0 Financial Implications

5.1 There are no financial implications arising from this report.

6.0 Recommendations

- 6.1 That the Committee note the performance of the Internal Audit Section for 1st to 30th April 2015 against the 2015/16 audit plan.
- 6.2 That the Committee note the summary of the key issues raised in final audit reports issued since our last report to this Committee and the current status on the follow-up on Internal Audit recommendations made as a result of audits completed during 2012/13, 2013/14 and 2014/15.
- 6.3 That the Committee note the Head of Audit's opinion on the system of internal control at both Adur District Council and Worthing Borough Council during 2014/15 and the updated summary of the 2014/15 audits.

Local Government Act 1972

Background Papers: None

Contact Officer:

Pat Stothard

Acting Head of Internal Audit

Town Hall, Worthing

Tel: 01903 221255

e-mail pat.stothard@mazars.co.uk

Schedule of Other Matters

1.0 Council Priority

1.1 The report does not seek to meet any particular Council priorities.

2.0 Specific Action Plans

2.1 (A) Matter considered and no issues identified.
(B) Matter considered and no issues identified.

3.0 Sustainability Issues

3.1 Matter considered and no issues identified.

4.0 Equality Issues

4.1 Matter considered and no issues identified.

5.0 Community Safety Issues (SECTION 17)

5.1 Matter considered and no issues identified.

6.0 Human Rights Issues

6.1 Matter considered and no issues identified.

7.0 Reputation

7.1 Matter considered and no issues identified.

8.0 Consultations

8.1 (A) Matter considered and no issues identified.
8.2 (B) Matter considered and no issues identified.

9.0 Risk Assessment

9.1 Matter considered and no issues identified.

10.0 Health & Safety Issues

10.1 Matter considered and no issues identified.

11.0 Procurement Strategy

11.1 Matter considered and no issues identified.

12.0 Partnership Working

12.1 Matter considered and no issues identified.

Key issues from finalised audits

Appendix 1

| Audit Title | Risk Level | Assurance Level & Number of Issues | Summary of key issues raised |
|------------------------------------|------------|---|---|
| Local Strategic Partnership | H | Satisfactory (Four Priority 2 recommendations) | No Priority 1 recommendations were raised. |
| Building Maintenance (13/14) | H | Limited (Two Priority 1, Seven Priority 2 and One Priority 3 recommendations) | The Priority 1 recommendations related to the lack of signed contract for electrical contract & lack of SLA for building maintenance services now in house with ADC Building Maintenance |
| Network Infrastructure (13/14) | H | Limited (Four Priority 1 and 6 Priority 2 recommendations) | The Priority 1 recommendations related to the installation of anti virus software; Account lockout policy setting, that the IOS version installed on core switches had reached end of vulnerability/security support on 1/4/13, lack of change and release management procedures and a lack of appropriate professional network training. |
| Corporate Governance | H | Satisfactory (Six Priority 2 recommendations) | No Priority 1 recommendations were raised. |
| Cashiering | H | Satisfactory (Two Priority 2 and Two Priority 3 recommendations) | No Priority 1 recommendations were raised. |
| Creditors | H | Satisfactory (One Priority 1 and One Priority 2 recommendations) | The Priority 1 recommendation related to the need to verify changes requested to supplier bank details. |
| External Funding | M | Limited (Two Priority 1, Six Priority 2 and Two Priority 3 recommendations) | The Priority 1 recommendations related to the BID approval process not being followed for 2 of 5 bids tested and the lack of compliance with the centralised process. |
| Capital Expenditure & Fixed Assets | M | Limited (Eight Priority 2 and One Priority 3 recommendations) | No Priority 1 recommendations were raised. |
| Treasury Management | H | Satisfactory (One Priority 2 and One Priority 3 recommendations) | No Priority 1 recommendations were raised. |
| Facilities Management & Security | M | Satisfactory (Ten Priority 2 and Five Priority 3 recommendations) | No Priority 1 recommendations were raised. |
| Pool Car Pilot | L | Satisfactory (Four Priority 2 and One Priority 3 recommendations) | No Priority 1 recommendations were raised. |
| Housing Rents | M | Satisfactory (One Priority 1 and Two Priority 2 recommendations) | The Priority 1 recommendation related to reconciliations not being completed/ not completed in a timely manner. |

| Audit Title | Risk Level | Assurance Level & Number of Issues | Summary of key issues raised |
|--------------------|-------------------|--|--|
| Void Management | M | Limited (Ten Priority 2 recommendations) | No Priority 1 recommendations were raised. |
| Beach Huts | M | Limited (One Priority 1, Nine Priority 2 and Two Priority 3 recommendations) | The Priority 1 recommendation related to the lack of confirmation of sale fees and owner ID for private sale transactions. |
| WBC Revenues | H | Satisfactory (Three Priority 2 and Two Priority 3 recommendations) | No Priority 1 recommendations were raised. |
| WBC Benefits | H | Satisfactory (One Priority 2 recommendation) | No Priority 1 recommendations were raised. |

Follow Up of Recommendations 2012/13 Audit Plan

Appendix 2

| Audit Title | Joint Audit | Final Report Date | Assurance level | Recs not applicable for follow up | Total No of Recs | Number of agreed recs completed | Percentage of recs completed | Recs carried over into next audit | Percentage of recs carried over | Number of agreed recs outstanding | Percentage of recs outstanding | Key auditees | Comments | Date Further Follow-up due |
|--|-------------|-------------------|-----------------|-----------------------------------|------------------|---------------------------------|------------------------------|-----------------------------------|---------------------------------|-----------------------------------|--------------------------------|--------------|---|----------------------------|
| Chief Executive | | | | | | | | | | | | | | |
| Delivery of Corporate Vision & Priorities | * | Mar-13 | Satisfactory | 3 | 2 | 2 | 100% | | | | | | | |
| Risk Management | * | May-13 | Satisfactory | 1 | 9 | 5 | 56% | 4 | 44% | | | | | |
| Communications | * | Oct-13 | Satisfactory | | 7 | 4 | 57% | | | 3 | 43% | N Hopkins | Detailed response to FU received from Head of Communications on 3/3/15. Update received on 13/5 - 3 still O/S are in progress | |
| Strategic Director (JM) | | | | | | | | | | | | | | |
| Equalities | * | Jul-12 | Satisfactory | | 7 | 7 | 100% | | | | | | | |
| IT Project Management & Governance (CenSus contract) | * | Jun-13 | Satisfactory | | 1 | | | | | 1 | 100% | C Stephenson | Recommendation relates to the development of an ICT Strategy - we were advised in June 14 that this was in progress but have yet to be provided with strategy | May-15 |
| Exec Head of Adur Homes | | | | | | | | | | | | | | |
| ADC - Leasehold Management | | Nov-12 | Satisfactory | | 1 | 1 | 100% | | | | | | COMPLETE | |
| ADC - Housing Rents | | Jan-13 | Satisfactory | | 1 | 1 | 100% | | | | | | COMPLETE | |
| ADC - Right to Buy | | Mar-13 | Full | | 0 | | | | | | | | NO FOLLOW UP REQ'D | |
| ADC - Sheltered Accommodation | | Oct-13 | Satisfactory | 1 | 1 | 1 | 100% | | | | | | OS rec related to Care & Support Strategy - update provided in Jan 15 confirms strategy being developed by WSCC & councils have no bearing on. | |
| ADC - Community Alarm | | Nov-13 | Satisfactory | | 2 | 2 | 100% | | | | | | COMPLETE | |
| Exec Head of Corporate & Cultural Services | | | | | | | | | | | | | | |
| Corporate Governance | * | Dec-12 | Satisfactory | | 6 | 0 | | 6 | 100% | | | | FU performed as part of 13/14 audit confirmed none of recs were implemented and all have been reiterated in 13/14 report | |
| Freedom of Information | * | Feb-13 | Limited | | 12 | 12 | 100% | | | | | | COMPLETE | |
| Bribery Act | * | Feb-13 | Satisfactory | | 2 | 2 | 100% | | | | | | COMPLETE | |
| Worthing Leisure Centre - Catering Income & Stock Control | | Mar-13 | Limited | 6 | 19 | 19 | 100% | | | | | | Testing found that 6 still O/S. No further FU to be completed as L Centre transfers to Trust on 1 May - Memo to be sent to new Finance Manager to make her aware of outstanding issues. | |
| WBC - Museum | | May-13 | Satisfactory | | 10 | 9 | 90% | 1 | 10% | | | | 90% complete & last rec (due Dec 13) was in progress. No further FU required. | |
| WBC Theatres (Catering Income & Stock control) | | Apr-14 | Limited | | 12 | 9 | 75% | | | 3 | 25% | D Wilkins | FU self assessment suggested that 10/12 had been completed - visit completed and confirmed 9 complete - 3 still in progress - Further FU | Jun-15 |
| WBC Commidea Application | | Apr-13 | Limited | 3 | 3 | 3 | 100% | | | | | | NO FURTHER FU REQUIRED AS LEISURE NO LONGER PART OF COUNCIL | |
| Election Expenses | * | Sep-13 | Satisfactory | | 5 | 5 | 100% | | | | | | COMPLETE | |
| Members Allowances & Equipment | * | Jan-14 | Satisfactory | 1 | 7 | 6 | 86% | 1 | 14% | | | | 86% complete - no further FU req'd | |
| Exec Head of Customer Services | | | | | | | | | | | | | | |
| AWCS | * | Jul-12 | Satisfactory | | 2 | | | | | 2 | 100% | T Patching | Update provided on 11 May 15 confirms SLA has now been drafted and sent to NHS so should be in place by end of May. Other rec still needs addressing. | Jun-15 |
| Worthing Crematorium | | Aug-12 | Limited | | 7 | 6 | 86% | 1 | 14% | | | | 86% complete - no further FU req'd | |
| WBC - Benefits | | Mar-13 | Satisfactory | | 1 | 1 | 100% | | | | | | COMPLETE | |
| WBC Revenues (Council Tax & NDR) | | Jun-13 | Satisfactory | | 4 | 3 | | 1 | 25% | | | | O/S rec reiterated in 13/14 audit report | |
| Exec Head of Housing, Health & Community Safety | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | |
|--|---|--------|--------------|----|-----|-----|------|---|------|-----|-----|----------------------------------|--|--------|
| Licensing | * | Jul-13 | Satisfactory | | 2 | 2 | 100% | | | | | | COMPLETE | |
| Partnership Arrangements - Family Intervention Project | * | Feb-13 | Satisfactory | | 6 | 6 | 100% | | | | | | COMPLETE | |
| Strategic Director (AG) | | | | | | | | | | | | | | |
| ADC - Annual Governance Statement | | N/A | N/A | | N/A | N/A | N/A | | | N/A | | | | |
| WBC - Annual Governance Statement | | N/A | N/A | | N/A | N/A | N/A | | | N/A | | | | |
| Exec Head of Financial Services | | | | | | | | | | | | | | |
| Medium Term Financial Planning | * | Sep-12 | Satisfactory | | 1 | 1 | 100% | | | | | | COMPLETE | |
| Contract Variations | * | Dec-12 | Limited | | 6 | 5 | 83% | 1 | 17% | | | | COMPLETE | |
| Axis Income Management Application | * | Dec-12 | Satisfactory | 1 | 8 | 7 | 88% | 1 | 12% | | | | Further FU confirmed one rec addressed/ we have considered that the one relating to disaster recovery plans is being addressed as part of current work & DR is subject to a current audit. The last one will be addressed when the next upgrade to the system is implemented but will not be followed up further as 80% completion achieved. | |
| Probity - Ebay Sales | * | Feb-13 | N/A | 8 | | | | | | | | | EHFS advised on 26/11/13 that ebay sales suspended until policy & procedures. Ebay has not been used since issue of report in Feb 13 - no further follow up planned as system not used for over 2 years. | |
| BACSESS IP | * | Feb-13 | Limited | 12 | 0 | | | | | | | | Bacsess system was replaced following our audit and new system Paygate was purchased. Recs from Bacsess report no longer valid for follow up but have been considered during implementation of the new system and Audit has been kept up to date with these development. | |
| ADC CenSus C Tax | | Apr-13 | Satisfactory | | 8 | 3 | 38% | 3 | 38% | 2 | 25% | C McNeill | 2 recs still outstanding - one will not be completed until June 15 - update requested re other in Jan 15 | Jul-15 |
| Probity - Corporate Credit Cards | * | May-13 | N/A | | 2 | 2 | 100% | | | | | | COMPLETE | |
| Creditors | * | May-13 | Satisfactory | | 6 | 4 | 67% | 2 | 33% | | | | Recs were followed up during 13/14 annual audit | |
| Debtors | * | May-13 | Limited | 1 | 11 | 9 | 82% | 2 | 18% | | | | Recs were followed up during 13/14 annual audit | |
| General Ledger | * | May-13 | Satisfactory | 1 | 7 | 3 | 43% | 4 | 57% | | | | Recs were followed up during 13/14 annual audit | |
| Cashiering | * | May-13 | Satisfactory | | 5 | 4 | 80% | 1 | 20% | | | | Recs were followed up during 13/14 annual audit | |
| Treasury Management | * | Aug-13 | Satisfactory | | 7 | 4 | 57% | 3 | 43% | | | | Recs were followed up during 13/14 annual audit | |
| IT Asset Management | * | Oct-13 | Satisfactory | | 7 | 4 | 57% | | | 3 | 43% | M Gawley | In response to instructions issued at last committee - written response now received and officers will attend next JGC. Response confirmed 3 recs still outstanding so further FU required | Sep-15 |
| Anti Fraud Approach | * | Nov-13 | N/A | 1 | 18 | 1 | 6% | | | 17 | 94% | T Cutler | Further FU into OS recs confirmed NFA. S Gobey to take up with Corp Fraud Unit & new audit due in 15/16. | Jun-15 |
| Payroll | * | N/A | N/A | | | | | | | | | | Report not finalised before 13/14 audit so issues in draft report being considered as part of 13/14 audit. | |
| Capital Expenditure & Fixed Assets | * | Jan-14 | Satisfactory | | 6 | | | 6 | 100% | | | | Recs were followed up during 13/14 annual audit | |
| Exec Head of Planning, Regeneration & Wellbeing | | | | | | | | | | | | | | |
| Local Development Framework | * | Feb-13 | Full | | 0 | | | | | | | | NO FOLLOW UP REQ'D | |
| Economic Development | * | Apr-13 | Limited | 1 | 6 | 3 | 50% | | | 3 | 50% | Was C Mangan | FU response received - changes in management have effected - outstanding recs to be included in new Head of Service - sent to Director on 7/5 - Further FU required | Jul-15 |
| Planning | * | May-13 | Satisfactory | 1 | 2 | 2 | 100% | | | | | | COMPLETE | |
| ADC Pot of Gold | | Jul-13 | Satisfactory | 2 | 5 | 2 | 40% | | | 3 | 60% | Was S Stride (now Joanne Clarke) | 2 outstanding recs had not been addressed - issues have been raised with Manager and assigned to new officer - SS to meet and discuss | Jun-15 |
| Exec Head of Technical Services | | | | | | | | | | | | | | |
| Coastal Protection | * | Mar-13 | Satisfactory | | 5 | 5 | 100% | | | | | | COMPLETE | |
| Procurement Strategy, Governance & Communications | * | Nov-13 | Limited | | 10 | 2 | 20% | | | 8 | 80% | S Spinner | Self assessment follow up received in Nov 14 confirmed 2 completed and rest in progress. | Jun-15 |
| Allotments | * | Jan-14 | Limited | 2 | 8 | 8 | 100% | | | | | | | |

WBC - Crematorium contract

| | | | | | | | | | | | | | | |
|--|--|--|--|-----|-----|-----|----|-----|----|-----|--|--|--|--|
| | | | | | | | | | | | | | | |
| | | | | 257 | 175 | 68% | 37 | 14% | 45 | 18% | | | | |

| Audit | Joint Audit | Final Report Date | Assurance level | Recs not applicable for follow up | Total No of Recs | Number of agreed recs completed | Percentage of recs completed | Recs carried over into next audit | Percentage of recs carried over | Number of recs outstanding | Percentage of recs outstanding | Key auditees | Comments | Date Further Follow-up due |
|--|-------------|-------------------|-----------------|-----------------------------------|------------------|---------------------------------|------------------------------|-----------------------------------|---------------------------------|----------------------------|--------------------------------|--------------|--|----------------------------|
| Chief Executive | | | | | | | | | | | | | | |
| Risk Management | * | Jul-14 | Satisfactory | | 9 | 2 | 22% | 7 | 78% | | | M Lowe | 7 recs still in progress to be reiterated in 14/15 report | |
| Local Strategic Partnership | * | | | | | | | | | | | | | |
| Safer Communities Partnership | * | Jun-14 | Satisfactory | | 3 | 1 | 33% | | | 2 | 67% | R Francis | Update received May 15 - 2 still in progress | Jul-15 |
| Strategic Director - Andrew Gardiner | | | | | | | | | | | | | | |
| Annual Governance Statement (control issues) | * | N/A | N/A | N/A | N/A | | | | | N/A | N/A | | N/A | N/A |
| Financial Services & Audit | | | | | | | | | | | | | | |
| General Ledger | * | May-14 | Satisfactory | 1 | 7 | 5 | 71% | 2 | 29% | | | | Recs were followed up as part of 14/15 audit - 2 were reiterated in 14/15 report | |
| Cashiering | * | Jun-14 | Satisfactory | 1 | 4 | 3 | 75% | 1 | 25% | | | | Self assessment received 7/11/14 - remaining recs were as part of 14/15 annual audit - one complete & one reiterated in 14/15 report | |
| Creditors | * | May-14 | Satisfactory | 1 | 2 | 2 | 100% | | | | | | Recommendations followed up as part of 14/15 annual audit. | |
| Debtors | * | May-14 | Satisfactory | | 3 | 2 | 67% | 1 | 33% | | | | Recommendation relates to review of procedures | |
| Payroll | * | | | | | | | | | | | | | |
| Capital Expenditure & Fixed Assets | * | Dec-14 | Satisfactory | 1 | 7 | | | 7 | 100% | | | | Recommendations were followed up a part of annual audit. All were reiterated in 14/15 report | |
| Treasury Management | * | Jun-14 | Satisfactory | | 2 | 2 | 100% | | | | | | COMPLETE | |
| Fees & Charges | * | | | | | | | | | | | | | |
| Staff expenses (inc car mileage) | * | May-14 | Satisfactory | | 2 | 2 | 100% | | | | | | COMPLETED before FU due | |
| Probity - Staff discounts & Concessions | * | Mar-14 | N/A | | 5 | | | | | 5 | 100% | S Gobey | Response received and work in progress to implement recs - Furthr FU req'd | Jun-15 |
| Probity - Underbankings | | N/A | N/A | | N/A | | | | | N/A | | | N/A | |
| Probity - Crematorium Ashes Procedure | * | Apr-14 | Satisfactory | | 6 | 5 | 83% | | | 1 | 17% | I Rudkin | Response rec'd 12/5 - OS rec still to be addressed | Jun-15 |
| Probity audit - Stores | * | Oct-12 | N/A | | 1 | | | | | 1 | 100% | | Self Assessment issued - awaiting response | |
| Technical Services | | | | | | | | | | | | | | |
| Cemeteries & Churchyards | * | May-14 | Satisfactory | | 1 | 1 | 100% | | | | | | COMPLETE | |
| Foreshore Service | | Apr-14 | Satisfactory | | 6 | 5 | 83% | 1 | 17% | | | | Over 80% complete so no further FU required. O/s rec was partly implemented. | |
| Bailiffs | * | Nov-14 | Limited | 4 | 3 | | | | | 3 | 100% | D O'Brien | Self Assessment issued - awaiting response | |
| Grounds Maintenance | * | May-14 | Limited | | 5 | 3 | 60% | | | 2 | 40% | A Edwards | P1 rec discussed at Communities DMT in April - still in progress and cannot be completed till post Oct 15 - request for update on other OS rec sent in May. Further FU required. | Nov-15 |
| Parks Income Management | * | Oct-13 | Satisfactory | | 5 | 5 | 100% | | | 0 | | | COMPLETE | |
| Building Maintenance | * | May-15 | Limited | | | | | | | | | | | |
| Planning, Regeneration & Wellbeing | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | |
|---|---|--------|--------------|---|-----|----|------|----|-----|----|------|-------------|--|--------|
| Community Wellbeing | * | Mar-14 | Limited | 1 | 3 | 3 | 100% | | | | | | COMPLETE | |
| Adur Homes | | | | | | | | | | | | | | |
| Housing Rents | | May-14 | Satisfactory | | 2 | 1 | 50% | 1 | 50% | | | | | |
| Private Sector Leasing/ Temporary Accommodation | | | | | | | | | | | | | | |
| Property Buy Back | | Mar-14 | Satisfactory | | 2 | 1 | 50% | | | 1 | 50% | M Reeve | self assessment confirmed one rec actioned & other still outstanding - Further FU required | |
| Customer Services | | | | | | | | | | | | | | |
| Benefits | | Jun-14 | Satisfactory | | 3 | 2 | 67% | 1 | 33% | | | | Rec relates to DR plans | |
| Revenues (Council Tax & NDR) | | May-14 | Satisfactory | | 3 | 2 | 67% | 1 | 33% | | | | O/s rec relates to updating procedures | |
| WBC - Business Improvement District | | Dec-13 | Satisfactory | | 2 | 2 | 100% | | | | | | COMPLETE | |
| AWCS - Vehicle Maintenance | * | May-14 | Satisfactory | | 2 | | | | | 2 | 100% | A Northeast | Recent update confirms both are I progress (one relates to documenting procedures and the promotion of private MOT work) | |
| CenSus NDR | | Jun-14 | Satisfactory | | 9 | 6 | 67% | | | 3 | 33% | C McNeal | further FU required re os recs which were due for completion 31/5 | Jun-15 |
| Corporate & Cultural Services | | | | | | | | | | | | | | |
| Corporate Governance | * | Mar-14 | Limited | | 10 | 5 | 50% | 5 | 50% | | | | | |
| Leisure Trust - Contract Management | | | | | | | | | | | | | | |
| Democratic & Civic Services | * | | | | | | | | | | | | | |
| Human Resources | * | | | | | | | | | | | | | |
| DBS checks & requirements | * | Oct-13 | Satisfactory | 2 | 2 | 1 | 50% | | | 1 | 50% | S Wright | Update rec'd 7/5 - one rec NLA (leisure employee) OS rec partly implemented | Jun-15 |
| Local Land Charges | * | Apr-14 | Satisfactory | | 1 | 1 | 100% | | | | | | COMPLETE | |
| Legal Services | * | Dec-13 | Limited | 1 | 7 | 7 | 100% | | | | | | COMPLETE | |
| Health, Housing & Community Safety | | | | | | | | | | | | | | |
| Anti Social Behaviour Management | * | Jun-14 | Satisfactory | 2 | 4 | 4 | 100% | | | | | | COMPLETE | |
| Computer Audits | | | | | | | | | | | | | | |
| Joint website - content & workflow | * | Nov-13 | Satisfactory | 1 | 2 | 2 | 100% | | | | | | Part of OS rec cannot be implemented due to functionality of T4 system - no further FU req'd. | |
| Network (LAN & WAN) | * | Apr-15 | Limited | 1 | 10 | 5 | 50% | | | 5 | 50% | M Gawley | FU DUE JUL 2015 | |
| Data Centre | * | Nov-13 | Satisfactory | | 4 | 2 | 50% | | | 2 | 50% | M Gawley | Following lack of response to previous requests for update - response rec'd 30/3 | Jul-15 |
| House on the Hill | * | Mar-14 | Satisfactory | 2 | 7 | | | | | 7 | 100% | M Gawley | Information provided n 30/3 suggests 7 still O/s - Further FU required | Jun-15 |
| Contract Audit | | | | | | | | | | | | | | |
| Procurement Compliance | * | | | | | | | | | | | | | |
| Shoreham Centre | * | | | | | | | | | | | | | |
| | | | | | 144 | 82 | 57% | 27 | 19% | 35 | 24% | | | |

| Audit | Joint Audit | Final Report Date | Assurance level | Recs not applicable for follow | Total No of Recs | Number of agreed recs completed | Percentage of recs completed | Recs carried over into | Percentage of recs | Number of recs outstanding | Percentage of recs outstanding | Key auditees | Comments | Date Further Follow- |
|--|-------------|-------------------|-----------------|--------------------------------|------------------|---------------------------------|------------------------------|------------------------|--------------------|----------------------------|--------------------------------|--------------------------------|---|----------------------|
| Annual Governance Statements | * | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | | | |
| Corporate Governance | * | May-15 | Satisfactory | | 6 | 2 | 33% | | | 4 | 67% | S Gobey/S Sale | FU due Aug 15 | |
| Risk Management | * | | | | | | | | | | | | | |
| Change Management | * | | | | | | | | | | | | | |
| Director of Digital & Resources | | | | | | | | | | | | | | |
| Finance | | | | | | | | | | | | | | |
| Budgetary Control | * | Dec-14 | Satisfactory | | 1 | | | | | 1 | 100% | J Chang Rogers | Self Assessment issued - response awaited | |
| General Ledger | * | Mar-15 | Satisfactory | | 3 | | | | | 3 | 100% | J Chang Rogers | FU due Jul 15 | |
| Cashiering | * | May-15 | Satisfactory | | 4 | | | | | 4 | 100% | A Simmons | FU due Sept 15 | |
| Creditors | * | Apr-15 | Satisfactory | | 2 | | | | | 2 | 100% | Y Stillwell | FU due Aug 15 | |
| Debtors | * | Feb-15 | Satisfactory | | 2 | | | | | 2 | 100% | L Haynes | FU due June 15 | |
| Insurance | * | Oct-14 | Satisfactory | | 2 | 2 | 100% | | | | | | COMPLETE | |
| Payroll | * | | | | | | | | | | | | | |
| External Funding | * | Apr-15 | Limited | | 9 | | | | | 9 | 100% | New Head of Place & Investment | FU due July 15 | |
| Capital Expenditure & Fixed Assets | * | May-15 | Limited | | 9 | | | | | 9 | 100% | G Haige/J Appleton | FU due Aug 15 | |
| Treasury Management | * | May-15 | Satisfactory | | 2 | | | | | 2 | 100% | D McAuley | FU due Sept 15 | |
| Petty Cash | * | Jan-15 | Satisfactory | | 2 | 1 | 50% | | | 1 | 50% | A Simmons | Response to self assessment confirmed 1 rec still outstanding | Jul-15 |
| Staff Loans | * | Jan-15 | Satisfactory | | 3 | 1 | 33% | | | 2 | 67% | N Hughes & G Townsend | Self Assessment issued - response awaited | |
| Probity audits - inventories | * | | | | | | | | | | | | | |
| Probity - cash floats | * | Oct-14 | N/A | | 2 | 1 | 50% | | | 1 | 50% | S Gobey | Self Assessment issued - 1 rec noted as complete - awaiting response re other rec | |
| Probity - AP Security invoices | * | | | | | | | | | | | | | |
| Business Rates - Forecasting & Income Projection | * | Feb-15 | Satisfactory | | 1 | | | | | 1 | 100% | S Gobey | FU due Jun 15 | |
| Pension Scheme- local administration | * | Oct-14 | Full | | 0 | | | | | | | | No Follow up required | |
| Business & Technical Services | | | | | | | | | | | | | | |
| Emergency Planning/Business Continuity | * | | | | | | | | | | | | | |
| Desktop Printing & Reprographics | * | | | | | | | | | | | | | |
| Facilities Management & Security | * | May-15 | Satisfactory | | 15 | | | | | 15 | 100% | S Spinner | FU due Sept 15 | |
| Health & Safety | * | | | | | | | | | | | | | |
| Pool Car Pilot | * | May-15 | Satisfactory | | 5 | 1 | 20% | | | 4 | 80% | S Spinner | FU due Sept 15 | |
| Term Maintenance Contract Management - Keith Long Electrical | * | | | | | | | | | | | | | |
| Construction Contract - MTC Adaptations | * | | | | | | | | | | | | | |
| Digital & Design | | | | | | | | | | | | | | |
| Technology & Business Solutions | * | | | | | | | | | | | | | |
| Human Resources | | | | | | | | | | | | | | |
| Agency Staff Arrangements | * | Dec-14 | Satisfactory | | 4 | | | | | 4 | 100% | K James | Self assessment was issued but responsible officer left - will be reissued to Head of People when in post | Jun-15 |
| Sickness Recording & Monitoring | * | | | | | | | | | | | | | |
| Director of Economy | | | | | | | | | | | | | | |
| Growth | | | | | | | | | | | | | | |
| Estates | * | | | | | | | | | | | | | |
| Car Parks | * | Oct-14 | Satisfactory | | 3 | 1 | 33% | | | 2 | 67% | D O'Brien | updated status received 13/5 confirmed 2 recs still in progress. Further FU required | Jun-15 |
| Land Drainage | * | | | | | | | | | | | | | |
| MSCP Plate Recognition Barrier System - Procurement | WBC | | | | | | | | | | | | | |
| Director of Communities | | | | | | | | | | | | | | |
| Housing | | | | | | | | | | | | | | |
| Housing Rents | ADC | May-15 | Satisfactory | | 3 | | | | | 3 | 100% | P Turner/A Clarkson | FU due Sept 15 | |
| Housing Maintenance | ADC | Oct-14 | Satisfactory | | 4 | 2 | 50% | | | 2 | 50% | P Turner/C Strong | Self Assessment issued - response rec'd confirmed 2 complete | Jun-15 |

| | | | | | | | | | | | | | | |
|---|-----|--------|--------------|---|-----|----|-----|---|----|-----|------|-----------|---|--------|
| Void Management | ADC | Apr-15 | Limited | 1 | 9 | 4 | 44% | | | 5 | 56% | P Cooper | FU due Jul 15 | |
| Housing - Homelssness, Advice & Allocations | * | Jan-15 | Limited | | 29 | | | | | 29 | 100% | P Cooper | Self Assessment issued - response rec'd confirmed an action plan is in plan to ensure implementation of the recommendations & monthly monitoring meeonsg hed - IA to attend nect meeting on 20/5 to establish progress. | |
| Home Improvement Assistance | ADC | | | | | | | | | | | | | |
| Decent Homes - Contract Management | ADC | | | | | | | | | | | | | |
| Wellbeing | | | | | | | | | | | | | | |
| Hackney Carriage & Private Hire | * | | | | | | | | | | | | | |
| Third Party Commissioning | * | | | | | | | | | | | | | |
| Environment | | | | | | | | | | | | | | |
| Beach Huts | * | May-15 | Limited | | 12 | 3 | 25% | | | 9 | 75% | A Edwards | FU due Aug 15 | |
| Director of Customer Services | | | | | | | | | | | | | | |
| Revenues & Benefits | | | | | | | | | | | | | | |
| WBC Benefits | WBC | Apr-15 | Satisfactory | | 1 | | | | | 1 | 100% | P Tonkin | FU due Aug 15 | |
| WBC Revenues (Council Tax & NDR) | WBC | May-15 | Satisfactory | | 5 | | | | | 5 | 100% | P Tonkin | FU due Sept 15 | |
| CenSus - Benefits | ADC | | | | | | | | | | | | | |
| Customer Services | | | | | | | | | | | | | | |
| Complaints | * | Dec-14 | Limited | 2 | 7 | 2 | 29% | | | 5 | 71% | M Lowe | Self Assessment follow up has been performed - Further follow up required | Jun-15 |
| Register of Electors | * | | | | | | | | | | | | | |
| Computer Audits | | | | | | | | | | | | | | |
| Disaster Recovery | * | | | | | | | | | | | | | |
| HMS Application | * | | | | | | | | | | | | | |
| Data Protection & Information Governance | * | Mar-15 | Limited | | 9 | | | | | 9 | 100% | B McGrath | FU due Jun 15 | |
| Service Desk (ITIL) | * | | | | | | | | | | | | | |
| | | | | | 154 | 20 | 13% | 0 | 0% | 134 | 87% | | | |



Adur District Council

Internal Audit Annual Report 2014/15

May 2015

This report has been prepared on the basis of the limitations set out on page 12.

This report and the work connected therewith are subject to the Terms and Conditions of the Engagement Letter dated 18 June 2013 between Worthing Borough and Adur District Councils (through the London Borough of Croydon's Framework Agreement) and Mazars Public Sector Internal Audit Limited. This report is confidential and has been prepared for the sole use of Adur District Council. This report must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law, we accept no responsibility or liability to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

Contents

| | |
|--|----|
| Introduction | 1 |
| Overall Summary | 3 |
| Key Themes Identified | 4 |
| Appendix 1 - Audit Projects with Limited and Nil Assurance 2014/15 | 9 |
| Appendix 2 - Key to Assurance Levels | 11 |
| Statement of Responsibility | 12 |

Introduction

Purpose of this Report

This report summarises the work that Internal Audit has undertaken and the key control environment themes identified across Adur District Council (the Council) during the 2014/15 financial year, the service for which is provided by Mazars Public Sector Internal Audit Limited¹.

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2011). The PSIAS requirements are that the report must include:

- An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (the control environment);
- A summary of the audit work from which the opinion is derived (including reliance placed on the work by other assurance bodies); and
- A statement on conformation with the PSIAS and the results of the internal audit quality assurance and improvement programme (QAIP), if applicable.

The report should also include:

- The disclosure of any qualifications to that opinion, together with reasons for the qualification;
- The disclosure of any impairments or restriction in scope;
- A comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets;
- Any issues judged to be particularly relevant to the preparation of the annual governance statement; and
- Progress against any improvement plans resulting from QAIP external assessment.

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

In discharging this overall responsibility, Adur District Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

¹ As from 1 February 2014, Mazars LLP purchased the shares of Deloitte & Touche Public Sector Internal Audit Limited from Deloitte LLP. The company will be known as Mazars Public Sector Internal Audit Limited.

Internal Audit Approach

As Internal Audit, our role is to provide an annual assurance statement on the adequacy and effectiveness of the Council's systems of governance, risk management and internal control.

Overview of Work Done

The Audit Plan for 2014/15 included a total of 55 internal audit projects. We have liaised with senior management throughout the year to ensure that internal audit work undertaken continues to focus on the high risk areas and, in the light of new and ongoing developments in the Authority, help ensure the most appropriate use of our resources.

As a result of this liaison, some changes were agreed to the plan during the year. Some internal audit projects have been added to or deleted from the Plan, others have been consolidated or split into separate elements, and the timing of a number of others has been changed. Consequently, the total number of projects actually undertaken in 2014/15 was 51 compared to 41 in the prior year - refer Overall Summary. It should be noted that there were no scope impairments or restrictions in 2014/15.

We generally undertake individual internal audit projects with the overall objective of providing the Members, the Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls over a number of management's objectives. Other audit projects are geared more towards the provision of specific advice and support to management to enhance the economy, efficiency and effectiveness of the services and functions for which they are responsible. We also undertake IT audits, probity audits and anti-fraud work.

All internal audit reports include our recommendations and agreed actions that, if implemented by management, will enhance the control environment and the operation of the key management controls.

Compliance with the PSIAS

During our internal audit work we practice the principles of the PSIAS. Self assessment to ascertain compliance with the PSIAS, and peer review to confirm such compliance are yet to be performed.

This report sets out the results of the work performed as follows:

- **Overall summary** of work performed by Internal Audit including an analysis of report gradings; and
- **Key themes identified** during our work in 2014/15.

In this report, we have drawn on the findings and assessments included in all internal audit reports issued in 2014/15, including those that, at this time, remain in draft. It should be noted therefore that the comments made in respect of any draft reports are still subject to management response. Any changes in assurance on draft reports will be taken into account in the Head of Internal Audit Opinion for 2015/16.

Overall Summary

As illustrated in the tables below, we have noted little change in Adur District Council's control environment during the audit year. During the 2014/15 year, some 26 (68.4%) of internal audit projects were rated 'Satisfactory assurance' compared with 29 (76.3%) in the prior year. One 'Full assurance' opinion was issued in 2014/15c compared to None in 2013/14.

We are pleased to report that we have not issued any 'nil assurance' opinions in 2014/15. We issued 11 reports (28.9%) with 'limited assurance' opinions compared with 9 (23.7%) in the previous year.

| Assurance Gradings | Number of Projects | | | | | | | | | |
|-------------------------------------|--------------------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
| | 2014/15 | | 2013/14 | | 2012/13 | | 2011/12 | | 2010/11 | |
| Full | 1 | 2.6% | 0 | 0% | 2 | 5.3% | 1 | 3.1% | 0 | 0% |
| Satisfactory | 26 | 68.4% | 29* | 76.3% | 29 | 76.3% | 23 | 71.9% | 25 | 73.5% |
| Limited | 11 | 28.9% | 9* | 23.7% | 7 | 18.4% | 8 | 25% | 9 | 26.5% |
| Nil | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Sub-Total | 38 | | 38 | | 38 | | 32 | | 34 | |
| Merged Audits / No Opinion Audits | 4 | | 3 | | 4 | | 8 | | 3 | |
| Total Audits Delivered | 42 | | 41 | | 42 | | 40 | | 37 | |
| Audits still in progress / Deferred | 9 | | | | | | | | | |
| Total | 51 | | 41 | | 42 | | 40 | | 37 | |

* Revised from 2013/14 Internal Audit Annual Report following issue of audit reports which were outstanding when the 2013/14 report was produced

A summary of key findings for all 2014/15 Internal Audit projects rated as nil/limited is included at Appendix 1.

Opinion 2014/15

From the Internal Audit work undertaken in compliance with the PSIAS in 2014/15, it is our opinion that we can provide **Satisfactory Assurance** that the system of internal control in place at Adur District Council for the year ended 31 March 2015 accords with proper practice, except for the significant control environment issues as documented in Appendix 1. The assurance can be further broken down between financial and non-financial systems, as follows:



Key Themes Identified

As Internal Audit continues to apply a risk based approach, our audit projects assess the governance framework, the risk management process as well as the effectiveness of controls across a number of areas. Our findings on these themes are set out below. Overall, we have seen a significant improvement in the control environment and whilst further remedial action needs to take place, we have noted that management has already started addressing our most significant findings.

Corporate Governance

As part of our work this year, we have again completed an evaluation of the governance arrangements in order to assist the Council and the S151 Officer in the preparing the Annual Governance Statement for 2014/15.

As in 2013/14, we have concluded that there is reasonable assurance that the Council's governance arrangements are largely compliant with the best practice guidance on corporate governance issued by CIPFA/SOLACE. This opinion is based on:

- The external auditor's annual audit letter 2013/14, where no significant deficiencies in the internal control arrangements were identified, and
- Our audit of the Council's corporate governance arrangements that provided an overall Satisfactory assurance rating.

Risk Management

Based on an internal audit of the Council's risk management framework, we have concluded that there is reasonable assurance that the Council's risk management processes are sufficiently formalised and provide information on key risks and issues relating to directorates and the Council as a whole. This opinion is based on:

- Assurance provided by the external auditors in their annual audit letter 2013/14, in which KPMG issued an unqualified conclusion of respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources, and
- Our audit of the Council's risk management arrangements that provided an overall Satisfactory assurance rating.

We note the significant management and departmental changes that have occurred within the Council during 2014/15 and expect that these changes will result in change and enhancement of the risk management processes.

Information Technology Governance

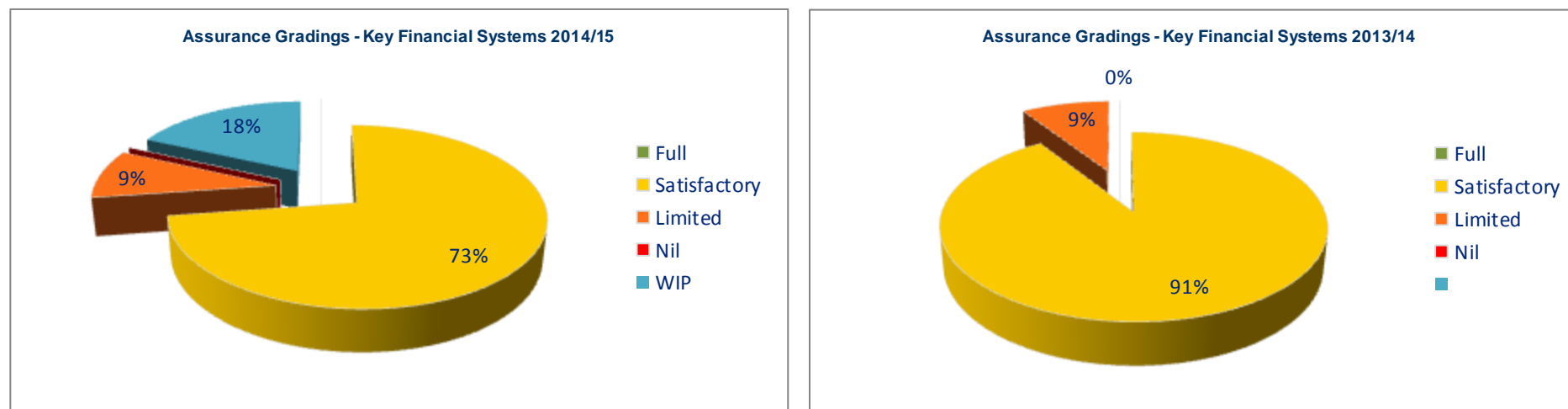
In our opinion the information technology governance of the Council is adequate to support the organisation's strategies and objectives. This opinion is based on:

- our ongoing programme of computer audits which did not identify any material weaknesses with information technology governance during 2014/15, and
- the continued lack of IT Disaster Recovery arrangements which was raised in our Annual Internal Audit Report 2012/13 and since.

Internal Control - Key Financial Systems

Each year Internal Audit carries out audits of the Council's key financial systems, working in accordance with the managed audit process agreed with the external auditors.

This process allows the external auditors to place reliance on the work performed by Internal Audit to provide the Council with the necessary assurance that key financial controls in the fundamental systems are operating satisfactorily and support a robust control environment. It also allows the Council to limit external audit fees spent on reviewing the Council's activities. The tables below summarise the audit gradings in this key area:



Overall we have seen a continued performance in the control environment around key financial systems. The number of limited assurance opinions remained at 1 and the number of satisfactory assurance opinions is currently 8 in the year as two audits are still in progress.

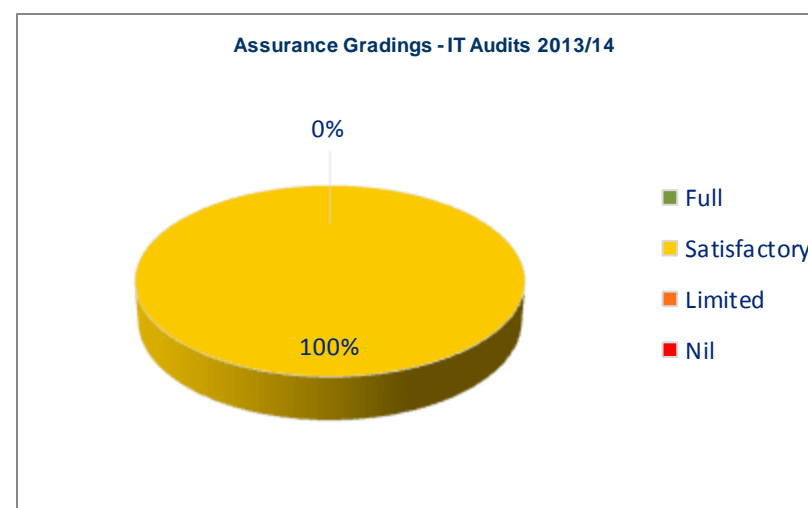
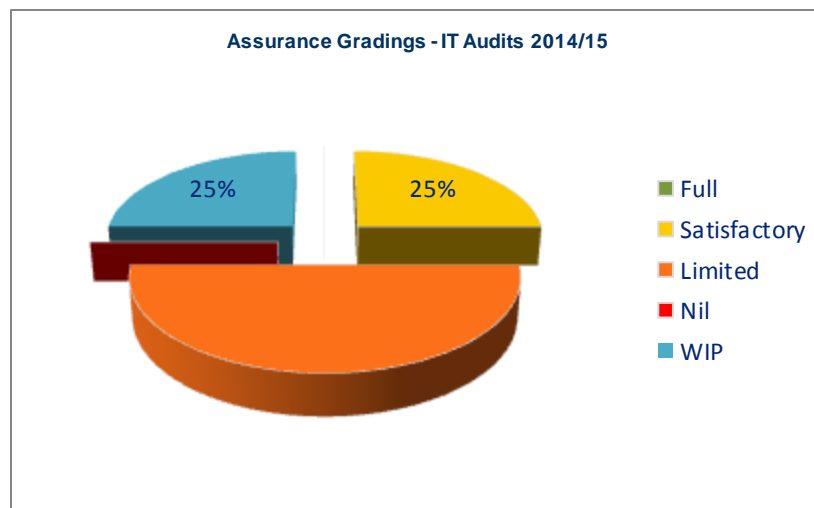
As Adur is part of the CenSus Revenues and Benefits service with Horsham and Mid Sussex district councils, agreement was made in 2010/11 that each of the councils' Internal Audit sections would complete one of the three revenues and benefits audits each year thus avoiding duplication of audit work. Our audit on CenSus Benefits is still in progress after its' start was delayed by CenSus. A copy of the final report in respect of CenSus Council Tax has been provided to us from Horsham District Council and this was given an assurance equivalent to our Satisfactory assurance. We are yet to receive the report on CenSus NDR from Crawley Borough Council's Internal Auditors acting on behalf of Mid Sussex District Council.

The limited assurance rating in relation to the Capital Expenditure and Fixed Assets audit noted a number of recommendations in relation to the Councils management of fixed assets which have been raised in this and previous audits and not yet implemented.

Other key themes arising from our audit work on the key financial systems relate to non compliance with routine hygiene controls such as maintenance of up to date procedure notes, and timely completion of reconciliations.

Levels of Assurance – IT Audits

Each year Internal Audit also carries out audits of specific IT systems, the tables below summarise the audit gradings in respect of IT audits:-



The results of our computer audit programme of work during 2014/5 show that 25% (1 out of 4) achieved an assurance level of Satisfactory. The performance of 2013/14 was 100% (3 out of 3).

Overall we have identified the following key themes arising from our work this year:

- The continued lack of IT Disaster Recovery Plans which was identified in our 2011/12 Annual Audit Report and since;
- Procurement and contract issues, including non compliance with Council Contract Standing Orders, contract management and information retention, and the continued lack of a comprehensive corporate contracts register, and
- Continued slow progress on the implementation of agreed recommendations and the reiteration of recommendations which have not been implemented.

Performance of Internal Audit

At the start of the contract, a number of performance indicators were formulated to monitor the delivery of the Internal Audit service to the Council. The table below shows the actual and targets for each indicator for the period:

| Performance Measure | Target | Actual |
|---|--------|---------|
| Percentage of Internal Audit plan completed | 100% | 85.5% |
| Percentage of draft audit reports/work items complete | 51 | 82.4%** |

** The 9 audits not completed are all currently in progress or under review and will be summarised in our quarterly reports to the Joint Governance Committee when the final reports are issued. The results will be updated in our Annual Internal Audit Report for 2015/16.

Appendix 1 - Audit Projects with Limited Assurance 2014/15

| Project | Grading | Summary of Key Findings |
|--|---------|---|
| Complaints | Limited | Failures in sending acknowledgments to complaints and responding to the complainant within the 10 day target. |
| External Funding | Limited | The approval process had not been followed for 2 of 5 bids tested and we noted a lack of compliance with the centralised process. |
| Housing – Homelessness, Advice & Allocations | Limited | <p>Priority one recommendations were raised in respect of the following findings:-</p> <p>Review & approval of the Homelessness Strategy.</p> <p>Reviewing the effectiveness of initial contact arrangements.</p> <p>Reviewing and clarifying the process for identifying clients who may be homeless/ threatened with homelessness.</p> <p>Minimising the amount of time families spend in emergency accommodation</p> <p>Progressing cases requiring decisions and clearing decision backlog.</p> <p>Investigate clients in temporary accommodation for more than 3 years.</p> <p>Progress and clear the Housing register applications backlog.</p> <p>Investigate using void properties to house clients on the Emergency Accommodation List.</p> <p>Nominations agreement & timeliness of nominations.</p> <p>Accuracy and timeliness of PIE Submissions.</p> |
| Data Protection & Information Governance | Limited | The Lack of an Information Asset Register |
| Void Management | Limited | Maintenance of key records and the timeliness of inspections. |
| Beach Huts | Limited | Lack of confirmation of owner ID and sale fees in respect of private sale transactions. |
| Desktop Printing & Reprographics (Draft) | Limited | Concern over the access of staff to the electronic filing of confidential documents. |

| Project | Grading | Summary of Key Findings |
|---|---------|---|
| ITIL Service Desk (Draft) | Limited | Some areas for closer alignment to the ITIL framework were identified where improvements or changes could be made to achieve optimum compliance with the ITIL framework. |
| Health & Safety (Draft) | Limited | No central monitoring to determine if all the required risk assessments have been carried out and there does not appear to have been any recent risk assessments carried out to ascertain any new / emerging H & S risks relating to changes in organisational structure and as a result of new ways of working. |
| Capital Expenditure & Fixed Assets (Draft) | Limited | The continued lack of an Asset Management Plan and being unable to obtain any evidence to confirm that matching exercises are being carried out between the Estates Property Registers and the Fixed Assets Register. |
| Term Maintenance Contract (Keith Long Electrical) (Draft) | Limited | Lack of checking the correctness of formulae in tender evaluation spreadsheets. Being unable to confirm authorisation for award of the contract, lack of a signed contract for these works and lack of completeness of works order information within the Recorder system. Not being provided with any evidence of an analysis/performance monitoring such as the number of jobs completed in time, to standard etc. and no monitoring reports to senior management were available relating to any indicators of performance of the contractor. |

Appendix 2 - Key to Assurance Levels

Assurance Gradings

We have four categories by which we classify internal audit assurance over the processes we examine, and these are defined as follows:

| Assurance Level | Evaluating and Testing Conclusion |
|--------------------|---|
| Full | There is a sound system of internal control designed to achieve the Council's objectives The control processes tested are being consistently applied. |
| Substantial | While there is a basically sound system of internal control, there are weaknesses, which put some of the Council's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the Council's objectives at risk. |
| Limited | Weaknesses in the system of internal controls are such as to put the Council's objectives at risk. The level of non-compliance puts the Council's objectives at risk. |
| Nil | Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse. |

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

May 2015

This document is confidential and prepared solely for your information. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

In this document references to Mazars are references to Mazars Public Sector Internal Audit Limited.

Registered office: Tower Bridge House, St Katharine's Way, London E1W 1DD, United Kingdom. Registered in England and Wales No 4585162.

Mazars Public Sector Internal Audit Limited is a subsidiary of Mazars LLP. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.



Worthing Borough Council

Internal Audit Annual Report 2014/15

May 2015

This report has been prepared on the basis of the limitations set out on page 12.

This report and the work connected therewith are subject to the Terms and Conditions of the Engagement Letter dated 18 June 2013 between Worthing Borough and Adur District Councils (through the London Borough of Croydon's Framework Agreement) and Mazars Public Sector Internal Audit Limited. This report is confidential and has been prepared for the sole use of Worthing Borough Council. This report must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law, we accept no responsibility or liability to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

Contents

Introduction 1

Overall Summary 3

Key Themes Identified 4

Appendix 1 - Audit Projects with Limited and Nil Assurance 2014/15 9

Appendix 2 - Key to Assurance Levels 9

Statement of Responsibility 12

Introduction

Purpose of this Report

This report summarises the work that Internal Audit has undertaken and the key control environment themes identified across Worthing Borough Council (the Council) during the 2014/15 financial year, the service for which is provided by Mazars Public Sector Internal Audit Limited¹.

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards (PSIAs) and the Accounts and Audit Regulations 2011). The PSIAs requirements are that the report must include:

- An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (the control environment);
- A summary of the audit work from which the opinion is derived (including reliance placed on the work by other assurance bodies); and
- A statement on conformation with the PSIAs and the results of the internal audit quality assurance and improvement programme (QAIP), if applicable.

The report should also include:

- The disclosure of any qualifications to that opinion, together with reasons for the qualification;
- The disclosure of any impairments or restriction in scope;
- A comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets;
- Any issues judged to be particularly relevant to the preparation of the annual governance statement; and
- Progress against any improvement plans resulting from QAIP external assessment.

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

In discharging this overall responsibility, Worthing Borough Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

¹ As from 1 February 2014, Mazars LLP purchased the shares of Deloitte & Touche Public Sector Internal Audit Limited from Deloitte LLP. The company will be known as Mazars Public Sector Internal Audit Limited.

Internal Audit Approach

As Internal Audit, our role is to provide an annual assurance statement on the adequacy and effectiveness of the Council's systems of governance, risk management and internal control.

Overview of Work Done

The Audit Plan for 2014/15 included a total of 53 internal audit projects. We have liaised with senior management throughout the year to ensure that internal audit work undertaken continues to focus on the high risk areas and, in the light of new and ongoing developments in the Authority, help ensure the most appropriate use of our resources.

As a result of this liaison, some changes were agreed to the plan during the year. Some internal audit projects have been added to or deleted from the Plan, others have been consolidated or split into separate elements, and the timing of a number of others has been changed. Consequently, the total number of projects actually undertaken in 2014/15 was 48 compared to 44 in the prior year - refer Overall Summary. It should be noted that there were no scope impairments or restrictions in 2014/15.

We generally undertake individual internal audit projects with the overall objective of providing the Members, the Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls over a number of management's objectives. Other audit projects are geared more towards the provision of specific advice and support to management to enhance the economy, efficiency and effectiveness of the services and functions for which they are responsible. We also undertake IT audits, probity audits and anti-fraud work. .

All internal audit reports include our recommendations and agreed actions that, if implemented by management, will enhance the control environment and the operation of the key management controls.

Compliance with the PSIAS

During our internal audit work we practice the principles of the PSAs. Self assessment to ascertain compliance with the PSAs, and peer review to confirm such compliance are yet to be performed.

This report sets out the results of the work performed as follows:

- **Overall summary** of work performed by Internal Audit including an analysis of report gradings; and
- **Key themes identified** during our work in 2014/15.

In this report, we have drawn on the findings and assessments included in all internal audit reports issued in 2014/15, including those that, at this time, remain in draft. It should be noted therefore that the comments made in respect of any draft reports are still subject to management response. Any changes in assurance on draft reports will be taken into account in the Head of Internal Audit Opinion for 2015/16.

Overall Summary

As illustrated in the tables below, we have noted little change in Worthing Borough Council's control environment during the audit year. During the 2014/15 year, some 26 (70.3%) of internal audit projects were rated 'Satisfactory assurance' compared with 28 (71.8%) in the prior year. One 'Full assurance' opinion was issued compared to None in 2013/14.

We are pleased to report that we have not issued any 'No assurance' opinions in 2014/15. We issued 10 (27%) reports with 'limited assurance' opinions compared with 11 (28.2%) in the previous year.

| Assurance Gradings | Number of Projects | | | | | | | | | |
|-------------------------------------|--------------------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
| | 2014/15 | | 2013/14 | | 2012/13 | | 2011/12 | | 2010/11 | |
| Full | 1 | 2.7% | 0 | 2.5% | 1 | 2.5% | 2 | 5.7% | 2 | 4.5% |
| Satisfactory | 26 | 70.3% | 28* | 71.8% | 27 | 67.5% | 24 | 68.6% | 34 | 77.3% |
| Limited | 10 | 27.0% | 11* | 28.2% | 11 | 27.5% | 9 | 25.7% | 8 | 18.2% |
| Nil | 0 | 0% | 0 | 2.5% | 1 | 2.5% | 0 | 0% | 0 | 0% |
| Sub-Total | 37 | | 39 | | 40 | | 35 | | 44 | |
| Merged Audits / No Opinion Audits | 4 | | 5 | | 4 | | 7 | | 3 | |
| Total Audits Delivered | 41 | | 44 | | 43 | | 42 | | 48 | |
| Audits still in progress / Deferred | 7 | | | | | | | | | |
| Total | 48 | | 44 | | 43 | | 42 | | 48 | |

* Revised from 2013/14 Internal Audit Annual Report following issue of audit reports which were outstanding when the 2013/14 report was produced

A summary of key findings for all 2014/15 Internal Audit projects rated as nil/limited is included at Appendix 1.

Opinion 2014/15

From the Internal Audit work undertaken in compliance with the PSIAS in 2014/15, it is our opinion that we can provide **Satisfactory Assurance** that the system of internal control in place at Worthing Borough Council for the year ended 31 March 2015 accords with proper practice, except for the significant control environment issues as documented in Appendix 1. The assurance can be further broken down between financial and non-financial systems, as follows:



Key Themes Identified

As Internal Audit continues to apply a risk based approach, our audit projects assess the governance framework, the risk management process as well as the effectiveness of controls across a number of areas. Our findings on these themes are set out below. Overall, we have seen a significant improvement in the control environment and whilst further remedial action needs to take place, we have noted that management has already started addressing our most significant findings.

Corporate Governance

As part of our work this year, we have again completed an evaluation of the governance arrangements in order to assist the Council and the S151 Officer in the preparing the Annual Governance Statement for 2014/15.

As in 2013/14, we have concluded that there is reasonable assurance that the Council's governance arrangements are largely compliant with the best practice guidance on corporate governance issued by CIPFA/SOLACE. This opinion is based on:

- The external auditor's annual audit letter 2013/14, where no significant deficiencies in the internal control arrangements were identified, and
- Our audit of the Council's corporate governance arrangements that provided an overall Satisfactory assurance rating.

Risk Management

Based on an internal audit of the Council's risk management framework, we have concluded that there is reasonable assurance that the Council's risk management processes are sufficiently formalised and provide information on key risks and issues relating to directorates and the Council as a whole. This opinion is based on:

- Assurance provided by the external auditors in their annual audit letter 2013/14, in which KPMG issued an unqualified conclusion of respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources, and
- Our audit of the Council's risk management arrangements that provided an overall Satisfactory assurance rating.

We note the significant management and departmental changes that have occurred within the Council during 2014/15 and expect that these changes will result in change and enhancement of the risk management processes.

Information Technology Governance

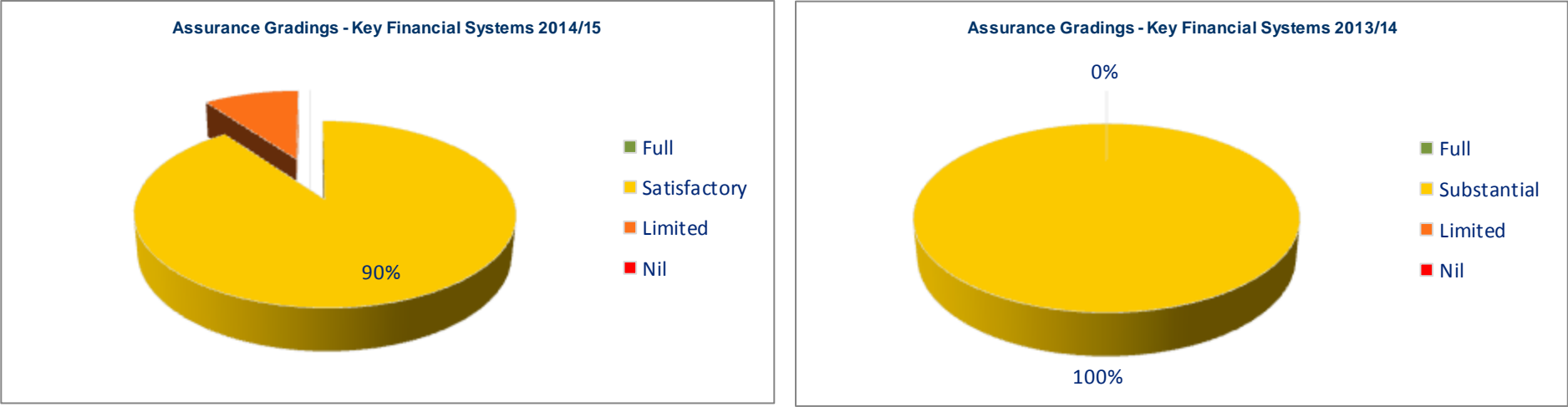
In our opinion the information technology governance of the Council is adequate to support the organisation's strategies and objectives. This opinion is based on:

- our ongoing programme of computer audits which did not identify any material weaknesses with information technology governance during 2014/15; and
- the continued lack of IT Disaster Recovery arrangements which was raised in our Annual Internal Audit Report 2012/13.

Internal Control - Key Financial Systems

Each year Internal Audit carries out audit projects of the Council’s key financial systems, working in accordance with the managed audit process agreed with the external auditors.

This process allows the external auditors to place reliance on the work performed by Internal Audit to provide the Council with the necessary assurance that key financial controls in the fundamental systems are operating satisfactorily and support a robust control environment. It also allows the Council to limit external audit fees spent on reviewing the Council’s activities. The table below summarises the audit gradings in this key area:



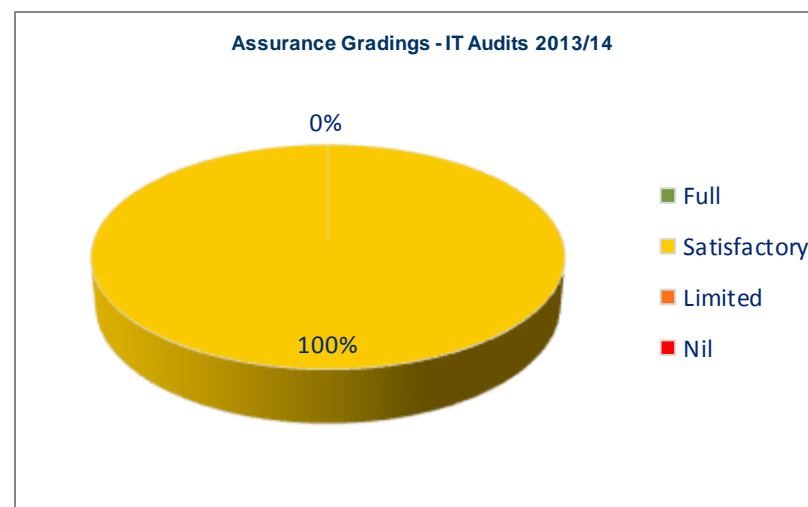
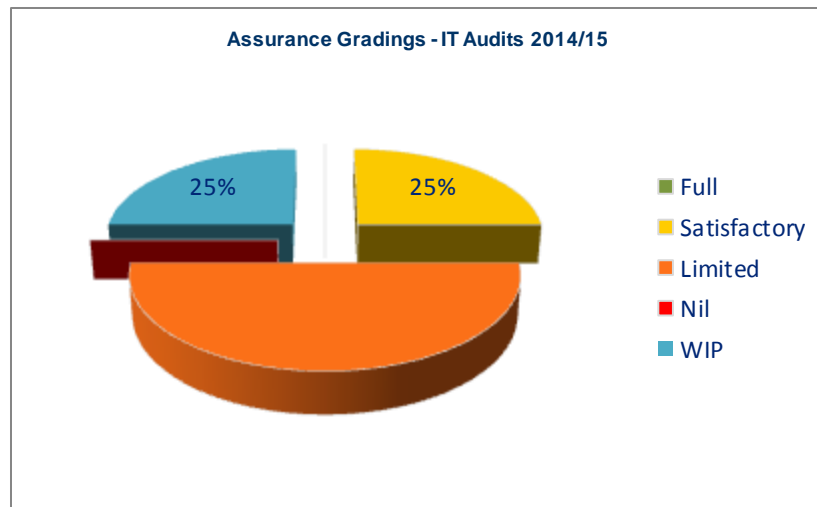
Overall we have seen a slight decline in the control environment around key financial systems. In particular, there have been no nil assurance opinions issued this year and one limited assurance opinion compared to none in the previous year.

The limited assurance rating in relation to the Capital Expenditure and Fixed Assets audit noted a number of recommendations in relation to the Councils management of fixed assets which have been raised in this and previous audits and not yet implemented.

Other key themes arising from our audit work on the key financial systems relate to non compliance with routine hygiene controls such as maintenance of up to date procedure notes, suspense account clearance and timely completion of reconciliations.

Levels of Assurance – IT Audits

Each year Internal Audit also carries out audits of specific IT systems, the tables below summarise the audit gradings in respect of IT audits:-



The results of our computer audit programme of work during 2014/5 show that 25% (1 out of 4) achieved an assurance level of Satisfactory. The performance of 2013/14 was 100% (3 out of 3).

Overall we have identified the following key themes arising from our work this year:

- The continued lack of IT Disaster Recovery Plans which was identified in our 2011/12 Annual Audit Report and since;
- Procurement and contract issues, including non compliance with Council Contract Standing Orders, contract management and information retention, and the continued lack of a comprehensive corporate contracts register, and
- Continued slow progress on the implementation of agreed recommendations and the reiteration of recommendations which have not been implemented.

Performance of Internal Audit

At the start of the contract, a number of performance indicators were formulated to monitor the delivery of the Internal Audit service to the Council. The table below shows the actual and targets for each indicator for the period:

| Performance Measure | Target | Actual |
|--|--------|--------|
| Percentage of Internal Audit plan completed | 100% | 85.5% |
| Percentage of draft audit reports issued on time | 48 | 41** |

** The 7 audits not completed are all currently in progress or under review and will be summarised in our quarterly reports to the Joint Governance Committee when the final reports are issued. The results will be updated in our Annual Internal Audit Report for 2015/16.

Appendix 1 - Audit Projects with Limited and Nil Assurance 2014/15

| Project | Grading | Summary of Key Findings |
|--|---------|--|
| Complaints | Limited | Failures in sending acknowledgments to complaints and responding to the complainant within the 10 day target. |
| External Funding | Limited | The approval process had not been followed for 2 of 5 bids tested and we noted a lack of compliance with the centralised process. |
| Housing – Homelessness, Advice & Allocations | Limited | <p>Priority one recommendations were raised in respect of the following findings:-</p> <p>Review & approval of the Homelessness Strategy.</p> <p>Reviewing the effectiveness of initial contact arrangements.</p> <p>Reviewing and clarifying the process for identifying clients who may be homeless/threatened with homelessness.</p> <p>Minimising the amount of time families spend in emergency accommodation</p> <p>Progressing cases requiring decisions and clearing decision backlog.</p> <p>Investigate clients in temporary accommodation for more than 3 years.</p> <p>Progress and clear the Housing register applications backlog.</p> <p>Investigate using void properties to house clients on the Emergency Accommodation List.</p> <p>Nominations agreement & timeliness of nominations.</p> <p>Accuracy and timeliness of PIE Submissions.</p> |
| Data Protection & Information Governance | Limited | The Lack of an Information Asset Register |
| Beach Huts | Limited | Lack of confirmation of owner ID and sale fees in respect of private sale transactions. |
| Desktop Printing & Reprographics (Draft) | Limited | Concern over the access of staff to the electronic filing of confidential documents. |
| ITIL Service Desk (Draft) | Limited | Some areas for closer alignment to the ITIL framework were identified where improvements or changes could be made to achieve optimum compliance with the ITIL framework. |

| Project | Grading | Summary of Key Findings |
|---|---------|---|
| Health & Safety (Draft) | Limited | No central monitoring to determine if all the required risk assessments have been carried out and there does not appear to have been any recent risk assessments carried out to ascertain any new / emerging H & S risks relating to changes in organisational structure and as a result of new ways of working. |
| Capital Expenditure & Fixed Assets (Draft) | Limited | The continued lack of an Asset Management Plan and being unable to obtain any evidence to confirm that matching exercises are being carried out between the Estates Property Registers and the Fixed Assets Register. |
| Term Maintenance Contract (Keith Long Electrical) (Draft) | Limited | Lack of checking the correctness of formulae in tender evaluation spreadsheets. Being unable to confirm authorisation for award of the contract, lack of a signed contract for these works and lack of completeness of works order information within the Recorder system. Not being provided with any evidence of an analysis/performance monitoring such as the number of jobs completed in time, to standard etc. and no monitoring reports to senior management were available relating to any indicators of performance of the contractor. |

Appendix 2 - Key to Assurance Levels

Assurance Gradings

We have four categories by which we classify internal audit assurance over the processes we examine, and these are defined as follows:

| Assurance Level | Evaluating and Testing Conclusion |
|--------------------|---|
| Full | There is a sound system of internal control designed to achieve the Council's objectives The control processes tested are being consistently applied. |
| Substantial | While there is a basically sound system of internal control, there are weaknesses, which put some of the Council's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the Council's objectives at risk. |
| Limited | Weaknesses in the system of internal controls are such as to put the Council's objectives at risk. The level of non-compliance puts the Council's objectives at risk. |
| Nil | Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse. |

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

May 2015

This document is confidential and prepared solely for your information. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

In this document references to Mazars are references to Mazars Public Sector Internal Audit Limited.

Registered office: Tower Bridge House, St Katharine's Way, London E1W 1DD, United Kingdom. Registered in England and Wales No 4585162.

Mazars Public Sector Internal Audit Limited is a subsidiary of Mazars LLP. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.

| Quarter | Audit Title | Risk Level | Authority to which audit relates | | | Work Complete | Draft Issued | Final Issued | Assurance level | Assurance at previous audit |
|---------|---|------------|----------------------------------|----------|----------|---------------|--------------|--------------|----------------------------|------------------------------|
| | | | Joint | ADC only | WBC only | | | | | |
| 1 | ADC - Annual Governance Statement | H | | * | | Y | Y | N/A | N/A | N/A |
| 1 | WBC - Annual Governance Statement | H | | | * | Y | Y | N/A | N/A | N/A |
| 1 | Insurance | M | * | | | Y | Y | Y | Satisfactory | Satisfactory |
| 1 | Petty Cash | L | * | | | Y | Y | Y | Satisfactory | No previous comparable audit |
| 1 | Agency Staff Arrangements | M | * | | | Y | Y | Y | Satisfactory | No previous audit |
| 1 | Staff Loans | L | * | | | Y | Y | Y | Satisfactory | Satisfactory |
| 1 | Housing Maintenance | M | | * | | Y | Y | Y | Satisfactory | Satisfactory |
| 1 | Home Improvement Assistance | L | * | | | Y | Y | | | |
| 1 | Health & Safety | H | * | | | Y | Y | | | |
| 1 | Budgetary Control | H | * | | | Y | Y | Y | Satisfactory | Satisfactory |
| 1 | Facilities Management & Security | M | * | | | Y | Y | Y | Satisfactory | Satisfactory |
| 1 | Complaints | M | * | | | Y | Y | Y | Limited | Limited |
| 1 | Probity - Inventories | L | * | | | Y | Memo | N/A | Not given for probity work | N/A |
| 2 | External Funding | M | * | | | Y | Y | Y | Limited | Satisfactory |
| 2 | Pool Cars | L | * | | | Y | Y | Y | Satisfactory | No previous audit |
| 2 | Housing Homelessness, Advice & Allocations | H | * | | | Y | Y | Y | Limited | No previous comparable audit |
| 2 | Data Protection & Information Governance | H | * | | | Y | Y | Y | Limited | No previous comparable audit |
| 2 | Pension Scheme- local administration | M | * | | | Y | Y | Y | Full | No previous audit |
| 2 | Car Parks | H | * | | | Y | Y | Y | Satisfactory | No previous comparable audit |
| 2 | Estates | M | * | | | Y | Y | | | |
| 2 | Probity - Cash Floats | L | * | | | Y | Memo | N/A | Not given for probity work | N/A |
| 2 | Register of Electors | M | * | | | Y | Y | | | |
| 2 | Corporate Governance | H | * | | | Y | Y | Y | Satisfactory | Satisfactory |
| 2 | Sickness Recording & Monitoring | M | * | | | Y | Y | | | |
| 2 | Business Rates - Forecasting & income projection | H | * | | | Y | Y | Y | Satisfactory | No previous audit |
| 2 | Void Management | M | | * | | Y | Y | Y | Limited | No previous comparable audit |
| 3 | Hackney Carriage & Private Hire | L | * | | | Y | Y | | | |
| 3 | Desktop Printing & Reprographics | L | * | | | Y | Y | | | |
| 3 | Creditors | H | * | | | Y | Y | Y | Satisfactory | Satisfactory |
| 3 | Debtors | H | * | | | Y | Y | Y | Satisfactory | Satisfactory |
| 3 | Emergency Planning/Business Continuity (including Flood | H | * | | | Y | Y | | | |
| 3 | Probity -security company invoices | L | * | | | Y | Memo | | | |
| 3 | Housing Rents | M | | * | | Y | Y | Y | Satisfactory | Satisfactory |
| 3 | General Ledger | H | * | | | Y | Y | Y | Satisfactory | Satisfactory |
| 3 | WBC Revenues (Council Tax & NDR) | H | | | * | Y | Y | Y | Satisfactory | Satisfactory |
| 3 | WBC Benefits | H | | | * | Y | Y | Y | Satisfactory | Satisfactory |
| 3 | Decent Homes Contract Management | H | | * | | Y | UR | | | |
| 4 | Cashiering | H | * | | | Y | Y | Y | Satisfactory | Satisfactory |
| 4 | Risk Management | H | * | | | Y | Y | | | |
| 4 | Payroll | H | * | | | Y | Y | | | |
| 4 | Beach Huts | M | * | | | Y | Y | Y | Limited | No previous audit |
| 4 | Capital Expenditure & Fixed Assets | M | * | | | Y | Y | Y | Limited | Satisfactory |
| 4 | HMS Application | H | | * | | Y | Y | | | |
| 4 | Disaster Recovery | H | * | | | Y | UR | | | |
| 4 | Treasury Management | M | * | | | Y | Y | Y | Satisfactory | Satisfactory |
| 4 | Service Desk (ITIL) | H | * | | | Y | Y | | | |
| 4 | Land Drainage | L | * | | | Y | Y | | | |
| 4 | Third Party Commissioning | H | * | | | Y | UR | | | |
| 4 | Technology & Business Solutions | H | * | | | Y | UR | | | |
| 4 | Vertical - Multi Storey Car Park Barriers | H | | * | | Y | UR | | | |
| 4 | Term Maintenance Contract - Keith Long Electrical | H | * | | | Y | UR | | | |
| 4 | CenSus - Benefits | H | | * | | WIP | | | | |
| 4 | Construction Contract - MTC Adaptations | H | * | | | WIP | | | | |

KEY
P In Planning stage
WIP Work In Progress
UR Under review

THE ANNUAL GOVERNANCE STATEMENTS 2014/15 – REVIEW AND APPROVAL

REPORT BY SARAH GOBEY, CHIEF FINANCIAL OFFICER

1.0 SUMMARY

- 1.1 To review and agree the Annual Governance Statements for 2014/15.

2.0 BACKGROUND

- 2.1 Corporate governance is everyone's business and can be defined as:

“How local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.” - CIPFA/SOLACE

- 2.2 In late 2007 CIPFA/SOLACE published a framework and guidance on delivering good governance in local government. It replaced the 2001 guidance and is built on the six core principles set out in the Good Governance Standard for Public Services that were themselves developed from earlier work by Cadbury and Nolan.

- 2.3 The following are the six core principles in relation to local government as set out in the framework:

- focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- members and officers working together to achieve a common purpose with clearly defined functions and roles
- promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- developing the capacity and capability of members and officers to be effective
- engaging with local people and other stakeholders to ensure robust public accountability

2.0 BACKGROUND

- 2.4 The 2007 framework is more comprehensive than the previous ones and requires the production of a Code of Corporate Governance. This was agreed by the former Constitution and Audit Committee in Adur and the former Governance and Audit Committee in Worthing and approved by both Councils in July 2008. In addition to having a code of corporate governance; the Accounts and Audit Regulations requires every local authority to produce an Annual Governance Statement.
- 2.5 The *Delivering Good Governance in Local Government: Framework* has been given 'proper practices' status by the Department for Communities and Local Government through non statutory guidance in respect of the requirement for local authorities to prepare an annual governance statement which must accompany the statement of accounts.
- 2.6 An update, which replaces the *Application Note to Delivering Good Governance in Local Government: Framework* issued in 2010, together with further guidance has been published by CIPFA / SOLACE in December 2012 and an example Annual Governance Statement has been updated to give an increased emphasis on a strategic approach. The example has also been updated to reflect Regulation 4(3) of the Accounts and Audit Regulations 2011, which requires all relevant bodies to prepare an annual governance statement rather than a statement on internal control. The addendum states that it is an example and that authorities will need to think through their own approach carefully so that it communicates clearly the assurance on their own arrangements.
- 2.7 Annual Governance Statement is a comment on the totality of good corporate governance, and it is a requirement for this statement to be published. Under previous regulations the Annual Governance Statement was required to be published with the statutory annual statement of accounts. The Accounts and Audit Regulations required the publication of the Annual Governance Statement, following consideration of the Statement of Internal Control. The Council's Head of Internal Audit (from Mazars) will provide a written annual report to those charged with governance timed to support the annual governance statement.

The Accounts and Audit Regulations 2011 has the following amended provisions.

4. (1) The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.
- (2) The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.
- (3) The findings of the review referred to in paragraph (2) must be considered:
- (a) in the case of a larger relevant body, by the members of the body meeting as a whole or by a committee, and

2.0 BACKGROUND

Responsibility for financial management

- (b) in the case of a smaller relevant body, by the members of the body meeting as a whole, and following the review, the body or committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.
- (4) The relevant body must ensure that the statement referred to in paragraph [\(3\)](#) **accompanies**—
 - (a) any statement of accounts it is obliged to prepare in accordance with regulation [7](#), or
 - (b) any accounting statement it is obliged to prepare in accordance with regulation [12](#).

This sets out the statutory framework for the annual governance statement. The statement must accompany the statement of accounts rather than be included in the statement of accounts. The purpose of this change is to make it clear that the auditor's opinion does not cover the Annual Governance Statement although we have discretion about whether it is or is not included in the statement of accounts.

- 2.8 However, the Code of Practice on Local Authority Accounting suggests that it is best practice to have a full draft Annual Governance Statement ready to accompany the Statement of Accounts which must be signed by the Chief Financial Officer by the end of June. The code also goes on to say that the Annual Governance Statement should be approved by members at the same time as the Statement of Accounts is approved, i.e. by 30th September each year.

3.0 ANNUAL GOVERNANCE STATEMENTS 2014/15

- 3.1 These are key corporate documents and the most senior member and the most senior officer (Leader and Chief Executive) have joint responsibility as signatories for its accuracy and completeness. The Leader of the each Council and the Chief Executive as signatories of the respective Annual Governance Statements need to ensure that they accurately reflect the governance framework for which they are responsible. The guidance advises that it should be owned by all senior officers and members of the authority and that it is essential that there is buy in at the top level of the organisation.
- 3.2 In order to achieve this they are likely to rely on many sources of assurance, such as:
- ◆ directors and managers;

3.0 ANNUAL GOVERNANCE STATEMENTS 2014/15

- ◆ the responsible financial officer;
- ◆ the monitoring officer;
- ◆ members;
- ◆ the head of internal audit;
- ◆ performance and risk management;
- ◆ third parties, e.g. partnerships;
- ◆ external audit and other review agencies

3.3 The rough guide to preparing the Annual Governance Statement shows “*the need for a review body in the process, such as an audit committee or scrutiny role who should be charged with critically reviewing the AGS and its supporting documentation*”. The constitution indicates that this function should be dealt with by this Committee, and this is seen as the most satisfactory means of meeting the requirements for a critical review of the Annual Governance Statement.

3.4 There is no definitive way of producing the Annual Governance Statement. Professional guidance indicates that at the centre of the review process should be a corporate group who will be given ultimate responsibility for drafting the statement, evaluating assurances and the supporting evidence. This group should review whether or not there is consistency with existing policies and the authorities’ governance framework.

3.5 Member’s agreed in 2008 to the setting up of an officer working group consisting of the following who have been working on the preparation of the review of the agreed action plan and preparation of the 2014/15 Annual Governance Statements. The membership of the group has recently been refreshed to reflect the new structure of the organisation:

- Strategic Director (responsible for finance) (chair)
- Monitoring Officer
- Section 151 Officer
- Head of Organisational Development
- Head of Wellbeing
- Democratic Services Manager
- Head of Business and Technical Services

3.6 The Council agreed to the Committee’s proposals that the following be used as a reference group to give feedback to the officer group on the preparation of the draft statement, again this has been refreshed to reflect the current constitution of the Councils:

3.0 ANNUAL GOVERNANCE STATEMENTS 2014/15

- the Mayor (Worthing)
- the Chairman of the Council (Adur)
- the Leader of both Councils
- the Chair of the Joint Overview and Scrutiny Committee
- the Chair and Members of the Joint Governance Committee

3.7 As part of the review process, each of the fore-mentioned referred to in paragraph 3.6 above were written to in May 2015 seeking feedback on issues which may have a bearing on the completion of the review of the Annual Governance Statement. No responses have been received as part of the 2015 review process.

3.8 During the year the Officer's Governance Working Group has met to review the action plan which was agreed last year and to make recommendations to Officers on issues required to improve or strengthen the Council's Governance Framework. The outcome of the review is shown in attached Governance Action Plan Progress Report as set out in the attached Appendix B. The traffic light system of reporting has been used to identify progress on dealing with the actions, and identifying any new action to take forward.

3.9 This review by the Officers Group has sought to classify as RED any issues which are deemed to be Significant Issues requiring attention and which need to be declared on the face of the Annual Governance Statement for 2014/15. The following has been classified as red:

Page 14 G54/13 Contract Management

4.0 INTERNAL AUDIT ANNUAL REPORT 2014/15

4.1 Each year the Head of Internal Audit (from Mazars who provide the Councils Internal Audit Service) produces an Internal Audit Annual Report which summarises the work that Internal Audit has undertaken during the previous financial year and the control environment key themes which have been identified across the authority. The purpose of this report is to provide an annual assurance statement on the adequacy and effectiveness of the Authority's systems of governance, risk management and internal control. A report is produced separately for Adur District Council and Worthing Borough Council.

4.0 INTERNAL AUDIT ANNUAL REPORT 2014/15

- 4.2 For 2014/15 the Head of Internal Audit's Internal Audit Annual reports state that from the Internal Audit work undertaken in 2014/15, it is the Head of Internal Audit's opinion that they can provide Satisfactory Assurance that the system of internal control in place at both Adur District and Worthing Borough Councils for the year ended 31st March 2015 accords with proper practice, except for the control environment issues as documented in Appendix 1 to that report (See separate report on this agenda). The assurance is broken down further between financial and non-financial systems where the Head of Internal Audit has commented as follows: "Our overall opinion is that internal controls within financial and operational systems operating throughout the year are fundamentally sound."
- 4.3 For the 2014/15 Internal Audit Annual Report, the Head of Internal is also required to give an opinion on Information Technology Governance and in his report has stated "In our opinion the information technology governance of the Councils is adequate to support the organisation's strategies and objectives".
- 4.4 The following are extracts from the Head of Internal Audit's (Mazars) Internal Audit Annual Report.

"We have noted little change in Adur District Council's control environment during the audit year. During the 2014/15 year, some 26 (68.4%) of internal audit projects were rated 'Satisfactory assurance' compared with 29 (76.3%) in the prior year. One 'Full assurance' opinion was issued in 2014/15 compared to None in 2013/14. We are pleased to report that we have not issued any 'nil assurance' opinions in 2014/15. We issued 11 reports (28.9%) with 'limited assurance' opinions compared with 9 (23.7%) in the previous year.

We have noted little change in Worthing Borough Council's control environment during the audit year. During the 2014/15 year, some 26 (70.3%) of internal audit projects were rated 'Satisfactory assurance' compared with 28 (71.8%) in the prior year. One 'Full assurance' opinion was issued compared to None in 2013/14. We are pleased to report that we have not issued any 'No assurance' opinions in 2014/15. We issued 10 (27%) reports with 'limited assurance' opinions compared with 11 (28.2%) in the previous year.

Key themes arising from the internal audit work across the Councils relate to:

- The continued lack of IT Disaster Recovery Plans which was identified in the 2011/12 Annual Audit Report and since:
- Procurement and contract issues, including non-compliance with Council Contract Standing Orders, contract management and information retention, and the continued lack of a comprehensive corporate contracts register, and
- Slow progress on the implementation of agreed recommendations and the reiteration of recommendations which have not been implemented.

Your officers suggest that item 1 and 2 above are significant and should be incorporated into the Annual Governance Statements.

5.0 LEGAL IMPLICATIONS

- 5.1 Paragraph 2 of the Accounts and Audit Regulations sets out the legal requirements for each authority to produce an Annual Governance Statement. The Annual Governance Statement is a comment on the totality of good corporate governance, and it is a requirement for this statement to be published alongside the statutory annual statement of accounts. The draft Annual Governance Statement for Adur District Council is attached to this report as Appendix C, and for Worthing at Appendix D, and for the Joint Committee at Appendix E.
- 5.2 The Head of Legal Services in her role as the Council's Monitoring Officer has been closely involved in the preparation, review and publication of the Action Plan and the draft Annual Governance Statement.

6.0 FINANCIAL IMPLICATIONS

- 6.1 There are no direct costs or other financial implications involved with the production of these statements.
- 6.2 The Chief Financial Officer in her role as the Council's S.151 Officer has been closely involved in the preparation, review and publication of the Action Plan and the draft Annual Governance Statement.

7.0 RECOMMENDATION

- 7.1 The Joint Governance Committee is asked to:
- (a) note the evidence of compliance with the Code of Corporate Governance and the Action Plan produced to deal with any issues arising from these requirements as set out in Appendix A.
 - (b) approve the Annual Governance Statements for each Council as set out in Appendix B and C and for the Joint Committee at Appendix E to this report.

Local Government Act 1972

Background Papers: Delivering Good Governance in Local Government
Framework & Guidance Notes for English Authorities;
CIPFA/SOLACE 2007
Accounts and Audit Regulations 2011

Contact Officer: Sarah Gobey
Telephone: 01903 221221
E-mail: sarah.gobey@adur-worthing.gov.uk

SCHEDULE OF OTHER MATTERS

1.0 COUNCIL PRIORITY

1.1 Matter considered and no issues identified

2.0 SPECIFIC ACTION PLANS

2.1 An Action Plan dealing with issues emanating from the review of the Annual Governance Statement is contained in the report

3.0 SUSTAINABILITY ISSUES

3.1 Matter considered and no issues identified

4.0 EQUALITY ISSUES

4.1 Matter considered and no issues identified

5.0 COMMUNITY SAFETY ISSUES (SECTION 17)

5.1 Matter considered and no issues identified

6.0 HUMAN RIGHTS ISSUES

6.1 Matter considered and no issues identified

7.0 REPUTATION

7.1 Matter considered and no issues identified

8.0 CONSULTATIONS

8.1 Matter considered and no issues identified

9.0 RISK ASSESSMENT

9.1 Specific issues and requirements are detailed in the attached Action Plan

10.0 HEALTH & SAFETY ISSUES

10.1 Matter considered and no issues identified

11.0 PROCUREMENT STRATEGY

11.1 Matter considered and no issues identified

12.0 PARTNERSHIP WORKING

12.1 Specific issues and requirements are detailed in the report and action plan attached.

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

| Action Code | Title | Description | Assigned To | Due Date | Latest Note | Performance Status |
|-------------|---------------------------|--|---------------|----------|--|--------------------------------|
| G07/13 | Measuring Value for money | Decide how value for money is to be measured and make sure that the authorities have the information needed to review value for money and performance effectively. | Paul Brew er | Ongoing | <p>VFM opinion audit judgement review ed on an annual basis and opinion is positive.</p> <p>A number of services are regionally benchmarked and others nationally e.g. Adur Homes, Fraud, Leisure. Cost comparisons w ith other Councils undertaken.</p> <p>VFM measured as part of procurement.</p> <p>New performance dashboard includes information on internal process and financial results measures.</p> | Progressing well(Green) |
| G08/13 | Environmental Impact | Measure the environmental impact of policies, plans and decisions. | Steve Spinner | Ongoing | <p>The Council has recently committed to Your Energy Sussex which will manage the roll out of solar PV technology within Adur Homes improving the environmental impact of our Housing Stock.</p> <p>The Council is currently undertaking feasibility work on the roll out of further solar panels on corporate buildings</p> <p>A review of the success of sustainability measures is planned for 2015/16.</p> | Being closely monitored(Amber) |

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

| Action Code | Title | Description | Assigned To | Due Date | Latest Note | Performance Status |
|-------------|---|--|---------------------------|----------|--|--------------------------------|
| G09/13 | Roles/responsibilities of Members and senior officers | <p>1) Set out a clear statement of the respective roles and responsibilities of the executive, the executive members individually and the authorities approach towards putting this into practice.</p> <p>2) Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and senior officers.</p> | Tina Favier / Julia Smith | Ongoing | <p>Executive delegations have been agreed. Constitution sets out the roles of Members. Joint Committee Agreement and Constitution sets out responsibilities of the Councils and their individual and joint committees.</p> <p>Scheme of delegations to officers is being redrafted to clarify executive and non-executive functions and take account of the new officer structure. This is due to be considered by members in June 2015.</p> | Progressing well(Green) |
| G10/13 | Scheme of Delegation | Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authorities, taking account of relevant legislation, and ensure that it is monitored and updated when required. | Susan Sale | Ongoing | Scheme of delegations is due to be considered by the Joint Governance Committee in June 2015. | Progressing well(Green) |
| G16/13 | Process for communicating the vision, strategic plans, priorities and targets | Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms and in consultation with the local community and other key stakeholders. That they are clearly articulated and disseminated. | Neil Hopkins | Ongoing | <p>A new vision has been produced and agreed by the Councils called 'Catching the Wave'. A communications workstream for 'Catching the Wave' was set up to increase capacity to effectively communicate the vision effectively externally and internally.</p> <p>The communication capacity of the Councils has subsequently been further strengthened through the recent appointment of a Head of Communications, who is now preparing a new Communications/Engagement strategy for the organisation</p> <p>May 2015 - The Communications Team has been restructured and recruitment will begin in June 2015 to fill two vacant Content Marketing Officer posts. The Interim Social Media Manager role is already in place and work is progressing to improve the Councils' use of Social Media – the Social Media Community Officer role</p> | Being closely monitored(Amber) |

| Action Code | Title | Description | Assigned To | Due Date | Latest Note | Performance Status |
|-------------|-------|-------------|-------------|----------|---|--------------------|
| | | | | | <p>identified in the restructure will be recruited in quarter 2 of the year.</p> <p>Once the team is up to full strength, the adopted Communications Strategy will start to take full effect.</p> | |

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

| Action Code | Title | Description | Assigned To | Due Date | Latest Note | Performance Status |
|-------------|--------------------------------------|--|---------------|----------|---|-------------------------|
| G17/13 | Partnership protocols and governance | 1) When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authorities. | John Mitchell | Ongoing | As part of the review of member development and the role of members on Outside Bodies, guidance & support is provided to Members e.g. representation on South Downs Leisure Trust Board; Worthing Homes Board. | Progressing well(Green) |
| | | 2) When working in partnership: (a) ensure that there is clarity about the legal status of the partnership; (b) ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions. | John Mitchell | Ongoing | The terms of reference of the Local Strategic Partnership and the Partnerships that support the LSP have recently been reviewed and updated to ensure consistency and to make connections with other key strategic partnerships e.g. Safer West Sussex; GBEB; West Sx Health & Wellbeing Partnership. | Progressing well(Green) |

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

| Action Code | Title | Description | Assigned To | Due Date | Latest Note | Performance Status |
|-------------|--|---|--------------------------|----------|--|-------------------------|
| G19/13 | Standards of conduct and behaviour | Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols. | Susan Sale | Ongoing | The Councils each have an up to date Code of Conduct for Members and an Officers Code of Conduct. New Code of Conduct drafted for consultation / consideration by members after adoption of new constitution. | Progressing well(Green) |
| G21/13 | Shared values | Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners. | Gill Frost | Ongoing | New Organisational Development Team has been set up. PDR process has been revamped with clear links to the Councils values. A new talent management programme set up 'unboxed' to develop staff. The first 20 staff are due to take part in the programme in 2015/16 | Progressing well(Green) |
| G22/13 | Systems and processes conform to appropriate ethical standards | Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice. | Susan Sale / Sarah Gobey | Ongoing | Financial Standing Orders were approved in April, 2014, the Constitution has been revised and approved, Members Code of Conduct (new version drafted for consideration in late Summer / Autumn 2014). A review of Contract Standing Orders was undertaken and approved in January 2015. The Contract Standing Orders are due to be reviewed again at the Joint Governance Committee in June 2015 to reflect recent legislative changes. | Progressing well(Green) |
| G57/13 | Information Security | Ensure policies, procedures & training is in place to meet statutory obligations & high standards of practice in information governance and security. | Paul Brew er | Ongoing | A suite of IS Policies, procedures, training & guidance is now in place. A system for monitoring IS breaches has been established. The ISM role has been secured for 14/15. SIRO role has transferred to P Brew er. | Progressing well(Green) |

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

| Action Code | Title | Description | Assigned To | Due Date | Latest Note | Performance Status |
|-------------|--|---|--|-------------|--|---------------------------------|
| G29/13 | Effective Audit Committees | Maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee. | Sarah Gobey | Ongoing | Effective audit scrutiny in place. Councillors can attend training. Continuing developing knowledge and skills of the Councillors. A review of the effectiveness of the Audit Committee is due to be considered by the Joint Governance Committee in June 2015 | Progressing well (Green) |
| G33/13 | Whistle-blowing | Ensure that up-to-date arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access. | Susan Sale | Ongoing | Whistleblowing policy has been renewed and, subject to completion of contact details is ready to be published. Policy to be reviewed annually (March, 2015) | Being closely monitored (Amber) |
| G52/13 | Refresh Standing orders with relation to Contracts | To review and refresh the contract regulations. | Sarah Gobey/ Steve Spinner/ Susan Sale | Ongoing | Refreshed Standing Orders recommended to Council for approval at JGAC March 2015. The Contract Standing Orders are due for revision in June 2015 to reflect some recent legislative changes. Training continues to be rolled out to all officers involved in procuring items of £5k or more from September onwards. | Progressing well (Green) |
| G53/13 | Refresh Financial Regulations | To review and refresh the financial regulations. | Sarah Gobey | Ongoing | Revised financial regulations were approved by Joint Governance and Audit Committee in March 2014 and subsequently approved by both Councils in April | Being closely monitored (Amber) |
| G54/13 | Contract Management | To review and refresh the guidance and training offered to staff with responsibility for significant contracts and ensure all officers with responsibility for significant contract have the knowledge and skills to perform their duty adequately. | Sarah Gobey; Steve Spinner | 30-Sep-2015 | Following the roll out of the Contract Standing Orders training sessions in 2014/15 to all staff involved with delivering contracts, the next step is for mandatory contract management training to be delivered to all relevant staff by December 2015. It had been intended that this would be rolled out in 2014 but this has been delayed due to other priorities. Training providers have been contacted to provide a course outline and training programme. However, a couple of recent internal audit reports indicate that there are still pockets of poor practice. | Needs attention (Red) |
| G55/13 | Project Management | To ensure projects are carried out in a timely manner, within budget and achieve their stated objectives/ outcomes. | Paul Brewer | Ongoing | The Councils Leadership Team is reviewing all key Projects/Risks/Actions on a monthly basis and work is currently underway to make the report to the CLT more of a 'live' document. | Being closely monitored (Amber) |

| Action Code | Title | Description | Assigned To | Due Date | Latest Note | Performance Status |
|-------------|-------|-------------|-------------|----------|---|--------------------|
| | | | | | A new training framework is being developed by the Head of Digital and Design | |

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

| Action Code | Title | Description | Assigned To | Due Date | Latest Note | Performance Status |
|-------------|--|--|---------------|-------------|---|--------------------------------|
| G56/13 | Review procurement guidance | To review and refresh the detailed guidance for procurement. | Steve Spinner | 31-Mar-2014 | <p>A Corporate Procurement Working Group is now meeting and this forms part of their action plan. Mandatory standing order training has been completed for all managers responsible for procuring goods and services.</p> <p>A new procurement intranet page is active and contains a matrix to help staff use the correct method of procurement.</p> <p>A new procurement portal for letting contracts has been implemented.</p> | Being closely monitored(Amber) |
| G58/13 | Compliance with priority 1 audit recommendations | Ensure all important audit recommendations are implemented within agreed timescales. | Sarah Gobey | Ongoing | <p>Head of Internal Audit is now reporting to Management Team to raise profile of issues. List of outstanding recommendations is being circulated to Heads of Service for review and action.</p> <p>Heads of Service not responding to audit queries are now being asked to attend JGC.</p> | Progressing well(Green) |

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

| Action Code | Title | Description | Assigned To | Due Date | Latest Note | Performance Status |
|-------------|---|---|---|-------------|--|--------------------------------|
| G38(M)/13 | Assess skills required by Members | Assess the skills required by members and make a commitment to develop those skills to enable roles to be carried out effectively. | Tina Favier / Susan Sale | Ongoing | Evaluation of the effectiveness of member training currently being completed for discussion between Head of Wellbeing and Leaders (as portfolio holders for Member Services). Member training includes skills in areas of chairmanship, standards. Planning, licensing and finance. | Progressing well(Green) |
| G38(O)/13 | Assess skills required by Officers | Assess the skills required by officers and make a commitment to develop those skills to enable roles to be carried out effectively. | Gill Frost | Ongoing | The PDR process for 2015 has commenced and assessment of skills and knowledge arising from the PDRs will be completed in June 2015. The Organisational Development team has been looking at: - Individual performance management - Talent management - Learning, development and growth - Leadership capacity | Progressing well(Green) |
| G40/13 | Reviewing the performance of the Executive and individual Members | Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs. | Tina Favier / Dave Briggs | 31-Mar-2014 | No progress. Executive is subject to review by JOSC and is subject to challenge by elected Members at Full Council. There is no formal process for carrying out performance and development reviews for Members. | Being closely monitored(Amber) |
| G41/13 | Engage community to participate in work of the authority | Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority. | Neil Hopkins/ John Mitchell / Tina Favier | 31-Mar-2014 | Two key themes of the Catching the Wave vision are 'Cultivating Enterprising Communities' and 'Becoming Adaptive Councils' - to actively promote and lead community enterprise and civic social entrepreneurs. The Director for communities leads on this work. Alongside this, the communication capacity of the Councils, both internally and externally, has been strengthened through the appointment of a Head of Communications, who is preparing a new Communications/Engagement strategy for the organisation. The new Communications team is currently being recruited to, full details can be found in G16/13 above. The Councils also have a joint Members/Officers/Youth Council | Being closely monitored(Amber) |

| Action Code | Title | Description | Assigned To | Due Date | Latest Note | Performance Status |
|-------------|-------|-------------|-------------|----------|--|--------------------|
| | | | | | Community Engagement Task Group which over sees community engagement work. This has currently been put on hold pending a decision by senior leadership officers and the Leader of the Council. | |

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

| Action Code | Title | Description | Assigned To | Due Date | Latest Note | Performance Status |
|-------------|--|--|---------------------------|-------------|--|--------------------------------|
| G42(M)/13 | Career structures - Members | Ensure that career structures are in place for members to encourage participation and development. | Tina Favier / Julia smith | 31-Mar-2014 | Review of Members training is ongoing. Once report prepared, Democratic Services is to share it with Chief Executive and Leaders of ADC & WBC to determine the future direction of Member training and whether or not the Councils should continue with a career pathway for elected Members. | Being closely monitored(Amber) |
| G42(O)/13 | Career structures - Officers | Ensure that career structures are in place for officers to encourage participation and development. | Gill Frost | Ongoing | The Organisational Development team has been rolling out: - Individual performance management - A talent management programme - Learning, development and growth - Leadership capacity | Progressing well(Green) |
| G50/13 | Continue staff engagement and consultation | <p>Renew in light of cultures and behaviours a clear policy on how staff and their representatives are consulted and involved in decision making.</p> <p>Develop and maintain a clear policy on how staff and their representatives will be engaged with in times of change, i.e. changing the way a service is delivered, cuts.</p> | Neil Hopkins / Gill Frost | 31-Mar-2014 | <p>A vision has been produced and agreed by the Councils called 'Catching the Wave'.</p> <p>A communications workstream for 'Catching the Wave' was set up to increase capacity to effectively communicate the vision effectively and to engage staff. For example, a series of Leadership and Staff events have been and are continuing to be held as part of this programme.</p> <p>Additionally, an established programme of meetings with UNISON is in place at least 6 times per annum (JONG). Where necessary business groups of JONG are formed to look at specific issues and to report back to JONG e.g. Terms & Conditions Working Group.</p> <p>The communication capacity of the Councils has also been further strengthened through the appointment of a Head of Communications, who is now preparing a new Communications/Engagement strategy for the organisation, both internally as well as externally. The new Communications team is currently being recruited to, full details can be found in G16/13 above.</p> | Progressing well(Green) |

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

| Action Code | Title | Description | Assigned To | Due Date | Latest Note | Performance Status |
|-------------|--------------------------------------|--|-----------------------------|----------|---|---------------------------------|
| G43/13 | Stakeholder relationships | 1) Make clear to stakeholders, all staff and the community who in the council is accountable to whom and for what. 2) Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required. | Sarah Gobey / John Mitchell | Ongoing | The Catching the Wave Programme Board includes a 'Partners and Partnerships' workstream to review our partnership and stakeholder relationship working and to seek to align this working with the new vision. Mapping work has been undertaken with over 300 partnerships identified. Work on classifying & better understanding these partnerships is now underway. This will include identification of partnership gaps & opportunities. The mapping work will identify key stakeholders & the relationship they have with the Councils. | Being closely monitored(Amber) |
| G44/13 | Scrutiny annual report | Produce an annual report on the activity of the scrutiny function. | Mark Lowe / Dave Briggs | Ongoing | Report on 2014/15 JOSC Annual report being prepared for JOSC on 16 July 2015. | Action complete(Green) |
| G47/13 | Performance Monitoring and Reporting | Report quarterly the progress on performance, including risks. | Mark Lowe / Dave Briggs | Ongoing | A new performance dashboard introduced in April 2014 is being reported on a regular basis to Councils Leadership Team. A revised Dashboard is now currently being developed using interactive Performance software providing infographics/Dashboards for rolling out in the summer 2015 and incorporating monthly 'Flash reporting'. A new way of monitoring Risks is being developed using new interactive tools (Trello Boards) and will be introduced in summer 2015. | Action progressing well (Green) |
| G48/13 | Open and accessible authority | Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do | Paul Brewer / Dave Briggs | Ongoing | New Open Data section has been created on the website. Government have now published a new Code of Practice for Local Authorities on Data Transparency which was implemented with effect from 1 st April 2014. This data is being kept up to date. | Being closely monitored(Amber) |

| Action Code | Title | Description | Assigned To | Due Date | Latest Note | Performance Status |
|-------------|-------|-------------|-------------|----------|-------------|--------------------|
| | | so. | | | | |

ADUR DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.adur.gov.uk or www.adur-worthing.gov.uk or can be obtained from the Council. This statement explains how Adur District Council has complied with the code and also meets the requirements of regulation 4[2] of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

The governance framework has been in place at the Council for the financial year ended 31st March 2015 and up to the date of approval of the statement of accounts.

THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements include arrangements for:

- identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users;
- reviewing the authority's vision and its implications for the authority's governance arrangements;
- translating the vision into objectives for the authority and its partnerships;

ADUR DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT

THE GOVERNANCE FRAMEWORK

- measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money;
- defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements;
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality;
- reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability;
- ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- ensuring effective management of change and transformation;
- ensuring the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government* (2010) and, where they do not, explain why and how they deliver the same impact;
- ensuring the authority's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit* (2010) and, where they do not, explain why and how they deliver the same impact;
- ensuring effective arrangements are in place for the discharge of the monitoring officer function;
- ensuring effective arrangements are in place for the discharge of the head of paid service function;
- undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*;
- ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- whistleblowing and for receiving and investigating complaints from the public;
- identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training;

ADUR DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT

THE GOVERNANCE FRAMEWORK

- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- enhancing the accountability for service delivery and effectiveness of other public service providers;
- incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

The operation of this authority's governance framework is described in the section below.

THE OPERATION OF THE GOVERNANCE FRAMEWORK

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

| WHAT WE NEED TO DO | | | | | |
|--|---|--|---|---|---|
| Focusing on the purpose of the Authority; deliver outcomes for the Community and create and implement a vision for the local area. | Working together to achieve a common purpose with clearly defined functions and roles | Promote values for the authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour | Take informed and transparent decisions which are subject to effective scrutiny and managing risk | Develop the capacity and capability of members and officers to be effective | Engage with local people and other stakeholders to ensure robust public accountability. |

ADUR DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

| HOW WE DO IT | | | | | |
|--|---|--|--|---|---|
| <ul style="list-style-type: none"> • Organisational goals • Service planning • Performance Management • Strategies | <ul style="list-style-type: none"> • The Constitution • The Monitoring Officer • Section 151 Officer | <ul style="list-style-type: none"> • Codes of conduct • Financial management and MTFP • Bribery Act 2010 policy guidance • Whistleblowing Policy • HR Policies and procedures | <ul style="list-style-type: none"> • Freedom of information requests • Complaints procedure • Reports considered by legal and finance experts • Equality impact assessments • Corporate risk register | <ul style="list-style-type: none"> • Robust interview and selection process • Training and development • Workforce planning • Succession planning • Performance development reviews • Talent management | <ul style="list-style-type: none"> • Community and engagement policy • Consultations • Terms of reference for partnerships |

HOW WE KNOW WHAT NEEDS TO BE DONE IS BEING DONE

Joint Governance Committee function and self-assessment;
Corporate Governance Group; Scrutiny Reviews;
Review of progress made in addressing issues; Performance monitoring;
Review of compliance with corporate governance controls;
Review of accounts; Employee opinion surveys; Internal audits and external audits;
Inspections and recommendations made by external agencies.

The following sections look at how the Council delivers governance principles in more detail:

1. FOCUSING ON THE PURPOSE OF THE AUTHORITY AND ON OUTCOMES FOR THE COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA

Joint Corporate Priorities

The Councils have agreed three priorities which set out its aspirations for the town.

- **Supporting Wealth Generators**
- **Cultivating Enterprising Communities**
- **Becoming an adaptive Council**

Further details of how these priorities will be achieved are included in a programme of work called 'Surf's Up' which can be found on the internet <http://www.adur-worthing.gov.uk/large-files/surfs-up/surfs-up-spreads.pdf>.

ADUR DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

1. FOCUSING ON THE PURPOSE OF THE AUTHORITY AND ON OUTCOMES FOR THE COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA

Service planning and performance management

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. Through partnership working and efficiency savings the Council has made significant savings over the past five years and needs to find a further £3.0m by 2019/20 in a climate of reducing funding from Central Government and rising demand for many of the Council's services. This means that it is important that, whilst we focus on achieving the organisational goal and aspirations, we continue to plan services in detail on an annual basis, focusing on challenges over the coming year but also considering the medium term horizon.

The Heads of Service are responsible for preparing service plans that include detail on: core business that must be delivered; plans for improvement, development and disinvestment; financial planning; arrangements for addressing key governance issues; key service risks and management/mitigation activity and arrangements for robust performance management within the service.

2. MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES.

The Constitution

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

The Monitoring Officer

The Monitoring Officer is a statutory function and ensures that the Council, its officers, and its elected members, maintain the highest standards of conduct in all they do. The Monitoring Officer ensures that the Council is compliant with laws and regulations, as well as internal policies and procedures. She is also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation of the Council's Constitution.

ADUR DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

2. **MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES.**

Section 151 Officer

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

3. **PROMOTING THE VALUES FOR THE AUTHORITY AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR**

Codes of conduct

Codes of Conduct exist for both staff and members.

All Councillors have to keep to a Code of Conduct to ensure that they maintain the high ethical standards the public expect from them. If a complainant reveals that a potential breach of this Code has taken place, Adur District Council or Worthing Borough Council may refer the allegations for investigation or decide to take other action.

On joining the Council, Officers are provided with a contract outlining the terms and conditions of their appointment. All staff must declare any financial interests, gifts or hospitality on a public register. Additionally, members are expected to declare any interests at the start of every meeting that they attend in accordance with Standing Orders. Members and officers are required to comply with approved policies.

Financial management

The Head of Finance and s151 Officer is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. She advises on financial matters to both the Cabinet and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The s151 Officer together with finance staff ensure that new policies or service proposals are costed, financially appraised, fully financed and identifies the key assumptions and financial risks that face the council.

ADUR DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

3. PROMOTING THE VALUES FOR THE AUTHORITY AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

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

Anti-fraud, bribery and corruption

The Council is committed to protecting any funds and property to which it has been entrusted and expects the highest standards of conduct from Members and Officers regarding the administration of financial affairs.

The Councils have a Corporate Anti-Fraud Team which acts to minimise the risk of fraud, bribery, corruption and dishonesty and recommends procedures for dealing with actual or expected fraud.

Guidance and policies for staff on the Bribery Act 2010 and the Prevention of Money Laundering are found on the intranet.

Whistleblowing

The Council is committed to achieving the highest possible standards of openness and accountability in all of its practices. The Council's Whistleblowing policy (revised in 2014) <http://awintranet/media/media,125134,en.pdf> sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter.

Joint Governance Committee

As its name suggests, the Joint Governance Committee has the responsibility for receiving many reports that deal with issues that are key to good governance. The Committee undertakes the core functions of an Audit Committee identified in CIPFA's practical guidance. The group has an agreed set of terms of reference, which sets out their roles and responsibilities of its members.

4. TAKING INFORMED AND TRANSPARENT DECISIONS WHICH ARE SUBJECT TO EFFECTIVE SCRUTINY AND MANAGING RISK

Transparency

The Council and its decisions are open and accessible to the community, service users, partners and its staff. The Freedom of Information Act 2000 (Fol) gives anyone the right to ask for any information held by a public authority, which includes this

ADUR DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

4. TAKING INFORMED AND TRANSPARENT DECISIONS WHICH ARE SUBJECT TO EFFECTIVE SCRUTINY AND MANAGING RISK

All reports requiring a decision are considered by appropriately qualified legal, and finance staff with expertise in the particular function area before they are progressed to the relevant

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

Risk management

All significant risks (defined as something that may result in failure in service delivery, significant financial loss, non-achievement of key objectives, damage to health, legal action or reputational damage) must be logged on a Corporate Risk Register, profiled (as high/medium/low), and mitigating measures/assurances must be put in place.

Effective scrutiny

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

Complaints

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

ADUR DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

5. DEVELOPING THE CAPACITY AND CAPABILITY OF MEMBERS AND OFFICERS TO BE EFFECTIVE

Recruitment and induction

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

Training and development

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

Performance monitoring

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

6. ENGAGING WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS TO ENSURE ROBUST PUBLIC ACCOUNTABILITY

Engagement and communication

It is recognised that people need information about what decisions are being taken locally, and how public money is being spent in order to hold the council to account for the services they provide. The views of customers are at the heart of the council's service delivery arrangements. Adur District Council has developed a Community and Engagement Policy, which reflects the council's ambition to enable and empower communities to shape the places within which they live and work, influence formal decision making and make informed choices around the services they receive.

ADUR DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

To be effective this policy aims to inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders. There are a number of ways people can get involved and connect with the council. Current consultations can be found on the Councils website at www.adur-worthing.gov.uk. Local people have the option to engage in a dialogue through: social media sites (including Facebook and twitter), petition schemes, neighbourhood forums, council meetings (open to the public), their local Councillor and through the citizens panel.

Consultations

The council keeps a forward plan of planned consultations. Internally, a consultation toolkit has been developed to guide council staff through the consultation process. The agreed process ensures that engagement activity is relevant, accessible, transparent and responsive. To increase awareness, consultations are proactively promoted. A list of current consultations, as well as a list of past consultations explaining how the council has used public feedback is available on the council website.

Partnership working

In addition to the partnership between Adur and Worthing (<http://www.adur-worthing.gov.uk/about-the-councils/partnership-working/>), this Council is involved in a number of different partnerships, at different levels – each with their own set of terms of reference for effective joint working.

REVIEW OF EFFECTIVENESS

Adur District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by relevant stakeholders, the external auditors and other review agencies and inspectorates.

The Council has procedures in place to ensure the maintenance and review of the effectiveness of the governance framework, which includes reports to and reviews by the following:

- the Joint Strategic Committee, Cabinets, the Joint Governance Committee, the Joint Overview and Scrutiny Committee, the Standards Committee.
- internal and external audit
- other explicit review/assurance mechanisms.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Governance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

ADUR DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT

SIGNIFICANT GOVERNANCE ISSUES

There are two significant governance issues either identified by red status on the Governance Action Plan or from the Internal Audit Annual Report;

i) Procurement and contract management procedures and processes:

The Council identified the need to improve its future procurement and contract management arrangements following an in depth review of contract procedures and contract management arrangements. Actions are being taken to remedy the situation by way of:

- A programme of training on contract standing orders and contract management;
- A major review of contract management; and
- A corporate review of procurement.

ii) Lack of an ICT Disaster Recovery Plan.

The Council identified this as a key priority following an in-depth review of an IT failure. To address this, the Council has engaged consultants to support the production of a new ICT Disaster Recovery Plan

OTHER ISSUES

The Governance Action Plan has been updated to deal with any issues brought forward from the 2014 review together with any issues which have been identified during the current review.

The governance requirements in the Statement on the Role of the Chief Financial Officer in Public Services are that the Chief Financial Officer should be professionally qualified, report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to other members. The position within Adur and Worthing Councils does not wholly conform to the above statement. The Section 151 Officer does not report directly to the Chief Executive, but reports to one of the Directors in line with the reporting requirements for all Heads of Service. The Section 151 Officer is not a member of the Council's Corporate Leadership Team and does not have the same status as the other members, but has full access to the Chief Executive and the Corporate Leadership Team where necessary.

PROPOSED ACTION

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

ADUR DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT

PROPOSED ACTION

Signed: _____

Councillor Neil Parkin
Leader of the Council
Adur District Council



Dated:

Signed: _____

Alex Bailey
Chief Executive of
Adur & Worthing Councils



Dated:

WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.adur.gov.uk or www.adur-worthing.gov.uk or can be obtained from the Council. This statement explains how Adur District Council has complied with the code and also meets the requirements of regulation 4[2] of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

The governance framework has been in place at the Council for the financial year ended 31st March 2015 and up to the date of approval of the statement of accounts.

THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements include arrangements for:

- identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users;
- reviewing the authority's vision and its implications for the authority's governance arrangements;
- translating the vision into objectives for the authority and its partnerships;

WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

THE GOVERNANCE FRAMEWORK

- measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money;
- defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements;
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality;
- reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability;
- ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- ensuring effective management of change and transformation;
- ensuring the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government* (2010) and, where they do not, explain why and how they deliver the same impact;
- ensuring the authority's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit* (2010) and, where they do not, explain why and how they deliver the same impact;
- ensuring effective arrangements are in place for the discharge of the monitoring officer function;
- ensuring effective arrangements are in place for the discharge of the head of paid service function;
- undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*;
- ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- whistleblowing and for receiving and investigating complaints from the public;
- identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training;

WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

THE GOVERNANCE FRAMEWORK

- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- enhancing the accountability for service delivery and effectiveness of other public service providers;
- incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

The operation of this authority's governance framework is described in the section below.

THE OPERATION OF THE GOVERNANCE FRAMEWORK

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

| WHAT WE NEED TO DO | | | | | |
|--|---|--|---|---|---|
| Focusing on the purpose of the Authority; deliver outcomes for the Community and create and implement a vision for the local area. | Working together to achieve a common purpose with clearly defined functions and roles | Promote values for the authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour | Take informed and transparent decisions which are subject to effective scrutiny and managing risk | Develop the capacity and capability of members and officers to be effective | Engage with local people and other stakeholders to ensure robust public accountability. |

WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

| HOW WE DO IT | | | | | |
|--|---|--|--|---|---|
| <ul style="list-style-type: none"> • Organisational goals • Service planning • Performance Management • Strategies | <ul style="list-style-type: none"> • The Constitution • The Monitoring Officer • Section 151 Officer | <ul style="list-style-type: none"> • Codes of conduct • Financial management and MTFP • Bribery Act 2010 policy guidance • Whistleblowing Policy • HR Policies and procedures | <ul style="list-style-type: none"> • Freedom of information requests • Complaints procedure • Reports considered by legal and finance experts • Equality impact assessments • Corporate risk register | <ul style="list-style-type: none"> • Robust interview and selection process • Training and development • Workforce planning • Succession planning • Performance development reviews • Talent management | <ul style="list-style-type: none"> • Community and engagement policy • Consultations • Terms of reference for partnerships |

| HOW WE KNOW WHAT NEEDS TO BE DONE IS BEING DONE |
|---|
| <p>Joint Governance Committee function and self-assessment; Corporate Governance Group; Scrutiny Reviews; Review of progress made in addressing issues; Performance monitoring; Review of compliance with corporate governance controls; Review of accounts; Employee opinion surveys; Internal audits and external audits; Inspections and recommendations made by external agencies.</p> |

The following sections look at how the Council delivers governance principles in more detail:

1. FOCUSING ON THE PURPOSE OF THE AUTHORITY AND ON OUTCOMES FOR THE COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA

Joint Corporate Priorities

The Councils have agreed three priorities which set out its aspirations for the town.

- **Supporting Wealth Generators**
- **Cultivating Enterprising Communities**
- **Becoming an adaptive Council**

Further details of how these priorities will be achieved are included in a programme of work called 'Surf's Up' which can be found on the internet <http://www.adur-worthing.gov.uk/large-files/surfs-up/surfs-up-spreads.pdf>

WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

1. FOCUSING ON THE PURPOSE OF THE AUTHORITY AND ON OUTCOMES FOR THE COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA

Service planning and performance management

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. Through partnership working and efficiency savings the Council has made significant savings over the past five years and needs to find a further £3.2m by 2019/20 in a climate of reducing funding from Central Government and rising demand for many of the Council's services. This means that it is important that, whilst we focus on achieving the organisational goal and aspirations, we continue to plan services in detail on an annual basis, focusing on challenges over the coming year but also considering the medium term horizon.

The Heads of Service are responsible for preparing service plans that include detail on: core business that must be delivered; plans for improvement, development and disinvestment; financial planning; arrangements for addressing key governance issues; key service risks and management/mitigation activity and arrangements for robust performance management within the service.

2. MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES

The Constitution

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

The Monitoring Officer

The Monitoring Officer is a statutory function and ensures that the Council, its officers, and its elected members, maintain the highest standards of conduct in all they do. The Monitoring Officer ensures that the Council is compliant with laws and regulations, as well as internal policies and procedures. She is also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation of the Council's Constitution.

WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

2. MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES

Section 151 Officer

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

3. PROMOTING THE VALUES FOR THE AUTHORITY AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

Codes of conduct

Codes of Conduct exist for both staff and members.

All Councillors have to keep to a Code of Conduct to ensure that they maintain the high ethical standards the public expect from them. If a complainant reveals that a potential breach of this Code has taken place, Adur District Council or Worthing Borough Council may refer the allegations for investigation or decide to take other action.

On joining the Council, Officers are provided with a contract outlining the terms and conditions of their appointment. All staff must declare any financial interests, gifts or hospitality on a public register. Additionally, members are expected to declare any interests at the start of every meeting that they attend in accordance with Standing Orders. Members and officers are required to comply with approved policies.

Financial management

The Head of Finance and s151 Officer is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. She advises on financial matters to both the Cabinet and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The s151 Officer together with finance staff ensure that new policies or service proposals are costed, financially appraised, fully financed and identifies the key assumptions and financial risks that face the council.

WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

3. PROMOTING THE VALUES FOR THE AUTHORITY AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

Financial management

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

Anti-fraud, bribery and corruption

The Council is committed to protecting any funds and property to which it has been entrusted and expects the highest standards of conduct from Members and Officers regarding the administration of financial affairs.

The Councils have a Corporate Anti-Fraud Team which acts to minimise the risk of fraud, bribery, corruption and dishonesty and recommends procedures for dealing with actual or expected fraud.

Guidance and policies for staff on the Bribery Act 2010 and the Prevention of Money Laundering are found on the intranet.

THE OPERATION OF THE GOVERNANCE FRAMEWORK

Whistleblowing

The Council is committed to achieving the highest possible standards of openness and accountability in all of its practices. The Council's Whistleblowing policy (revised in 2014) <http://awintranet/media/media,125134,en.pdf> sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter.

Joint Governance Committee

As its name suggests, the Joint Governance Committee has the responsibility for receiving many reports that deal with issues that are key to good governance. The Committee undertakes the core functions of an Audit Committee identified in CIPFA's practical guidance. The group has an agreed set of terms of reference, which sets out their roles and responsibilities of its members.

WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

4. TAKING INFORMED AND TRANSPARENT DECISIONS WHICH ARE SUBJECT TO EFFECTIVE SCRUTINY AND MANAGING RISK

Transparency

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

All reports requiring a decision are considered by appropriately qualified legal, and finance staff with expertise in the particular function area before they are progressed to the relevant

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

Risk management

All significant risks (defined as something that may result in failure in service delivery, significant financial loss, non-achievement of key objectives, damage to health, legal action or reputational damage) must be logged on a Corporate Risk Register, profiled (as high/medium/low), and mitigating measures/assurances must be put in place.

Effective scrutiny

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

Complaints

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

WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

5. DEVELOPING THE CAPACITY AND CAPABILITY OF MEMBERS AND OFFICERS TO BE EFFECTIVE

Recruitment and induction

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

Training and development

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

Performance monitoring

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

6. ENGAGING WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS TO ENSURE ROBUST PUBLIC ACCOUNTABILITY

Engagement and communication

It is recognised that people need information about what decisions are being taken locally, and how public money is being spent in order to hold the council to account for the services they provide. The views of customers are at the heart of the council's service delivery arrangements. Adur District Council has developed a Community and Engagement Policy, which reflects the council's ambition to enable and empower communities to shape the places within which they live and work, influence formal decision making and make informed choices around the services they receive.

WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

6. ENGAGING WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS TO ENSURE ROBUST PUBLIC ACCOUNTABILITY

Engagement and communication

To be effective this policy aims to inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders. There are a number of ways people can get involved and connect with the council. Current consultations can be found on the Councils website at www.adur-worthing.gov.uk. Local people have the option to engage in a dialogue through: social media sites (including Facebook and twitter), petition schemes, neighbourhood forums, council meetings (open to the public), their local Councillor and through the citizens panel.

Consultations

The council keeps a forward plan of planned consultations. Internally, a consultation toolkit has been developed to guide council staff through the consultation process. The agreed process ensures that engagement activity is relevant, accessible, transparent and responsive. To increase awareness, consultations are proactively promoted. A list of current consultations, as well as a list of past consultations explaining how the council has used public feedback is available on the council website.

Partnership working

In addition to the partnership between Adur and Worthing (<http://www.adur-worthing.gov.uk/about-the-councils/partnership-working/>), this Council is involved in a number of different partnerships, at different levels – each with their own set of terms of reference for effective joint working.

REVIEW OF EFFECTIVENESS

Adur District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by relevant stakeholders, the external auditors and other review agencies and inspectorates.

The Council has procedures in place to ensure the maintenance and review of the effectiveness of the governance framework, which includes reports to and reviews by the following:

- the Joint Strategic Committee, Cabinets, the Joint Governance Committee, the Joint Overview and Scrutiny Committee, the Standards Committee
- internal and external audit
- other explicit review/assurance mechanisms.

WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

REVIEW OF EFFECTIVENESS

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Governance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

SIGNIFICANT GOVERNANCE ISSUES

There are two significant governance issues either identified by red status on the Governance Action Plan or from the Internal Audit Annual Report;

i) Procurement and contract management procedures and processes:

The Council identified the need to improve its future procurement and contract management arrangements following an in depth review of contact procedures and contract management arrangements. Actions are being taken to remedy the situation by way of:

- A programme of training on contract standing orders and contract management;
- A major review of contract management; and
- A corporate review of procurement.

ii) Lack of an ICT Disaster Recovery Plan.

The Council identified this as a key priority following an in-depth review of an IT failure. To address this, the Council has engaged consultants to support the production of a new ICT Disaster Recovery Plan

OTHER ISSUES

The Governance Action Plan has been updated to deal with any issues brought forward from the 2014 review together with any issues which have been identified during the current review.

The governance requirements in the Statement on the Role of the Chief Financial Officer in Public Services are that the Chief Financial Officer should be professionally qualified, report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to other members. The position within Adur and Worthing Councils does not wholly conform to the above statement. The Section 151 Officer does not report directly to the Chief Executive, but reports to one of the Directors in line with the reporting requirements for all Heads of Service. The Section 151 Officer is not a member of the Council's Corporate Leadership Team and does not have the same status as the other members, but has full access to the Chief Executive and the Corporate Leadership Team where necessary.

WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

PROPOSED ACTION

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

Signed: _____

Councillor Dan Humphreys
Leader of the Council
Worthing Borough Council



Dated:

Signed: _____

Alex Bailey
Chief Executive of
Adur & Worthing Councils



Dated:

JOINT STRATEGIC COMMITTEE ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

In discharging this overall responsibility, the Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. With this in mind, Adur District Council has been appointed as accountable body and the governance arrangements and systems of internal control are consistent with those adopted by Adur District Council.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.adur.gov.uk or www.adur-worthing.gov.uk or can be obtained from the Council. This statement explains how Adur District Council has complied with the code and also meets the requirements of regulation 4[2] of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

The governance framework has been in place at the Council for the financial year ended 31st March 2015 and up to the date of approval of the statement of accounts.

JOINT STRATEGIC COMMITTEE ANNUAL GOVERNANCE STATEMENT

THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements include arrangements for:

- identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users;
- reviewing the authority's vision and its implications for the authority's governance arrangements;
- translating the vision into objectives for the authority and its partnerships;
- measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money;
- defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements;
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality;
- reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability;
- ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- ensuring effective management of change and transformation;
- ensuring the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government* (2010) and, where they do not, explain why and how they deliver the same impact;
- ensuring the authority's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit* (2010) and, where they do not, explain why and how they deliver the same impact;
- ensuring effective arrangements are in place for the discharge of the monitoring officer function;
- ensuring effective arrangements are in place for the discharge of the head of paid service function;

JOINT STRATEGIC COMMITTEE ANNUAL GOVERNANCE STATEMENT

THE GOVERNANCE FRAMEWORK

- undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*;
- ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- whistleblowing and for receiving and investigating complaints from the public;
- identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training;
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- enhancing the accountability for service delivery and effectiveness of other public service providers;
- incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

The operation of this authority's governance framework is described in the section below.

THE OPERATION OF THE GOVERNANCE FRAMEWORK

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

| WHAT WE NEED TO DO | | | | | |
|--|---|--|---|---|---|
| Focusing on the purpose of the Authority; deliver outcomes for the Community and create and implement a vision for the local area. | Working together to achieve a common purpose with clearly defined functions and roles | Promote values for the authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour | Take informed and transparent decisions which are subject to effective scrutiny and managing risk | Develop the capacity and capability of members and officers to be effective | Engage with local people and other stakeholders to ensure robust public accountability. |

JOINT STRATEGIC COMMITTEE ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

| HOW WE DO IT | | | | | |
|--|---|--|--|---|---|
| <ul style="list-style-type: none"> • Organisational goals • Service planning • Performance Management • Strategies | <ul style="list-style-type: none"> • The Constitution • The Monitoring Officer • Section 151 Officer | <ul style="list-style-type: none"> • Codes of conduct • Financial management and MTFP • Bribery Act 2010 policy guidance • Whistleblowing Policy • HR Policies and procedures | <ul style="list-style-type: none"> • Freedom of information requests • Complaints procedure • Reports considered by legal and finance experts • Equality impact assessments • Corporate risk register | <ul style="list-style-type: none"> • Robust interview and selection process • Training and development • Workforce planning • Succession planning • Performance development reviews • Talent management | <ul style="list-style-type: none"> • Community and engagement policy • Consultations • Terms of reference for partnerships |

| HOW WE KNOW WHAT NEEDS TO BE DONE IS BEING DONE |
|---|
| <p>Joint Governance Committee function and self-assessment; Corporate Governance Group; Scrutiny Reviews; Review of progress made in addressing issues; Performance monitoring; Review of compliance with corporate governance controls; Review of accounts; Employee opinion surveys; Internal audits and external audits; Inspections and recommendations made by external agencies.</p> |

The following sections look at how the Council delivers governance principles in more detail:

1. FOCUSING ON THE PURPOSE OF THE AUTHORITY AND ON OUTCOMES FOR THE COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA

Joint Corporate Priorities

The Councils have agreed three priorities which set out its aspirations for the town.

- **Supporting Wealth Generators**
- **Cultivating Enterprising Communities**
- **Becoming an adaptive Council**

Further details of how these priorities will be achieved are included in a programme of work called 'Surf's Up' which can be found on the internet <http://www.adur-worthing.gov.uk/large-files/surfs-up/surfs-up-spreads.pdf>

JOINT STRATEGIC COMMITTEE ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

1. FOCUSING ON THE PURPOSE OF THE AUTHORITY AND ON OUTCOMES FOR THE COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA

Service planning and performance management

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. Through partnership working and efficiency savings the Councils has made significant savings over the past five years and need to find a further £6.2m by 2019/20 in a climate of reducing funding from Central Government and rising demand for many of the Councils services. This means that it is important that, whilst we focus on achieving the organisational goal and aspirations, we continue to plan services in detail on an annual basis, focusing on challenges over the coming year but also considering the medium term horizon.

The Heads of Service are responsible for preparing service plans that include detail on: core business that must be delivered; plans for improvement, development and disinvestment; financial planning; arrangements for addressing key governance issues; key service risks and management/mitigation activity and arrangements for robust performance management within the service.

2. MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES

The Constitution

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

The Monitoring Officer

The Monitoring Officer is a statutory function and ensures that the Council, its officers, and its elected members, maintain the highest standards of conduct in all they do. The Monitoring Officer ensures that the Council is compliant with laws and regulations, as well as internal policies and procedures. She is also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation of the Council's Constitution.

JOINT STRATEGIC COMMITTEE ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

2. MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES

Section 151 Officer

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

3. PROMOTING THE VALUES FOR THE AUTHORITY AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

Codes of conduct

Codes of Conduct exist for both staff and members.

All Councillors have to keep to a Code of Conduct to ensure that they maintain the high ethical standards the public expect from them. If a complainant reveals that a potential breach of this Code has taken place, Adur District Council or Worthing Borough Council may refer the allegations for investigation or decide to take other action.

On joining the Council, Officers are provided with a contract outlining the terms and conditions of their appointment. All staff must declare any financial interests, gifts or hospitality on a public register. Additionally, members are expected to declare any interests at the start of every meeting that they attend in accordance with Standing Orders. Members and officers are required to comply with approved policies.

Financial management

The Head of Finance and s151 Officer is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. She advises on financial matters to both the Cabinet and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The s151 Officer together with finance staff ensure that new policies or service proposals are costed, financially appraised, fully financed and identifies the key assumptions and financial risks that face the council.

JOINT STRATEGIC COMMITTEE ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

3. PROMOTING THE VALUES FOR THE AUTHORITY AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

Financial management

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

Anti-fraud, bribery and corruption

The Council is committed to protecting any funds and property to which it has been entrusted and expects the highest standards of conduct from Members and Officers regarding the administration of financial affairs.

The Councils have a Corporate Anti-Fraud Team which acts to minimise the risk of fraud, bribery, corruption and dishonesty and recommends procedures for dealing with actual or expected fraud.

Guidance and policies for staff on the Bribery Act 2010 and the Prevention of Money Laundering are found on the intranet.

Whistleblowing

The Council is committed to achieving the highest possible standards of openness and accountability in all of its practices. The Council's Whistleblowing policy (revised in 2014) <http://awintranet/media/media,125134,en.pdf> sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter.

Joint Governance Committee

As its name suggests, the Joint Governance Committee has the responsibility for receiving many reports that deal with issues that are key to good governance. The Committee undertakes the core functions of an Audit Committee identified in CIPFA's practical guidance. The group has an agreed set of terms of reference, which sets out their roles and responsibilities of its members.

JOINT STRATEGIC COMMITTEE ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

4. TAKING INFORMED AND TRANSPARENT DECISIONS WHICH ARE SUBJECT TO EFFECTIVE SCRUTINY AND MANAGING RISK

Transparency

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

All reports requiring a decision are considered by appropriately qualified legal, and finance staff with expertise in the particular function area before they are progressed to the relevant Committee or group. This Council wants to ensure that equality considerations are embedded in the decision-making and applied to everything the Council does. To meet this responsibility, equality impact assessments are carried out on all major council services, functions, projects and policies in order to better understand whether they impact on people who are protected under the Equality Act 2010 in order to genuinely influence decision making.

Risk management

All significant risks (defined as something that may result in failure in service delivery, significant financial loss, non-achievement of key objectives, damage to health, legal action or reputational damage) must be logged on a Corporate Risk Register, profiled (as high/medium/low), and mitigating measures/assurances must be put in place.

Effective scrutiny

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

Complaints

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

JOINT STRATEGIC COMMITTEE ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

5. DEVELOPING THE CAPACITY AND CAPABILITY OF MEMBERS AND OFFICERS TO BE EFFECTIVE

Recruitment and induction

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

Training and development

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

Performance monitoring

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

6. ENGAGING WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS TO ENSURE ROBUST PUBLIC ACCOUNTABILITY

Engagement and communication

It is recognised that people need information about what decisions are being taken locally, and how public money is being spent in order to hold the council to account for the services they provide. The views of customers are at the heart of the council's service delivery arrangements. Adur District Council has developed a Community and Engagement Policy, which reflects the council's ambition to enable and empower communities to shape the places within which they live and work, influence formal decision making and make informed choices around the services they receive.

JOINT STRATEGIC COMMITTEE ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

6. ENGAGING WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS TO ENSURE ROBUST PUBLIC ACCOUNTABILITY

Engagement and communication

To be effective this policy aims to inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders. There are a number of ways people can get involved and connect with the council. Current consultations can be found on the Council's website at www.adur-worthing.gov.uk. Local people have the option to engage in a dialogue through: social media sites (including Facebook and Twitter), petition schemes, neighbourhood forums, council meetings (open to the public), their local Councillor and through the citizens panel.

Consultations

The council keeps a forward plan of planned consultations. Internally, a consultation toolkit has been developed to guide council staff through the consultation process. The agreed process ensures that engagement activity is relevant, accessible, transparent and responsive. To increase awareness, consultations are proactively promoted. A list of current consultations, as well as a list of past consultations explaining how the council has used public feedback is available on the council website.

Partnership working

In addition to the partnership between Adur and Worthing (<http://www.adur-worthing.gov.uk/about-the-councils/partnership-working/>), this Council is involved in a number of different partnerships, at different levels – each with their own set of terms of reference for effective joint working.

REVIEW OF EFFECTIVENESS

Adur District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by relevant stakeholders, the external auditors and other review agencies and inspectorates.

The Council has procedures in place to ensure the maintenance and review of the effectiveness of the governance framework, which includes reports to and reviews by the following:

- the Joint Strategic Committee, Cabinets, the Joint Governance Committee, the Joint Overview and Scrutiny Committee, the Standards Committee
- internal and external audit
- other explicit review/assurance mechanisms.

JOINT STRATEGIC COMMITTEE ANNUAL GOVERNANCE STATEMENT

REVIEW OF EFFECTIVENESS

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Governance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

SIGNIFICANT GOVERNANCE ISSUES

There are two significant governance issues either identified by red status on the Governance Action Plan or from the Internal Audit Annual Report;

i) Procurement and contract management procedures and processes:

The Council identified the need to improve its future procurement and contract management arrangements following an in depth review of contact procedures and contract management arrangements. Actions are being taken to remedy the situation by way of:

- A programme of training on contract standing orders and contract management;
- A major review of contract management; and
- A corporate review of procurement.

ii) Lack of an ICT Disaster Recovery Plan.

The Council identified this as a key priority following an in-depth review of an IT failure. To address this, the Council has engaged consultants to support the production of a new ICT Disaster Recovery Plan

OTHER ISSUES

The Governance Action Plan has been updated to deal with any issues brought forward from the 2014 review together with any issues which have been identified during the current review.

The governance requirements in the Statement on the Role of the Chief Financial Officer in Public Services are that the Chief Financial Officer should be professionally qualified, report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to other members. The position within Adur and Worthing Councils does not wholly conform to the above statement. The Section 151 Officer does not report directly to the Chief Executive, but reports to one of the Directors in line with the reporting requirements for all Heads of Service. The Section 151 Officer is not a member of the Council's Corporate Leadership Team and does not have the same status as the other members, but has full access to the Chief Executive and the Corporate Leadership Team where necessary.

JOINT STRATEGIC COMMITTEE ANNUAL GOVERNANCE STATEMENT

PROPOSED ACTION

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

Signed: _____

Alex Bailey
Chief Executive of
Adur & Worthing Councils



Dated: _____

Signed: _____

Councillor Dan Humphreys
Parkin
Leader of the Council
Worthing Borough Council



Dated: _____

Signed: _____

Councillor Neil
Leader of the Council
Adur District Council



Dated: _____

PROPOSED REVISION OF CONTRACT STANDING ORDERS

REPORT BY SARAH GOBEY, CHIEF FINANCIAL OFFICER

1.0 SUMMARY

- 1.1 This report proposes some further amendments to the Contract Standing Orders used by both Adur District Council and Worthing Borough Council following the implementation of the Public Contract Regulations 2015.
- 1.2 These provisions have been the subject of consultation with both Cabinet Members for Resources, and the points raised have been built into these Contract Standing Orders.

2.0 BACKGROUND

- 2.1 The Contract Standing Orders provide the framework for procuring works, supplies and Services. They apply to every member and employee of the Councils and anyone acting on behalf of the Councils. The standing orders identify the responsibilities of employees and members and where these responsibilities are delegated.
- 2.2 The Chief Financial Officer is responsible for:
 - Maintaining a continuous review of the Contract Standing Orders and financial regulations and submitting any additions or changes necessary to the Council for approval.
 - For reporting, where appropriate, breaches of the Contract Standing Orders and financial regulations to the Council and/or to the Cabinet Members.
 - Issuing advice and guidance to underpin the Contract Standing Orders and financial regulations which Members, employees and others acting on behalf of the Council are required to follow.
- 2.3 The contract standing orders were last considered by this Committee in January 2015. The contract standing orders were recommended by the Committee to both Councils for approval subject to some minor amendments.

2.0 BACKGROUND

- 2.4 Following this meeting, the Public Contracts Regulations 2015 have come into force. These regulations require that:
- a) Contracts over £25,000 must be advertised on Contracts Finder which is the Government's e-procurement portal. This portal is nationally available and must be used in addition to any local e-procurement portal.
 - b) Pre-Qualifying Questionnaires (PQQ) may only be used for contracts over the relevant EU procurement threshold.
- 2.5 In addition, all contract awards must be published on Contracts Finder. The following information must be provided:
- a) The full name of the company who won the contract;
 - b) the date on which the contract was entered into;
 - c) the total value of the contract;
 - d) for any contract below the EU procurement threshold, an indication of whether the contractor is a Small or Medium-sized Enterprise (SME) or a Voluntary Community and Social Enterprise (VCSE).
- 2.6 The implication of this change is that the Council may receive far more bids from all over the Country for contract opportunities. Officers are concerned that this may have two consequences for the Councils:
- a) The Council will receive additional bids leading to a more time consuming procurement process;
 - b) local suppliers may be disadvantaged as potential bids would need to be considered from wider geographic area.
- 2.7 However, Councils have the freedom to determine the level at which Contract opportunities need to be advertised for within the Contract Standing Orders. For Adur and Worthing Councils it is recommended that this is set at £100,000. Below this level, Officers will have the freedom to seek quotes from a range of suppliers in or go to formal tender which would require that the contract opportunity is advertised.

3.0 PROPOSALS

- 3.1 Attached at Appendix 1 is a proposed section for the new joint Administrative Procedure Best Practice manual. This sets out the proposed Contract Standing Orders.
- 3.2 The main changes to the Contract Standing Orders are as follows:
- a) A new Order 8.4 entitled 'Transparency and the Requirement to Advertise' has been introduced to deal with the requirement to advertise via Contracts Finder.

3.0 PROPOSALS

- b) Contract Standing Order 8.8.4 (Restricted Procedure) has been significantly reduced as the ability to issue PQQs has been removed and so it is now not possible to operate a restricted procedure.

All changes have been highlighted within the document to make them easier to identify.

- 3.3 The Cabinet Members for Resources and Chairmen of the Joint Governance Committee from both Councils have been consulted on the contents of the proposed Contract Standing Orders and their views have been incorporated into the proposed document.

4.0 LEGAL

- 4.1 These Contract Standing Orders are made pursuant to the Local Government Act 1972 Section 151 which requires the Chief Financial Officer to ensure the proper administration of the Councils financial affairs.
- 4.2 In addition, the Contract Standing Orders includes guidance which is designed to ensure officers act legally when procuring works, goods and services.

5.0 FINANCIAL IMPLICATIONS

- 5.1 Agreement of a revised set of Contract Standing Orders will improve the internal control environment of both Councils as the revision addresses any concerns raised by audit.

6.0 RECOMMENDATION

- 6.1 **Joint Governance Committee are asked to recommend to Council that the revised Contract Standing Orders be approved.**

Local Government Act 1972

Background Papers:

Adur District Council and Worthing Borough Council Contract Standing Orders

Crown Commercial Service Procurement Policy Note – Reforms to make public procurement more accessible to SME's

Crown Commercial Service - Guidance on the new transparency requirements for publishing on Contracts Finder

Contact Officer:

Sarah Gobey

Chief Financial Officer

Telephone: 01903 221221 Email: Sarah.gobey@adur-worthing.gov.uk

SCHEDULE OF OTHER MATTERS

1.0 COUNCIL PRIORITY

- 1.1 This will enable the Council to have a common framework and so improve partnership working.

2.0 SPECIFIC ACTION PLANS

- 2.1 Matter considered and no issues identified.

3.0 SUSTAINABILITY ISSUES

- 3.1 Matter considered and no issues identified.

4.0 EQUALITY ISSUES

- 4.1 Matter considered and no issues identified.

5.0 COMMUNITY SAFETY ISSUES (SECTION 17)

- 5.1 Matter considered and no issues identified.

6.0 HUMAN RIGHTS ISSUES

- 6.1 Matter considered and no issues identified.

7.0 REPUTATION

- 7.1 A common set of updated Contract Standing Orders will enhance the Council reputation for financial probity.

8.0 CONSULTATIONS

- 8.1 The Cabinet Members of Resources from Worthing Borough Council and Adur District Council have been consulted on the proposed standing orders.
- 8.2 Internal audit have been consulted on the proposed revisions to the standing orders.

9.0 RISK ASSESSMENT

- 9.1 If the Contract Standing Orders are not updated there is a risk that officers will act outside the relevant legislation and related standing orders of the Council whilst delivering services on behalf of both Councils.

10.0 HEALTH & SAFETY ISSUES

- 10.1 Matter considered and no issues identified.

11.0 PROCUREMENT STRATEGY

- 11.1 The Contract Standing Orders outline the approach to be taken in procurement of works, goods and services.

12.0 PARTNERSHIP WORKING

- 12.1 The report proposes a joint set of Contract Standing Orders suitable for the complex environment resulting from partnership working.

JOINT COUNCILS

CONTRACT - STANDING ORDERS

| INDEX – CONTRACT - STANDING ORDER | |
|---|----------------|
| | PAGE |
| INTRODUCTION | 4 - 7 |
| SECTION 8 PRE-PROCUREMENT CONSIDERATIONS | 8 |
| STANDING ORDER 8.1 General | 9 |
| STANDING ORDER 8.2 Authorisation Of Contracts | 9 - 11 |
| STANDING ORDER 8.3 Special Circumstances And Emergencies | 11 - 12 |
| STANDING ORDER 8.4 Transparency and the requirement to advertise the contract | 12 |
| STANDING ORDER 8.5 Contracts for a value or amount less than £10,000 | 13 |
| STANDING ORDER 8.6 Contracts For A Value Or Amount Exceeding £10,000 But Not Exceeding £100,000 | 13 - 14 |
| STANDING ORDER 8.7 Standing Lists | 14 |
| STANDING ORDER 8.8 Contracts For A Value Or Amount Exceeding £100,000 | 15-16 |
| STANDING ORDER 8.9 Tendering Procedures For Contracts Above The Relevant EU Threshold | 16 |
| STANDING ORDER 8.10 Use of Framework Agreements and Central Purchasing Organisations | 17 |
| STANDING ORDER 8.11 Submission of Tenders over £100,000 | 17 -18 |
| STANDING ORDER 8.12 Opening of Tenders (Postal) | 18 - 19 |
| STANDING ORDER 8.13 Electronic Receipt (e-tendering) | 19 |
| STANDING ORDER 8.14 Register of Tenders Received | 19 |
| STANDING ORDER 8.15 Acceptance of Tenders | 20-22 |

ADMINISTRATIVE PROCEDURES
BEST PRACTICE MANUAL

| | |
|--|--|
| | |
|--|--|

| INDEX – CONTRACT - STANDING ORDER | |
|--|--------------|
| | PAGE |
| STANDING ORDER 8.16 Contract register | 22 |
| STANDING ORDER 8.17 Nominated Sub-Contractors and Suppliers | 23 |
| STANDING ORDER 8.18 Contract Documentation, Conditions and Execution | 23-24 |
| STANDING ORDER 8.19 Standards | 24 |
| STANDING ORDER 8.20 Contract Performance | 24-25 |
| STANDING ORDER 8.21 Prevention of Bribery and Corruption | 25 |
| STANDING ORDER 8.22 Prevention of Sub-Contracting | 25 |
| STANDING ORDER 8.23 Engagement of Consultations | 26 |
| STANDING ORDER 8.24 Termination of Contracts over EU Threshold | 27 |
| STANDING ORDER 8.25 Extension to Contracts | 27-28 |
| STANDING ORDER 8.26 Variations to Contracts | 28-29 |
| STANDING ORDER 8.27 Liquidated Damages | 29-30 |

INTRODUCTION

Contract Formation

A contract will exist between one or both of the Councils and another individual (person, partnership, company or other legal entity), where there is a legal intention by each party to create a legally binding agreement; there has been an offer made to or by the Council(s); the offer has been accepted by the Council or the other party; and there is a consideration (whether in money or otherwise). A contract can be made orally or in writing, so always exercise caution when negotiating contract terms with a supplier to avoid inadvertently creating a binding contract. Declare all your negotiations subject to executed contract.

A contract made orally can create difficulties if disputes arise as to its precise terms. These contract standing orders require all contracts to be made in writing, setting out all the agreed terms clearly. Often, the specification and any tender documents will also form the terms of your contract.

Where a contract has been made that has not followed these contract standing orders or followed a proper procurement procedure, the contract can be challenged by unsuccessful tenderers putting the Council at risk.

Assessing Value

The purpose of the contract standing orders ("orders") is to ensure that the Councils adopt a uniform approach when entering into contracts for works, goods and services. The contract must be in writing, preferably on the Councils terms, having regard to the laws of public procurement. These orders contain rules that explain the procedures to be followed when entering into all contracts and with particular rules relating to those with a value of up to £10,000; from £10,000 to £25,000; from £25,000 to £100,000; and above £100,000.

How to use the Contract Standing Orders

The starting point when using these orders is to assess the value of the contract. This will be the total of any initial payments made plus the aggregate of any on-going payments or maintenance costs, where they form part of the contract. The overall cost will be the total paid from start to finish and you must not exceed the total budgets available to you or your authority to spend over the same period.

INTRODUCTION CONTINUED

How to use the Contract Standing Orders

Once you have decided on the value of the contract first check the pre-procurement section of these Orders, then go to the part of the Orders that is relevant to the value of your contract, and follow the procedural steps. The Orders will explain when you must seek advice from the Procurement or Legal teams. These Orders will ensure that the contract is signed off by the correct person, either your Director or other person delegated to enter into the contract for the Council(s).

Below is a Matrix summarising the key requirements and procedures contained within the Contract Standing Orders.

ADMINISTRATIVE PROCEDURES BEST PRACTICE MANUAL

Include ALL costs

| | Pre Procurement Discussion | Consider Social Value | How many quotes? | Contact Legal | Advertise | Specification | Value for Money | Evaluate | MEAT* Evaluation | Procurement Approval | Legal to Approve & Execute |
|---------------------------|----------------------------------|-----------------------------|---------------------|------------------|-----------|---------------|-----------------------|----------|---------------------|-------------------------|----------------------------------|
| £5K or Less | ? | ? | ? | ? | ? | ✓ | ✓ | ✓ | ? | ? | ? |
| > £5k but £10k or < | ? | ? | 2 | ? | ? | ✓ | ✓ | ✓ | ? | ✓ | ? |
| > £10k but £25k or < | ? | ? | 2 (Written) | ? | ? | ✓ | ✓ | ✓ | ? | ✓ | ? |
| > £25k but < £100k | ✓ | ? | 3 (Sealed) | ✓ | ? | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| > £100k but < EU Limit | ✓ | ? | ITT | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| EU Limit or > | ✓ | ✓ | EU ITT | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Framework | ✓ | ? | MC | ✓ | X | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| | |
|-----|----------------------|
| > | Greater Than |
| < | Less Than |
| ✓ | Mandatory |
| X | Not Required |
| ITT | Invitation to Tender |
| MC | Mini Competition |
| ? | Discretionary |

* Most Economically Advantageous Tender

If at any time you are in any doubt about what to do, please contact either the procurement or legal teams.

INTRODUCTION CONTINUED

Definition of a Quotation and a Tender

For the purposes of these Contract Standing Orders, you will need to know when it is appropriate to obtain a quote and when it is appropriate to run a tender process:

Quote - A quote is appropriate when you are able to fully specify what it is you wish to purchase and the value of your purchase is below £100,000. A quotation is a fixed price for an assessed job. The price may only increase in the event that something unforeseen by the supplier arises during the term of the contract. When obtaining a quotation you will need to prepare a full and detailed specification and provide all relevant information related to the contract. The supplier will then review what needs to be done and if necessary to inspect relevant work area, relying on their own skill and judgement in providing the quotation. The supplier will then give you the quotation and this is the price that he is legally bound to stick to, unless unforeseen events occur.

Tender - A Tender is usually used under the Contract Standing Orders when the value of the contract will exceed £100,000. Liaising with the Procurement team you will need to prepare a specification, which may be detailed or may invite a design element to the contract. The specification will explain what you want to achieve and will be accompanied by an invitation to tender which will set out how you intend to score or evaluate the tender responses received.

Think Carefully - Plan your procurement exercise carefully. A tender process will carry with it rules and regulations which must be followed. If the rules are breached the Council will be open to challenge by any supplier that has potentially lost out on winning a contract. It therefore follows, that if you know what you want to achieve, have a full and detailed specification, and the value of your contract is less than £100,000 then obtaining quotations as detailed in these Contract Standing Orders is your best option.

There are also circumstances when you will spend less than £100,000 but be unclear about how to achieve your desired result. In such circumstances, running a tender process may be appropriate.

If in doubt speak to the Procurement or Legal teams.

PRE-PROCUREMENT CONSIDERATIONS:

Before entering into a Public Services Contract with a value that exceeds the EU threshold, there are now specific legislative requirements arising from the Public Services (Social Value) Act 2012 (the Act), that the Council must be able to show it has considered.

A 'Public Services' contract means any contract with a service provider. The 'EU Threshold' is currently £172,514 but may vary and should be checked with the Procurement Team.

Under the Act, if the Council proposes to procure the provision of services by:

- (a) Entering into a public services contract that is not a contract based on a framework agreement; or,
- (b) By concluding a framework agreement of which a public service contract is likely to constitute the greater part by value;
- (c) And the value of that contract (or the services element of it) is or exceeds the EU limit for Services

Then the Council must consider and be able to evidence in writing that it has considered:

- (a) How what is being proposed to be procured, might improve the economic, social and environmental well-being of the relevant area and;
- (b) In conducting the procurement process, how the Authority might secure that improvement;
- (c) Before the procurement process starts, whether the Authority should consult as to how best to achieve the requirements and comply with the best value duty.

For service contracts below the EU limit it is not compulsory to consider social value, but it is considered best practice for all public bodies to consider the inclusion of social value in all service contracts.

ADMINISTRATIVE PROCEDURES

BEST PRACTICE MANUAL

If in doubt about your duty to comply with the Act, speak to the Procurement team or to the Legal team for guidance.

STANDING ORDER 8.1: GENERAL

- 8.1.1 Every Contract made by the Councils or by the Cabinets, Committees, Standing Sub-Committees or by a Director shall comply with Part 8 of these Standing Orders except where otherwise required by United Kingdom statute or EU Treaty or EU Directive for the time being in force in the United Kingdom.
- 8.1.2 Save as provided for in Standing Order 8.18.1 (Contract documentation, conditions and execution) and Standing Order 8.5 (Contracts for a value or amount less than £10,000), these Standing Orders shall apply to all Contracts other than those relating to:
- (a) A Contract or series of Contracts not exceeding £10,000 in contract value (see Standing Order 8.5 for further guidance).
 - (b) The award to the Councils Direct Services Organisations of work which is capable of being awarded to it automatically by virtue of any statute.

Advice should be sought from the Procurement team for any planned contract irrespective of the size of the contract.

- 8.1.3 For the avoidance of doubt these Standing Orders apply to all contracts entered into or proposed by the Councils Direct Services organisation.
- 8.1.4 For further guidance Contract procedure rules shall be drawn up with the intention to inform the interpretation and application of these Contract Standing Orders and they shall be read and construed in accordance with these Standing Orders.

STANDING ORDER 8.2: AUTHORISATION OF CONTRACTS

- 8.2.1 Where any proposal is envisaged which would require a Contract or Contracts under these Standing Orders, the Director shall be authorised to proceed provided that:
- (a) There is sufficient approved revenue or capital budget to fund the proposed contract throughout its duration; and

- (b) The Procurement team has confirmed that best value has been obtained for those contracts where the value exceeds £5,000.

STANDING ORDER 8.2: AUTHORISATION OF CONTRACTS

- (c) The procurement portal is used to obtain quotations or to carry out a tendering exercise unless it impractical to do so.
- (d) The Council's legal representative is consulted about:
 - The most suitable form of contract for all finance and operating leases;
 - The most suitable form of contract for any potentially complex arrangement;
 - The most suitable form of contract for all other contracts where the value exceeds £25,000; and
- (e) The key requirements detailed in standing orders are fulfilled.

In all other cases, a written report shall be presented by the Director to the respective Cabinet or Cabinet Member stating the nature of the proposal, an estimate of the anticipated direct and indirect costs thereof and the implications of the proposal upon the Capital Programme and Revenue Budget of the Council and recommendations as to the way in which the proposal should be carried out (including recommendations as to the mode of tendering or as to whether it is a Specialist Contract).

8.2.2 In authorising the acceptance of a quote regard must be had to whether the quote fully meets the specification before it is evaluated on price. In accepting a tender guidance is provided at 8.15 on suitable approaches. Consideration should be given to:

- (a) The supplier's/contractor's technical and financial ability to undertake the proposal and an assessment of the quality of work (see 8.15 for further guidance on assessing tenders);
- (b) The adequacy of the supplier's/contractor's insurance cover for the matters to be undertaken:

But all other things being equal the lowest quotation or tender duly received shall be accepted.

STANDING ORDER 8.2: AUTHORISATION OF CONTRACTS

- 8.2.3 The approval of the relevant Cabinet Member, Joint Strategic Committee or Council shall be required to the seeking or acceptance of a Tender where the Tender, or the estimated cost of it, together with all relevant fees and costs, exceeds the provision made in the Council's Capital Programme or Revenue Budget, as the case may be, by £10,000 or 10% whichever is the lesser.

STANDING ORDER 8.3 : SPECIAL CIRCUMSTANCES OR EMERGENCIES

Note: This procedure cannot be used for a Contract that is over the EU threshold.

- 8.3 A 'Special Circumstance' or 'Emergency' is defined as a situation which poses an immediate risk to Council services, or the wellbeing of residents, for which urgent action is needed and which cannot be dealt with using the Councils usual processes and procedures.

Exemption from any of the provisions of these Standing Orders may **only** be made as follows:

- 8.3.1 For Contracts under £100,000:
Approval must be sought from the Monitoring Officer or any Legal Officer authorised to act on their behalf;
- 8.3.2 For Contracts over £100,000:
Approval of the Councils or the Cabinets or Cabinet Member or with the approval of the Joint Governance Committee (either at a meeting of the said Committee or by means of consultation with the Mayor/Chairman of Committees and the relevant Cabinet Members) where the Councils or the said Committee is satisfied that the exemption is justified in special circumstances; provided that:
- (a) Where such approval is given by the Councils or the said Committee, it is recorded in the minutes or record of decisions of the Council or the Committee;
 - (b) Where such approval is given by the Consultation Procedure, it is reported as soon as practicable to Members following the making of the decision.

STANDING ORDER 8.3 : SPECIAL CIRCUMSTANCES OR EMERGENCIES

8.3.3 Emergency works:

- Where the Contract exceeds £100,000 for a works contract, and £25,000 in value in for goods and services, he shall only do so following consultation with the Joint Strategic Committee, Cabinets or appropriate Cabinet Members. The Director shall submit a report explaining the emergency to the next meeting of the Joint Strategic Committee or Cabinet.
- If it is impracticable to consult with the relevant Members, then the Director shall submit a report explaining the emergency to the next meeting of the Joint Strategic Committee or Cabinet.

For the avoidance of doubt recruitment of temporary or agency staff to cover sickness or vacancies is included under this Standing Order.

STANDING ORDER 8.4: - TRANSPARENCY AND THE REQUIREMENT TO ADVERTISE THE CONTRACT

8.4.1. Contract Opportunities:

Under these standing orders, a procurement opportunity for a contract with a value of less than £100,000 (net of VAT) need not be advertised on the National Contracts Finder if:-

(a) The Council's procurement and legal teams are satisfied it is lawful not to advertise the contract opportunity: and

(b) The Contract will be entered into as a result of obtaining quotations or [after a tender exercise] and the estimated value of the contract does not exceed £100,000;

(c) The Council is offering an opportunity to bid for a contract to a closed group of suppliers who have already been selected onto a Framework Agreement or Dynamic Purchasing System (but this does not apply where the Council is in the process of establishing a new Framework Agreement or Dynamic Purchasing System).

8.4.2. Contract Awards:

Any officer that has awarded a contract with a value of £25,000 (net of VAT) or more, to a supplier of goods services or works, after obtaining quotations [or following a tender process], must forward the Contract to the Procurement Team for posting on the National Contracts Finder e-Procurement portal so as to comply with the Government's guidance on transparency requirements.

STANDING ORDER 8.5: - CONTRACTS FOR A VALUE OR AMOUNT LESS THAN £10,000

8.5.1 Where possible a corporate Contract should be used where they exist, regardless of the value of the purchase.

8.5.2 For Contracts less than £5,000:

For lower value purchases, formal competitive quotes are not needed, though it is good practice to obtain at least two quotes from relevant suppliers before a formal purchase order is issued specifying the supplies, services or works to be procured and setting out prices and terms of payment. Value for money must always be considered.

8.5.3 For Contracts of £5,000 or more but less than £10,000:

At least two quotes should be obtained unless it is impractical to do so due to the specialist nature of supply or the nature of any warranty that exists. Details of the quotes received and how the successful contractor was chosen should be submitted to the Procurement team for approval. No order can be placed until such time as approval from the Procurement team is received. A faxed or e-mailed quotation is acceptable in these cases.

8.5.4 A record should be made and retained demonstrating how best value was considered and that local supply has been explored.

STANDING ORDER 8.6: - CONTRACTS FOR A VALUE OR AMOUNT EXCEEDING £10,000 BUT NOT EXCEEDING £100,000

8.6.1 Where the estimated value or amount of a Contract is more than £10,000 but not exceeding £100,000, the following procedures shall be adopted as a minimum, as appropriate, for the selection of a Contractor. However, it may be more appropriate to undertake a more formal tender. The

Procurement Officer can advise on the most appropriate procurement route:

- (a) Where the estimated value or amount of the Contract exceeds £10,000 but does not exceed £25,000: the Director or their delegated nominee shall, obtain at least two written quotes for the execution of the Contract from persons or bodies who in the opinion of the Director or the delegated nominee are capable of performing the Contract unless it is impractical to do so due to the specialist nature of supply or the nature of any warranty that exists. Where available a corporate contract shall be used.

STANDING ORDER 8.6: - CONTRACTS FOR A VALUE OR AMOUNT EXCEEDING £10,000 BUT NOT EXCEEDING £100,000

- (b) Where the estimated value or amount of the Contract exceeds £25,000 but does not exceed £100,000: the Director or their delegated nominee shall obtain at least three **sealed** written quotes or three tenders (whichever is appropriate) from persons or bodies who in the opinion of the Director or their delegated nominee are capable of performing the Contract unless it is impracticable due to the specialist nature of supply or the nature of any warranty that exists. Where available an agreed form of standard contract should be used.
- (c) Details of the quotes received and how the successful contractor was chosen should be submitted to the Procurement team for approval for all contracts.
- (d) The requirement for written quotes shall not apply where an up to date and relevant pre-tendered framework agreement is in place unless the rules governing such a framework agreement requires competitive tendering or quotes (see Standing Order 8.9)
- (e) All quotes received pursuant to this Standing Order shall either be:
 - i) Opened using the Council's e-procurement portal; or
 - ii) Opened in the presence of the Director or their delegated nominee and in the presence of one other Officer designated by the Director.

- (f) Quotes should only be evaluated in accordance with the criteria stated by the Council in the original documentation. This should be clearly documented and retained on file.
- (g) The Head of Service shall then have delegated power to accept such a quote but in the case of a quote other than the lowest then the Head of Service must have due regard to the procedure for tenders set out in Standing Order 8.14.1.

STANDING ORDER 8.7 : STANDING LIST (MAINLY APPLICABLE TO CONSTRUCTION CONTRACTS)

- 8.7.1 Standing lists are no longer a recommended approach to procurement and must not be used. Please contact the Procurement team for guidance.

STANDING ORDER 8.8 : CONTRACTS FOR A VALUE OR AMOUNT EXCEEDING £100,000 BUT NOT EXCEEDING THE RELEVANT EU THRESHOLD

- 8.8.1 Where the estimated value of the Contract is £100,000 or greater but less than the relevant EU Threshold, and there is an up to date and relevant pre-tendered framework agreement in place then that framework may be used (see Standing Order 8.9).
- 8.8.2 Where no suitable framework is available, the Director or their delegated nominee shall obtain at least 5 sealed tenders using either the open or restricted procedure, unless it is impractical to do so.

Open Procedure

- 8.8.3 The open procedure requires the publication of a notice on the Council's E-Procurement Portal, the National Contracts Finder e-Procurement Portal (<https://www.gov.uk/contracts-finder>), a Local Publication and a Trade Journal. Additionally advice should be sought by the Procurement team as to whether the notice should be published on the Official Journal of the European Union.

The public notice shall specify:

ADMINISTRATIVE PROCEDURES

BEST PRACTICE MANUAL

- i) A suitable time period (which is proportionate to the procurement being undertaken) within which interested parties may submit their tender to the council; and
- ii) The Link to where interested parties can access, view and download the tender documentation

When using the open procedure please ask "suitable assessment" questions, and the questions can be related to usual selection issues. If in doubt please contact the Procurement team for advice.

Restricted Procedure

- 8.8.4 The restricted procedure cannot be used for any contract (including works contracts) for a value under the Goods and Services EU procurement threshold.

**STANDING ORDER 8.8: CONTRACTS FOR A VALUE OR AMOUNT EXCEEDING £100,000
BUT NOT EXCEEDING THE RELEVANT EU THRESHOLD**

- 8.8.5 In all cases, every invitation to tender shall include the following:
- a) Statement that the tendering process will be conducted within the Council's e-procurement portal;
 - b) Full instructions on how to submit their tender to this system;
 - c) Advice that tenders, once received in the system, will be anonymous and locked away until the time for their opening
 - d) Advice as to the deadline for submission of tenders to this system.
- 8.8.6 The invitation to tender shall state the evaluation criteria, including sub-criteria and sub-sub criteria (where used), weightings and scoring criteria that will be applied in the award of the Contract. These criteria must be capable of objective assessment, including price and other relevant factors, please refer to Contract Standing Order 8.15 Acceptance of Tenders.
- 8.8.7 The invitation to tender shall also include (where possible) the terms and conditions that will apply to the Contract.

**STANDING ORDER 8.9 TENDERING PROCEDURES FOR CONTRACTS ABOVE THE RELEVANT
EU THRESHOLD**

- 8.9.1 The EU Public Procurement Directives set a financial threshold beyond which prescribed tendering procedures must be followed. The EU Thresholds are reviewed annually, and the updated figures can be found on the Intranet.
- 8.9.2 Where the estimated value of the Contract is in excess or within 20% of the relevant EU Threshold, the procedures set out in the EU Public Procurement Directives must be followed.

ADMINISTRATIVE PROCEDURES BEST PRACTICE MANUAL

- 8.9.3 Advice from the Procurement team **MUST** be sought for all Contracts that are in excess or within 20% of the relevant EU Threshold.

STANDING ORDER 8.10 : USE OF FRAMEWORK AGREEMENTS AND PROCUREMENT FROM CONSORTIA ORGANISATIONS

- 8.10.1 Consortium organisations and framework agreements can be used when it can be demonstrated that good value for money can be achieved.
- 8.10.2 The Councils can benefit from a framework agreement for services, supplies or works provided that the framework agreement is up-to-date. The rules regulating such framework agreement require competitive process but in some circumstances a direct award may be allowed. Always consult with the Procurement team if you intend to use a Framework Agreement.
- 8.10.3 Any contract entered into between the Councils and the successful bidder shall be deemed to comply with these Standing Orders provided that the Framework establisher has itself adopted the same or broadly similar tendering procedures in relation to the letting of Contracts as are contained in these Standing Orders.

STANDING ORDER 8.11: SUBMISSION OF TENDERS OVER £100,000

- 8.11.1 Where in pursuance of these Standing Orders an Invitation to Tender is made, every Invitation shall state:
- (a) That the Councils shall not be bound to accept the lowest of any tender which may be received; and,
 - (b) That no tender will be received unless it is either:
 - (i) Submitted electronically via the specified e-tendering solution; or
 - (ii) Enclosed in a plain sealed envelope which shall bear the words "TENDER FOR" followed by the subject to which it relates but no other name or mark indicating the sender; date of receipt and who it is received by; or

- (c) The last date and time of day by which tenders must be submitted via the procurement portal or received by the Director of Communities.
- (d) The method of evaluation to be used. Tenders should only be evaluated in accordance with the criteria stated in the original tender advert and tender documentation. This should be clearly documented and retained on file.

STANDING ORDER 8.11: SUBMISSION OF TENDERS OVER £100,000

- (e) The tender evaluation panel and evaluation should be agreed at the commencement of the procurement process and should be documented and held on file.

8.11.2 Electronic Receipt

Where the procurement route has been agreed as an e-tender using the Council's approved e-tendering solution.

All information must be submitted via the e-tendering solution by the date and time stipulated in the Invitation to Tender.

All tenders will be sorted electronically by the e-tendering provider in a secure inbox until opened after the deadline in accordance with 8.12.

8.11.3 Director for Communities shall be responsible for the safe keeping of all paper Tenders until opening. Receipt of each Tender must be:

- Date stamped at the point of receipt;
- Initialled by the Receiver Officer;
- Logged immediately upon receipt in the Tender Record Book.

8.11.4 In all appropriate cases, invitations to tender shall stipulate a Commencement Date and a Completion Date for the proposed Contract and shall require Tenderers to confirm in their tenders that they will be able to comply with such dates.

STANDING ORDER 8.12: OPENING OF TENDERS (POSTAL)

- 8.12.1 Tenders received under these Standing Orders where the estimated value or amount of the proposed Contract does not exceed £100,000 (and are over £50,000) shall be opened at one time and in the presence of two Officers of the Councils not from the same Section.
- 8.12.2 Tenders received under these Standing Orders where the estimated value or amount of the proposed Contract exceeds £100,000 shall be opened at one time and in the presence of:
- (a) The presence of two Officers of the Councils not from the same Section, and

STANDING ORDER 8.12: OPENING OF TENDERS (POSTAL)

- (b) The Director for Communities or an Officer of the Council designated by him/her.
- 8.12.3 Ensure that all tenders correctly received are collected from the strong room when tender opening occurs.

STANDING ORDER 8.13: ELECTRONIC RECEIPT (E-TENDERING)

- 8.13.1 Where the procurement route has been agreed as an e-tender exercise using the Council's approved e-tendering solution, all information must be submitted via the e-tendering solution by the date and time stipulated in the Invitation to Tender.
- 8.13.2 All tenders will be stored electronically by the e-tendering provider in a secure inbox. Once the deadline for receipt has passed the e-tendering system will allow electronic opening of the tenders.
- 8.13.3 Tenders sent by electronic transmission must be opened by the Procurement Officer in the presence of the Director for Service or his/her appointed representative:

E-Auctions

- 8.13.4 Before proceeding with an e-auction the Procurement team must be consulted and their advice taken. In the event of the use of e-auctions, it is customary in the case of late bids being received, that the time (but not

ADMINISTRATIVE PROCEDURES

BEST PRACTICE MANUAL

the date) for the receipt of tenders is extended to give rival bidders an opportunity to respond. Provided that such arrangements are set out in the tender details this procedure shall not be a breach of the Standing Orders.

STANDING ORDER 8.14: REGISTER OF TENDERS RECEIVED

- 8.14.1 All paper Tenders received (over £100,000), other than under Standing Order 8.11.1, shall be recorded by the Director for Communities in a Register of Tenders received, to be kept and maintained by him/her.
- 8.14.2 For all other tenders and quotes received is at or exceeds £5,000 for goods, services or works shall be recorded in a register maintained by the Procurement team.
- 8.14.3 Copies of the register shall be made available to the Councils' Procurement team.
- 8.14.4 Officers are required to formally record in writing their reasons for the acceptance of a late tender (see 8.15.2 and 8.15.3)

STANDING ORDER 8.15 : ACCEPTANCE OF TENDERS

- 8.15.1 For the purposes of the Standing Order, "Tender" includes a written sealed quote.
- 8.15.2 Any paper tender received after the time and date specified in the invitation shall be returned promptly to the Tenderer by the Director for Communities unless there are exceptional mitigating circumstances (see 8.13.4 above). The tender may be opened to ascertain the name of the Tenderer but no details of the tender shall be disclosed.
- 8.15.3 In the event of mitigating circumstances such as industrial action or adverse weather consideration shall be given to extending the return date and shall be communicated to all Tenderers.

~~8.15.4 Where it is appropriate as part of the tendering process there shall be provision for pre-tendering procedures such as inviting expressions of interest and completion of questionnaires before tenderers are invited to tender. (deleted)~~

- 8.15.4 Where tenders are issued without specifying that they may be subject to negotiation, the tenders submitted should be accepted or rejected as they stand.
- 8.15.5 A Tender may not be altered after the time and date specified for the return of tenders. If an error in the Tender is discovered the Tenderer shall be given the opportunity to confirm or withdraw the Tender as it is submitted; provided that, if there are, in the opinion of the Section 151 Officer, exceptional circumstances, a tenderer may be allowed to correct any arithmetic error in the Tender subject to this fact.
- 8.15.6 Tenders should only be evaluated in accordance with the criteria stated in the original tender advert and tender documentation. This should be clearly documented and retained on file.
- 8.15.7 Award must be based on a recognised assessment method; typically Officers should use the Most Economically Advantageous Tender method (MEAT) also known as the Economically Most Advantageous Tender (EMAT) method.

Elements of MEAT or EMAT criteria must include price and may include other criteria including:-

- Technical aspects
- User views

STANDING ORDER 8.15 : ACCEPTANCE OF TENDERS

- Quality
- Environmental Issues
- Aesthetic consideration

Criteria used must:

- a) Be agreed in advance and applied equally to all tenders;
- b) Be appropriate to the subject matter of the tender;
- c) Be a legitimate client interest;
- d) Not be anti-competitive.

ADMINISTRATIVE PROCEDURES

BEST PRACTICE MANUAL

- 8.15.8 Weighting must be given to each criterion used, which reflects the importance of each aspect required for that particular type of contract. Price must be a criterion and normally must have a weighting of not less than 30%. Where the award requires adopting a price weighting of less than 30%, this will need to be justified to and agreed with the Procurement team. The remaining number of criteria used other than price must be greater than 1 and will have a combined weighting of no more than 70%, apart from where, as above, the Procurement team has sanctioned a departure from this general rule.
- 8.15.9 Scoring for each criteria (e.g. Health and Safety) shall be consistent across all tenders and might be as shown below:

| SCORING CRITERIA | | |
|-------------------------|---------------------|--|
| 0 | UNACCEPTABLE | The response to this question indicates a significant short coming, such that that the supplier has failed to meet the required standard. |
| 1 | POOR | The response fails to meet the requirement in many respects |
| 2 | ACCEPTABLE | The response is acceptable, but no more. It may fall short in some areas being considered under this heading but it meets, or even exceeds requirements in enough other areas to make up for these short falls |
| 3 | GOOD | Meets or almost meets all aspects of the requirement |
| 5 | EXCELLENT | Meets all requirements and exceeds some |

STANDING ORDER 8.15: ACCEPTANCE OF TENDERS

The method of scoring should be discussed with the Procurement team in advance and their advice taken. If the Tenderer scores nil points in any one category or 1 point in two or more categories, the tender shall be deemed unacceptable and rejected.

STANDING ORDER 8.16: CONTRACT REGISTER

8.16.1 A register of all Contracts over £5,000 placed by the Council shall be kept and maintained by the Director for Digital and Resources in conjunction with the Councils' Procurement team. The register shall be open to inspection by any Member of the Council.

8.16.2 The joint Contracts Register shall identify, where appropriate, the following for each Contract:

- Contract Reference Number
- Title of Agreement
- Department Responsible
- Description of Contract
- Contract Start Date
- Contract End Date
- Contract Extension period (if applicable)
- Contract Review Date
- Contract Value
- Irrecoverable VAT
- Supplier Name
- Supplier Type (legal standing of the organisation)
- Procurement process used

8.16.3 A regular report should be presented to the Council's Procurement Working Group by the Director for Service or his/her nominated representative

identifying all those Contracts due to expire and the proposed action to be taken.

8.16.4 The report identifying these Contracts should be presented in a timely fashion to allow for sufficient time to re-procure if necessary.

STANDING ORDER 8.17: NOMINATED SUB-CONTRACTORS

8.17.1 Where it is anticipated that the main supplier of the Contract will want to sub-contract out to a third party any part of the service, goods or works to be supplied in the main contract, the Director for Service must ensure that:-

- a) The sub-contractor has been approved
- b) The main supplier has carried a best value exercise in line with these Contract Standing Orders and that best value for the sub-contractor has been approved by the Procurement team; and
- c) Any sub-contractor is paid under the same payment terms as the main contractor.

STANDING ORDER 8.18: CONTRACT DOCUMENTATION, CONDITIONS AND EXECUTION

See also para. 8.1.2.

8.18.1 The formal advice of the Legal team must be sought for the following Contracts. This advice must be sought in good time:

- where the Total Value exceeds £25,000 for all Contracts
- those involving finance leasing arrangements
- those which are complex in any other way
- where it is proposed to use a supplier's own contract terms and conditions

8.18.2 Unless the Council, Cabinet or approved Cabinet Member otherwise resolves the following requirements shall apply to all Contracts.

ADMINISTRATIVE PROCEDURES

BEST PRACTICE MANUAL

1. Contracts less than £10,000 need not be in writing but there must be document to support the arrangement
2. Contracts between £10,000 and £25,000 must be in writing and in a form approved by the Director for Service
3. Contracts in excess of £25,000 must be in writing and in a form approved by Legal and must be executed by Legal.

STANDING ORDER 8.17: CONTRACT DOCUMENTATION, CONDITIONS AND EXECUTION

- 8.18.3 Every Contract shall specify the goods, materials or services to be supplied and the work to be executed; the price to be paid together with a statement as to the amount of any discount(s) or other deduction(s); the period(s) within which the Contract is to be performed and such other conditions and terms as may be agreed between the parties.
- 8.18.4 Where a Contract exceeds the sum determined under EU Directive threshold, in amount or value, the Contractor shall give sufficient security acceptable to the Legal team following consultation with the Section S151 Officer for the due performance of the Contract.
- 8.18.5 In the case of every Contract for the execution of works with a value over £50,000, the following clause or a clause having like effect shall be inserted:

"The Contractor shall make available for inspection any vouchers, records, receipts and other documents, samples of materials and any other information or thing which may be reasonably required by any Officer of the Council in order to ascertain whether or not the terms of the Contract are being complied with."

STANDING ORDER 8.19: STANDARDS

- 8.19.1 Where an appropriate British Standard Specification or British Standard Code of Practice issued by the British Standards Institution or EU Standard Specification or Code of Practice is current at the date of the Contract every Contract exceeding £25,000 shall require that all the goods and materials used or supplied, and all the workmanship under the Contract shall be at least of the standard required by the appropriate British or EU Standards Specification or Codes of Practice current at the date of the Contract.

STANDING ORDER 8.20: CONTRACT PERFORMANCE

- 8.20.1 The Contractor's performance against contractually agreed criteria should be monitored. The monitoring should be proportionate to the nature and duration of the contract.

8.20.2 Contract performance should be reported to management and, if significant issues are arising, Members on a regular and timely basis via the regular monitoring reports.

STANDING ORDER 8.20: CONTRACT PERFORMANCE

8.20.3 Progress against agreed actions arising out of formal feedback to the contractor should be monitored, recorded and reported on for achievement and continuing compliance.

STANDING ORDER 8.21: PREVENTION OF BRIBERY AND CORRUPTION

8.21.1 There shall be inserted in every Contract exceeding £25,000 in value or amount a clause empowering the Council to cancel the Contract and to recover from the Contractor the amount of any loss resulting from such cancellation, if the Contractor (including its employees or any person so associated with it):-

- Has offered, promised or given, a bribe to another person or has requested or agreed to receive or accept a bribe, offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for doing or not doing any action in relation to the obtaining or execution of the Contract or any other Contract with the Council or;
- Has failed to prevent bribery by a person acting on its behalf where the bribery was intended to obtain or retain a business advantage for the Contractor or its organisation or for showing or forbearing to show favour or disfavour to any person in relation to the Contract or any other Contract with the Council (whether with or without the actual knowledge of the Contractor) or;
- If in relation to any Contract with the Council, the Contractor has committed any offence under the Bribery Act 2010 or any statutory modification or re-enactment thereof or shall have given any fee or reward the receipt of which is an offence under Section 117 (2) of the Local Government Act 1972 or any statutory modification or re-enactment thereof.

STANDING ORDER 8.22: PREVENTION OF SUB-CONTRACTING

8.22.1 There shall be inserted in every Contract a clause detailing the sub-contracting arrangements as set out in 8.14.

STANDING ORDER 8.23 : ENGAGEMENT OF CONSULTANTS

- 8.23.1 It shall be a condition of the engagement any consultant (not being an Officer of the Councils) other than Legal Counsel, who is to be responsible to the Councils for the supervision of a Contract on its behalf, that in relation to that Contract he/she shall:
- (a) Comply with the requirements of these Standing Orders in consultation with the relevant Head of Service or Director
 - (b) At any time during the carrying out of the Contract, produce to the Head of Service or Director on request, all the records maintained by him/her in relation to the Contract; and
 - (c) On completion of the Contract, transmit all such records to the Head of Service or Director or to any other Head of Service duly authorised by the Council for this purpose.
- 8.23.2 The terms of engagement of consultant (not being an Officer of the Councils) who is to be responsible to the Councils for the supervision of a Contract on its behalf shall be set down in a form approved by the Legal team.
- 8.23.3 The employment status of any consultant should be confirmed prior to the engagement and, if appropriate, the consultant should be paid via the payroll system. Guidance is available from the Procurement Team or the Payroll Team.
- 8.23.4 Where the cost of the appointment of any consultant is likely to exceed £10,000 the following should actions should be taken:
- (i) A business case is made for each appointment of a consultant (outside of Framework agreements or other contracts for regular provision of a service where it is assumed that such a business case will have already been presented). This should detail the reason for seeking external expertise, for example, lack of internal capacity or capability due to specialist nature of services.
 - (ii) Financial checks of lead consultants' financial stability should be made which should also include any consortium members.
 - (iii) Details of consultants professional indemnity insurances should be filed with copies of the Contract documentation (manual or

electronic). Insurance expiry date should be monitored by Project Managers except in those cases where the insurance Section is directly responsible for such insurance. Ongoing checks of valid insurance renewals should be undertaken during the lifetime of contracts.

STANDING ORDER 8.24 : TERMINATION OF CONTRACTS OVER EU THRESHOLD

8.24.1 No Contract which has been entered into under the authority (which can be given through the Consultation Procedure) of the Councils, Cabinets or appropriate Cabinet Members shall be terminated either by agreement or by unilateral action on the part of the Councils without the authority of the Joint Strategic Committee, Cabinets or appropriate Cabinet Members which shall first consider the full financial, legal and other effects of such termination upon the progress of any scheme or other activity of the Councils.

FOR ALL OTHER CONTRACTS

8.24.2 Contracts may be terminated by the appropriate Head of Service early by agreement prior to the expiry date or in accordance with the Termination Provisions set out in the Contract. Legal advice shall be sought before terminating any contract.

STANDING ORDER 8.25: EXTENSIONS TO CONTRACTS

8.25.1 This Standing Order is only to be used in the following three circumstances:-

1. The extension is required to provide sufficient time to Officers to carry out a procurement exercise for the re-letting of a new contract using the procedures set out in these Contract Standing Orders and
2. There has been no previous extension of the original Contract (other than an extension which was an agreed contractual terms of the original contract during a procurement process) and
3. All of the following criteria apply:-

Where the Director for Service or Officer acting with delegated authority on his/her behalf proposes to extend a fixed-term Contract to include additional works, services, goods he/she shall only do so in accordance with Standing Orders 8.2.1 and 8.2.2

- The value of the extension does not exceed a sum which greater than 10% of the original contract price for goods or services or 15% for works contracts and advice is taken from the Legal and Procurement teams that the total value of the contract including the value of the extension is not within 20% of the current EU Financial Threshold;

STANDING ORDER 8.24: EXTENSIONS TO CONTRACTS

- The extension must be on the same terms as the original Contract including terms as to price, although an increase in the price payable for the goods, services or works, which reflects an RPI increase is acceptable;
- The original Contractor has agreed the additional goods, services or works will be supplied on the same terms;
- The extension is necessary and a legitimate business case for it has been approved and recorded in writing by the Director for Service or Officer with delegated authority to extend the contract;
- The extension must be made during the term of the original Contract or continue immediately following the expiration of the original Contract without any break in continuity between the expiration of the original Contract and the extension of it;
- In the case of construction works, the proposed additional works are on the same site as the original Contract or of a similar nature;
- At least three other tenders were invited for the performance of the original Contract (contracts over £25,000 only);
- The original Contract has not previously been extended under this Standing Order (contracts over £25,000 only) other than that allowed under the original contract and the extension is for no more than 18 months;
- A contract variation or amendment regarding the extension has been approved by the Head of Legal Services.

8.25.2 In all cases, consideration should be given as to whether approval should be obtained from the Joint Strategic Committee before any extensions are granted.

STANDING ORDER 8.26: VARIATIONS TO CONTRACTS

All of the following clauses shall apply to a contract variation.

- 8.26.1 All contract variations must be within the scope of the original contract. The variation will be in scope if it is within a similar range of goods, services or works supplied under the original contract and the variation is required in order to complete an aim or purpose of the original contract.

STANDING ORDER 8.26: VARIATIONS TO CONTRACTS

- 8.26.2 Where Officers are in doubt as to whether the variation is within the original scope of the contract or consider the variation will significantly impact upon the works and services provided it must be reported to and approved by the Legal team prior to any action being taken in respect of the variation of the proposed variation.
- 8.26.3 If the variation will increase the cost to the Council beyond an RPI increase or its effect is to bring the value of the contract within 20% of the current EU Threshold, no variation may be made unless the value of the variation has been assessed and advice is sought from Procurement and Legal teams. If the value cannot be accommodated within existing budgets, then additional resources must be sought at the earliest opportunity.
- 8.26.4 In all cases, there should be a clear statement setting out the business justification, the cost, the benefits and the duration of the variation provided to the Legal team in a timely manner to allow sufficient to properly assess the likely legal and financial impact of the proposed variation and where appropriate Legal shall refer the variation to the finance department for analysis of the figures.
- 8.26.5 All contract variations must be authorised by the Director for Service or have relevant member approval having regard to the business case and any comments made by the Procurement and Legal teams. The variation must be in writing and signed by both the Council and the contractor. Where the value of the contract variation exceeds £25,000 it must be executed by the Legal team. The value of the variation must be assessed and authorised before signing the variation.
- 8.26.6 In all circumstances at the time the variation is proposed, Officers must review and give consideration to the need to Members, to obtain authority and approval for the variation.

STANDING ORDER 8.26: LIQUIDATED DAMAGES

- 8.27.1 Every contract which is estimated to exceed £100,000 in value or amount and is for the execution of works or for the supply of goods or materials by a particular date or series of dates must provide for liquidated damages in case the terms of the contract are not duly performed unless the Legal

team or the Head of Finance approve another or another form of financial protection. The amount to be specified in each such contract shall be made available to the Legal team or the Head of Finance upon request.

STANDING ORDER 8.27: LIQUIDATED DAMAGES

8.27.2 For contracts below £100,000 there may be circumstances where it is necessary to include a clause requiring payment of liquidated damages. Such a clause would put the Council in a stronger position in the event of default by the Contractor and having assessed the risk, such a clause is desirable.

AUDIT COMMITTEE – SELF-ASSESSMENT

REPORT BY THE CHIEF FINANCIAL OFFICER

1.0 SUMMARY

- 1.1 Members are asked to review and comment on the self-assessment of good practice questionnaire attached to this report which will allow them to assess the effectiveness of the Audit Committee and identify whether there are any further improvements that could be made to improve the Committee's overall effectiveness.

2.0 BACKGROUND

- 2.1 An Audit Committee has a key function in ensuring effective corporate governance, risk and control arrangements are in place in the Council. Within Adur and Worthing Councils, the functions of an Audit Committee are undertaken by the Joint Governance Committee.
- 2.2 The effectiveness of the committee should be judged by the contribution it makes to, and beneficial impact it has on, the Council's business. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership, are essential requirements to enable an effective Audit Committee. By reviewing their effectiveness against a good practice self-assessment on an annual basis, the committee can demonstrate a high degree of performance and evidence that the committee is soundly based with a knowledgeable membership that is effective. Completion of the self-assessment can also be used to support the planning of the Audit Committee work programme and training plans
- 2.3 Carrying out a self-assessment is also recommended good practice as set out in the Chartered Institute of Public Finance & Accountancy's (CIPFA) publication "Audit Committees – Practical Guidance for Local Authorities and Police 2013 Edition". CIPFA state that a regular self-assessment can be used to support the planning of the audit committee work programme and training plans.

3.0 PROPOSALS

- 3.1 The Section 151 Officer and the Interim Head of Internal Audit have completed an initial review of the self-assessment with knowledge of the Committee's compliance with recommended practices for members to consider, discuss and amend as they wish.

3.0 PROPOSALS

3.2 It was felt that this method of completing the questionnaire would minimise the input that members would initially have to make but would allow them to amend and agree at the meeting the final version of the assessment. A copy of the self-assessment is attached for Members to review at **Appendix A**.

3.3 Compliance against most of the aspects of the self-assessment can be demonstrated. Depending on members' consideration of the outcomes of the self-assessment, there may be some recommendations or improvements that are identified that can further improve the effectiveness of the Audit Committee. In particular, Members may wish to pay particular attention to the following questions when reviewing the assessment:

10. Does the Committee take a role in overseeing risk management strategies?

The Committee doesn't currently receive any reports on risk management but could request that risk management information is provided in future.

12. Is the chair free of executive or scrutiny functions?

The Adur Chair of the Governance Committee has been the vice-chair of the Joint Overview and Scrutiny Committee. However within smaller District and Borough Councils it may be difficult to get a strict separation between the Governance Committee and the other Committees of the Councils.

13. Are Members sufficiently independent of the other key Committees of the Council?

No member of the Executive sits on the Committee. However, members of the committee do sit on scrutiny and other non-executive committees. . However within smaller District and Borough Councils it may be difficult to get a strict separation between the Governance Committee and the other Committees of the Councils.

3.4 Members are also requested to consider what training they would like to receive in 2015/16.

4.0 LEGAL

4.1 The Accounts and Audit Regulations 2011 and 2015 place an obligation on the Councils to ensure that they have:

'a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

4.0 LEGAL

- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk.'

The Joint Governance Committee helps the Councils meet these obligations

5.0 FINANCIAL IMPLICATIONS

5.1 There are no financial implications arising from the self-assessment.

6.0 RECOMMENDATION

6.1 The Joint Governance Committee is recommended to:

- i) Consider and comment as appropriate on the attached self-assessment of good practice and identify any amendments required.
- ii) Identify if there is any further work, actions or training required as a result of the completion of the self-assessment of good practice.

Local Government Act 1972 Background Papers:

CIPFA: Audit Committees in Local Authorities and Police, 2013 edition

CIPFA: Position Statement of Audit Committees in Local Government issued in 2005.

Contact Officer:

Sarah Gobey
Chief Financial Officer
Telephone: 01903 221221
E-mail: sarah.gobey@adur-worthing.gov.uk

SCHEDULE OF OTHER MATTERS

1.0 COUNCIL PRIORITY

- 1.1 The work of the Joint Governance Committee supports all of the Councils priorities.

2.0 SPECIFIC ACTION PLANS

- 2.1 The proposal will address an outstanding audit recommendation.

3.0 SUSTAINABILITY ISSUES

- 3.1 Matter considered and no issues raised.

4.0 EQUALITY ISSUES

- 4.1 Matter considered and no issues raised.

5.0 COMMUNITY SAFETY ISSUES (SECTION 17)

- 5.1 Matter considered and no issues raised.

6.0 HUMAN RIGHTS ISSUES

- 6.1 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

7.0 REPUTATION

- 7.1 Good financial governance has a positive impact on the Council's reputation

8.0 CONSULTATIONS

- 8.1 Matter considered and no issues raised.

9.0 RISK ASSESSMENT

- 9.1 Matter considered and no issues raised.

10.0 HEALTH & SAFETY ISSUES

- 10.1 Matter considered and no issues raised.

11.0 PROCUREMENT STRATEGY

- 11.1 Matter considered and no issues raised.

12.0 PARTNERSHIP WORKING

- 12.1 Matter considered and no issues raised.

| SELF-ASSESSMENT CHECKLIST MEASURING THE EFFECTIVENESS OF THE AUDIT COMMITTEE] | | | | |
|--|-----|----|-----|--|
| ISSUE | YES | NO | N/A | COMMENT |
| Terms of Reference | | | | |
| 1. Have the Committee's terms of reference been approved by full Council? | ✓ | | | |
| 2. Do the terms of reference follow the CIPFA model? | ✓ | | | Mostly – the committee does not receive risk management updates which could be used to inform the Committees view on the work on internal audit although the constitution does allow for risk management issues to be considered by the Committee. |
| Internal Audit Process | | | | |
| 3. Does the Committee approve the strategic audit approach and the annual programme? | ✓ | | | |
| 4. Is the work of internal audit reviewed regularly? | ✓ | | | |
| 5. Are summaries of quality questionnaires from managers reviewed? | | ✓ | | There have been no responses to quality questionnaires. Further consideration needs to be given to encouraging responses. |
| 6. Is the annual report, from the Head of Audit, presented to the Committee? | ✓ | | | |
| External Audit Process | | | | |
| 7. Are reports on the work of external audit and other inspection agencies presented to the Committee? | ✓ | | | |
| 8. Does the Committee input into the external audit programme? | ✓ | | | The Committee has the opportunity to comment on the plans of external audit. |

| SELF-ASSESSMENT CHECKLIST MEASURING THE EFFECTIVENESS OF THE AUDIT COMMITTEE] | | | | |
|---|-----|----|-----|---|
| ISSUE | YES | NO | N/A | COMMENT |
| External Audit Process | | | | |
| 9. Does the Committee ensure that officers are acting on and monitoring action taken to implement recommendations? | ✓ | | | |
| 10. Does the Committee take a role in overseeing: <ul style="list-style-type: none"> ▪ risk management strategies ▪ internal control statements ▪ anti-fraud arrangements ▪ whistle-blowing strategies? | ✓ | ✓ | | |
| Membership | | | | |
| 11. Has the Membership of the Committee been formally agreed and a quorum set? | ✓ | | | |
| 12. Is the chair free of executive or scrutiny functions? | | ✓ | | The Chairs on the Joint Governance Committee have fulfilled roles on other committees such as Joint Overview and Scrutiny Committee. However, such a separation of duties can be difficult to achieve in smaller authorities. |
| 13. Are Members sufficiently independent of the other key Committees of the Council? | | ✓ | | No member of the Executive sits on the Committee. However, members of the committee do sit on scrutiny and other non-executive committees. |
| 14. Have all Members' skills and experiences been assessed and training given for identified gaps? | | ✓ | | Ad hoc training is offered. Members are invited to consider the training programme for 2015-16 |

| SELF-ASSESSMENT CHECKLIST MEASURING THE EFFECTIVENESS OF THE AUDIT COMMITTEE] | | | | |
|---|-----|----|-----|--|
| ISSUE | YES | NO | N/A | COMMENT |
| Meetings | | | | |
| 15. Can the Committee access other Committees as necessary? | ✓ | | | |
| 16. Does the Committee meet regularly? | ✓ | | | |
| 17. Are separate, private meetings held with the external auditor and the internal auditor? | ✓ | | | Whilst the Chairs of the Committee can meet the auditors upon request, there are no planned meetings in the diary, |
| 18. Are meetings free and open without political influences being displayed? | ✓ | | | |
| 19. Are decisions reached promptly? | ✓ | | | |
| 20. Are agenda papers circulated in advance of meetings to allow adequate preparation by Members? | ✓ | | | |
| 21. Does the Committee have the benefit of attendance of appropriate officers at its meetings? | ✓ | | | Legal and Finance Officer regularly attend to discuss items raised. The committee can request other officers attend to discuss audit reports. |
| Training | | | | |
| 22. Is induction training provided to Members? | ✓ | | | Information on the Joint Governance Committee is provided at member's induction training. Periodically training is given on the role of audit and the audit committee especially when there are several new members |

| SELF-ASSESSMENT CHECKLIST MEASURING THE EFFECTIVENESS OF THE AUDIT COMMITTEE] | | | | |
|--|-----|----|-----|--|
| ISSUE | YES | NO | N/A | COMMENT |
| Training | | | | |
| 23. Is more advanced training available as required? | ✓ | | | Ad hoc specialist training is offered on issues such as the statement of accounts. |
| Administration | | | | |
| 24. Does the authority's S151 Officer or deputy attend all meetings? | ✓ | | | |
| 25. Are the key officers available to support the Committee? | ✓ | | | |

AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE
REPORT BY THE CHIEF FINANCIAL OFFICER

1.0 SUMMARY

- 1.1 Our external auditors, Ernst and Young, have asked that the Committee considers a letter about how the Joint Governance Committee gains assurance from management regarding the financial governance arrangements of the Councils. The Chairmen of the Committee have received three letters, one for Adur District Council, one for the Worthing Borough Council, and one for the Joint Strategic Committee. These are attached as Appendix 1.
- 1.2 To assist the Committee in its deliberation of the letter, attached at Appendix 2 is information pertinent to each of the questions raised. This can form the basis of a formal response.

2.0. BACKGROUND

- 2.1 The audit of the Council's financial statements is guided by International Standards of Auditing (ISAs). In order to comply with a number of these ISA's, each year the Chairman of the Joint Governance Committee is written to by the Council's external auditor. The purpose of this letter is to obtain an understanding on how those charged with governance (the Joint Governance Committee) exercise oversight of management's processes in relation to fraud, laws and regulations and going concern.
- 2.2 It is proposed that the Committee discusses its proposed response to the letter. Members should be aware that the Committee is also asked to comment on whether the Councils are a 'going concern'. This is addressed separately below.

3.0 GOING CONCERN

- 3.1 In accounting, "going concern" refers to an organisation's ability to continue functioning as a business entity. For the Councils, it is the responsibility of the Joint Governance Committee to assess whether the going concern assumption is appropriate when preparing the financial statements. The Councils are required to disclose in the notes to the Financial Statements whether there are any factors that may put the organisations' status as a going concern in doubt.

3.0 GOING CONCERN

3.2 In forming the opinion on whether the Councils and the Joint Committee are 'going concerns' it is important to note the following:

- the budgets reported to Councils and the Joint Strategic Committee were balanced in 2014/15 and 2015/16.
- The budget monitoring and outturn reports show that the Councils continue to spend within the overall budget set
- Both Councils have a good level of reserves.

Consequently, the Committee should have no concerns about whether the Councils and the Joint Committee are going concerns.

4.0 LEGAL IMPLICATIONS

4.1 This report concerns the audit of the Statements of Accounts which will be prepared in accordance with statutory instrument number 2011/817, the Accounts and Audit (England) Regulations 2011 and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, based on International Financial Reporting Standards (IFRS).

5.0 FINANCIAL IMPLICATIONS

5.1 There are no financial implications arising from this report.

6.0 RECOMMENDATIONS

6.1 **The Joint Governance Committee is asked to consider and agree the response to the audit letter**

Local Government Act 1972

Background Papers:

Reports to the Joint Strategic Committee

Contact Officer:

Sarah Gobey – Chief Financial Officer

Direct Dialling No: (01903) 221221

Email: sarah.gobey@adur-worthing.gov.uk

SCHEDULE OF OTHER MATTERS

1.0 COUNCIL PRIORITY

1.1 Matter considered and no issues identified

2.0 SPECIFIC ACTION PLANS

2.1 Matter considered and no issues identified

3.0 SUSTAINABILITY ISSUES

3.1 Matter considered and no issues identified

4.0 EQUALITY ISSUES

4.1 Matter considered and no issues identified

5.0 COMMUNITY SAFETY ISSUES (SECTION 17)

5.1 Matter considered and no issues identified

6.0 HUMAN RIGHTS ISSUES

6.1 Matter considered and no issues identified

7.0 REPUTATION

7.1 Matter considered and no issues identified

8.0 CONSULTATIONS

8.1 Matter considered and no issues identified

9.0 RISK ASSESSMENT

9.1 Matter considered and no issues identified

10.0 HEALTH and SAFETY ISSUES

10.1 Matter considered and no issues identified

11.0 PROCUREMENT STRATEGY

11.1 Matter considered and no issues identified

12.0 PARTNERSHIP WORKING

12.1 Matter considered and no issues identified

Cllr Rod Hotton
Worthing Town Hall,
Chapel Road,
Worthing,
West Sussex,
BN11 1HA

23 March 2015

Direct line: +44 (0) 23 8038 2043

Email: KHandy@uk.ey.com

Dear Rod,

Understanding how the Joint Governance Committee gains assurance from management of Adur District Council.

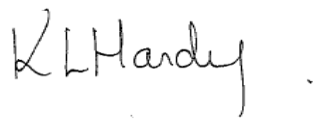
Auditing standards require us to formally update our understanding of your management processes and arrangements annually. Therefore, I am writing to ask that you please provide a response to the following questions.

1. How does the Joint Governance Committee, as 'those charged with governance' at the Authority, exercise oversight of management's processes in relation to:
 - ▶ undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
 - ▶ identifying and responding to risks of fraud in the Authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
 - ▶ communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority's codes of conduct);
 - ▶ encouraging employees to report their concerns about fraud; and
 - ▶ communicating to you the processes for identifying and responding to fraud or error?
2. How does the Joint Governance Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?
3. Is the Joint Governance & Audit Committee aware of any:
 - ▶ breaches of, or deficiencies in, internal control; and
 - ▶ actual, suspected or alleged frauds during 2014/15?
4. Is the Joint Governance Committee aware any organisational or management pressure to meet financial or operating targets?
5. How does the Joint Governance Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2014/15?
6. Is the Joint Governance Committee aware of any actual or potential litigation or claims that would affect the financial statements?

7. How does the Joint Governance Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

Please would you provide a response by email or letter in your capacity as Chair of the Joint Governance Committee. If possible, please could we have your response as soon as possible after 31 March 2015.

Yours sincerely



Kate Handy
Ernst & Young LLP
United Kingdom

Noel Atkins
Worthing Town Hall,
Chapel Road,
Worthing,
West Sussex,
BN11 1HA

23 March 2015

Direct line: +44 (0) 23 8038 2043

Email: KHandy@uk.ey.com

Dear Noel,

Understanding how the Joint Governance Committee gains assurance from management of Worthing Borough Council.

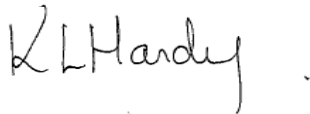
Auditing standards require us to formally update our understanding of your management processes and arrangements annually. Therefore, I am writing to ask that you please provide a response to the following questions.

1. How does the Joint Governance Committee, as 'those charged with governance' at the Authority, exercise oversight of management's processes in relation to:
 - ▶ undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
 - ▶ identifying and responding to risks of fraud in the Authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
 - ▶ communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority's codes of conduct);
 - ▶ encouraging employees to report their concerns about fraud; and
 - ▶ communicating to you the processes for identifying and responding to fraud or error?
2. How does the Joint Governance Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?
3. Is the Joint Governance & Audit Committee aware of any:
 - ▶ breaches of, or deficiencies in, internal control; and
 - ▶ actual, suspected or alleged frauds during 2014/15?
4. Is the Joint Governance Committee aware any organisational or management pressure to meet financial or operating targets?
5. How does the Joint Governance Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2014/15?

6. Is the Joint Governance Committee aware of any actual or potential litigation or claims that would affect the financial statements?
7. How does the Joint Governance Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

Please would you provide a response by email or letter in your capacity as Chair of the Joint Governance Committee. If possible, please could we have your response as soon as possible after 31 March 2015.

Yours sincerely



Kate Handy
Ernst & Young LLP
United Kingdom

Cllrs Rod Hotton & Noel Atkins
Worthing Town Hall,
Chapel Road,
Worthing,
West Sussex,
BN11 1HA

23 March 2015

Direct line: +44 (0) 23 8038 2043

Email: KHandy@uk.ey.com

Dear Councillors,

Understanding how the Joint Governance Committee gains assurance from management of Adur & Worthing Joint Committee.

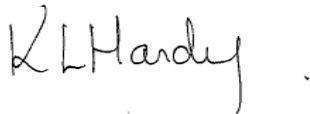
Auditing standards require us to formally update our understanding of your management processes and arrangements annually. Therefore, I am writing to ask that you please provide a response to the following questions.

1. How does the Joint Governance Committee, as 'those charged with governance' at the Authority, exercise oversight of management's processes in relation to:
 - ▶ undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
 - ▶ identifying and responding to risks of fraud in the Authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
 - ▶ communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority's codes of conduct);
 - ▶ encouraging employees to report their concerns about fraud; and
 - ▶ communicating to you the processes for identifying and responding to fraud or error?
2. How does the Joint Governance Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?
3. Is the Joint Governance & Audit Committee aware of any:
 - ▶ breaches of, or deficiencies in, internal control; and
 - ▶ actual, suspected or alleged frauds during 2014/15?
4. Is the Joint Governance Committee aware any organisational or management pressure to meet financial or operating targets?
5. How does the Joint Governance Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2014/15?

6. Is the Joint Governance Committee aware of any actual or potential litigation or claims that would affect the financial statements?
7. How does the Joint Governance Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

Please would you provide a response by email or letter in your capacity as Chair of the Joint Governance Committee. If possible, please could we have your response as soon as possible after 31 March 2015.

Yours sincerely



Kate Handy
Ernst & Young LLP
United Kingdom

| QUESTION | PROPOSED RESPONSE |
|---|--|
| <p>1. How does the Joint Governance & Audit Committee, as ‘those charged with governance’ exercise oversight of management's processes in relation to:</p> <ul style="list-style-type: none"> • undertaking an assessment of the risk that the financial statements might be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments)? • identifying and responding to risks of fraud, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist?; • communicating to employees its view on business practice and ethical behavior (for example by updating, communicating and monitoring against the Authority's code of conduct); and | <p>The Joint Governance Committee have received regular reports from the Head of Internal Audit in relation to the operation of the control environment which is used to inform the Committee's view of management processes.</p> <p>Management has assessed that the risk of material fraud affecting the financial statements is very low. There is a robust system of internal control operating as reported by the Head of Internal Audit to the council and no evidence of material fraud.</p> <p>The Joint Governance Committee has oversight of this. It receives regular reports from the Head of Internal Audit including:</p> <ul style="list-style-type: none"> • The Internal Audit Plan is presented to the Committee to consider and approve. This takes into account the risks associated with individual services and processes, and the frequency with which services are subjected to audit. • Internal audit provide the committee with regular reports on the audits undertaken together with details of any limited assurance audits; • The Head of Internal audit produces an annual report for the Committee. <p>In addition, the Committee approves the Council's Annual Governance Statement ensuring that assurances from many sources across the Councils are provided which underpin the draft (AGS) for the Leader and the Chief Executive to review and sign.</p> <p>The Joint Governance Committee has oversight of this. The Councils have a code of conduct which is approved by the Committee. The Committee is also aware that Democratic Services keeps a register of Officer and Member interests.</p> |

| QUESTION | PROPOSED RESPONSE |
|---|---|
| <p>1. How does the Joint Governance & Audit Committee, as 'those charged with governance' exercise oversight of management's processes in relation to: (continued)</p> <ul style="list-style-type: none"> • encouraging employees to report their concerns about fraud; • communicating to you the processes for identifying and responding to fraud or error? | <p>The Committee is aware that the council has a well publicised whistle blowing policy for staff to use. The Council also has several other policies and procedures in place which the Committee has oversight of including:</p> <ul style="list-style-type: none"> • Code of conduct for members • Council Policies (e.g. counter Fraud & Corruption). • Financial and Contract Standing Orders • Staff & Member declarations of interest. • Programme of audits by Internal Audit. • Work by External Audit. <p>The Joint Governance Committee has oversight of this and receives regular reports from internal audit.</p> |
| <p>2. How does the Joint Governance Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control</p> | <p>The Joint Governance Committee has oversight of this and monitors this through the reports provided by internal audit.</p> <p>The committee receives details of any limited and nil assurance audit reports and any special audit reviews commissioned.</p> |
| <p>3. Is the Joint Governance and Audit Committee aware of any:</p> <ul style="list-style-type: none"> • breaches of or deficiencies in internal control during 2014/15? • actual, suspected or alleged frauds during 2014/15? | <p>We are not aware of any breaches of internal control other than those brought to our attention through the work of internal audit.</p> <p>We are not aware of any actual, suspected or alleged frauds other than those brought to our attention through the work of internal audit.</p> |

| QUESTION | PROPOSED RESPONSE |
|---|---|
| <p>4. Is there is any organisational or management pressure to meet financial or operating targets?</p> | <p>Officers are asked to monitor budgets and report to members over or under spends in a transparent manner, they will be questioned on any over or under performance against budget.</p> <p>However, there is no undue organisational or management pressure to meet financial or operating targets. There are no staff incentives for meeting financial or operating targets.</p> |
| <p>5. How does the Joint Governance Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance in 2014/15?</p> | <ul style="list-style-type: none"> ▪ The Councils Legal Service Team lead by the Monitoring Office has a general advisory role to all Council Services as supplemented by specialist legal advice when necessary; ▪ All reports must be reviewed by the legal officers and include a legal implications paragraph before any decision is made; ▪ A legal officer is present at all meetings of the Council to ensure that Council operates within the law; ▪ Legal issues are considered as part of audit work; ▪ Committee approves constitution, delegations, financial regulations and contract standing orders which provide guidance on procedural matters to ensure Council operates within the law. ▪ Training is arranged by the legal team on new legislation and matters of particular significance. <p>The Committee is not aware of any instances of non-compliance other than those brought to our attention through the work of internal audit.</p> |
| <p>6. Is the Joint Governance Committee aware of any actual or potential litigation or claims that would affect the financial statements?</p> | <p>There are no potential litigation claims affecting either Council at this time.</p> |

| QUESTION | PROPOSED RESPONSE |
|--|--|
| <p>7. How does the Joint Governance Committee satisfy itself that it is appropriate to adopt the 'going concern' basis in preparing the financial statements</p> | <p>The Committee considers the overall financial information available to it. These include:</p> <ul style="list-style-type: none"> • The annual revenue budget; • The Councils track record in spending within the budgets set; • The Councils' levels of reserves. <p>The Committee has carried out this assessment and we are of the opinion that the Councils' and the Joint Committee have the ability to continue as a going concern.</p> |

Wards: All

Officer Employment Procedure Rules

Report by the Solicitor to the Council

1.0 Summary

- 1.1 This report seeks Members approval of revised Officer Employment Procedure Rules, arising from the introduction of new legislation.

2.0 Background

- 2.1 The Local Authorities (Standing Orders) (England) (Amendments) Regulations 2015 came into force on 11th May 2015. To comply with the statutory provisions of this new legislation, it is necessary for the Councils to make amendments to their Standing Orders.
- 2.2 The Regulations simplify and localise the disciplinary process for the Statutory Officers within the Council; the Head of Paid Service (Chief Executive), the Chief Finance Officer and the Monitoring Officer.
- 2.3 The Head of Paid Service, Chief Finance Officer and Monitoring Officer have statutory responsibilities to discharge to their Councils, which they discharge in a political environment. As a result in the 2001 Regulations statutory protection was introduced, requiring the appointment of a designated independent person (DIP) to investigate any allegation of misconduct against these Officers. The recommendation of the DIP was binding upon the Council. The intention of the 2001 legislation was to ensure that the Councils' Statutory Officers could discharge their duties without any fear of being influenced by Elected Members and being dismissed without good reason.
- 2.4 In practice the appointment of the DIP was found to be expensive and complex; it placed the employer at a disadvantage as the Councils were bound by the DIP's recommendation and lost any discretion.
- 2.5 The 2015 Regulations aim to simplify, as well as localise, the disciplinary process for the Councils' Statutory Officers by removing the requirement for the DIP to be appointed. In place of the former process, a decision to dismiss a Statutory Officer will now be taken transparently by the Council.
- 2.6 Under the new 2015 Regulations when considering any misconduct and disciplinary action against a Statutory Officer, the Councils must appoint an independent panel (IP), comprising of at least 2 members, to be selected from the Councils' Independent Persons appointed for the purposes of the Members' conduct regime

and standards issues. If there are insufficient persons to form an IP, then Independent Persons from other Local Authorities will be invited to form an IP.

- 2.7 The role of the IP will be to investigate the alleged misconduct of a Statutory Officer. The IP will have access to all documents they reasonably require and are able to question any Officers and Members of the Council. The IP will prepare a report of their findings, with advice and recommendations for any action.
- 2.8 The report may initially be considered by the Joint Senior Staff Committee (JSSC), but should either the recommendation of the Panel or of the JSSC be to dismiss the Officer, then the matter must be considered transparently by a meeting of both full Councils. Such a meeting must be held within 20 working days of the IP being formed.
- 2.9 The Councils when considered whether to dismiss a Statutory Officer or not must take into account the report of the IP, their advice and recommendations and any verbal or written submissions presented by the Statutory Officer or their representative. The decision whether to dismiss such an Officer or not must be taken by both full Councils and will be decided in accordance with the Councils' usual decision making and voting procedures.

3.0 Proposals

- 3.1 Local Authorities are required to modify their Standing Orders to implement the regulations no later than the first Ordinary Meeting of the Councils after the regulations come into force.
- 3.2 Consequently, the Councils' Officer Employment Procedure Rules (which forms part of the Standing Orders within the Councils' Constitutions) have been amended to incorporate the Regulations, and can be found at Appendix 1. Further minor consequential amendments will be required to the Constitutions to reflect changes to the Articles and the terms of reference of the Staff Committees. The Monitoring Officer intends to use her existing delegated authority to make such minor consequential amendments.
- 3.3 A resolution is sought from the Councils' Joint Governance Committee for them to recommend the adoption of the amendments to the Officer Employment Procedure Rules to Adur District Council and Worthing Borough Council at their respective meetings in July 2015.

4.0 Legal

- 4.1 The Councils currently have 3 Independent Persons appointed by section 28(7) Localism Act 2011 to deal with Member Code of Conduct and Standards issues. Such Members would be invited to form an Independent Panel in line with the 2015 Regulations.
- 4.2 The Local Authorities (Standing Orders) (England) Regulations 2001 provided statutory protection against dismissal for the Head of Paid Service, Chief Finance Officer and Monitoring Officer by:
 - the appointment of the DIP,

- the requirement that the recommendation of the DIP be binding upon the Council, and
- the requirement that the dismissal of the Head of Paid Service must be approved by full Council.

- 4.3 The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 continue to provide statutory protection to such Officers but also localise and simplify the process by:
- The appointment of a IP
 - The requirement that the recommendations of the IP must be taken into account
 - The requirements that the dismissal of any of the 3 Statutory Officers must be decided by full Council.

5.0 Financial implications

- 5.1 The Regulations limit the remuneration that should be paid to independent persons on the panel to the level of the remuneration which they would normally receive as an independent person in the conduct regime. This approach should ensure that the new process will not involve high costs. If the potential costs of any such dismissal cannot be funded from within existing budgets then additional resources will be requested at the appropriate time.

6.0 Recommendation

- 6.1 That the Committee recommends to Adur District Council that the revised Officer Employment Procedure Rules at Appendix 1 of this report be adopted as part of the Council's Standing Orders within its Constitution with effect from 24th July 2015.
- 6.2 That the Committee recommends to Worthing Borough Council that the revised Officer Employment Procedure Rules at Appendix 1 of the report be adopted as part of the Council's Standing Orders within its Constitution with effect from 24th July 2015.

Local Government Act 1972 Background Papers:

The Constitution of Adur District Council
The Constitution of Worthing Borough Council

Contact Officer:

Susan Sale
Solicitor to the Council & Monitoring Officer
Portland House, Worthing
01903 221119
susan.sale@adur-worthing.gov.uk

Schedule of Other Matters

1.0 Council Priority

1.1 Adaptable Councils

2.0 Specific Action Plans

2.1 The proposals are aimed at localising and simplifying the procedure for dealing with alleged misconduct and disciplinary action against the Councils' Statutory Officers.

3.0 Sustainability Issues

3.1 [Details of any sustainability issues, checklist to be completed and submitted to Community Wellbeing]

4.0 Equality Issues

4.1 No issues identified

5.0 Community Safety Issues (Section 17)

5.1 No issues identified

6.0 Human Rights Issues

6.1 No issues identified

7.0 Reputation

7.1 Dealing with disciplinary action against Statutory Officers by full Council enhances transparency and public confidence in the Councils and therefore has reputational benefits.

8.0 Consultations

8.1 Consultation with Unison has taken place.

9.0 Risk Assessment

9.1 If the Council were to fail to adopt rules incorporating this new legislation they would be in breach of the law, and at risk of an Employment Claim and Judicial Review of their procedures.

10.0 Health & Safety Issues

10.1 No issues identified

11.0 Procurement Strategy

11.1 No issues identified

12.0 Partnership Working

- 12.1 A decision to dismiss a Statutory Officer would need to be considered by both Councils, although they make their own decision independent of one another; they should not be bound nor influenced by each others decision on the proposed dismissal.

OFFICER EMPLOYMENT PROCEDURE RULES

1.0 INTRODUCTION

1.1 Definitions

In these Rules:

- 1.1.1 "The 2001 Regulations" means the Local Authorities (Standing Orders) (England) Regulations 2001; "the 2015 Regulations" means the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015.
- 1.1.2 "Appointor" means, in relation to the appointment of a person as an Officer of the Authority, the Authority or, where a Committee, Sub-Committee or Officer is discharging the function of appointment on behalf of the Authority, that Committee, Sub-Committee or Officer, as the case may be;
- 1.1.3 "Disciplinary Action" in relation to an Officer of the Council means any action occasioned by alleged misconduct which, if proven, would, according to the Council's usual practice, be recorded on the member of staff's personal file. This includes any proposal for dismissal of a member of staff for any reason other than redundancy, permanent ill-health or infirmity of mind or body, but does not include failure to renew a contract of employment for a fixed term unless the Authority has undertaken to renew such a contract;
- 1.1.4 "Dismissor" means, in relation to the dismissal of an Officer of the Authority, the Authority or, where a Committee, Sub-Committee or another Officer is discharging the function of dismissal on behalf of the Authority, that Committee, Sub-Committee or other Officer, as the case may be;
- 1.1.5 "Head of Paid Service" means the Officer designated under Section 4(1) of the Local Government and Housing Act 1989;
- 1.1.6 "Chief Finance Officer" means the Officer having responsibility, for the purposes of Section 151 of the Local Government Act 1972, for the administration of the Council's financial affairs;
- 1.1.7 "Monitoring Officer" means the Officer designated under Section 5(1) of the Local Government and Housing Act 1989;
- 1.1.8 "Directors" means those Officers who shall report directly to the Chief Executive and shall have managerial responsibility for a directorate consisting of not less than 5 services;
- 1.1.9 "Statutory Chief Officer" means, for the purposes of these provisions, the Chief Finance Officer;
- 1.1.10 "Non-Statutory Chief Officer" means a person for whom the Head of Paid Service is directly responsible or a person who, with respect to all or most of the duties of their post, is required to report directly or is directly accountable to either the Head of Paid Service or to the Council itself or any Committee or

Sub-Committee of the Council; except a person whose duties are solely secretarial or clerical or are otherwise in the nature of support services;

- 1.1.11 “Deputy Chief Officer” means a person who, with respect to all or most of the duties of his post, is required to report directly or is directly accountable to one or more of the Statutory or Non-Statutory Chief Officers; except a person whose duties are solely secretarial or clerical or are otherwise in the nature of support services;
- 1.1.12 “Joint Senior Staff Committee” means a Committee set up in accordance with the Adur District Council and Worthing Borough Council Joint Committee Agreement dated 27th July 2007, as amended from time to time. For the purposes of these Procedure Rules, at least one Member of the Executive of each Council must be a Member of this Committee;
- 1.1.13 “Joint Senior Staff (Appeals) Committee” means a Committee set up in accordance with the Adur District Council and Worthing Borough Council Joint Committee Agreement dated 27th July 2007, as amended from time to time. For the purposes of these Procedure Rules, at least one Member of the Executive of each Council must be a Member of this Committee.

1.2 General

Other than as set out elsewhere in these Officer Employment Procedure Rules, the function of recruitment, appointment, disciplinary action and dismissal in respect of all staff other than the Head of Paid Service, the Chief Finance Officer, the Monitoring Officer and the Directors will be discharged, on behalf of the Council, by the Head of Paid Service or an Officer nominated by the Head of Paid Service. Such functions will be carried out in accordance with the Council’s Staffing Policies, as adopted from time to time.

1.3 Posts

For ease of reference, the posts which fall under the relevant definitions in these Officer Employment Procedure Rules, at the time of writing, are as follows:

| Definition | Relevant Post |
|------------------------------|--|
| Head of Paid Service | Chief Executive |
| Statutory Chief Officer | Chief Finance Officer |
| Monitoring Officer | Solicitor to the Council |
| Non-Statutory Chief Officers | Directors Head of Communications Head of Organisational Development |
| Deputy Chief Officers | All staff direct reports of: Directors Chief Finance Officer Head of Communications Head of Organisational Development |

2.0 RECRUITMENT

2.1 Declarations

A candidate for any employment with the Council, or a staff member involved in a transfer, promotion or disciplinary matter, shall disclose whether he/she is related to, or cohabits with, any Member or other Officer who may have an influence on the decision. Failure to make such a disclosure may result in any appointment being rescinded and, in the case of an employee, disciplinary action.

The requirements of any Code of Conduct relating to Members' interests shall apply to the appointment, transfer, promotion, discipline and other matters relating to staff.

2.2 Support for Appointment

Canvassing of any Member of the Council, or any person appointed to discharge any function in relation to a Committee or Officer of the Council shall disqualify the candidate concerned in such canvassing for that appointment. The purport of this paragraph shall be included in any form of application issued in relation to any proposed appointment.

A Member of the Council shall not solicit for any person any appointment under the Council and shall not provide any written testimonial of a candidate's ability, experience or character for submission to the Authority.

All vacancies on the Council's staffing establishment that are to be filled shall be advertised internally.

2.3 Confidentiality

The Council, the Cabinet, a Committee, a Sub-Committee or a Panel shall, unless there are exceptional circumstances which dictate otherwise, resolve to exclude the press and public under Section 100A of the 1972 Act where matters relating to the appointment, promotion, dismissal or discipline, severance, salary or conditions of an individual member of staff are to be discussed.

2.4 Recruitment of Head of Paid Service, Statutory Chief Officer, Non-Statutory Chief Officers, Deputy Chief Officers and Monitoring Officer.

2.4.1 Where the Council proposes to appoint a Head of Paid Service, Monitoring Officer, Statutory Chief Officer, Non-Statutory Chief Officer or Deputy Chief Officer, and it is not proposed that the appointment will be made exclusively from among their existing Officers, the Head of Paid Service or his/her delegate will:

- (a) draw up a statement specifying:
 - (i) the duties of the Officer concerned; and
 - (ii) any qualifications or qualities to be sought in the person to be appointed;
- (b) advertise the post in such a way as is likely to bring it to the attention of persons who are qualified to apply for it; and

(c) send a copy of the statement mentioned in paragraph (a) above to any person on request.

2.4.2 Where a post has been advertised as provided in paragraph 2.4.1, the Joint Senior Staff Committee or Head of Paid Service, or his /her delegate, in accordance with paragraph 3 below, will:

(a) interview all qualified applicants for the post; or

(b) select a short list of such qualified applicants and interview those included on the short list; or

(c) if no qualified person has applied, the Council will make further arrangements for advertisement in accordance with paragraph 2.4.1(b).

3.0 APPOINTMENT

3.1 Power to Appoint

3.1.1 Subject to paragraph 3.1.2 and 3.2 below, the Joint Senior Staff Committee will be responsible for the function of the appointment of the Head of Paid Service, Chief Finance Officer, Monitoring Officer and Directors.

3.1.2 The power to approve the appointment of the Head of Paid Service, Chief Finance Officer and Monitoring Officer shall be exercised by Full Council, subject to the consultation required under paragraph 3.2.2 where, for the purposes of this paragraph, “the Committee” is to be read as “Full Council”.

3.1.3 The Head of Paid Service, or an Officer nominated by him, shall be responsible for the function of the appointment of Non-Statutory Chief Officers, other than the Directors, and Deputy Chief Officers.

3.2 Consultation Procedure for Appointment

3.2.1 Except as provided for in paragraph 3.1.2, paragraph 3.2.2 applies to the appointment of Non-Statutory Chief Officers and Deputy Chief Officers.

3.2.2 An offer of appointment to any of those Officers must not be made by the Appointor until:

(a) The Appointor has notified the Monitoring Officer of the name of the person to whom the Appointor wishes to make the offer and any other particulars which the Appointor considers are relevant to the appointment;

(b) The Monitoring Officer has notified every Member of the Executive of the Council of:

- (i) the name of the person to whom the Appointor wishes to make the offer;
 - (ii) any other particulars relevant to the appointment which the Appointor has notified to the Monitoring Officer; and
 - (iii) the period within which any objection to the making of the offer is to be made by the Executive Leader on behalf of the Executive to the Monitoring Officer; and
- (c) either:
- (i) the Executive Leader has, within the period specified in the notice under sub-paragraph (b) (iii), notified the Monitoring Officer that neither he/she nor any other Member of the Executive has any objection to the making of the offer; or
 - (ii) the Monitoring Officer has notified the Appointor that no objection was received by him/her within that period from the Executive Leader; or
 - (iii) the Appointor is satisfied that any objection received from the Executive Leader within that period is not material or is not well-founded.

3.3 Appointment of Senior Officers

| Post | Appointment | Conditions |
|---|---|--|
| Head of Paid Service | Joint Senior Staff Committee | Requires approval of Full Council |
| Chief Finance Officer | Joint Senior Staff Committee | Requires approval of Full Council |
| Monitoring Officer | Joint Senior Staff Committee | Requires approval of Full Council |
| Directors | Joint Senior Staff Committee | Requires consultation with the Executive |
| Non-Statutory Chief Officers (other than Directors) | Head of Paid Service, or Officer nominated by him | Requires consultation with the Executive |
| Deputy Chief Officers | Head of Paid Service, or Officer nominated by him | Requires consultation with the Executive |

4.0 Disciplinary Action

4.1 Investigation of alleged misconduct

- 4.1.1 This paragraph applies to Disciplinary Action in respect of the Head of Paid Service, Statutory Chief Officer, Monitoring Officer, Non-Statutory Chief Officers and Deputy Chief Officers, subject to the express provisions in paragraph 4.2 relating to the Head of Paid Service, Monitoring Officer and Chief Finance Officer.
- 4.1.2 Subject to paragraph 4.2 the Joint Senior Staff Committee will investigate and consider any alleged misconduct in respect of the Head of Paid Service, Chief Finance Officer, Monitoring Officer, or the Directors and decide upon any Disciplinary Action to be taken, as necessary, in accordance with any Council Staffing Policies which have been adopted by the Council from time to time.
- 4.1.3 Subject to paragraphs 4.1.2 and 4.2 the Head of Paid Service or his/her nominated representative will investigate any alleged misconduct in respect of Non-Statutory Chief Officers other than Directors, and Deputy Chief Officers and decide upon any disciplinary action to be taken, as necessary, in accordance with any Council Staffing Policies which have been adopted by the Council from time to time.

4.2 Head of Paid Service, Monitoring Officer and Chief Finance Officer

- 4.2.1 The Council's Head of Paid Service, Monitoring Officer and Chief Finance Officer cannot be dismissed by the Authority unless the procedure set out in paragraph 4.2 is complied with.
- 4.2.2 Where an allegation of misconduct in respect of the Head of Paid Service, Monitoring Officer or Chief Finance Officer requires an investigation, an Independent Panel will be formed for this purpose.
- 4.2.3 Pending the report of such an Independent Panel the Head of Paid Service, the Monitoring Officer and the Chief Finance Officer may be suspended by the Joint Senior Staff Committee whilst the alleged misconduct by the Officer is investigated. Any such suspension will be for a maximum period of two calendar months and will be on full pay.
- 4.2.4 In consulting an Independent Panel to deal with such allegations of misconduct, the Joint Senior Staff Committee will invite Independent Persons who have been appointed for the purposes of the Members' Conduct Regime under Section 28(7) of the Localism Act 2011 to form an Independent Panel. An Independent Panel will be formed if two or more Independent Persons accept the invitation. If it has not been possible to appoint such a Panel following invitations to the Council's appointed Independent Persons, then further invitation may be made to Independent Persons appointed by another Council.
- 4.2.5 The role of the Independent Panel is to:-

- (a) Investigate the alleged misconduct;
- (b) Prepare a report setting out the conclusions of their investigation, and any advice, views or recommendations as to any proposed disciplinary or other action, including dismissal.

4.2.6 In carrying out their investigation the Panel may:-

- (a) Inspect any documents relating to the conduct of the relevant Officer which are in the possession of the Council, or which the Council has the power to authorise them to inspect; and
- (b) Require any member of staff or Member of the Council to answer questions concerning the conduct of the relevant Officer.

4.2.7 If the recommendation of the Independent Panel is disciplinary action, other than dismissal, the Panel will report back to the Joint Senior Staff Committee who will consider the report and may impose disciplinary action other than dismissal.

4.2.8 Where the independent Panel recommends dismissal, or the Joint Senior Staff Committee recommends dismissal, the matter must be dealt with by a meeting of the Full Council. At least 20 working days after the Independent Panel has been appointed, a meeting of each Full Council (Adur District Council and Worthing Borough Council) will be held.

4.2.9 The Council Meeting must receive the report of the Independent Panel. Before taking a vote at such a Council Meeting on whether or not to approve such a proposed dismissal, the Council must take into account:

- (a) Any advice, views or recommendations of the Panel;
- (b) The conclusions of any investigation into the alleged misconduct;
- (c) Any representations from the relevant Officer, or their representative.

4.2.10 A Head of Paid Service, Chief Finance Officer or Monitoring Officer attending a Council Meeting where proposed disciplinary action against them is being considered, is entitled to make both verbal and written representations to Council, as is their representative, who may be a colleague, a Union representative, a companion or a Lawyer.

4.3 Disciplinary Action of Senior Officers

| Post | Investigation | Notes | Appeal |
|----------------------|-------------------|--|--------|
| Head of Paid Service | Independent Panel | Decision to dismiss must be taken by Council | None |

| | | | |
|---|--|--|--|
| Chief Finance Officer | Independent Panel | Decision to dismiss must be taken by Council | None |
| Monitoring Officer | Independent Panel | Decision to dismiss must be taken by Council | None |
| Directors | Joint Senior Staff Committee | Decision to dismiss may be taken by Joint Senior Staff Committee, in consultation with the Executive | Joint Senior Staff (Appeals) Committee |
| Non-Statutory Chief Officers (other than Directors) | Head of Paid Service or Officer nominated by him | Decision to dismiss may be taken by Joint Senior Staff Committee, in consultation with the Executive | Joint Senior Staff Committee |
| Deputy Chief Officers | Head of Paid Service or Officer nominated by him | Decision to dismiss may be taken by Joint Senior Staff Committee, in consultation with the Executive | Joint Senior Staff Committee |

5.0 Dismissal

5.1 Power to Dismiss

- 5.1.1 Full Council will be responsible for the function of dismissal of the Head of Paid Service, the Chief Finance Officer and the Monitoring Officer.
- 5.1.2 Subject to paragraph 5.2, the Joint Senior Staff Committee will be responsible for the function of dismissal of a Director.
- 5.1.3 Subject to paragraph 5.2, the Head of Paid Service, or an Officer nominated by him, shall be responsible for the function of dismissal of Non-Statutory Chief Officers, other than Directors, and Deputy Chief Officers.

5.2 Consultation Procedure for Dismissal

- 5.2.1 Paragraph 5.2.2 applies to the dismissal of the Non-Statutory Chief Officers and Deputy Chief Officers.

5.2.2 Notice of the dismissal of any of those Officers in paragraph 5.2.1 must not be made by the Dismissor until:

- (a) the Dismissor has notified the Monitoring Officer of the name of the person whom the Dismissor wishes to dismiss and any other particulars which the Dismissor considers are relevant to the dismissal;
- (b) the Monitoring Officer has notified every Member of the Executive of the Council of:
 - (i) the name of the person whom the Dismissor wishes to dismiss;
 - (ii) any other particulars relevant to the dismissal which the Dismissor has notified to the Monitoring Officer; and
 - (iii) the period within which any objection to the dismissal is to be made by the Executive Leader on behalf of the Executive to the Monitoring Officer; and
- (c) either:
 - (i) the Executive Leader has, within the period specified in the notice under sub-paragraph (b)(iii), notified the Monitoring Officer that neither he/she nor any other Member of the Executive has any objection to the dismissal;
 - (ii) the Monitoring Officer has notified the Dismissor that no objection was received by him/her within that period from the Executive Leader; or
 - (iii) the Dismissor is satisfied that any objection received from the Executive Leader within that period is not material or is not well-founded.

5.3 Appeals

5.3.1 Non-Statutory Chief Officers, other than Directors, and Deputy Chief Officers who feel that the outcome of Disciplinary Action against them is wrong or unjust may appeal in accordance with any relevant Council Staffing Policies to the Joint Senior Staff Committee.

5.3.2 In relation to Directors, paragraph 5.3.1 shall be amended to read the Joint Senior Staff (Appeals) Committee.

5.3.3 The Head of Paid Service, Chief Finance Officer and Monitoring Officer shall have no right of appeal within the Councils.